FORM 8-K/A

Current report filing [amend]

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FILER

COLLINS & AIKMAN FLOOR COVERINGS INC

CIK:**1037123**| IRS No.: **582151061** | State of Incorp.:**DE** | Fiscal Year End: **0125**
Type: **8-K/A** | Act: **34** | File No.: **000-22791** | Film No.: **99709612**
SIC: **2273** Carpets & rugs

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311 SMITH INDUSTRIAL BLVD
DALTON GA 30721

Business Address
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DALTON GA 30721
7062599711

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 28, 1999

Commission File Number 333-24699

COLLINS & AIKMAN FLOORCOVERINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	58-2151061
(State or other jurisdiction of incorporation or organization)	IRS Employer Identification No.)

311 Smith Industrial Boulevard, Dalton, Georgia	30721
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (706) 259-9711

COLLINS & AIKMAN FLOORCOVERINGS, INC.
Amendment No.1 on Form 8-K/A
to
Current Report on Form 8-K

Introduction

This Amendment No. 1 on Form 8-K/A ("Amendment") is being filed by Collins & Aikman Floorcoverings, Inc. (the "Registrant") to amend Item 7 of the Company's Current Report on Form 8-K dated June 28, 1999 (the "Initial Report") relating to the acquisition on June 28, 1999 of Monterey Carpets, Inc. (the "Monterey Acquisition"). Pursuant to the instructions to Item 7 of Form 8-K, the Registrant is filing this Amendment (not later than 60 days after the date that the Initial Report was required to be filed) in order to include the financial statements and pro forma financial information required with respect to Monterey Carpets, Inc. Pursuant to Rule 12b-15 of the SEC Rules, the complete text of Item 7, as amended, is set forth herein.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of businesses acquired

<TABLE>

</TABLE>

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of Monterey Carpets, Inc.:

We have audited the accompanying consolidated balance sheets of MONTEREY CARPETS, INC. (a Delaware Corporation) and subsidiary as of July 25, 1998 and June 26, 1999 and the related consolidated statements of operations, shareholders' equity and cash flows for the year and eleven-month period then ended. These 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 did not audit the financial statements of Chroma Systems Partners, the investment in which is reflected in the accompanying consolidated financial statements using the equity method of accounting. The investment in Chroma Systems Partners represents 9 percent of total assets and the equity in its net income represents 29 percent and 26 percent of pre-tax net income as of the year ended July 25, 1998 and for the eleven-month period ended June 26, 1999, respectively. The statements of Chroma Systems Partners were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for Chroma Systems Partners, is based on the report of the other auditors.

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, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Monterey Carpets, Inc. and subsidiary as of July 25, 1998 and June 26, 1999, and the results of their operations and their cash flows for the year and for the eleven-month period then ended in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Orange County, California
September 10, 1999

MONTEREY CARPETS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
AS OF JULY 25, 1998 AND JUNE 26, 1999
(In thousands)

<TABLE>
<CAPTION>

	July 26, 1998	June 26, 1999
ASSETS		
CURRENT ASSETS:		
<S>	<C>	<C>
Cash	$ 406	$ 1
Due From Factor	4,109	6,192
Accounts Receivable, Less Allowance For Doubtful Accounts of $14 and $11, respectively	650	502
Inventories	4,285	6,192
Prepaid Expenses And Other Current Assets	104	207
Deferred Income Taxes	731	799
Total Current Assets	10,285	13,893
EQUITY INVESTMENT IN CHROMA SYSTEMS PARTNERS	1,323	1,793
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION	3,237	3,356

DEFERRED INCOME TAXES	182	85
	$ 15,027	$ 19,127

</TABLE>

The accompanying notes are an integral part of these consolidated balance sheets.

MONTEREY CARPETS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
AS OF JULY 25, 1998 AND JUNE 26, 1999
(In thousands, except share amounts)

<TABLE>
<CAPTION>

	July 25, 1998	June 26, 1999
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
<S>	<C>	<C>
Notes Payable, Current Portion	$ 586	$ 372
Accounts Payable	2,132	2,054
Due To Related Party	233	272
Accrued Liabilities	2,076	2,848
Total Current Liabilities	5,027	5,546
NOTES PAYABLE, NET OF CURRENT PORTION	396	41
Total Liabilities	5,423	5,587
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred Stock, Series A, $.01 Par Value; 205,000 Shares Authorized, Issued, And Outstanding; Stated At Cost, $3.9 And $4.1 Million Aggregate Liquidation Value As Of July 25, 1998 And June 26, 1999, Respectively	2,050	2,050
Common Stock, $.01 Par Value; 1,000,000 Shares Authorized, 352,900 And 601,514 Shares Issued And Outstanding As Of July 25, 1998 And June 26, 1999, Respectively	4	6
Additional Paid-In Capital	628	1,127
Retained Earnings	6,940	10,625
Notes Receivable For Shares Sold	--	(250)
Treasury Stock, At Cost - 6,736 Shares	(18)	(18)
	9,604	13,540
	$ 15,027	$ 19,127

</TABLE>

The accompanying notes are an integral part of these consolidated balance sheets.

MONTEREY CARPETS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED JULY 25, 1998
AND THE ELEVEN MONTHS ENDED JUNE 26, 1999
(In thousands)

<TABLE>
<CAPTION>

	July 25, 1998	June 26, 1999

<S> <C> <C>

NET SALES	$ 41,108	$ 46,718
COST OF SALES	26,651	29,451
GROSS PROFIT	14,457	17,267
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	10,710	12,582
INCOME FROM OPERATIONS	3,747	4,685
EQUITY IN EARNINGS OF CHROMA SYSTEMS PARTNERS OPERATIONS	1,477	1,645
INCOME FROM OPERATIONS AND EQUITY IN EARNINGS OF CHROMA SYSTEMS PARTNERS OPERATIONS	5,224	6,330
OTHER (INCOME) EXPENSE:		
Net Interest Expense	138	60
Other (Income) Expense	(18)	6
Total Other Expense	120	66
INCOME BEFORE PROVISION FOR INCOME TAXES	5,104	6,264
PROVISION FOR INCOME TAXES	2,115	2,579
NET INCOME	$ 2,989	$ 3,685

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

MONTEREY CARPETS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED JULY 25, 1998 AND THE ELEVEN MONTHS ENDED JUNE 26, 1999
(In thousands, except share amounts)

<TABLE>
<CAPTION>

	PREFERRED STOCK A SERIES		COMMON STOCK		ADDITIONAL PAID IN	RETAINED
	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	EARNINGS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, JULY 26, 1997	205,000	$ 2,050	325,918	$ 4	$ 559	$ 3,951
Issuance of Common Stock Upon Exercise of Stock Options	--	--	26,982	--	69	--
Net Income	--	--	--	--	--	2,989
BALANCE, JULY 25, 1998	205,000	2,050	352,900	4	628	6,940
Issuance of Common Stock Upon Exercise of Stock Options And Warrants	--	--	248,614	2	499	--
Net Income	--	--	--	--	--	3,685
Balance, June 26, 1999	205,000	$ 2,050	601,514	$ 6	$ 1,127	$ 10,625

<CAPTION>

	NOTES RECEIVABLE FOR	TREASURY STOCK		
	SHARES SOLD	SHARES	AMOUNT	TOTAL

	<C>	<C>	<C>	<C>
BALANCE, JULY 26, 1997.......	$ --	6,736	$ (18)	$ 6,546
Issuance of Common Stock Upon Exercise of Stock Options..................	--	--	--	69
Net Income..................	--	--	--	2,989
BALANCE, JULY 25, 1998.......	--	6,736	(18)	9,604
Issuance of Common Stock Upon Exercise of Stock Options And Warrants......	(250)	--	--	251
Net Income..................	--	--	--	3,685
Balance, June 26, 1999.......	$ (250)	6,736	$ (18)	$ 13,540

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

MONTEREY CARPETS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JULY 25, 1998
AND THE ELEVEN MONTHS ENDED JUNE 26, 1999
(In thousands)

<TABLE>
<CAPTION>

	July 25, 1998	June 26, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net Income..	$ 2,989	$ 3,685
Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities:		
Depreciation And Amortization...............................	660	945
Loss on Sale of Fixed Assets................................	-	6
Equity In Earnings Of Chroma Systems Partners...............	(1,477)	(1,645)
Increase/Decrease In Assets And Liabilities:		
Due From Factor...	(561)	(2,083)
Accounts Receivable.....................................	(438)	148
Inventories...	(659)	(1,907)
Prepaid Expenses And Other Current Assets.................	21	(103)
Deferred Income Taxes...................................	(392)	29
Accounts Payable..	(68)	(78)
Due To Related Party....................................	122	39
Accrued Liabilities.....................................	974	772
Net Cash Provided By (Used In) Operating Activities......	1,171	(192)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases Of Equipment......................................	(1,949)	(1,085)
Proceeds from Sale of Fixed Assets..........................	-	15
Distributions From Chroma Systems Partners..................	1,492	1,175
Net Cash (Used In) Provided By Investing Activities......	(457)	105
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payments Under Notes Payable......................	(378)	(569)
Proceeds From Exercise Of Stock Options And Warrants........	69	251
Net Cash Used In Financing Activities..................	(309)	(318)
NET INCREASE (DECREASE) IN CASH.............................	405	(405)
CASH, BEGINNING OF YEAR.....................................	1	406

CASH, END OF YEAR	$ 406	$ 1
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Income Taxes Paid	$ 2,301	$ 1,850
Interest Paid	137	85

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

MONTEREY CARPETS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 26, 1999

1. COMPANY

Monterey Carpets, Inc. (the "Company"), a Delaware corporation, is engaged in the manufacture of commercial carpeting and sells to flooring contractors and carpet end-users. The Company's subsidiary, Monterey Color Systems, Inc. holds a one-third interest in a general partnership, Chroma Systems Partners, which operates a dye house that provides carpet dyeing and finishing services to Monterey and other carpet manufacturers.

Effective June 4, 1999, the Company entered into a merger agreement (the "Merger") with a wholly owned subsidiary of Collins & Aikman Floorcoverings, Inc ("Floorcoverings"). The consideration of $50.0 million is subject to adjustment based on the Company's level of net working capital as of the closing date of the agreement (see Note 15).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Monterey Color Systems, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

b. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c. Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market.

d. Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided using the straight-line method over estimated useful lives of the assets, ranging from three to eight years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the related lease.

e. Investment in Chroma Systems Partners

The Company's one-third share in Chroma Systems Partners ("Chroma") is reflected at the aggregate of the investment cost and the Company's share in Chroma's earnings since its inception. Distributions received are recorded as a reduction of the investment balance.

f. Income Taxes

Deferred income taxes are provided for temporary differences between the accounting for financial statement purposes and the accounting for income tax purposes. Deferred income taxes represent amounts that will be paid or received in future periods based on enacted tax rates that are expected to be in effect when temporary differences reverse.

g. Fiscal Year

The Company has adopted a fiscal year ending on the closest Saturday to July 31. Fiscal 1998 included 52 weeks and ended on July 25.

Due to the effective date of the Merger discussed in Notes 1 and 15, these financial statements have been prepared as of the end of the Company's fiscal period ended June 26, 1999. This period, referred to herein as fiscal 1999, included 48 weeks.

h. Revenue Recognition

Revenues are recognized as products are shipped. The Company provides for anticipated costs of warranty in the period in which revenues are recognized.

3. DUE FROM FACTOR

Substantially all of the Company's receivables are factored primarily on a nonrecourse basis with respect to collection of approved accounts. For nonfactored receivables, the Company performs ongoing credit evaluations and maintains reserves for potential losses.

In March 1995, the Company entered into a credit and factoring agreement with a commercial bank. The bank provides ongoing cash advances limited to 90 percent of eligible accounts receivable sold to the bank on a factoring basis. The agreement may be terminated by the Company or the bank with a 30 day written notice. Advances are subject to interest computed at the bank's prime rate (7.8 percent at June 26, 1999) less 0.5 percent. The Company pays service charges of 0.45 or 0.55 percent of factored receivables, based on the creditworthiness of the customer. The Company's credit and factoring agreement provides for receipt of funds utilizing an Average Due Date computation wherein the Company receives the net invoice amount of the previous month's shipments on an adjusted dollar-weighted average maturity date. Any advances taken on the Due From Factor balance under the credit facility during the period are offset against the subsequent proceeds received from the bank under the factoring facility. At July 25, 1998 and June 26, 1999, factored receivables included approximately $113,000 and $44,000, respectively, of receivables factored with recourse. Due from factor balance represents receivables assigned to the bank.

Total monies received from the factor aggregated $35.8 million and $41.0 million for fiscal 1998 and 1999, respectively.

4. INVENTORIES

Inventories consist of the following (in thousands):

	July 25, 1998	June 26, 1999
Finished Products...........	$ 2,083	$ 2,941
Work In Process.............	1,023	1,637
Raw Materials...............	1,179	1,614
	$ 4,285	$ 6,192

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following (in thousands):

	July 25, 1998	June 26, 1999
Equipment..............................	$ 6,469	$ 7,490
Leasehold Improvements.................	631	637

	7,100	8,127
Less - Accumulated Depreciation And Amortization....................	(3,863)	(4,771)
	$ 3,237	$ 3,356

6. ACCRUED LIABILITIES

Accrued liabilities are summarized below (in thousands):

	July 25, 1998	June 26, 1999
Accrued Taxes...........................	$ 832	$ 1,648
Accrued Salaries And Wages..............	460	622
Accrued Warranty Reserve................	211	241
Customer Deposits.......................	201	156
Other...................................	372	181
	$ 2,076	$ 2,848

7. EQUITY INVESTMENT

On May 25, 1989, the Company acquired the operations and equipment of a carpet dyeing and finishing plant and operated the business under the name of South Coast Dyeing and Finishing ("South Coast"). Effective January 4, 1993, the Company sold certain assets and the operations of South Coast and assigned certain term note obligations to Chroma. The other Chroma partners are carpet manufacturers who have provided additional business volume thus allowing it to operate profitably. In accordance with Chroma's partnership agreement, Chroma's net income is allocated equally among its three partners.

Summarized balance sheet information of Chroma is as follows (in thousands):

<TABLE>
<CAPTION>

<S>	July 25, 1998 (Unaudited) <C>	June 26, 1999 (Unaudited) <C>
Current Assets...	$ 1,652	$ 2,112
Noncurrent Assets..	7,457	8,346
Total Assets...	9,109	10,458
Current Liabilities..	1,184	1,255
Noncurrent Liabilities.....................................	3,940	3,806
Total Liabilities......................................	5,124	5,061
Net Assets...	$ 3,985	$ 5,397

</TABLE>

The fiscal year of Chroma ends on December 31. Accordingly, the audited financial statements of Chroma are for the years ended December 31. The following summarizes the income statements of Chroma for the year ended July 25, 1998 and the eleven months ended June 26, 1999 (in thousands):

<TABLE>
<CAPTION>

	YEAR ENDED JULY 25, 1998			ELEVEN MONTHS ENDED JUNE 26, 1999		
	JULY 27 DECEMBER 31, 1997	JANUARY 1 - JULY 25, 1998	TOTAL	JULY 26 DECEMBER 31, 1998	JANUARY 1 - JUNE 26, 1999	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>

Net Sales......	6,904	9,772	16,676	7,799	9,909	17,708
Net Income.....	1,862	2,569	4,431	2,130	2,806	4,936

</TABLE>

8. NOTES PAYABLE

Notes payable consist of the following (in thousands):

<TABLE>
<CAPTION>

<S>	<C> July 25, 1998	<C> June 26, 1999
Subordinated note payable to shareholder, payable in monthly principal payments of $34 commencing January 1, 1997 through December 1, 1998, payable in monthly payments of $34 plus interest at 9 percent commencing January 1, 1999, maturing December 1, 1999, net of discount of $21 and $0 at July 25, 1998 and June 26, 1999, respectively....................................	$ 550	$ 168
Note payable to a bank bearing interest at the bank's prime rate (7.8 percent as of June 26, 1999) less 0.5 percent, payable in monthly installments of $17 plus interest, originally maturing June 2002, secured by certain equipment...	432	245
Total...	982	413
Less - current portion..	(586)	(372)
	$ 396	$ 41

</TABLE>

On the effective date of the Merger (see Note 15), all outstanding debt of the Company was repaid by Floorcoverings. Accordingly, subsequent to the effective date of the Merger, the Company has no future principal payments.

9. INCOME TAXES

The tax effects of significant items comprising the Company's net deferred income tax assets at July 25, 1998 and June 26, 1999 are as follows (in thousands):

<TABLE>
<CAPTION>

<S>	<C> July 25, 1998	<C> June 26, 1999
Current Deferred Income Tax Assets:		
Allowance for doubtful accounts..............................	$ 99	$ 5
Vacation accrual...	21	25
Inventory reserve..	196	339
Capitalized inventory costs..................................	123	101
Accrued taxes..	327	327
Other items..	(35)	2
Total current deferred income tax assets...................	731	799
Long-Term Deferred Income Tax Assets:		
Fixed assets - basis...	58	58
Depreciation and amortization................................	124	27
Long-term portion of net deferred income tax assets..	182	85
Net Deferred Income Tax Assets.................................	$ 913	$ 884

</TABLE>

The tax provision (benefit) for fiscal 1998 and 1999 consist of the following (in thousands):

	FISCAL PERIOD ENDED	
	July 25, 1998	June 26, 1999
Current Tax Expense:		
Federal	$ 1,810	$ 1,956
State	495	594
Total current income tax expense	2,305	2,550
Deferred Tax (Benefit) Expense:		
Federal	(147)	(10)
State, net	(43)	39
Total deferred income tax (benefit) expense	(190)	29
Total income tax expense	$ 2,115	$ 2,579

The difference between the effective income tax rate for fiscal 1998 and 1999 and the statutory federal tax rate of 34 percent is primarily due to state income taxes net of federal benefit.

10. PREFERRED STOCK

Redemption Features

The Company may redeem at its option, all, or any portion thereof, preferred stock of Series A shares, at $10 per share plus accumulated unpaid and/or undeclared dividends.

Voting Rights

Holders of shares of Series A preferred stock have no voting rights.

Dividends

Each share of Series A preferred stock entitles its holder to a 10 percent cumulative dividend per year. The cumulative dividend becomes due and payable upon redemption of the related share or dissolution, consolidation, merger, sale, or disposition of more than 50 percent of the Company's voting power, whichever occurs earlier. Cumulative dividends of $1.8 million and $2.0 million on the Series A preferred stock have not been declared nor accrued as of July 25, 1998 and June 26, 1999, respectively.

Other Restrictions, Limitations and Liquidating Priorities

So long as any shares of Series A preferred stock remain outstanding or any accumulated dividends remain unpaid, Monterey has agreed not to redeem, purchase, or otherwise acquire any shares of common stock, except as noted in the certificate of incorporation, or pay any related dividends.

11. COMMON STOCK

Options to Purchase Common Stock

In August 1993, Monterey adopted the Incentive Stock Option and Nonqualified Stock Option Plan - 1993 (the 1993 Plan) to replace a previously existing plan. Incentive stock options under the 1993 plan were issued at an option price of not less than the fair market value of the shares at the date of grant (or not less than 110 percent of the fair market value in the case of options granted to an individual owning 10 percent or more of the total outstanding stock). Incentive stock options granted to an individual owning less than 10 percent of the total outstanding stock could have been granted for a period up to 10 years from the date of grant. Incentive stock options granted to an individual owning up to 10 percent or more of the total outstanding stock could have been granted for a period up to 5 years from the date of grant.

Nonqualified stock options and rights to purchase restricted stock were issuable at an option price of not less than the fair market value of the shares at the date of grant. Nonqualified stock options could have been granted for a period of up to 10 years from date of grant. At July 25, 1998, 5,012 such options or rights had been granted and were outstanding.

As of June 26, 1999, all options have been exercised. A summary of option plan activity follows:

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Exercisable And Outstanding At July 25, 1998	46,938	$ 3.67
Vested	35,766	4.55
Exercised	(82,704)	4.05
Exercisable And Outstanding At June 26, 1999	--	$ --

In the exercising of some of the options during fiscal 1999, notes receivable were issued to the Company by certain shareholders. At June 26, 1999, the outstanding principal balances of these notes amounted to approximately $250,000 which is included as a component of stockholders' equity in the accompanying consolidated balance sheet. These notes were satisfied in full commensurate with the consummation of the Merger (See Note 15).

Warrants to Purchase Common Stock

During fiscal year 1989 through fiscal year 1991, Monterey granted certain shareholders and their affiliates warrants to purchase 165,810 shares of common stock at $1 per share. The warrants were exercisable for up to 10 years expiring on various dates through 1999, and were subject to antidilutive provisions. In October 1998, all the outstanding warrants were exercised.

12. EMPLOYEE BENEFIT PLAN

The Company sponsors a defined contribution plan (the Plan) under which employees who have completed one year of service are eligible to participate. The Plan is intended to meet the qualifications of Internal Revenue Code Sections 401(a) and 401(k). Company contributions are determined annually by the Board of Directors. Vesting in Company contributions is at a rate of 20 percent per year beginning after the second year of participation in the Plan. The Company's contribution to the Plan was approximately $87,000 and $131,000 during fiscal 1998 and 1999, respectively.

13. CONCENTRATION OF CREDIT RISK - MAJOR SUPPLIERS

During fiscal 1998 and 1999, the Company had significant purchases from four major suppliers, who individually represent 10 percent or more of total purchases, approximating $17.3 million and $22.5 million, respectively. Amounts payable to these suppliers at July 25, 1998 and June 26, 1999 approximated $747,000 and $897,000, respectively.

14. COMMITMENTS AND CONTINGENCIES

Lease Commitments

Monterey is obligated under various leases for manufacturing facilities, office space, machinery and equipment.

At June 26, 1999 future minimum lease payments under operating leases are as follows (in thousands):

<TABLE>
<CAPTION>
Fiscal

Year Ending:	
2000	$ 1,143
2001	1,112
2002	1,053
2003	654
2004	654
	$ 4,616

</TABLE>

Certain lease agreements are subject to escalation clauses. Total rent expense for fiscal 1998 and 1999 was approximately $396,000 and $433,000, respectively.

Commitments With Chroma

Concurrent with the sale of South Coast's assets to Chroma in January 1993 (Note 7), the Company and Chroma agreed to the following:

- The Company and the other two Chroma partners are obligated to purchase carpet dyeing and finishing services exclusively from Chroma. These purchases can be cancelled by any or all of the Chroma partners with a one year cancellation notice. Chroma's charges for such services are expected to equal prevailing market prices for comparable services. Chroma charged the Company $5.2 million and $5.9 million for carpet dyeing and finishing services for fiscal 1998 and 1999, respectively. Chroma has received a cancellation notice from one of its partners. Effective March 1, 2000, the Company and the other remaining partner in Chroma will each hold a one-half interest in the general partnership.

- The Company will provide Chroma certain executive management and operational services at cost. During fiscal 1998 and 1999, the Company charged Chroma approximately $288,000 and $224,000, respectively, for such services.

- Chroma will provide the Company certain maintenance and utility services at cost. During fiscal 1998 and 1999, Chroma charged the Company approximately $106,000 and $97,000, respectively, for such services.

Litigation

The Company is involved in various claims arising in the ordinary course of business. None of these claims, in the opinion of management, is expected to have a material adverse impact on the financial position, cash flows or overall results of the Company's operations.

Environmental

The Company is subject to federal, state and local laws and regulations concerning the environment. At June 26, 1999, management concluded that no environmental reserves were required. In the opinion of the Company's management, based on the facts presently known to it, the ultimate outcome of any environmental matters is not expected to have a material adverse effect on the Company's consolidated financial condition or results of operations.

15. SUBSEQUENT EVENT

As discussed in Note 1, on June 28, 1999, pursuant to an agreement and plan of merger, dated June 4, 1999, Floorcoverings, through its wholly owned subsidiary, Monterey Merger Company, Inc. ("Merger Sub"), acquired all the outstanding capital stock and redeemed the preferred stock at the stated liquidation preference of the company for total consideration of $50.0 million, subject to a working capital adjustment. Simultaneous with the consummation of the Merger, Merger Sub was merged with and into the Company with the Company as the surviving corporation in the merger. In addition, all outstanding indebtedness of the Company was extinguished by Floorcoverings commensurate with the Merger.

(b) Pro Forma Financial Information

UNAUDITED PRO FORMA FINANCIAL DATA

The following Unaudited Pro Forma Consolidated Balance Sheet as of May 1, 1999 was prepared as if the Monterey Acquisition had occurred on such date. The following Unaudited Pro Forma Consolidated Statements of Operations give effect to the Monterey Acquisition as if it had occurred at the beginning of each respective period. The Unaudited Pro Forma Consolidated Statements do not purport to represent what the Company's results of operations actually would have been if the transaction had occurred as of such dates or what such results will be for any future periods.

The Unaudited Pro Forma Consolidated Balance Sheet reflects the preliminary allocation of the purchase price to Monterey's assets and liabilities. The final allocation of such purchase price, and the resulting depreciation and amortization expense in the accompanying Unaudited Pro Forma Consolidated Statements of Operations, will differ from the preliminary estimates primarily due to the final allocation being based on actual closing date amounts of assets and liabilities.

The unaudited pro forma financial data is based on the historical financial statements of the Company and Monterey and the assumptions and adjustments described in the accompanying notes. The Company believes that such assumptions are reasonable. The unaudited pro forma financial data should be read in conjunction with the Consolidated Financial Statements of the Company included in the Company's Form 10-K for the year ended January 30, 1999 and the consolidated financial statements of Monterey for the year ended July 25, 1998 and for the eleven months ended June 26, 1999 and the accompanying notes thereto appearing elsewhere in this Form 8-K/A.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF MAY 1, 1999
(Dollars in thousands)

<TABLE>
<CAPTION>

	COLLINS & AIKMAN FLOORCOVERINGS (HISTORICAL)	MONTEREY CARPETS (HISTORICAL)	ACQUISITION ADJUSTMENTS		CONSOLIDATED TOTAL
<S>	<C>	<C>	<C>		<C>
ASSETS					
CURRENT ASSETS:					
Cash And Cash Equivalents..............	$ 820	$ 1	$ (308)	(a)	$ 513
Due From Factor.........................	--	5,106	--		5,106
Accounts Receivable, Net................	24,075	425	--		24,500
Inventories.............................	25,118	6,188	--		31,306
Deferred Tax Assets.....................	1,181	731	--		1,912
Prepaid Expenses And Other..............	689	230	--		919
Total Current Assets.................	51,883	12,681	(308)		64,256
PROPERTY, PLANT AND EQUIPMENT, NET.........	39,625	3,447	--		43,072
GOODWILL AND OTHER INTANGIBLE ASSETS.......	121,703	--	37,704	(b)	159,407
DEFERRED TAX ASSETS........................	--	182	(182)	(c)	--
EQUITY INVESTMENT IN CHROMA SYSTEMS PARTNERS..................................	--	1,652	--		1,652
OTHER ASSETS...............................	6,781	--	300	(d)	7,081
	$ 219,992	$ 17,962	$ 37,514		$ 275,468
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Accounts Payable..........................	$ 12,762	$ 2,459	$ --		$ 15,221
Accrued Expenses..........................	10,068	2,199	--		12,267
Current Portion Of Long Term Debt.........	160	473	(473)	(e)	160
Total Current Liabilities...............	22,990	5,131	(473)		27,648
LONG-TERM DEBT.............................	130,286	75	50,925	(f)	181,286
DEFERRED TAX LIABILITIES...................	1,525	--	(182)	(c)	1,343
OTHER, INCLUDING POST-RETIREMENT BENEFIT OBLIGATION................................	4,041	--	--		4,041
MINORITY INTEREST..........................	158	--	--		158
COMMITMENTS AND CONTINGENCIES..............					
STOCKHOLDERS' EQUITY:					
Common Stock...........................	--	5	(5)	(g)	--
Series A Preferred Stock...............	--	2,050	(2,050)	(g)	--
Additional Paid-In Capital.............	51,576	878	(878)	(g)	51,576

Retained Earnings......................	9,486	9,841	(9,841)	(g)	9,486
Treasury Stock.........................	--	(18)	18	(g)	--
Accumulated Other Comprehensive Income..	(70)	--	--		(70)
	60,992	12,756	(12,756)		60,992
	$ 219,992	$ 17,962	$ 37,514		$ 275,468

</TABLE>

The accompanying notes are an integral part of this unaudited pro forma consolidated balance sheet.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

The Pro Forma Consolidated Balance Sheet reflects the Monterey Acquisition as if it had occurred as of May 1, 1999.

(a) Reflects cash, net of debt incurred and amounts paid to former shareholders of Monterey, fees paid for the Monterey Acquisition, repayment of Monterey's existing debt, and fees for the amendment to the Company's credit facility.

(b) The Monterey Acquisition was accounted for using the purchase method of accounting. The total purchase cost was allocated, first to assets and liabilities based upon their respective fair values, with the remainder allocated to goodwill. The allocation of the purchase price is based on estimated fair value of the assets and liabilities of Monterey. Management's preliminary allocation may differ from the final allocation.

Purchase price is as follows:

Consideration to former Monterey Shareholders..............	$ 50,000
Acquisition expenses......................................	460
	50,460
Net fair value of assets acquired.........................	12,756
Goodwill..	$ 37,704

(c) Reflects reclassification of Monterey's deferred tax assets to the consolidated position of the Company's deferred tax assets and liabilities.

(d) Reflects the capitalization of $300 in debt financing costs.

(e) Reflects the repayment of Monterey's outstanding debt.

(f) Reflects proceeds of borrowing under the Company's amended credit facility less the repayment of existing Monterey debt of $75.

(g) Reflects elimination of historical equity balances.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE QUARTER ENDED MAY 1, 1999
(Dollars in thousands)

<TABLE>
<CAPTION>

<S>	<C> COLLINS & AIKMAN FLOORCOVERINGS (HISTORICAL)	<C> MONTEREY CARPETS (HISTORICAL)	<C> ACQUISITION ADJUSTMENTS		<C> CONSOLIDATED TOTAL
NET SALES............................	$ 39,179	$ 13,191	$ --		$ 52,370
COST OF GOODS SOLD...................	23,079	8,250	--		31,329
GROSS PROFIT.........................	16,100	4,941	--		21,041
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES..........................	11,667	3,483	489	(a)	15,639

OPERATING INCOME	4,433	1,458	(489)	5,402
INCOME FROM CHROMA INVESTMENT	--	449	--	449
NET INTEREST EXPENSE	3,397	12	869 (b)	4,278
INCOME BEFORE INCOME TAXES	1,036	1,895	(1,358)	1,573
INCOME TAX EXPENSE	389	773	(339) (c)	823
MINORITY INTEREST	5	--	--	5
NET INCOME	$ 642	$ 1,122	$ (1,019)	$ 745
OTHER DATA:				
EBITDA (d)	$ 7,629	$ 2,159	$ --	$ 9,788

</TABLE>

The accompanying notes are an integral part of this unaudited pro forma consolidated statement of operations.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
(Dollars in thousands)

The Pro Forma Consolidated Statement of Operations reflects the Monterey Acquisition as if it occurred on January 31, 1999.

(a) Reflects amortization of the Goodwill from the Monterey Acquisition over 20 years.

(b) Reflects the following:

<TABLE>
<S> <C>

Interest expense on the additional debt incurred under the Company's amended credit facility at 7.0%	$ 893
Reduction of unused commitment fees	(13)
Total cash interest expense	880
Amortization of deferred financing costs	14
Total additional interest expense	894
Elimination of interest expense on Monterey's existing debt	(25)
Total interest expense adjustment	$ 869

</TABLE>

(c) Reflects adjustment for tax effect of pro forma adjustments.

(d) EBITDA represents earnings before deductions for interest expense, income tax expense, depreciation and amortization. Because of certain of these adjustments, the measure presented may not be comparable to similarly titled measures reported by other companies. The Company understands that certain investors believe EBITDA reflects a company's ability to satisfy principal and interest obligations with respect to its indebtedness and to utilize cash for other purposes. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JANUARY 30, 1999
(Dollars in thousands)

<TABLE>
<CAPTION>

	COLLINS & AIKMAN FLOORCOVERINGS (HISTORICAL)	MONTEREY CARPETS (HISTORICAL)	ACQUISITION ADJUSTMENTS	CONSOLIDATED TOTAL

<S>	<C>	<C>	<C>		<C>
NET SALES	$ 175,662	$ 46,777	$ --		$ 222,439
COST OF GOODS SOLD	103,739	30,277	--		134,016
GROSS PROFIT	71,923	16,500			88,423
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	45,889	12,609	2,111	(a)	60,609
OPERATING INCOME	26,034	3,891	(2,111)		27,814
INCOME FROM CHROMA INVESTMENT	--	1,621	--		1,621
NET INTEREST EXPENSE	14,715	105	3,456	(b)	18,276
INCOME BEFORE INCOME TAXES	11,319	5,407	(5,567)		11,159
INCOME TAX EXPENSE	4,871	2,238	(1,348)	(c)	5,761
MINORITY INTEREST	10	--	--		10
NET INCOME	$ 6,438	$ 3,169	$ (4,219)		$ 5,388
OTHER DATA:					
EBITDA (d)	$ 39,268	$ 6,353	$ --		$ 45,621

</TABLE>

The accompanying notes are an integral part of this unaudited pro forma consolidated statement of operations.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
(Dollars in thousands)

The Pro Forma Consolidated Statement of Operations reflects the Monterey Acquisition as if it occurred on February 1, 1998.

(a) Reflects amortization of the Goodwill from the Monterey Acquisition over 20 years.

<TABLE>

(b) Reflects the following:

<S>	<C>
Interest expense on the additional debt incurred under the Company's amended credit facility at 7.0%	$ 3,570
Reduction of unused commitment fees	(50)
Total interest expense	3,520
Amortization of deferred financing costs	55
Total additional interest expense	3,575
Elimination of interest expense on Monterey's existing debt	(119)
Total interest expense adjustment	$ 3,456

</TABLE>

(c) Reflects adjustment for tax effect of pro forma adjustments.

(d) EBITDA represents earnings before deductions for interest expense, income tax expense, depreciation and amortization. Because of certain of these adjustments, the measure presented may not be comparable to similarly titled measures reported by other companies. The Company understands that certain investors believe EBITDA reflects a company's ability to satisfy principal and interest obligations with respect to its indebtedness and to utilize cash for other purposes. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles.

(c) The exhibits furnished in connection with this Report are as follows:

Exhibit
Number Description

------   -----------

2.2 Agreement and Plan of Merger among Collins & Aikman Floorcoverings, Inc., Monterey Merger Company, Inc. and Monterey Carpets, Inc. dated June 4, 1999 is hereby incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K dated June 28, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: September 10, 1999

COLLINS & AIKMAN FLOORCOVERINGS, INC.

By: /s/ Darrel V. McCay

Darrel V. McCay
Vice-President and Chief Financial Officer
(Duly Authorized Officer and Principal
Financial and Accounting Officer)