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 September 26, 1999

( ) 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 November 12, 1999 was 8,608,843.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

PART 1 - FINANCIAL INFORMATION
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 26, 1999 (UNAUDITED) AND MARCH 28, 1999

<TABLE>
<CAPTION>

(in thousands)	September 26, 1999	March 28, 1999
ASSETS		
<S>	<C>	<C>
CURRENT ASSETS:		
Cash	$ 605	$ 744
Accounts receivable, net:		
Due from factor	32,176	48,042
Other	5,841	7,355
Inventories	91,101	87,287
Deferred income taxes	776	776
Income tax recoverable	7,853	4,422
Other current assets	6,863	7,258
Total Current Assets	145,215	155,884
PROPERTY, PLANT AND EQUIPMENT - at cost:		
Land, buildings and improvements	45,224	45,190
Machinery and equipment	97,830	92,689
Furniture and fixtures	2,115	2,100
	145,169	139,979
Less accumulated depreciation	66,970	60,858
Property, Plant and Equipment - net	78,199	79,121
OTHER ASSETS:		
Goodwill	25,043	25,558
Other	4,664	4,288
Total Other Assets	29,707	29,846
TOTAL ASSETS	$253,121	$264,851

</TABLE>

See notes to interim consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 26, 1999 (UNAUDITED) AND MARCH 28, 1999

<TABLE>
<CAPTION>

(in thousands, except par value per share)	September 26, 1999	March 28, 1999
LIABILITIES AND SHAREHOLDERS' EQUITY		
<S>	<C>	<C>
CURRENT LIABILITIES:		
Notes payable	$ 52,736	$ 56,150
Accounts payable	20,078	25,339
Income taxes payable	20	8
Accrued wages and benefits	5,920	5,017
Accrued royalties	1,873	833
Other accrued liabilities	6,048	5,104
Dividends payable	258	
Current maturities of long-term debt	37,243	7,243

Total Current Liabilities	124,176	99,694
	---------	---------
NON-CURRENT LIABILITIES:		
Long-term debt	42,857	72,857
Deferred income taxes	4,776	4,776
Other	745	745
	---------	---------
Total Non-Current Liabilities	48,378	78,378
	---------	---------
SHAREHOLDERS' EQUITY:		
Common stock - par value $1.00 per share; 50,000,000 shares authorized; 9,983,305 and 9,983,305 shares issued	9,983	9,983
Additional paid-in capital	46,096	46,096
Retained earnings	44,797	51,009
Less: 1,374,462 and 1,374,462 shares of common stock held in treasury	(20,309)	(20,309)
	---------	---------
Total Shareholders' Equity	80,567	86,779
	---------	---------
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 253,121	$ 264,851
	=========	=========

</TABLE>

See notes to interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
SEPTEMBER 26, 1999 AND SEPTEMBER 27, 1998 (UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED		SIX MONTHS ENDED	
(in thousands, except per share data)	Sept. 26, 1999	Sept. 27, 1998	Sept. 26, 1999	Sept. 27, 1998
<S>	<C>	<C>	<C>	<C>
NET SALES	$ 84,162	$ 92,901	$ 149,949	$ 154,609
COST OF PRODUCTS SOLD	70,497	76,486	127,339	128,140
	----------	----------	----------	----------
GROSS PROFIT	13,665	16,415	22,610	26,469
MARKETING AND ADMINISTRATIVE EXPENSES	13,254	13,899	25,317	26,159
	----------	----------	----------	----------
EARNINGS (LOSS) FROM OPERATIONS	411	2,516	(2,707)	310
OTHER INCOME (EXPENSE):				
Interest expense	(3,429)	(2,506)	(6,431)	(4,394)
Other - net	176	15	195	97
	----------	----------	----------	----------
EARNINGS (LOSS) BEFORE INCOME TAXES	(2,842)	25	(8,943)	(3,987)
INCOME TAX PROVISIONS (CREDITS)	(1,025)	11	(3,299)	(1,679)
	----------	----------	----------	----------

NET EARNINGS (LOSS)	$ (1,817)	$ 14	$ (5,644)	$ (2,308)
	===========	==========	==========	==========
EARNINGS (LOSS) PER SHARE - BASIC	$ (0.21)	$ 0.00	$ (0.66)	$ (0.27)
EARNINGS (LOSS) PER SHARE - DILUTED	$ (0.21)	$ 0.00	$ (0.66)	$ (0.27)
AVERAGE SHARES OUTSTANDING				
BASIC	8,608,843	8,607,571	8,608,843	8,576,427
	==========	==========	==========	==========
DILUTED	8,608,843	8,619,696	8,608,843	8,576,427
	==========	==========	==========	==========
DIVIDENDS DECLARED PER SHARE	$ 0.03	$ 0.03	$ 0.06	$ 0.06
	==========	==========	==========	==========

</TABLE>

See notes to interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED SEPTEMBER 26, 1999 AND
SEPTEMBER 27, 1998
(UNAUDITED)

<TABLE>
<CAPTION>

(dollars in thousands)	Sept 26, 1999	Sept 27, 1998
OPERATING ACTIVITIES:		
Net loss	$ (5,644)	$ (2,308)
Adjustments to reconcile net loss to net cash used for operating activities;		
Depreciation and amortization of property, plant and equipment	6,268	5,692
Amortization of goodwill	515	642
loss on sale of property, plant and equipment	7	29
Changes in assets and liabilities:		
Accounts receivable	1,167	(11,674)
Inventories	(3,814)	(25,229)
Other current assets	395	(6,854)
Other assets	(376)	690
Accounts payable	(5,261)	12,078
Income taxes payable	12	(86)
Accrued liabilities	2,887	209
	--------	--------
Net Cash Used for Operating Activities	(3,844)	(26,811)
	--------	--------
INVESTING ACTIVITIES:		
Capital expenditures	(5,755)	(10,179)
Acquisitions, net of cash acquired		(8,833)
Proceeds from sale of property, plant and equipment	402	39
Other	(52)	
	--------	--------
Net Cash Used for Investing Activities	(5,405)	(18,973)
	--------	--------
FINANCING ACTIVITIES:		
Increase (decrease) in notes payable	(3,414)	29,820

Increase in advances from factor	12,782	14,124
Exercise of stock options	0	2,183
Cash dividends	(258)	(516)
Net Cash Provided by Financing Activities	9,110	45,611
NET DECREASE IN CASH	(139)	(173)
CASH, beginning of period	744	809
CASH, end of period	$ 605	$ 636
Supplemental Cash Flow Information:		
Income taxes paid	$ 57	$ 57
Interest paid net of amounts capitalized	$ 3,338	$ 2,019

</TABLE>

See notes to interim consolidated financial statements.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying unaudited 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 September 26, 1999 and the results of its operations and its cash flows for the periods ended September 26, 1999 and September 27, 1998. Such adjustments include normal recurring accruals and a pro rata portion of certain estimated annual expenses. Operating results for the six-month period ended September 26, 1999, are not necessarily indicative of the results that may be expected for the year ending April 2, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in the annual report of Form 10-K for the year ended March 28, 1999 of Crown Crafts, Inc. (the "Company").

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 may differ from those estimates.

Recently Issued Accounting Standards: In 1998, FASB issued Statement No. 133, "Accounting for Derivative Financial Instruments and Hedging Activities" (SFAS No. 133"). This statement requires that all derivatives be recognized in the statement of financial position as either assets or liabilities and measured at fair value. In addition, all hedging relationships must be designated, reassessed and documented pursuant to the provisions of SFAS No. 133. SFAS No. 133 is effective for fiscal years beginning after June 15, 1999. In June 1999, FASB issued Statement No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133," which amends the effective date of SFAS No. 133 to June 15, 2000. The effect on the financial statements upon adoption of SFAS No. 133 has not been determined.

2. In 1999, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company's principal segments include adult home furnishing and juvenile products, consisting of bedroom products (adult comforters and accessories), throws and decorative home accessories (primarily jacquard-woven throws in cotton, acrylic, rayon or chenille), and juvenile products (primarily Pillow Buddies). The second principal segment is infant products, consisting of infant bedding, bibs, and infant soft goods. The Company tracks revenues and operating profit information for these two business segments.

Financial information attributable to the Company's business segments for the quarters and six months ended September 26, 1999 and September 27, 1998, was as follows (in thousands):

<TABLE>
<CAPTION>

	Three Months Ended		Six Months Ended	
	Sept. 26,	Sept. 27,	Sept. 26,	Sept. 27,
Revenues:	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Adult home furnishing and juvenile products	$56,876	$67,809	$100,952	$108,731
Infant products	27,286	25,092	48,997	45,878
Total	$84,162	$92,901	$149,949	$154,609

</TABLE>

<TABLE>
<CAPTION>

	Three Months Ended		Six Months Ended	
	Sept. 26,	Sept. 27,	Sept. 26,	Sept. 27,
Operating income (loss):	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Adult home furnishing and juvenile products	$(2,177)	$ (173)	$(7,362)	$(3,311)
Infant products	2,588	2,689	4,655	3,621
Total	$ 411	$ 2,516	$(2,707)	$ 310

</TABLE>

Net sales by individual product groups within these business segments were as follows (in thousands):

<TABLE>
<CAPTION>

	Three Months Ended		Six Months Ended	

	Sept. 26, 1999	Sept. 27, 1998	Sept. 26, 1999	Sept. 27, 1998
<S>	<C>	<C>	<C>	<C>
Bedroom products	$ 35,428	$ 33,867	$ 69,189	$ 62,137
Throws and decorative home accessories	17,718	24,311	26,283	35,079
Infant and juvenile products	30,964	34,475	54,355	56,987
Other	52	248	122	406
Total net sales	$ 84,162	$ 92,901	$ 149,949	$ 154,609

</TABLE>

3. Interest costs of $69,000 and $27,000, respectively, were capitalized during the six months ended September 26, 1999 and September 27, 1998.

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

<TABLE>
<CAPTION>

	September 26, 1999	March 28, 1999
<S>	<C>	<C>
Raw materials	$ 28,656	$ 34,300
Work in process	5,696	4,738
Finished goods	56,749	48,249
	$ 91,101	$ 87,287

</TABLE>

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ERP SOFTWARE

At the beginning of the second fiscal quarter, the Company's financial reporting system and its woven products division converted from its legacy computer systems to the new enterprise resource planning ("ERP") software package that had been in preparation for 13 months. The conversion encountered more difficulty than had been anticipated and is still not complete. The most significant problems have been an impaired ability to ship and bill orders on a timely basis, especially in the pick and pack operations that support the Goodwin Weavers division and certain of the Crown Crafts operations. The Company has identified a number of operational and system issues contributing to the problems and is addressing them with a plan that is scheduled to result in satisfactory shipping and billing performance using the ERP system by the end of January 2000. However, the Company cannot be sure that all of the significant problems have been identified or that the current plan will correct all known problems by the planned completion date.

Meanwhile, because the post-conversion problems could not be fixed quickly enough to support the business during the peak Fall shipping season, the Company has implemented a number of manual work-arounds in order to ship as many customer orders as

possible despite the difficulties with the new system. This has resulted in steady improvement in weekly shipping volumes from the beginning of the conversion to date. As of October 31, 1999, weekly shipping volumes in the woven products division had risen to about 60 percent of the prior year week. However, in some parts of the business shipping has been substantially below that. As a result, during the second fiscal quarter, total billings by the woven division were approximately $8 million less than during the prior year quarter, and it is estimated that there will be an additional $7 million of lost sales in the third fiscal quarter. Because of the Company's inability to provide good service, some customers may switch to other suppliers. The Company may also incur significant write-downs on inventory it is not able to ship soon enough to meet customers' delivery date requirements.

Plans to convert the Company's adult bedding division to the ERP system, previously scheduled to occur before the end of December 1999, are on hold pending satisfactory resolution of problems with the system as implemented in the woven division. Because of the conversion delay, the Company has tested its legacy systems to confirm that they will accurately process orders with post-1999 dates that abbreviate the year to two digits. These tests have confirmed that orders with such dates can be entered, shipped and billed. The Company has identified the reports most important to its business and has modified the legacy code to report properly data with post-1999 two-digit year dates. Testing of these revised reporting programs is expected to be completed by the end of November 1999. This additional work has cost approximately $50,000, and there will be additional costs of supporting the legacy system until it is decommissioned. The Company does not believe that the legacy system modifications it has made are an efficient or appropriate long-term solution to its information system needs.

The Company continues to contemplate that the infant products division will be converted to the ERP system at an unspecified future date, following successful implementation in the adult bedding division. All mission-critical software packages used in the infant products division are certified by their vendors as being Y2K compliant.

YEAR 2000 ISSUE

In the latter portion of the 1990s, an issue affecting most companies has emerged regarding the ability of computer applications and systems to properly interpret dates later than December 31, 1999. This issue arises because, until recently, many computer applications were written using only the two right-most digits to define the applicable year. Accordingly, when the need arises to enter a date after December 31, 1999, it is unclear how any particular application will interpret the digits 00. The so-called "Year 2000 Problem" might cause programs that perform arithmetic operations, comparisons or date sorts to generate erroneous results when the program is required to process dates from both centuries, and this might result in incorrect data, system failure and other business disruptions, including, among other things, a temporary inability to procure materials, process transactions, send invoices and service customers.

With assistance from consultants and vendors, the Company has undertaken a comprehensive review of the "Year 2000 compliance" of the Company's various computer systems. Because the Company has recently concluded a general upgrade of its computer infrastructure, and because the Company is in the process of implementing an ERP project affecting many significant business modules, many of the Company's computer systems have been designed and deployed with "Year 2000 compliance" as a specific requirement.

The costs incurred by the Company in assessing "Year 2000 compliance" and performing remedial or conversion work indicated by such assessments have been expensed as incurred. The Company estimates that the total amount of such costs incurred through September 26, 1999 to be approximately $150,000. This amount includes the costs of the services of outside vendors and consultants specifically to address "Year 2000 compliance." This amount does not include any imputed amounts for the time and effort of the Company's own employees or for computer services, equipment and software purchased principally for reasons other than "Year 2000 compliance." For example, the systems installed as part of the Company's recent general computer infrastructure upgrade and the ERP systems being partly deployed this year are certified by the vendors to be Year 2000 compliant, but the Company has not attempted to allocate some portion of the costs of those entire systems to "Year 2000 compliance." The Company does not believe that the total costs of "Year 2000 compliance" will materially adversely affect the Company's business operations, consolidated results of operations, liquidity or capital resources.

The Company's business activities that rely on computer applications include principally the following: word processing, communications and network operations, accounting and finance, manufacturing, distribution and order entry.

With the completion in 1998 of the Company's computer infrastructure upgrade, the Company's word processing, communications and network operations operate based on Microsoft products including Windows NT, Windows 95 and Microsoft Office, all of which are certified

by the vendor to be Year 2000 compliant. The Company deployed in July 1999, ERP software applications supporting the Company's accounting, finance and order entry functions, and its Georgia manufacturing and distribution operations. SAP America, Inc. is the vendor of these software products and certifies that they are Year 2000 compliant. The Company's two main distribution facilities in Calhoun, Georgia, and Roxboro, North Carolina, have "warehouse management system" software packages, each of which has been certified by its vendor to be Year 2000 compliant. Order entry is one of the business functions that will be performed by the ERP software. Additionally, the Company has "electronic data interchange" ("EDI") links with several of its major customers, and each of these has been designed and deployed to be Year 2000 compliant.

In fiscal years 1998 and 1999 the Company invested substantial sums of money and devoted substantial time and resources to the upgrade of its computer systems and applications, including Year 2000 compliance. Nevertheless, there may be isolated computers or microprocessors that are not Year 2000 compliant. However, based on the Company's on-going diligent review, the Company does not believe that any of these will materially adversely affect the Company's business operations, consolidated results of operations, liquidity or capital resources.

In addition, the Company has developed and is implementing a plan for reviewing the Year 2000 compliance of each of its significant vendors, suppliers, financial service organizations, service providers and customers to confirm that the Company's operations will not be materially adversely affected by the failure of any such third party to have Year 2000 compliant computer systems. Where appropriate, the Company intends to request assurances from such third parties that they are addressing the Year 2000 issue and that the products and services procured or used by the Company will function properly or will be available without interruption in the Year 2000. Detailed questionnaires regarding Year 2000 readiness were submitted to such third parties during the summer of 1998, and the responses to these questionnaires have been evaluated. Nevertheless, it will be impossible to assess fully the potential consequences if service interruptions occur from suppliers or in infrastructure areas such as utilities, communications, transportation, banking and government.

As a result, the Company also is developing a business continuity plan to minimize the impact of such external events. The Company's "Year 2000 compliance" efforts are ongoing and its overall plan, as well as its development of a business continuity plan, will continue to evolve as new information becomes available.

While its efforts to address Year 2000 issues will involve additional costs and the time and effort of a number of employees, the Company believes, based on currently available information, that it will be able to manage properly its total Year 2000 exposure. There can be no assurance, however, that it will be successful in its effort or that the computer systems of other companies on which the Company will rely will be timely modified, or that a failure to modify such systems by another company or modifications that are incompatible with its systems would not have a material adverse effect on the Company's business operations, consolidated results of operations, liquidity and capital resources.

Even though the software systems being installed by the Company have been certified to be Year 2000 compliant, the software vendors may issue software patches to address additional Year 2000 issues that may manifest themselves later that are not covered in the current versions of the software.

At this time, the Company believes that the most likely worst-case scenario would result from disruptions experienced by third parties such as suppliers, utilities, and banking institutions. Such disruptions could have a material adverse effect on the Company's operations, liquidity and financial condition.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 26, 1999 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 27, 1998

Net sales declined $8.7 million, or 9.4%, to $84.2 million in the current year quarter compared to $92.9 million in the second quarter last fiscal year. The largest decline, from $24.3 million to $17.7 million (27.1%), was in the throws and decorative home accessories products group. There were three factors affecting revenues for this product group in the quarter: First, in March, 1999, the Company sold Textile, Inc., a weaving facility in Ronda, North Carolina, as a planned reduction in capacity for this group; second, in the current fiscal year, manufacturing capacity was shifted to woven bedspreads which are sold by the bedroom products group; the third factor in the decline in sales of throws and decorative home accessories products in the quarter was related to implementation of the ERP software system discussed above. The Company estimates that this factor resulted in approximately $10 million of lost revenues.

In the infant and juvenile products group, sales in the current quarter declined by 10.2%, or $3.5 million, to $31 million from $34.5 million in the prior year quarter. The sales decline was all related to a repositioning of the Pillow Buddies product line to the direct shipment of licensed products and is transitional in nature. This resulted in $5.7 million of lower revenues compared to the prior year quarter. Accordingly, revenues of infant products in this group were up by approximately $2.2 million, or by 8.7%. Sales of bedroom products increased by $1.5 million, or 4.6%, in the current year quarter to $35.4 million from $33.9 million in last year's second quarter. The increase in bedroom products resulted from the addition of the Calvin Klein Home product line and from an increase in the sales of woven bedcoverings, offset by a decline of the Company's in-house studio line of bedroom products.

For the second quarter, gross profit as a percentage of net sales decreased to 16.2% compared to 17.7% in the prior year quarter. This decline in gross margin, the decline in revenues and a $1.6 million increase in customer deductions from payments, led to decrease in gross profits of approximately $2.7 million. This decline was partly the result of the lower absorption of fixed overhead costs due to the decline in volume related to the ERP project and capacity issues at the Company's Roxboro, North Carolina manufacturing facilities due to the transition of the Calvin Klein Home product line from outside manufacturers into this plant. Also affecting margins in the quarter was the sale of close-out inventory of about $6 million, resulting from a program to reduce inventories established in March, 1999.

Marketing and administrative expenses decreased by $645,000 in the quarter compared to the second quarter last fiscal year, but were 15.7% of a lower level of net sales, compared to 15% of net sales in the prior year. The decline in expenses occurred in marketing and retail store expenses, offset by a net increase of $111,000 in administrative expenses because of the ERP project.

Interest expense increased by $923,000 compared to the prior year quarter because of higher effective interest rates in the Company's loan agreements, compared to the rates in the prior loan agreements. The increase in other income was principally due to gains on the sale of fixed assets no longer needed in the business.

The effective income tax rate at 36.1%, returned to normal levels in the quarter compared to the prior year quarter. In the quarter ended September 27, 1998, the effective tax rate at 44% was affected by non-deductible expenses associated with acquisitions and by higher effective state income tax rates.

SIX MONTHS ENDED SEPTEMBER 26, 1999 COMPARED TO THE SIX MONTHS ENDED SEPTEMBER 27, 1998

For the six months ended September 26, 1999, net sales compared to the prior year period declined by $4.7 million, or 3%. Sales of bedroom products increased 11.3% from $62.1 million to $69.2 million. The sales increase resulted from the addition of the Calvin Klein Home line of products and higher volume in woven bedcoverings. Net Sales of throws and decorative home accessories for the six months declined by 25.1% at $26.3 million compared to $35.1 million in the first half of the prior fiscal year. The three factors affecting sales in this product group are the same as those discussed for the three months ended September 26, 1999. In the infant and juvenile product group, net sales decreased by 4.6%, from $57 million to $54.4 million. The lower level of sales was solely because of the repositioning of the Pillow Buddies line of products discussed above.

In the first half of the current fiscal year, gross profit decreased to $22.6 million compared to $26.5 million for the six months ended September 27 of the prior year and the gross margin declined from 17.1% in the prior year to 15.1%. The factors affecting gross

profits and gross margin were four-fold: An increase of $2.8 million in deductions from and reserves for customer payments; the sale of close-out and discontinued inventory of approximately $12 million at little or no gross margin; lower volume to absorb fixed costs in the woven division because of the ERP project; and underabsorption of overhead costs in the bedding division as the Calvin Klein Home products are transitioned into the North Carolina manufacturing plant.

In the six month period ended September 26, 1999, marketing and administrative expenses were lower by $842,000 compared to the prior year period and were 16.9% of net sales in both periods. The decline was due to lower selling expenses on the reduced volume, lower retail expenses because of a reduction in the number of company-operated outlet stores and reduced goodwill amortization because of the sale of Textile, Inc.

Interest expense increased by $2 million in the first six months of the current fiscal year because of higher average borrowings and because of higher effective interest rates.

The effective income tax rate at 36.7%, returned to normal levels in the six month period compared to the prior year. For the six months ended September 27, 1998, the effective tax rate at 42.1% was affected by non-deductible expenses associated with acquisitions and by higher effective state income tax rates.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

At September 26, 1999, the Company had committed credit facilities with two commercial banks totaling $85 million at interest rates equal to each bank's base plus 1% to 1 1/2% or the London Interbank Offered Rate (LIBOR) plus 2.75%. The amounts owed, the interest rate and the maturity of these facilities at September 26, 1999 is summarized in the following table (in thousands):

<TABLE>
<CAPTION>

Amounts Owed	Interest Rate	Maturity
$ 20,736	9.25%	January 15, 2000
17,000	8.24%	January 15, 2000
15,000	8.24%	March 31, 2000
52,736		
30,000	8.24%	April 3, 2000
$ 82,736		

</TABLE>

In addition, approximately $2.1 million of letters of credit were outstanding under these facilities at September 26, 1999.

Subsequent to September 26, 1999, one of the commercial banks converted its $30 million facility due January 15, 2000 to an uncommitted line of credit, under provisions of the loan agreement.

The Company's notes in the amount of $50,000,000 are placed with an insurance company, carry an interest rate of 10.42% and are due in annual installments of $7,143,857 from October 1999 through October 2005. The installment due on October 12, 1999 was paid by the Company.

To support the bank facilities and the insurance company notes, the Company has granted a security interest in substantially all of its assets. These assets also support a borrowing base which limits the amounts the Company may borrow under the agreements with its lenders and advances it may take from its factor. Under the borrowing base, the Company had available $6.4 million at September 26, 1999.

In addition, the agreements with the banks and insurance company contain covenants requiring the Company to maintain minimum levels of shareholders' equity and certain financial ratios, and restrict the amounts the Company may expend on acquisitions and purchases of treasury stock. The agreement with the insurance company also requires the Company to maintain a ratio of total debt to total capitalization. The Company was in compliance with all provisions of its loan agreements at September 26, 1999.

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 collect receivable balances. The factor remits payments to the Company on the due dates of the factored invoices. The factor assumes all responsibility for credit losses on sales with approved credit lines, but may deduct from its remittances to the Company the amounts of customer deductions for returns, allowances, disputes and discounts. The Company's factor at any time may 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.

The agreements with its lenders, described above, provide for the Company to finance its seasonal working capital needs by taking advances against its factored receivables of up to $30 million. At September 26, 1999, the Company had taken such advances totaling $12,782,000 compared to similar advances of $14,124,000 at September 27, 1998. The Company accounts for these advance payments on its balance sheet as a reduction in Accounts Receivable - Due from Factor.

At September 26, 1999, total debt outstanding decreased by $2.1 million to $132.8 million from $134.9 million at September 27, 1998. In addition, during the same periods, the Company reduced its other current liabilities, principally accounts payable, by $9.4 million. These reductions in liabilities resulted from the Company's emphasis on lowering inventories through the disposition of close-out and discontinued merchandise, discussed above.

FORWARD-LOOKING INFORMATION

This Form 10Q contains forward-looking statements within the meaning of the federal securities law. Such statements are based upon management's current expectations, projections, estimates and assumptions. Words such as "expects," "believes," "anticipates" and variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that may cause future results to differ materially from those anticipated. These risks include, among others, general economic conditions, changing competition, the level and pricing of future orders from the Company's customers, the Company's dependence upon third-party suppliers, including some located in foreign countries with unstable political situations, the Company's ability to successfully implement new information technologies, the Company's ability to integrate its acquisitions and new licenses, and the Company's ability to implement improvements in its acquired businesses.

ITEM 3 - QUANTITATIVE AND QUALITATIVE

DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from changes in interest rates on debt, commodity prices and foreign exchange rates.

The Company's exposure to interest rate risk relates to its floating rate debt and advances from its factor, $82,736,000 and $12,782,000, respectively, of which was outstanding at September 26, 1999.

The Company's exposure to commodity price risk primarily relates to changes in the price of cotton, which is a principal raw material in a substantial number of the Company's products. To manage this risk, from time to time the Company enters into commodity future contracts and forward purchase contracts. No such contracts were outstanding at September 26, 1999.

The Company's exposure to foreign exchange rates relates to its Mexican manufacturing subsidiary. During the fiscal year ended March 28, 1999, this subsidiary manufactured products for the Company with a value of approximately $7.2 million. The Company's investment in the subsidiary was approximately $4.5 million at September 26, 1999.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

From time to time, the Company is involved in various legal proceedings relating to claims arising in the ordinary course of its business. Neither the Company nor any of its subsidiaries is a party to any such legal proceeding the outcome of which, individually or in the aggregate, is expected to have a material adverse effect on the Company's financial condition or results of operations.

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

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EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
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27	Financial Data Schedule (for SEC use only)

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On July 16, 1999, the Company filed a report on Form 8-K pertaining to the delay in filing its Annual Report on Form 10-K.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

SEPTEMBER 26, 1999

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: November 15, 1999 /s/ David S. Fraser
------------------------ ---------------------------------
DAVID S. FRASER
(Chief Accounting Officer)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CROWN CRAFTS, INC. FOR THE SIX MONTHS ENDED SEPTEMBER 26, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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