

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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

For the quarterly period ended January 1, 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
incorporation or organization)

(I.R.S. Employer Identification No.)

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 No

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The number of shares of common Stock, \$1.00 par value, of the Registrant
outstanding as of February 3, 1995 was 8,505,481.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

PART 1 - FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
JANUARY 1, 1995 (UNAUDITED) AND APRIL 3, 1994

<TABLE>
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(dollars in thousands)	January 1, 1995	April 3, 1994
<S>	<C>	<C>

ASSETS		

CURRENT ASSETS		
Cash	\$ 703	\$ 425
Accounts receivable, net:		
Due from factor	14,498	22,744
Other	3,332	3,293
Inventories	49,205	45,122
Deferred income taxes	914	827
Other current assets	2,154	1,745
	-----	-----
Total Current Assets	70,806	74,156
	-----	-----
PROPERTY, PLANT AND EQUIPMENT - at cost:		
Land, buildings and improvements	29,127	23,982
Construction project in progress	1,497	1,823
Machinery and equipment	53,835	45,061
Furniture and fixtures	1,456	1,215
	-----	-----
	85,915	72,081
Less accumulated depreciation	28,038	23,182
	-----	-----
Property, Plant and Equipment - net	57,877	48,899
	-----	-----
OTHER ASSETS	1,161	293
	-----	-----
TOTAL	\$129,844	\$123,348
	=====	=====

</TABLE>

See notes to interim consolidated financial statements.

-1-

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (continued)

CONSOLIDATED BALANCE SHEETS
JANUARY 1, 1995 (UNAUDITED) AND APRIL 3, 1994

<TABLE>
<CAPTION>

(dollars in thousands)	January 1, 1995	April 3, 1994
<S>	<C>	<C>

LIABILITIES AND SHAREHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Notes payable	\$ 13,142	\$ 9,860
Accounts payable	12,324	13,436
Income taxes payable	1,391	579
Accrued liabilities	4,494	4,708

Current maturities of long-term debt	5,000	5,000
Total Current Liabilities	36,351	33,583
LONG-TERM DEBT	5,000	10,000
DEFERRED INCOME TAXES	3,778	3,778
OTHER LIABILITIES	637	602
SHAREHOLDERS' EQUITY:		
Common stock - par value \$1.00 per share; 15,000,000 shares authorized; 8,927,346 and 8,836,381 shares issued	8,927	8,836
Paid-in capital	32,681	31,645
Retained earnings	49,087	41,318
Less:		
431,277 and 420,125 shares of common stock held in treasury	(6,617)	(6,414)
Total Shareholders' Equity	84,078	75,385
TOTAL	\$129,844	\$123,348

</TABLE>

See notes to interim consolidated financial statements.

-2-
FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (Continued)

CONSOLIDATED STATEMENTS OF EARNINGS
JANUARY 1, 1995 AND DECEMBER 26, 1993
(UNAUDITED)

<TABLE>
<CAPTION>

(dollars in thousands, except per share data)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	Jan. 1, 1995	Dec. 26, 1993	Jan. 1, 1995	Dec. 26, 1993
NET SALES	\$ 59,702	\$ 56,281	\$ 155,360	\$ 137,838
COST OF PRODUCTS SOLD	45,201	44,524	120,491	109,713
GROSS PROFIT	14,501	11,757	34,869	28,125
MARKETING AND ADMINISTRATIVE EXPENSES	7,648	6,611	20,197	16,691
EARNINGS FROM OPERATIONS	6,853	5,146	14,672	11,434
OTHER INCOME (EXPENSE):				
Interest Expense	(468)	(441)	(1,423)	(1,119)
Other - net	284	58	365	435

EARNINGS BEFORE INCOME TAXES	6,669	4,763	13,614	10,750
PROVISIONS FOR INCOME TAXES	2,504	1,747	5,084	3,998
NET EARNINGS	\$ 4,165	\$ 3,016	\$ 8,530	\$ 6,752
NET EARNINGS PER SHARE	\$ 0.49	\$ 0.36	\$ 1.01	\$ 0.81
AVERAGE SHARES OUTSTANDING	8,460,528	8,373,961	8,440,049	8,357,356
DIVIDENDS DECLARED PER SHARE	\$ 0.03	\$ 0.03	\$ 0.09	\$ 0.09

</TABLE>

See notes to interim consolidated financial statements.

-3-

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED JANUARY 1, 1995 AND
DECEMBER 26, 1993
(UNAUDITED)

<TABLE>
<CAPTION>

(dollars in thousands)	January 1, 1995	December 26, 1993
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net Earnings	\$ 8,530	\$ 6,752
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	5,307	4,001
Deferred income taxes	(87)	226
Gain on disposal of property, plant and equipment		(80) (203)
Changes in assets and liabilities:		
Accounts receivable	8,207	(985)
Inventories	(4,083)	(4,132)
Other current assets	(409)	(436)
Other assets	(868)	758
Accounts payable	(1,112)	(515)
Income taxes payable	812	1,489
Accrued liabilities	(214)	1,822
Other liabilities	35	(96)
Net Cash Provided by Operating Activities	16,038	8,681

INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	1,050	523
Capital expenditures	(15,255)	(7,094)
Net Cash Used for Investing Activities	(14,205)	(6,571)
FINANCING ACTIVITIES:		
Payment of long-term debt	(5,000)	(2,000)
Increase in notes payable	3,282	243
Exercise of stock options	924	496
Cash dividends	(761)	(753)
Net Cash Used For Financing Activities	(1,555)	(2,014)
NET INCREASE IN CASH (carried forward)	\$ 278	\$ 96

</TABLE>

-4-

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED JANUARY 1, 1995 AND
DECEMBER 26, 1993
(UNAUDITED)

<TABLE>
<CAPTION>

(dollars in thousands)	January 1, 1995	December 26, 1993
<S>	<C>	<C>
NET INCREASE IN CASH (brought forward)	\$ 278	\$ 96
CASH, beginning of period	425	444
CASH, end of period	\$ 703	\$ 540
Supplemental Cash Flow Information:		
Income taxes paid	\$ 4,452	\$ 2,386
Interest paid net of amounts capitalized	\$ 1,489	\$ 1,147

</TABLE>

See notes to interim consolidated financial statements.

-5-

FORM 10-Q

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 January 1, 1995 and the results of its operations and its cash flows for the periods ended January 1, 1995 and December 26, 1993. Such adjustments include normal recurring accruals and a pro rata portion of certain estimated annual expenses.
2. Interest costs of \$106,000 and \$396,000 were capitalized during the nine month periods ended January 1, 1995 and December 26, 1993, respectively.
3. The computation of net earnings per share for the periods ended January 1, 1995 and December 26, 1993 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>

	January 1, 1995	April 3, 1994
	----	----
<S>	<C>	<C>
Raw Materials	\$27,963	\$23,321
Work in process	1,676	3,421
Finished goods	19,566	18,380
	-----	-----
	\$49,205	\$45,122
	=====	=====

</TABLE>

5. Operating results of interim periods are not necessarily indicative of results to be expected for the year.
6. Certain reclassifications have been made to the December 26, 1993 financial statements to conform to the January 1, 1995 presentation.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

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

RESULTS OF OPERATIONS

Net sales by major product category were as follows for each of the three month and nine month periods ended January 1, 1995 and December 26, 1993 (in thousands):

<TABLE>
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	Three Months Ended		Nine Months Ended		
	January 1, 1995	December 26, 1993	January 1, 1995	December 26, 1993	
<S>	<C>	<C>	<C>	<C>	
Comforters and accessories		\$25,346	\$31,744	\$ 80,356	\$ 83,425
Jacquard-woven cotton products		31,451	22,623	68,368	50,473
Other	2,905	1,914	6,636	3,940	
Total net sales	\$59,702	\$56,281	\$155,360	\$137,838	

</TABLE>

THREE MONTH PERIOD ENDED JANUARY 1, 1995

Consolidated net sales increased 6.1% in the quarter ended January 1, 1995 as compared to the quarter ended December 26, 1993. The current year quarter included one less week of shipping due to a scheduled week-long holiday shutdown. This shutdown did not occur until the fourth fiscal quarter in the prior year.

Net sales of comforters and accessories declined 20.2% compared to the prior year quarter. In addition to the loss of one full week of shipping, import quota restrictions on hand-made quilts from China and quality problems in fabrics manufactured by the Company's supplier for the popular Royal Sateen luxury brand also had a significant effect on net sales for the current year quarter.

The Company and its Royal Sateen fabric supplier believe the quality problems, which were related to Egyptian cotton supplies, have been remedied. However, as a result of these problems, over the last several months the Company received only sporadic shipments of acceptable material. The Company expects to return to normal customer service levels for these products by April.

The jacquard-woven products category continued its strong growth with a net sales increase of 39.0% over the prior year quarter, primarily due to increased unit sales of cotton throws. This product category includes cotton throws, bedspreads, blankets and rugs.

The Company expects a long-term worldwide trend of increased demand for jacquard-woven cotton products. The manufacturing capacity expansion completed during this fiscal year plus significant production from the Company's strategic partner in Mexico have not been sufficient to meet current demands. To support this growth, the Company recently initiated plans for capital projects that will triple production capacity for matelasse bedspreads and increase cotton throw capacity by over fifty percent. These capital projects include a new weaving plant in Dalton, Georgia and an expansion of the distribution center in Calhoun, Georgia. These projects will be completed during the second quarter of fiscal 1996 at an estimated cost of \$20 million.

-7-

The devaluation of the peso and the resulting impact on the Mexican economy is not expected to have a significant impact on the level of business done with the Company's partner in Mexico. The sale of products which the Company purchases from Mexico has not been affected. The Company is planning growth in this area, but the extent of that growth is unclear at this time. Plans for sales into Mexico are being scaled back. Such sales have not been significant in the past.

Gross margin was 24.3% for the quarter ended January 1, 1995 compared to 20.9% for the quarter ended December 26, 1993. This improvement was due in part to the automated warehouses in Roxboro, North Carolina and Calhoun, Georgia operating at full efficiency throughout the quarter. Also, gross margin in the prior year quarter was negatively impacted by higher costs incurred due to the unanticipated need to air freight certain Chinese hand-made quilt styles to meet strong customer demand and inventory write-downs on slow moving styles.

Marketing and administrative expenses increased \$1,037,000 or 15.7% in the current year quarter. The increase was primarily attributable to increased staffing and occupancy costs to support the overall growth in the Company's business.

The effective income tax rate increased to 37.5% in the current year quarter compared to 36.7% in the prior year quarter due to anticipated higher effective income tax rates.

NINE MONTH PERIOD ENDED JANUARY 1, 1995

Consolidated net sales increased 12.7% for the nine months ended January 1, 1995 as compared to the corresponding prior year period.

Net sales of comforters and accessories declined 3.7% for the current year nine month period due to the decline which occurred in the third fiscal quarter as explained under "RESULTS OF OPERATIONS" for the three month period ended January 1, 1995. Net sales of jacquard-woven cotton products increased 35.5% for the current year nine month period primarily due to increased unit sales of cotton throws.

Gross margin improved to 22.4% for the nine month period ended January 1, 1995 as compared to 20.4% for the nine month period ended December 26, 1993. The increase was the result of improved product mix, the operating efficiencies achieved at the Company's automated warehouses in Roxboro and Calhoun and the costs incurred in the prior year third fiscal quarter in connection with Chinese hand-made quilts and the inventory write-downs on slow moving styles.

Marketing and administrative expenses increased by \$3,506,000 or 21.0% during the nine month period ended January 1, 1995 as compared to the corresponding prior year period. The increase was primarily attributable to increased staffing and occupancy costs to support the overall growth in the Company's business. Increased advertising expenses for product promotion and increased factoring fees due to the higher sales volume also contributed to the increase.

Excluding the effect of capitalized interest, interest expense increased by .9% in the first nine months of the current year. Capitalized interest was \$106,000 and \$396,000 during the nine month periods ended January 1, 1995 and December 26, 1993, respectively.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position remains strong. Shareholders' equity increased to \$84.1 million at January 1, 1995 from \$75.4 million at April 3, 1994. Working capital decreased to

-8-

\$34.5 million at January 1, 1995 from \$40.6 million at April 3, 1994 as the Company utilized funds of \$15.3 million for capital expenditures, primarily in connection with the construction of the Calhoun Distribution Center and the purchase of additional weaving equipment for existing Georgia locations. These projects were completed during the first quarter of the fiscal year. The Company also repaid \$5.0 million of long-term debt. The ratio of debt to equity was 0.3:1 at both January 1, 1995 and April 3, 1994.

The Company maintains lines of credit with two banks aggregating \$30.0 million which are used as needed. Total borrowings outstanding under these lines at January 1, 1995 were \$13.1 million.

To fund the capacity expansion for the jacquard-woven product line as explained under "RESULTS OF OPERATIONS" for the three month period ended January 1, 1995, the Company will use cash generated from operations, borrowings under the credit lines described above and is also considering the use of additional long-term debt financing.

FORM 10-Q
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

27 Financial Data Schedule (for SEC use only)

FORM 10-Q
CROWN CRAFTS, INC. AND SUBSIDIARIES
JANUARY 1, 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: February 14, 1995 /s/ Robert E. Schnelle

ROBERT E. SCHNELLE
Treasurer
(Chief Accounting Officer)

INDEX TO EXHIBITS

Exhibit
Number

Description

27

Financial Data Schedule
(for SEC use only)

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CROWN CRAFTS FOR THE NINE MONTHS ENDED JANUARY 1, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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