

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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<S> <S>

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES AND EXCHANGE ACT OF 1934 (NO FEE REQUIRED
EFFECTIVE OCTOBER 7, 1996)
FOR THE FISCAL YEAR ENDED MARCH 30, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)
COMMISSION FILE NO. 1-7604

</TABLE>

CROWN CRAFTS, INC.

(Exact name of registrant as specified in its charter)

<TABLE>

<S> <C>
GEORGIA 58-0678148
(State of Incorporation) (I.R.S. Employer Identification No.)

1600 RIVEREDGE PARKWAY, 30328
SUITE 200 (Zip Code)
ATLANTA, GEORGIA

(Address of principal executive offices)

</TABLE>

Registrant's Telephone Number, including area code: (770) 644-6400
Securities registered pursuant to Section 12(b) of the Act:

<TABLE>

<S> <C>
COMMON STOCK, \$1.00 PAR VALUE NEW YORK STOCK EXCHANGE
(Title of Class) (Name of exchange on which registered)

</TABLE>

Securities registered pursuant to Section 12(g) of the Act:
NONE

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 [].

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained, to the
best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this
Form 10-K. [X]

As of June 13, 1997, 7,946,477 shares of Common Stock were outstanding, and
the aggregate market value of the Common Stock (based upon the NYSE closing
price of these shares on that date) held by persons other than Officers,
Directors, the Company's Employee Stock Ownership Plan, and 5% shareholders was
approximately \$54,065,000.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Crown Crafts, Inc., Proxy Statement for its Annual Meeting
of Shareholders on August 12, 1997 are incorporated into Part III

ITEM 1. BUSINESS

GENERAL

Crown Crafts, Inc., a Georgia corporation which was founded in 1957, operates, both directly and indirectly through its subsidiaries, in a single business segment within the textile industry. Crown Crafts, Inc. and its subsidiaries (collectively, the "Company") are principally engaged in the design, manufacture, and sale of home furnishings products. These products are marketed under a variety of Company-owned trademarks, under trademarks licensed from others, without trademarks as unbranded merchandise and with customers' private labels.

The Company's operations are highly integrated, except that The Red Calliope and Associates, Inc. ("Red Calliope"), a California corporation, Churchill Weavers, Inc. ("Churchill Weavers"), a Kentucky corporation, and Hamco, Inc. ("Hamco"), a Louisiana corporation acquired on March 31, 1997, all of which are subsidiaries of the Company, operate largely independently of the Company and its other subsidiaries.

PRODUCTS

The Company offers a broad range of textile home furnishings products, including adult and infant comforters, comforter sets, infant crib sets and accessories, baby bibs, infant soft goods, sheets, pillowcases, pillow shams, bedskirts, duvet covers, daybed sets, window treatments, decorative pillows, coverlets, bedspreads, rugs and throws.

The Company offers its bedcovering products in a wide variety of styles, patterns and fabrics, from comforters to woven bedspreads and from solid colors to designer prints. The Company believes the trend toward coordination of the bedroom will remain strong and expects to continue its emphasis on comforter sets with coordinated sheets and accessories, and on woven products such as matelasse coverlets. These products are made from 100% cotton, cotton/polyester blends, denim, velvet and corduroy.

The Company manufactures throws in a variety of colors and designs. Throws may be constructed of either 100% cotton, 100% acrylic, cotton/acrylic blends, rayon, wool or chenille.

Adult comforters and accessories are produced primarily at the Company's facilities in Roxboro, North Carolina (the "Roxboro Plant"). Infant bedding products, which are marketed by Red Calliope, are produced by a variety of independent contractors in the greater Los Angeles, California, area. All comforters are filled with polyester fiberfill.

The Company's facilities in Dalton, Chatsworth and Calhoun, Georgia produce and warehouse the majority of jacquard-woven products. Throws are also manufactured at Textile, Inc., a subsidiary in Ronda, North Carolina, by Woven Classic Throws, Inc., a subsidiary in Manchester, New Hampshire, and by Churchill Weavers in Berea, Kentucky. Some of the Company's throws, including all printed and fleece throws, are also manufactured in Mexico by independent companies. The Company also imports animal-shaped children's pillows from China and Mexico.

Baby bibs and other infant soft goods are imported from China, and manufactured and distributed by Hamco, Inc., a subsidiary located in Prairieville, Louisiana.

PRODUCT DESIGN AND STYLING

The Company's research and development expenditures focus primarily on product design and styling. The Company believes styling and design are key components to its success. In recent years the Company has significantly increased the number of people and other resources dedicated to this area. The Company's designs include traditional, contemporary, textured and whimsical patterns. The Company designs and manufactures products across a broad spectrum of retail price points. The Company is continually developing new designs for both bedcoverings and throws, using a wide variety of fabrics, weave patterns, and types of yarn.

The Company's designers and stylists work closely with the marketing staff

to develop new designs. The Company obtains its designs from numerous sources, including graphic artists, decorative fabric manufacturers, apparel designers, the Company's employees and museums. The Company utilizes computer aided design systems to increase its design flexibility and reduce costs. In addition, these systems significantly shorten the time for responding to customer needs and changing market trends. The Company creates many designs for exclusive sale by certain of its customers.

SALES AND MARKETING: CUSTOMERS

The Company markets its products through a national sales force consisting of salaried sales executives and employees and independent commissioned sales representatives. Independent representatives are used most significantly in sales to the gift trade through Goodwin Weavers and Churchill Weavers, and to the infant market through Red Calliope and Hamco. Sales outside the United States and Canada are made primarily through distributors.

The Company's customers consist principally of department stores, chain stores, mass merchants, specialty home furnishings stores, wholesale clubs, gift stores and catalogue and direct mail houses. During the fiscal years ended March 30, 1997, March 31, 1996, and April 2, 1995, sales to Wal-Mart Stores, Inc. accounted for 17%, 18% and 17% of net sales, respectively. The loss of Wal-Mart as a customer would have a material adverse effect on the Company's operating results. The Company believes, however, that its relationship with Wal-Mart is excellent and that the loss of this customer is unlikely.

The Company's primary showroom and sales office is located in New York City. Sales offices are also maintained in Chicago, Atlanta, Boston, Dallas and Tyler, Texas. An additional showroom is located in the Company's Atlanta corporate headquarters location. The Goodwin Weavers division also has a showroom in the Atlanta Merchandise Mart, and Red Calliope maintains a showroom in Dallas, Texas.

The Company sells the majority of its products to retailers for resale to consumers. The Company generally introduces new products to the retail trade during the industry's April and October home textile markets. Initial shipments of successful new designs generally occur at least six months after the product introduction as more conservative buyers follow the lead of market innovators. New product introductions for the gift shop trade are concentrated in January-March and June-August when Goodwin Weavers and Churchill Weavers participate in numerous local and regional gift shows. Red Calliope and Hamco introduce products once each year during the Fall Juvenile Products Manufacturers' Association trade show. Private label products manufactured by the Company are introduced throughout the year.

The Company uses visually appealing and informative packaging, point-of-sale displays and advertising materials for retailers. Most of these are produced in the Company's own print shop, which offers design, typesetting and finishing services. The Company also regularly advertises its products in publications directed to the trade.

MANUFACTURING

The Company has made significant investments in modernization and expansion to lower manufacturing costs, maximize design flexibility, improve quality and service, and increase productive capacity.

The Company produces adult comforters and accessories at the Roxboro Plant. The Roxboro Plant utilizes an automated warehouse and distribution system which allows the Company to reduce inventories, improve physical control over inventories, reduce order fulfillment lead times, and provide enhanced levels of service.

The Company produces its jacquard-woven products at its weaving mills in Dalton, Georgia, Ronda North Carolina, and Manchester, New Hampshire. The products are then finished, packed and shipped from the Calhoun, Georgia facilities. In fiscal 1996, the Company completed the expansion of its warehouse and distribution facility in Calhoun, Georgia. This expanded warehouse and distribution center has enabled the Company to continue to increase its efficiency and improve on-time deliveries of its products. The Company also uses a warehouse and distribution center in Chatsworth, Georgia. To improve utilization of weaving

capacity, the Company is manufacturing fabrics at its Dalton facilities that are used in a new line of comforters produced at the Roxboro plant.

OUTLET STORES

The Company markets primarily close-out and irregular products through its outlet stores which are located in Calhoun, Georgia, Roxboro, North Carolina, Blowing Rock, North Carolina and in several outlet malls and resort areas located primarily in the southeastern United States. In fiscal 1997, less than 3% of the Company's sales were made through its outlet stores.

RAW MATERIALS

The principal raw materials used in the manufacture of adult and infant comforters, sheets and accessories are wide-width and narrow printed and solid color cotton and polycotton fabrics, and polyester fibers used as filling material. The principal raw materials used in the manufacture of jacquard-woven products are natural-color and pre-dyed 100% cotton and acrylic yarns. Although the Company usually maintains supply relationships with only a limited number of suppliers, the Company believes these raw materials presently are available from several sources in quantities sufficient to meet the Company's requirements.

The Company uses significant quantities of cotton, either in the form of cotton yarn, cotton fabric or polycotton fabric. Cotton is subject to ongoing price fluctuations. The price fluctuations are a result of cotton being an agricultural product subject to weather patterns, disease and other factors as well as supply and demand considerations, both domestically and internationally. To reduce the effect of potential price fluctuations, the Company often makes commitments for future purchases of cotton yarns and fabrics up to a year before delivery. Nonetheless, significant increases in the price of cotton could adversely affect the Company's operations.

SEASONALITY, INVENTORY MANAGEMENT

Historically, the Company has experienced a seasonal sales pattern, with a greater sales volume in each of the last three fiscal quarters of the year (July through March). This seasonality results from retailers having higher sales in the second half of the year.

The Company carries normal inventory levels to meet delivery requirements of customers. Customer returns of merchandise shipped are not material. Inventories are valued at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories increased to \$56,900,000 at March 30, 1997 from \$47,300,000 at March 31, 1996.

BACKLOG ORDERS

The Company's backlog of unfilled customer orders believed by management to be firm were \$28,040,000 and \$22,280,000 at June 1, 1997 and May 31, 1996, respectively. The majority of these unfilled orders are scheduled to be shipped within eight weeks.

The Company believes that its backlog of unfilled orders is not a meaningful indicator of its future sales volume, as customers have increasingly followed the practice of placing orders as close to the requested delivery date as possible. Many orders are placed using electronic data interchange, and the Company fills many of such orders on a quick response basis.

TRADEMARKS, COPYRIGHTS AND PATENTS

The Company's products are marketed in part under well-known trademarks. The Company considers its trademarks to be of material importance to its business. Adult comforters and accessories primarily carry the trademark Crown Crafts(R). The majority of throws carry the trademarks Crown Crafts(R) and Goodwin Weavers(R). Infant bedding products carry the trademarks Red Calliope(R) and Little Bedding(R). Protection for these marks is obtained through domestic and foreign registrations. Also important to the Company is the trademark Royal Sateen(R), which was developed in a joint effort with Kitan Consolidated, Ltd. of Israel. Kitan

is the registered owner of the mark and the Company is the exclusive marketer of Royal Sateen(R) products in the United States and other parts of the Western Hemisphere.

In addition, certain products are manufactured and sold pursuant to licensing agreements that include, among others: Bob Timberlake(R), Colonial Williamsburg(R), Department 56(R), Warner Bros.(R), Hallmark(R), Ungaro(R), Raymond Waites(TM), and Disney(C). The licensing agreements for the Company's designer brands generally are for a term of 3 to 6 years, and may or may not be subject to renewal. The Disney(C) license accounted for 14% and 6% of the Company's total sales volume in fiscal 1997 and 1996, respectively. There were no sales of Disney(C) products in fiscal 1995. The increase in sales of licensed Disney(C) products from 1996 to 1997 was primarily due to the inclusion of a full year of Red Calliope sales which contain a high percentage of Disney(C) licensed products. None of the other licenses accounted for more than 10% of the Company's total sales volume during the last three years. Although revenue has not been material, the Company has licensed and has sold fabric for certain of its more successful designs to manufacturers of other products such as bath accessories, table linens, wallpaper borders and rugs. The Company believes that its licensing activities, both as a licensee and licensor, will continue to increase in importance as the Company grows.

Many of the designs used by the Company are copyrighted by other parties including trademark licensors and are available to the Company through copyright licenses. Other designs are the subject of copyrights and design patents owned by the Company.

COMPETITION

The textile industry, including the market for home furnishings products, is highly competitive. The Company competes with a variety of manufacturers, many of which are vertically-integrated textile companies with substantially greater resources than the Company, and many of which are of similar size to the Company. Competitors may have customer relationships which may be superior to those of the Company and may have substantially greater resources. The Company believes that it is the fifth largest domestic manufacturer of bed coverings, including comforters, comforter sets and jacquard-woven bedspreads, with a total market share of less than 10%. The Company also believes that it is the largest domestic manufacturer of throws controlling about one-third of this market.

The Company competes on the basis of quality, design, price, service and packaging. Except for acrylic throws, luxury linens, and matelasse coverlets and bedspreads, the Company's products have not experienced significant competition from imports. The Company believes that its ability to implement future price increases for its products may be limited by current or future overcapacity in the domestic textile industry.

GOVERNMENT REGULATION: ENVIRONMENTAL CONTROL

The Company is subject to various federal, state and local environmental laws and regulations which regulate, among other things, the discharge, storage, handling and disposal of a variety of substances and wastes. The Company's operations are also governed by laws and regulations relating to employee safety and health, principally the Occupational Safety and Health Administration Act and regulations thereunder.

The Company believes that it currently complies in all material respect with applicable environmental, health and safety laws and regulations. Although the Company believes that future compliance with such existing laws or regulations will not have a material adverse effect on its capital expenditures, earnings or competitive position, there can be no assurances that such requirements will not become more stringent in the future or that the Company will not incur significant costs in the future to comply with such requirements.

EMPLOYEES

At June 13, 1997, the Company had approximately 2,200 employees. None of the Company's employees is represented by a labor union, and the Company considers its relationship with its employees to be good. The Company attracts and maintains qualified personnel by paying competitive salaries and benefits, and offering opportunities for advancement.

INTERNATIONAL SALES

Sales to customers in foreign countries are not currently material to the Company's business. The Company believes, however, its presence in foreign countries will increase in the future.

ITEM 2. PROPERTIES

The Company's headquarters are located in executive offices in Atlanta, Georgia. A showroom is also located in these offices. The Company occupies approximately 41,213 square feet at this location under leases that expire June 29, 2002 and September 30, 2000.

The following table summarizes certain information regarding the Company's principal properties.

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LOCATION	USE	APPROXIMATE SQUARE FEET	OWNED/ LEASED
Berea, Kentucky.....	Offices, manufacturing, warehouse, and distribution facilities and retail store	38,000	Owned
Calhoun, Georgia.....	Two buildings, housing offices, manufacturing facilities, sample department, print shop and factory outlet store	267,000	Owned
Calhoun, Georgia.....	Warehouse and distribution center	233,000	Owned
Chatsworth, Georgia....	Manufacturing facility, warehouse and distribution center	115,000	Owned
Compton, California....	Offices, warehouse and distribution center	157,400	Leased(1)
Dalton, Georgia.....	Two buildings housing manufacturing facilities	161,000	Owned
Ronda, North Carolina.....	Two buildings, housing offices, manufacturing facility and warehouse	62,820	Owned
Atlanta, Georgia.....	Executive offices and showroom	41,233	Leased(2)
Roxboro, North Carolina.....	Three buildings, housing manufacturing facilities, warehouse and distribution centers, and administrative offices and factory outlet store	424,000	Owned
Roxboro, North Carolina.....	Five buildings, housing manufacturing facilities, warehouses and distribution facilities	348,000	Leased(3)
Blowing Rock, North Carolina.....	Three buildings, housing administrative and sales offices, and factory outlet store	21,000	Owned
New York, New York.....	Sales and design offices and showroom	41,600	Leased(4)
Manchester, New Hampshire.....	One building, housing manufacturing and warehousing facilities	17,000	Leased(5)
Prairieville, Louisiana.....	Two buildings, housing manufacturing, warehousing, distribution and office facilities	23,300	Leased(6)

</TABLE>

- (1) Lease expires May 31, 2001 (renewable for one two-year period and one three-year period).
- (2) Leases expire as follows (a) 6,693 square feet on September 30, 2000; and (b) 34,540 square feet on June 29, 2002.
- (3) Leases expire as follows: (a) 75,000 square feet on February 28, 2005; (b) 50,000 square feet on September 30, 1997 (renewable for one five-year period); and (c) 223,000 square feet on April 30, 1998 (renewable for one five-year period).
- (4) Lease expires April 30, 2007 (renewable for up to two additional five-year periods).
- (5) Lease expires December 31, 1998.
- (6) Lease expires March 31, 2000.

The Company also leases space for its various sales offices and outlet stores.

Management believes that its properties are suitable for the purposes for which they are used, are in generally good condition, substantially utilized and provide adequate production capacity for current and anticipated future operations.

ITEM 3. LEGAL PROCEEDINGS

In order to resolve certain disputes which have arisen between them, the Company and its Israeli supplier of Royal Sateen(R) fabric and products, Kitan Consolidated Ltd. ("Kitan"), have entered into binding arbitration before a three-person panel in Israel. In connection with the arbitration, the Company and Kitan exchanged claims documents on June 9 and 10, 1997. The Company's claims include a request for payment of \$9.9 million in damages stemming primarily from Kitan's failure to make timely deliveries over a three-year period. Kitan's claims include a request for payment of \$8.5 million for damages allegedly suffered primarily as a result of differences between the Company's forecasts of demand and its actual orders for Kitan's fabric and products. Each party's claims also request reimbursement of attorneys' fees and payment of interest from the respective date on which its claim was filed. The Company believes Kitan's claims are without merit, and the Company intends to vigorously pursue both its claims and its defenses. Normal commerce between the companies is continuing during the arbitration process.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the year ended March 30, 1997.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company is authorized by its Articles of Incorporation to issue up to 50,000,000 shares of capital stock, all of which are designated Common Stock, par value \$1.00 per share.

COMMON STOCK

The Company's common stock (the "Common Stock") is traded on the New York Stock Exchange ("NYSE") under the symbol "CRW." The following table presents quarterly information on the price range of the Company's Common Stock for the fiscal years ended March 30, 1997 and March 31, 1996. This information indicates the high and low sale prices as reported by the NYSE.

<TABLE>

<CAPTION>

QUARTER	HIGH	LOW
-----	----	---
<S>	<C>	<C>
FISCAL 1997		
First Quarter.....	\$115/8	\$ 9
Second Quarter.....	101/8	73/4
Third Quarter.....	10	83/8
Fourth Quarter.....	12	91/4
FISCAL 1996		
First Quarter.....	\$18	\$16
Second Quarter.....	165/8	111/2
Third Quarter.....	133/8	111/4
Fourth Quarter.....	113/4	91/2

</TABLE>

As of June 13, 1997 there were issued and outstanding 7,946,477 shares of the Company's Common Stock held by approximately 1,475 beneficial holders. The estimated number of beneficial holders does not reflect the approximately 1,950 individual employee accounts in the Company's Employee Stock Ownership Plan. At June 13, 1997, the Company's Common Stock closed at \$10.50.

In fiscal 1997, the Company continued its policy, begun in February 1989, of paying dividends on a quarterly basis. The Company paid a dividend of \$0.03 per share on its Common Stock on June 25, 1996, September 17, 1996, December 24, 1996 and March 25, 1997. Dividends paid by the Company on its Common Stock in

the future will depend upon the earnings and financial condition of the Company. The Company presently anticipates paying dividends for the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data presented below are derived from the Company's financial statements for the five years ended March 30, 1997. The data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this Annual Report.

<TABLE>
<CAPTION>

	YEAR ENDED				
	MARCH 30, 1997	MARCH 31, 1996	APRIL 2, 1995	APRIL 3, 1994*	MARCH 28, 1993
(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS.)					
	<C>	<C>	<C>	<C>	<C>
FOR THE YEAR					
Net sales.....	\$256,385	\$219,002	\$210,963	\$187,335	\$151,256
Gross profit.....	51,737	42,452	46,731	37,998	29,885
Earnings from operations.....	11,641	10,625	18,878	15,374	11,377
Net earnings.....	3,631	3,947	11,050	9,010	7,339
Fully diluted net					
Earnings per share.....	0.45	0.49	1.31	1.08	0.89
Cash dividends per share.....	0.12	0.12	0.12	0.12	0.12
AT YEAR END					
Total assets.....	\$189,556	\$185,698	\$134,031	\$123,348	\$108,641
Long-term debt.....	71,200	69,300	5,000	10,000	15,000
Shareholders' equity.....	85,695	83,017	87,000	75,385	66,325

* Fiscal 1994 contained 53 weeks of operations

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

General

During the fiscal year ended March 31, 1996, the Company acquired four home furnishings related businesses. On April 3, 1995, the Company acquired all of the outstanding stock of Textile, Inc., a contract manufacturer of jacquard woven products, to supplement the Company's manufacturing capacity for woven throws. On October 31, 1995, the Company acquired all of the outstanding stock of The Red Calliope and Associates, Inc., a leading designer and marketer of infant bedding products and related accessories. On December 19, 1995, the Company purchased all of the outstanding stock of KKH Corporation, a designer and marketer of imported patented animal-shaped children's pillows ("Pillow Buddies") and similar products. On January 4, 1996, the Company acquired all of the outstanding stock of Churchill Weavers, Inc., a manufacturer and marketer of hand-woven luxury textile products.

On October 28, 1996, Hans Benjamin Furniture, Inc., a 51-percent owned subsidiary of the Company, was notified by the California Bureau of Home Furnishings and Thermal Insulation that a line of foam furniture it manufactured did not comply with a California flammability standard and by the Office of the District Attorney in Sacramento, California, that these products also appeared to be mislabeled. An internal investigation revealed that other products manufactured by Hans Benjamin were not in compliance with the California flammability standard, were similarly mislabeled, and that such mislabeled products had been shipped to locations other than California.

Hans Benjamin responded by announcing a nationwide voluntary recall of all furniture products it manufactured. Subsequent to announcing this recall, the Company decided to discontinue certain product

lines through the closing of Hans Benjamin and another small subsidiary. The liquidation of Hans Benjamin was completed on March 27, 1997. Sales of the discontinued products aggregated less than one percent of the Company's consolidated net sales for the years ended March 30, 1997 and March 31, 1996.

For the year ended March 30, 1997, the Company recorded an after tax loss of approximately \$1.3 million for the costs associated with the product recall and the closing of the subsidiaries. The recorded loss includes a settlement reached with the District Attorney's office for civil penalties, and is reflected in the Consolidated Statements of Earnings for the year ended March 30, 1997 as follows:

<S>	<C>
Reduction in net sales.....	\$ 407,000
Increase in cost of products sold.....	894,000
Increase in marketing and administrative expenses.....	213,000
Increase in other expense -- net.....	74,000

Reduction in earnings before income taxes.....	1,588,000
Reduction in provisions for income taxes.....	325,000

Reduction in net earnings.....	\$1,263,000
	=====
Reduction in net earnings per share.....	\$ 0.16
	=====

</TABLE>

Fiscal Year Ended March 30, 1997 Compared to Fiscal Year Ended March 31, 1996

Consolidated net sales increased \$37.4 million or 17.1 percent to \$256.4 million in the year ended March 30, 1997. The increase was attributable to incremental net sales of \$34.6 million from the four businesses acquired during 1996, and an increase in net sales of throw products partially offset by a decline in net sales of adult bedcovering products.

Gross profit as a percent of net sales increased to 20.2 percent from 19.4 percent in 1996, primarily due to increases in sales of higher margin products as a portion of total sales.

Marketing and administrative expenses increased \$8.3 million, or 26.0 percent, to \$40.1 million in 1997. Incremental marketing and administrative expenses of companies acquired in fiscal year 1996 accounted for \$4.5 million of the increase and the remainder of the increase is due to increased promotional expenses, sales personnel costs, legal and other professional fees, and bad debts expense.

Interest costs increased to \$4.9 million in 1997 from \$4.2 million (including capitalized interest of \$402,000) in 1996. The increase in interest expense was primarily the result of higher levels of debt outstanding during the first and second quarters of the fiscal year. The higher debt levels were primarily the result of significant investment spending in 1996 including capital expenditures of \$23.7 million, acquisitions of \$20.5 million, and treasury stock purchases of \$7.5 million.

The effective income tax rate increased to 47.4 percent from 39.6 percent, due to non-deductible losses incurred by the Company's 51 percent owned subsidiary, Hans Benjamin, prior to its dissolution on March 27, 1997, higher effective deferred state income tax rates and an increase in financial statement expenses for non-deductible amortization of goodwill.

Net earnings were \$3.6 million or \$.45 per share compared to net earnings of \$3.9 million or \$.49 per share for the fiscal year ended March 31, 1996. Net earnings for the year ended March 30, 1997 were reduced by approximately \$1.3 million, or \$.16 per share as a result of losses incurred in connection with the Hans Benjamin product recall and closing of subsidiaries.

Fiscal Year Ended March 31, 1996 Compared to Fiscal Year Ended April 2, 1995

Consolidated net sales increased \$8.0 million, or 3.8 percent, to \$219.0 million in 1996. The increase was attributable to incremental net sales of \$15.7 million from the four businesses acquired by the Company during 1996 and an

increase in net sales of throw products, offset by declines in net sales of adult bedcovering products.

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Gross profit as a percentage of net sales declined to 19.4 percent in 1996 from 22.2 percent in 1995, primarily due to capacity underutilization at the Company's manufacturing facilities. This underutilization was the result of less than expected demand for the Company's manufactured products, as an extremely weak retailing environment prevailed for most of the fiscal year. The Company further reduced its production schedules, particularly during the fourth quarter, as part of a plan to reduce its inventory levels.

Marketing and administrative expenses increased \$4.0 million, or 14.3 percent, to \$31.8 million in 1996. Of the increase, \$2.7 million represents the incremental marketing and administrative expenses of the businesses acquired by the Company during 1996. The remaining increase was primarily attributable to increases in staffing costs and advertising, the total of which was partially offset by a \$1.3 million decrease in executive incentive compensation payments.

Interest costs incurred increased to \$4.2 million (including capitalized interest of \$402,000) in 1996 from a total of \$2.1 million (including capitalized interest of \$125,000) in 1995. This increase was primarily the result of a substantial increase in the overall levels of debt outstanding. Such higher debt levels were the result of capital spending of \$23.7 million, acquisition activity of \$20.5 million, and purchases of treasury stock of \$7.5 million.

The effective income tax rate increased to 39.6 percent in 1996 from 36.8 percent in 1995, partially due to an increase in financial statement expenses for nondeductible amortization of goodwill, and in part due to higher state and local income tax rates applicable to acquired companies. These higher state and local rates were partially offset by the availability and utilization of employment-related tax credits in certain other states.

Net earnings were \$3.9 million or \$.49 per share compared to \$11.1 million or \$1.31 per share for the year ended April 2, 1995.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Working capital increased to \$77.8 million at March 30, 1997 from \$67.9 million at March 31, 1996. Total debt outstanding decreased to \$71.3 million at March 30, 1997 from \$75.6 million at March 31, 1996. The ratio of debt to equity was 0.83:1 at March 30, 1997 compared to 0.91:1 at March 31, 1996. The improvement in this ratio was attributable to cash flow provided by operating activities partially offset by additional borrowings to fund an increase in property, plant, and equipment.

The Company's fiscal 1997 cash needs, which included capital expenditures of \$5.7 million, were met primarily by cash provided by operating activities. The Company maintains unsecured committed revolving credit facilities totaling \$30 million with two commercial banks at interest rates based on the London Interbank Offered Rate (LIBOR). At March 30, 1997, borrowings of \$21.0 million were outstanding under these facilities at a weighted average interest rate of 6.1 percent. The Company pays facility fees on the unused portions of these committed credit lines. The Company also maintains uncommitted lines of credit totaling \$40 million with two commercial banks at floating interest rates. There were no borrowings outstanding under these lines at March 30, 1997. Among other covenants, these bank facilities contain a requirement that the Company maintain minimum levels of shareholders' equity, one effect of which is to restrict the payment of cash dividends. At March 30, 1997, retained earnings of approximately \$9.4 million were available for dividend payments. Other covenants place restrictions on the amounts the Company may expend on acquisitions and purchases of treasury stock.

The Company expects that its total expenditures for property, plant, and equipment will be between \$6.0 and \$8.0 million in fiscal 1998. The Company believes that cash generated by operations and borrowings under its existing credit facilities will be sufficient to meet its anticipated requirements for capital expenditures, debt repayments and operating expenses.

To reduce its exposure to credit losses and to enhance its cash flow forecasts, the Company factors the majority of its trade accounts receivable.

The Company's factor establishes customer credit lines, and accounts for and collects receivable balances. The factor remits payment to the Company on the due dates of the factored invoices. The Company does not take advances against its factored receivable balances. The factor assumes all responsibility for credit losses on sales within approved credit lines, but may deduct from its

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remittances to the Company the amounts of customer deductions for returns, allowances, disputes and discounts. The Company's factor may, at any time, terminate or limit its approval of shipments to a particular customer. If such a termination occurs, the Company may either assume the credit risks for shipments after the date of such termination or cease shipments to such customer.

During fiscal 1996, the Company's Board of Directors authorized the purchase of up to 1,000,000 shares of outstanding common stock. During 1996, the Company purchased a total of 636,200 shares of its own stock for a total of \$7.5 million. No shares were purchased in fiscal 1997 and no decision has been made as to whether the Company will acquire the remaining 363,800 shares covered under this authorization.

On March 31, 1997, the Company acquired all of the outstanding stock of Hamco, Inc., a manufacturer and marketer of infant soft goods, for a total consideration, net of cash acquired, of \$7.4 million. The acquisition was financed by borrowings under the Company's revolving credit facilities. The Company continues to review appropriate acquisition opportunities as a significant part of its growth strategy. Although the Company cannot predict when, or if, further acquisitions will occur, the Company's various credit facilities or other forms of debt will likely continue to provide the funds necessary to finance its growth by this method.

OTHER MATTERS

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings Per Share which changes the method of reporting earnings per share by requiring a computation of basic and diluted earnings per share. This statement will become effective for the Company's fiscal 1998 third quarter. The computations required by this Statement would not have had a material impact on the earnings per share reported for the Company's 1997, 1996, and 1995 fiscal years.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See pages F-1 through F-13 herein.

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company has neither changed its independent accountants nor had any disagreements on accounting or financial disclosure with such accountants.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information with respect to the Company's directors is set forth in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on August 12, 1997 (the "Proxy Statement") under the caption "Election of Directors" and is incorporated herein by reference. The information with respect to the Company's executive officers is set forth in the Proxy Statement under the caption "Executive Officers" and is incorporated herein by reference. The information with respect to Item 405 of Registration S-K is set forth in the Proxy Statement under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the caption "Executive Compensation" in the Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set forth under the caption "Voting Rights and Principal Shareholders" in the Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information set forth under the caption "Compensation Committee Interlocks and Insider Participation" in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES, AND REPORTS ON FORM 8-K

(A)1. FINANCIAL STATEMENTS

The following consolidated financial statements of Registrant are filed with this report and included in Part II, Item 8:

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Consolidated Balance Sheets as of March 30, 1997 and March 31, 1996.....	F-3
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Consolidated Statements of Changes in Shareholders' Equity for the Three Fiscal Years in the Period Ended March 30, 1997.....	F-5
Consolidated Statements of Cash Flows for the Three Fiscal Years in the Period Ended March 30, 1997.....	F-6
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(A)2. FINANCIAL STATEMENT SCHEDULES

The following financial statement schedule of Registrant is filed with this report:

<TABLE>	
<S>	<C>
Schedule VIII -- Valuation and Qualifying Accounts.....	Page 12
</TABLE>	

All other schedules not listed above have been omitted because they are not applicable or the required information is included in the financial statements or notes thereto.

CROWN CRAFTS, INC. AND SUBSIDIARIES

ANNUAL REPORT ON FORM 10-K

SCHEDULE VIII VALUATION AND QUALIFYING ACCOUNTS

<TABLE>	
<CAPTION>	
COLUMN A	COLUMN B COLUMN C COLUMN D COLUMN E
-----	-----
	ADDITIONS
	BALANCE AT CHARGED TO BALANCE AT
	BEGINNING COSTS AND END OF
	OF PERIOD EXPENSES DEDUCTIONS* PERIOD

	(IN THOUSANDS)

<S>	<C>	<C>	<C>	<C>
Accounts Receivable Valuation Accounts:				
Year Ended April 2, 1995				
Reserve for doubtful accounts.....	\$ 293	\$ 55	\$318	\$ 30
Reserve for customer deductions.....	858		135	723
Year Ended March 31, 1996				
Reserve for doubtful accounts.....	\$ 30	\$ 67	\$ 18	\$ 79
Reserve for customer deductions.....	723	45		1,176
Year Ended March 30, 1997				
Reserve for doubtful accounts.....	\$ 79	\$1,123	\$(18)	\$1,220
Reserve for customer deductions.....	1,176	169		1,345

* Deductions from the reserve for doubtful accounts represent the amount of accounts written off reduced by any subsequent recoveries.

SCHEDULE VIII

(A)3. EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

The following Executive Compensation Plans and Arrangements are filed with this Form 10-K or have been previously filed as indicated below:

1. Crown Crafts, Inc. 1976 Non-Qualified Stock Option Plan (6)(Exhibit 10(b)(i))
2. Philip Bernstein Death Benefits Agreement dated March 30, 1992 (5)(Exhibit 10(b)(ii))
3. Description of Crown Crafts, Inc. Executive Incentive Bonus Plan (5)(Exhibit 10(b)(iii))
4. Crown Crafts, Inc. 1995 Stock Option Plan (1)(Exhibit 10(b)(iv))
5. Form of Nonstatutory Stock Option Agreement (pursuant to 1995 Stock Option Plan) (1)(Exhibit 10(b)(v))
6. Form of Nonstatutory Stock Option Agreement for Nonemployee Directors (pursuant to 1995 Stock Option Plan) (1)(Exhibit 10(b)(vi))

(A)5. EXHIBITS

Exhibits required to be filed by Item 601 of Regulation S-K are included as Exhibits to this report as follows:

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
----------------	-------------------------

- | | |
|-----------|--|
| 2(a) | -- Merger Agreement dated as of October 8, 1995 between and among Registrant and CC Acquisition Corp., and Neal Fohrman and Stanley Glickman and The Red Calliope and Associates, Inc.(7) |
| 3(a) | -- Restated Articles of Incorporation of Registrant.(1) |
| 3(b) | -- Bylaws of Registrant.(1) |
| 4(a) | -- Instruments defining the rights of security holders are contained in the Restated Articles of Incorporation of Registrant, and Article I of the Restated Bylaws of Registrant.(1) |
| 4(b) | -- Form of Rights Agreement dated as of August 11, 1995 between the Registrant and Trust Company Bank, including Form of Right Certificate and Summary of Rights to Purchase Common Shares.(2) |
| 10(a) | -- 9.22% Note Agreement with The Prudential Insurance Company of America.(3) |
| 10(a)(ii) | -- Letter Agreement with The Prudential Insurance Company of America dated July 23, 1991.(4) |

- 10(a)(iii) -- Letter Agreement with The Prudential Insurance Company of America dated April 9, 1992.(4)
- 10(a)(iv) -- Letter Agreement with The Prudential Insurance Company of America dated May 21, 1993.(5)
- 10(a)(v) -- Letter Agreement with The Prudential Insurance Company of America dated July 14, 1994.(8)
- 10(a)(vi) -- Letter Agreement with The Prudential Insurance Company of America dated July 29, 1994.(8)
- 10(a)(vii) -- Letter Agreement with The Prudential Insurance Company of America dated March 31, 1995.(8)
- 10(a)(viii) -- Letter Agreement with The Prudential Insurance Company of America dated October 12, 1995.(1)
- 10(b)(i) -- Crown Crafts, Inc. Non-Qualified Stock Option Plan.(6)

</TABLE>

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<TABLE>

<CAPTION>

EXHIBIT

NUMBER

DESCRIPTION OF EXHIBITS

- - - - -

<C>

<C> <S>

- 10(b)(ii) -- Philip Bernstein Death Benefits Agreement dated March 30, 1992.(5)
- 10(b)(iii) -- Description of Crown Crafts, Inc. Executive Incentive Bonus Plan.(5)
- 10(b)(iv) -- Crown Crafts, Inc. 1995 Stock Option Plan.(1)
- 10(b)(v) -- Form of Nonstatutory Stock Option Agreement (pursuant to 1995 Stock Option Plan).(1)
- 10(b)(vi) -- Form of Nonstatutory Stock Option Agreement for Nonemployee Directors (pursuant to 1995 Stock Option Plan).(1)
- 10(c)(i) -- Revolving Credit Agreement dated August 25, 1995 with NationsBank, National Association (Carolinas).(1)
- 10(c)(ii) -- Amendment No. 1 to Revolving Credit Agreement dated May 1, 1996 with NationsBank, National Association (Carolinas).(9)
- 10(c)(iii) -- Amendment No. 2 to Revolving Credit Agreement dated June 28, 1996 with NationsBank, National Association (Carolinas).
- 10(c)(iv) -- Letter Agreement with NationsBank, N.A. dated December 23, 1996.
- 10(c)(v) -- Letter Agreement with NationsBank, N.A. dated January 23, 1997.
- 10(c)(vi) -- Letter Agreement with NationsBank, N.A. dated May 22, 1997.
- 10(d)(i) -- Revolving Credit Agreement dated August 25, 1995 with Wachovia Bank of Georgia, N.A.(1)
- 10(d)(ii) -- Amendment No. 1 to Revolving Credit Agreement dated May 1, 1996 with Wachovia Bank of Georgia, N.A.(9)
- 10(d)(iii) -- Amendment No. 2 to Revolving Credit Agreement dated June 28, 1996 with Wachovia Bank of Georgia, N.A.
- 10(d)(iv) -- Letter Agreement with Wachovia Bank of Georgia, N.A. dated December 24, 1996.
- 10(d)(v) -- Letter Agreement with Wachovia Bank of Georgia, N.A. dated January 22, 1997.
- 10(d)(vi) -- Letter Agreement with Wachovia Bank of Georgia, N.A. dated May 22, 1997.
- 10(e)(i) -- Note Purchase and Private Shelf Facility dated October 12, 1995 with The Prudential Insurance Company of America.(1)
- 10(e)(ii) -- Letter Agreement dated April 4, 1996 with The Prudential Insurance Company of America.(9)
- 10(f) -- Lease Agreement dated June 28, 1996 between 1185 Avenue of the Americas Associates as Lessor and Crown Crafts Home Furnishings, Inc. as Lessee.(9)
- 21 -- Subsidiaries of the Registrant.
- 23 -- Consent of Deloitte & Touche, LLP.
- 27 -- Financial Data Schedule (for SEC use only).

There were no reports on Form 8-K during the quarter ended March 30, 1997.

</TABLE>

- - - - -

- (1) Incorporated herein by reference to exhibit of same number to Registrant's Quarterly Report on Form 10-Q for the quarter ended October 1, 1995.
- (2) Incorporated herein by reference to exhibit of same number to Registrant's Report on Form 8-K dated August 22, 1995.

- (3) Incorporated herein by reference to exhibit of same number to Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 1991.
- (4) Incorporated herein by reference to exhibit of same number to Registrant's Annual Report on Form 10-K for the fiscal year ended March 29, 1992.

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- (5) Incorporated herein by reference to exhibit of same number to Registrant's Annual Report on Form 10-K for the fiscal year ended March 28, 1993.
- (6) Incorporated herein by reference to exhibit of same number to Registrant's Registration Statement on Form S-8, filed April 8, 1994. (Reg. No. 33-77558).
- (7) Incorporated herein by reference to exhibit of same number to Registrant's Report on Form 8-K dated November 13, 1995.
- (8) Incorporated herein by reference to exhibit of same number to Registrant's Annual Report on Form 10-K for the fiscal year ended April 2, 1995.
- (9) Incorporated herein by reference to exhibit of the same number to Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 1996.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ MICHAEL H. BERNSTEIN

 Michael H. Bernstein
 President and Chief Executive
 Officer

Date: June 27, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

<TABLE>
 <CAPTION>

SIGNATURES	TITLE	DATE
-----	----	----
<C>	<S>	<C>
/s/ MICHAEL H. BERNSTEIN ----- Michael H. Bernstein	President and Chief Executive Officer, Director	June 27, 1997
/s/ PHILIP BERNSTEIN ----- Philip Bernstein	Chairman of the Board	June 27, 1997
/s/ E. RANDALL CHESTNUT ----- E. Randall Chestnut	Director	June 27, 1997
/s/ ROGER D. CHITTUM ----- Roger D. Chittum	Director	June 27, 1997
/s/ PAUL A. CRISCILLIS, JR. ----- Paul A. Criscillis, Jr.	Director and Chief Financial Officer	June 27, 1997
/s/ RUDOLPH J. SCHMATZ ----- Rudolph J. Schmatz	Director	June 27, 1997
/s/ JANE E. SHIVERS	Director	June 27, 1997

Jane E. Shivers

/s/ ALFRED M. SWIREN Director June 27, 1997

Alfred M. Swiren

/s/ RICHARD N. TOUB Director June 27, 1997

Richard N. Toub

/s/ ROBERT E. SCHNELLE Chief Accounting Officer, June 27, 1997

Treasurer

Robert E. Schnelle

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Note # 2 -- ACQUISITIONS	
Note # 3 -- DISCONTINUANCE OF CERTAIN BUSINESSES	
Note # 4 -- INVENTORIES	
Note # 5 -- FINANCING ARRANGEMENTS	
Note # 6 -- INCOME TAXES	
Note # 7 -- RETIREMENT PLANS	
Note # 8 -- STOCK OPTIONS	
Note # 9 -- MAJOR CUSTOMERS	
Note #10 -- COMMITMENTS AND CONTINGENCIES	

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders
of Crown Crafts, Inc.:

We have audited the accompanying consolidated balance sheets of Crown Crafts, Inc. and subsidiaries as of March 30, 1997 and March 31, 1996, and the related consolidated statements of earnings, changes in shareholders equity and cash flows for each of the three years in the period ended March 30, 1997. Our audits also included the financial statement schedule listed at Item 14. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based upon our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting

the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Crown Crafts, Inc. and subsidiaries as of March 30, 1997 and March 31, 1996, and the results of their operations and their cash flow for each of the three years in the period ended March 30, 1997 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Atlanta, Georgia
 May 23, 1997
 (June 10, 1997 as to Note 10)

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CROWN CRAFTS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
 MARCH 30, 1997 AND MARCH 31, 1996

<TABLE>
 <CAPTION>

1997 1996
 ----- -----
 (DOLLAR AMOUNTS IN
 THOUSANDS, EXCEPT
 PAR VALUE PER SHARE)
 <C> <C>

<S>

ASSETS

CURRENT ASSETS:

Cash.....	\$ 602	\$ 517
Accounts receivable (less allowances of \$3,502 in 1997 and \$2,033 in 1996):		
Due from factor.....	30,866	27,943
Other.....	7,496	12,901
Inventories.....	56,860	47,269
Deferred income taxes.....	2,392	1,510
Other current assets.....	3,307	3,474
	-----	-----
Total current assets.....	101,523	93,614

PROPERTY, PLANT AND EQUIPMENT -- at cost:

Land, buildings and improvements.....	44,903	44,274
Machinery and equipment.....	68,435	65,782
Furniture and fixtures.....	1,487	1,544
	-----	-----
	114,825	111,600
Less accumulated depreciation.....	41,809	34,265
	-----	-----
Property, plant and equipment -- net.....	73,016	77,335

OTHER ASSETS:

Goodwill.....	13,192	13,526
Other.....	1,825	1,223
	-----	-----
Total Other Assets.....	15,017	14,749
	-----	-----
Total.....	\$189,556	\$185,698
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Notes payable.....	\$ 1,180	
Accounts payable.....	\$ 13,212	12,480
Income taxes payable.....	1,336	46
Accrued wages and benefits.....	4,312	3,607

Accrued royalties.....	1,369	1,198
Other accrued liabilities.....	3,429	2,134
Current maturities of long-term debt.....	100	5,100
	-----	-----
Total current liabilities.....	23,758	25,745
	-----	-----
NON-CURRENT LIABILITIES:		
Long-Term Debt.....	71,200	69,300
Deferred Income Taxes.....	7,877	6,936
Other.....	1,026	700
	-----	-----
Total non-current liabilities.....	80,103	76,936
	-----	-----
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock -- par value \$1.00 per share; 50,000,000 shares authorized.....		
	9,051	9,051
Additional paid-in capital.....	34,438	34,438
Retained earnings.....	57,005	54,327
Common stock held in treasury -- at cost.....	(14,799)	(14,799)
	-----	-----
Total shareholders' equity.....	85,695	83,017
	-----	-----
Total.....	\$189,556	\$185,698
	=====	=====

</TABLE>

See notes to consolidated financial statements.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS
FISCAL YEARS ENDED MARCH 30, 1997, MARCH 31, 1996 AND APRIL 2, 1995

<TABLE>

<CAPTION>

	1997	1996	1995
	-----	-----	-----
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
	<C>	<C>	<C>
Net Sales.....	\$256,385	\$219,002	\$210,963
Costs of products sold.....	204,648	176,550	164,232
	-----	-----	-----
Gross profit.....	51,737	42,452	46,731
Marketing and administrative expenses.....	40,096	31,827	27,853
	-----	-----	-----
Earnings from operations.....	11,641	10,625	18,878
Other income (expense):			
Interest expense.....	(4,887)	(3,807)	(1,992)
Cotton futures transactions.....		(847)	(115)
Other -- net.....	151	568	709
	-----	-----	-----
Earnings before income taxes.....	6,905	6,539	17,480
Provisions for income taxes.....	3,274	2,592	6,430
	-----	-----	-----
Net earnings.....	\$ 3,631	\$ 3,947	\$ 11,050
	=====	=====	=====
Primary earnings per share.....	\$ 0.45	\$ 0.49	\$ 1.31
	=====	=====	=====
Fully-diluted earnings per share.....	\$ 0.45	\$ 0.49	\$ 1.31
	=====	=====	=====
Average shares outstanding:			
Primary.....	8,006	8,125	8,457
	=====	=====	=====
Fully-diluted.....	8,042	8,125	8,457
	=====	=====	=====

</TABLE>

See notes to consolidated financial statements.

CROWN CRAFTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FISCAL YEARS ENDED MARCH 30, 1997, MARCH 31, 1996 AND APRIL 2, 1995<TABLE>
<CAPTION>

	TREASURY STOCK					COST
	ADDITIONAL COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	NUMBER OF SHARES		
(DOLLAR AMOUNTS IN THOUSANDS)						
	<C>	<C>	<C>	<C>	<C>	
BALANCES -- APRIL 3, 1994.....	\$8,836	\$31,645	\$41,318	420,125	\$ 6,414	
Exercise of stock options.....	168	1,921				
Treasury stock acquired in conjunction with exercise of stock options.....			44,063	753		
Tax benefit from exercise of stock options.....		245				
Cash dividends (\$0.12 per share).....		(1,016)				
Net earnings.....		11,050				

BALANCES -- APRIL 2, 1995.....	9,004	33,811	51,352	464,188	7,167	
Exercise of stock options.....	47	557				
Treasury stock acquired in conjunction with exercise of stock options.....			6,047	97		
Tax benefit from exercise of stock options.....		70				
Treasury stock purchases.....			636,200	7,535		
Cash dividends (\$0.12 per share).....		(972)				
Net earnings.....		3,947				

BALANCES -- MARCH 31, 1996.....	9,051	34,438	54,327	1,106,435	14,799	

Cash Dividends (\$0.12 per share).....		(953)				
Net Earnings.....		3,631				

BALANCES -- MARCH 30, 1997.....	\$9,051	\$34,438	\$57,005	1,106,435	\$14,799	

</TABLE>

Number of shares of common stock issued: 9,050,636 at March 30, 1997 and March 31, 1996

See notes to consolidated financial statements.

CROWN CRAFTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED MARCH 30, 1997, MARCH 31, 1996 AND APRIL 2, 1995<TABLE>
<CAPTION>

	1997	1996	1995
(IN THOUSANDS)			
	<C>	<C>	<C>
OPERATING ACTIVITIES:			
Net earnings.....	\$ 3,631	\$ 3,947	\$ 11,050
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization of property, plant and equipment.....	9,798	8,885	7,104
Amortization of goodwill.....		618	357
Deferred income taxes.....	59	767	1,245
Gain on sale of property, plant and equipment.....		11	(10)
			(234)
Changes in assets and liabilities, net of effects of acquisitions of businesses:			
Accounts receivable.....	2,617	(7,792)	998
Inventories.....	(9,476)	4,756	213

Other current assets.....	167	(1,171)	(407)	
Other assets.....	(321)	(86)	(877)	
Accounts payable.....	669	(1,311)	(2,770)	
Income taxes payable.....	1,290	(1,078)	108	
Accrued liabilities.....	2,169	27	318	
Other liabilities.....	45	51	47	
	-----	-----	-----	
Net Cash Provided by Operating Activities.....	11,277	7,342	16,800	
	-----	-----	-----	
INVESTING ACTIVITIES:				
Capital expenditures.....	(5,702)	(23,650)	(18,898)	
Acquisitions, net of cash acquired.....	(459)	(20,471)		
Proceeds from sale of property, plant and equipment.....	372	444	1,465	
	-----	-----	-----	
Net Cash Used for Investing Activities.....	(5,789)	(43,677)	(17,433)	
	-----	-----	-----	
FINANCING ACTIVITIES:				
Long-term borrowings.....		50,400		
Payment of long-term debt.....	(5,100)	(6,564)	(5,000)	
Increase in bank revolving credit.....		2,000	19,000	
Increase (decrease) in notes payable.....	(1,350)	(18,621)	5,210	
Purchases of treasury stock.....		(7,535)		
Stock options exercised.....		577	1,581	
Cash dividends.....	(953)	(972)	(1,016)	
	-----	-----	-----	
Net Cash Provided by (Used for) Financing Activities.....	(5,403)	36,285	775	
	-----	-----	-----	
NET INCREASE (DECREASE) IN CASH.....		85	(50)	142
CASH AT BEGINNING OF YEAR.....		517	567	425
	-----	-----	-----	-----
CASH OF END OF YEAR.....	\$ 602	\$ 517	\$ 567	
	=====	=====	=====	
SUPPLEMENTAL CASH FLOW INFORMATION:				
Income taxes paid.....	\$ 2,534	\$ 3,541	\$ 4,831	
	=====	=====	=====	
Interest paid, net of interest capitalized of \$402 (1996), \$125 (1995).....	\$ 4,773	\$ 3,172	\$ 2,046	
	=====	=====	=====	

</TABLE>

See notes to consolidated financial statements.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDED MARCH 30, 1997, MARCH 31, 1996 AND APRIL 2, 1995

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying consolidated financial statements include the accounts of Crown Crafts, Inc. and its subsidiaries (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated.

The Company's fiscal year ends on the Sunday nearest March 31. Fiscal years are designated in the consolidated financial statements and notes thereto by reference to the calendar year within which the fiscal year ends. The consolidated financial statements encompass 52 weeks of operations for each of the three years presented.

The Company operates in a single business segment within the textile industry and is principally engaged in the design, manufacture and sale of home furnishings products. Sales are generally made directly to retailers, primarily department and specialty stores, mass merchants, large chain stores and gift stores.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition: Sales are recorded on the date merchandise is shipped to customers, and are reported net of returns and allowances in the consolidated statements of earnings.

Inventories: Inventories are valued at the lower of cost, determined on a first-in, first-out basis, or market.

Depreciation and Amortization: Depreciation and amortization of property, plant and equipment are provided over the estimated useful lives of the respective assets using principally the straight-line method. Estimated useful lives are 15 to 40 years for buildings, 4 to 7 1/2 years for machinery and equipment, and 8 years for furniture and fixtures. The cost of improvements to leased premises is amortized over the shorter of the estimated life of the improvement or the term of the lease.

Goodwill represents the unamortized excess of purchase price over fair value of net identifiable assets acquired in business combinations. Goodwill is amortized using the straight-line method over periods ranging from 10 to 30 years. The Company reviews the carrying value of goodwill and other long-lived assets if the facts and circumstances suggest that their recoverability may have been impaired.

Futures Transactions: Realized and unrealized gains and losses in the fair values of cotton futures contracts are recognized in earnings during the periods in which such changes occur. The Company did not enter into any futures contracts during 1997.

Provisions for Income Taxes: The provisions for income taxes include all currently payable federal, state and local taxes which are based upon the Company's taxable income and the change during the fiscal year in net deferred income tax assets and liabilities. The Company provides for deferred income taxes based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates which will be in effect during the years in which such differences are expected to reverse.

Earnings Per Share: Earnings per share have been computed using the weighted average number of common shares outstanding including the dilutive effect of outstanding stock options in 1997. In 1996 and 1995, outstanding stock options did not have a materially dilutive effect and were excluded from such computations.

Stock-Based Compensation: The Company accounts for stock option grants using the intrinsic value method and only issues stock options that have an exercise price that is equal to or more than the fair value of the underlying shares at the date of grant. Accordingly, no compensation expense is recorded in the accompanying statements of earnings with respect to stock option grants.

2. ACQUISITIONS

On October 31, 1995, the Company acquired all of the outstanding stock of The Red Calliope and Associates, Inc. for \$8.9 million in cash and \$5.8

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CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

million in short-term notes. The Red Calliope is a leading designer and marketer of infant bedding products and related accessories. The notes issued in connection with this transaction were paid prior to March 31, 1996, in accordance with their terms.

On April 3, 1995, the Company acquired all of the outstanding stock of Textile, Inc., a contract manufacturer of jacquard-woven products. On December 19, 1995, the Company acquired all of the outstanding stock of KKH Corporation, a designer and marketer of imported patented animal-shaped children's pillows and related products. On January 4, 1996, the Company acquired all of the outstanding stock of Churchill Weavers, Inc., a manufacturer and marketer of hand-woven luxury textile products. The total consideration for these three acquisitions was \$6.4 million.

These four 1996 acquisitions were accounted for as purchases. Accordingly, the net purchase price was allocated based upon the respective acquisition-date fair market values of assets acquired and liabilities assumed, as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS)

<S>	<C>
Assets acquired, other than cash.....	\$18,899
Goodwill.....	13,829

	32,728
Less liabilities assumed.....	12,257

Purchase price, net of cash acquired.....	\$20,471
	=====

</TABLE>

Goodwill of \$10.2 million was associated with the acquisition of The Red Calliope and Associates, Inc., and is being amortized over a period of thirty years. The remaining goodwill arises principally from the acquisition of Textile, Inc. and is being amortized primarily over fifteen years. The Company paid during 1997 and expects to pay during 1998 additional contingent consideration totaling \$0.5 million with respect to one of its 1996 acquisitions. Such contingent consideration increases goodwill in the fiscal years during which it is paid.

The consolidated statement of earnings for 1996 includes the revenues, expenses and operating results for each of these four companies commencing with its respective acquisition date. The following unaudited pro forma information presents the Company's consolidated results of operations as though the acquisition of The Red Calliope and Associates, Inc. had occurred on the first day of fiscal 1995. These pro forma results do not purport to be indicative of the results which would have been achieved had the acquisition been made on that date, or of future results of operations. The pro forma information does not include the operating results of the other three acquired companies, since their inclusion would not materially alter the information shown therein or the Company's reported consolidated results of operations.

<TABLE>
<CAPTION>

	1996	1995
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Net sales.....	\$238,510	\$236,868
Net earnings.....	4,070	10,779
Earnings per share.....	0.50	1.27

</TABLE>

On October 4, 1996, the Company acquired all of the assets of Woven Classic Throws, Inc., a small manufacturer of specialty woven throws. This acquisition was accounted for as a purchase and did not have a material effect on the Company's 1997 operating results. On March 31, 1997, the Company acquired all of the outstanding stock of Hamco, Inc., a manufacturer and marketer of bibs and other infant soft goods.

3. DISCONTINUANCE OF CERTAIN BUSINESSES

During the third fiscal quarter of 1997, the Company adopted plans to discontinue two small product categories. This decision was precipitated by the receipt of notices from two California regulatory agencies stating that a line of juvenile foam-core furniture manufactured by Hans Benjamin Furniture, Inc., a 51-percent-owned subsidiary, did not comply with a California flammability standard, that such products were mislabeled, and that these matters could subject Hans Benjamin to civil penalties. The Company's subsequent internal investigation revealed that other products manufactured by Hans Benjamin were not in compliance with the California flammability standard, were similarly

mislabeled and that such mislabeled products had been shipped into other states in addition to California. Hans Benjamin responded by announcing a

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CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

nationwide voluntary recall of all furniture products it manufactured.

During the fourth fiscal quarter of 1997, Hans Benjamin negotiated a settlement with California regarding the civil penalties to be paid, and was liquidated. The consolidated statement of earnings for 1997 includes costs and expenses of \$1,263,000, net of income tax benefit, related to the product recall, the civil penalty, the discontinuance of the furniture and one other small product line, and the liquidation of Hans Benjamin.

4. INVENTORIES

Major classes of inventory were as follows:

<TABLE>

<CAPTION>

	1997	1996
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Raw materials and supplies.....	\$27,415	\$23,076
Work in process.....	1,961	2,916
Finished goods.....	27,484	21,277
	-----	-----
	\$56,860	\$47,269
	=====	=====

</TABLE>

5. FINANCING ARRANGEMENTS

Factoring Agreement: The Company assigns the majority of its trade accounts receivable to a commercial factor. The Company does not borrow funds from its factor or take advances against accounts receivable so assigned. Under the terms of the factoring agreement, the factor remits payments to the Company on the average due date of each group of invoices assigned. The factor bears credit losses with respect to assigned accounts receivable that are within approved credit lines. The Company bears losses resulting from returns, allowances, claims and discounts. Factoring fees, which are included in marketing and administrative expenses in the consolidated statements of earnings, were: \$1,777,000, \$1,477,000 and \$1,702,000, respectively, in 1997, 1996 and 1995.

Notes Payable: At March 30, 1997, the Company had available uncommitted lines of credit totaling \$40,000,000 with two banks at floating rates of interest. No fees or compensating balances are required under these arrangements, and the lines are cancelable at the banks' discretion. Annual average borrowings and weighted average interest rates under these arrangements were \$7,161,000 at 5.8% in 1997 and \$18,291,000 at 6.4% in 1996. No borrowings were outstanding under these arrangements at March 30, 1997; however, the Company did have outstanding letters of credit, primarily for purchases of inventory, aggregating \$3.8 million which reduced the available credit under these arrangements to \$36.2 million at that date. The weighted average interest rates on borrowings outstanding under these arrangements at March 31, 1996 was 6.0%.

Long-Term Debt: At March 30, 1997 and March 31, 1996, long-term debt consisted of:

<TABLE>

<CAPTION>

	1997	1996
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>

6.56% to 7.27% unsecured notes (6.92% weighted average) due in annual installments of \$7,143 from October 1999 through October 2005.....	\$50,000	\$50,000
9.22% unsecured note.....	5,000	
Floating rate unsecured revolving credit facilities maturing August 1998.....	21,000	19,000
Other.....	300	400
	-----	-----
	71,300	74,400
Less current maturities.....	100	5,100
	-----	-----
	\$71,200	\$69,300
	=====	=====

</TABLE>

During the second quarter of fiscal 1996, the Company entered into floating rate unsecured revolving credit facilities totaling \$30 million with two banks. The interest rate on borrowings under these lines is based on the London Interbank Offered Rate. At March 30, 1997 and March 31, 1996, the weighted average interest rates on amounts outstanding under these facilities were 6.1% and 5.9%, respectively. The Company pays facility fees at the rate of 0.15% per annum on the unused portions of the committed credit lines.

The unsecured notes, which are placed with an insurance company, and the floating rate unsecured revolving credit facilities, which are placed with two banks, contain similar restrictive covenants requiring the Company to maintain certain ratios of earnings to fixed charges and of total debt to total capitalization. In addition, the bank revolving credit facilities contain certain covenants requiring the

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CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Company to maintain minimum levels of shareholders' equity and certain ratios of total debt to cash flow. The bank facilities also place restrictions on the amounts the Company may expend on acquisitions and purchases of treasury stock. At March 30, 1997, the Company was in compliance with all restrictive covenants, and retained earnings of approximately \$9.4 million were available for dividend payments.

Scheduled maturities of long-term debt in each of the next five fiscal years are: \$100,000 in 1998, \$21,100,000 in 1999, \$7,243,000 in 2000, \$7,143,000 in 2001 and \$7,143,000 in 2002. The fair value at March 30, 1997 of the Company's long-term obligations, which amount has been estimated by discounting the projected cash flows using rates currently available to the Company for loans with similar terms and maturities, approximates their carrying value.

6. INCOME TAXES

The provisions for income taxes are summarized as follows:

<TABLE>
<CAPTION>

	1997	1996	1995
	-----	-----	-----
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Current:			
Federal.....	\$2,887	\$1,645	\$4,869
State and local.....	328	180	316
	-----	-----	-----
Total current....	3,215	1,825	5,185
	-----	-----	-----
Deferred:			
Federal.....	(223)	824	1,082
State and local.....	282	(57)	163
	-----	-----	-----

Total deferred...	59	767	1,245
	-----	-----	-----
	\$3,274	\$2,592	\$6,430
	=====	=====	=====

</TABLE>

The tax effects of temporary differences which comprise the deferred tax liabilities and assets are as follows:

<TABLE>
<CAPTION>

	1997	1996
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Gross deferred income tax liabilities:		
Property, plant and equipment...	\$7,292	\$6,280
DISC earnings deferral.....	873	907
Other.....	601	395
	-----	-----
Total gross deferred income tax liabilities.....	8,766	7,582
	-----	-----

</TABLE>

<TABLE>
<CAPTION>

	1997	1996
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Gross deferred income tax assets:		
Employee benefit accruals.....	1,512	1,277
Accounts receivable reserves....	972	537
Other.....	797	342
	-----	-----
Total gross deferred income tax assets.....	3,281	2,156
	-----	-----
Net deferred income tax liability.....	\$5,485	\$5,426
	=====	=====

</TABLE>

A reconciliation between the provisions for income taxes computed by applying the applicable maximum federal statutory rates to earnings before income taxes and the provisions for income taxes is as follows:

<TABLE>
<CAPTION>

	1997	1996	1995
	-----	-----	-----
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Income taxes at federal statutory rates.....	\$2,417	\$2,289	\$6,118
Non-deductible amortization of goodwill.....	210	125	2
Operating losses of 51-percent-owned subsidiary not deductible in consolidated federal tax return.....	430	80	
State income taxes net of federal income tax benefit.....	403	80	311
Other.....	(186)	18	(1)
	-----	-----	-----
Provisions for income taxes.....	\$3,274	\$2,592	\$6,430

</TABLE>

7. RETIREMENT PLANS

The Company maintains an Employee Stock Ownership Plan, which provides for annual contributions by the Company at the discretion of the Board of Directors for the benefit of eligible employees. Contributions can be made either in cash or in shares of the Company's common stock. Participation in the Plan is open to all Company employees who are at least twenty-one years of age and who have been employed by the Company for at least one year. The Company recognized expense of \$450,000, \$600,000, and \$750,000 for its cash contributions to the Plan in 1997, 1996 and 1995, respectively.

Effective January 1, 1996, the Company established an Employee Savings Plan under Section 401(k) of the Internal Revenue Code. The plan covers substantially all employees. Under the Plan, employees generally may elect to exclude up to 15%

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CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

of their compensation from amounts subject to income tax as a salary deferral contribution. The Board of Directors determines each calendar year the portion, if any, of employee contributions which will be matched by the Company. Since inception and for calendar 1997, the Company has made or will make a matching contribution to each employee in an amount equal to the first 2% of such contributions. The Company's matching contributions to the Plan were approximately \$550,000 for fiscal 1997 and \$118,000 for fiscal 1996.

8. STOCK OPTIONS

The Company's 1976 and 1995 Stock Option Plans provide for the grant of non-qualified stock options to officers and key employees at prices no less than the price of the stock on the date of each grant. In addition, the 1995 Stock Option Plan provides for the grant of incentive stock options to employees and a fixed annual grant of 2,000 non-qualified stock options to each non-employee director on the day after each year's annual meeting of shareholders. Through March 30, 1997, non-qualified options covering a total of 12,000 shares have been issued to non-employee directors and no incentive options have been issued. One-third of the non-qualified options become exercisable on each of the first three anniversaries of their issuance. The non-qualified options expire on the fifth anniversary of their issuance.

A total of 5,225,000 shares of common stock have been authorized for issuance under the Plans. At March 30, 1997, 893,491 options were reserved for future issuance. The options outstanding at March 30, 1997 expire through March 2002, have a weighted average remaining contractual life of 4.1 years, and include 3,664 options exercisable at March 30, 1997 with a weighted average exercise price of \$11.54.

The following table summarizes stock option activity during each of the most recent three fiscal years:

<TABLE>

<CAPTION>

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE	EXERCISE PRICE	EXERCISE PRICE
	<C>	<C>	<C>	<C>
Options outstanding, April 3, 1994.....	1,086,906	\$10.63 -- 19.75	\$14.06	
Options granted.....	536,250	14.63 -- 20.63	14.75	
Options canceled.....	(70,339)	13.25 -- 20.63	14.32	
Options exercised....	(167,610)	10.63 -- 15.25	12.46	
Options outstanding, April 2, 1995.....	1,385,207	10.63 -- 20.63	14.51	

Options granted.....	515,209	9.50 -- 17.50	12.57
Options canceled.....	(109,629)	11.75 -- 19.50	14.55
Options exercised....	(46,645)	10.63 -- 15.75	12.94

Options outstanding,			
March 31, 1996.....	1,744,142	9.50 -- 20.63	13.97
Options granted.....	2,224,686	7.88 -- 11.75	9.61
Options canceled.....	(1,890,076)	7.88 -- 20.63	13.64

Options outstanding,			
March 30, 1997.....	2,078,752	\$ 7.88 -- 13.25	\$ 9.60

</TABLE>

At March 30, 1997, 6,000 of the options outstanding have a per share exercise price which exceeds 150 percent of \$7.88.

Optionees may pay the option price of options exercised by surrendering to the Company shares of the Company's stock that the optionee has owned for at least six months prior to the date of such exercise. Optionees may satisfy their required income tax withholding obligations upon the exercise of options by requesting the Company to withhold the number of otherwise issuable shares with a market value equal to such tax withholding obligation.

Activity for 1997 includes 1,569,936 and 1,613,474 options granted and canceled, respectively, on April 12, 1997 as the result of an exchange offer which was authorized by the Compensation Committee of the Company's Board of Directors under which the Company issued new stock options in exchange for options which had been issued after December 31, 1991, were held by active employees who elected to participate in the exchange, and for which the closing market price on April 12, 1996 was at least \$0.25 below the option exercise price. The number of repriced options so issued was equal to 80% of options exchanged which had originally been issued in calendar 1992 and 100% of options exchanged which had originally been issued after December 31, 1992. The average price of the options surrendered for cancellation under this exchange offer was \$14.14. Options granted under the offer have an exercise price of \$10.25 per share, or

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CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

\$0.25 in excess of the closing market price of the Company's stock on April 12, 1996. The repriced options vest and expire on the same basis as any other options issued by the Company.

The weighted-average grant-date fair value of options granted in 1997 and 1996, respectively, was \$2.60 and \$4.04 per share. Had compensation cost for the Company's stock option grants been determined and recorded as expense at the grant dates, the Company's pro forma net income would have been \$2.4 million, or \$0.30 per share (primary or fully-diluted), for 1997 and \$3.7 million, or \$0.46 per share (primary or fully-diluted), for 1996. The pro forma net income for 1997 considers repriced options which were originally issued prior to 1996 as newly-issued options.

For purposes of the pro forma disclosure, the fair value of each option was estimated as of the date of grant using the Black-Scholes option-pricing model and is amortized to expense ratably as the option vests. The following assumptions were used for options granted in 1997: dividend yield of 0.9 percent, expected volatility of 31.7 percent, risk-free interest rate of 6.2 percent, and expected lives of 4 years. The following assumptions were used for options granted in 1996: dividend yield of 0.9 percent, expected volatility of 31.8 percent, risk-free interest rate of 6.1 percent, and expected lives of 4 years. Because options vest over a three-year period and the pro forma disclosures only reflect options issued during the two most recent fiscal years, the full impact of the pro forma effect of stock options will not be reflected until future fiscal years.

Option valuation models require the use of highly subjective assumptions including the stock price volatility. Because changes in the subjective assumptions can materially affect the fair value estimate, in management's

opinion the existing models do not necessarily provide a reliable measure of the fair value of its employee stock options.

9. MAJOR CUSTOMERS

The Company's sales to Wal-Mart Stores, Inc. constituted 17%, 18% and 17% of net sales, respectively, in 1997, 1996 and 1995.

10. COMMITMENTS AND CONTINGENCIES

Lease Commitments: At March 30, 1997, the Company's minimum annual rentals under noncancelable operating leases, principally for manufacturing, warehousing and office facilities, were as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS)	
<S>	<C>
1998.....	\$ 3,188
1999.....	2,781
2000.....	2,627
2001.....	2,361
2002.....	1,783
Thereafter.....	6,909

	\$19,649
	=====

</TABLE>

Total rent expense was \$3,710,000, \$3,123,000 and \$2,486,000 for 1997, 1996 and 1995, respectively.

Contingencies: In order to resolve certain disputes which have arisen between them, the Company and its Israeli supplier of Royal Sateen(R) fabric and products, Kitan Consolidated Ltd. ("Kitan"), have entered into binding arbitration before a three-person panel in Israel. In connection with the arbitration, the Company and Kitan exchanged claims documents on June 9 and 10, 1997. The Company's claims include a request for payment of \$9.9 million in damages stemming primarily from Kitan's failure to make timely deliveries over a three-year period. Kitan's claims include a request for payment of \$8.5 million for damages allegedly suffered primarily as a result of differences between the Company's forecasts of demand and its actual orders for Kitan's fabric and products. Each party's claims also request reimbursement of attorney's fees and payment of interest from the date the claim was filed. The Company believes Kitan's claims are without merit, and the Company intends to vigorously pursue both its claims and its defenses. Normal commerce between the companies is continuing during the arbitration process. In the opinion of the Company's management, the ultimate resolution of the claims will not have a material adverse effect on the Company's financial position or results of operations.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

ANNUAL REPORT ON FORM 10-K SELECTED QUARTERLY FINANCIAL INFORMATION

<TABLE>
<CAPTION>

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER

	(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
	(UNAUDITED)			
<S>	<C>	<C>	<C>	<C>
FISCAL YEAR ENDED MARCH 30, 1997				
Net sales.....	\$44,400	\$74,848	\$72,887	\$64,250
Gross profit.....	6,912	15,379	14,766	14,680
Net earnings (loss).....	(1,343)	1,921	1,425	1,628
Fully diluted net earnings (loss) per share.....	(0.17)	0.24	0.18	0.20
FISCAL YEAR ENDED MARCH 31, 1996				
Net sales.....	\$39,207	\$57,330	\$62,209	\$60,256
Gross profit.....	7,551	12,243	13,288	9,370

Net earnings (loss).....	456	2,118	2,095	(722)
Fully diluted net earnings (loss) per share.....	0.05	0.26	0.26	(0.09)

</TABLE>

AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT

THIS AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT (this "Agreement") is made and entered into as of this 28th day of June, 1996 between CROWN CRAFTS, INC., a Georgia corporation (the "Borrower"), and NATIONSBANK, N.A., a national banking association formerly known as NationsBank, National Association (Carolinas) (the "Lender").

WITNESSETH

WHEREAS, the Borrower and the Lender have entered into a Revolving Credit Agreement dated as of August 25, 1995, as amended, (the "Credit Agreement"), pursuant to which the Lender has made available to the Borrower a revolving credit facility of up to \$15,000,000; and

WHEREAS, the Borrower has requested that the Credit Agreement be amended in the manner set forth herein and the Lender is willing to agree to such amendment;

NOW, THEREFORE, in consideration of the mutual covenants and the fulfillment of the conditions set forth herein, the parties do hereby agree as follows:

1. Definitions. Any capitalized terms used herein without definition shall have the meaning set forth in the Credit Agreement.

2. Amendment. Subject to the terms and conditions set forth herein, Section 7.3 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

7.3 Consolidated Shareholders' Equity. Permit Consolidated Shareholders' Equity to be less than \$80,000,000 through the end of the Fiscal Year ended March 31, 1996 and thereafter at all times, the sum of (A) the amount of Consolidated Shareholders' Equity required to be maintained pursuant to this Section 7.3 as at the end of the immediately preceding Fiscal Year, plus (B) 50% of Net Income (with no reduction for net losses during any period) for the Fiscal Year of the Borrower ending on such day, plus (C) 100% of the aggregate amount of all increases in the stated capital and additional paid-in capital accounts of the Borrower resulting from the issuance of equity securities, conversion of any debt instruments into equity or other capital investments, less the effect of the Permitted Stock Repurchases subsequent to April 2, 1995.

3. Representations and Warranties. In order to induce the Lender to enter into this Agreement, the Borrower represents and warrants to the Lender as follows:

(a) The representations and warranties made by Borrower in Article V of the Credit Agreement are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date and except that the financial statements referred to in Section 5.6(a) of the Credit Agreement shall

be deemed to be those financial statements most recently delivered to the Lender pursuant to Section 6.1 of the Credit Agreement.

(b) There has been no material adverse change in the condition, financial or otherwise, of the Borrower and its Subsidiaries, taken as a whole, since the date of the most recent financial reports of the Borrower received by the Lender under Section 6.1(a) of the Credit Agreement, other than changes in the ordinary course of business;

(c) The business and properties of the Borrower and its Subsidiaries, taken as a whole, are not, and since the date of the

most recent financial report of the Borrower and its Subsidiaries received by the Lender under Section 6.1(a) of the Credit Agreement, have not been adversely affected in any substantial way as the result of any fire, explosion, earthquake, accident, strike, lockout, combination of workers, flood, embargo, riot, activities of armed forces, war or acts of God or the public enemy, or cancellation or loss of any major contracts; and

(d) No event has occurred and is continuing which constitutes, and no condition exists which upon the consummation of the transaction contemplated hereby would constitute, a Default or an Event of Default on the part of the Borrower under the Credit Agreement, either immediately or with the lapse of time or the giving of notice, or both.

4. Entire Agreement. This Agreement sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relative to such subject matter.

5. Full Force and Effect of Agreement. Except as hereby specifically amended, modified or supplemented, the Credit Agreement and all other Loan Documents are hereby confirmed and ratified in all respects and shall remain in full force and effect according to their respective terms.

6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

7. Governing Law. This Agreement shall in all respects be governed by the laws and judicial decisions of the State of Georgia.

8. Enforceability. Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

9. Credit Agreement. All references in any of the Loan Documents to the Credit Agreement shall mean the Credit Agreement as amended hereby.

(Signature page follows.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officer, all as of the day and year first above written.

BORROWER:

CROWN CRAFTS, INC.

BY:/S/ROBERT E. SCHNELLE

Robert E. Schnelle
Chief Accounting Officer, Treasurer

LENDER:

NATIONSBANK, N.A.

BY:/S/J. LANCE WALTON

J. Lance Walton

Senior Vice President

(Signature page 1 of 1)

LETTER AGREEMENT

December 23, 1996

Crown Crafts, Inc.
1600 RiverEdge Parkway
Suite 200
Atlanta, Georgia 30328

Attn: Mr. Robert Schnelle, Treasurer

Reference is made to the Revolving Credit Agreement ("Credit Agreement") dated as of August 25, 1995 as amended by that certain amendment dated May 1, 1996 and that certain amendment dated June 28, 1996 between Crown Crafts, Inc. ("Crown Crafts") and NationsBank, N.A. ("NationsBank"), formerly NationsBank, National Association (Carolinas).

You have notified NationsBank, as was reported in the Company press release dated 11/21/96, that Crown Crafts will incur a pre-tax charge of approximately \$1.9 million to \$2.5 million because of the recall of furniture made by the Company's subsidiary, Hans Benjamin Furniture, Inc.

NationsBank hereby agrees to exclude the aforementioned charge for the third fiscal quarter and any subsequent fiscal quarter through, but not beyond, the 1998 third fiscal quarter to the extent such charge is not taken during the 1997 third fiscal quarter; PROVIDED HOWEVER, that the aforementioned charge shall not exceed \$3.0 million on a cumulative basis. In addition, the aforementioned charge will be excluded only for purposes of making the covenant calculations for the periods referenced above, as required under Sections 7.2 and 7.4 of the Credit Agreement. With respect to Section 7.4 of the Credit Agreement, exclusion of this charge will be made only to the extent it affects the resultant calculation of Consolidated Cash Flow in the quarter thereof. The exclusion of this charge shall also apply to any calculation based on any rolling four quarter period, which includes the 1997 third fiscal quarter under Sections 7.2 or 7.4, to the extent applicable. This Letter Agreement shall not in any way be deemed a waiver or amendment of, or establish a course of dealing in connection with, the Credit Agreement.

Except as expressly set forth herein, this letter shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of NationsBank under the Credit Agreement or any related document or agreement. Except as expressly set forth herein, all of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement and any related document are ratified and affirmed in all respects and shall continue in full force and effect.

CROWN CRAFTS, INC.
DECEMBER 23, 1996
PAGE 2

Please indicate your agreement and acceptance by signing a copy of this letter below and returning it to us.

Sincerely,

BY:/S/DAVID H. DINKINS

David H. Dinkins
Vice President

Agreed and Accepted by: Crown Crafts, Inc.

BY:/S/ROBERT E. SCHNELLE

Robert E. Schnelle
Chief Accounting Officer, Treasurer

LETTER AGREEMENT

January 23, 1997

Crown Crafts, Inc.
1600 RiverEdge Parkway
Suite 200
Atlanta, Georgia 30328

Attn: Mr. Robert Schnelle, Treasurer

Reference is made to the Revolving Credit Agreement ("Credit Agreement") dated as of August 25, 1995 as amended by that certain amendment dated May 1, 1996 and that certain amendment dated June 28, 1996 between Crown Crafts, Inc. ("Crown Crafts") and NationsBank, N.A. ("NationsBank"), formerly NationsBank, National Association (Carolinas).

You have notified NationsBank, as was reported in the Company press release dated January 21, 1997, that Crown Crafts will incur a pre-tax charge of approximately \$1.9 million to \$2.5 million because of the recall of furniture made by the Company's subsidiary, Hans Benjamin Furniture, Inc.

NationsBank hereby agrees to exclude the aforementioned charge for the third fiscal quarter and any subsequent fiscal quarter through, but not beyond, the 1998 third fiscal quarter to the extent such charge is not taken during the 1997 third fiscal quarter; PROVIDED HOWEVER, that the aforementioned charge shall not exceed \$2.5 million on a cumulative basis. In addition, the aforementioned charge will be excluded only for purposes of making the covenant calculations for the periods referenced above, as required under Sections 7.2 and 7.4 of the Credit Agreement. With respect to Section 7.4 of the Credit Agreement, exclusion of this charge will be made only to the extent it affects the resultant calculation of Consolidated Cash Flow in the quarter thereof. The exclusion of this charge shall also apply to any calculation based on any rolling four quarter period, which includes the 1997 third fiscal quarter under Sections 7.2 or 7.4, to the extent applicable. This Letter Agreement shall not in any way be deemed a waiver or amendment of, or establish a course of dealing in connection with, the Credit Agreement.

Except as expressly set forth herein, this letter shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of NationsBank under the Credit Agreement or any related document or agreement. Except as expressly set forth herein, all of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement and any related document are ratified and affirmed in all respects and shall continue in full force and effect.

CROWN CRAFTS, INC.
JANUARY 23, 1997
PAGE 2

This Letter Agreement supersedes the Letter Agreement dated December 23, 1996.

Please indicate your agreement and acceptance by signing a copy of this letter below and returning it to us.

Sincerely,

BY: /S/ DAVID H. DINKINS

David H. Dinkins
Vice President

Agreed and Accepted by: Crown Crafts, Inc.

BY:/S/ROBERT E. SCHNELLE

Robert E. Schnelle
Chief Accounting Officer, Treasurer

LETTER AGREEMENT

May 22, 1997

Crown Crafts, Inc.
1600 RiverEdge Parkway
Suite 200
Atlanta, Georgia 30328

Attn: Mr. Robert Schnelle, Treasurer

Reference is made to the Revolving Credit Agreement ("Credit Agreement") dated as of August 25, 1995 as amended by that certain amendment dated May 1, 1996 and that certain amendment dated June 28, 1996 between Crown Crafts, Inc. ("Crown Crafts") and NationsBank, N.A. ("NationsBank"), formerly NationsBank, National Association (Carolinas).

Whereas, the Borrower is required under Article VII of the Agreement to comply with certain financial covenants regarding the merger, purchase or acquisition of other Persons.

Whereas, the Borrower has requested that NationsBank amend Section 7.2 of the Credit Agreement for the period ended 3/30/97.

Now, therefore, pursuant to the request of the Borrower to amend Section 7.2 of Article VII of the Credit Agreement, the Lender agrees to amend Section 7.2 for the quarter ended March 30, 1997 to require a minimum Fixed Charge Coverage Ratio of 1.95. This Letter Agreement shall not in any way be deemed a waiver or amendment of, or establish a course of dealing in connection with, the Credit Agreement.

Except as expressly set forth herein, this letter shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of NationsBank under the Credit Agreement or any related document or agreement. Except as expressly set forth herein, all of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement and any related document are ratified and affirmed in all respects and shall continue in full force and effect.

Please indicate your agreement and acceptance by signing a copy of this letter below and returning it to us.

Sincerely,

BY:/S/DAVID H. DINKINS

David H. Dinkins
Vice President

Agreed and Accepted by: Crown Crafts, Inc.

BY:/S/ROBERT E. SCHNELLE

Robert E. Schnelle
Chief Accounting Officer, Treasurer

Exhibit 10(d)(iii)

AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT

THIS AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT (this "Agreement") is made and entered into as of this 28th day of June, 1996 between CROWN CRAFTS, INC., a Georgia corporation (the "Borrower"), and WACHOVIA BANK OF GEORGIA, N.A (the "Lender").

WITNESSETH

WHEREAS, the Borrower and the Lender have entered into a Revolving Credit Agreement dated as of August 25, 1995, as amended, (the "Credit Agreement"), pursuant to which the Lender has made available to the Borrower a revolving credit facility of up to \$15,000,000; and

WHEREAS, the Borrower has requested that the Credit Agreement be amended in the manner set forth herein and the Lender is willing to agree to such amendment;

NOW, THEREFORE, in consideration of the mutual covenants and the fulfillment of the conditions set forth herein, the parties do hereby agree as follows:

1. Definitions. Any capitalized terms used herein without definition shall have the meaning set forth in the Credit Agreement.

2. Amendment. Subject to the terms and conditions set forth herein, Section 7.3 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

7.3 Consolidated Shareholders' Equity. Permit Consolidated Shareholders' Equity to be less than \$80,000,000 through the end of the Fiscal Year ended March 31, 1996 and thereafter at all times, the sum of (A) the amount of Consolidated Shareholders' Equity required to be maintained pursuant to this Section 7.3 as at the end of the immediately preceding Fiscal Year, plus (B) 50% of Net Income (with no reduction for net losses during any period) for the Fiscal Year of the Borrower ending on such day, plus (C) 100% of the aggregate amount of all increases in the stated capital and additional paid-in capital accounts of the Borrower resulting from the issuance of equity securities, conversion of any debt instruments into equity or other capital investments, less the effect of the Permitted Stock Repurchases subsequent to April 2, 1995.

3. Representations and Warranties. In order to induce the Lender to enter into this Agreement, the Borrower represents and warrants to the Lender as follows:

(a) The representations and warranties made by Borrower in Article V of the Credit Agreement are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date and except that the financial statements referred to in Section 5.6(a) of the Credit Agreement shall

be deemed to be those financial statements most recently delivered to the Lender pursuant to Section 6.1 of the Credit Agreement.

(b) There has been no material adverse change in the condition, financial or otherwise, of the Borrower and its Subsidiaries, taken as a whole, since the date of the most recent financial reports of the Borrower received by the Lender under Section 6.1(a) of the Credit Agreement, other than changes in the ordinary course of business;

(c) The business and properties of the Borrower and its Subsidiaries, taken as a whole, are not, and since the date of the most recent financial report of the Borrower and its Subsidiaries received by the Lender under Section 6.1(a) of the Credit Agreement, have not been adversely affected in any substantial way as the result of any fire, explosion, earthquake, accident, strike, lockout, combination of workers, flood, embargo, riot, activities of armed forces, war or acts of God or the public enemy, or cancellation or loss of any major contracts; and

(d) No event has occurred and is continuing which constitutes, and no condition exists which upon the consummation of the transaction contemplated hereby would constitute, a Default or an Event of Default on the part of the Borrower under the Credit Agreement, either immediately or with the lapse of time or the giving of notice, or both.

4. Entire Agreement. This Agreement sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relative to such subject matter.

5. Full Force and Effect of Agreement. Except as hereby specifically amended, modified or supplemented, the Credit Agreement and all other Loan Documents are hereby confirmed and ratified in all respects and shall remain in full force and effect according to their respective terms.

6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

7. Governing Law. This Agreement shall in all respects be governed by the laws and judicial decisions of the State of Georgia.

8. Enforceability. Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

9. Credit Agreement. All references in any of the Loan Documents to the Credit Agreement shall mean the Credit Agreement as amended hereby.

(Signature page follows.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officer, all as of the day and year first above written.

BORROWER:

CROWN CRAFTS, INC.

BY: /S/ ROBERT E. SCHNELLE

Robert E. Schnelle
Chief Accounting Officer, Treasurer

LENDER:

WACHOVIA BANK OF GEORGIA, N.A.

BY:/S/SUSAN E. CATES

Susan E. Cates
Assistant Vice President

(Signature page 1 of 1)

LETTER AGREEMENT

December 24, 1996

Crown Crafts, Inc.
1600 RiverEdge Parkway
Suite 200
Atlanta, Georgia 30328

Attn: Mr. Robert Schnelle, Treasurer

RE: REVOLVING CREDIT AGREEMENT ("CREDIT AGREEMENT") DATED AS OF AUGUST 25, 1995, AS AMENDED BY THAT CERTAIN AMENDMENT DATED MAY 1, 1996, AND THAT CERTAIN AMENDMENT DATED JUNE 28, 1996, BETWEEN CROWN CRAFTS, INC. ("COMPANY") AND WACHOVIA BANK OF GEORGIA, N.A. ("WACHOVIA")

You have notified Wachovia, as was reported in the Company press release dated 11/21/96, that Crown Crafts will incur a pre-tax charge of approximately \$1.9 million to \$2.5 million because of the recall of furniture made by the Company's subsidiary, Hans Benjamin Furniture, Inc.

Wachovia hereby agrees to exclude the aforementioned charge for the third fiscal quarter and any subsequent fiscal quarter through, but not beyond, the 1998 third fiscal quarter to the extent such charge is not taken during the 1997 third fiscal quarter; provided however, that the aforementioned charge shall not exceed \$3.0 million on a cumulative basis. In addition, the aforementioned charge will be excluded only for purposes of making the covenant calculations for the periods referenced above, as required under Sections 7.2 and 7.4 of the Credit Agreement. With respect to Section 7.4 of the Credit Agreement, exclusion of this charge will be made only to the extent it affects the calculation of Consolidated Cash Flow in the quarter thereof. The exclusion of this charge shall also apply to any calculation based on any rolling four quarter period, which includes the period referenced above under Sections 7.2 or 7.4, to the extent applicable. This Letter Agreement shall not in any way be deemed a waiver or amendment of, or establish a course of dealing in connection with, the Credit Agreement.

Except as expressly set forth herein, this letter shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of Wachovia under the Credit Agreement or any related document or agreement. Except as expressly set forth herein, all of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement and any related document are ratified and affirmed in all respects and shall continue in full force and effect.

CROWN CRAFTS, INC.
DECEMBER 24, 1996
PAGE 2

Please indicate your agreement and acceptance by signing a copy of this letter below and returning it to us.

Sincerely,

BY: /S/RICHARD E.S. BOWEN

Richard E.S. Bowen
Commercial Officer

Agreed and Accepted by: Crown Crafts, Inc.

BY:/S/ROBERT E. SCHNELLE

Robert E. Schnelle
Chief Accounting Officer, Treasurer

LETTER AGREEMENT

January 22, 1997

Crown Crafts, Inc.
1600 RiverEdge Parkway
Suite 200
Atlanta, Georgia 30328

Attn: Mr. Robert Schnelle, Treasurer

RE: REVOLVING CREDIT AGREEMENT ("CREDIT AGREEMENT") DATED AS OF AUGUST 25, 1995, AS AMENDED BY THAT CERTAIN AMENDMENT DATED MAY 1, 1996, AND THAT CERTAIN AMENDMENT DATED JUNE 28, 1996, BETWEEN CROWN CRAFTS, INC. ("COMPANY") AND WACHOVIA BANK OF GEORGIA, N.A. ("WACHOVIA")

You have notified Wachovia, as was reported in the Company press release dated 11/21/96, that Crown Crafts will incur a pre-tax charge of approximately \$1.9 million to \$2.5 million because of the recall of furniture made by the Company's subsidiary, Hans Benjamin Furniture, Inc.

Wachovia hereby agrees to exclude the aforementioned charge for the third fiscal quarter and any subsequent fiscal quarter through, but not beyond, the 1998 third fiscal quarter to the extent such charge is not taken during the 1997 third fiscal quarter; provided however, that the aforementioned charge shall not exceed \$3.0 million on a cumulative basis. In addition, the aforementioned charge will be excluded only for purposes of making the covenant calculations for the periods referenced above, as required under Sections 7.2 and 7.4 of the Credit Agreement. With respect to Section 7.4 of the Credit Agreement, exclusion of this charge will be made only to the extent it affects the calculation of Consolidated Cash Flow in the quarter thereof. The exclusion of this charge shall also apply to any calculation based on any rolling four quarter period, which includes the the period referenced above under Sections 7.2 or 7.4, to the extent applicable. This Letter Agreement shall not in any way be deemed a waiver or amendment of, or establish a course of dealing in connection with, the Credit Agreement.

Except as expressly set forth herein, this letter shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of Wachovia under the Credit Agreement or any related document or agreement. Except as expressly set forth herein, all of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement and any related document are ratified and affirmed in all respects and shall continue in full force and effect.

CROWN CRAFTS, INC.
JANUARY 22, 1997
PAGE 2

Please indicate your agreement and acceptance by signing a copy of this letter below and returning it to us.

Sincerely,

BY: /S/ RICHARD E.S. BOWEN

Richard E.S. Bowen
Commercial Officer

Agreed and Accepted by: Crown Crafts, Inc.

BY:/S/ROBERT E. SCHNELLE

Robert E. Schnelle
Chief Accounting Officer, Treasurer

LETTER AGREEMENT

May 22, 1997

Crown Crafts, Inc.
1600 RiverEdge Parkway
Suite 200
Atlanta, Georgia 30328

Attn: Mr. Robert Schnelle, Treasurer

Reference is made to the Revolving Credit Agreement ("Credit Agreement") dated as of August 25, 1995 as amended by that certain amendment dated May 1, 1996 and that certain amendment dated June 28, 1996 between Crown Crafts, Inc. ("Crown Crafts") and Wachovia Bank of Georgia, N.A. ("Wachovia"). Capitalized terms not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

Whereas, the Borrower is required under Article VII of the Agreement to comply with certain financial covenants regarding the merger, purchase or acquisition of other Persons.

Whereas, the Borrower has requested that Wachovia amend Section 7.2 of the Credit Agreement for the period ended 3/30/97.

Now, therefore, pursuant to the request of the Borrower to amend Section 7.2 of Article VII of the Credit Agreement, the Lender agrees to amend Section 7.2 for the quarter ended March 30, 1997 to require a minimum Fixed Charge Coverage Ratio of 1.95. This Letter Agreement shall not in any way be deemed a waiver or amendment of, or establish a course of dealing in connection with, the Credit Agreement.

Except as expressly set forth herein, this letter shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of Wachovia under the Credit Agreement or any related document or agreement. Except as expressly set forth herein, all of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement and any related document are ratified and affirmed in all respects and shall continue in full force and effect.

Please indicate your agreement and acceptance by signing a copy of this letter below and returning it to us.

Sincerely,

BY:/S/RICHARD E.S. BOWEN

Richard E.S. Bowen
Commercial Officer

Agreed and Accepted by: Crown Crafts, Inc.

BY:/S/ROBERT E. SCHNELLE

Robert E. Schnelle
Chief Accounting Officer, Treasurer

EXHIBIT NO. 21

SUBSIDIARIES OF REGISTRANT

Churchhill Weavers, Inc., a Kentucky corporation

Crown Crafts Home Furnishings, Inc., a New York corporation

Crown Crafts Home Furnishings of Illinois, Inc., a Delaware corporation

Crown Crafts Home Furnishings of California, Inc., a California corporation

Crown Crafts International, Inc., a Georgia corporation

G.W. Stores, Inc., a North Carolina corporation

KKH Corporation, a California corporation

Textile, Inc., a North Carolina corporation

The Red Calliope and Associates, Inc., a California corporation

Woven Classic Throws, Inc., a New Hampshire corporation

Hamco, Inc., a Louisiana corporation

All subsidiaries are 100% - owned.

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of Crown Crafts, Inc. and subsidiaries on Form S-8 of our report dated May 23, 1997, appearing in the Annual Report on Form 10-K Crown Crafts, Inc. and subsidiaries for the year ended March 30, 1997.

/s/ Deloitte & Touche LLP

Atlanta, Georgia
June 24, 1997

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