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 September 30, 1996

(_) 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 September 30, 1996   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 at October 30, 1996
Common Stock	7,833,594

STEVEN MADDEN, LTD.
FORM 10-QSB
QUARTERLY REPORT
SEPTEMBER 30, 1996

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT SEPTEMBER 30, 1996

ASSETS

Current assets:	
Cash and cash equivalents	$ 5,839,380
Accounts receivable - nonfactored (net of allowance for doubtful accounts of $269,302)	2,066,539
Due from factor (net of allowance for doubtful accounts of $133,000)	5,260,450
Note receivable	116,667
Inventories	2,087,432
Prepaid advertising	806,397
Prepaid expenses and other current assets	599,680
Prepaid taxes	518,841
Total current assets	17,295,386
Note receivable, less current maturities	633,333
Property and equipment (net of accumulated amortization and depreciation)	989,430
Other assets:	
Prepaid advertising, less current portion	1,400,000
Deferred taxes	218,400
Deposits	86,878
Cost in excess of fair market value (net accumulated amortization)	1,913,282
Total other assets	3,618,560
TOTAL	$ 22,536,709

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Note payable	$ 644,841
Accounts payable and accrued expenses	1,361,576
Accrued bonuses	365,908
Other current liabilities	354,809
Total current liabilities	2,727,134
Commitments and contingencies	
Stockholders' equity:	
Common stock - $.0001 par value, 10,000,000 shares authorized, 7,833,594 issued and outstanding	783
Additional paid-in capital	17,521,378
Unearned compensation	(356,222)
Retained earnings	2,908,136
Treasury stock at cost (55,000 shares)	(264,500)
Total stockholders' equity	19,809,575
TOTAL	$ 22,536,709

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

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Sales	$ 13,107,319	$ 10,164,804	$ 29,591,329	$ 25,893,051
Cost of sales	8,878,115	6,705,579	19,814,098	17,060,402
Gross profit	4,229,204	3,459,225	9,777,231	8,832,649
Other revenue	263,559		722,418	
Operating expenses	(3,761,035)	(1,797,613)	(9,305,224)	(4,748,834)
Income from operations	731,728	1,661,612	1,194,425	4,083,815
Interest income (expense), net	72,908	(31,828)	247,118	(96,355)
Income before provision for income taxes	804,636	1,629,784	1,441,543	3,987,460
Provision for income taxes	322,000	619,126	583,000	1,345,126
NET INCOME	$ 482,636	$ 1,010,658	$ 858,543	$ 2,642,334
Net income per share of common stock: Primary	$ .06	$ .11	$ .11	$ .32
Weighted average common shares outstanding	10,059,787	10,067,133	9,973,924	9,632,758

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

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock	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 options and warrants . .	1,417,818	141	6,342,164				6,342,305
Common stock purchased for treasury					$(264,500)		(264,500)
Net income				858,543			858,543
Amortization of unearned compensation . . .						107,814	107,814
BALANCE - SEPTEMBER 30, 1996	7,833,594	$783	$17,521,378	$2,908,136	$(264,500)	$(356,222)	$19,809,575

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

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
Cash flows from operating activities:		
Net income	$ 858,543	$ 2,642,334
Adjustments to reconcile net income to net cash (used in) operating activities:		
Depreciation and amortization	168,545	71,154
Deferred compensation	107,814	75,026
Provision for bad debts	241,302	101,105
Deferred rent expense	13,714	(10,781)
Deferred taxes		(72,688)
Excess of fair market value over option price on nonqualified stock options granted		21,250
Changes in operating assets and liabilities:		
(Increase) in accounts receivable - nonfactored	(1,497,236)	(413,980)
(Increase) in due from factor	(1,073,240)	(3,136,590)
(Increase) in inventories	(711,044)	(370,328)
(Increase) decrease in prepaid expenses and other assets	(841,900)	122,777
Increase in accounts payable and accrued expenses	753,044	146,932
(Decrease) increase in accrued bonuses	(229,963)	177,259
Increase in other current liabilities	183,452	197,492
(Decrease) in accrued taxes	(531,203)	
Net cash (used in) operating activities	(2,558,172)	(449,038)
Cash flows from investing activities:		
Purchase of equipment	(283,398)	(217,285)
Loans to related party		(224,038)
Acquisition of subsidiary	(1,043,783)	
Net cash (used in) investing activities	(1,327,181)	(441,323)
Cash flows from financing activities:		
Proceeds from options and warrants exercised	6,342,305	350,300
Proceeds from loans, net		235,451
Repayment of notes payable assumed in acquisition	(476,286)	
Purchase of treasury stock	(264,500)	
Net cash provided by financing activities	5,601,519	585,751
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,716,166	(304,610)
Cash and cash equivalents - beginning of period	4,123,214	2,537,217
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 5,839,380	$ 2,232,607

The accompanying notes to 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 September 30, 1996, and the results of its operations, changes in stockholders' equity and cash flows for the three months and nine months then ended. The results of operations for the nine months ended September 30, 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 related disclosures for the year ended December 31, 1995 included in the Steve Madden, Ltd. Form 10-KSB.

[2] Inventories:

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 Nine Months Ended September 30			
	1996		1995	
Consolidated:				
Revenues	$29,591,329	100	$25,893,051	100
Cost of Revenues	19,814,098	67	17,060,402	65.9
Other Operating Income	722,418	2.4	--	--
Operating Expenses	9,305,224	31.4	4,748,834	18.3
Income from Operations	1,194,425	4	4,083,815	15.8
Interest Expense	--	--	(201,443)	(.8)
Interest Income	247,118	0.8	105,088	0.4
Income Before Income Taxes	1,441,543	4.8	3,987,460	15.4
Net Income	858,543	2.9	2,642,334	10.2
By Segment:				
WHOLESALE				
Revenues	$25,503,287	100	$23,783,774	100
Cost Of Revenues	17,201,489	67.4	15,572,609	65.5
Operating Expenses	7,106,136	27.9	4,223,674	17.8
Income from Operations	1,195,662	4.7	3,987,491	16.8
OTHERS				
Revenues	$4,088,042	100	$1,151,862	100
Cost of Revenues	2,612,609	63.9	631,626	54.8
Other Operating Income	722,418	17.7	--	--
Operating Expenses	2,199,089	53.8	341,036	29.6
Income [Loss] from Operations	(1,238)	0	179,200	15.6

	Percentage of Net Revenues Three Months Ended September 30			
	1996		1995	
Consolidated:				
Revenues	$13,107,319	100	$10,164,804	100
Cost of Revenues	8,878,115	67.7	6,705,579	66
Other Operating Income	263,559	2	--	--
Operating Expenses	3,761,035	28.7	1,797,613	17.7
Income from Operations	731,728	5.6	1,661,612	16.3
Interest Expense	--	--	(67,096)	(.7)
Interest Income	72,908	0.6	35,268	0.3
Income Before Income Taxes	804,636	6.1	1,629,784	16
Net Income	482,636	3.7	1,010,658	9.9
By Segment:				
WHOLESALE				
Revenues	$11,117,203	100	$9,483,801	100
Cost Of Revenues	7,546,638	67.9	6,190,285	65.3
Operating Expenses	2,820,857	25.4	1,609,714	17
Income from Operations	749,708	6.7	1,683,802	17.8
OTHERS				
Revenues	$1,990,116	100	$441,927	100
Cost of Revenues	1,331,477	66.9	219,501	49.7
Other Operating Income	263,559	13.2	--	--
Operating Expenses	940,179	47.2	122,824	27.8
Income [Loss] from Operations	(17,981)	(.9)	72,602	16.4

RESULTS OF OPERATIONS

Nine Months Ended September 30, 1996 Vs. Nine Months Ended September 30, 1995

Revenues for the nine months ended September 30, 1996 were $29,591,000, or 14% higher than the $25,893,000 recorded in the comparable period of 1995. This increase in revenues, which are derived from product sales, is due to several factors. Management feels that "Steve Madden" as a brand name is increasing in popularity, thus reorders and retail sales have increased, and new accounts continue to be added. Cost of revenues increased 1% from 66% of revenues in 1995 to 67% of revenues in 1996, primarily as a result of a higher level of markdowns experienced in the second quarter of 1996. Adesso-Madden, a wholly owned subsidiary of the Company, generated a commission of $722,000 for the first nine months of 1996. The Company's newly acquired subsidiary, Diva, had sales of $1,830,000 for the six month period from April 1,1996 (date of acquisition) through September 30, 1996, gross profit was $437,000 and loss from operations was $355,000.

Selling, general and administrative expenses increased by 96% to $9,305,000 in 1996 from $4,749,000 in 1995. The increase is due primarily to a 98% increase in payroll, bonuses and related expenses from $1,760,000 in 1995 to $3,487,000 in 1996, and a 127% increase in selling, advertising, marketing, and designing expenses from $1,422,000 in 1995 to $3,230,000 in 1996. In addition, occupancy, telephone, and utilities expenses increased 219% from $215,000 in 1995 to $685,000 in 1996. Income from operations for 1996 was $1,194,000 which represents a decrease of $2,890,000 from the income from operations of $4,084,000 in 1995. This decrease resulted from the higher cost of revenues as a percent of sales and from the substantial increase in selling, general and administrative expenses. The net income for 1996 was $859,000 as compared to net income of $2,642,000 for the corresponding nine month period of 1995.

Wholesale Division revenues, accounted for 86% or $25,503,000 and 92% or $23,784,000 of total revenues in 1996 and 1995 respectively. Wholesale Division cost of revenues as a percent of sales increased from 66% in 1995 to 67% in 1996. Operating expenses increased by 68%, from $4,224,000 in 1995 to $7,106,000 in 1996. This increase is due to an increase in payroll and payroll related expenses due to the hiring of additional personnel and an increase in occupancy expenses due to additional warehouse space needed for expanding inventory and showroom space as part of an aggressive sales approach. Wholesale income from operations was $1,196,000 in 1996 compared to $3,987,000 in 1995. This decrease is a result of the higher cost of revenues and from the substantial increase in operating expenses.

Revenues from the Retail Division, which accounted for 4% and 7% of total revenues in 1995 and 1996 respectively, increased from $1,152,000 in 1995 to $2,258,000 in 1996. This increase in revenues is due to the Company's opening of a second retail store in New York City, in October 1995 which earned revenues of $1,034,000 in first nine months of 1996. The gross margin from the retail stores was $1,038,000 or 46% and $520,000 or 45% in 1996 and 1995 respectively. The increase in gross margin and gross margin percentage is due to a lower per pair cost being passed through from the wholesale division. Selling, general and administrative expenses increased to $831,000 or 37% of

sales in 1996 from $341,000 or 30% of sales in 1995. This increase is due to increases in payroll and related expenses, occupancy, printing and depreciation expenses as a result of opening a second store. Income from operations from the Retail Division was $207,000 in 1996 compared to income from operations of $179,000 in 1995. In December 1995 the Company sold its Marlboro Leather division which generated $957,000 of revenues during the nine months of 1995.

Three Months Ended September 30, 1996 vs. Three Months Ended September 30, 1995

Revenues for the three months ended September 30, 1996 were $13,107,000 or 29% higher than the $10,165,000 recorded in the comparable period of 1995. Cost of revenues as percentage of revenues increased to 68% in 1996 as compared to 66% in 1995. This increase in cost of revenues is due to mark-down prices for allowances to customers. Adesso-Madden, a wholly owned subsidiary of the Company, generated a commission of $264,000 in the third Quarter of 1996. Diva had sales of $1,176,000 in the third Quarter of 1996, gross profit was $299,000 and loss from operations was $161,000. In December 1995 the Company sold Marlboro Leather division whose third Quarter 1995 revenues were $465,000.

Selling, general and administrative expenses increased by 109% to $3,761,000 in 1996 from $1,798,000 in 1995. This increase is primarily due to an increase of 110% in payroll, bonuses and payroll related expenses to $1,420,000 in 1996 from $676,000 in 1995, an increase of 139% in selling, advertising, marketing and designing expenses to $1,451,000 in 1996 from $607,000 in 1995, an increase of 176% in occupancy, telephone and utility costs to $232,000 in 1996 from $84,000 in 1995.

Income from operations was $732,000 in 1996 as compared to $1,662,000 for the corresponding period of 1995. Net income for the 1996 period was $483,000 as compared to net income of $1,011,000 for the same period of 1995. The decline in net income is primarily a result of the increase in cost of revenues as a percentage of revenues and of the increases in administrative expenses as noted above.

Revenues from the wholesale division increased 17% to $11,117,000 in 1996 from $9,484,000 in 1995 and accounted for 85% and 93% of total revenues in 1996 and 1995, respectively. Cost of revenues as a percentage of revenues increased to 68% in 1996 from 65% in 1995. Selling, general and administrative expenses increased by 75% to $2,821,000 in 1996 from $1,610,000 in 1995. Income from operations was $750,000 in 1996 as compared to income from operations of $1,684,000 in 1995. The lower net income for 1996 resulted from the increase in cost of revenues as a percentage of revenues and the increase in selling, general and administrative expenses as discussed above.

Revenues from the Company's retail stores increased to $815,000 in 1996 from $415,000 in 1995 and accounted for 6% and 4% of total revenues in 1996 and 1995, respectively. The Company opened a second retail store in New York City in October 1995 which earned revenues of $359,000 for the three months ended September 30, 1996. The gross margin from the retail stores was $360,000, or 44%, and $195,000 or 47%, in 1996 and 1995, respectively. 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 $278,000 in 1996 from $123,000 in 1995. This increase in expenses is due to increases in payroll, payroll related expenses, occupancy, utilities, printing expenses and depreciation expenses from opening a second store.

LIQUIDITY AND CAPITAL RESOURCES

The Company has working capital of $14,568,000 at September 30, 1996 which represents an increase of $6,771,000 in working capital from September 30,1995. Management believes it can manage the Company's cash flow requirements through its current working capital. In addition, the Company received proceeds of $6,342,000 from the exercise of Class "A" Warrants in the nine months ended September 30, 1996, which has allowed the Company to eliminate the immediate need for outside financing and reduced the Company's interest costs.

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 East and Macy's West) 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 25% 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 nine month period ended September 30, 1996, operating activities used $2,558,000 of cash. The use of cash arose principally from an increase in accounts receivable-non factored of $1,497,000, an increase in accounts receivable factored of $1,073,000, an increase in inventories of $711,000, an increase of prepaid expenses and other assets $842,,000, decrease in taxes on income of $531,000, an increase in accounts payable and accrued expenses of $753,000, an increase in other current liabilities of $183,000, and a decrease in accrued bonuses of $230,000. Inventory purchases have increased considerably due to increased sales volume.

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 an annual lease commitment of $635,000.

The company has employment agreements with various officers currently providing for aggregate annual salaries of approximately $1,295,000, 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 nine month period ended September 30, 1996, the Company used cash of $283,000 to acquire equipment and make leasehold improvements on new office, retail and warehouse space. Additionally, the Company made an initial payment of $1,000,000 to the owners of Diva International, inc. to acquire all the outstanding common stock of Diva. A note has been issued for $645,000 for the subsequent payment which can be paid in cash or the Company's common stock.

FINANCING ACTIVITIES

During the nine month period ending September 30, 1996, the Company purchased treasury stock of $265,000 and the Company received $6,342,000 from Class "A" warrants and options exercised. In connection with the acquisition of Diva International, Inc., the Company has a note payable to the former owners in the amount of $645,000. Additionally, the Company repaid $476,000 on a note assumed in the acquisition.

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: November 4, 1996

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DEC-31-1996
SEP-30-1996
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