

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-06-13** | Period of Report: **1995-04-29**
SEC Accession No. **0000950144-95-001672**

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JPS TEXTILE GROUP INC /DE/

CIK: **846615** | IRS No.: **570868166** | State of Incorpor.: **DE** | Fiscal Year End: **1031**
Type: **10-Q** | Act: **34** | File No.: **033-27038** | Film No.: **95546675**
SIC: **2211** Broadwoven fabric mills, cotton

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

FORM 10-Q

[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 33-27038

JPS TEXTILE GROUP, INC.
(Exact name of registrant as specified in its charter)

<TABLE>

<p><S></p> <p style="padding-left: 40px;">Delaware</p> <p>-----</p> <p>(State or other jurisdiction of incorporation or organization)</p> <p>555 North Pleasantburg Drive, Suite 202, Greenville, South Carolina</p> <p>-----</p> <p>(Address of principal executive offices)</p> <p></TABLE></p>	<p><C></p> <p>57-0868166</p> <p>-----</p> <p>(I.R.S. Employer Identification Number)</p> <p>29607</p> <p>-----</p> <p>(Zip Code)</p>
---	--

Registrant's telephone number (803) 239-3900

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 whether the registrant has filed all documents and
reports required to be filed by Sections 12, 13 or 15(d) of the Securities
Exchange Act of 1934 subsequent to the distribution of securities under a plan
confirmed by a court. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of the latest practicable date: 490,000 shares of the
Company's Class A Common Stock and 510,000 shares of Class B Common Stock were
outstanding as of June 9, 1995.

JPS TEXTILE GROUP, INC.
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Item 1. Financial Statements

JPS TEXTILE GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands)

<TABLE>

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	April 29, 1995	October 29, 1994
	(Unaudited)	
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash	800	\$ 2,873
Accounts Receivable	92,965	102,804
Inventories	79,005	74,966
Prepaid expenses and other	1,648	1,783
	-----	-----
Total current assets	174,418	182,426
Property, plant and equipment, net	205,691	204,094
Excess of cost over fair value of net assets acquired, net	31,972	32,454
Other assets	49,106	49,016
	-----	-----
Total	\$461,187	\$467,990
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 35,388	\$ 41,013
Accrued interest	10,085	12,448
Accrued salaries, benefits and withholdings	16,298	15,271
Other accrued expenses	13,625	15,403
Current portion of long-term debt	2,882	2,347
	-----	-----
Total current liabilities	78,278	86,482
Long-term debt	326,780	335,472
Deferred income taxes	5,577	3,565
Other long-term liabilities	19,041	20,481
	-----	-----
Total liabilities	429,676	446,000
	-----	-----
Senior redeemable preferred stock	26,240	24,340
	-----	-----
Shareholders' equity (deficit):		
Junior preferred stock	250	250
Common stock	10	10
Additional paid-in capital	31,544	33,444
Deficit	(26,533)	(36,054)
	-----	-----
Total shareholders' equity (deficit)	5,271	(2,350)
	-----	-----
Total	\$461,187	\$467,990
	=====	=====

</TABLE>

Note: The condensed consolidated balance sheet at October 29, 1994 has been extracted from the audited financial statements.

See notes to condensed consolidated financial statements.

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JPS TEXTILE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands Except Per Share Data)
(Unaudited)

<TABLE>

<CAPTION>

	Three Months Ended		Six Months Ended	
	April 29, 1995	April 30, 1994	April 29, 1995	April 30, 1994
<S>	<C>	<C>	<C>	<C>
Net sales	\$ 152,016	\$ 151,383	\$ 299,249	\$ 285,449
Cost of sales	128,920	130,467	255,198	246,711
Gross profit	23,096	20,916	44,051	38,738
Selling, general and administrative expenses	16,019	16,039	31,913	31,410
Income from operations	7,077	4,877	12,138	7,328
Interest expense	9,507	15,671	19,572	31,157
Other income (expense), net	(275)	24	(669)	41
Loss before income taxes, income from discontinued operations, extraordinary gain and cumulative effect of accounting change	(2,705)	(10,770)	(8,103)	(23,788)
Income taxes	636	1,152	936	1,434
Loss before income from discontinued operations, extraordinary gain and cumulative effect of accounting change	(3,341)	(11,922)	(9,039)	(25,222)
Income from discontinued operations, net of taxes	-	11,146	-	17,085
Gain on sale of discontinued operations, net of taxes	1,040	-	1,040	-
Loss before extraordinary item and cumulative effect of accounting change	(2,301)	(776)	(7,999)	(8,137)
Extraordinary gain on early extinguishment of debt, net of taxes	-	-	17,520	-
Cumulative effect of accounting change, net of taxes	-	-	-	(1,000)
Net income (loss)	(2,301)	(776)	9,521	(9,137)
Senior redeemable preferred stock in-kind dividends and discount accretion	970	818	1,900	1,627
Income (loss) applicable to common stock	\$ (3,271)	\$ (1,594)	\$ 7,621	\$ (10,764)
Weighted average common shares outstanding	1,000,000	1,000,000	1,000,000	1,000,000

</TABLE>

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JPS TEXTILE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Continued)
(Dollars in Thousands Except Per Share Data)
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended		Six Months Ended	
	April 29, 1995	April 30, 1994	April 29, 1995	April 30, 1994
<S>	<C>	<C>	<C>	<C>
Earnings (loss) per common share:				
Loss before income from discontinued operations, extraordinary gain and cumulative effect of accounting change	\$ (4.31)	\$ (12.74)	\$ (10.94)	\$ (26.85)
Income from discontinued operations	-	11.15	-	17.09
Gain on sale of discontinued operations	1.04	-	1.04	-
Extraordinary gain on early extinguishment of debt	-	-	17.52	-
Cumulative effect of accounting change	-	-	-	(1.00)

Net loss	\$ (3.27)	\$ (1.59)	\$ 7.62	\$ (10.76)
	=====	=====	=====	=====

</TABLE>

See notes to condensed consolidated financial statements.

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JPS TEXTILE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended	
	April 29, 1995	April 30, 1994
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 9,521	\$ (9,137)
	-----	-----
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Income from discontinued operations	-	(17,085)
Gain on sale of discontinued operations	(1,040)	-
Extraordinary gain on early extinguishment of debt	(17,520)	-
Cumulative effect of accounting change	-	1,000
Depreciation and amortization, except amounts included in interest expense	13,908	12,944
Interest accretion and debt issuance cost amortization	4,554	5,825
Other, net	(277)	1,451
Changes in assets and liabilities:		
Accounts receivable	9,839	15,415
Inventory	(4,039)	(7,245)
Prepaid expenses and other assets	97	(1,508)
Accounts payable	(5,625)	349
Accrued expenses and other liabilities	(2,819)	900
	-----	-----
Total adjustments	(2,922)	12,046
	-----	-----
Net cash provided by operating activities	6,599	2,909
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment additions	(15,022)	(14,882)
Receipts from discontinued operations, net	-	11,499
Proceeds from sale of discontinued operations	1,040	-
	-----	-----
Net cash used in investing activities	(13,982)	(3,383)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing costs incurred	(25)	(311)
Revolving credit facility borrowings, net	43,427	997
Proceeds from issuance of long-term debt	5,000	-
Repayment of other long-term debt	(43,092)	(1,072)
	-----	-----
Net cash provided by (used in) financing activities	5,310	(386)
	-----	-----
Net decrease in cash	(2,073)	(860)
Cash at beginning of period	2,873	2,080
	-----	-----
Cash at end of period	\$ 800	\$ 1,220
	=====	=====

</TABLE>

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JPS TEXTILE GROUP, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
 (In Thousands)
 (Unaudited)

<TABLE>
 <CAPTION>

	Six Months Ended	
	April 29, 1995	April 30, 1994
<S>	<C>	<C>
Supplemental cash flow information:		
Interest paid	\$18,731	\$25,282
Income taxes paid	3,365	544
Non-cash financial activities:		
Senior redeemable preferred stock dividends-in-kind	1,446	1,361

</TABLE>

See notes to condensed consolidated financial statements.

JPS TEXTILE GROUP, INC.
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (Unaudited)

1. The Company has prepared, without audit, the interim condensed consolidated financial statements and related notes. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at April 29, 1995 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended October 29, 1994. The results of operations for the interim periods are not necessarily indicative of the operating results of the full year.

During the fourth quarter of fiscal 1994, the Company changed, effective as of the beginning of fiscal 1994, its accounting policy with respect to other postemployment benefits to comply with Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits". This change is more fully explained in Note 9 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended October 29, 1994. The fiscal 1994 amounts included in this report have been restated, where applicable, to reflect the adoption of these changes as of October 31, 1993. The effect of the restatement was to increase the net loss for the six months ended April 30, 1994 by \$1,000,000 from \$8,137,000 to \$9,137,000 as a result of the cumulative effect of the accounting change. There was no material effect on income from operations for the six months ended April 30, 1994 as a result of the accounting change.

Certain 1994 amounts have been reclassified to conform to the 1995 presentation. In addition, see Note 3 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended October 29, 1994 regarding reclassification of 1994 amounts for discontinued operations.

2. Inventories (In Thousands):

<TABLE>
 <CAPTION>

	April 29, 1995	October 29, 1994
<S>	<C>	<C>

Raw materials	\$13,793	\$17,104
Work-in-process	31,824	29,059
Finished goods	33,388	28,803
	-----	-----
Total	\$79,005	\$74,966
	=====	=====

</TABLE>

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3. Long-Term Debt and Purchases of Company Debt Securities

Long-term debt consists of (in thousands):

	April 29, 1995	October 29, 1994
	-----	-----
<S>	<C>	<C>
Senior credit facility revolving line of credit	\$ 93,345	\$ 49,918
Senior subordinated discount notes (including interest due at maturity of \$3,631 and \$3,395, respectively)	112,878	130,179
Senior subordinated notes (including interest due at maturity of \$3,773 and \$4,404, respectively)	80,546	109,283
Subordinated debentures	54,071	75,000
Equipment financing	11,273	7,658
	-----	-----
Total	352,113	372,038
Reorganization discount:		
Senior subordinated discount notes	(5,993)	(8,109)
Senior subordinated notes	(5,203)	(8,723)
Subordinated debentures	(11,255)	(17,387)
	-----	-----
Total long-term debt	329,662	337,819
Less current portion	2,882	2,347
	-----	-----
Long-term portion	\$326,780	\$335,472
	=====	=====

</TABLE>

During the first quarter of fiscal 1995, the Company expended \$36,607,000 to make open market purchases of certain of its outstanding notes and debentures with an aggregate face value of \$66,571,000 and a carrying value (including interest due at maturity) of \$59,225,000. The Company recognized a gain from early extinguishment of debt of \$17,520,000, net of expenses of \$1,898,000 and income taxes of \$3,200,000.

4. Discontinued Operations

On June 28, 1994, pursuant to the terms of an Asset Purchase Agreement dated May 25, 1994 (the "Asset Purchase Agreement"), by and among the Company, JPS Auto Inc., a wholly-owned subsidiary of the Company ("Auto"), JPS Converter and Industrial Corp., a wholly-owned subsidiary of the Company ("C&I"), Foamex International Inc. ("Foamex") and JPS Automotive Products Corp., an indirect, wholly-owned subsidiary of Foamex ("Purchaser"), the Company consummated the disposition of its Automotive Assets (as described below) to the Purchaser.

The Automotive Assets consisted of the businesses and assets of Auto and the synthetic industrial fabrics division of C&I, and the Company's investment in common stock of the managing general partner of Cramerton Automotive Products, L.P. (an 80% owned joint venture). Net sales from such discontinued operations were \$165.6 million in the six months ended April 30, 1994. Pursuant to the terms of the Asset Purchase Agreement, the Purchaser agreed to assume substantially all of the liabilities and obligations associated with the Automotive Assets. In addition, the Company and its affiliates agreed, for a four year period, not to directly or indirectly compete with the sold businesses in North, Central and South America.

The sale price for the Automotive Assets was approximately \$279 million, consisting of \$264 million of cash paid at closing and \$15 million of assumed debt as of June 28, 1994, subject to certain post-

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closing adjustments. The sale of the Automotive Assets resulted in an approximate gain of \$133 million, net of income taxes of \$2.8 million, in the third quarter of fiscal 1994. In February 1995, the Company received \$1.1 million as a partial post-closing adjustment to the sale price. This post-closing adjustment was recorded as a gain on sale of discontinued operations in the amount of \$1.0 million, net of income taxes of \$0.1 million. Additional post-closing adjustments to the sale price may occur and result in a gain to be recognized in a future period.

The net cash proceeds in the third quarter of fiscal 1994 from the disposition of the Automotive Assets (after deductions for fees, other expenses and amounts designated by management to satisfy possible contingent tax liabilities) were approximately \$213 million and such proceeds were used by the Company to reduce its outstanding indebtedness. See Note 5 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended October 29, 1994.

The Company allocated to the discontinued operations a pro-rata portion of the interest expense of its senior credit facility, which pro-rata portion was approximately \$1.5 million in the six months ended April 30, 1994.

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

The following should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing in Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended October 29, 1994.

<TABLE>
<CAPTION>

	(In Thousands)			
	Three Months Ended		Six Months Ended	
	April 29, 1995	April 30, 1994	April 29, 1995	April 30, 1994
<S>	<C>	<C>	<C>	<C>
NET SALES				
Apparel Fabrics and Products	\$ 64,737	\$ 63,828	\$129,159	\$124,270
Industrial Fabrics and Products	48,890	42,139	92,994	75,520
Home Fashion Textiles	38,389	45,416	77,096	85,659
Net Sales	\$152,016	\$151,383	\$299,249	\$285,449
OPERATING PROFIT				
Apparel Fabrics and Products	\$ 5,445	\$ 5,022	\$ 10,530	\$ 9,090
Industrial Fabrics and Products	3,292	1,227	4,686	1,039
Home Fashion Textiles	(512)	564	(928)	1,215
Indirect Corporate Expenses, net	(1,423)	(1,912)	(2,819)	(3,975)
Operating Profit before interest expense and provision for income taxes	6,802	4,901	11,469	7,369
Interest expense	9,507	15,671	19,572	31,157
Loss before income taxes, income from discontinued operations, extraordinary gain and cumulative effect of accounting change	\$ (2,705)	\$ (10,770)	\$ (8,103)	\$ (23,788)

</TABLE>

Three Months Ended April 29, 1995 (the "1995 Second Quarter") Compared To The Three Months Ended April 30, 1994 (the "1994 Second Quarter"):

Consolidated net sales for the 1995 Second Quarter increased only slightly to \$152.0 million from \$151.4 million in the 1994 Second Quarter. Apparel and Industrial Fabrics and Products sales increased while Home Fashion Textiles sales declined. Apparel Fabrics and Products sales increased 1.4% to \$64.7 million for the 1995 Second Quarter from \$63.8 million for the 1994 Second Quarter principally due to the Company's change in its product offering to emphasize specialty fabrics with more fashion and styling characteristics. These specialty fabrics command a higher average selling price and margin than commodity type fabrics. The 16.0% increase in Industrial Fabrics and Products sales to \$48.9 million for the 1995 Second Quarter from \$42.1 million for the 1994 Second Quarter is due to increased demand for several of the Company's various products. Sales of fiberglass and synthetic fabrics increased \$2.4 million due to strong demand for construction related products and fabrics for electrical circuitry. Single-ply roofing product sales increased \$2.3 million due to the continued increase in demand for a new roofing product introduced by the Company in late 1993. Cotton industrial fabric

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sales increased \$1.6 million due to higher selling prices, as a result of the pass through of increases in cotton raw material prices resulting from a worldwide cotton crop shortfall. Improved demand also caused a \$0.4 million increase in extruded urethane product sales. Home Fashion Textiles sales decreased 15.5% to \$38.4 million for the 1995 Second Quarter from \$45.4 million for the 1994 Second Quarter due to a decrease in carpet unit volume. The Company's major polyester fiber vendor has discontinued its merchandising support for carpet retailers and, as a result, the retailers are greatly reducing their support for such branded carpet products. This situation has dramatically affected the Company's carpet sales since many of the Company's best selling carpet styles in the past year have been those made with this branded polyester fiber yarn. Carpet sales decreased \$7.0 million to \$28.3 million for the 1995 first quarter compared to the 1994 first quarter. Although the Company has moved to redirect its carpet product offering by introducing a number of new styles with alternate fiber systems, no sales benefit was yet realized in the 1995 Second Quarter due to lag time between product introduction and order flow. Some sales benefit from these product introductions is expected in the 1995 third quarter; however, the previously described trend related to declines in demand for many of the Company's branded products is expected to continue.

Operating profits in the 1995 Second Quarter increased 38.8% to \$6.8 million from \$4.9 million for the 1994 Second Quarter. Profits from Apparel Fabrics and Products of \$5.4 million for the 1995 Second Quarter increased \$0.4 million, or 8.4%, from the 1994 Second Quarter due to more favorable margins for the Company's newer specialty fabrics than on commodity type apparel fabrics. Operating profits for Industrial Fabrics and Products increased \$2.1 million to \$3.3 million in the 1995 Second Quarter from \$1.2 million in the 1994 Second Quarter as a result of increased sales and improved gross margins. Margins have improved due to higher throughput and a more profitable product mix combined with increased demand and shortages of certain products resulting in improved pricing on these products. Home Fashion Textiles experienced a \$1.1 million decrease in operating profits in the 1995 Second Quarter to a loss of \$0.5 million from a profit of \$0.6 million in the 1994 Second Quarter due to weak demand resulting in lower profit margins for home furnishing fabrics and lower sales of carpet.

Indirect corporate expenses declined by \$0.5 million to \$1.4 million for the 1995 Second Quarter as compared to the 1994 Second Quarter due to lower employee compensation, professional fees and amortization expense.

Interest expense decreased 39.3% to \$9.5 million for the 1995 Second Quarter from \$15.7 million for the 1994 quarter primarily due to the use of a portion of the net proceeds from the sale of the Automotive Assets in the third quarter of fiscal 1994 to reduce the Company's debt. Giving effect to this reduction of debt on a pro forma basis would reduce interest expense by \$5.6 million in the 1994 Second Quarter to \$10.1 million. Such pro forma reduction includes \$0.4 million representing interest accretion and debt issuance cost amortization. After giving effect to the debt reduction described above, interest expense decreased \$0.6 million in the 1995 Second Quarter due to reductions in outstanding principal amounts of the Company's notes and debentures as the Company purchased a portion of its debt securities in the 1995 first quarter on the open market. These securities were purchased at prices less than their carrying values using loan proceeds from the revolving

credit facility (see Note 3 of the Notes to Condensed Consolidated Financial Statements for the 1995 Second Quarter).

Six Months Ended April 29, 1995 (the "1995 Six-Month Period") Compared To The Six Months Ended April 30, 1994 (the "1994 Six-Month Period"):

Consolidated net sales for the 1995 Six-Month period increased 4.8% to \$299.2 million from \$285.4 million in the 1994 Six-Month period generally due to increased sales of industrial fabrics, construction products and apparel fabrics. Apparel Fabrics and Products sales increased 3.9% to \$129.2 million for the 1995 Six-Month period from \$124.3 million for the 1994 Six-Month period principally due to the Company's change in its product

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offering to emphasize specialty fabrics with more fashion and styling characteristics. These specialty fabrics command a higher average selling price and margin than commodity type fabrics. The 23.1% increase in Industrial Fabrics and Products sales to \$93.0 million for the 1995 Six-Month period from \$75.5 million for the 1994 Six-Month period is due to increased demand for several of the Company's various products. Sales of fiberglass fabrics and synthetic fabrics increased \$5.0 million due to increased demand for construction related products and fabrics for electrical components. Single-ply roofing product sales increased \$4.4 million due to the continued increase in demand for a new roofing product introduced by the Company in late 1993. Cotton industrial fabric sales increased \$4.5 million due to higher selling prices and unit volume driven by improved product demand, particularly in the book-cloth market, and the pass through of increases in cotton raw material prices as a result of a worldwide cotton crop shortfall. Improved demand also caused a \$1.3 million increase in extruded urethane product sales. Home Fashion Textiles sales decreased 10.0% to \$77.1 million for the 1995 Six-Month period from \$85.7 million for the 1994 Six-Month period due to a decrease in carpet unit volume principally due to a major polyester fiber vendor terminating its merchandising support for carpet retailers and, as a result, the retailers are greatly reducing their support for such branded carpet products. Carpet sales decreased \$10.0 million to \$57.0 million for the 1995 Six-Month period compared to the 1994 Six-Month period. Partially offsetting the decline in carpet sales was a \$2.4 million increase in sales of yarn to home fashion customers for use in the manufacture of carpets and fabrics.

Operating profits in the 1995 Six-Month period increased 55.6% to \$11.5 million from \$7.4 million for the 1994 Six-Month period. Profits from Apparel Fabrics and Products of \$10.5 million for the 1995 Six-Month period increased \$1.4 million, or 15.8%, from the 1994 Six-Month period due to more favorable margins for the Company's newer specialty fabrics than on commodity type apparel fabrics. Operating profits for Industrial Fabrics and Products increased \$3.6 million to \$4.7 million in the 1995 Six-Month period from \$1.0 million in the 1994 Six-Month period as a result of increased sales from improved demand and improved gross margins resulting from industry shortages of certain products and a more profitable product mix. Home Fashion Textiles experienced a \$2.1 million decrease in operating profits in the 1995 Six-Month period to a loss of \$0.9 million from a profit of \$1.2 million in the 1994 Six-Month period due to weak demand resulting in lower margins for home furnishing fabrics and lower sales of carpet.

Indirect corporate expenses declined by \$1.2 million to \$2.8 million for the 1995 Six-Month period as compared to the 1994 Six-Month period due to lower employee compensation, professional fees and amortization expense.

Interest expense decreased 37.2% to \$19.6 million for the 1995 Six-Month period from \$31.2 million for the 1994 Six-Month period primarily due to the use of a portion of the net proceeds from the sale of the Automotive Assets in the third quarter of 1994 to reduce the Company's debt. Giving effect to this reduction of debt on a pro forma basis would reduce interest expense by \$11.1 million in the 1994 Six-Month period to \$20.1 million. Such pro forma reduction includes \$0.8 million representing interest accretion and debt issuance cost amortization. After giving effect to the debt reduction described above, interest expense decreased \$0.5 million in the 1995 Six-Month period due to reductions in outstanding principal amounts of the Company's notes and debentures as the Company purchased a portion of its debt securities in the 1995 first quarter on the open market. These securities were purchased at prices less than their carrying values using loan proceeds from the revolving credit facility (see Note 3 of the Notes to Condensed Consolidated Financial Statements for the 1995 Second Quarter).

LIQUIDITY AND CAPITAL RESOURCES

At April 29, 1995, working capital was approximately the same as working capital at October 29, 1994 at \$96.1 million. Accounts receivable declined by \$9.8 million (9.6%) due to the seasonally lower sales in April than in October. Inventories increased \$4.0 million (5.4%) from October 29, 1994 to April 29, 1995 principally due to

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higher costs associated with the specialty fabrics to which the Company has changed its focus in the Apparel Fabrics and Products segment and due to an increase in yarn work in process in anticipation of increased production needs. Accounts payable at April 29, 1995 were \$5.6 million lower than at October 29, 1994 due to the lower level of production activity in April than in October and the decline in raw material inventories as of April 1995. Accrued interest, compensation and other liabilities decreased \$2.8 million during the 1995 Six-Month period due to the scheduled timing of interest, annual incentive compensation and other payments and reductions in 1995 in the long-term debt on which cash interest expense is accrued.

The Company's principal sources of liquidity for operations and expansion are funds generated internally and borrowings under the Company's \$135 million revolving credit facility. Revolving credit facility borrowings were used to provide funds needed for capital expenditures and financing activities (principally \$36.6 million to purchase and retire certain of the Company's outstanding notes and debentures) to the extent such funds were not provided for by the net cash flow from operations during the 1995 Six-Month period. All senior borrowings bear interest at a Base Rate, as defined, plus 1 1/2% per annum (10.5% at April 29, 1995) or at the Eurodollar Rate, as defined, plus 3.0% per annum (approximately 9.2% at April 29, 1995). Effective May 31, 1995, the senior credit facility agreement was amended to reduce interest rates so that the interest rate charged is based on a Base Rate plus 1% or the Eurodollar Rate plus 2.5%. Borrowings under the senior credit agreement are limited to specified percentages of eligible accounts receivable and inventories, as defined, plus an additional fixed amount of \$25 million. The Company had \$39.4 million available for borrowing under the revolving credit agreement on April 29, 1995. Borrowings under the revolving credit facility are made or repaid on a daily basis in amounts equal to the net cash requirements for that business day, thereby reducing net borrowings to the maximum extent possible. During the 1995 Six-Month period, the Company obtained a \$5 million equipment loan from a commercial lender to finance certain capital expenditures.

As previously discussed, the Company expended \$36,607,000 during the first quarter of fiscal 1995 to purchase and retire certain of its outstanding notes and debentures with an aggregate face value of \$66,571,000 and a carrying value (including interest due at maturity) of \$59,225,000. The Company recognized a gain from early extinguishment of debt of \$17,520,000, net of expenses of \$1,898,000 and income taxes of \$3,200,000. The Company has made no further open market purchases of its debt securities subsequent to the first quarter of 1995 and is not currently seeking to make any such purchases.

Management continually reviews various options for enhancing liquidity and its cash flow to cash requirements coverage, both operationally and financially. Such options include strategic dispositions and financing and refinancing activities aimed at increasing cash flow and reducing cash requirements, the principal items of which are interest and capital expenditures. Management believes that expected cash flows and capital resources, including any necessary refinancings will be adequate to meet future debt service requirements and working capital needs.

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JPS TEXTILE GROUP, INC.

PART II - OTHER INFORMATION

<TABLE>

<CAPTION>

Item

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<S>	<C>	<C>
1.	Legal Proceedings	None
2.	Changes in Securities	None

3.	Defaults upon Senior Securities	None
4.	Submission of Matters to a Vote of Security Holders	None
5.	Other Information	None
6.	Exhibits and Reports on Form 8-K:	

</TABLE>

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(a) Exhibits:

- (10.1) Third Amendment to the Fourth Amended & Restated Credit Agreement, dated as of May 31, 1995, by and among the Company, JPS Converter and Industrial Corp., JPS Elastomerics Corp., JPS Carpet Corp., the financial institutions listed on the signature pages thereof, Citibank, N.A., as Agent and Administrative Agent, and General Electric Capital Corporation, as Co-Agent and Collateral Agent.
- (11) Statement re: Computation of Per Share Earnings - not required since such computation can be clearly determined from the material contained herein.
- (27) Financial Data Schedule (for SEC use only)

(b) Current Reports on Form 8-K:

None

</TABLE>

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.

JPS TEXTILE GROUP, INC.

Date: June 13, 1995

/s/ David H. Taylor

 David H. Taylor
 Executive Vice President - Finance,
 Secretary and Chief Financial Officer

THIRD AMENDMENT TO
FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

This Third Amendment to Fourth Amended and Restated Credit Agreement dated as of May 31, 1995 (this "Amendment"), is entered into among JPS TEXTILE GROUP, INC., a Delaware corporation (the "Company"), JPS CARPET CORP., a Delaware corporation ("JCC"), JPS ELASTOMERICS CORP., a Delaware corporation ("JEC"), and JPS CONVERTER AND INDUSTRIAL CORP., a Delaware corporation ("JCIC", and together with JCC and JEC, the "Borrowing Subsidiaries"), the FINANCIAL INSTITUTIONS LISTED ON THE SIGNATURE PAGES HEREOF (collectively referred to herein, together with their respective successors and assigns, as the "Senior Lenders" and individually as a "Senior Lender"), CITIBANK, N.A., in its separate capacities as agent and administrative agent for the Senior Lenders (in such capacities, the "Agent") and General Electric Capital Corporation, in its separate capacities as co-agent and collateral agent for the Senior Lenders (in such capacities, the "Collateral Agent"), and amends the Fourth Amended and Restated Credit Agreement dated as of June 24, 1994, as amended by the First Amendment to Fourth Amended and Restated Credit Agreement dated as of November 4, 1994 and the Second Amendment to Fourth Amended and Restated Credit Agreement dated as of December 21, 1994 (as so amended and as further amended hereby, the "Credit Agreement"), entered into among the Company, the Borrowing Subsidiaries, the Senior Lenders, the Agent and the Collateral Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

W I T N E S S E T H:

WHEREAS, the Agent and the Collateral Agent have proposed to the Company that the Senior Lenders reduce the Applicable Interest Rate payable on each of the Revolving Loans pursuant to Section 2.04(a) of the Credit Agreement;

NOW, THEREFORE, in consideration of the above premises, the Company, the Borrowing Subsidiaries, the Senior Lenders, the Agent and the Collateral Agent agree as follows:

SECTION 1. Amendment to the Credit Agreement. The Credit Agreement is, effective as determined pursuant to Section 2 hereof, hereby amended as follows:

1.01 The last sentence of Section 2.04(a)(i) of the Credit

Agreement is hereby deleted in its entirety and the following sentence is substituted therefor:

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The Loans shall bear interest, subject to Section 2.04(d) and paragraph (ii) below, as follows:

(A) If a Base Rate Loan, then at a rate per annum equal to the sum of (I) 1.0% plus (II) the Base Rate as in effect from time to time as interest accrues; and

(B) If a Eurodollar Rate Loan, then at a rate per annum equal to the sum of (I) 2.50% plus (II) the Eurodollar Rate determined for the applicable Eurodollar Interest Period.

SECTION 2. Conditions Precedent to the Effectiveness of this Amendment. This Amendment shall become effective as of the date hereof on the date (the "Third Amendment Effective Date") that the Agent shall have received a copy of this Amendment duly executed by each Loan Party and by each of the Senior Lenders when the following conditions precedent have been satisfied (unless waived by the Requisite Senior Lenders or unless the deadline for delivery has been extended by the Agent):

2.01 Each of the representations and warranties made by the Company or the Borrowing Subsidiaries in or pursuant to the Credit Agreement, as amended by this Amendment, the Collateral Documents and the other Loan Documents to which the Company or any of the Borrowing Subsidiaries is a party or by which the Company or any of the Borrowing Subsidiaries is bound, shall be true and correct in all material respects on and as of the Third Amendment Effective Date (except any such representations and warranties stated to be given as of a specific date other than the Third Amendment Effective Date).

2.02 All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Amendment shall be satisfactory in all respects in form and substance to the Agent, the Collateral Agent and each of the Senior Lenders.

2.03 No Event of Default or Potential Event of Default shall have occurred and be continuing on the Third Amendment Effective Date.

SECTION 3. Representations and Warranties. Each Loan Party hereby represents and warrants to the Senior Lenders that (a) as of the date

hereof no Event of Default or Potential Event of Default under the Credit Agreement shall have occurred and be continuing and (b) all of the representations and warranties of the Loan Parties contained in subsections 4.01(a) through (dd) of the Credit Agreement and in any other Loan Document (as defined under the Credit Agreement) continue to be true and correct as of the date of execution hereof in all material respects, as though made on and as of such date (unless stated to relate to a specific earlier date, in which case such representations and

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warranties shall be true and correct as of such earlier date).

SECTION 4. Reference to and Effect on the Loan Documents.

4.01 Upon the effectiveness of this Amendment, on and after the date hereof, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import, and each reference in the other Loan Documents to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended hereby.

4.02 Except as specifically amended above, all of the terms of the Credit Agreement and all other Loan Documents shall remain unchanged and in full force and effect.

4.03 The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Senior Lender, the Agent or the Collateral Agent under the Credit Agreement or any of the Loan Documents, nor constitute a waiver of any provision of the Credit Agreement or any of the Loan Documents.

SECTION 5. Costs and Expenses. Each Loan Party agrees to pay on demand in accordance with the terms of Section 11.03 of the Credit Agreement all costs and expenses of the Agent in

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connection with the preparation, reproduction, execution and delivery of this Amendment and all other Loan Documents entered into in connection herewith,

including the reasonable fees and out-of-pocket expenses of Sidley & Austin, counsel for the Agent with respect thereof.

SECTION 6. Execution in Counterparts. This Amendment may be executed and delivered in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same original agreement.

SECTION 7. Governing Law. This Amendment shall be governed by and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, this Amendment has been duly executed on the date set forth above.

JPS TEXTILE GROUP, INC.

By: /s/David H. Taylor

Title:EVP - Finance & Secretary

JPS CARPET CORP.

By: /s/David H. Taylor

Title:Vice President

JPS ELASTOMERICS CORP.

By: /s/David H. Taylor

Title:Vice President

JPS CONVERTER AND INDUSTRIAL CORP.

By: /s/David H. Taylor

Title:Vice President

Senior Lenders:

CITIBANK, N.A., as Agent and as a Senior
Lender

By: /s/ Brenda Cotsen

Attorney-in-fact

GENERAL ELECTRIC CAPITAL CORPORATION, as
Collateral Agent and as a Senior
Lender

By:/s/ Rick Luck

Title:Vice President, G E Capital
Commercial Finance, Inc., Being duly
authorized

HELLER FINANCIAL, INC.

By:/s/ Frank J. Ross

Title:

THE BANK OF NEW YORK COMMERCIAL
CORPORATION

By:/s/ Michael Lustbader

Title: Vice President

NATIONSBANK OF GEORGIA, N.A.

By:/s/ Betty Mills

Title:Vice President

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF JPS TEXTILE GROUP, INC. FOR THE SIX MONTHS ENDED APRIL 29, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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