UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1034

For the quarterly period ended December 28, 1996

or

[ ] TRANSITION REPORT PURSUANT OF SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission File Number: 0 - 20242

CENTRAL GARDEN & PET COMPANY

Delaware	68-0275553
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3697 Mt. Diablo Blvd., Suite 310, Lafayette, California 94549

(Address of principle executive offices)

(510) 283-4573

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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. [x] Yes [ ] No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock Outstanding as of December 28, 1996	12,611,084
Class B Stock Outstanding as of December 28, 1996	1,863,167

Part 1- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CENTRAL GARDEN & PET COMPANY

CONSOLIDATED BALANCE SHEETS

<TABLE>
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	SEPTEMBER 28, 1996	DECEMBER 28, 1996 (UNAUDITED)
	(IN THOUSANDS)	
ASSETS		
CURRENT ASSETS:		
Cash & cash equivalents	$ 1,272	$ 73,826
Accounts receivable (less allowance for doubtful accounts of $5,278 and $4,279)	62,231	78,673
Inventories	169,835	219,696
Prepaid expenses and other assets	7,132	7,180
Total current assets	240,470	379,375
LAND, BUILDINGS, IMPROVEMENTS AND EQUIPMENT:		
Land	431	431
Buildings and improvements	3,450	3,563
Transportation equipment	3,161	3,087
Warehouse equipment	7,878	8,226
Office furniture and equipment	8,046	8,410
Total	22,966	23,717
Less accumulated depreciation and amortization	11,502	11,996
Land, buildings, improvements and equipment - net	11,464	11,721
GOODWILL	29,971	29,730
OTHER ASSETS	1,759	5,176
TOTAL	$ 283,664	$ 426,002
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 27,904	$ 0
Accounts payable	104,049	173,138
Accrued expenses	11,243	7,812
Current portion of long-term debt	1,604	604
Total current liabilities	144,800	181,554
LONG-TERM DEBT	7,635	115,000
DEFERRED INCOME TAXES AND OTHER LONG-TERM OBLIGATIONS	1,670	1,670
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value: 100 shares outstanding September 28, 1996 and December 28, 1996	--	--
Class B stock, $.01 par value: 1,933,575 shares outstanding September 28, 1996, 1,863,167 shares outstanding December 28, 1996	19	19
Common stock, $.01 par value: 12,562,521 shares outstanding September 28, 1996, 12,637,084 shares issued and 12,611,084 shares outstanding December 28, 1996	125	125
Additional paid-in capital	111,228	111,236
Retained earnings	18,733	16,926
Treasury Stock	(364)	(364)
Restricted stock deferred compensation	(182)	(164)
Total shareholders' equity	129,559	127,778
TOTAL	$ 283,664	$ 426,002

</TABLE>

See notes to consolidated financial statements

CENTRAL GARDEN & PET COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)
(IN THOUSANDS)

<TABLE>
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	THREE MONTHS ENDED DECEMBER 30, 1995	THREE MONTHS ENDED DECEMBER 28, 1996
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CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (2,363)	$ (1,807)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	656	699
Change in assets and liabilities:		
Receivables	(4,895)	(16,442)
Inventories	(31,060)	(49,861)
Prepaid expenses and other assets	(39)	(247)
Accounts payable	14,441	69,089
Accrued expenses	(676)	(3,431)
Deferred income taxes and other long-term obligations	(3)	0
Net cash used in operating activities	(23,939)	(2,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to land, buildings, improvements and equipment	(1,416)	(751)
Net cash used by investing activities	(1,416)	(751)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (repayments of) notes payable - net	(10,125)	(27,904)
Repayments of long-term debt	(81)	(8,635)
Proceeds from long-term debt - net	0	111,836
Proceeds from issuance of stock - net	35,665	8
Net cash provided by financing activities	25,459	75,305
NET INCREASE IN CASH	104	72,554
CASH AT BEGINNING OF PERIOD	143	1,272
CASH AT END OF PERIOD	$ 247	$ 73,826
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ 785	$ 1,722
Cash paid for income taxes	14	193

</TABLE>

See notes to consolidated financial statements

CENTRAL GARDEN & PET COMPANY

CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
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	THREE MONTHS ENDED DECEMBER 30, 1995	THREE MONTHS ENDED DECEMBER 28, 1996
<S>	<C>	<C>
Net Sales	$ 78,112	$ 100,144
Cost of Goods Sold and Occupancy	66,792	82,690
Gross Profit	11,320	17,454
Selling, General and Administrative Expenses	14,018	19,633
Loss from operations	(2,698)	(2,179)
Interest Expense - Net	(1,376)	(937)
Loss Before Income Taxes	(4,074)	(3,116)
Income Taxes	(1,711)	(1,309)
Net Loss	$ (2,363)	$ (1,807)

Net Loss per Common and Common Equivalent Share		
Fully Diluted	$ (0.26)	$ (0.12)
Primary	$ (0.26)	$ (0.12)
Weighted Average Shares Outstanding		
Fully Diluted	8,959	14,474
Primary	8,959	14,474

</TABLE>

See notes to consolidated financial statements

CENTRAL GARDEN & PET COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 28, 1996
(UNAUDITED)

1. Basis of Presentation

The consolidated balance sheet as of December 28, 1996, the consolidated statements of income and cash flows for the three months ended December 28, 1996 and December 30, 1995 have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) considered necessary to present fairly the financial position, results of operations and cash flows of the Company for the periods mentioned above, have been made.

Due to the seasonal nature of the Company's business, the results of operations for the three months ended December 28, 1996 are not indicative of the operating results that may be expected for the year ending September 27, 1997.

2. Recent Acquisitions

On January 17, 1997, the Company announced that its wholly owned Kenlin Pet Supply subsidiary had reached an agreement for the acquisition of the pet supplies business of Country Pet Supply, N.W., Inc., a distributor of pet supply and pet food products in Florida, Georgia, Alabama and South Carolina. Country has annual pet supply sales of approximately $33 million.

On January 20, 1997, the Company announced that it had acquired Four Paws Products, Ltd., Inc., a manufacturer of branded dog, cat, reptile and small animal products that are distributed throughout the United States, Canada, Europe and Asia. Sales in 1996 were approximately $30 million. Under the terms of the agreement, the Company paid $45 million in cash and 449,944 shares of common stock.

3. Convertible Subordinated Notes

On November 15, 1996, the Company sold in a private placement $115,000,000 aggregate principal amount of 6% Convertible Subordinated Notes due 2003. A portion of the net proceeds of the offering were used for repayment of short- and long-term indebtedness and for acquisitions, including the acquisition of Four Paws.

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

OVERVIEW

The Company entered into a long-term agreement, effective October 1, 1995, with Solaris, its largest supplier, whereby the Company serves as master agent and master distributor for sales of Solaris products within the United States. The agreement also provides for the Company to perform a wide range of value added services including logistics, order processing and fulfillment, inventory management and merchandising, principally for Solaris' direct sales accounts. As a result of the Solaris Agreement, a majority of the Company's sales of Solaris products are now derived from servicing Solaris direct accounts, whereas historically, a majority of such sales were made by the Company as a traditional distributor.

A substantial portion of these sales now consist of large shipments to customer distribution centers. This type of sale is characterized by lower gross margins as a percent of sales and lower associated operating costs. The collective impact of these factors has served to substantially increase the Company's sales of Solaris products, increase gross profit and lower gross margins as a percent of sales.

The Solaris Agreement provides for the Company to be reimbursed for costs incurred in connection with the services provided to Solaris' direct sales accounts and to receive payments based on the sales growth of Solaris products. The Company will also share with Solaris in the economic benefits of certain cost reductions, to the extent realized. As a result, management believes that the Company's profitability has become more directly attributable to the success of Solaris than it was in the past.

THREE MONTHS ENDED DECEMBER 28, 1996
COMPARED WITH THREE MONTHS ENDED DECEMBER 30, 1995

Net sales for the three months ended December 28, 1996 increased by 28.2% or $22.0 million from $78.1 million for the comparable 1995 period. Of the $22.0 million increase, approximately $25.0 million was attributable to the two pet distribution businesses acquired in July 1996 offset by a decrease of $5.0 million in sales of lawn and garden products. The decrease in garden sales relates principally to sales of Solaris products shipped to retail distribution centers which the Company believes to be a timing issue.

Gross profit increased by 54.2% or $6.1 million from $11.3 million during the three months ended December 30, 1995 to $17.5 million for the three months ended December 28, 1996. Gross profit as a percentage of net sales increased from 14.5% in the three months ended December 30, 1995 to 17.4% for the similar period in 1996. Both the increase in the gross profit dollars and the increase in gross profit as a percentage of net sales is due principally to the pet distribution businesses acquired in July 1996. Since lawn and garden sales are lowest in the Company's first fiscal quarter, the impact on margins of the addition of the newly acquired pet distribution businesses is expected to be significantly less during the remainder of fiscal 1997 than it was in the first quarter.

For the three months ended December 28, 1996, selling, general and administrative expenses increased by $5.6 million from $14.0 million for the similar 1995 period. As a percentage of net sales these expenses increased from 17.9% during the three months ended December 30, 1995 to 19.6% for the comparable 1995 period. Of the $5.6 million increase, approximately $4.7 million is attributable to the newly acquired pet businesses while the balance relates to the combination of relocation to larger distribution facilities in Dallas and Atlanta and increased sales expense associated with increased garden business developed during the second quarter of 1996.

Net interest expense for the first three months of fiscal 1997 decreased by 31.9% or $.4 million from $1.4 million for the three months ended December 30, 1995. The decrease is due to lower average outstanding borrowings on the Company's revolving credit facility and the reduction of approximately $8.6 million in its long term debt resulting from the application of proceeds received from the issuance of $115.0 million 6% subordinated convertible notes completed November 15, 1996. The average amount outstanding on the 6% convertible notes for the three months ended December 28, 1996 was $57.5 million. Average short-term borrowings for the three months ended December 28, 1996 were $12.3 million compared to $30.3 million for the comparable 1995 period. Average net interest rates were 10.6% and 10.9%, respectively.

The Company's effective income tax rate was 42% for both the 1996 and 1995 quarters.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically financed its growth through a combination of bank borrowings, supplier credit and internally generated funds. In addition, the Company received net proceeds (after offering expenses) of approximately $100.0 million from its three public offerings of common stock in July 1993, November 1995 and July 1996. Further, in November 1996 the Company completed the sale of $115 million 6% subordinated convertible notes generating approximately $112 million net of underwriting commissions.

The Company's business is highly seasonal and its working capital requirements and capital resources track closely to this seasonal pattern. During the first fiscal quarter accounts receivable reach their lowest level while inventory, accounts payable, and short-term borrowings begin to increase. Since the Company's short-term credit line fluctuates based upon a specified asset borrowing base, this quarter is typically the period when the asset borrowing base is at its lowest and consequently the Company's ability to borrow is at its lowest. During the second quarter, receivables, accounts payable and short-term borrowings begin to increase, reflecting the build-up of inventory and related payables in anticipation of the peak selling season. During the third quarter, principally due to the Solaris Agreement, inventory levels remain relatively constant while accounts receivable peak and short-term borrowings start to decline as cash collections are received during the peak selling season. During the fourth quarter, inventory levels are at their lowest, and accounts receivable and payables are substantially reduced through conversion of receivables to cash.

For the three months ended December 28, 1996, the Company used cash in operating activities of $2.0 million reflecting the normal cycle of inventory and receivables build up. Net cash used from investing activities of $.8 million resulted from the acquisition of office and warehouse equipment. Cash generated from financing activities of $75.3 million consisted of net proceeds from the sale of $115 million principal amount of 6% subordinated convertible notes due 2003 less repayment of $8.6 million of long-term debt and approximate $28.0 million of short-term debt.

The Company has a $75 million line of credit with Congress Financial Corporation (Western). The available amount under the line of credit fluctuates based upon a specific asset borrowing base. The line of credit, which bears interest at a rate equal to the prime rate plus 3/4% per annum, is secured by substantially all of the Company's assets. At December 28, 1996, the Company had no outstanding borrowings and had $75.0 million of available borrowing capacity under this line. The Company's line of credit contains certain financial covenants such as minimum net worth and minimum working capital requirements. The line also requires the lender's prior written consent to any material acquisition of a business.

The Company believes that cash flow from operations, funds available under its line of credit, proceeds from its recent sale of convertible notes and arrangements with suppliers will be adequate to fund its presently anticipated working capital requirements for the foreseeable future. The Company anticipates that its capital expenditures will not exceed $3.0 million for the next 12 months.

As part of its growth strategy, the Company has engaged in acquisition discussions with a number of companies in the past and it anticipates it will continue to evaluate potential acquisition candidates. On January 20, 1997, the Company announced that it had acquired Four Paws Products, Ltd., Inc., a manufacturer of branded dog, cat, reptile and small animal products. Under the terms of the

agreement, the Company paid $45 million in cash and 449,944 shares of common stock. If one or more potential acquisition opportunities, including those that would be material, become available in the near future, the Company may require additional external capital. In addition, such acquisitions would subject the Company to the general risks associated with acquiring companies, particularly if the acquisitions are relatively large.

II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(b) The following reports on Form 8-K were filed during the quarter ended December 28, 1996.

(1) On October 15, 1996, the Company filed a report on Form 8-K dated October 13, 1996, disclosing that the Company issued a press release announcing that it had entered into a definitive agreement to acquire assets comprising the flea and tick protection business in the United States and Canada of Sandoz, Ltd.

(2) On November 6, 1996, the Company filed a report on Form 8-K dated October 30, 1996, disclosing that the Company issued a press release announcing that it was proposing to offer in a private placement $100,000,000 aggregate principal amount of 6% Convertible Subordinated Notes due 2003 (not including up to an additional $15,000,000 to cover over-allotments, if any).

(3) On November 13, 1996, the Company filed a report on Form 8-K dated November 11, 1996, disclosing that the Company issued a press release announcing that it had sold in a private placement $100,000,000 aggregate principal amount of 6% Convertible Subordinated Notes due 2003 (not including up to an additional $15,000,000 to cover over-allotments, if any).

(4) On December 2, 1996, the Company filed a report on Form 8-K/A to amend the Form 8-K dated October 13, 1996 to move all of the disclosure previously reported under Item 2 to Item 5.

SIGNATURES

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

CENTRAL GARDEN & PET COMPANY

Registrant

Dated: February 6, 1997

William E. Brown, Chairman of the Board and
Chief Executive Officer

/ s / Robert B. Jones

Robert B. Jones, Vice President-Finance and
Chief Financial Officer

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