FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

CML GROUP INC
CIK:**729576**| IRS No.: **042451745** | State of Incorp.:**DE** | Fiscal Year End: **0731**
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SIC: **3949** Sporting & athletic goods, nec

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(MARK ONE)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED APRIL 29, 1995

OR

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

FOR THE TRANSITION PERIOD FROM ____________ TO ______________

Commission file number 0-12628

CML GROUP, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	04-2451745
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)
524 Main Street, Acton, Massachusetts	01720
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (508) 264-4155

Not Applicable
(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. Yes X No _____

Number of shares outstanding of each of the issuer's classes of common stock: 49,214,859 shares of common stock, $.10 par value, as of June 12, 1995.

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CML GROUP, INC. AND SUBSIDIARIES

Form 10-Q

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Part I: FINANCIAL INFORMATION

Item 1. Financial Statements

CML GROUP, INC. & SUBSIDIARIES
Consolidated Condensed Balance Sheets

ASSETS

<CAPTION>

<S>	April 29, 1995 <C>	July 31, 1994 <C>
Current assets:		
Cash and cash equivalents	$ 15,252,000	$ 28,929,000
Accounts receivable - trade	66,375,000	42,075,000
Prepaid income taxes	6,688,000	6,688,000
Inventories:		
Raw materials	14,106,000	12,617,000
Work in process	4,289,000	3,552,000
Finished goods	51,732,000	64,564,000
Total inventories	70,127,000	80,733,000
Net assets of business held for sale	30,000,000	---
Other current assets	22,409,000	26,387,000
Total current assets	210,851,000	184,812,000
Property, plant and equipment, at cost:		
Land and buildings	19,515,000	20,172,000
Machinery and equipment	78,442,000	79,228,000
Leasehold improvements	78,804,000	113,910,000
	176,761,000	213,310,000
Less accumulated depreciation	62,610,000	65,705,000
	114,151,000	147,605,000
Goodwill	12,608,000	34,889,000
Other assets	17,466,000	17,357,000
	$355,076,000	$384,663,000

</TABLE>

See Notes to Consolidated Condensed Financial Statements.

<TABLE>

CML GROUP, INC. & SUBSIDIARIES
Consolidated Condensed Balance Sheets

LIABILITIES AND STOCKHOLDERS' EQUITY

<CAPTION>

<S>	April 29, 1995 <C>	July 31, 1994 <C>
Current liabilities:		
Current portion of long-term debt	$ 170,000	$ 226,000
Accounts payable	32,283,000	33,868,000
Accrued compensation	5,002,000	8,423,000
Accrued advertising	10,100,000	5,302,000
Accrued income taxes	1,670,000	483,000
Accrued expenses relating to discontinued operations	8,675,000	--
Other accrued expenses	28,155,000	32,768,000
Total current liabilities	86,055,000	81,070,000
Noncurrent liabilities:		
Long-term debt	179,000	1,292,000
Convertible subordinated debentures	41,593,000	57,500,000
Other noncurrent liabilities	16,002,000	25,564,000
Total noncurrent liabilities	57,774,000	84,356,000
Stockholders' equity:		
Common stock par value $.10 per share Authorized - 120,000,000 shares Issued - 52,000,480 shares and 51,851,180 shares	5,200,000	5,185,000
Additional paid-in capital	79,250,000	78,736,000
Retained earnings	163,527,000	163,825,000
	247,977,000	247,746,000
Less treasury stock, at cost, 2,773,941 shares and 1,865,941 shares	36,730,000	28,509,000
	211,247,000	219,237,000
	$355,076,000	$384,663,000

</TABLE>

See Notes to Consolidated Condensed Financial Statements.

<TABLE>

CML GROUP, INC. & SUBSIDIARIES
Consolidated Condensed Statements of Income

For the periods ended April 29, 1995
and April 30, 1994

<CAPTION>

	Three Months		Nine Months	
	1995	1994	1995	1994

<S>	<C>	<C>	<C>	<C>
Net sales	$179,525,000	$176,775,000	$587,715,000	$536,478,000
Less costs and expenses:				
Cost of goods sold	70,998,000	59,154,000	221,280,000	185,142,000
Selling, general and administrative expenses	110,655,000	87,756,000	305,317,000	252,956,000
Interest expense (income)	(147,000)	477,000	806,000	1,493,000
	181,506,000	147,387,000	527,403,000	439,591,000
Income (loss) from continuing operations before income taxes and extraordinary credit	(1,981,000)	29,388,000	60,312,000	96,887,000
Provision (benefit) for income taxes	(1,301,000)	10,609,000	22,557,000	34,976,000
Income (loss) from continuing operations before extraordinary credit	(680,000)	18,779,000	37,755,000	61,911,000
Discontinued operations:				
Income (loss) from operations, net of income taxes	(4,345,000)	(1,717,000)	(1,346,000)	594,000
Provision for loss on disposal, net of income tax benefit	(35,678,000)	--	(35,678,000)	--
	(40,023,000)	(1,717,000)	(37,024,000)	594,000
Income (loss) before extraordinary credit	(40,703,000)	17,062,000	731,000	62,505,000
Extraordinary credit - early extinguishment of debt, net of income taxes	1,073,000	--	2,198,000	--
Net income (loss)	($39,630,000)	$ 17,062,000	$ 2,929,000	$ 62,505,000
Earnings (loss) per share:				
Income (loss) from continuing operations before extraordinary credit:				
Primary	($0.01)	$0.36	$0.75	$1.20
Fully diluted	($0.01)	$0.36	$0.75	$1.18
Income (loss) before extraordinary credit:				
Primary	($0.82)	$0.33	$0.01	$1.21
Fully diluted	($0.82)	$0.33	$0.01	$1.19
Net income (loss):				
Primary	($0.80)	$0.33	$0.06	$1.21
Fully diluted	($0.80)	$0.33	$0.06	$1.19
Weighted average number of shares outstanding	50,216,999	51,554,304	50,565,802	51,781,621

</TABLE>

See Notes to Consolidated Condensed Financial Statements.

<TABLE>

CML GROUP, INC. & SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows

<CAPTION>

	For the Nine Months Ended	
	April 29, 1995	April 30, 1994
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 2,929,000	$ 62,505,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loss on disposal of discontinued operation	35,678,000	--
Gain on early extinguishment of debt	(2,198,000)	--
Depreciation and amortization	22,432,000	17,930,000
Loss on disposal of property, plant and equipment	2,367,000	1,366,000

Changes in working capital items	(21,353,000)	(39,652,000)
(Increase) decrease in other assets	(2,657,000)	484,000
Increase (decrease) in other noncurrent liabilities	(264,000)	884,000
Net cash provided by operating activities	36,934,000	43,517,000
Cash flows from investing activities:		
Additions to property, plant and equipment	(26,818,000)	(41,916,000)
Reduction in notes receivable	72,000	96,000
Net cash used in investing activities	(26,746,000)	(41,820,000)
Cash flows from financing activities:		
Decrease in long-term debt	(1,169,000)	(223,000)
Acquisition of convertible debentures	(11,991,000)	--
Dividends paid	(2,998,000)	(3,039,000)
Exercise of stock options	529,000	396,000
Acquisition of treasury stock	(8,236,000)	(10,396,000)
Net cash used in financing activities	(23,865,000)	(13,262,000)
Net decrease in cash and cash equivalents during the period	(13,677,000)	(11,565,000)
Cash and cash equivalents at the beginning of the period	28,929,000	64,010,000
Cash and cash equivalents at the end of the period	$ 15,252,000	$ 52,445,000

</TABLE>

See Notes to Consolidated Condensed Financial Statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Note 1

The accompanying consolidated condensed financial statements and notes should be read in conjunction with the financial statements contained in the Company's Annual Report on Form 10-K. In the opinion of management, the accompanying consolidated condensed financial statements include all adjustments necessary for a fair presentation of the results of the interim periods presented and, except for the adjustments relating to the decision to sell Britches of Georgetowne (see Note 2), all such adjustments are of a normal recurring nature. The retail industry is seasonal in nature and the results of operations for the interim periods presented may not be indicative of the results for a full year.

The Company does not own any securities covered by Statement of Financial Accounting Standards ("SFAS") No. 115. Adoption of SFAS No. 119 would not have a material effect on the Company's consolidated financial statements.

Certain 1994 amounts have been reclassified to conform to the 1995 presentation.

Note 2 - Discontinued Operation

During the third quarter of fiscal 1995, the Company decided to sell its Britches of Georgetowne ("Britches") subsidiary and, therefore, has accounted for the planned divestiture as a discontinued operation in the accompanying consolidated condensed financial statements. In connection with its decision to sell Britches, the Company recorded a provision for loss on disposal of $35,678,000, net of an income tax benefit of $5,310,000. The pretax provision for loss on disposal includes a write-down of Britches net assets to estimated net realizable value and estimated operating losses until disposal. The Company anticipates that a sale can be consumated prior to the end of the third quarter of fiscal 1996 and, accordingly, has included the estimated net realizable value of Britches' net assets in current assets on the accompanying consolidated condensed balance sheet at April 29, 1995.

Note 3 - Long-term Debt

<TABLE>

Consolidated long-term debt is summarized as follows:

<CAPTION>

<S>	April 29, 1995 <C>	July 31, 1994 <C>
Note payable	$240,000	$1,352,000
Obligations under capital leases	109,000	166,000
	349,000	1,518,000
Less current portion	170,000	226,000
Long-term debt	$179,000	$1,292,000

</TABLE>

During the nine months ended April 29, 1995, the Company recorded an extraordinary gain of $2,198,000, net of income taxes of $1,313,000, resulting from the repurchase of $15,907,000 principal amount of the Company's 5 1/2% convertible subordinated debentures due 2003.

Note 4 - Contingencies

Litigation

In October 1992, The Nature Company filed a lawsuit against Natural Wonders, Inc. in federal court seeking damages and injunctive relief to remedy alleged false representations, intellectual property infringement and unfair competition by Natural Wonders. In November 1992, Natural Wonders responded by filing counterclaims against The Nature Company alleging unfair competition, interference with Natural Wonders' contractual relations and prospective business advantage in violation of state and federal antitrust laws. This lawsuit was settled favorably during the third quarter of fiscal 1995.

On October 25, 1994, four stockholders, owning an aggregate of 2,400 shares of CML Group, Inc. Common Stock, filed a class action lawsuit in the U.S. District Court for the District of Massachusetts against the Company and its Chairman, Charles M. Leighton, and President, G. Robert Tod. The complaint alleged that the Company failed to properly disclose the extent of its NordicTrack advertising expenditures and the impact of those expenditures on its future operating results, thereby violating federal securities laws. On December 19, 1994, the defendants filed a motion to dismiss the complaint, and on April 7, 1995, the plaintiffs responded by filing an Amended Complaint which added an allegation that Messrs. Leighton and Tod violated the securities laws by selling CML stock in the spring of 1994. The Company believes the Amended Complaint is without merit and intends to vigorously contest the lawsuit. In April 1995, the defendants filed a motion which is currently pending before the Court to dismiss this lawsuit.

The Company is involved in various other legal proceedings and claims which have arisen in the ordinary course of business. Management believes the outcome of such proceedings will not have a material adverse impact on the Company's financial condition or results of operations.

Environmental Matters

On June 3, 1991, the Company received from the United States Environmental Protection Agency ("EPA") a Special Notice Letter ("Special Notice") containing a formal demand on the Company as a Potentially Responsible Party ("PRP") for reimbursement of the costs incurred and expected to be incurred in response to environmental problems at a so-called "Superfund" site in Conway, New Hampshire. The EPA originally estimated the costs of remedial action and future maintenance and monitoring programs at the site at about $7.3 million. The Superfund site includes a vacant parcel of land owned by a subsidiary of the Company as well as adjoining property owned by others. No manufacturing or other activities involving hazardous substances have ever been conducted by the Company or its affiliates on the Superfund site in Conway. The environmental problems affecting the land resulted from activities by the owners of the adjoining parcel. Representatives of the Company have engaged in discussions with the EPA regarding responsibility for the environmental problems and the costs of cleanup. The owners of the adjoining parcel are bankrupt. The EPA commenced cleanup activities at the site in July 1992.

The EPA has expended approximately $1.4 million for the removal phase of the site cleanup, which has now been completed. The EPA had estimated that the removal costs would exceed $3.0 million, but only a small portion of the solid waste removed from the site was ultimately

identified as hazardous waste. Therefore, the EPA's actual response costs for the removal phase were less than the EPA originally estimated. The EPA has implemented the groundwater phase of the cleanup, which was originally estimated by the EPA to cost approximately $4.0 million.

The Company believes that the EPA's estimated cost for cleanup, including the remedial actions, is excessive and involves unnecessary actions. In addition, a portion of the remedial cost involves cleanup of the adjoining property that is not owned by the Company or any of its affiliates. Therefore, the Company believes it is not responsible for that portion of the cleanup costs. The Company has reserves and insurance coverage (from its primary insurer) for environmental liabilities at the site in the amount of approximately $2.3 million. The Company also believes that it is entitled to additional insurance from its excess insurance carriers. However, if excess liability coverage is not available to the Company and the ultimate liability substantially exceeds the primary insurance amount and reserves, the liability would have a material adverse effect upon the Company's operating results for the period in which the resolution of the claim occurs, but would not have a material adverse effect upon the Company's financial condition.

In June 1992, the EPA notified the Company it may be liable for the release of hazardous substances by a former subsidiary at a hazardous waste treatment and storage facility in Southington, Connecticut. The EPA has calculated the Company's volumetric contribution at less than two tenths of one percent. The EPA has not completed its Remedial Investigation/Feasibility Study and, therefore, an estimate of cleanup costs is not available.

Note 5 - Dividend

On March 2, 1995, the Company's Board of Directors declared a cash dividend of $0.025 per share, payable June 16, 1995 to stockholders of record as of May 30, 1995.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introduction

After reviewing its performance and strategic fit with the Company's other business segments, the Company decided at the end of the third quarter of fiscal 1995 to sell its Britches of Georgetowne ("Britches") subsidiary. Accordingly, Britches has been accounted for as a discontinued operation in the accompanying consolidated condensed financial statements. The sale of Britches will allow the Company to focus on businesses which have the greatest growth prospects and offer the greatest potential return on investment. The Company's continuing operations consist of NordicTrack, NordicAdvantage and The Nature Company (including Smith & Hawken, Hear Music and The Scientific Revolution).

Financial Condition

Stockholders' equity decreased by $8.0 million from $219.2 million at July 31, 1994 to $211.2 million at April 29, 1995 due primarily to net income of $2.9 million, including a $40.0 million loss from discontinued operations, net of income taxes, offset by the purchase of $8.2 million of common stock and dividends of $3.2 million. During the first nine months of fiscal 1995, the Company spent approximately $26.8 million on additions to property, plant and equipment. The Company's ratio of long-term debt to equity decreased from 0.27 to 1 at July 31, 1994 to 0.20 to 1 at April 29, 1995 due primarily to a decrease in long-term debt. The decrease in long-term debt was due primarily to the purchase of $15.9 million principal amount of the Company's 5 1/2% convertible subordinated debentures due 2003. The Company's available cash decreased from $28.9 million at July 31, 1994 to $15.3 million at April 29, 1995. During the first nine months of fiscal 1995, the Company spent $20.2 million to purchase its convertible debentures and common stock. The Company may purchase additional shares of its common stock or convertible debentures. Total unused borrowing capacity under the Company's revolving credit agreement was approximately $50.8 million at April 29, 1995 compared to $52.3 million at July 31, 1994. Accounts receivable - trade increased by $24.3 million from $42.1 million at July 31, 1994 to $66.4 million at April 29, 1995 due primarily to an increase in receivables arising from the extended payment plans offered by NordicTrack. The Company believes that internally generated funds, available bank lines of credit and proceeds from the sale of assets will be sufficient to meet its current and long-term operating needs and anticipated capital expenditures.

Results of Continuing Operations

During the third quarter of fiscal 1995, net sales increased by $2.8 million to $179.5 million, or 1.6%, over the third quarter of fiscal 1994. The Company incurred a net loss of $39.6 million in the third quarter of fiscal 1995 compared with net income of $17.1 million in the third quarter of fiscal 1994. The $39.6 million net loss incurred during the third quarter of fiscal 1995 consisted of a loss from continuing operations of $0.7 million, a loss from discontinued operations of $40.0 million and an extraordinary credit of $1.1 million. For the first nine months of fiscal 1995, net sales increased by $51.2 million to $587.7 million, or 9.5%, compared to $536.5 million in the first nine months of fiscal 1994. Net income decreased to $2.9 million in the first nine months of fiscal 1995 from $62.5 million in the first nine months of fiscal 1994. The $2.9 million of net income during the first nine months of fiscal 1995 consisted of income from continuing operations of $37.7 million, a loss from discontinued operations of $37.0 million and an extraordinary credit of $2.2 million. Net income for the third quarter and first nine months of fiscal 1995 included an extraordinary gain, net of income taxes, of $1.1 million and $2.2 million, respectively , resulting from the purchase of the Company's 5 1/2% convertible subordinated debentures.

Total retail store sales increased by $14.3 million in the third quarter of fiscal 1995 to $95.0 million, or 17.7%, over the third quarter of fiscal 1994. During the third quarter of fiscal 1995, comparable store sales decreased by 18.9%. For the first nine months of fiscal 1995, total retail store sales increased by $49.7 million to $317.9 million, or 18.5%, over the first nine months of fiscal 1994 and comparable store sales decreased by 10.4%. The increase in total retail store sales for the third quarter and first nine months of fiscal 1995 was due to the addition of new stores, primarily by NordicAdvantage.

Direct response and mail order sales decreased by $11.6 million during the third quarter of fiscal 1995 to $84.5 million, or 12.1%, over the third quarter of fiscal 1994. For the first nine months of fiscal 1995, direct response and mail order sales increased by $1.5 million to $269.8 million, or 0.6%, over the first nine months of fiscal 1994. The decrease in direct response and mail order sales during the third quarter of fiscal 1995 and the increase during the first nine months of fiscal 1995 was due primarily to direct response and mail order sales results at NordicTrack.

Cost of goods sold increased from 33.5% and 34.5% of sales in the third quarter and first nine months of fiscal 1994, respectively, to 39.5% and 37.7% of sales in the third quarter and first nine months of fiscal 1995, respectively. The increase in cost of goods sold for the third quarter and first nine months of fiscal 1995 was due to several factors, including reduced manufacturing efficiencies, discontinuation of certain unprofitable products and writedowns of related surplus and obsolete inventories, higher refurbishment costs resulting from increased returns attributable to a recently introduced treadmill product, the results of a physical inventory at NordicTrack and higher markdowns recorded by The Nature Company as part of the strategy to re-merchandise The Nature Company concept.

Selling, general and administrative expenses increased from 49.6% and 47.2% of sales in the third quarter and first nine months of fiscal 1994, respectively, to 61.6% and 51.9% of sales in the third quarter and first nine months of fiscal 1995, respectively. The increase in selling, general and administrative expenses for the third quarter and first nine months of fiscal 1995 was due primarily to fixed costs at NordicAdvantage and The Nature Company stores which experienced decreases in comparable store sales during the third quarter and first nine months of fiscal 1995 and reduced advertising efficiencies at NordicTrack.

The Company earned net interest income of $0.1 million in the third quarter of fiscal 1995 compared to net interest expense of $0.5 million in the third quarter of fiscal 1994. During the first nine months of fiscal 1995, net interest expense decreased to $0.8 million, or 0.1% of sales, compared to net interest expense of $1.5 million, or 0.3% of sales, in the first nine months of fiscal 1994. The decrease in net interest expense during the third quarter and first nine months of fiscal 1995 was due primarily to higher interest rates earned on the Company's investments in money market mutual funds and higher interest expense attributable to Britches which has been accounted for as a discontinued operation in the accompanying consolidated condensed financial statements.

The provision for income taxes as a percentage of pretax income increased from 36.1% in the first nine months of fiscal 1994 to 37.4% in the first nine months of fiscal 1995. The decrease in net income during the third quarter and first nine months of fiscal 1995 was due primarily to higher cost of goods sold and higher selling, general and administrative expenses at NordicTrack and The Nature Company and the loss from discontinued operations attributable to the decision to sell Britches.

During the third quarter of fiscal 1995, NordicTrack's sales increased by $4.1 million to $146.6 million, or 2.9%, over the third quarter of fiscal 1994 due to higher retail sales. Nordic Advantage's retail sales increased by $15.0 million, or 27.9%, from $53.8 million in the third quarter of fiscal 1994 to $68.8 million in the third quarter of fiscal 1995. Nordic Advantage's comparable store sales decreased 18.9% and 14.3% during the third quarter and first nine months of fiscal 1995, respectively. NordicTrack's direct response sales decreased by $10.9 million during the third quarter of fiscal 1995 to $77.8 million, or 12.3%, over the third quarter of fiscal 1994. During the first nine months of fiscal 1995, NordicTrack's sales increased by $46.8 million to $426.3 million, or 12.3%, over the first nine months of fiscal 1994. Nordic Advantage's retail sales increased $45.2 million, or 31.3%, from $144.5 million in the first nine months of fiscal 1994 to $189.7 million in the first nine months of fiscal 1995. During the first nine months of fiscal 1995, NordicTrack's direct response sales increased by $1.6 million to $236.6 million, or 0.7%, over the first nine months of fiscal 1994. The increase in retail sales at Nordic Advantage was due primarily to the opening of new stores. Nordic Advantage operated 114 stores at the end of the third quarter of fiscal 1995 compared to 75 stores at the end of the third quarter of fiscal 1994.

The Nature Company segment includes The Nature Company, Smith & Hawken and two early stage retail concepts, Hear Music and Scientific Revolution. During the third quarter of fiscal 1995, The Nature Company segment's sales decreased by $1.4 million, or 4.1%, to $32.9 million over the third quarter of fiscal 1994. The Nature Company segment's retail sales decreased by $0.6 million, or 2.2%, to $26.3 million compared to $26.9 million during the third quarter of fiscal 1994. The Nature Company segment's comparable store sales decreased 19.0% and 7.0% during the third quarter and first nine months of fiscal 1995, respectively. At the end of the third quarter of fiscal 1995, The Nature Company segment operated 146 stores compared to 131 stores at the end of the third quarter of fiscal 1994. During the third quarter of fiscal 1995, The Nature Company segment's mail order sales decreased by $0.8 million to $6.6 million, or 10.8%, compared to $7.4 million during the third quarter of fiscal 1994.

During the first nine months of fiscal 1995, The Nature Company segment's sales increased by $4.4 million to $161.4 million, or 2.8%, over the first nine months of fiscal 1994 due to the opening of new stores. The Nature Company segment's retail sales increased by $4.5 million, or 3.6%, to $128.2 million compared to $123.7 million in the first nine months of fiscal 1994 due to the opening of new stores. During the first nine months of fiscal 1995, The Nature Company segment's mail order sales decreased by $0.1 million, or 0.3%, to $33.2 million compared to $33.3 million during the first nine months of fiscal 1995.

The Company does not own any securities covered by Statement of Financial Accounting Standards ("SFAS") No. 115. Adoption of SFAS No. 119 would not have a material effect on the Company's consolidated financial statements.

Results of Discontinued Operations

During the third quarter of fiscal 1995, Britches' sales increased by $1.4 million, or 6.6% to $22.7 million compared to $21.3 million during the third quarter of fiscal 1994. During the first nine months of fiscal 1995, Britches' sales increased $10.1 million, or 11.1% to $100.9 million compared to $90.8 million in the first nine months of fiscal 1994. Britches' comparable store sales decreased 9.4% and 7.0% during the third quarter and first nine months of fiscal 1995, respectively. The Company expects the negative trend in comparable store sales will continue.

The Company intends to fund Britches' seasonal requirements, capital expenditures and operating losses to the sale date. Cash proceeds from the sale of Britches may be used to paydown seasonal bank debt, fund the Company's continuing businesses or to purchase additional common stock or convertible debentures.

PART II: OTHER INFORMATION

Item 1: Legal Proceedings.

Environmental Matters

Note 4 of Notes to Consolidated Condensed Financial Statements in Item 1 of Part I hereof is hereby incorporated by reference for information concerning environmental matters.

Litigation

In October 1992, The Nature Company filed a lawsuit against Natural Wonders, Inc. in the United States District Court for the Northern District of California seeking damages and injunctive relief to remedy alleged false representations, intellectual property infringement and unfair competition by Natural Wonders. In November 1992, Natural Wonders responded by filing counterclaims against The Nature Company alleging unfair competition, interference with Natural Wonders' contractual relations and prospective business advantage in violation of state and federal antitrust laws, and seeking damages treble the amount to be proved at trial. This lawsuit was settled favorably during the third quarter of fiscal 1995.

On October 25, 1994, four stockholders, owning an aggregate of 2,400 shares of CML Group, Inc. Common Stock, filed a class action lawsuit in the U.S. District Court for the District of Massachusetts against the Company and its Chairman, Charles M. Leighton, and President, G. Robert Tod. The complaint alleged that the Company failed to properly disclose the extent of its NordicTrack advertising expenditures and the impact of those expenditures on its future operating results, thereby violating federal securities laws. On December 19, 1994, the defendants filed a motion to dismiss the complaint, and on April 7, 1995, the plaintiffs responded by filing an Amended Complaint which added an allegation that Messrs. Leighton and Tod violated the securities laws by selling CML stock in the spring of 1994. The Company believes the Amended Complaint is without merit and intends to vigorously contest the lawsuit. In April 1995, the defendants filed a motion which is currently pending before the Court to dismiss this lawsuit.

The Company is involved in various other legal proceedings which have arisen in the ordinary course of business. Management believes the outcome of such proceedings will not have a material adverse impact on the Company's financial condition or results of operations.

Items 2-5: None.

Item 6: Exhibits and Reports on Form 8-K.
(a) Exhibits - See Exhibit Index.

(b) Reports on Form 8-K:

None.

Signatures
- ----------

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

CML GROUP, INC.
(Registrant)

Date: June 13, 1995

/s/Glenn E. Davis
Glenn E. Davis
Vice President and Controller
(Principal Accounting Officer)

<TABLE>

EXHIBIT INDEX

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Exhibit 11

CML GROUP, INC. AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE

<CAPTION>

	Third Quarter 1995	Third Quarter 1994	Nine Months 1995	Nine Months 1994
<S>	<C>	<C>	<C>	<C>
Primary earnings (loss) per share:				
Weighted average number of shares outstanding:				
Common	49,536,857	50,512,151	49,795,869	50,571,798
Shares deemed outstanding from the assumed exercise of stock options and from deferred compensation awards	680,142	1,042,153	769,933	1,209,823
Total	50,216,999	51,554,304	50,565,802	51,781,621
Net income	$(39,630,000)	$17,062,000	$ 2,929,000	$62,505,000
Primary earnings (loss) per share	($0.80)	$0.33	$0.06	$1.21
Fully diluted earnings (loss) per share:				
Weighted average number of shares outstanding, as above	50,216,999	51,554,304	50,565,802	51,781,621
Shares deemed outstanding from the assumed conversion of convertible subordinated debentures	1,743,667	2,218,649	2,024,256	2,218,649
Additional shares deemed outstanding from the assumed exercise of stock options	--	--	2,642	33,683
Total	51,960,666	53,772,953	52,592,700	54,033,953
Additional income from the elimination of the interest cost of the convertible subord-inated debentures, net of income tax effect	$411,000	$543,000	$1,442,000	$1,563,000
Fully diluted earnings (loss) per share	($0.80)	$0.33	$0.06	$1.19

</TABLE>

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<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS OF CML GROUP, INC. FOR THE NINE MONTHS ENDED APRIL 29, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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