FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

Filing Date: **1994-03-02** | Period of Report: **1993-01-03**
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FILER

INTERFACE INC

CIK:**715787**| IRS No.: **581451243** | State of Incorp.:**GA** | Fiscal Year End: **1231**
Type: **10-K/A** | Act: **34** | File No.: **000-12016** | Film No.: **94514143**
SIC: **2273** Carpets & rugs

Business Address
ORCHARD HILL RD
P O BOX 1503
LAGRANGE GA 30241
4043196471

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10K/A

/X/ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended January 3, 1993

Commission File Number 0-12016

INTERFACE, INC.
(Exact name of registrant as specified in its charter)

Georgia	58-1451243
(State of Incorporation)	(I.R.S. Employer Identification No.)

Orchard Hill Road (P.O. Box 1503) LaGrange, Georgia 30241	30241
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: (706) 882-1891

Securities Registered Pursuant to Section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Act:

Class A Common Stock, $0.10 Par Value Per Share
(Title of Class)

8% Convertible Subordinated Debentures Due 2013
(Title of Class)

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 / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K. / /

Aggregate market value of the voting stock held by non-affiliates to the registrant as of March 15, 1993 (assuming conversion of Class B Common Stock into Class A Common Stock): $198,627,384 (15,133,515 shares valued at the last sales price of $13.125). See Item 12.

Number of shares outstanding of each of the registrant's classes of Common Stock, as of March 15, 1993:

Class	Number of Shares
Class A Common Stock, $0.10 par value per share	13,974,950
Class B Common Stock, $0.10 par value per share	3,289,950

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Shareholders for the fiscal year ended January 3, 1993 are incorporated by reference into Parts I and II.

Portions of the Proxy Statement for the 1993 Annual Meeting of Shareholders are incorporated by reference into Part III.

Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of the Registrant's Form 10-K for the fiscal year ended January 3, 1993, as amended, is deleted in its entirety and the following is inserted in lieu thereof:

ITEM 7.

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

INTERFACE, INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS

During 1992, the Company experienced moderate sales growth as a result of increased market share in its interior fabrics and chemical operations which was offset somewhat by the recessionary climate in most of its major markets, particularly Europe and the United States.

In addition, during 1992, the Company was able to recognize reduced selling, general and administrative expenses due to strict cost control measures implemented in 1991 in response to the general worldwide recession.

The Company plans to continue its cost containment efforts, and to make selective investments in emerging geographical markets and new products, as well as in employee training and quality improvement. The capital expenditure program will be focused in two general areas: supporting innovation and reducing costs. These initiatives should position the Company to change as the market demands and be even more efficient and responsive in meeting 1993's challenges.

The following table shows, as a percentage of net sales, certain items included in the Company's consolidated statements of income for each of the three years through the period ended January 3, 1993.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED		
	1/3/93	12/29/91	12/30/90
<S>	<C>	<C>	<C>
Net Sales	100.0%	100.0%	100.0%
Cost of Sales	68.0	67.7	65.9
GROSS PROFIT ON SALES	32.0	32.3	34.1
Selling, General and Administrative Expenses	25.2	25.8	24.6
OPERATING INCOME	6.8	6.5	9.5
Other Expense, Net	3.7	4.1	3.5
Income Before Taxes	3.1	2.4	6.0
Taxes on Income	1.0	.9	2.2
NET INCOME	2.1%	1.5%	3.8%

</TABLE>

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

INTERFACE, INC. AND SUBSIDIARIES

FISCAL 1992 COMPARED WITH FISCAL 1991

In fiscal 1992, the Company's net sales increased $12.3 million (2.1%) compared with fiscal 1991. The increase was due primarily to a unit volume increase of approximately 19% in the Company's interior fabrics and chemical operations, and, to a lesser extent, the weakening of the U.S. dollar, the Company's reporting currency, against the major currencies of its foreign markets. The increase in net sales was offset somewhat by decreased sales volume in the Company's carpet tile operations in the United Kingdom, Continental Europe and North America. These major markets continue to be adversely impacted by weak economic conditions, particularly in Europe, where the economic uncertainty has been aggravated by a climate of currency instability.

Cost of sales as a percentage of sales increased in 1992 compared with 1991 due primarily to (i) increased costs associated with the Company's Netherlands manufacturing facilities, which experienced unfavorable foreign currency exchange rates in its export markets, particularly the United Kingdom, Spain, Italy and Sweden, (ii) reduced efficiencies in the carpet tile manufacturing operations as a result of a 1.2 million square yard decline in unit volumes, and (iii) competitive price pressures in most major markets. During this period the average selling price per square yard of carpet decreased by aproximately 1.9%. These factors were offset somewhat by improved manufacturing efficiencies in the interior fabrics and chemical businesses.

Selling, general and administrative expenses as a percentage of sales decreased in 1992 from 1991 primarily as a result of (i) continued cost control measures implemented in 1991 which reduced discretionary spending, particularly for marketing expenses, (ii) rightsizing the workforce, particularly in Europe, where the work force was decreased by 20% over 1990 levels and (iii) an increase in net sales.

Other expense decreased $1.7 million in 1992, primarily due to a reduction in bank debt coupled with a decline in U.S. interest rates.

During fiscal 1992, the Company's effective income tax rate decreased to 33.9% from 37.8% in 1991. The principal reason for the decrease was a reduction in non-deductible depreciation expense related to assets acquired in previous acquisitions. Additionally, utilization of a net operating loss carryforward to offset current taxable income in Japan contributed to the reduction.

As a result of the aforementioned factors, the Company's net income increased 37.3% to $12.3 million in 1992 from $8.9 million in 1991.

FISCAL 1991 COMPARED WITH FISCAL 1990

In fiscal 1991, the Company's net sales decreased $41.7 million (6.7%) compared with fiscal 1990. The decrease was due primarily to a recessionary environment in most of the Company's major markets, which resulted in a 8.0% decline in unit volume in the interior fabrics, chemicals and carpet tile businesses. The decrease in net sales was accentuated by the weakening of currencies of the Company's major foreign markets against the U.S. dollar, the Company's reporting currency. These factors were offset somewhat by increased sales volume in the Company's carpet tile operations in Germany, Southern Europe, Southeast Asia and the Middle East.

Cost of sales as a percentage of sales increased in 1991 compared with 1990 due primarily to (i) competitive price pressures in most major markets, particularly France and Japan, resulting in a 1.0% decrease in average selling price per square yard of carpet (ii) reduced efficiencies in the manufacturing operations, which was a result of a decline in carpet tile unit volumes of 900,000 square yards, and (iii) the impact of business interruption insurance proceeds of $1.5 million, related to the May 1990 fire at the Company's carpet tile plant in the Netherlands, which reduced cost of sales in 1990.

Selling, general and administrative expenses as a percentage of sales increased in 1991 from 1990 primarily as a result of (i) increased selling costs associated with penetrating developing markets, particularly Southeast Asia, Southern Europe, Eastern Europe and Latin America, (ii) higher selling costs in the interior fabrics business due to emphasis on the U.S. refurbishment market for panel and upholstery fabrics, (iii) the incurring of redundancy costs associated with a reduction in the number of employees of the Company, which for 1991 somewhat offset the benefit of the reduced level of employee costs, and (iv) difficulty in pacing the 1991 cost reductions to the sales decline, thus delaying the benefit of the cost reduction efforts until 1992.

Other expense increased by $3.7 million in 1991, primarily due to certain unusual items which occurred in 1990, namely, a partial reversion of a foreign pension fund, and a gain on disposal of property and equipment resulting from a fire at the Netherlands facility. The increase in other expense was offset somewhat by a $1.9 million reduction in interest expense primarily due to a reduction in bank debt and a decline in U.S. interest rates.

During fiscal 1991, the Company's effective income tax rate of 37.8% remained substantially the same as that for fiscal 1990, although its components changed. Both state income taxes and nondeductible depreciation and amortization increased in percentage due to the relatively higher component of U.S. operations' taxable income in 1991. These increases were offset by the effects of lower foreign taxes, due to certain foreign refunds, credits, and rate reductions.

As a result of the aforementioned factors, the Company's net income decreased 62.2% to $8.9 million in 1991 from $23.6 million in 1990.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of cash over the last three fiscal years have been funds provided by operating activities and proceeds from additional long-term debt. In 1992, operating activities provided $41.7 million of cash compared to $31.1 million and $18.8 million in 1991 and 1990, respectively.

The primary use of cash during the three year period has been (i) additions to property and equipment at all of the Company's manufacturing facilities, (ii) increases in working capital items, and (iii) acquisitions of businesses. The addition to property and equipment required cash outlays of $53.5 million, while increases in working capital required $11.4 million, and the acquisitions of businesses required $5.3 million. Management believes these expenditures will result in expanded market presence and improved efficiency in the Company's production and distribution.

On June 30, 1992, the Company amended its existing revolving credit and term loan facilities. The amendment, among other things, increased the revolving credit facility by approximately $80 million, reduced the outstanding term loans by approximately $12 million, extended the term of the revolving credit and term loan facilities to June 30, 1999, reduced the interest rate on the prime borrowing option by 1/2%, and reduced the required annual amortization of the term loan. As of January 3, 1993, the Company had long-term debt of $59.7 million under its $150.0 million revolving lines of credit, $78 million of term debt and $103.9 million in convertible subordinated debt. The Company believes that it has minimized its exposure to interest rate fluctuations in that over one-half of its debt is at fixed interest rates.

The Company utilizes foreign hedging contracts in order to match anticipated cash flows from foreign operations with local currency debt obligations. Due to the strengthening of the U.S. dollar against the Dutch guilder and the British pound sterling, the Company, as of January 3, 1993, recognized a $21.1 million decrease in the foreign currency translation adjustment account.

At the end of fiscal 1992, the Company estimated capital expenditure requirements of approximately $17.0 million for 1993, with purchase commitments for $3.0 million. Management believes that the cash provided by operations and long-term borrowing arrangements will provide adequate funds for current commitments and other requirements in the foreseeable future.

IMPACT OF INFLATION

Petroleum-based products comprise approximately 90% of the cost of raw materials used by the Company in manufacturing. The Company historically has been able to offset increases in the cost of such petroleum-based products with finished product price increases. Management cannot predict the extent to which it will be able to pass through any future cost increases.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has no post-retirement benefit plans nor any material post-employment benefits as covered by SFAS No. 106 Employers' Accounting for Post-retirement Benefits Other than Pensions and SFAS No. 112 Employers' Accounting for Post-employment Benefits.

Part III, Item 8, Financial Statements and Supplementary Data, of the Registrant's Form 10-K for the fiscal year ended January 3, 1993, as amended, is deleted in its entirety and the following is inserted in lieu thereof:

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and the report of independent certified public accountants identified in Item 14(a)(1) are included in this Report beginning at page F-1.

Part IV, Item 14(a)(1) of the Registrant's Form 10-K for the fiscal year ended January 3, 1993, as amended, is deleted in its entirety and the following is inserted in lieu thereof:

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)1. Financial Statements

The following Consolidated Financial Statements and Notes thereto of Interface, Inc. and subsidiaries and related Report of Independent Certified Public Accountants are incorporated by reference in Item 8 of this Report:

Consolidated Balance Sheets -- January 3, 1993 and December 29, 1991
Consolidated Statements of Income -- years ended January 3, 1993, December 29, 1991 and December 30, 1990
Consolidated Statements of Shareholders' Equity -- years ended January 3, 1993, December 29, 1991 and December 29, 1991
Consolidated Statements of Cash Flows -- years ended January 3, 1993 December 29, 1991 and December 30, 1990
Notes to Consolidated Financial Statements
Report of Independent Certified Public Accountants

INDEX OF FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME

INTERFACE, INC. AND SUBSIDIARIES

<TABLE>
<CAPTION>

	Fiscal Year Ended		
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	1/3/93	12/29/91	12/30/90
<S>	<C>	<C>	<C>
Net sales	$594,078	$581,786	$623,467
Cost of sales	404,130	393,733	410,652
GROSS PROFIT ON SALES	189,948	188,053	212,815
Selling, general and administrative expenses	149,509	150,100	153,317
OPERATING INCOME	40,439	37,953	59,498
Other expense (income)			
Interest expense	21,894	23,253	25,192
Other	(16)	370	(3,374)
	21,878	23,623	21,818
INCOME BEFORE TAXES ON INCOME	18,561	14,330	37,680
Taxes on income	6,311	5,409	14,078
Net Income	$12,250	$8,921	$23,602
EARNINGS PER SHARE			
Primary	$0.71	$0.52	$1.37
Fully diluted	$0.71	$0.52	$1.24
WEIGHTED AVERAGE SHARES OUTSTANDING			
Primary	17,253	17,230	17,214
Fully diluted	23,398	23,375	23,359

</TABLE>
See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

INTERFACE, INC. AND SUBSIDIARIES

<TABLE>
<CAPTION>

(IN THOUSANDS)	1/3/93	12/29/91
<S>	<C>	<C>
ASSETS		
Current		
Cash and cash equivalents	$ 5,824	$ 6,517
Restricted cash equivalents	4,419	3,859
Accounts receivable - trade	109,343	123,799
Inventories	101,390	116,577
Deferred income taxes	743	--
Prepaid expenses	10,712	11,802
TOTAL CURRENT ASSETS	232,431	262,554
Property and equipment		
Land	7,522	7,973
Building	69,617	70,335
Equipment	134,984	120,835
Construction in process	5,642	7,651
	217,765	206,794
Less accumulated depreciation	(80,160)	(67,388)
NET PROPERTY AND EQUIPMENT	137,605	139,406
Excess of cost over net assets acquired	133,321	142,684
Convertible note receivable	3,649	3,060
Deferred income taxes	2,749	--
Miscellaneous	24,365	21,734
	$534,120	$569,438
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 43,530	$ 56,712
Accrued expenses	38,642	32,393
Current maturities of long-term debt	11,425	22,908
TOTAL CURRENT LIABILITIES	93,597	112,013
Long-term debt, less current maturities	131,563	136,212
Convertible subordinated debentures	103,925	103,925
Deferred income taxes	18,686	18,311
TOTAL LIABILITIES	347,771	370,461
SHAREHOLDERS' EQUITY		
Preferred stock	--	--
Common stock		
Class A	1,757	1,737
Class B	329	346
Additional paid-in-capital	82,110	81,769
Retained earnings	117,174	109,066
Foreign currency translation adjustment	2,725	23,805
Treasury stock, 3,600 class A shares, at cost	(17,746)	(17,746)
TOTAL SHAREHOLDERS' EQUITY	186,349	198,977
	$534,120	$569,438

</TABLE>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

INTERFACE, INC. AND SUBSIDIARIES

<TABLE>
<CAPTION>

FOREIGN

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	CLASS A COMMON STOCK SHARES	CLASS A COMMON STOCK AMOUNT	CLASS B COMMON STOCK SHARES	CLASS B COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	CURRENCY TRANSLATION ADJUSTMENT	TREASURY STOCK	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE 12/31/89	17,180	$1,718	3,584	$358	$81,162	$84,812	$6,697	$(17,746)	$157,001
Net income						23,602			23,602
Conversion of common stock	62	6	(62)	(6)					
Issuance of common stock	63	6			573				579
Cash dividends on common stock of $.24 per share						(4,133)			(4,133)
Foreign currency translation adjustment							21,360		21,360
BALANCE 12/30/90	17,305	1,730	3,522	352	81,735	104,281	28,057	(17,746)	198,409
Net income						8,921			8,921
Conversion of common stock	56	6	(56)	(6)					
Issuance of common stock	5	1			34				35
Cash dividends on common stock of $.24 per share						(4,136)			(4,136)
Foreign currency translation adjustment							(4,252)		(4,252)
BALANCE 12/29/91	17,366	1,737	3,466	346	81,769	109,066	23,805	(17,746)	198,977
Net income						12,250			12,250
Conversion of common stock	172	17	(172)	(17)					
Issuance of common stock	33	3			341				344
Cash dividends on common stock of $.24 per share						(4,142)			(4,142)
Foreign currency translation adjustment							(21,080)		(21,080)
BALANCE 1/3/93	17,571	$1,757	3,294	$329	$82,110	$117,174	$2,725	$(17,746)	$186,349

</TABLE>
See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

INTERFACE, INC. AND SUBSIDIARIES

<TABLE>
<CAPTION>

(IN THOUSANDS)	FISCAL YEAR ENDED 1/3/93	12/29/91	12/30/90
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net Income	$ 12,250	$ 8,921	$ 23,602
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	22,257	19,723	21,570
Deferred income taxes	(9,059)	2,984	3,064
Other	(2,315)	--	--
Changes in current assets and liabilities			
Restricted cash equivalents	(560)	(1,519)	(2,340)
Accounts receivable	8,324	6,179	(11,812)
Inventories	8,976	891	(436)
Prepaid expenses and other	(848)	(3,578)	(4,486)
Accounts payable and accrued expenses	2,111	(3,998)	(12,694)
	41,136	29,603	16,468
INVESTING ACTIVITIES			
Capital expenditures	(14,476)	(15,375)	(23,705)
Acquisitions of businesses	--	--	(5,373)
Other	(2,980)	(524)	--
	(17,456)	(15,899)	(29,078)
FINANCING ACTIVITIES			
Long-term borrowings	--	7,639	17,956
Principal payments on long-term debt	(12,438)	(19,100)	(12,675)
Net borrowings (repayments) under revolving credit agreements	(6,171)	818	(1,721)
Proceeds from issuance of common stock	344	34	579
Dividends paid	(4,142)	(4,136)	(4,133)
Other	(1,562)	--	--

	(23,969)	(14,745)	6
Net cash provided by (used for) operating, investing and financing activities	(289)	(1,041)	(12,604)
Effect of exchange rate changes on cash	(404)	(152)	1,570
CASH AND CASH EQUIVALENTS			
Net increase (decrease)	(693)	(1,193)	(11,034)
Balance, beginning of year	6,519	7,710	18,744
Balance, end of year	$ 5,824	$ 6,517	$ 7,710

</TABLE>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

INTERFACE, INC. AND SUBSIDIARIES

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Interface, Inc. ("the Company") and its subsidiaries. All intercompany balances, investments and transactions are eliminated.

TRANSLATION OF FOREIGN CURRENCIES

The financial position and results of operations of the Company's foreign subsidiaries are measured generally using local currencies as the functional currency. Assets and liabilities of these subsidiaries are translated into U.S. dollars at the exchange rate in effect at each year-end. Income statement items are translated at the average rate of exchange prevailing during the year. The resulting translation adjustments are recorded in the foreign currency translation adjustment account in shareholders' equity. Exchange gains and losses on intercompany balances or loans of a long-term investment nature are also recorded in the cumulative translation adjustment account. In the event of a divestiture of a foreign net investment or an investment being no longer considered long-term in nature, the related foreign currency translation results are reversed from equity to income. Other foreign currency transaction gains and losses are also included in income. Exchange gains and losses are not material in amount in any year.

INVENTORIES

Inventories are valued at the lower of cost (standards, which approximate actual cost on a first-in, first-out basis) or market. Maintenance, operating and office supplies are generally not inventoried.

PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes and principally accelerated methods for income tax purposes. Estimated useful lives range from ten to fifty years for buildings and three to twelve years for machinery and equipment.

EXCESS OF COST OVER NET ASSETS ACQUIRED

The excess of purchase price over fair value of net assets of acquired businesses is amortized on a straight-line basis generally over forty years. Accumulated amortization amounted to approximately $16,834,000 and $13,710,000 at January 3, 1993 and December 29, 1991, respectively.

TAXES ON INCOME

Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting For Income Taxes" was issued by the Financial Accounting Standards Board in February 1992 and was adopted by the Company effective at the beginning of fiscal 1992. Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. These temporary differences are determined in accordance with SFAS 109 and are generally more inclusive in nature than timing differences as determined under previously applicable generally accepted accounting principles. An additional requirement of SFAS 109 is that deferred tax liabilities or assets will be determined at the end of each period using the tax rate expected to be in effect when taxes are actually paid or recovered. Accordingly, under the new rules, deferred income taxes will increase or decrease in the same period in which a change in tax rates is enacted. Previous rules required providing deferred taxes using rates in effect when the tax asset or liability was first recorded, without subsequent adjustment solely for tax rate changes. A valuation allowance is used to reduce deferred tax assets to the amount that is more likely than not to be realized for available tax credits, loss carryforwards and future deductible temporary differences.

EARNINGS PER SHARE AND DIVIDENDS

Earnings per share are computed on the basis of the weighted average number of shares outstanding during each year, retroactively adjusted to give effect to stock dividends and stock splits. It is assumed that all dilutive stock options are exercised at the beginning of each year and that the proceeds are used to purchase shares of the Company's Common Stock. The effect of dilutive stock options is not reflected in earnings per share as it is less than 3%. Fully diluted earnings per share are computed as if all debentures convertible into the Company's Common Stock were converted at the beginning of each period, with earnings being increased for interest expense, net of income taxes, that would not have been incurred had the conversion taken place. For fiscal 1992 and 1991, fully diluted earnings per share is the same as primary earnings per share, since the effect of the conversion of the debentures is antidilutive. For the purposes of computing earnings per share and dividends paid per share, the Company is treating as treasury stock (and therefore not outstanding) the shares that are owned by a wholly-owned subsidiary (3,600,000 Class A shares, recorded at cost).

FISCAL YEAR

The Company's fiscal year ends on the Sunday nearest December 31. The fiscal year ended January 3, 1993, comprised 53 weeks, and fiscal years ended December 29, 1991 and December 30, 1990 each comprised 52 weeks.

NOTE 2--CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

(IN THOUSANDS)	1/3/93	12/29/91
Cash	$ 5,549	$ 6,446
Cash equivalents	275	71
TOTAL	$ 5,824	$ 6,517

Cash equivalents, carried at cost which approximates market, consist of short-term, highly liquid investments which are readily convertible into cash and have initial maturities of three months or less.

Under the Company's cash management program, checks in transit are not considered reductions of cash or accounts payable until presented to the bank for payment. At January 3, 1993 and December 29, 1991, checks not yet presented to the bank totalled $10,595,904 and $9,734,000, respectively. In accordance with a Workers' Compensation self-insurance arrangement in the State of Maine, the Company's interior fabrics subsidiary, Guilford of Maine, Inc. (Guilford) is required by state law to maintain a trust account to pay Workers' Compensation claims. At January 3, 1993 and December 29, 1991, the trust account had balances of approximately $4,419,000 and $3,859,000, respectively, and was included in restricted cash equivalents. Cash payments for interest amounted to approximately $21,066,000, $23,345,000, and $26,147,000 for the years ended January 3, 1993, December 29, 1991 and December 30, 1990, respectively. Income tax payments amounted to approximately $8,890,000, $11,323,000, and $10,773,000 for the years ended January 3, 1993, December 29, 1991 and December 30, 1990, respectively.

NOTE 3--INVENTORIES

Inventories are summarized as follows:

(IN THOUSANDS)	1/3/93	12/29/91
Finished goods	$ 55,527	$ 71,302
Work-in-process	21,882	14,325
Raw materials	23,981	30,950

TOTAL	$ 101,390	$ 116,577

</TABLE>

NOTE 4--ACCRUED EXPENSES

Accrued expenses consisted of the following:

<TABLE>
<CAPTION>

(IN THOUSANDS)	1/3/93	12/29/91
<S>	<C>	<C>
Compensation	$ 12,615	$ 10,663
Income taxes	3,741	6,320
Interest	4,044	3,216
Other	18,242	12,194
TOTAL	$ 38,642	$ 32,393

</TABLE>

NOTE 5--LONG-TERM DEBT

Long-term debt consisted of the following:

<TABLE>
<CAPTION>

(IN THOUSANDS)	1/3/93	12/29/91
<S>	<C>	<C>
Secured term loans	$ 78,000	$ 108,390
Revolving credit agreements	60,276	32,243
Industrial revenue bonds	3,800	4,700
Other	912	13,787
TOTAL LONG-TERM DEBT	142,988	159,120
LESS CURRENT MATURITIES	(11,425)	(22,908)
LONG-TERM DEBT	$ 131,563	$ 136,212

</TABLE>

During June 1992, the Company entered into an agreement to amend and restate its revolving credit and term loan facility. The amendment provides for, among other things, an increase in the revolving credit notes from $65,500,000 to $145,000,000 and a reduction in the secured term loans from approximately $92,600,000 to $80,000,000. Additionally, the facility, which originally was to expire during 1996, has been extended to June 30, 1999. The amended and restated revolving credit and secured term loans are collateralized by substantially all of the outstanding stock of the Company's operating subsidiaries (except certain foreign subsidiaries, for which only 66% of the outstanding stock was pledged). The secured term loans are payable quarterly, in increasing amounts, plus interest through June 1999. Interest is charged at the average of the federal funds rate plus 1/2% and the bank's prime lending rate (6% at January 3, 1993) or, at the Company's option, a rate based on either the bank's certificate of deposit rate (3.52% at January 3, 1993) or at a rate ranging from LIBOR plus 3/4% to LIBOR plus 1 1/2%, depending upon the Company's ability to meet certain performance criteria. LIBOR was 3.34% at January 3, 1993. The Company is also required to pay a commitment fee ranging from 3/8% to 1/2% per annum on the unused portion of the revolving credit loans depending upon the Company's ability to meet certain performance criteria. The agreements require

prepayment from specified excess cash flows or proceeds from certain asset sales and provide for restrictions which, among other things, require maintenance of certain financial ratios, restrict encumbrance of assets, limit the payment of dividends, and prohibit the retirement of its Convertible Subordinated Debentures. At January 3, 1993, approximately $11,983,000 of the Company's retained earnings were unrestricted and available for payment of dividends under the most restrictive terms of the agreement. No prepayments from excess cash flows were made during 1992.

Future maturities of long-term debt based on fixed payments (amounts could be higher if excess cash flows or asset sales require prepayment of debt under the revolving credit agreements) are as follows:

<TABLE>
<CAPTION>

FISCAL YEAR	(IN THOUSANDS)

1993	$ 11,425
1994	10,603
1995	10,400
1996	10,400
1997	11,900
Thereafter	88,260
TOTAL	$ 142,988

Additionally, the Company maintains $23,500,000 in revolving lines of credit through several of its subsidiaries. Interest is generally charged at the prime lending rate. Approximately $4,127,000 and $2,481,000 were outstanding under these lines and are included within accounts payable in the consolidated balance sheets at January 3, 1993 and December 29, 1991, respectively.

NOTE 6--CONVERTIBLE SUBORDINATED

DEBENTURES

The Company has $103,925,000 aggregate principal amount of Convertible Subordinated Debentures ("Debentures") maturing in 2013 which were sold in a public offering. The Debentures are unsecured obligations of the Company and bear interest payable semi-annually at 8% per annum. They are convertible into shares of the Company's Class A Common Stock at a conversion price of approximately $16.92 per share. The Debentures are redeemable, at the option of the Company, at a price of 104% during 1993, and are redeemable at decreasing prices thereafter. Sinking fund payments starting in 1999 are required to retire 70% of the Debentures prior to maturity. Since issuance, no Debentures were converted or redeemed.

NOTE 7--TAXES ON INCOME

Effective December 30, 1991, the Company adopted the provisions of SFAS 109. Accordingly, for the year ended January 3, 1993, all disclosures are in accordance with the new rules. Under the provisions of SFAS 109, the Company elected not to restate prior years' consolidated financial statements. The cumulative effect of initial adoption on prior years' retained earnings was not significant. Additionally, the effect of the adoption of SFAS 109 upon income before taxes for fiscal 1992 was not significant.

Provisions for federal, foreign and state income taxes in the consolidated statements of income consisted of the following components:

	FISCAL YEAR ENDED		
(IN THOUSANDS)	1/3/93	12/29/91	12/30/90
Current:			
Federal	$ 4,880	$ 2,087	$ 4,660
Foreign	3,196	(457)	5,213
State	1,352	795	1,141
	9,428	2,425	11,014
Deferred:			
Federal	(2,606)	1,598	1,023
Foreign	(15)	1,132	1,779
State	(496)	254	262
	(3,117)	2,984	3,064
TOTAL TAXES ON INCOME	$6,311	$5,409	$14,078

Income before taxes on income consisted of the following:

	FISCAL YEAR ENDED		
(IN THOUSANDS)	1/3/93	12/29/91	12/30/90

U. S. operations	$ 8,793	$ 10,501	$ 12,308
Foreign operations	9,768	3,829	25,372
TOTAL	$ 18,561	$ 14,330	$ 37,680

Deferred income taxes for the year ended January 3, 1993, reflect the impact of "temporary differences" between the amount of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. Deferred income taxes for the years ended December 29, 1991, and December 30, 1990, result from "timing differences" in the recognition of income and expense for tax and financial reporting purposes and have not been restated.

Principal items making up the deferred tax provisions for those years are as follows:

(IN THOUSANDS)	FISCAL YEAR ENDED 12/29/91	12/30/90
Excess of tax over book depreciation	$ 2,560	$ 1,559
Other	424	1,505
TOTAL	$ 2,984	$ 3,064

The sources of the temporary differences and their effect on deferred taxes at January 3, 1993, are as follows:

(IN THOUSANDS)	ASSETS	LIABILITIES
Basis difference of property and equipment	$ -	$ 17,901
Net operating losses and foreign tax credits	5,491	-
Other differences in bases of assets and liabilities	743	785
Valuation allowance	(2,742)	-
TOTAL	$ 3,492	$ 18,686

During the year ended January 3, 1993, the valuation allowance decreased approximately $1,587,000. At January 3, 1993, the Company had approximately $1,533,000 in foreign tax credits and $11,309,000 in net operating losses within a foreign subsidiary which are available for carryforward through 2000. The effective tax rate on income before taxes differs from the federal statutory rates. The following summary reconciles taxes at the federal statutory rates with the effective rates:

(IN THOUSANDS)	FISCAL YEAR ENDED 1/3/93	12/29/91	12/30/90
TAXES ON INCOME AT STATUTORY RATES	34.0%	34.0%	34.0%
Increase (reduction) In taxes resulting from			
State income taxes, net of federal benefit	3.0	4.8	2.6
Amortization of excess of cost over net assets			

acquired and related purchase accounting adjustments	2.5	5.4	2.4
Differences in foreign tax rates	(4.6)	(7.5)	1.2
Other	(1.0)	1.1	(2.8)
TAXES ON INCOME AT EFFECTIVE RATES	33.9%	37.8%	37.4%

</TABLE>

The Company has not provided for possible U.S. income taxes on the undistributed earnings of foreign subsidiaries that are considered to be reinvested indefinitely. Such earnings would become taxable upon the sale or liquidation of these foreign subsidiaries or upon the remittance of dividends. Upon remittance, certain foreign countries impose withholding taxes that are then available, subject to certain limitations, for use as credits against the Company's U.S. tax liability, if any. Where it is contemplated that earnings will be remitted, credit for foreign taxes already paid generally will offset applicable U.S. income taxes. In cases where they will not offset U.S. income taxes, appropriate provisions are included in the consolidated statements of income. As of January 3, 1993, such undistributed earnings aggregated approximately $75,439,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

INTERFACE, INC. AND SUBSIDIARIES

NOTE 8--EMPLOYEE BENEFIT PLANS

The Company and its subsidiaries have trusteed, defined benefit retirement plans ("Plans") which cover substantially all of their employees except those of Guilford, which has its own 401(k) plan. The benefits are generally based on years of service and the employee's average monthly compensation. Pension expense was $1,743,000, $1,583,000 and $1,265,000 for the fiscal years ended January 3, 1993, December 29, 1991 and December 30, 1990, respectively. Assets exceeded accumulated benefits in certain Plans and accumulated benefits exceeded assets in others as of January 3, 1993. As of December 29, 1991, assets exceeded accumulated benefits in all Plans. The ranges of assumptions used for the actuarial determinations reflect the different economic environments within the various countries where the Plans exist. In 1992 and 1991, the assumed rates of return on Plan assets ranged from 7% to 10%. Measurement of the projected benefit obligation was based on assumed discount rates ranging from 7% to 10% and assumed long-term rates of compensation increases ranging from 5% to 8%.

The Company has 401(k) retirement investment plans ("401(k) Plans"), which are open to all its U.S. employees with one or more years of service. The 401(k) Plans call for Company contributions on a sliding scale based on the level of the employee's contribution. Approximately 70% of eligible employees are enrolled in the 401(k) Plans. The Company's contributions are funded monthly by payment to the 401(k) Plan administrators. Company contributions totalled $474,000, $419,000 and $409,000 for the years ended January 3, 1993, December 29, 1991 and December 30, 1990, respectively.

The Company has a Salary Continuation Plan under which a specified monthly benefit will be paid to selected key employees (or employees' beneficiaries) for a specified period of time after retirement or death or disability prior to retirement. In return for these benefits, key employees must remain with the Company until the occurrence of one of these events. In addition, once benefit payments commence, the key employee must remain available as a consultant and not become employed by or consult for a competitor.

The table presented below sets forth the funded status of the Company's defined benefit plans and amounts recognized in the consolidated financial statements. All of the Company's significant domestic and foreign plans are reflected in the table for each year presented.

<TABLE>
<CAPTION>

	1/3/93		12/29/91
(IN THOUSANDS)	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS	ASSETS EXCEED ACCUMULATED BENEFITS
<S>	<C>	<C>	<C>
Plan assets at fair value, primarily insurance contract	$ 33,092	$ 364	$ 36,155

Actuarial present value of benefit obligations			
Vested benefits	25,307	969	27,478
Non-vested benefits	1,009	--	913
Accumulated benefit obligation	26,316	969	28,391
Effect of projected future salary increases	3,861	2,294	7,992
Projected benefit obligation	30,177	3,263	36,383
Plan assets in excess of projected benefit obligation	2,915	(2,899)	(229)
Unrecognized net gain from past experience different from that assumed	(3,403)	(253)	(1,747)
Unrecognized prior service cost	699	--	819
Unrecognized net asset existing at the date of initial application of SFAS 87	(471)	2,181	133
ACCRUED PENSION COST	$ (260)	$ (971)	$(1,024)
Net pension cost included the following components:			
Service cost - benefits earned during the period	$ 1,322	$ 146	$ 1,553
Interest cost on projected benefit obligation	2,764	120	3,192
Actual return on plan assets	(4,524)	--	(4,191)
Net amortization and deferral	1,927	(12)	1,029
NET PENSION COST	$ 1,489	$ 254	$ 1,583

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

INTERFACE, INC. AND SUBSIDIARIES

NOTE 9 --CAPITAL STOCK AND STOCK OPTIONS

The Company is authorized to issue 40,000,000 shares of $.10 par value Common Stock (Class A and B shares). Class A and B Common Stock have identical voting rights except for the election or removal of directors. Holders of Class B Common Stock are entitled as a class to elect a majority of the Board of Directors. The Company is authorized to issue 5,000,000 shares of $1.00 par value Preferred Stock, of which none have been issued. The Company has a Key Employee Stock Option Plan ("Key Employee Plan") and an Off-Shore Stock Option Plan ("Off-Shore Plan"), under which a committee of the Board of Directors is authorized to grant key employees, including officers, options to purchase the Company's Common Stock. Options granted pursuant to the Key Employee Plan are exercisable for shares of Class A Common Stock at a price not less than 100% of the fair market value on the date of grant. The options are generally exercisable 20% per year for five years from the date of the grant and the options generally expire ten years from the date of the grant. An aggregate of 690,000 shares of Class A Common Stock has been reserved for issuance under this plan. Options are granted pursuant to the Off-Shore Plan to key non-U.S. employees and the directors of the Company's foreign subsidiaries. These options may be exercised for shares of Class A and B Common Stock as determined by the Compensation Committee of the Board of Directors. An aggregate of 1,000,000 shares of Common Stock (Class A or B) has been reserved for issuance under this Plan. As of January 3, 1993, the following stock options were outstanding under these Plans:

<TABLE>
<CAPTION>

YEAR OF GRANT	NUMBER OF SHARES	OPTION PRICE
<S>	<C>	<C>
1984	120,000	$ 7.50
1985	30,000	$ 6.50
1987	100,000	$ 10.50
1988	610,674	$ 7.375-$ 16.25
1990	20,000	$ 18.62
1991	225,000	$ 11.88-$ 13.00
1992	275,000	$ 11.50-$ 13.75

</TABLE>

During 1992, 32,000 and 1,290 options were exercised at an option price of $10.50 and $6.50, respectively. Additionally, approximately 222,000 options were forfeited or cancelled. At January 3, 1993, and December 29, 1991, approximately 702,000 and 520,000 options were exercisable at amounts ranging from $6.50 to $18.625.

NOTE 10--LEASE COMMITMENTS

The Company leases certain marketing locations, distribution facilities and equipment. Aggregate minimum rent commitments under operating leases having an initial term of more than one year are as follows:

FISCAL YEAR	(IN THOUSANDS)
1993	$ 6,467
1994	5,002
1995	2,072
1996	1,122
1997	690
Thereafter	519
TOTAL	$15,872

Rental expense amounted to approximately $10,280,000, $9,314,000 and $8,325,000, for the fiscal years ended January 3, 1993, December 29, 1991 and December 30, 1990, respectively.

NOTE 11--BUSINESS AND FOREIGN OPERATIONS

The Company and its subsidiaries are engaged predominantly in the manufacture and sale of commercial interior finishings. Financial information by geographic area for the fiscal years ended January 3, 1993, December 29, 1991 and December 30, 1990, is as follows:

	FISCAL YEAR ENDED		
(IN THOUSANDS)	1/3/93	12/29/91	12/30/90
SALES TO UNAFFILIATED CUSTOMERS			
United States	$255,476	$248,368	$254,407
Canada	7,268	17,026	22,628
Europe	273,665	271,518	288,829
Far East and Australia	47,669	44,874	57,603
Total	$594,078	$581,786	$623,467
OPERATING INCOME			
United States	$ 21,347	$ 23,114	$ 27,590
Canada	572	950	1,616
Europe	20,099	14,734	25,592
Far East and Australia	(1,579)	(845)	4,700
Total	$ 40,439	$ 37,953	$ 59,498
IDENTIFIABLE ASSETS			
United States	$246,195	$247,591	$242,276
Canada	7,745	14,550	12,748
Europe	242,020	269,811	291,620
Far East and Australia	38,160	37,486	35,727
Total	$534,120	$569,438	$582,371

NOTE 12--QUARTERLY DATA AND SHARE INFORMATION (UNAUDITED)

The Company's Class A Common Stock is traded in the over-the-counter market under the symbol IFSIA and is quoted on the NASDAQ National Market System. The Company's Class B Common Stock is not publicly traded, but is convertible into Class A Common Stock on a one-for-one basis. Both classes of Common Stock share in dividends (see note 5 for discussion of restrictions on the payment of dividends). The following table sets forth, for the fiscal periods indicated, selected consolidated financial data and information regarding the market price per share of the Company's Class A Common Stock. The prices represent the reported high and low closing sale prices.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
FISCAL YEAR ENDED JANUARY 3, 1993				
Net Sales	$ 154,490	$ 149,299	$ 143,716	$ 146,573
Gross Profit	50,202	48,876	46,005	44,865
Net Income	3,779	3,408	1,904	3,159
Earnings per Share:				
Primary	0.22	0.20	0.11	0.18
Fully diluted *	0.22	0.20	0.11	0.18
Share prices:				
High	14 1/8	16 1/2	15	13 7/8
Low	11 3/8	12 3/8	12 3/4	9 5/8
Dividends per Common Share	0.06	0.06	0.06	0.06
FISCAL YEAR ENDED DECEMBER 29, 1991				
Net Sales	$ 151,461	$ 144,974	$ 137,203	$ 148,148
Gross Profit	47,201	47,540	45,679	47,633
Net Income	1,660	2,106	1,664	3,491
Earnings per Share:				
Primary	0.10	0.12	0.10	0.20
Fully diluted *	0.10	0.12	0.10	0.20
Share prices:				
High	12 1/4	14 1/2	14 1/4	10 3/4
Low	8 1/4	10 3/4	9 1/4	7 3/8
Dividends per Common Share	0.06	0.06	0.06	0.06

*For the fiscal years ended January 3, 1993 and December 29, 1991, earnings per on a fully diluted basis were antidilutive.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Shareholders of Interface, Inc.
LaGrange, Georgia

We have audited the accompanying consolidated balance sheets of Interface, Inc. and subsidiaries as of January 3, 1993 and December 29, 1991, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended January 3, 1993. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Interface, Inc. and its subsidiaries as of January 3, 1993 and December 29, 1991, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 3, 1993, in conformity with generally accepted accounting principles.

As described in Note 7 to the consolidated financial statements, during the year ended January 3, 1993, the Company changed its method of accounting for income taxes.

/s/ BDO Seidman

Atlanta, Georgia
February 16, 1993

SIGNATURE

Pursuant to the requirements of Section 12(g) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this reported on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERFACE, INC.

Date: February 28, 1994

By: /s/ Daniel T. Hendrix

Vice-President
Officer (Principal Executive Financial Officer)