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 March 27, 1999

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)

(925) 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 March 27, 1999 26,485,387

Class B Stock Outstanding as of March 27, 1999 1,660,919

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CENTRAL GARDEN & PET COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)
(IN THOUSANDS, EXCEPT SHARES)

	SEPTEMBER 26, 1998	MARCH 27, 1999
ASSETS		
CURRENT ASSETS:		
Cash & cash equivalents	$ 10,328	$ 3,565
Accounts receivable (less allowance for doubtful accounts of $6,458 and $6,782)	142,293	275,160
Inventories	292,809	409,051
Prepaid expenses and other assets	26,884	22,090
Total current assets	472,314	709,866
LAND, BUILDINGS, IMPROVEMENTS AND EQUIPMENT - NET	86,382	92,809
GOODWILL	339,430	347,148
OTHER ASSETS	30,574	25,157
TOTAL	$ 928,700	$ 1,174,980
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 6,956	$ 74,410
Accounts payable	153,739	353,143
Accrued expenses	32,767	42,334
Current portion of long-term debt	1,139	604
Total current liabilities	194,601	470,491
LONG-TERM DEBT	125,125	

		125,576
DEFERRED INCOME TAXES AND OTHER LONG-TERM OBLIGATIONS	20,200	17,542
COMMITMENTS AND CONTINGENCIES	----	----
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value: none outstanding at September 26, 1998 and March 27, 1999	----	----
Class B stock, $.01 par value: 1,661,762 shares outstanding September 26, 1998, 1,660,919 shares outstanding March 27, 1999	16	17
Common stock, $.01 par value: 29,718,530 issued and 29,646,350 outstanding at September 26, 1998; 30,010,287 issued and 26,485,387 outstanding at March 27, 1999	298	300
Additional paid-in capital	519,933	522,719
Retained earnings	69,984	85,097
Treasury stock	(1,418)	(46,749)
Restricted stock deferred compensation	(39)	(13)
Total shareholders' equity	588,774	561,371
TOTAL	$ 928,700	$ 1,174,980

</TABLE>

See notes to condensed consolidated financial statements

CENTRAL GARDEN & PET COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)
(IN THOUSANDS)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED	
	MARCH 28, 1998	MARCH 27, 1999
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 11,840	$ 15,113
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	5,166	9,695
Change in assets and liabilities:		
Receivables	(77,459)	(130,621)
Inventories	(92,128)	(112,837)
Prepaid expenses and other assets	(5,478)	10,655
Accounts payable	114,524	198,163
Accrued expenses	(5,744)	4,903
Net cash used in operating activities	(49,279)	(4,930)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to land, buildings, improvements and equipment	(5,617)	(11,182)
Payments to acquire companies, net of cash acquired	(217,163)	(13,827)
Net cash used in investing activities	(222,780)	(25,009)

CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings (repayments) of notes payable - net	(5,624)	67,454
Repayments of long-term debt	(3,705)	(84)
Payments to reacquire stock	0	(45,331)
Proceeds from issuance of stock - net	204,364	1,137
Net cash provided by financing activities	195,035	23,176
NET DECREASE IN CASH	(77,024)	(6,763)
CASH AT BEGINNING OF PERIOD	100,125	10,328
CASH AT END OF PERIOD	$ 23,101	$ 3,565
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ 4,556	$ 4,729
Cash paid for income taxes	7,113	1,316
Assets (excluding cash) acquired through purchase of subsidiaries	220,217	6,251
Liabilities assumed through purchase of subsidiaries	165,840	3,274

</TABLE>

See notes to condensed consolidated financial statements

CENTRAL GARDEN & PET COMPANY
CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	MARCH 28, 1998	MARCH 27, 1999	MARCH 28, 1998	MARCH 27, 1999
<S>	<C>	<C>	<C>	<C>
Net Sales	$ 494,983	$ 675,126	$ 356,156	$ 447,105
Cost of Goods Sold and Occupancy	385,863	516,385	280,358	344,845
Gross profit	109,120	158,741	75,798	102,260
Selling, General and Administrative Expenses	86,085	127,259	52,796	72,367
Income from operations	23,035	31,482	23,002	29,893
Interest Expense - Net	(2,623)	(5,425)	(1,696)	(3,084)
Income before income taxes	20,412	26,057	21,306	26,809
Income Taxes	8,572	10,944	8,947	11,260
Net Income	$ 11,840	$ 15,113	$ 12,359	$ 15,549
Net Income per Common Share Outstanding				
Basic	$ 0.46	$ 0.51	$ 0.41	$ 0.55
Diluted	$ 0.45	$ 0.50	$ 0.39	$ 0.51

</TABLE>

See notes to condensed consolidated financial statements

CENTRAL GARDEN & PET COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Three Months and Six Months Ended March 27, 1999
(Unaudited)

1. Basis of Presentation

The condensed consolidated balance sheet as of March 27, 1999, the consolidated statements of income for both the three and six months ended March 27, 1999 and March 28, 1998, and the condensed consolidated statements of cash flows for the six months ended March 27, 1999 and March 28, 1998 have been prepared by the Company, without audit. The condensed consolidated balance sheet as of September 26, 1998 has been derived from the audited financial statements of the Company for the year ended September 26, 1998. 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 March 27, 1999 are not indicative of the operating results that may be expected for the year ending September 25, 1999.

It is suggested that these interim financial statements be read in conjunction with the annual audited financial statements, accounting policies and financial notes thereto, included in the Company's 1998 Annual Report which has previously been filed with the Securities and Exchange Commission.

2. Share Repurchase Program

On December 18, 1998, the Company's Board of Directors authorized the Company to increase the share repurchase program up to a maximum of $55 million of common shares. On January 4, 1999, the Company's Board of Directors authorized another increase in the share repurchase program, up to a maximum of $80 million of common shares. During the three and six month periods ended March 27, 1999, the Company repurchased 1,377,900 and 3,452,900 shares for a total of $18.6 and $45.3 million, respectively. As of May 6, 1999, the Company had purchased an additional 382,950 shares for a total of $5.7 million.

3. Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted per-share computations for income from continuing operations:

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	Three Months Ended March 27, 1999			Six Months Ended March 27, 1999		
	Income	Shares	Per Share	Income	Shares	Per Share
Basic EPS:						
Net Income	$15,549	28,475	$0.55	$15,113	29,851	$0.51
Effect of Dilutive Securities:						
Options to purchase Common stock		251			301	
Convertible Notes	$ 1,079	4,107		$ 2,158	4,107	
Diluted EPS:						
Net income attributed to common shareholders	$16,628	32,833	$0.51	$17,271	34,259	$0.50

</TABLE>

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	Three Months Ended March 28, 1998			Six Months Ended March 28, 1998		
	Income	Shares	Per Share	Income	Shares	Per Share
Basic EPS:						
Net Income	$12,359	30,151	$0.41	$11,840	25,734	$0.46
Effect of Dilutive Securities:						
Options to purchase Common stock		464			420	
Convertible Notes	$ 1,079	4,107		---	---	
Series A Convertible Preferred Stock		100			100	
Diluted EPS:						

Net income attributed to common shareholders	$13,438	34,822	$0.39	$11,840	26,254	$0.45

</TABLE>

Shares of common stock from the aassumed conversion of the Company's convertible securities totaling 4,107,143 were not included in the computation of diluted EPS for the six-month period ended March 28, 1998 because the assumed conversion would have been anti-dilutive.

4. Prior Year Acquisitions

The following table summarizes on a pro forma basis the combined results of operations of the Company as if the Kaytee Products, TFH Publications and Pennington Seed, Inc. acquisitions made during the first six months of 1998 had occurred on September 29, 1996. The pro forma results of operations also reflects pro forma adjustments for cash paid and stock issued to facilitate the acquisitions and for the amortization of goodwill. Although this pro forma combined information includes the results of operations of the acquisition, it does not necessarily reflect the results of operations that would have occurred had the companies been managed by the Company prior to their acquisitions.

<TABLE>

(In thousands, except per share amounts)	Pro Forma Six Months Ended March 28, 1998 (Unaudited)
Net Sales	$595,357
Gross profit	139,410
Income from operations	21,793
Income before income taxes	17,589
Net Income	$ 10,198
Net Income per Common Share Outstanding:	
Basic	$ 0.38
Diluted	$ 0.37

</TABLE>

5. New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in either assets or liabilities. This statement is effective for fiscal years beginning after June 15, 1999 and is not to be applied retroactively to financial statements for prior periods. If adopted at March 27, 1999, the application of the standard would not have had a material effect on the Company's consolidated financial position or results of operations.

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

OVERVIEW

The Company entered into an agreement effective October 1, 1995 with Solaris to become both the master agent and master distributor for sales of Solaris products nationwide. Management believes that the relationship with Solaris embodied in the Solaris Agreement has had a substantial impact on the Company's results of operations. Under the Solaris Agreement, which runs through September 30, 1999, the Company, in addition to serving as the master agent and master distributor for sales of Solaris products, provides a wide range of value-added services including logistics, order processing and fulfillment, inventory distribution and merchandising. However, Solaris continues to negotiate its sales prices directly with its direct sales accounts. As a result of the Solaris Agreement, a majority of the Company's sales of Solaris products are derived from servicing direct sales accounts, whereas in 1995 and prior, a majority of the Company's sales of Solaris products were made by the Company as a traditional distributor. A substantial portion of these sales consists of large shipments to retail distribution centers, which are characterized by lower gross profit as a percentage of net sales compared with sales made by the Company as a traditional distributor. The Company believes that the operating expenses associated with this type of sale are lower than the operating expenses associated with sales made by the Company as a traditional distributor. The Company believes that the gross profit as a percentage of net sales associated with the Company's services to Solaris direct sales accounts is higher than the gross profit as a percentage of net sales associated with the Company's

historical agency sales due to the greater services provided pursuant to the Solaris Agreement.

In addition, under the Solaris Agreement, the Company's inventories of Solaris products have increased significantly since the Company is not only carrying inventories to support its own sales of Solaris products but also certain inventory previously carried by Solaris as well as additional inventories to support sales of Solaris products by the Company's network of independent distributors.

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

Monsanto has announced that it sold its Solaris lawn and garden business exclusive of its Roundup herbicide products for consumer use to The Scotts Company ("Scotts") and that it has entered into a separate, long-term, exclusive agreement pursuant to which Monsanto will continue to make Roundup herbicide products for consumer use and Scotts will market the products. Scotts has been for many years a substantial supplier to the Company and, in connection with its direct sales, a substantial purchaser of the Company's services.

The Company expects to enter into a new relationship with Scotts effective October 1, 1999. Since Scotts is expected to be the Company's largest lawn and garden customer by a substantial margin, the terms of this new arrangement will have a substantial impact on the Company's future profitability. There can be no assurance that the Company will be successful in negotiating and implementing a new relationship with Scotts or that the new relationship with Scotts will provide the Company with comparable profitability to the profitability it has experienced from its prior relationships with Solaris and Scotts.

The sale of the Solaris business by Monsanto and the approaching end of the Solaris Agreement, subject the Company's lawn and garden business to significant uncertainties. These include the negotiation of new relationships with Scotts and the final accounting for all issues between the Company and Monsanto under the Solaris Agreement, such as the amounts receivable from Monsanto for cost reimbursements, payments for cost reductions and payments for services; the amounts payable to Monsanto for inventory; and responsibility for obsolete inventory and for non-payment by Solaris' direct sales accounts. The resolution of such uncertainties could have a material effect, either positive or negative, on the Company's results of operations.

THREE MONTHS ENDED MARCH 27, 1999
COMPARED WITH THREE MONTHS ENDED MARCH 28, 1998

Net sales for the three months ended March 27, 1999 increased by 25.5% or $90.9 million from $356.2 million for the comparable fiscal 1998 period. The $90.9 million increase includes approximately $36.1 million attributable to companies acquired subsequent to December 1997. Of the sales increase related to existing operations, $54.8 million, approximately $28.9 million was attributable to sales of lawn and garden products, $23.7 million to sales of branded products and $2.2 million to sales of pet supplies products.

Gross profit increased by 34.9% or $26.5 million from $75.8 million during the three months ended March 27, 1998 to $102.3 million for the three months ended March 27, 1999. The majority of the increase in gross profit relates to sales of branded products. Gross profit as a percentage of net sales increased from 21.3% in the quarter ended March 28, 1998 to 22.9% for the comparable 1999 period. The increase in gross margin as a percentage of net sales was attributable to the sales mix in the current quarter, where the higher-margin branded products accounted for a greater percentage of total sales than was the case in the comparable 1998 quarter, offset in part by a slight decrease in gross margin percentage on Solaris lawn and garden products. Under the Solaris Agreement, the Company is reimbursed for costs incurred in connection with services provided to direct sales accounts. Not all direct sales accounts require the same service levels consequently, as sales volume vary with respect to specific accounts, the overall gross margin will be impacted.

For the three months ended March 27, 1999, selling, general and administrative expenses increased by $19.6 million from $52.8 million for the comparable fiscal 1998 quarter. As a percentage of net sales, these expenses increased from 14.8% during the quarter ended March 28, 1998 to 16.2% for the quarter ended March 27, 1999. After adjusting for the expenses related to newly acquired operations and expenses related to the increase in net sales, selling, general and administrative expenses were approximately $7.0 million greater than was the case for the March 28, 1998 quarter. The majority of the increase is related to the lawn and garden distribution operations. Delivery expense increased by approximately $2.5 million due to the expanded use of common carriers. The increased use of these carriers was influenced, in part, by certain retailers imposing strict delivery terms, which, if not met, would mean the loss of sales or fines. To avoid potential problems, these customers now have substantially all of their deliveries handled by common carriers. In addition, the Company has expanded into certain new geographic markets where there is currently not sufficient mass to justify operating its own trucks, consequently these new markets are serviced by common carriers. Increased warehouse costs accounted

for approximately $1.2 million of the total increase. These costs are related to increased overtime and outside contact labor required to handle the heavy sales increase, most of which occurred during the last 40 days of the quarter. Selling expense increased approximately $1.5 million related principally to a significant increase in both sales personnel and store merchandisers, in anticipation of increased sales volume in the Company's third fiscal quarter. The Company has established a corporate marketing and market research unit staffed by experienced professionals. This unit works with the Company's branded product companies to test and evaluate new products, design and test new packaging and promotional programs, as well as evaluate product lines of potential acquisitions. This function accounted for approximately $1.8 million of the total expense increase. The Company believes the increased costs associated with both the use of common carriers and the corporate marketing function will continue through the balance of fiscal 1999 and the increased costs associated with the warehousing and selling functions will be absorbed through expected sales increases during the balance of fiscal 1999.

Net interest expense for the quarter ended March 27, 1999 increased by $1.4 million from $1.7 million for the three months ended March 28, 1998 to $3.1 million for the three months ended March 27, 1999. The increase in net interest expense relates principally to debt associated with the newly acquired businesses and increased borrowings to support the Company's stock repurchase programs. Average short-term borrowings for the three months ended March 27, 1999 were $65.9 million compared with $54.9 million for the similar fiscal 1998 period. Average interest rates on short-term borrowings were 7.4% and 8.6%, respectively.

The Company's effective income tax rate was 42.0% for both periods.

SIX MONTHS ENDED MARCH 27, 1999
COMPARED WITH SIX MONTHS ENDED MARCH 28, 1998

Net sales for the six months ended March 27, 1999 increased by 36.4% or $180.1 million from $495.0 million for the comparable fiscal 1998 period. The $180.1 million increase includes approximately $110.8 million attributable to companies acquired subsequent to December 1997. Of the sales increase related to existing operations, $69.3 million, approximately $43.5 million was attributable to sales of lawn and garden products, $21.5 million to sales of branded products and $4.3 million to sales of pet supplies products.

Gross profit increased by 45.5% or $49.6 million from $109.1 million during the six months ended March 27, 1998 to $158.7 million for the six months ended March 27, 1999. The majority of the increase in gross profit relates to sales of branded products. Gross profit as a percentage of net sales increased from 22.0% for the six months ended March 28, 1998 to 23.5% for the comparable 1999 period. The increase in gross margin as a percentage of net sales was attributable to the sales mix, where sales of higher-margin branded products accounted for a greater percentage of total sales for the six months ended March 27, 1999 than was the case in the comparable 1998 period, offset in part by a decrease in gross margin of approximately 1.9% related to sales of lawn and garden products. This decrease was largely related to sales during the first three months of fiscal 1999 where a significant portion of sales were to retail distribution centers, which carry a lower gross margin than sales to individual stores.

For the six months ended March 27, 1999, selling, general and administrative expenses increased by $41.2 million from $86.1 million for the comparable fiscal 1998 quarter. As a percentage of net sales, these expenses increased from 17.4% for the six months ended March 28, 1998 to 18.8% for the like 1999 period. The increase in selling, general and administrative expense, after adjusting for newly acquired businesses and expenses related to increased sales volume, was approximately $7.6 million, of which $7.0 million related to the three months ended March 27, 1999.

Net interest expense for the six months ended March 27, 1999 increased by $2.8 million from $2.6 million for the six months ended March 28, 1998 to $5.4 million for the six months ended March 27, 1999. The increase in net interest expense related to newly acquired companies and increased borrowings to support the Company's stock repurchase program. Funds which were invested in interest bearing short-term securities during the first quarter of fiscal 1998 were subsequently used to acquire new businesses. Average short-term borrowings for the six months ended March 27, 1999 were $38.8 million compared with $33.2 million for the similar fiscal 1998 period. Average interest rates on short-term borrowings were 8.0% and 8.8%, respectively

The Company's effective income tax rate was 42.0% for both periods.

IMPACT OF YEAR 2000

State of Readiness. In early 1998, the Company conducted an overall assessment of its computer systems, including Year 2000 readiness. Based on this assessment, the Company has developed a plan to deal with the Year 2000 Issue, which covers both systems and vendor/customer issues. The plan includes both upgrades to or replacement of current systems to bring all of the Company's systems into compliance. Many of the existing information systems used by subsidiaries or divisions acquired by the Company are being replaced, primarily in response to business reasons apart from the Year 2000 Issue.

The Company will use primarily internal resources to reprogram or replace and test its information systems for Year 2000 compliance. In addition, the Company will use certain external resources to replace outdated information systems at

certain of its subsidiaries' operations. A majority of the system changes were completed by the end of this quarter, and the remaining changes will be completed by the summer of 1999.

The plan developed to address vendor and customer issues includes systems integration, testing and communication strategies. The Company has begun the process of initiating formal communications with significant vendors and customers to determine the extent to which the Company may be vulnerable to a failure by any of these third parties to remediate their own Year 2000 Issues. The Company is currently testing electronic data transmissions to and from its major vendors and customers to ensure Year 2000 compliance. The Company expects to conclude this testing by the summer of 1999. In addition to vendors and customers, the Company also relies upon governmental agencies, utility companies, telecommunication service companies and other service providers outside of the Company's control. There can be no assurance that the Company's vendors or customers, governmental agencies or other third parties will not suffer a Year 2000 business disruption that could have a material adverse effect on the Company's results of operations or financial position.

Costs to Address the Year 2000 Issue. To date, the Company has incurred no significant incremental costs addressing Year 2000 Issues, although it has incurred costs, independent of the Year 2000 Issue, relating to the implementation of new systems for certain subsidiaries. The Company has no separate budget and none is currently planned for Year 2000 Issues. The Company does not expect expenditures relating to the Year 2000 Issue to be material or to have a significant impact on the Company's results of operations or financial position.

Risks Presented by the Year 2000 Issue. The Company presently believes that with the planned upgrades and implementation of new systems and software, the Year 2000 Issue will not pose significant operational problems for its computer systems. However, if such conversions are not made, or are not completed in a timely manner, the Year 2000 Issue could have a material impact on the operations of the Company. In addition, if any third parties who provide goods or services essential to the Company's business activities fail to address appropriately their Year 2000 Issues, such failure could have a material adverse effect on the Company's results of operations or financial position.

Contingency Plans. The Company's Year 2000 plan includes the development of contingency plans in the event that the Company has not completed all of its remediation plans in a timely manner or any third parties who provide goods or services essential to the Company's business fail to appropriately address their Year 2000 issues. The Company expects to conclude the development of these contingency plans by the end of the third quarter of 1999.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its growth through a combination of bank borrowings, supplier credit, internally generated funds and sales of securities to the public. The Company received net proceeds (after offering expenses) of approximately $431.0 million from its five public offerings of common stock in July 1993, November 1995, July 1996, August 1997 and January 1998. 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 fiscal 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 fiscal 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 fiscal quarter, inventory levels are at their lowest, and accounts receivable and payables are substantially reduced through conversion of receivables to cash.

For the six months ended March 27, 1999, the Company used cash in operating activities of $4.9 million principally relating to the normal cycle of inventory and receivables build up. Net cash used in investing activities of $25.0 million resulted from an acquisition completed in January 1999 and for the acquisition of office and warehouse equipment. Cash generated from financing activities of $23.2 million consisted principally of net borrowings of $67.5 million of short-term debt offset by payments of $45.3 million to acquire treasury shares.

The Company has a $100 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 bears interest at a rate equal to the prime rate per annum and is secured by substantially all of the Company's assets. At March 27, 1999, the Company had $40.6 million outstanding borrowings and had $59.4 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 acquisition of

a business. In connection with the acquisition of one company in fiscal 1998, the Company assumed a $60.0 million line of credit, of which $28.6 million was available at March 27, 1999.

The Company believes that cash flow from operations, funds available under its line of credit, proceeds from its sale of convertible notes, common stock sales 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 $15.0 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. 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company believes there has been no material change in its exposure to market risk from that discussed in the Company's 1998 Consolidated Financial Statements.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings
Not Applicable

ITEM 2. Changes in Securities and Use of Proceeds
Not Applicable

ITEM 3. Defaults Upon Senior Securities
Not Applicable

ITEM 4. Submission of Matter to a Vote of Securities Holders

(a) The annual meeting of shareholders was held on February 22, 1999.

(b) The following directors were elected at the meeting:

William E. Brown
Glenn W. Novotny
Lee D. Hines, Jr.
Daniel P. Hogan, Jr.
Brooks M. Pennington III

The foregoing constituted all members of the Board of Directors of the Company.

(c) At the annual meeting, the shareholders voted to approve the amendment of the 1993 Omnibus Equity Incentive Plan to increase the number of shares authorized for issuance thereunder by 800,000.

Set forth below is a tabulation with respect to the matters voted on at the meeting:

	For	Against or Withheld	Abstentions	Broker Non-Votes
Proposal to Amend the 1993 Omnibus Equity Incentive Plan				
Common Stock	17,834,049	6,266,136	7,354	-0-
Class B Stock	1,651,707	-0-	-0-	-0-
Election of Directors				
William E. Brown				
Common	23,931,599	175,940		
Class B	1,651,707	-0-		
Glenn W. Novotny				
Common	23,932,152	175,387		
Class B	1,651,707	-0-		
Lee D. Hines, Jr.				
Common	23,930,562	176,977		
Class B	1,651,707	-0-		
Daniel P. Hogan, Jr.				
Common	23,927,340	180,199		

Class B	1,651,707	-0-
Brooks M. Pennington III		
Common	23,930,077	177,462
Class B	1,651,707	-0-

(d) Inapplicable.

ITEM 5. Other Information
Not Applicable

ITEM 6. Exhibits and Reports on Form 8-K

(a) The following report on Form 8-K was filed during the quarter ended March 27, 1999.

(1) On January 6, 1999, the Company filed a report on Form 8-K dated January 4, 1999 disclosing that the Company had acquired Norcal Pottery Products, Inc.

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: May 10, 1999

/s/ William E. Brown
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

<TABLE> <S> <C>

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM 10Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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