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

FORM 10-QSB

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1997

(_) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from____________________ to ____________________

For Quarter Ended March 31, 1997 Commission File Number 0-23702

STEVEN MADDEN, LTD.

(Exact name of Registrant as specified in its charter)

New York	13-3588231 -
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

52-16 Barnett Avenue, Long Island city, New York	11104
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (718) 446-1800

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 of 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Class	Outstanding as of April 29, 1997
Common Stock	8,011,573

STEVEN MADDEN, LTD.
FORM 10-QSB
QUARTERLY REPORT
MARCH 31, 1997

TABLE OF CONTENTS

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 1997

A S S E T S

Current assets:	
Cash and cash equivalents	$ 6,844,989
Accounts receivable - nonfactored (net of allowance for doubtful accounts of $215,372)	1,382,740
Due from factor (net of allowance for doubtful accounts of $142,000)	4,754,730
Inventories	2,349,410
Prepaid advertising	410,419
Prepaid expenses and other current assets	325,581
Prepaid taxes	449,903
Total current assets	16,517,772
Property and equipment, net	2,506,012
Other assets:	
Prepaid advertising, less current portion	1,769,480
Deferred taxes	451,400
Deposits and other	301,128
Cost in excess of fair value of net assets acquired (net of accumulated amortization of $96,871)	1,872,889
Total other assets	4,394,897
T O T A L	$23,418,681

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Current portion of lease payable	$ 33,691
Accounts payable and accrued expenses	1,165,258
Accrued bonuses	43,052
Other current liabilities	124,728
Total current liabilities	1,366,729
Lease payable, less current portion	487,980
Commitments and contingencies	
Stockholders' equity:	
Common stock - $.0001 par value, 60,000,000 shares authorized, 8,011,573 issued and outstanding	801
Additional paid-in capital	18,795,119
Unearned compensation	(284,346)
Retained earnings	3,509,123
Treasury stock at cost (101,800 shares)	(456,725)
Total stockholders' equity	21,563,972
T O T A L	$23,418,681

The accompanying notes to condensed consolidated financial statements are an integral part hereof.

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	1997	1996
Net sales	$13,217,774	$ 7,808,327
Cost of sales	8,607,830	4,327,306
Gross profit	4,609,944	3,481,021
Other revenue	361,975	193,886
Operating expenses	(4,308,669)	(2,423,369)
Income from operations	663,250	1,251,538
Interest income, net	5,607	100,659
Income before provision for income taxes	668,857	1,352,197
Provision for income taxes	268,000	545,000
NET INCOME	$ 400,857	$ 807,197
Net income per share of common stock:		
Primary	$.05	$.09
Weighted average common shares outstanding	10,351,584	9,989,075

The accompanying notes to condensed consolidated financial statements are an integral part hereof.

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings (Deficit)
Balance - December 31, 1996.	7,833,594	$783	$17,769,378	$3,108,266
Exercise of stock options.	92,000	9	380,911	
Issuance of common stock for debt.	85,979	9	644,830	
Net income				400,857
Amortization of unearned compensation.				
BALANCE - MARCH 31, 1997	8,011,573	$801	$18,795,119	$3,509,123

	Treasury Stock Shares	Treasury Stock Amount	Unearned Compensation	Total Stockholders' Equity
Balance - December 31, 1996.	101,800	$(456,725)	$(320,284)	$20,101,418
Exercise of stock options.				380,920
Issuance of common stock for debt.				644,839
Net income				400,857
Amortization of unearned compensation.			35,938	35,938
BALANCE - MARCH 31, 1997	101,800	$(456,725)	$(284,346)	$21,563,972

The accompanying notes to condensed consolidated financial statements are an integral part hereof.

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 1997	1996
Cash flows from operating activities:		
Net income	$ 400,857	$ 807,197
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	170,193	45,844
Deferred compensation	35,938	35,938
Provision for bad debts	32,000	
Deferred rent expense		3,544
Changes in operating assets and liabilities:		
(Increase) in accounts receivable - nonfactored	(1,086,580)	(552,069)
(Increase) decrease in due from factor	300,192	(1,066,984)
(Increase) decrease in inventories	407,768	(153,112)
(Increase) decrease in prepaid expenses and other assets	162,657	(96,532)
Increase in accounts payable and accrued expenses	276,936	27,669
(Decrease) in accrued bonuses	(390,284)	(234,400)
Increase (decrease) in other current liabilities	32,242	(20,308)
Increase (decrease) in tax liability	173,398	(98,274)
Net cash provided by (used in) operating activities	515,317	(1,301,487)
Cash flows from investing activities:		
Purchase of equipment	(165,119)	(55,188)
Cash flows from financing activities:		
Proceeds from options exercised	380,920	5,950,886
Repayment of lease obligations	(37,125)	
Net cash provided by financing activities	343,795	5,950,886
NET INCREASE IN CASH AND CASH EQUIVALENTS	693,993	4,594,211
Cash and cash equivalents - beginning of year	6,150,996	4,123,214
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,844,989	$ 8,717,425
Supplemental disclosures of noncash investing and financing activities:		
Acquisition of leased assets	$ 358,670	
Issuance of common stock for debt	644,839	

The accompanying notes to condensed consolidated financial statements are an integral part hereof.

STEVEN MADDEN, LTD. AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

[1] Basis of Reporting:

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Item 310(b) of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the financial position of the Company at March 31, 1997, and the results of its operations, changes in stockholders' equity and cash flows for the three months then ended. The results of operations for the three months ended March 31, 1997 are not necessarily indicative of the operating results for the full year. It is suggested that these financial statements be read in conjunction with the financial statements and related disclosures for the year ended December 31, 1996 included in the Steve Madden, Ltd. Form 10-KSB.

[2] Inventory:

Inventories, which consist of finished goods, are stated at the lower of cost (first-in, first-out method) or market.

[3] Net Income Per Share of Common Stock:

Net income per share of common stock is computed based on the weighted average number of shares outstanding during the period, utilizing the modified treasury stock method. Common stock equivalents are included if their effect is dilutive.

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

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the Financial Statements and Notes thereto appearing elsewhere in this document.

The following table sets forth information on operations for the periods indicated:

	Percentage of Net Revenues			
	Three Months Ended March 31			
	1997		1996	
Consolidated:				
Revenues	$13,217,774	100	$7,808,327	100
Cost of Revenues	8,607,830	65.1	4,327,306	55.4
Other Operating Income	361,975	2.7	193,886	2.4
Operating Expenses	4,308,669	32.6	2,423,369	31
Income from Operations	663,250	5	1,251,538	16
Interest Income (Expense) Net	5,607	0.1	100,659	1.3
Income Before Income Taxes	668,857	5.1	1,352,197	17.3
Net Income	400,857	3	807,197	10.3
By Segment:				
WHOLESALE				
Revenues	$9,411,260	100	$7,155,318	100
Cost Of Revenues	6,055,359	64.4	4,023,668	56.2
Other Operating Income	15,000	0.2	----	---
Operating Expenses	2,891,215	30.7	1,976,283	27.6
Income from Operations	479,686	5.1	1,155,367	16.2
OTHERS				
Revenues	$3,806,514	100	$653,009	100
Cost of Revenues	2,552,471	67.1	303,638	46.5
Other Operating Income	346,975	9.1	193,886	29.7
Operating Expenses	1,417,454	37.2	447,086	68.5
Income from Operations	183,564	4.8	96,171	14.7

RESULTS OF OPERATIONS

Three Months Ended March 31, 1997 vs. Three Months Ended March 31, 1996

Revenues for the three months ended March 31, 1997 were $13,218,000 or 69% higher than the $7,808,000 recorded in the comparable period of 1996. The increase in product sales revenue is due to several factors: additional new

accounts, increased reorders, increased retail sales due to opening of two retail stores in the fourth quarter of 1996 and revenue from the David Aaron brand (acquired April 1996). As a result of additional distribution, management feels that "Steve Madden" as a brand name has increased in popularity nationwide. In turn, increased revenues have enabled the Company to expand its advertising and promotional efforts and increase its sales force, all of which have contributed to the continuing increase in sales. Cost of revenues increased 10% from 55% in 1996 to 65% in 1997, due to lower percentage of gross margin on sales from the Wholesale operations, Adesso-Madden first cost business and David Aaron brand. Adesso-Madden , a wholly owned subsidiary of the Company, generated revenue of $1,060,000 and a commission of $347,000 for the first quarter of 1997. The Company's newly acquired subsidiary, Diva (acquired April 1 , 1996) which markets the "David Aaron" brand name in footwear had sales of $1,193,000 for the first Quarter of 1997. Gross profit was $380,000 and loss from operations was $110,000.

Selling, general and administrative (SG&A) expenses increased by 78% to $4,309,000 in 1997 from $2,423,000 in 1996. The increase in the first quarter of 1997 reflects the cost incurred in the Company's strategic strengthening of the management team and infrastructure in 1996, thereby laying the foundation for future growth. Thus, the increase SG&A is due primarily to a 53% increase in payroll, bonuses and related expenses from $943,000 in 1996 to $1,440,,000 in 1997. Additionally, the Company focused its efforts on selling, advertising, marketing and designing thus increasing those expenses by 159% from $632,000 in 1996 to $1,639,000 in 1997. Selling, marketing and designing expenses increased due to 69% increase in sales volume. Also, the Company expanded its retail outlets and office facilities thereby increasing occupancy, telephone, utilities and depreciation expenses by 97% from $250,000 in 1996 to $492,000 in 1997.

Income from operations was $663,000 in 1997 which represents a decrease of $589,000 from the income from operations of $1,252,000 in 1996. This decrease resulted from higher cost of revenues as a percent of sales and from the substantial increase in selling, general and administrative expenses. The net income for 1997 was $401,000 as compared to net income of $807,000 for the 1996.

Steve Madden wholesale division revenues accounted for $9,411,000 or 71% and $7,155,000 or 92% of total revenues in 1997 and 1996, respectively. Wholesale Division cost of revenues as percent of sales has increased by 8% from 56% in 1996 to 64% in 1997. Operating expenses increased by 46% from $1,976,000 in 1996 to $2,891,000 in 1997. This increase is due to an increase in payroll and payroll related expenses due to the hiring of additional management personnel and an increase in occupancy expenses due to additional warehouse space needed for expanding inventory and the expenses to operate the New York City showroom. Wholesale income from operations was $480,000 in 1997 compared to $1,155,000 in 1996. This decrease is a result of a higher cost of revenues and from increase of operating expenses. Operating expenses have increased due to developing a new line of sneakers and hiring additional personnel to facilitate future growth of footwear classifications/extensions.

Revenues from the Retail Division accounted for $1,554,000 or 12% and 653,000 or 8% of total revenues in 1997 and 1996, respectively. The comparable stores sales for the first quarter of 1997 increased by 23% in the like period of 1996. The increase in Retail Division revenues is primarily due to the Company's opening of retail stores in Roosevelt Field Mall, Long Island NY and Paramus New Jersey, in November 1996 which generated aggregate revenues of $755,000. Selling, general and administrative expenses for the Retail Division increased to $694,000 or 45% of sales in 1997 from $275,000 or 42% of sales in 1996. This increase is due to increases in payroll and related expenses, occupancy, printing and depreciation expenses as a result of opening new two additional stores. Additionally, the Company hired a Director of Retail Operations, anticipating increases in the number of retail stores. Income from operations from the retail division was $103,000 in 1997 compared to income from operations of $74,000 in 1996.

LIQUIDITY AND CAPITAL RESOURCES

The Company has working capital of $15,151,000 at March 31, 1997 which represents a decrease of $1,259,000 in working capital from March 31,1996. In the first quarter of 1997 the Company received proceeds of $381,000 from the exercise of options.

The Company's customers consist principally of department stores and specialty stores, including shoe boutiques. Presently, the Company sells approximately fifty percent (50%) of its products to department stores, including Federated Department Stores (Bloomingdales, Burdines, Macy's East, Macy's West and Rich's) May Department Stores, Dillards, Nordstorm's, Dayton Hudson and approximately fifty percent (50%) to specialty stores, including shoe stores such as Edison (Wild Pair, Precis, Bakers/Leeds) and junior clothing stores such as Urban Outfitters. As a result of the merger between Federated Department Stores and R.H. Macy and Company, Federated Department Stores presently accounts for approximately 15% of the Company's sales.

OPERATING ACTIVITIES

During the three month period ended March 31, 1997, operating activities provided $515,000 of cash. The use of cash arose principally from an increase in accounts receivable-non factored of $1,087,000, a decrease in accounts receivable factored of $300,000 and a decrease in inventories of $408,000. Additionally there was a decrease in prepaid expenses and other assets of $163,000, increase in taxes on income of $173,000, an increase in accounts payable and accrued expenses of $277,000, as well as an increase in other current liabilities of $32,000 and a decrease in accrued bonuses of $390,000.

The Company has lease agreements for office, warehouse, and retail space, expiring at various times through 2007. Future obligations under these agreements total $5,822,000 with annual lease commitments of $926,000.

The Company has employment agreements with various officers currently providing for aggregate annual salaries of approximately $1,400,000, subject to annual bonuses and annual increases as may be determined by the Company's Board of Directors. In addition, as part of the employment agreements, the Company is

committed to pay incentive bonuses based on sales, net income, or net income before interest and taxes to three officers.

The Company continues to increase its supply of products from foreign manufacturers, the majority of which are located in Brazil and Mexico. Although the Company has not entered into long-term manufacturing contracts with any of these foreign companies, the Company believes that a sufficient number of alternative sources exits outside of the United States for the manufacture of its product if current suppliers need to be replaced. In addition, because the Company deals with U.S. currency for all transactions and intends to continue to do so, the Company believes there should be no foreign exchange considerations.

INVESTING ACTIVITIES

During the three month period ended March 31, 1997, the Company used cash of $165,000 to acquire equipment and make leasehold improvements on new office, retail and warehouse space.

FINANCING ACTIVITIES

During the three month period ending March 31, 1997, the Company received $381,000 from the exercise of options. In March 1997, the Company issued 85,979 shares of common stock in payment of the note payable of $644,830 issued in connection with the acquisition of Diva.

INFLATION

The Company does not believe that inflation has had a material adverse effect on sales or income during the past several years. Increases in supplies or other operating costs could adversely affect the Company's operations; however, the Company believes it could increase prices to offset increases in costs of goods sold or other operating costs.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 10-QSB to be signed on its behalf by the undersigned thereunto duly authorized.

STEVE MADDEN, LTD

/S/ Arvind Dharia

Arvind Dharia
Chief Financial Officer

DATE: May 05, 1997

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MAR-31-1997
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