FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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

For the quarterly period ended December 28, 1997

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

For the transition period from _______ to _______

Commission File No. 1-7604

CROWN CRAFTS, INC.
- --
(Exact name of registrant as specified in its charter)

Georgia	58-0678148
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1600 RiverEdge Parkway, Suite 200, Atlanta, Georgia 30328
- --
(Address of principal executive offices)

(770) 644-6400
- --
(Registrant's telephone number, including area code)

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

Yes X No
----- -----

The number of shares of common Stock, $1.00 par value, of the Registrant outstanding as of February 6, 1998 was 8,173,529.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

PART 1 - FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
DECEMBER 28, 1997 (UNAUDITED) AND MARCH 30, 1997

<TABLE>

<CAPTION>

(in thousands)	December 28, 1997	March 30, 1997
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash	$ 1,310	$ 602
Accounts receivable, net:		
Due from factor	20,825	30,866
Other	14,143	7,496
Inventories	80,165	56,860
Deferred income taxes	2,377	2,392
Other current assets	4,137	3,307
	--------	--------
Total Current Assets	122,957	101,523
	--------	--------
PROPERTY, PLANT AND EQUIPMENT - at cost:		
Land, buildings and improvements	45,564	44,903
Machinery and equipment	73,070	68,435
Furniture and fixtures	2,170	1,487
	--------	--------
	120,804	114,825
Less accumulated depreciation	49,089	41,809
	--------	--------
Property, Plant and Equipment - net	71,715	73,016
	--------	--------
OTHER ASSETS:		
Goodwill	25,310	13,192
Other	1,720	1,825
	--------	--------
Total Other Assets	27,030	15,017
	--------	-------
TOTAL	$221,702	$189,556
	========	========

</TABLE>

See notes to interim consolidated financial statements.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (continued)

CONSOLIDATED BALANCE SHEETS
DECEMBER 28, 1997 (UNAUDITED) AND MARCH 30, 1997

<TABLE>
<CAPTION>

(in thousands, except par value per share)	December 28, 1997	March 30, 1997
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 7,805	
Accounts payable	16,295	$ 13,212

Income taxes payable	2,382	1,336
Accrued wages and benefits	3,413	4,312
Accrued royalties	1,869	1,369
Other accrued liabilities	6,417	3,429
Current maturities of long-term debt	30,100	100
	--------	--------
Total Current Liabilities	68,281	23,758
	--------	--------
NON-CURRENT LIABILITIES:		
Long-term debt	50,200	71,200
Deferred income taxes	7,752	7,877
Other	745	1,026
	--------	--------
Total Non-Current Liabilities	58,697	80,103
	--------	--------
SHAREHOLDERS' EQUITY:		
Common stock - par value $1.00 per share; 50,000,000 shares authorized; 9,231,105 and 9,050,636 shares issued	9,231	9,051
Additional paid-in capital	36,465	34,438
Retained earnings	64,009	57,005
Less: 1,120,498 and 1,106,435 shares of common stock held in treasury	(14,981)	(14,799)
	--------	--------
Total Shareholders' Equity	94,724	85,695
	--------	--------
TOTAL	$221,702	$189,556
	========	========

</TABLE>

See notes to interim consolidated financial statements.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (Continued)

CONSOLIDATED STATEMENTS OF EARNINGS
DECEMBER 28, 1997 AND DECEMBER 29, 1996
(UNAUDITED)

<TABLE>
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(in thousands, except per share data)	THREE MONTHS ENDED Dec. 28, 1997	Dec. 29, 1996	NINE MONTHS ENDED Dec. 28, 1997	Dec. 29, 1996
<S>	<C>	<C>	<C>	<C>
NET SALES	$ 103,037	$ 72,887	$ 242,015	$ 192,135
COST OF PRODUCTS SOLD	78,339	58,121	185,896	155,078
	-----------	-----------	-----------	-----------
GROSS PROFIT	24,698	14,766	56,119	37,057
MARKETING AND ADMINISTRATIVE EXPENSES	15,584	10,463	38,998	29,437
	-----------	-----------	-----------	-----------
EARNINGS FROM OPERATIONS	9,114	4,303	17,121	7,620

OTHER INCOME (EXPENSE):				
Interest expense	(1,903)	(1,203)	(4,853)	(3,770)
Other - net	(15)	(35)	135	257
	------------	-----------	-----------	-----------
EARNINGS BEFORE INCOME TAXES	7,196	3,065	12,403	4,107
PROVISIONS FOR INCOME TAXES	2,715	1,640	4,676	2,104
	------------	-----------	-----------	-----------
NET EARNINGS	$ 4,481	$ 1,425	$ 7,727	$ 2,003
	===========	===========	===========	===========
NET EARNINGS PER SHARE				
BASIC	$ 0.55	$ 0.18	$ 0.96	$ 0.25
DILUTED	$ 0.52	$ 0.18	$ 0.93	$ 0.25
AVERAGE SHARES OUTSTANDING				
ACTUAL	8,093,345	7,944,201	8,014,290	7,944,201
DILUTED	8,609,518	7,991,109	8,345,369	7,959,846
DIVIDENDS DECLARED PER SHARE	$ 0.03	$ 0.03	$ 0.09	$ 0.09
	===========	===========	===========	===========

</TABLE>

See notes to interim consolidated financial statements.

CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED DECEMBER 28, 1997 AND
DECEMBER 29, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

(in thousands)	December 28, 1997	December 29, 1996
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net earnings	$ 7,727	$ 2,003
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of property, plant and equipment	7,541	7,342
Amortization of goodwill	718	473
Deferred income taxes	(50)	24
Gain on disposal of property, plant and equipment	(52)	(97)
Changes in assets and liabilities:		
Accounts receivable	7,561	14,579
Inventories	(16,710)	(10,033)
Other current assets	(454)	607
Other assets	(176)	(304)
Accounts payable	792	2,492
Income taxes payable	836	1,597
Accrued liabilities	1,448	3,028
Other liabilities		41
	-----------	-----------
Net Cash Provided By Operating Activities	9,181	21,752
	-----------	-----------

INVESTING ACTIVITIES:		
Capital expenditures	(5,287)	(3,930)
Acquisitions, net of cash acquired	(15,602)	(226)
Proceeds from sale of property, plant and equipment	95	341
Net Cash Used For Investing Activities	(20,794)	(3,815)
FINANCING ACTIVITIES:		
Increase in notes payable	3,228	6,825
Increase (decrease) in bank revolving credit	9,000	(19,000)
Payment of long-term debt	(209)	(5,000)
Exercise of stock options	1,025	
Cash dividends	(723)	(714)
Net Cash Provided By (Used For) Financing Activities	12,321	(17,889)
NET INCREASE IN CASH (carried forward)	$ 708	$ 48

</TABLE>

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED DECEMBER 28, 1997 AND
DECEMBER 29, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

(in thousands)	December 28, 1997	December 29, 1996
<S>	<C>	<C>
NET INCREASE (DECREASE) IN CASH (brought forward)	$ 708	$ 48
CASH, beginning of period	602	517
CASH, end of period	$ 1,310	$ 565
Supplemental Cash Flow Information:		
Income taxes paid	$ 3,625	$ 1,075
Interest paid net of amounts capitalized	$ 4,735	$ 3,681

</TABLE>

See notes to interim consolidated financial statements.

CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to interim financial information and the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, such interim consolidated financial statements contain all adjustments necessary to present fairly the Company's financial position as of December 28, 1997 and the results of its operations and its cash flows for the periods ended December 28, 1997 and December 29, 1996. Such adjustments include normal recurring accruals and a pro rata portion of certain estimated annual expenses.

2. On March 31, 1997, the Company acquired all of the outstanding stock of Hamco, Inc. ("Hamco"), a manufacturer and marketer of infant soft goods, for a total purchase price of $7.5 million. On August 18, 1997, the Company acquired all of the outstanding stock of Noel Joanna, Inc.("NoJo"), a manufacturer and marketer of infant goods, for a total purchase price of $9.2 million, consisting of $8.2 million in cash and $1.0 million in common stock of the Company. Operating results for Hamco and NoJo from their respective dates of acquisition are included in the accompanying Consolidated Statements of Earnings for the three and nine month periods ending December 28, 1997.

   Both of these 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>
<S> <C>

(in thousands)	
Assets acquired, other than cash	$12,194
Goodwill	12,781
Total assets acquired, other than cash	24,975
Less liabilities assumed	8,428
Purchase price, net of cash acquired	16,547
Less stock issued in acquisition	1,000
Net cash paid for acquisitions	$15,547

</TABLE>

3. In the quarter ended December 29, 1996, the Company recorded a pretax

charge of $1.9 million for the projected costs associated with a nationwide voluntary recall of furniture products manufactured by its 51-percent owned subsidiary, Hans Benjamin Furniture, Inc., and the discontinuance of certain product lines through the closing of two small subsidiaries.

The product recall was the result of a notification received October 28, 1996 from the California Bureau of Home Furnishings and Thermal Insulation which stated that a line of juvenile foam-filled furniture manufactured by Hans Benjamin did not comply with a

California flammability standard. On the same day, Hans Benjamin received a letter from the Office of the District Attorney in Sacramento, California, stating that these products also appeared to be mislabeled and that the law allows the state to bring a lawsuit for an injunction and civil penalties. An internal investigation revealed that some Hans Benjamin juvenile furniture products as well as other Hans Benjamin products (wood frame stools, benches, ottomans, and similar products) shipped to locations other than California were similarly mislabeled. Hans Benjamin responded by announcing a nationwide voluntary recall of all furniture products it manufactured.

Hans Benjamin settled the matter of civil penalties with the District Attorney's office and the penalties assessed were included in the charge recorded in the quarter ended December 29, 1996.

Subsequent to announcing the recall, the Company decided to discontinue certain product lines, including products manufactured by Hans Benjamin. The discontinued products accounted for less than one and one-half percent of the Company's consolidated net sales for the nine month periods ended December 29, 1996. All estimated losses and other costs associated with the discontinued product lines were included in the charge recorded in the quarter ended December 29, 1996.

This charge is reflected in the Consolidated Statements of Earnings for the three and nine-month periods ended December 29, 1996 as follows:

<TABLE>

<S>	<C>
Reduction in net sales	$ 677,000
Increase in cost of products sold	969,000
Increase in marketing and administrative expenses	217,000
Increase in other expense-net	74,000

Reduction in earnings before income taxes	1,937,000
Reduction in provisions for income taxes	449,000

Reduction in net earnings	$ 1,488,000
	===========

</TABLE>

4. In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share", which changed the method of reporting earnings per share by requiring a computation of basic and diluted earnings per share. This statement became effective for the quarter ended December 28, 1997. Earnings per share information previously reported has been restated to conform to this new standard.

5. Major classes of inventory were as follows (in thousands):

<TABLE>
<CAPTION>

	December 28,	March 30,

	1997	1997
<S>	<C>	<C>
Raw materials	$32,368	$27,415
Work in process	4,067	1,961
Finished goods	43,730	27,484
	-------	-------
	$80,165	$56,860
	=======	=======

</TABLE>

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

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED DECEMBER 28, 1997 COMPARED TO THE THREE MONTHS ENDED DECEMBER 29, 1996

On March 31, 1997, the Company acquired all of the outstanding stock of Hamco, Inc. ("Hamco"), a manufacturer and marketer of infant soft goods. On August 18, 1997, the Company acquired all of the outstanding stock of Noel Joanna, Inc. ("NoJo"), a manufacturer and marketer of infant goods. The impact of the Hamco and NoJo acquisitions on the Company's consolidated results of operations for the quarter ended December 28, 1997 included net sales of $7.3 million and earnings before income taxes of $0.1 million.

Excluding NoJo and Hamco, consolidated net sales increased $22.8 million or 31.3% in the current year quarter. The increase was attributable to increased net sales in all major product categories, adult bedcoverings and accessories, adult throws and infant/juvenile products.

Gross profit as a percentage of net sales increased to 24.0% for the quarter ended December 28, 1997 from 20.3% for the quarter ended December 29, 1996 due to increased sales of higher margin products and the fact that gross profit in the prior year quarter was depressed due to one-time charges related to a product recall and the decision to dispose of or liquidate two small subsidiaries. Without these charges, the prior year gross profit percentage would have been 22.3%. The addition of Hamco and NoJo plus growth in other infant/juvenile product lines caused total sales of infant/juvenile products to comprise approximately 29% of total net sales for the quarter, whereas sales of this product category represented 18% of total net sales in the year-earlier quarter. Infant and juvenile products typically earn a higher gross margin than the Company's adult products, but the Company's infant product subsidiaries also typically have a higher ratio of operating expenses to net sales.

Excluding NoJo and Hamco, operating expenses increased $3.5 million or 33.4% in the current year quarter. The increase is primarily due to increased employee costs, professional fees and bad debt expenses.

Interest expense for the quarter ended December 28, 1997 increased $0.7 million or 58.2% from the prior year quarter due to increased debt levels and higher average interest rates.

The effective income tax rate decreased to 37.7% for the quarter ended December 28, 1997 from 53.5% for the quarter ended December 29, 1996. The decrease was due to nondeductible expenses recorded in the prior year quarter attributable to the product recall and the decision to discontinue the operations of two small subsidiaries, and also to lower effective state income tax rates in the current year as a result of various state employment and investment tax credits earned.

NINE MONTHS ENDED DECEMBER 28, 1997 COMPARED TO THE NINE MONTHS ENDED DECEMBER 29, 1996

The impact of the Hamco and NoJo acquisitions on the Company's consolidated results of operations for the six month period ended December 28, 1997 included net sales of $14.9 million and earnings before income taxes of $0.9 million.

Excluding NoJo and Hamco, consolidated net sales increased $35.0 million or 18.2% in the nine month period ending December 28, 1997. The increase was attributable to increased net sales in all major product categories, adult bedcoverings and accessories, adult throws and infant/juvenile products.

Gross profit as a percentage of net sales increased to 23.2% for the nine months ended December 28, 1997 from 19.3% for the corresponding nine months last year primarily due to increased sales of higher margin products and the fact that the gross profit in the prior year nine month period was depressed due to one-time charges related to a product recall and the decision to dispose of or liquidate two small subsidiaries. Without these charges, the prior year gross profit percentage would have been 20.1%. During the nine month period, the addition of Hamco and NoJo plus growth in other infant/juvenile product lines caused total sales of infant/juvenile products to comprise approximately 29% of total net sales, whereas sales of this product category represented 19% of total net sales in the first nine months of the previous year. Infant and juvenile products typically earn a higher gross margin than the Company's adult products, but the Company's infant product subsidiaries also typically have a higher ratio of operating expenses to net sales.

Excluding NoJo and Hamco, operating expenses increased $6.6 million or 22.4% in the current nine month period. The increase is primarily due to increased employee costs, legal and other professional fees and bad debt expenses.

Interest expense for the nine months ended December 28, 1997 increased $1.1 million or 28.7% from the corresponding prior year period due to increased debt levels and higher average interest rates.

The effective income tax rate decreased to 37.7% for the nine month period ended December 28, 1997 from 51.2% for the nine month period ended December 29, 1996. The decrease was due to nondeductible expenses recorded in the prior year period attributable to the product recall and the decision to discontinue the operations of two small subsidiaries, and also to lower effective state income tax rates in the current year as a result of various state employment and investment tax credits earned.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

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 December 28, 1997, borrowings of $30.0 million were outstanding under these facilities at a weighted average interest rate of 6.3 percent. The Company pays facility fees on the unused portions of these committed credit lines. These credit lines are scheduled to expire on August 25, 1998; accordingly, such borrowings are included with other current maturities of long-term debt in the December 28, 1997 balance sheet. The Company also maintains uncommitted lines of credit totaling $40 million with two commercial banks at floating interest rates. At December 28, 1997, borrowings of $7.7 million were outstanding under these lines at a weighted average interest rate of 6.2 percent. 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 December 28, 1997, retained earnings of approximately $18.5 million were available for dividend payments. Other covenants place restrictions on the amounts the Company may expend on acquisitions and purchases of treasury stock.

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 purchase price of $7.5 million in cash. On August 18, 1997, the Company acquired all of the outstanding stock of Noel Joanna, Inc., a manufacturer and marketer of infant goods, for a total purchase price of $9.2 million, consisting of $8.2 million in cash and $1.0 million in common stock of the Company. The cash portion of the purchase price for these acquisitions was financed by borrowings under the Company's revolving credit facilities and uncommitted lines of credit.

Total debt outstanding increased to $88.1 million at December 28, 1997 from $71.3 million at March 30, 1997. This increase was primarily attributable to the Hamco and NoJo acquisitions, purchases of capital assets and growth in inventories, partially offset by a decrease in accounts receivable. The ratio of debt to equity was 0.93:1 at December 28, 1997 compared to 0.83:1 at March 30, 1997. Working capital decreased to $54.7 million at December 28, 1997 from $77.8 million at March 30, 1997. The decrease in working capital was attributable to the change in classification (from long-term debt to current maturities of long-term debt) of the $30.0 million outstanding under the Company's committed revolving credit facilities. The Company presently intends to negotiate new long-term committed facilities prior to the August 25, 1998 expiration date of the currently effective arrangements.

Total inventories increased to $80.2 million at December 28, 1997 from $56.9 million at March 30, 1997. The NoJo and Hamco acquisitions accounted for $7.8 million of the increase. The increase in the current year is also due partially to higher levels of inventory needed to support the overall growth in sales volume, and to increased demand for some of the Company's imported products which have a longer lead time for delivery than domestically produced products. Accordingly, Crown Crafts is warehousing more of these products to enable it to meet expected demand.

On January 2, 1998, the Company acquired all of the outstanding stock of Pinky Baby Products, a manufacturer and marketer of infant soft goods for a total purchase price of $3.5 million in cash. The acquisition was financed by borrowings under the Company's uncommitted lines of credit. This acquisition along with the acquisitions of Hamco and Nojo, is consistent with the Company's strategy of growing infant and juvenile products to about one-third of its total business. The Company continues to review appropriate acquisition opportunities as a significant part of its growth strategy.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

None

Item 2 - Changes in Securities

None

Item 3 - Defaults Upon Senior Securities

None

Item 4 - Submission of Matters to Vote of Security Holders

None

Item 5 - Other Information

None

Item 6 - Exhibits and Reports on Form 8-K

<TABLE>
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EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
<S>	<C>
27	Financial Data Schedule (for SEC use only)

</TABLE>

There were no reports on Form 8-K during the quarter ended December 28, 1997.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

DECEMBER 28, 1997

SIGNATURES

Pursuant to the requirements of the securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CROWN CRAFTS, INC.

Date: February 9, 1998 /s/ Robert E. Schnelle
---------------- ----------------------------------
ROBERT E. SCHNELLE
Treasurer
(Chief Accounting Officer)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CROWN CRAFTS FOR THE NINE MONTH PERIOD ENDED DECEMBER 28, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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