FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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

For the quarterly period ended July 3, 2005

**☐ 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)

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

916 South Burnside Avenue, Gonzales, Louisiana 70737
(Address of principal executive offices)

(225) 647-9100
(Registrant's telephone number, including area code)

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

Yes ☑ No ☐

Indicate by check mark whether registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

The number of shares of common stock, $0.01 par value, of the Registrant outstanding as of July 3, 2005 was 9,505,937.

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CROWN CRAFTS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
July 3, 2005 and April 3, 2005
(UNAUDITED)
(dollar amounts in thousands, except share and per share amounts)

	July 3, 2005	April 3, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	$ 393	$ 955
Accounts receivable, net of allowances of $1,603 at July 3, 2005 and $1,411 at April 3, 2005		
Due from factor	7,817	13,258
Other	1,440	1,110
Inventories, net	15,739	12,544
Prepaid expense	1,340	1,450
Total current assets	26,729	29,317
Property, plant and equipment — at cost:		
Land, buildings and improvements	1,452	1,447
Machinery and equipment	2,843	2,657
Furniture and fixtures	665	661
	4,960	4,765
Less accumulated depreciation	3,288	3,179
Property, plant and equipment — net	1,672	1,586
Other assets:		
Goodwill, net	22,974	22,974
Other	253	247
Total other assets	23,227	23,221
Total Assets	$ 51,628	$ 54,124
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 5,686	$ 3,729
Accrued wages and benefits	809	669
Accrued royalties	1,121	1,051
Other accrued liabilities	324	398
Current maturities of long-term debt	18	2,317
Total current liabilities	7,958	8,164
Non-current liabilities:		
Long-term debt	23,064	25,085
Total non-current liabilities	23,064	25,085
Commitments and contingencies	—	—
Shareholders' equity:		
Common stock — par value $0.01 per share, 74,000,000 shares authorized, 9,505,937 shares outstanding	95	95
Additional paid-in capital	38,244	38,244
Accumulated deficit	(17,733)	(17,464)
Total shareholders' equity	20,606	20,875
Total Liabilities and Shareholders' Equity	$ 51,628	$ 54,124

See notes to unaudited consolidated financial statements.

Crown Crafts, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME (LOSS)
For the Three-Month Periods Ended July 3, 2005 and June 27, 2004
(UNAUDITED)
(amounts in thousands, except per share amounts)

	July 3, 2005	June 27, 2004
Net sales	$13,659	$16,908
Cost of products sold	10,692	13,434
Gross profit	2,967	3,474
Marketing and administrative expenses	2,468	2,622
Income from operations	499	852
Other income (expense):		
Interest expense	(802)	(946)
Other — net	42	16
(Loss) before income taxes	(261)	(78)
Income tax expense	8	24
Net (loss)	(269)	(102)
Basic (loss) per share	$ (0.03)	$ (0.01)
Diluted (loss) per share	$ (0.03)	$ (0.01)
Weighted average shares outstanding — basic	9,506	9,505
Weighted average shares outstanding — diluted	9,506	9,505

See notes to unaudited consolidated financial statements.

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Crown Crafts, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three-Month Periods Ended July 3, 2005 and June 27, 2004
(UNAUDITED)
(amounts in thousands)

	July 3, 2005	June 27, 2004
Operating activities:		
Net (loss)	$ (269)	$ (102)
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Depreciation of property, plant and equipment	109	137
Discount accretion	183	163
Changes in assets and liabilities		
Accounts receivable	5,111	7,506
Inventories, net	(3,195)	(4,805)
Prepaid expenses	110	188
Other assets	(6)	(10)
Accounts payable	1,957	1,013
Accrued liabilities	136	81
Net cash provided by operating activities	4,136	4,171
Investing activities:		
Capital expenditures	(195)	(45)
Proceeds from disposition of assets	—	3
Net cash (used in) investing activities	(195)	(42)
Financing activities:		
Payment of long-term borrowing	(4,503)	(3,945)
Long-term borrowing	—	1,946
Net cash (used in) financing activities	(4,503)	(1,999)
Net (decrease) increase in cash and cash equivalents	(562)	2,130
Cash and cash equivalents at beginning of period	955	7
Cash and cash equivalents at end of period	$ 393	$ 2,137
Supplemental cash flow information:		
Income taxes received	$ (41)	$ (2)
Interest paid	679	685

See notes to unaudited consolidated financial statements.

CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AT AND FOR THE THREE -MONTH PERIODS ENDED JULY 3, 2005 AND JUNE 27, 2004

1. *Basis of Presentation:* The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, such interim consolidated financial statements contain all adjustments necessary to present fairly the financial position of Crown Crafts, Inc. (the "Company") as of July 3, 2005 and the results of its operations and cash flows for the periods presented. Such adjustments include normal recurring accruals. Operating results for the three-month period ended July 3, 2005 are not necessarily indicative of the results that may be expected for the year ending April 2, 2006. For further information, refer to the consolidated financial statements and footnotes thereto included in the annual report on Form 10-K for the year ended April 3, 2005 of the Company.

   Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made with respect to the allowances related to accounts receivable for customer deductions for returns, allowances, and disputes. The Company has a certain amount of discontinued and irregular raw materials and finished goods which necessitate the establishment of inventory reserves which are highly subjective. Actual results could differ from those estimates.

   Segment and Related Information: The Company operates primarily in one principal segment, infant and juvenile products. These products consist of infant bedding, bibs, soft goods and juvenile products (primarily Pillow Buddies®).

   Impairment of Long-lived Assets, Identifiable Intangibles and Goodwill: The Company reviews for impairment long-lived assets and certain identifiable intangibles whenever events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable. In the event of impairment, the asset is written down to its fair market value. Assets to be disposed of are recorded at the lower of net book value or fair market value less cost to sell at the date management commits to a plan of disposal and are classified as assets held for sale on the consolidated balance sheet.

   Goodwill, which represents the unamortized excess of purchase price over fair value of net identifiable assets acquired in business combinations, was amortized through March 31, 2002 using the straight-line method over periods of up to 30 years. The Company discontinued amortization of goodwill effective April 1, 2002. The Company reviews the carrying value of goodwill annually and sooner if facts and circumstances suggest that the asset may be impaired. Impairment of goodwill and write-downs, if any, are measured based on estimates of future cash flows. Goodwill is stated net of accumulated amortization of $6.3 million at July 3, 2005 and April 3, 2005. The Company performed fair value based impairment tests on its goodwill in accordance with SFAS 142, *Goodwill and Other Intangible Assets* and determined that the fair value exceeded the recorded value at March 29, 2004 and April 4, 2005.

   Provision for Income Taxes: The provisions for income taxes include all currently payable federal, state and local taxes that 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 that will be in effect when the differences are expected to reverse. Deferred tax assets have been reduced by a valuation allowance, if necessary, in the amount of any tax benefits that based on available evidence, are not expected to be realized. Since the Company has federal income tax net operating loss carryforwards, the future benefits of which are largely offset by a valuation allowance, provisions for income taxes relate primarily to state and local income taxes.

   Allowances Against Accounts Receivable: The Company's allowances against accounts receivable are primarily contractually agreed upon deductions for items such as advertising and warehouse allowances and volume rebates. These deductions are recorded throughout the year commensurate with sales activity. Historically, funding occurred in the fourth quarter of the fiscal year causing the balance to be highest in the third quarter. However, beginning in fiscal year 2006, funding of the majority of the Company's allowances will occur on a per-invoice basis.

Royalty Payments: The Company has entered into agreements that provide for royalty payments based on a percentage of sales with certain minimum guaranteed amounts. These royalty amounts are accrued based upon historical sales rates adjusted for current sales trends by customers. Total royalty expenses incurred in cost of sales amounted to $1 million in each of the three months ended July 3, 2005 and June 27, 2004.

Stock-Based Compensation: The Company accounts for its stock option plans using the intrinsic value method established by APB Opinion 25, *Accounting for Stock Issued to Employees*, and its related interpretations. Accordingly, no compensation cost has been recognized in the Company's financial statements for its stock-based compensation plans. The Company complies with the disclosure requirements of SFAS 123, *Accounting for Stock Based-Compensation*, as amended by SFAS 148, *Accounting for Stock-Based Compensation — Transition and Disclosure*, which requires pro forma disclosure regarding net earnings and earnings per share determined as if the Company had accounted for employee stock options using the fair value method of that statement.

In December 2004, the FASB issued Statement 123R, *Share-Based Payment, an Amendment of FASB Statement No. 123*, which will require all companies to measure compensation cost for all share-based payments (including employee stock options) at fair value and will be effective for public companies for annual periods beginning after June 15, 2005. This Statement will eliminate the ability to account for stock-based compensation transactions using APB 25 and, generally, will require instead that such transactions be accounted for using a fair-value based method. Had the Company adopted SFAS 123R in prior periods, the impact of the standard would have approximated the impact of SFAS No. 123 as described in the disclosure of pro-forma net income and earnings per share as set forth below. The Company will be required to begin expensing stock options in the first quarter of fiscal year 2007.

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. Had compensation costs for the Company's stock option plans been determined based on the fair value at the grant date, consistent with the method under SFAS 123, the Company's net loss and loss per share would have been as indicated below:

	Three months ended	
	July 3, 2005	**June 27, 2004**
Net (loss), as reported	$ (269)	$ (102)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	(5)	(9)
Pro forma net (loss)	$ (274)	$ (111)
(Loss) per share:		
Basic — as reported	$ (0.03)	$ (0.01)
Basic — pro forma	$ (0.03)	$ (0.01)
Diluted — as reported	$ (0.03)	$ (0.01)
Diluted — pro forma	$ (0.03)	$ (0.01)

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

	July 3, 2005	**April 3, 2005**
Raw Materials	$ 796	$ 633
Work in Process	309	210
Finished Goods	14,634	11,701
	$ 15,739	$ 12,544

Inventory is net of reserves for inventories classified as irregular or discontinued of $0.8 million and $0.7 million at July 3, 2005 and April 3, 2005, respectively.

3. *Financing Arrangements*

Factoring Agreement: The Company assigns the majority of its trade accounts receivable to a commercial factor. 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 limits. The Company bears losses resulting from returns, allowances, claims and discounts.

Notes Payable and Other Credit Facilities: At July 3, 2005 and April 3, 2005, long-term debt consisted of:

	July 3, 2005	April 3, 2005
Senior notes and senior subordinated notes	$16,034	$20,538
Floating rate revolving credit facilities	—	—
Non-interest bearing notes	8,810	8,809
Original issue discount	(1,762)	(1,945)
	23,082	27,402
Less current maturities	18	2,317
	$23,064	$25,085

The Company's existing credit facilities include the following:

Revolving Credit of up to $7.5 million, including a $1.5 million sub-limit for letters of credit. The interest rate is prime plus 1.00% (7.25% at July 3, 2005) for base rate borrowings and LIBOR plus 2.75% (6.09% at July 3, 2005) for Euro-dollar borrowings. The maturity date is July 23, 2007. The facility is secured by a first lien on all assets. There was no balance outstanding at July 3, 2005. The Company had $6.2 million available at July 3, 2005. As of July 3, 2005, letters of credit of $1.3 million were outstanding against the $1.5 million sub-limit for letters of credit associated with the $7.5 million revolving credit facility.

Senior Notes of $4.5 million with a fixed interest rate of 10% and provisions for contingent additional interest existed at April 3, 2005. The entire balance was paid in full in the first quarter of fiscal year 2006.

Senior Subordinated Notes of $16 million with a fixed interest rate of 10% plus an additional 1.65% payable by delivery of a promissory note due July 23, 2007 ("PIK Notes"). The maturity date is July 23, 2007, and the notes are secured by a second lien on all assets. In addition to principal and interest, a payment of $8 million is due on the earliest to occur of (i) maturity of the notes, (ii) prepayment of the notes, or (iii) sale of the Company. The original issue discount of $4.1 million on this non-interest bearing obligation at a market interest rate of 12% is being amortized over the life of the notes. The remaining balance of $1.8 million is included in the Consolidated Balance Sheet as of July 3, 2005.

These credit facilities contain covenants regarding minimum levels of Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA"), maximum total debt to EBITDA, maximum senior debt to EBITDA, minimum EBITDA to cash interest and minimum shareholders' equity, as well as limitations on annual capital expenditures and operating lease commitments. The bank facilities also place restrictions on the amounts the Company may expend on acquisitions and purchases of treasury stock and currently prohibit the payment of dividends. The Company was in compliance with these covenants as of July 3, 2005.

The Company also has an equipment lease which expires in May 2007. The balance outstanding was $34,000 as of July 3, 2005.

Minimum annual maturities are as follows: (in thousands)

Fiscal	Revolver	Sub Notes	PIK Notes	Other	Total
2006	—	—	—	13	13
2007	—	—	—	19	19
2008	—	24,000*	810	2	24,812
Total	$ —	$24,000	$810	$34	$24,844

* Includes $8 million non-interest bearing note issued at an original issue discount of $4.1 million.

As part of its refinancing in July 2001, the Company issued to its lenders warrants for non-voting common stock that are convertible into common stock equivalent to 65% of the shares of the Company on a fully diluted basis at a price of 11.3 cents per share. The warrants are non-callable and expire six years from their date of issuance. The value of the warrants of $2.4 million using the Black-Scholes option pricing model was credited to additional paid-in capital in the second quarter of fiscal 2002.

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

The Company operates indirectly through its subsidiaries, Crown Crafts Infant Products, Inc., Hamco, Inc. and Churchill Weavers, Inc., primarily in the Infant and Juvenile Products segments within the Consumer Products industry. The Company's offices are located in Huntington Beach and Compton, California; Gonzales, Louisiana; Berea, Kentucky; Rogers, Arkansas and Lynn Haven, Florida.

The Infant and Juvenile Products segments consist of bedding, bibs, soft goods, Pillow Buddies® and accessories. The infant and juvenile 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 products are produced primarily by foreign contract manufacturers, then warehoused and shipped from a facility in Compton, California and Gonzales, Louisiana. The Company intends to close the Gonzales, Louisiana facility during the second quarter of fiscal year 2006, after which all subsequent shipments will be made from Compton, California. Sales are generally made directly to retailers, primarily mass merchants, large chain stores and gift stores.

The Company also produces hand-woven adult throws, adult scarves and infant blankets. Sales are generally made to major department stores, specialty shops and designer showrooms.

The infant consumer products industry is highly competitive. The Company competes with a variety of distributors and manufacturers (both branded and private label), including Kids Line, LLC; Springs Industries; Dolly Inc.; Co Ca Lo, Inc.; Carters, Inc.; Riegel Textile Corporation; Danara International, Ltd.; Luv n' Care, Ltd.; The First Years Inc.; Sassy Inc.; Triboro Quilt Manufacturing Inc. and Gerber Childrenswear, Inc. The Company competes on the basis of quality, design, price, brand name recognition, service and packaging. The Company's ability to compete depends principally on styling, price, service to the retailer and continued high regard for the Company's products and trade names.

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RESULTS OF OPERATIONS

THREE-MONTH PERIOD ENDED JULY 3, 2005 COMPARED TO THE THREE-MONTH PERIOD ENDED JUNE 27, 2004

The following table contains results of operations data for the three months ended July 3, 2005 and June 27, 2004 and the dollar and percentage variances among those periods.

	Three-months ended			
	July 3, 2005	June 27, 2004	$ change	% change
		Dollars in thousands		
Net Sales by Category				
Bedding, Blankets and Accessories	$ 8,984	$ 11,060	$(2,076)	-18.8%
Bibs and Bath	4,159	5,334	(1,175)	-22.0%
Handwoven Products	516	514	2	0.4%
Total Net Sales	13,659	16,908	(3,249)	-19.2%
Cost of Products Sold	10,692	13,434	(2,742)	-20.4%
Gross Profit	2,967	3,474	(507)	-14.6%
% of Net Sales	*21.7%*	*20.5%*		
Marketing and Administrative Expenses	2,468	2,622	(154)	-5.9%
% of Net Sales	*18.1%*	*15.5%*		
Interest Expense	802	946	(144)	-15.3%
Other — net	42	16	26	162.6%
Income Tax Expense	8	24	(16)	66.7%
Net (Loss)	(269)	(102)	(167)	163.5%
% of Net Sales	*-2.0%*	*-0.6%*		

Net Sales: Sales of bedding, blankets and accessories decreased in the first quarter of fiscal year 2006 as compared to the first quarter of fiscal year 2005 largely due to customer-driven shifting of sales between quarters and a significant customer's reducing its on-hand inventory levels and thereby decreasing replenishment orders. Bib and bath sales decreased primarily as a result of decreased replenishment orders due to programs ending and preparations made for new programs to ship in the second quarter and the loss of a bath program at a significant customer in fiscal year 2005. In addition, the elimination of quota on goods from China effective January 1, 2005 led to a reduction in the Company's top line sales volume. These decreases were partially offset by an increase in a brand due to an increased number of stores that carry the brand. The level of receivables at July 3, 2005 was consistent with the lower level of sales in the first quarter while the increase in inventory corresponds to the typical build-up in inventory in anticipation of the normal seasonal pattern of higher second quarter sales.

Gross Profit: Gross profit as a percentage of sales increased in the first quarter of fiscal year 2006 as compared to the first quarter of fiscal year 2005 because the Company has begun shipping merchandise that is benefiting from the removal of quota.

Marketing and Administrative Expenses: Marketing and administrative expenses decreased slightly in the first quarter of fiscal year 2006 as compared to the first quarter of fiscal year 2005 as a result of reductions in labor and commissions expenses. The increase in marketing and administrative expenses as a percentage of sales is a direct result of the decrease in net sales.

Interest Expense: The decrease in interest expense for the first quarter of fiscal year 2006 as compared to the first quarter of fiscal year 2005 is due to a lower average debt balance. The Company had $23.1 million in total debt at July 3, 2005, compared to $29.6 million at June 27, 2004. The decrease in debt reflects quarterly payments on the Company's senior notes through March 2005 followed by a pay-off in full of the senior notes in June 2005 for a total reduction of senior debt of $7.5 million over the twelve month period. Such decrease has been offset by an increase in debt related to the amortization of the discount discussed in Note 3 to the financial statements included in this report and the annual issuance of promissory notes related to the payment of interest on the Company's senior subordinated notes.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $4.1 million for the first three months of fiscal year 2006 compared to net cash provided by operating activities of $4.2 million for the first three months of fiscal year 2005. Net cash used in investing activities was $195,000 in the first three months of fiscal year 2006 and $42,000 in the prior year period. The increase in cash used for investing activities is due to capital expenditures related to the conversion of one of the Company's subsidiaries to a software system currently used by other locations. Net cash used in financing activities was $4.5 million compared to net cash used in financing activities of $2.0 million in the prior year period. The increase in cash used in financing activities was due to the payment in full of the Company's $4.5 million senior notes in June, 2005 offset by a decrease in draws against the Company's revolving line of credit.

The Company's ability to make scheduled payments of principal, to pay the interest on or to refinance its maturing indebtedness, to fund capital expenditures or to comply with its debt covenants will depend upon future performance. The Company's future performance is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors beyond its control. Based upon the current level of operations, the Company believes that cash flow from operations together with revolving credit availability will be adequate to meet liquidity needs.

To reduce its exposure to credit losses and to enhance its cash flow, the Company assigns the majority of its trade accounts receivable to a commercial factor. The Company's factor establishes customer credit lines and accounts for and collects receivable balances. Under the terms of the factoring agreement, which expires in July, 2007, the factor remits payments to the Company on the average due date of each group of invoices assigned. If a customer fails to pay the factor on the due date, the Company is charged interest at prime minus 0.5% (5.75% at July 3, 2005) until payment is received. The factor bears credit losses with respect to assigned accounts receivable that are within approved credit limits. The Company bears losses resulting from returns, allowances, claims 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.

FORWARD — LOOKING INFORMATION

This Quarterly Report contains forward-looking statements within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. 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 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 suggested by the forward-looking statements. These risks include, among others, general economic conditions, including changes in interest rates, in the overall level of consumer spending and in the price of oil, cotton and other raw materials used in the Company's products, changing competition, changes in the retail environment, 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, customer acceptance of both new designs and newly-introduced product lines, actions of competitors that may impact the Company's business, disruptions to transportation systems or shipping lanes used by the Company or its suppliers, and the Company's dependence upon licenses from third parties. Reference is also made to the Company's periodic filings with the Securities and Exchange Commission for additional factors that may impact the Company's results of operations and financial condition.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from changes in interest rates on debt, changes in commodity prices, changes in international trade regulations, the concentration of the Company's customers and the Company's reliance upon licenses. The Company's exposure to interest rate risk relates to the Company's floating rate debt, of which there was no balance outstanding at July 3, 2005 or April 3, 2005. The Company's exposure to commodity price risk primarily relates to changes in the price of cotton and oil, which are the principal raw materials used in a substantial number of the Company's products. Also, changes in import quantity allotments can materially impact the availability of the Company's products and the prices at which those products can be purchased by the Company for resale. Additionally, the Company's top three customers represent 75% of gross sales, and 53% of the Company's gross sales is of licensed products. The Company could be materially impacted by the loss of one or more of these customers or licenses.

ITEM 4 — CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this report, as required by paragraph (b) of Rule 13a-15 or 15d-15 of the Exchange Act. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic filings under the Exchange Act. Since such evaluation, there have not been any significant changes in the Company's internal controls or in other factors that could significantly affect such controls.

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, results of operations or cash flows.

Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3 — Defaults Upon Senior Securities

None

Item 4 — Submission of Matters to a Vote of Security Holders

The Annual Meeting of Shareholders of the Company was held on August 9, 2005 at the Company's corporate headquarters in Gonzales, Louisiana. The proposals set forth below were voted on at the meeting with the following results:

1. Election of two members to the board of directors to hold office for a three-year term. The results were as follows :

Director Nominee	For	Authority Withheld
Donald Ratajczak	6,873,086	1,625,881
James A. Verbrugge	6,895,986	1,602,981

2. Transaction of such other business as may properly come before the annual meeting or any adjournments or postponements thereof. The results were as follows:

For	6,608,111
Against	1,680,042
Abstain	210,814

Each of the foregoing proposals was set forth and described in the Notice of Annual Meeting and Proxy Statement of the Company dated July 8, 2005.

Item 5 — Other Information

None

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Item 6 — Exhibits

Exhibits	
31.1	Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Financial Officer
32.1	Section 1350 Certification by the Company's Chief Executive Officer
32.2	Section 1350 Certification by the Company's Chief Financial Officer

SIGNATURES

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

CROWN CRAFTS, INC.

Date: August 16, 2005

/s/ Amy Vidrine Samson

AMY VIDRINE SAMSON
Chief Financial Officer
(duly authorized signatory and
Principal Financial and Accounting
Officer)

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Index to Exhibits

Exhibit Number	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Financial Officer
32.1	Section 1350 Certification by the Company's Chief Executive Officer
32.2	Section 1350 Certification by the Company's Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, E. Randall Chestnut, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended July 3, 2005 of Crown Crafts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2005

/s/ E. Randall Chestnut

E. Randall Chestnut
Chairman of the Board, President & Chief
Executive Officer

Exhibit 31.2

CERTIFICATION

I, Amy Vidrine Samson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended July 3, 2005 of Crown Crafts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2005

/s/ Amy Vidrine Samson

Amy Vidrine Samson
Vice President & Chief Financial Officer

Exhibit 32.1

SECTION 1350 CERTIFICATION

I, E. Randall Chestnut, Chairman of the Board, President and Chief Executive Officer of Crown Crafts, Inc. (the "Company"), do hereby certify, in accordance with 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ending July 3, 2005 (the "Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 16, 2005

/s/ E. Randall Chestnut

E. Randall Chestnut, Chairman of the Board,
President and Chief Executive Officer

Exhibit 32.2

SECTION 1350 CERTIFICATION

I, Amy Vidrine Samson, Chief Financial Officer of Crown Crafts, Inc. (the “Company”), do hereby certify, in accordance with 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ending July 3, 2005 (the “Periodic Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 16, 2005

/s/ Amy Vidrine Samson

Amy Vidrine Samson, Chief Financial Officer