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 quarterly period ended MARCH 31, 1996

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

For the transition period from   to

Commission File Number: 0-23702

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 Number)

52-16 Barnett Avenue
Long Island City, New York
(Address of principal executive offices)

11104
(Zip Code)

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

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 and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No

Class	Outstanding at May 9, 1996
Common Stock	7,668,594

STEVEN MADDEN, LTD.
FORM 10-QSB
QUARTERLY REPORT
PERIOD JANUARY 1, 1996 TO MARCH 31, 1996

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 1996

A S S E T S

Current assets:	
Cash and cash equivalents	$ 8,717,425
Accounts receivable (net of allowance for doubtful accounts of $90,000)	1,098,308
Due from factor (net of allowance for doubtful accounts of $71,000)	5,317,194
Note receivable	116,667
Inventories	1,466,568
Prepaid advertising	965,971
Prepaid expenses and other current assets	170,159
Total current assets	17,852,292
Note receivable, less current maturities	633,333
Property and equipment	828,383
Other assets:	
Prepaid advertising	1,400,000
Deferred taxes	218,400
Deposits	69,688
Total other assets	1,688,088
T O T A L	$21,002,096

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Accounts payable and accrued expenses	$ 584,321
Accrued bonuses	361,471
Income taxes payable	432,929
Other current liabilities	63,941
Total current liabilities	1,442,662
Commitments and contingencies	
Stockholders' equity:	
Common stock - $.0001 par value, 10,000,000 shares authorized, 7,668,594 issued and outstanding	767
Additional paid-in capital	17,129,975
Unearned compensation	(428,098)
Retained earnings	2,856,790
Total stockholders' equity	19,559,434
T O T A L	$ 21,002,096

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, 1996	Three Months Ended March 31, 1995
Sales	$ 7,808,327	$ 6,359,434
Cost of sales	4,327,306	4,322,859
Gross profit	3,481,021	2,036,575
Other revenue	193,886	
Operating expenses	(2,423,369)	(1,108,592)

Income from operations	1,251,538	927,983
Interest income (expense), net	100,659	(98,268)
Income before provision for income taxes	1,352,197	829,715
Provision for income taxes	545,000	150,000
NET INCOME	$ 807,197	$ 679,715
Net income per share of common stock:		
Primary	$ .09	$ .12
Weighted average common shares outstanding	9,989,075	5,555,770

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)	Unearned Compensation	Total Stockholders' Equity
BALANCE - DECEMBER 31, 1995..	6,415,776	$642	$11,179,214	$2,049,593	$(464,036)	$12,765,413
Exercise of stock warrants...	1,252,818	125	5,950,761			5,950,886
Net income..................				807,197		807,197
Amortization of unearned compensation..............					35,938	35,938
BALANCE - MARCH 31, 1996.....	7,668,594	$767	$17,129,975	$2,856,790	$(428,098)	$19,559,434

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, 1996	Three Months Ended March 31, 1995
Cash flows from operating activities:		
Net income	$ 807,197	$ 679,715
Adjustments to reconcile net income to net cash (used in) operating activities:		
Depreciation and amortization	45,844	20,194
Deferred compensation	35,938	
Provision for bad debts		24,330
Deferred rent expense	3,544	(3,594)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable - nonfactored	(552,069)	362,393
(Increase) in due from factor	(1,066,984)	(1,332,639)
(Increase) in inventories	(153,112)	(303,715)

(Increase) in prepaid expenses and other assets	(96,532)	(2,312)
Increase (decrease) in accounts payable and accrued expenses	27,669	(53,780)
(Decrease) in accrued bonuses	(234,400)	(13,670)
Increase (decrease) in other current liabilities	(20,308)	149,552
(Decrease) in tax liability	(98,274)	
Net cash (used in) operating activities	(1,301,487)	(473,526)
Cash flows from investing activities:		
Purchase of equipment	(55,188)	(37,887)
Cash flows from financing activities:		
Proceeds from options and warrants exercised	5,950,886	98,050
Proceeds from loans, net		168,181
Net cash provided by financing activities	5,950,886	266,231
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,594,211	(245,182)
Cash and cash equivalents - beginning of year	4,123,214	2,537,217
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,717,425	$ 2,292,035

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

STEVEN MADDEN, LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

[1] Basis of Reporting:

The accompanying unaudited condensed consolidated 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, 1996, 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, 1996 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 notes for the year ended December 31, 1995 included in the Steven 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.

[4] Merger:

On April 1, 1996, the Company entered into an Agreement and Plan of Merger (the "merger") with Diva International, Inc. ("Diva"). The merger provides for the purchase of all Diva shares for an initial payment of $1,000,000 and a subsequent payment of $1,400,000 to be paid one year from the closing date of the merger. The subsequent payment may be made in cash or 186,667 shares of the Company's common stock. The purchase price may be adjusted based on the audited net assets as at March 31, 1996 and the subsequent cash collections on Diva's accounts receivable.

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

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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			
	1996		1995	
Consolidated:				
Revenues	$7,808,327	97.6	$6,359,434	100
Other Operating Income	193,886	2.4	--	--
Total Revenue	8,002,213	100	6,359,434	100
Cost of Revenues	4,327,306	54.1	4,322,859	68
Operating Expenses	2,423,369	30.3	1,108,592	17.4
Income from Operations	1,251,538	15.6	927,983	14.6
Interest Expense	--	--	-132,242	-2.1
Other Income	100,659	1.3	33,974	0.5
Other Expenses	--	--	--	--
Income Before Income Taxes	1,352,197	16.9	829,715	13
Net Income	807,197	10.1	679,715	10.7
By Segment:				
WHOLESALE				
Revenues	$7,155,318	100	$5,552,997	100
Other Operating Income	--	--	--	--
Total Revenue	7,155,318	100	5,552,997	100
Cost Of Revenues	4,023,668	56.2	3,760,046	67.7
Operating Expenses	1,976,283	27.6	952,262	17.1
Income from Operations	1,155,367	16.2	840,689	15.1
OTHERS				
Revenues	$ 653,009	77.1	$ 806,437	100
Other Operating Income	193,886	22.9	--	--
Total Revenues	846,895	100	806,437	100
Cost of Revenues	303,638	35.9	562,813	69.8
Operating Expenses	447,086	52.8	156,330	19.4
Income from Operations	96,171	11.3	87,294	10.8

RESULTS OF OPERATIONS

Three Months Ended March 31, 1996 vs. Three Months Ended March 31, 1995

Revenues for the three months ended March 31, 1996 were $7,808,000 or 23% higher than the $6,359,000 recorded in the comparable period of 1995. This substantial increase in revenues is due to several factors. The Company's customer base has broadened as a result of a more aggressive sales approach. In addition, management of the Company believes that "Steve Madden" as a brand name is increasing in popularity and as a result reorders and retail sales have increased. In turn, increased revenues have enabled the Company to expand its advertising and promotional efforts, improve its ability to import inventory and increase its sales force, all of which have contributed to the continuing increase in sales. Addesso-Madden, a wholly owned subsidiary of the Company, generated a commission of $194,000 in the first Quarter of 1996.

Cost of revenues as a percentage of revenues decreased to 54% in 1996 as compared to 68% in 1995. The increase in sales allowed the Company to purchase larger volumes, which resulted in a lower cost per pair. The Company purchased a higher percentage of its shoes from overseas suppliers at a lower cost per pair as compared to 1995. The increased sales volume and lower cost of revenues resulted in an improved gross profit, as did the Company's ability to increase selling prices.

Selling, general and administrative expenses increased by 119% to $2,423,000 in 1996 from $1,109,000 in 1995. This increase is primarily due to an increase of 105% in payroll, bonuses and payroll related expenses to $943,000 in 1996 from $461,000 in 1995, an increase of 92% in selling, advertising, marketing and designing expenses to $632,000 in 1996 from $329,000 in 1995, an increase of 214% in occupancy, telephone and utility costs to $204,000 in 1996 from $65,000 in 1995 and an increase of 265% in legal, consulting and accounting fees to $95,000 in 1996 from $26,000 in 1995.

Income from operations was $1,252,000 in 1996 which represents an increase of $324,000 or 35% over the income from operations of $928,000 in 1995. This increase reflects the substantial increase in revenues and the decrease in cost of revenues as percentage of revenues to 54% in 1996 from 68% in 1995. The provision for income taxes amounted to $545,000, an effective rate of 40%, in 1996. Net income was $807,000 for the three months ended 1996 as compared to a net income of $680,000 on 1995.

Revenues from the wholesale division increased $1,602,000 to $7,155,000 in 1996 from $5,553,000 in 1995 and accounted for 89% and 87% of total revenues in 1996 and 1995, respectively. Cost of revenues as a percentage of revenues decreased to 56% in 1996 from 68% in 1995. Selling, general and administrative expenses increased by 108% to $1,976,000 in 1996 from $952,000

in 1995. Income from operations was $1,155,000 in 1996 as compared to an income of $841,000 in 1995. The increase in revenues, decrease in cost of revenues as a percentage of revenues and increase in selling, general and administrative expenses are due to the same factors discussed above.

Revenues from the Company's retail stores increased to $653,000 in 1996 from $335,000 in 1995 and accounted for 8% and 5% of total revenues in 1996 and 1995, respectively. The increase in revenues is due to several factors. The increase in sales is due to increased acceptance of the "Steve Madden" brand name. The Company opened a second retail store in New York City, in October 1995 which earned revenues of $328,000 for the three months ended March 31, 1996. The gross margin from the retail stores was $349,000, or 54%, and $149,000, or 45%, in 1996 and 1995, respectively. The increase in gross margin percentage is due to increased sales volume, a second retail store opened in October 1995 and a lower per pair cost passed through the wholesale division. In addition, in 1996 the retail stores sold Steve Madden merchandise, which proved to be very popular, as well as other brands. Approximately 5% of the revenues earned by the retail stores are from sales of other brands. Selling, general and administrative expenses increased to $275,000, or 42% of sales in 1996 from $104,000, or 31% of sales in 1995. This increase is due to increase in payroll, payroll related expenses, occupancy, utilities, printing expenses and depreciation expenses. In December 1995, the Company sold Marlboro Leather division, and in 1st Quarter of 1995 revenue of the Marlboro Leather Division was $472,000.

LIQUIDITY AND CAPITAL RESOURCES

The Company has working capital of $16,410,000 at March 31, 1996 which represents an increase of $10,942,000 in working capital from March 31,1995. Due to the increased profit in 1995 and first Quarter of 1996, management believes it can manage the Company's cash flow requirements through its current working capital. In addition, the exercise of Class "A" Warrants exercised proceeds of $8,879,000 in January, 1996, has allowed the Company to eliminate the immediate need for outside financing and reduced the Company's interest costs.

Of the approximately $15,220,000 of proceeds from the initial public offering and Class "A" Warrants/Options exercised through March 1996, $314,000 was used to repay indebtedness, $789,000 was used to fund working capital, $5,500,000 used to purchase goods and the Company has approximately $8,617,000 remaining in temporary investments. The Company expects these funds will be used to expand the Company's product line, retail operations and sales force, enhance its advertising, acquisition of Diva International, inc. and for general working capital purposes. The Company hope to expand its retail division by opening or acquiring up to three additional retail stores by the end of 1996.

On April 1, 1996, the Company completed the previously announced acquisition of Diva International, Inc., a privately held, New York-based footwear company that designs and markets women's fashion footwear under the brand-name "David Aaron." The purchase price was $1,000,000 in cash and a subsequent payment of $1,400,000 to be paid one year from the closing date of the merger. The subsequent payment may be made in cash or 186,000 shares of the Company's common stock. The purchase price may be adjusted based on the

audited net assets as of March 31, 1996 and the subsequent cash collections on Diva's accounts receivable. The "David Aaron" brand is sold through major retail department stores such as Bloomingdales, Nordstorm and Macy's.

The Company's customers consist principally of department stores and specialty stores, including shoe boutiques. Presently, the Company sells approximately sixty percent (60%) of its products to department stores, including Federated Stores (Bloomingdales, Burdines, Macy's and Bullocks) and approximately forty percent (40%) to specialty stores, including shoe boutiques. As a result of the merger between Federated Stores and R.H. Macy and Company, Federated Stores presently accounts for approximately 35% of the Company's sales. As a result, the loss of Federated Stores as a customer could have a material adverse effect on the Company's business.

OPERATING ACTIVITIES

During the three month period ended March 31, 1996, operating activities used

$1,300,000 of cash. The use of cash arose principally from an increase in inventory of $153,000, an increase in accounts receivable-factored of $1,067,000, an increase in accounts receivable-non factored of $552,000, an increase of prepaid expenses and other assets $97,000, decrease in accrued bonuses of $234,000 and decrease in taxes on income of $98,000 which were offset by an increase in accounts payable and accrued expenses of $28,000. Inventory Purchases have increased considerably due to increased sales volume. In addition, the retail segment continues to grow which requires a larger quantity of inventory on hand.

On June 14, 1995, the Company renegotiated factoring agreement and extended it until July 1st, 1996. The amended agreement is renewable from year to year thereafter and provides for an interest rate of prime plus 1% with a 6% minimum rate. In addition, under the new agreement, the factor purchases approved receivables, thereby removing the Company's risk that receivables will not be collected.

The Company plans to utilize approximately $200,000 of prepaid advertising in the quarter ended June 30, 1996.

In March, 1993, the company signed a lease for warehouse and retail space which expires in March 1998. In January, 1994, the Company signed a lease through May 1999, for a showroom in New York City. In November, 1994 the Company sublet the showroom space. In September, 1994, the Company signed a lease for additional office and warehouse space which expires in December 1997. In addition, on June 1995 the Company signed a lease for 4300 SQ. ft. of adjacent space which also expires in December 1997. In September 1995, Adesso-Madden, Inc. signed a lease for office space which expires in December 1998. In October 1995, the Company signed a one year lease for Florida office and warehouse space which expires on September 30,1996. In July 1995, the Company signed a lease for retail space which expires on July 31, 2007 and sublet part of the retail space. Commitments under such leases are $661,492 in 1996.

The Company has lease agreements for office, warehouse, and retail space, expiring at various times through 2007. Future obligations under these lease agreements total $4,500,000 with annual lease commitments ranging from $635,000 in 1996 to $296,000 in 2000.

The company has employment agreements with various officers currently providing for aggregate annual salaries of approximately $1,051,000, 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 exist outside of the United States for the manufacture of its product, if current suppliers need to be replaced. In addition, because the Company deals in U.S. currency for all transactions and intends to continue to do so, the Company believes there will be no foreign exchange considerations.

INVESTING ACTIVITIES

During the three month period ended March 31, 1996, the Company used cash of $55,000 to acquire equipment and make leasehold improvements on new office, retail and warehouse space.

FINANCING ACTIVITIES

During the three months period ending March 31, 1996, the Company received $5,951,000 from Class "A" warrants exercised.

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 Secutrities 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.

STEVEN MADDEN, LTD

/s/ Arvind Dharia
Arvind Dharia
Chief Financial Officer

DATE: May 13, 1996

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