UNITED STATES

SECURITIES & EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2003

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 000-08822

Cavco Industries, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	56-2405642
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

1001 North Central Avenue, Suite 800, Phoenix, Arizona 85004
(Address of principal executive offices)
(Zip Code)

(602) 256-6263
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last year)

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 is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes __ No _X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the latest practicable date.

Class	Outstanding at January 27, 2004
Common Stock, $.01 Par Value	3,146,495 Shares

CAVCO INDUSTRIES, INC. AND SUBSIDIARY
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CAVCO INDUSTRIES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	March 31, 2003	December 31, 2003 (Unaudited)
ASSETS		
Current assets		
Cash	$ -	$ 26,316
Restricted cash	2,275	2,302
Accounts receivable	5,264	3,779
Inventories	6,861	7,832
Prepaid expenses and other current assets	640	1,465
Deferred income taxes	-	5,600
Receivable from Centex	12,224	-
Retail assets held for sale	7,841	4,258
Total current assets	35,105	51,552
Property, plant and equipment, at cost:		
Land	2,330	2,330
Buildings and improvements	4,914	4,998
Machinery and equipment	6,458	6,345
	13,702	13,673
Accumulated depreciation	(4,541)	(5,244)
	9,161	8,429
Goodwill	67,346	67,346
Total assets	$ 111,612	$ 127,327
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 3,250	$ 4,669
Accrued liabilities	16,016	18,397
Total current liabilities	19,266	23,066
Deferred income taxes	-	7,644
Commitments and contingencies		
Stockholders' equity		
Preferred Stock, $.01 par value, 1,000,000 shares authorized; no shares issued or outstanding	-	-
Common Stock, $.01 par value; 10,000,000 shares authorized; Outstanding 3,091,399 (proforma March 31, 2003) and 3,146,495 (December 31, 2003) shares, respectively	31	31
Additional paid-in capital	120,030	120,330
Unamortized value of restricted stock	-	(625)
Accumulated deficit	(27,715)	(23,119)
Total stockholders' equity	92,346	96,617
Total liabilities and stockholders' equity	$ 111,612	$ 127,327

See Notes to Consolidated Financial Statements

CAVCO INDUSTRIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended December 31, 2002	Three Months Ended December 31, 2003	Nine Months Ended December 31, 2002	Nine Months Ended December 31, 2003
Net sales	$ 27,537	$ 33,489	$ 82,066	$ 93,824
Cost of sales	22,523	27,251	67,329	76,991
Gross profit	5,014	6,238	14,737	16,833
Selling, general and administrative expenses	3,031	3,148	9,076	10,287
Income from operations	1,983	3,090	5,661	6,546
Interest income (expense)	(77)	63	(288)	138
Income from continuing operations before income taxes	1,906	3,153	5,373	6,684
Income tax expense	-	(1,260)	-	(2,015)
Income from continuing operations	1,906	1,893	5,373	4,669
Discontinued operations:				
Loss from discontinued manufacturing operations	(243)	-	(734)	-
Loss from discontinued retail operations	(616)	-	(2,339)	(73)
Net Income	$ 1,047	$ 1,893	$ 2,300	$ 4,596
Net income per share (basic and diluted)		$ 0.60		$ 1.47
Weighted average shares outstanding:				
Basic		3,146,495		3,128,130
Diluted		3,147,051		3,128,315
Proforma financial information:				
Income from continuing operations before income taxes	$ 1,906		$ 5,373	$ 6,684
Proforma income tax expense	(762)		(2,149)	(2,672)
Proforma income from continuing operations	1,144		3,224	4,012
Proforma loss from discontinued operations, net of proforma taxes	(515)		(1,843)	(44)
Proforma net income	$ 629		$ 1,381	$ 3,968
Proforma net income (loss) per share:				
Continuing operations (basic and diluted)	$ 0.37		$ 1.04	$ 1.28
Discontinued operations (basic and diluted)	(0.17)		(0.60)	(0.01)
Net income (basic and diluted)	$ 0.20		$ 0.44	$ 1.27
Proforma weighted average shares outstanding:				
Basic	3,091,399		3,091,399	3,128,130
Diluted				3,128,315

See Notes to Consolidated Financial Statements

CAVCO INDUSTRIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Nine Months Ended December 31,	
	2002	2003
OPERATING ACTIVITIES		
Net income	$ 2,300	$ 4,596
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation - continuing operations	868	898
Depreciation - discontinued operations	579	-
Amortization of restricted stock	-	375
Deferred income taxes provision	-	1,344
Changes in operating assets and liabilities:		
Restricted cash	(129)	(27)
Accounts receivable	(1,549)	1,485
Inventories	3,481	2,612
Prepaid expenses and other current assets	(128)	(825)
Accounts payable and accrued liabilities	(2,564)	3,800
Net cash provided by operating activities	2,858	14,258
INVESTING ACTIVITIES		
Continuing operations:		
Purchases of property, plant and equipment	(324)	(166)
Discontinued operations:		
Purchases of property, plant and equipment	(197)	-
Proceeds from disposition of assets	185	-
Net cash used in investing activities	(336)	(166)
FINANCING ACTIVITIES		
Funding provided by Centex	(2,522)	12,224
Net cash provided by (used in) financing activities	(2,522)	12,224
Net increase in cash	-	26,316
Cash at beginning of period	-	-
Cash at end of period	$ -	$ 26,316
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	$ 670	$ -
Supplemental schedule of noncash financing activities:		
Issuance of restricted stock		$ 1,000
Assumption of net deferred tax liability		$ 700

See Notes to Consolidated Financial Statements

1. Basis of Presentation

The consolidated interim financial statements include the accounts of Cavco Industries, Inc. ("Cavco Inc.") and its wholly-owned subsidiary (collectively, the "Company") after elimination of all significant intercompany balances and transactions. The statements have been prepared, without audit, in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted.

In the opinion of the Company, all adjustments (consisting of normal, recurring accruals) necessary to present fairly the information in the consolidated financial statements of the Company have been included. The results of operations for such interim periods are not necessarily indicative of results for the full year. The Company suggests that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes to consolidated financial statements included in the Company's Form 10 Registration Statement filed with the Securities and Exchange Commission on June 23, 2003 (the "Form 10").

Effective June 30, 2003, Cavco Industries, LLC ("Cavco LLC") was merged into Cavco Inc. and 100% of the outstanding shares of common stock of Cavco Inc. were distributed to the stockholders of Centex Corporation ("Centex"), Cavco Inc.'s parent company. Subsequent to this distribution, Cavco Inc. became a separate public company. The stockholders' equity section of the balance sheet has been presented assuming the merger of Cavco LLC into Cavco Inc. had occurred as of March 31, 2003 and 3,091,399 shares of common stock of Cavco Inc. were issued and outstanding.

Prior to June 30, 2003, Cavco LLC was incorporated into the consolidated Federal income tax returns of Centex. Therefore, income taxes are not provided for prior to June 30, 2003. Proforma income tax expense is calculated assuming a 40% effective tax rate. As a result of the distribution described above, proforma tax amounts have been presented on the face of the statement of operations as if the Company was a stand-alone taxable entity. As a stand-alone taxable entity, the deferred taxes associated with its assets and liabilities have been assumed by the Company from Centex and recorded in its financial statements. The Company's deferred tax assets primarily result from financial accruals and its deferred tax liabilities result from excess tax amortization of goodwill.

For a description of significant accounting policies used by the Company in the preparation of its consolidated financial statements, please refer to Note 1 of Notes to Consolidated Financial Statements in the Form 10.

Accounting For Stock Based Compensation - The Company accounts for its stock-based compensation programs under APB No. 25, Accounting for Stock Issued to Employees and related interpretations, under which no compensation expense has been recognized, as all options have been granted with an exercise price equal to the fair value of the common stock on the date of grant. The Company has adopted the disclosure-only provisions of SFAS No. 123, Accounting for Stock Based Compensation, as amended by SFAS No. 148, Accounting for Stock Based Compensation-Transition and Disclosure. For the disclosure requirements of SFAS No. 123 as amended by SFAS 148, the fair value of each option grant as of the date of the grant was estimated using the Black-Scholes option pricing method. The assumptions used for the three and nine months ended December 31, 2003 were volatility of 24.7%, risk-free interest rate of 2.1%, dividend rate of 0.0% and an expected life of the options of 5 years.

Options granted vest over a three-year period with 25% becoming vested on the grant date and the remainder becoming vested in cumulative 25% increments on each of the first three anniversaries of the grant date. Had compensation cost been determined as prescribed by SFAS No. 123, utilizing the assumptions detailed above and amortizing the resulting fair value of the stock options granted over the respective vesting period of the options, net income and earnings per share would have been reduced to the proforma amounts for the three and nine months ended December 31, 2003 as follows. The Company had not granted any options prior to December 12, 2003. For the nine month period ended December 31, 2003, net income includes the proforma income tax provision discussed in Note 1.

	Three Months Ended December 31, 2003	Nine Months Ended December 31, 2003
Net income, as reported for the three months ended December 31, 2003 and proforma for the nine months ended December 31, 2003	$ 1,893	$ 3,968
Less: Total stock-based employee compensation determined under the fair value based method for all awards, net of related tax effects of $182	(274)	(274)
Proforma net income	$ 1,619	$ 3,694
Basic and diluted net income per share:		
As reported for the three months ended December 31, 2003 and proforma for the nine months ended December 31, 2003	$ 0.60	$ 1.27
Pro forma	$ 0.51	$ 1.18

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2. Discontinued Operations

Prior to March 31, 2003, the Company distributed its New Mexico and Texas manufacturing facilities to Centex and these operations are classified as discontinued manufacturing operations. These facilities had no operations during the three and nine month periods ended December 31, 2003.

The Company has initiated plans to dispose of certain of its retail sales centers and these operations are classified as discontinued retail operations. Retail assets held for sale represent finished goods inventories to be liquidated in conjunction with the disposal of these retail sales centers. Net sales for the retail sales centers to be disposed of were $4,944 and $6,972 for the three month periods ended December 31, 2003 and 2002, respectively, and $17,303 and $21,380 for the nine month periods ended December 31, 2003 and 2002, respectively.

3. Inventories

Raw materials inventories are valued at the lower of cost (first-in, first-out method which approximates actual cost) or market. Finished goods are valued at the lower of cost or market, using the specific identification method. Inventories at March 31, 2003 and December 31, 2003 were as follows:

	March 31, 2003	December 31, 2003
Raw materials	$ 2,754	$ 3,316
Work in process	1,566	1,660
Finished goods	2,541	2,856
Total inventories	$ 6,861	$ 7,832

4. Revolving line of credit

On September 17, 2003, the Company established a revolving line of credit facility ("RLC") with Bank One, NA. The RLC provides for borrowings up to $15 million with availability limited to 80% of eligible accounts receivable and 50% of eligible inventory, as determined on a monthly basis. As of December 31, 2003, the amount available under the RLC was approximately $8 million. The Company has not made any draws under the RLC. The outstanding principal amount of borrowings under the RLC bears interest at the Company's election at either the prime rate or the London Interbank Offered Rate plus 2.25%. The RLC expires on July 31, 2005.

The RLC contains certain restrictive and financial covenants, which, among other things, limit the Company's ability to pay dividends, purchase treasury stock, pledge assets, incur additional indebtedness and make capital expenditures, and requires the Company to maintain certain defined leverage and debt service coverage ratios.

5. Warranties

Homes are warranted against manufacturing defects for a period of one year commencing at the time of sale to the retail customer. Estimated costs relating to home warranties are provided at the date of sale. The Company has provided a liability for estimated future warranty costs relating to homes sold, based upon management's assessment of historical experience factors and current industry trends. Activity in the liability for estimated warranties was as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2002	2003	2002	2003
Balance at beginning of period	$ 4,372	$ 4,316	$ 4,789	$ 4,241
Charged to costs and expenses	1,399	1,333	4,302	4,414
Deductions	(1,511)	(1,432)	(4,831)	(4,438)
Balance at end of period	$ 4,260	$ 4,217	$ 4,260	$ 4,217

6. Contingencies

The Company is contingently liable under terms of repurchase agreements with financial institutions providing inventory financing for independent retailers of its products. These arrangements, which are customary in the industry, provide for the repurchase of products sold to retailers in the event of default by the retailer. The risk of loss under these agreements is spread over numerous retailers. The price the Company is obligated to pay generally declines over the period of the agreement and is further reduced by the resale value of repurchased homes. The maximum amount for which the Company was contingently liable under such agreements approximated $18,962 at December 31, 2003. The Company has a reserve for repurchase commitments based on prior experience and market conditions of $2,000 at March 31, 2003 and December 31, 2003. In connection with the repurchase agreement with one financial institution, the Company has provided a guaranty in the amount of $300 to guaranty payment should one of the Company's larger independent dealers default on certain of its obligations in the event of a repurchase by the lender. The potential liability related to this guaranty is included in the Company's reserve for repurchase commitments.

The Company is engaged in various legal proceedings that are incidental to and arise in the course of its business. Certain of the cases filed against the Company and other companies engaged in businesses similar to the Company allege, among other things, breach of contract and warranty, product liability and personal injury. Legal fees associated with these lawsuits are expensed as incurred. In the opinion of management, the ultimate liability, if any, with respect to the proceedings in which the Company is currently involved is not expected to have a material adverse effect on the Company's financial position or results of operations. However, the potential exists for unanticipated material adverse judgments against the Company.

7. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share. For the three and nine month periods ended December 31, 2002 and the nine month period ended December 31, 2003, net income includes the proforma income tax provision discussed in Note 1.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2002	2003	2002	2003
Net income		$ 1,893		$ 4,596
Weighted average shares outstanding:				
Basic		3,146,495		3,128,130
Add: Effect of dilutive stock options		556		185
Diluted		3,147,051		3,128,315
Net income per share:				
Basic		$ 0.60		$ 1.47
Diluted		$ 0.60		$ 1.47
Proforma net income	$ 629		$ 1,381	$ 3,968
Proforma weighted average shares outstanding:				
Basic	3,091,399		3,091,399	3,128,130
Add: Effect of dilutive stock options	-		-	185
Diluted	3,091,399		3,091,399	3,128,315
Proforma net income per share:				
Basic	$ 0.20		$ 0.44	$ 1.27
Diluted	$ 0.20		$ 0.44	$ 1.27

8. Business Segment Information

The Company operates in two business segments in the manufactured housing industry — Manufacturing and Retail. Through its Manufacturing segment, the Company designs and manufactures homes which are sold primarily in the southwestern United States to a network of dealers which includes Company-owned retail locations comprising the Retail segment. The Company's Retail segment derives its revenues from home sales to individuals. The accounting policies of the segments are the same as those described in the Form 10. Retail segment results include retail profits from the sale of homes to consumers but do not include any manufacturing segment profits associated with the homes sold. Intercompany transactions between reportable operating segments are eliminated in consolidation. Each segment's results include corporate office costs that are directly and exclusively incurred for the segment. The following table summarizes information with respect to the Company's business segments for the periods indicated:

	Three Months Ended December 31, 2002	Three Months Ended December 31, 2003	Nine Months Ended December 31, 2002	Nine Months Ended December 31, 2003
Net sales				
Manufacturing	$ 26,650	$ 31,412	$ 78,571	$ 88,789
Retail	3,987	4,391	11,659	12,841
Less: Intercompany	(3,100)	(2,314)	(8,164)	(7,806)
Total consolidated net sales	$ 27,537	$ 33,489	$ 82,066	$ 93,824
Income (loss) from operations				
Manufacturing	$ 2,895	$ 3,844	$ 8,001	$ 9,987
Retail	(263)	50	(547)	(117)
Intercompany profit in inventory	20	120	60	180
General corporate charges	(669)	(924)	(1,853)	(3,504)
Total consolidated income from operations	$ 1,983	$ 3,090	$ 5,661	$ 6,546
Depreciation				
Manufacturing	$ 202	$ 199	$ 600	$ 597
Retail	26	37	81	115
Corporate	61	58	187	186
Total consolidated depreciation	$ 289	$ 294	$ 868	$ 898
Capital expenditures				
Manufacturing	$ 105	$ 20	$ 278	$ 163
Retail	-	-	-	-
Corporate	43	-	46	3
Total consolidated capital expenditures	$ 148	$ 20	$ 324	$ 166

	As of March 31, 2003	As of December 31, 2003
Total assets		
Manufacturing	$ 85,820	$ 85,869
Retail	5,565	4,997
Retail assets held for sale	7,841	4,258
Corporate	12,386	32,203
Total consolidated assets	$ 111,612	$ 127,327

Total Corporate assets are comprised primarily of the receivable from Centex at March 31, 2003 and cash and deferred taxes at December 31, 2003.

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

Overview

Effective June 30, 2003, Cavco Industries, LLC ("Cavco LLC"), our predecessor, was merged into Cavco Industries, Inc. (the "Company") and 100% of the outstanding shares of common stock of the Company were distributed to the stockholders of Centex Corporation ("Centex"), Cavco LLC's parent company. Subsequent to this distribution, the Company became a separate public company. The consolidated financial statements contained in this quarterly report reflect the financial condition and results of operations of the Company and unless the context otherwise requires, all financial information contained in this section gives effect to the reorganization as if it had occurred prior to the date of such financial information.

The Company is the largest producer of manufactured homes in Arizona and 12th largest producer of manufactured homes in the United States in terms of wholesale shipments, based on 2002 data published by Manufactured Home Merchandiser. Headquartered in Phoenix, Arizona, the Company designs and produces manufactured homes which are sold to a network of retailers located primarily in the Southwestern United States. The retail segment of the Company operates retail sales locations which offer homes produced by the Company and other manufacturers to retail customers.

Results of Operations - (Dollars in thousands)

Three and nine months ended December 31, 2003 compared to 2002

Net Sales. Total net sales increased 21.6% to $33,489 for the three months ended December 31, 2003 compared to $27,537 last year. For the first nine months of the fiscal year ending on March 31, 2004, net sales increased 14.3% to $93,824 versus $82,066 last year.

Manufacturing net sales increased 17.9% to $31,412 for the three months ended December 31, 2003 from $26,650 for last year and 13.0% to $88,789 for the first nine months of fiscal 2004 from $78,571 last year. These increases were attributable to the trend toward larger homes with more amenities and higher volume of homes sold resulting from our efforts to expand our market share in Arizona and California through recruiting of new independent dealers and expansion of specialty products to markets different from those for traditional manufactured homes. Total homes sold during the current quarter increased 7.5% to 904 wholesale shipments versus 841 last year and the average sales price per home increased 9.7% to $34,748 versus $31,688 last year. For the first nine months of fiscal 2004, the number of homes sold increased 5.9% to 2,638 from 2,492 last year and the average sales price per home increased 6.8% to $33,658 versus $31,529 last year.

Retail net sales increased $404 to $4,391 for the three months ended December 31, 2003 versus $3,987 for the same period last year and $1,182 to $12,841 for the nine months ended December 31, 2003 versus $11,659 last year. These increases in retail sales were primarily due to one new retail sales center added during the first quarter of fiscal 2004.

Gross Profit. Gross profit as a percent of sales increased to 18.6% for the three months ended December 31, 2003 from 18.2% last year. The increase in gross profit as a percent of sales was primarily due to efficiencies resulting from increased production. For the first nine months of the fiscal year versus last year, gross profit as a percentage of sales was flat at approximately 18.0% as efficiencies normally achieved through increased production were offset by the costs of building more complex and diverse products. Gross profit increased to $6,238 for the three months ended December 31, 2003 from $5,014 last year and $16,833 for the first nine months of fiscal 2004 from $14,737 last year. These increases in gross profit were primarily due to the overall increase in net sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased

3.9% or $117 to $3,148 or 9.4% of net sales for the three months ended December 31, 2003 versus $3,031 or 11.0% of net sales last year. Selling, general and administrative expenses increased 13.3% or $1,211 to $10,287 or 11.0% of sales for the first nine months of fiscal 2004 versus $9,076 or 11.1% of sales last year. These increases are attributable to the incremental costs related to being a stand-alone public company. In addition, the nine month period ended December 31, 2003 includes a $300 charge for accrued lease costs related to vacated office space recorded in the second quarter of fiscal 2004.

Interest (Income) Expense. Interest income represents income earned on unrestricted cash during the three and nine months ended December 31, 2003. In anticipation of the distribution noted above, all of the Company's outstanding third party debt was repaid and the intercompany debt owed to Centex was contributed to capital prior to March 31, 2003. As a result, the Company has not incurred any interest expense in fiscal 2004.

Income Taxes. The effective income tax rates for the quarter and nine months ended December 31, 2003 approximated the Company's combined statutory rate of 40%. Prior to the distribution on June 30, 2003, Cavco LLC was incorporated in the consolidated federal income tax return of Centex. Therefore, income taxes were not provided for by Cavco LLC as Cavco LLC and Centex had agreed that all taxes or tax benefits from filing a consolidated income tax return would either be borne by or benefit Centex. Cavco LLC was a disregarded entity for federal income tax purposes and therefore on a stand-alone basis would not be subject to federal income taxes. As a result of the distribution described above, proforma tax amounts for all periods prior to the date of the distribution have been presented on the face of the statement of operations as if the Company was a stand-alone taxable entity. Proforma income tax expense (benefit) is calculated based on a combined statutory rate of 40%.

Discontinued Operations

Discontinued Manufacturing Operations. In anticipation of the distribution, the Company distributed to Centex its ownership interest in its idled manufacturing facilities in New Mexico and Texas during fiscal 2003 and these operations are classified as discontinued. Because the Company no longer owns or operates these facilities, there were no results of operations during the three and nine month periods ended December 31, 2003 versus losses of $243 and $734 for the comparable periods last year.

Discontinued Retail Operations There were no operating losses in the quarter for the stores we have identified for sale or disposal as the costs related to the liquidation of inventory were in line with our expectations of net realizable values. The loss from discontinued retail operations for the first nine months of fiscal 2004 primarily represents accrued lease costs related to one of the retail locations we closed during the first quarter of fiscal 2004.

Liquidity and Capital Resources

Prior to the distribution noted above, we participated in Centex's central cash management program, wherein all of our cash receipts were remitted to Centex and all cash disbursements were funded by Centex. Subsequent to the distribution, we are now responsible for funding our own operating needs.

On September 17, 2003, the Company established a revolving line of credit facility ("RLC") with Bank One, NA. The RLC provides for borrowings up to $15 million with availability limited to 80% of eligible accounts receivable and 50% of eligible inventory, as determined on a monthly basis. As of December 31, 2003, the amount available under the RLC was approximately $8 million. The Company has not made any draws under the RLC. The outstanding principal amount of borrowings under the RLC bears interest at the Company's election at either the prime rate or the London Interbank Offered Rate plus 2.25%. The RLC expires on July 31, 2005.

The RLC contains certain restrictive and financial covenants, which, among other things, limit the Company's ability to pay dividends, purchase treasury stock, pledge assets, incur additional indebtedness and make capital expenditures, and requires the Company to maintain certain defined leverage and debt service coverage ratios.

We believe that cash on hand at December 31, 2003, together with cash flow from operations and cash to be provided by retail assets held for sale, will be sufficient to fund our operations for at least the next twelve months. In addition, as described above, we have entered into a $15 million credit facility with Bank One that can be used to supplement these sources of liquidity.

Operating activities provided $14,258 of cash during the nine months ended December 31, 2003 compared to providing $2,858 of cash during the first nine months of last year. Cash generated by operating activities was primarily derived from operating income before non-cash charges, collection of accounts receivable, the liquidation of retail inventories held for sale and an increase in accounts payable and accrued expenses resulting from the timing of payments owed to vendors and various service providers.

Investing activities required the use of $166 of cash during the nine months ended December 31, 2003 compared to the use of $336 last year. The cash used for investing activities during the first nine months of fiscal 2004 was for normal recurring capital expenditures.

Financing activities provided $12,224 of cash in during the nine months ended December 31, 2003 resulting from the payment by Centex of the capital contribution committed during fiscal 2003 in anticipation of the distribution.

Critical Accounting Policies

In our Form 10 filed with the Securities and Exchange Commission on June 23, 2003, under the heading "Critical Accounting Policies", we have provided a discussion of the critical accounting policies that management believes affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

FORWARD-LOOKING STATEMENTS

Various sections of this Report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the context of the statement and generally arise when we are discussing our beliefs, estimates or expectations.

All forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties, many of which are beyond our control. As a result, our actual results or performance may differ materially from anticipated results or performance. Also, forward-looking statements are based upon management's estimates of fair values and of future costs, using currently available information. Therefore, actual results may differ materially from those expressed or implied in those statements. Factors that could cause such differences to occur include, but are not limited to, those discussed in our Form 10 filed with the Securities and Exchange Commission under the heading "Risk Factors". We expressly disclaim any obligation to update any forward-looking statements contained in this report or elsewhere, whether as a result of new information, future events or otherwise. For all of these reasons, you are cautioned not to place undue reliance on any forward-looking statements included in this report or elsewhere.

Item 3: Quantitative and Qualitative Disclosures about Market Risk

Market Risk

Market risk is the risk of loss arising from adverse changes in market prices and interest rates. We may from time to time be exposed to interest rate risk inherent in our financial instruments, but are not currently subject to foreign currency or commodity price risk. We manage our exposure to these market risks through our regular operating and financing activities. We are not currently party to any market risk sensitive instruments that could be reasonably expected to have a material effect on our financial condition or results of operations.

Item 4: Controls and Procedures

An evaluation has been performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2003. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of December 31, 2003, for the purpose of ensuring that information required to be disclosed in this Report has been processed, summarized and reported in a timely manner. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to December 31, 2003.

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

31.1 Certification of the Chief Executive Officer of Cavco Industries, Inc. pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934, as amended.

31.2 Certification of the Chief Financial Officer of Cavco Industries, Inc. pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934, as amended.

32.1 Certification of the Chief Executive Officer of Cavco Industries, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer of Cavco Industries, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

The Company filed a Current Report on Form 8-K on October 22, 2003, with respect to a press release announcing its fiscal second quarter net earnings for the quarter ended September 30, 2003.

All other items required under Part II are omitted because they are not applicable.

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.

Cavco Industries, Inc.
Registrant

January 29, 2004

/s/ Joseph H. Stegmayer
Joseph H. Stegmayer – Chairman,
President and
Chief Executive Officer
(Principal Executive Officer)

January 29, 2004

/s/ Sean K. Nolen
Vice President, Chief Financial
Officer, Treasurer and Secretary
(Principal Financial and
Accounting Officer)

Exhibit 31.1

Certification of Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph H. Stegmayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cavco Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 29, 2004

By: /s/ Joseph H. Stegmayer
Joseph H. Stegmayer
Chief Executive Officer

Exhibit 31.2

Certification of Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Sean K. Nolen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cavco Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 29, 2004

By: /s/ Sean K. Nolen

Sean K. Nolen
Chief Financial Officer

Exhibit 32.1
Certification of Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

For the purpose of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Joseph H. Stegmayer, the Chief Executive Officer of Cavco Industries, Inc. (the "Company"), hereby certifies that, to his knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: January 29, 2004

By: /s/ Joseph H. Stegmayer
Joseph H. Stegmayer
Chief Executive Officer

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed as part of the Form 10-Q.

Exhibit 32.2
Certification of Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

For the purpose of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Sean K. Nolen, the Chief Financial Officer of Cavco Industries, Inc. (the "Company"), hereby certifies that, to his knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: January 29, 2004

By: /s/ Sean K. Nolen
Sean K. Nolen
Chief Financial Officer

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed as part of the Form 10-Q.

End of Filing