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 30, 2001

( ) 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 January 31, 2002 was 9,421,437.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

PART 1 - FINANCIAL INFORMATION
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
December 30, 2001 (UNAUDITED) and April 1, 2001

<Table>
<Caption>

dollar amounts in thousands, except share and per share amounts	December 30, 2001	April 1, 2001
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 287	$ 588
Restricted cash	--	508

Accounts receivable (net of allowances of $5,030 at December 30 and $1,937 at April 1):		
Due from factor	8,347	15,588
Other	1,354	2,213
Inventories, net	18,468	19,564
Other current assets	1,765	2,233
Assets held for sale	--	21,661
Total current assets	30,221	62,355
PROPERTY, PLANT AND EQUIPMENT - AT COST:		
Land, buildings and improvements	2,841	2,736
Machinery and equipment	4,110	3,873
Furniture and fixtures	644	489
	7,595	7,098
Less accumulated depreciation	4,077	3,184
Property, plant and equipment - net	3,518	3,914
OTHER ASSETS:		
Goodwill (net of amortization of $5,997 at December 30 and $5,207 at April 1)	23,298	24,088
Other	11	321
Total other assets	23,309	24,409
TOTAL ASSETS	$ 57,048	$ 90,678

</Table>

See notes to interim consolidated financial statements.

A-2

Crown Crafts, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 30, 2001 (UNAUDITED) and April 1, 2001

<Table>
<Caption>

dollar amounts in thousands, except share and per share amounts	December 30, 2001	April 1, 2001
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 5,296	$ 8,470
Accrued wages and benefits	1,285	2,144
Accrued royalties	1,580	1,086
Other accrued liabilities	1,106	3,316
Current maturities of long-term debt	1,750	44,016
Total current liabilities	11,017	59,032
NON-CURRENT LIABILITIES:		
Long-term debt	35,139	47,650
Deferred income taxes	24	24
Other	--	745
Total non-current liabilities	35,163	48,419
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY (DEFICIT):		
Common stock - par value $1.00 per share, 50,000,000 shares authorized Outstanding: 9,421,437 at December 30 and 8,608,843 at April 1	9,421	8,609
Additional paid-in capital	28,857	27,161
Accumulated deficit	(27,481)	(52,477)
Cumulative currency translation adjustment	71	(66)
Total shareholders' equity (deficit)	10,868	(16,773)

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	$ 57,048	$ 90,678

</Table>

See notes to interim consolidated financial statements.

Crown Crafts, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
DECEMBER 30, 2001 (UNAUDITED) AND DECEMBER 31, 2000

<Table>
<Caption>

<S> <C> <C> <C> <C>

dollar amounts in thousands, except share and per share amounts	THREE MONTHS ENDED December 30, 2001	December 31, 2000	NINE MONTHS ENDED December 30, 2001	December 31, 2000
Net sales	$ 23,869	$ 67,064	$ 93,906	$ 207,433
Cost of products sold	18,628	55,321	73,407	181,063
Gross profit	5,241	11,743	20,499	26,370
Marketing and administrative expenses	3,784	11,549	16,511	34,206
Gain on disposition of assets	(4)	--	(4)	--
Impairment charge	--	4,446	--	4,446
Income (loss) from operations	1,461	(4,252)	3,992	(12,282)
Other income (expense):				
Interest expense	(1,360)	(3,435)	(5,740)	(11,381)
Other - net	514	1,712	1,653	(4,468)
Income (loss) before income taxes	615	(5,975)	(95)	(28,131)
Income tax (benefit) expense	(121)	(103)	(83)	35
Net income (loss) before extraordinary gain	736	(5,872)	(12)	(28,166)
Extraordinary gain, net of tax	--	--	(25,008)	--
Net income (loss)	736	(5,872)	24,996	(28,166)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	55	(5)	137	26
Comprehensive income (loss)	$ 791	$ (5,877)	$ 25,133	$ (28,140)
Basic income (loss) per share before extraordinary item	$ 0.08	$ (0.68)	$ (0.00)	$ (3.27)
Basic income (loss) per share	0.08	(0.68)	2.75	(3.27)
Diluted income (loss) per share before extraordinary item	$ 0.03	$ (0.68)	$ (0.00)	$ (3.27)
Diluted income (loss) per share	0.03	(0.68)	2.75	(3.27)
Weighted average shares outstanding - basic	9,421	8,609	9,083	8,609
Weighted average shares outstanding - diluted	26,917	8,609	9,083	8,609

</Table>

See notes to interim consolidated financial statements.

Crown Crafts, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine months ended December 30, 2001 and December 31, 2000
(UNAUDITED)

<Table>
<Caption>

in thousands	December 30, 2001	December 31, 2000
OPERATING ACTIVITIES:		
Net income (loss)	$ 24,996	$ (28,166)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Extraordinary gain on debt refinancing	(25,008)	--
Depreciation of property, plant and equipment	661	7,921
Amortization of goodwill	790	833
(Gain) loss on sale of property, plant, and equipment	(4)	6,683
Changes in assets and liabilities		
Accounts receivable	7,801	16,999
Inventories, net	1,096	32,758
Other current assets	468	1,113
Other assets	310	1,455
Accounts payable	(3,174)	(10,170)
Accrued liabilities	(2,575)	(4,325)
Other long term liabilities	(745)	--
Liabilities assumed by purchaser of adult bedding	3,372	--
Assets held for sale	73	--
Net cash provided by operating activities	8,061	25,101
INVESTING ACTIVITIES:		
Capital expenditures	(261)	(1,288)
Proceeds from disposition of assets	18,216	25,188
Other	137	(6)
Net cash provided by investing activities	18,092	23,894
FINANCING ACTIVITIES:		
Payment of long-term debt	(63,769)	(33,450)
Long term borrowing	36,889	--
Increase (decrease) in advances from factor	299	(15,410)
Issuance of common stock	127	--
Net cash used for financing activities	(26,454)	(48,860)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(301)	135
Cash and cash equivalents at beginning of year	588	1,453
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 287	$ 1,588
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes paid	$ 73	$ 98
Interest paid	6,428	12,414
SUPPLEMENTAL DISCLOSURE OF NON CASH INVESTING AND FINANCING ACTIVITIES		
Disposition of escrow account	--	500
Forgiveness of indebtedness	25,008	--
Issuance of warrants	2,381	--

</Table>

See notes to interim consolidated financial statements.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 Company's financial position as of December 30, 2001 and the results of its operations and its cash flows for the three and nine-month periods ended December 30, 2001 and December 31, 2000. Such adjustments include normal recurring accruals and a pro rata portion of certain estimated annual expenses. Operating results for the nine-month period ended December 30, 2001 are not necessarily indicative of the results that may be expected for the year ending March 31, 2002. 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 1, 2001 of Crown Crafts, Inc. (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. Actual results could differ from those estimates.

   Recently Issued Accounting Standards: In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 133, Accounting for Derivative Financial Instruments and Hedging Activities. SFAS 133, effective for the Company on April 2, 2001, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. The Company has no contracts or other instruments to which SFAS 133 is applicable and the adoption of this standard, as amended, did not have a material impact on the Company's results of operations, financial position or cash flow.

   In June 2001 the FASB approved SFAS 142, Goodwill and Other Intangible Assets. This statement prescribes that goodwill should no longer be amortized upon adoption of the standard. Instead, goodwill will be tested annually for impairment, and on an interim basis if certain impairment indicators are present. Additionally, intangible assets with an indefinite useful life may not be amortized. The Company will adopt SFAS 142 on April 1, 2002.

   In October 2001 the FASB issued SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, that replaces FASB 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. The statement develops one accounting model, based on the framework established in Statement 121, for long-lived assets to be disposed of by sale and to address significant implementation issues. The Company will adopt SFAS 144 on April 1, 2002.

   Reclassifications: Certain prior period financial statement balances have been reclassified to conform to the current period's presentation.

2. In 1999, the Company adopted SFAS 131, Disclosures about Segments of an Enterprise and Related Information. At the date of adoption, the Company's principal segments included adult home furnishing and juvenile products, consisting of bedroom and bath products (adult comforters, sheets and towels), throws and juvenile products (primarily Pillow Buddies(R)). An additional segment was infant products, consisting of infant bedding, bibs, and infant soft goods. Following the sale of the Adult Bedding and Bath business as of July 23, 2001 as described in Note 5 below, the Company is primarily in the infant and juvenile products business.

Financial information attributable to the Company's business segments for the quarters ended and nine months ended December 30, 2001 and December 31, 2000, was as follows (in thousands):

<Table>
<Caption>

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	December 30,	December 31,	December 30,	December 31,
Net Sales	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Adult home furnishing and juvenile products	$ 996	$ 41,339	$ 23,624	$ 133,406
Infant products	22,873	25,725	70,282	74,027
Total	$ 23,869	$ 67,064	$ 93,906	$ 207,433

</Table>

<Table>
<Caption>

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	December 30,	December 31,	December 30,	December 31,
Income (loss) from operations	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Adult home furnishing and juvenile products	$ (864)	$ (1,340)	$ (2,285)	$ (14,248)
Infant products	2,325	1,534	6,277	6,412
Total	$ 1,461	$ 194	$ 3,992	$ (7,836)

</Table>

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

<Table>
<Caption>

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	December 30,	December 31,	December 30,	December 31,
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Bedroom products	$ --	$ 19,067	$ 19,937	$ 74,198
Throws and decorative home accessories	944	20,382	2,594	54,919
Infant and juvenile products	22,925	27,578	71,375	78,215
Other	--	37	--	101
Total	$ 23,869	$ 67,064	$ 93,906	$ 207,433

</Table>

3. No interest costs were capitalized during the nine month periods ended December 30, 2001 and December 31, 2000.

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

<Table>
<Caption>

	December 30,	April 1,
	2001	2001
<S>	<C>	<C>
Raw materials	$ 5,172	$ 3,501

Work in process	1,288	1,545
Finished goods	12,008	14,518
	$ 18,468	$ 19,564

</Table>

Inventory is net of reserves for inventories classified as irregular or discontinued of $2.1 million and $2.2 million at December 30, 2001 and April 1, 2001, respectively.

5. During the quarter ended July 1, 2001, the Company sold property, plant and equipment (primarily at Timberlake, North Carolina) with net proceeds of $9.2 million and a gain on sale of $802,000. The net proceeds were used to reduce debt.

As part of the plan to reduce debt and restore profitability, the Company made a decision to exit the Adult Bedding and Bath Business, and its net assets related to that business of $12.4 million were sold effective July 23, 2001. Proceeds of the sale were $9.0 million cash plus assumption of liabilities of $3.4 million as well as assumption of certain contingent liabilities. Cash from the sale was used to reduce debt. The sale included inventory, buildings, machinery and equipment located at Roxboro, North Carolina as well as various sales offices. The Adult Bedding and Bath Business had annual sales of approximately $76.5 million in fiscal 2001 and was included in the adult home furnishing and juvenile products segment. The Adult Bedding and Bath Business includes the remainder of the bedroom products group following the sale of the Wovens division.

6. At December 30, 2001 and April 1, 2001, long term debt consisted of:

<Table>
<Caption>

(in thousands)	December 30	April 1
<S>	<C>	<C>
Bank credit lines	$ --	$ 30,249
Revolving credit facilities	2,782	30,000
Senior notes	14,000	31,417
Senior subordinated notes	16,000	--
Non-interest bearing notes	8,000	--
Original issue discount	(3,893)	--
	36,889	91,666
Less current maturities	1,750	44,016
	$ 35,139	$ 47,650

</Table>

On July 23, 2001 the Company completed a refinancing of its debt. The new credit facilities include the following:

A Revolving Credit Facility of up to $19 million including a $3 million sub-limit for letters of credit, with $14.0 million drawn at closing. The interest rate is equal to LIBOR plus 2.75% with a maturity date of June 30, 2004. The facility is secured by a first lien on all assets.

Senior Notes of $14 million with an interest rate of 10% plus additional interest contingent upon cash flow availability of 3%. The maturity date is June 30, 2006 and the notes are secured by a first lien on all assets. Minimum principal payments of $250,000 due March 31, 2002 and $500,000 at the end of each calendar quarter thereafter.

Senior Subordinated Notes of $16 million with an interest rate of 10% plus an additional 1.65% payable by delivery of a promissory note due July 23, 2007. 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 of (i) maturity of the Senior Subordinated Notes, (ii) prepayment of the Senior Subordinated Notes, or (iii) sale of the Company. The original issue discount of $4.1 million on this non-interest bearing note at a market interest rate of 12% will be amortized over the life of the Senior Subordinated Notes.

The new 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. The covenants also include restrictions on capital expenditures, dividends, and stock repurchases.

Minimum annual maturities adjusted to reflect the July 23, 2001 refinancing are as follows: (in thousands)

<Table>
<Caption>

FISCAL	REVOLVER	SENIOR NOTES	SUB NOTES	TOTAL
<S>	<C>	<C>	<C>	<C>
2002	--	$ 250	--	$ 250
2003	--	2,000	--	2,000
2004	--	2,000	--	2,000
2005	$ 2,782	2,000	--	4,782
2006	--	2,000	--	2,000
2007	--	5,750	--	5,750
2008	--	--	$ 24,000*	24,000
Total	$ 2,782	$ 14,000	$ 24,000	$ 40,782

</Table>

*includes $8.0 million non-interest bearing note with unamortized original issue discount of $3.9 million.

In the event that required debt service exceeds 70% of free cash flow (EBITDA less capital expenditures and cash taxes paid), the excess of contingent interest and principal amortization over 70% will be deferred until maturity of the Senior Notes in June 2006. Contingent interest plus additional principal payments will be due annually up to 70% of free cash flow.

As part of the refinancing, the Company issued to the 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 in six years. 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. The dilutive effect of these warrants on earnings per share for the three months ended December 30, 2001 was $0.05 per share. There was no dilution for the nine months ended December 30, 2001 since the Company experienced an operating loss (before extraordinary gain). Also in the second quarter of fiscal 2002, the Company recognized an extraordinary gain of $25.0 million representing forgiveness of indebtedness income (net of $2.9 million of expenses incurred) in connection with the refinancing.

The Company's notes and the credit facilities contain similar restrictive covenants requiring the Company to maintain certain ratios of earnings to fixed charges and of total debt to total capitalization. In addition, the bank revolving credit facilities contain certain covenants requiring the Company to maintain minimum levels of shareholders' equity and certain ratios of total debt to cash flow. The bank facilities also place restrictions on the amounts the Company may expend on acquisitions and purchases of treasury stock and currently prohibit the payment of dividends. Other covenants of these revolving credit facilities require the Company to maintain certain financial ratios and place restrictions on the amounts the Company may expend on acquisitions.

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED DECEMBER 30, 2001 COMPARED TO THE THREE MONTHS ENDED DECEMBER

31, 2000

Net sales decreased $43.2 million or 64.4% to $23.9 million in the current year quarter compared to $67.1 million in the prior year quarter. This was attributable to a decrease of $19.1 million, or 100%, in bedroom products, a $19.4 million, or 95.4% decrease in throws and a decrease of $4.7 million, or 16.9%, in sales of infant and juvenile products. The decrease in bedroom products resulted from the sale of the adult bedding and bath business effective July 23, 2001, the phase out of the Studio bedding line during fiscal 2001 and the sale of the Wovens division on November 14, 2000. The disposition of the Wovens division resulted in lower sales of throws. Lower sales of infant and juvenile products were due to changes in buying patterns by major retailers.

For the quarter ended December 30, 2001, gross profit as a percentage of net sales increased to 22% from 17.5% for the quarter ended December 31, 2000. The increased margin relates primarily to changes in product mix as a result of the divestments mentioned above. In addition, the Company incurred lower manufacturing costs as a result of outsourcing.

Marketing and administrative expenses decreased by $7.8 million or 67.2% in the current year quarter compared to the same quarter in the prior fiscal year and were 15.9% of net sales for the current quarter compared to 17.2% in the corresponding quarter of the prior year. The decrease is a result of the divestments mentioned above as well as the Company's cost reduction initiatives and restructuring.

Interest expense for the quarter decreased by $2.1 million because of lower debt and reduced interest rates.

Due to the accumulated losses, no federal income tax provision has been included for the quarter ended December 30, 2001 or the prior year quarter. A benefit for estimated state and local taxes of $121,000 was included for the quarter ended December 30, 2001 compared to a benefit of $103,000 in the quarter ended December 31, 2000.

NINE MONTHS ENDED DECEMBER 30, 2001 COMPARED TO THE NINE MONTHS ENDED DECEMBER 31, 2000

For the nine months ended December 30, 2001, net sales decreased $113.5 million, or 54.7%, to $93.9 million compared to $207.4 million in the prior year period. This was attributable to a decrease of $54.3 million, or 73.1%, in bedroom products, a $52.3 million decrease, or 95.3%, in throws and a decrease of $6.8 million, or 8.7%, in sales of infant and juvenile products. The decrease in bedroom products resulted from the sale of the adult bedding and bath business effective July 23, 2001, the phase out of the Studio bedding line during fiscal 2001 and the sale of the Wovens division on November 14, 2000. The disposition of the Wovens division resulted in lower sales of throws. Lower sales of infant and juvenile products were due to changes in buying patterns by major retailers.

For the nine months ended December 30, 2001, gross profit as a percentage of net sales increased to 21.8% from 12.7% for the corresponding period ended December 31, 2000. The increased margin relates primarily to changes in product mix as a result of the divestments mentioned above. In addition, the Company incurred lower manufacturing costs as a result of outsourcing.

Marketing and administrative expenses decreased by $17.7 million, or 51.7%, in the nine months ended December 30, 2001 compared to the same period in the prior fiscal year and were 17.6% of net sales for the nine months compared to 16.5% in the corresponding period of the prior year. The decrease is a result of the divestments mentioned above as well as the Company's cost reduction and restructuring.

Interest expense for the nine months ended December 30, 2001 decreased by $5.6 million because of lower debt and reduced interest rates.

Due to the accumulated losses, no federal income tax provision has been included for the nine months ended December 30, 2001 and the prior year period. A benefit for estimated state and local taxes of $83,000 was included for the nine months ended December 30, 2001 compared to a provision for state and local taxes of

$35,000 in the nine months ended December 31, 2000.

In the nine months ended December 30, 2001, the Company recognized an extraordinary gain of $25.0 million representing forgiveness of indebtedness income (net of $2.9 million of expenses incurred) in connection with the refinancing.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $8.1 million for the nine months ended December 30, 2001 compared to cash provided by operating activities of $25.1 million for the nine months ended December 31, 2000. Net cash provided by investing activities was $18.1 million compared to net cash provided by investing activities of $23.9 million in the prior year period. Net cash used for financing activities was $26.5 million compared to net cash used for financing activities of $48.9 million in the prior year period. Total debt outstanding decreased to $36.9 million at December 30, 2001 from $91.7 million at April 1, 2001. This decrease resulted from the repayment of debt from the sale of fixed assets as well as the forgiveness of indebtedness. As of December 30, 2001, letters of credit of $1.6 million were outstanding against the $3 million sublimit for letters of credit associated with the $19 million revolving credit facility. As of December 30, 2001, the Company had revolving credit availability of $3.7 million.

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 for the next year.

To reduce its exposure to credit losses and to enhance its cash flow forecasts, the Company factors the majority of its trade accounts receivable. The Company's factor establishes customer credit lines, and accounts for and collects receivable balances. The factor remits payment to the Company on the due dates of the factored invoices. The factor assumes all responsibility for credit losses on sales within 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 may at any time terminate or limit its approval of shipments to a particular customer. If such a termination occurs, the Company may either assume the credit risks for shipments after the date of such termination or cease shipments to such customer.

FORWARD-LOOKING INFORMATION

This Form 10-Q 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 earnings and cash flow exposure to interest rate risk relates to its floating rate debt, $2.8 million of which was outstanding at December 30, 2001. Each 1.0 percentage point increase in interest rates would impact pretax earnings by $30,000 at the debt level of December 30, 2001.

The Company's exposure to changes in the fair value of its debt relates to its fixed rate debt, $34.0 million of which was outstanding at December 30, 2001. 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. The Company's exposure to foreign exchange rates relates to its Mexican manufacturing subsidiary. During the fiscal year ended April 1, 2001, this subsidiary manufactured products for the Company with a value of approximately $4.4 million. The Company's investment in the subsidiary was approximately $3.2 million at December 30, 2001.

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

The annual shareholders meeting of the Company was held on November 27, 2001 with the following item voted on: Item 1 - Election of eight directors. The nominated individuals were:

Class 1 - for a three-year term expiring on the date of the 2004 Annual Meeting:

- E. Randall Chestnut - President, Chief Executive Officer and Chairman of the Board, Crown Crafts, Inc.

- William T. Deyo, Jr. - Principal, Goddard Investment Group, LLC, a real estate investment firm

- Steven E. Fox - Partner, Rogers & Hardin, LLP, a law firm

Class II - for a two-year term expiring on the date of the 2003 Annual Meeting:

- Sidney Kirschner - Chairman, President and Chief Executive Officer, Northside Hospital

- Zenon S. Nie - Chairman of the Board, President and Chief Executive Officer, The C.E.O. Advisory Board, a Management consulting firm

- William P. Payne - Partner, Gleacher & Company, an investment banking firm

Class III - for a one-year term expiring on the date of the 2002 Annual Meeting:

- Donald Ratajczak - Chairman and Chief Executive Officer, Brainworks Ventures, Inc., an enterprise development company

- James A. Verbrugge - Professor of Finance and Chairman, Department of Banking and Finance, Terry College of Business at the University of Georgia

These individuals were approved with the following votes:

<Table>
<Caption>

Nominee	Votes in Favor	Votes Against	Votes Abstained
<S>	<C>	<C>	<C>
E. Randall Chestnut	7,940,466	--	77,134
William T. Deyo	7,950,112	--	67,488
Steven E. Fox	7,950,112	--	67,488
Sidney Kirschner	7,954,112	--	63,488
Zenon S. Nie	7,954,112	--	63,488
William P. Payne	7,954,112	--	63,488
Donald Ratajczak	7,955,112	--	62,488
James A. Verbrugge	7,954,112	--	63,488

</Table>

Item 5 - Other Information

None

Item 6 - Exhibits and Reports on Form 8-K

None

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

DECEMBER 30, 2001

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 7, 2001 /s/ Amy Vidrine Samson

AMY VIDRINE SAMSON
Chief Financial Officer