

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

Date of Report (Date of earliest event reported) August 8, 1996

CULP, INC.

(Exact name of registrant as specified in its charter)

North Carolina

0-12781

56-1001967

(State or other jurisdiction of
incorporation)

(Commission File No.)

(IRS Employer
Identification No.)

101 South Main Street
High Point, North Carolina 27260
(Address of principal executive offices)
(910) 889-5161

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Item 5. Other Events

See Press Release (attached) dated August 8, 1996 related to first-quarter earnings for the period ended July 28, 1996.

See Financial Information Release (attached).

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 hereunto duly authorized.

CULP, INC.
(Registrant)

By: Franklin N. Saxon
Senior Vice President and
Chief Financial Officer

By: Stephen T. Hancock
Stephen T. Hancock
General Accounting Manager

Dated: August 8, 1996

(CULP LOGO)
CULP

NEWS RELEASE

Contact:
Franklin N. Saxon
Senior Vice President &
Chief Financial Officer

FOR IMMEDIATE RELEASE

CULP REPORTS RECORD FIRST QUARTER SALES AND EARNINGS

EARNINGS PER SHARE UP 43%

HIGH POINT, North Carolina (August 8, 1996) A Culp, Inc. today reported higher net sales and earnings for the first quarter of its 1997 fiscal year.

For the three months ended July 28, 1996, Culp reported that net sales increased 25.1% to \$90.5 million compared with \$72.4 million a year ago. Net income for the quarter increased 45.9% to \$2.2 million or \$0.20 per share, compared with \$1.5 million, or \$0.14 per share, in the first quarter of fiscal 1996.

Commenting on the results, Robert G. Culp, III, chief executive officer, said, "The gains for the first quarter represent a strong start for Culp in the current fiscal year. Increased shipments of upholstery fabrics provided the majority of the gain in sales for the period, but we also achieved higher sales of mattress ticking. These results mark the highest first quarter net sales and earnings ever in a period which historically has not been the strongest quarter for our business because of seasonal factors. We have now achieved 15 consecutive quarters of record earnings compared with the comparable year-earlier results. We are gratified by that accomplishment but recognize the inherent cyclical nature of demand for home furnishings. We continue to be focused on the same programs and initiatives which have successfully enabled us to capture an increasing share of the worldwide market for upholstery fabrics and mattress ticking."

Culp noted, "A hallmark of our continuing progress remains the growth in international sales. Shipments to customers outside the United States increased 49% during the first quarter and represented 24% of net sales. At the same time, U. S. shipments rose 19%. We are steadily broadening the scope of the company's international sales. Canada and Mexico combined

-MORE-

Culp, Inc. (Box) P.O. Box 2686 (Box) 101 S. Main Street (Box) High Point, NC
27261-2686 (Box) 910-888-6266 (Box) Fax 910-887-7089

August 8, 1996

represent the largest international market for our products, but Europe is now a major area as well. We are also establishing a rapidly growing presence in the Middle East, Asia and the Far East. We fully intend to broaden that geographical diversity further. We are continuing to add new distributors and expect to introduce new products as part of an aggressive plan to sustain this positive momentum.

"We are continuing to maintain a strong financial position which is allowing us to invest the capital necessary to support Culp's ongoing progress. Our debt/capital ratio of 47% at the close of the first quarter was the lowest for the company in two years. Based on our current plans to invest at least \$16.5 million in new equipment during fiscal 1997, we will have spent a record \$78 million over the past five years to modernize and expand our manufacturing resources. Our capital expenditures are focused not only on increasing our production capacity but also on being able to meet customers' needs better. Current initiatives include projects intended to raise efficiency, lower manufacturing costs and enhance Culp's flexibility to adapt quickly to changes in the markets for upholstery fabrics and mattress ticking."

Culp, Inc. is a leading manufacturer and marketer of fabrics for the furniture, bedding and institutional furnishings markets.

CULP, INC.
Condensed Financial Highlights
(Unaudited)

	Three Months Ended	
	July 28, 1996	July 30, 1995
	-----	-----
Net sales	\$ 90,529,000	\$ 72,357,000
Net income	\$ 2,210,000	\$ 1,515,000
Earnings per share	\$ 0.20	\$ 0.14
Average shares outstanding	11,297,000	11,207,000

-END-

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED JULY 28, 1996 AND JULY 30, 1995 (Page 1 of 10)

(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts		% Over (Under)	Percent of Sales	
	July 28, 1996	July 30, 1995		1997	1996
Net sales	\$ 90,529	72,357	25.1%	100.0%	100.0%
Cost of sales	74,609	60,159	24.0%	82.4%	83.1%
Gross profit	15,920	12,198	30.5%	17.6%	16.9%
Selling, general and administrative expenses	10,864	8,454	28.5%	12.0%	11.7%
Income from operations	5,056	3,744	35.0%	5.6%	5.2%
Interest expense	1,182	1,297	(8.9%)	1.3%	1.8%
Interest income	(57)	0	** %	(0.1%)	0.0%
Other expense (income), net	395	107	269.2%	0.4%	0.1%
Income before income taxes	3,536	2,340	51.1%	3.9%	3.2%
Income taxes *	1,326	825	60.7%	37.5%	35.3%
Net income	\$ 2,210	1,515	45.9%	2.4%	2.1%
Average shares outstanding	11,297	11,207	0.8%		
Net income per share	\$ 0.20	\$ 0.14	42.9%		
Dividends per share	\$0.0325	\$0.0275	18.2%		

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
JULY 28, 1996, JULY 30, 1995 AND APRIL 28, 1996 (Page 2 of 10)

(Unaudited, Amounts in Thousands)

	Amounts		Increase (Decrease)		* April 28, 1996
	July 28, 1996	July 30, 1995	Dollars	Percent	
Current assets					
Cash and cash investments	\$ 1,709	988	721	73.0%	498
Accounts receivable	42,262	38,243	4,019	10.5%	52,038
Inventories	51,676	49,363	2,313	4.7%	47,395
Other current assets	3,911	3,553	358	10.1%	4,191
Total current assets	99,558	92,147	7,411	8.0%	104,122
Restricted investments	5,244	0	5,244		5,250
Property, plant & equipment, net	78,292	75,744	2,548	3.4%	76,961
Goodwill	22,720	22,391	329	1.5%	22,871
Other assets	2,469	2,443	26	1.1%	2,440
Total assets	\$208,283	192,725	15,558	8.1%	211,644
Current Liabilities					
Current maturities of long-term debt	\$ 7,100	11,555	(4,455)	(38.6%)	7,100
Accounts payable	24,233	25,864	(1,631)	(6.3%)	27,308
Accrued expenses	13,295	8,520	4,775	56.0%	12,564
Income taxes payable	1,295	1,139	156	13.7%	197
Total current liabilities	45,923	47,078	(1,155)	(2.5%)	47,169
Long-term debt	70,916	67,662	3,254	4.8%	74,941
Deferred income taxes	8,088	5,361	2,727	50.9%	8,088
Total liabilities	124,927	120,101	4,826	4.0%	130,198
Shareholders' equity	83,356	72,624	10,732	14.8%	81,446
Total liabilities and shareholders' equity	\$208,283	192,725	15,558	8.1%	211,644
Shares outstanding	11,303	11,210	93	0.8%	11,290

* Derived from audited financial statements.

CULP, INC. FINANCIAL INFORMATION RELEASE
 CONSOLIDATED STATEMENTS OF CASH FLOWS (Page 3 of 10)
 FOR THE THREE MONTHS ENDED JULY 28, 1996 AND JULY 30, 1995
 (Unaudited, Amounts in Thousands)

	THREE MONTHS ENDED	
	Amounts	
	July 28, 1996	July 30, 1995
Cash flows from operating activities:		
Net income	\$ 2,210	1,515
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	3,144	3,067
Amortization of intangible assets	198	148
Provision for deferred income taxes	0	(57)
Changes in assets and liabilities:		
Accounts receivable	9,776	6,009
Inventories	(4,281)	(3,592)
Other current assets	280	(359)
Other assets	(76)	93
Accounts payable	131	(1,787)
Accrued expenses	731	(3,012)
Income taxes payable	1,098	478
Net cash provided by (used in) operating activities	13,211	2,508
Cash flows from investing activities:		
Capital expenditures	(4,475)	(3,006)
Purchases of restricted investments	(53)	0
Purchase of investments to fund deferred compensation liability	0	(1,286)
Proceeds from sale of restricted investments	59	795
Net cash provided by (used in) investing activities	(4,469)	3,497
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	0	7,000
Principal payments on long-term debt	(4,025)	(1,525)
Change in accounts payable-capital expenditures	(3,206)	(4,599)
Dividends paid	(368)	(308)
Proceeds from sale of common stock	68	21
Net cash provided by (used in) financing activities	(7,531)	589
Increase (decrease) in cash and cash investments	1,211	(405)
Cash and cash investments at beginning of period	498	1,393
Cash and cash investments at end of period	\$ 1,709	988

CULP, INC. FINANCIAL INFORMATION RELEASE (Page 4 of 10)
 FINANCIAL ANALYSIS
 JULY 28, 1996

	FISCAL 96 Q1	FISCAL 97 Q1	Q2	Q3	Q4
INVENTORIES					
Inventory turns	5.1	6.0			
RECEIVABLES					
Days sales in receivables	45	43			
Percent current & less than 30 days past due	97.0%	99.3%			
WORKING CAPITAL					
Current ratio	2.0	2.2			
Working capital turnover	5.4	5.4			
Working capital	\$45,069	\$53,635			
Working capital as a % of sales	15.6%	14.8%			
PROPERTY, PLANT & EQUIPMENT					
Depreciation rate	8.9%	8.3%			
Percent property, plant & equipment are depreciated	44.9%	48.2%			
Capital expenditures	\$14,385 (1)	\$4,475			
PROFITABILITY					
Net profit margin	2.1%	2.4%			
Gross profit margin	16.9%	17.6%			
Operating income margin	5.2%	5.6%			
SG & A expenses/net sales	11.7%	12.0%			
Return on average total capital	4.1%	5.7%			
Return on average equity	8.4%	10.7%			
Earnings per share	\$0.14	\$0.20			
LEVERAGE (3)					
Total liabilities/equity	165.4%	149.9%			
Long-term debt/equity	93.2%	85.1%			
Funded debt/equity	109.1%	87.3%			
Funded debt/capital employed	52.2%	46.6%			
Funded debt	\$79,217	\$72,772			
Funded debt/EBITDA (LTM)	2.42	1.98			
OTHER					
Book value per share	\$6.48	\$7.37			
Employees at quarter end	2,773	3,020			
Sales per employee (annualized)	\$105,000	\$120,000			
Capital employed (3)	\$151,841	\$156,128			
Effective income tax rate	35.3%	37.5%			
EBITDA (2)	\$6,852	\$8,003			
EBITDA/net sales	9.5%	8.8%			

(1) Expenditures for entire year

(2) Earnings before interest, income taxes, and depreciation & amortization.

(3) Total liabilities, long-term debt, funded debt and capital employed are all net of restricted investments.

(Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)

Business Units	Amounts		% Over (Under)	Percent of Total Sales	
	July 28, 1996	July 30, 1995		1997	1996
Upholstery Fabrics					
Culp Textures	\$20,801	17,584	18.%	23.%	24.%
Rossville/Chromatex	18,165	15,358	18.%	20.%	21.%
	-----	-----	----	-----	-----
	38,966	32,942	18.%	43.%	45.%
Velvets/Prints	34,867	23,523	48.%	38.%	32.%
	-----	-----	----	-----	-----
	73,833	56,465	30.%	81.%	78.%
Mattress Ticking					
Culp Home Fashions (1)	16,696	15,892	5.%	18.%	22.%
	-----	-----	----	-----	-----
	* \$ 90,529	72,357	25.%	100.%	100.%
	=====	=====	=====	=====	=====

*US. Domestic sales were \$69,001 and \$57,945 for the three months of fiscal 1997 and fiscal 1996, respectively. The percentage increase in U.S. Domestic sales was 19.1% for the three months.

(1) Formerly known as Culp Ticking

CULP, INC. FINANCIAL INFORMATION RELEASE
INTERNATIONAL SALES BY GEOGRAPHIC AREA (Page 6 of 10)
FOR THREE MONTHS ENDED JULY 28, 1996 AND JULY 30, 1995

(Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)

Geographic Area	Amounts		% Over (Under)	Percent of Total Sales	
	July 28, 1996	July 30, 1995		1997	1996
North America (Excluding USA)	\$ 7,957	4,568	74.2%	37.0%	31.7%
Europe	4,723	3,185	48.3%	21.9%	22.1%
Middle East	4,196	2,112	98.7%	19.5%	14.7%
Far East & Asia	3,694	2,251	64.1%	17.2%	15.6%
South America	366	445	(17.8%)	1.7%	3.1%
All other areas	592	1,851	(68.0%)	2.7%	12.8%
	-----	-----	-----	-----	-----
	\$21,528	14,412	49.4%	100.0%	100.0%
	=====	=====	=====	=====	=====

Culp, Inc.
 SALES BY BUSINESS UNIT - TREND ANALYSIS (Page 7 of 10)
 1995 vs 1996 vs 1997

(Amounts in thousands)

Product Category/Business Units	Q1	Fiscal 1995			TOTAL
		Q2	Q3	Q4	
Upholstery Fabrics					
Culp Textures	19,613	22,834	20,940	21,738	85,125
Rossville/Chromatex	15,140	15,758	16,397	16,470	63,765
	-----	-----	-----	-----	-----
	34,753	38,592	37,337	38,208	148,890
Velvets/Prints	20,644	26,439	28,307	31,413	106,803
	-----	-----	-----	-----	-----
	55,397	65,031	65,644	69,621	255,693
Mattress Ticking					
Culp Home Fashions (1)	10,952	13,414	12,147	15,820	52,333
	-----	-----	-----	-----	-----
	66,349	78,445	77,791	85,441	308,026
	=====	=====	=====	=====	=====

Product Category/Business Units	Percent increase(decrease) from prior year:				
	Q1	Q2	Q3	Q4	TOTAL
Upholstery Fabrics					
Culp Textures	12.4	13.8	6.4	2.9	8.7
Rossville/Chromatex	100.0	100.0	14.4	(1.5)	105.4
	-----	-----	-----	-----	-----
	99.2	92.3	9.8	1.0	36.1
Velvets/Prints	(1.2)	7.8	19.4	12.5	10.1
	-----	-----	-----	-----	-----
	44.5	45.8	13.7	5.9	23.9
Mattress Ticking					
Culp Home Fashions (1)	32.7	42.8	27.4	37.9	35.4
	-----	-----	-----	-----	-----
	42.4	45.3	15.7	10.6	25.7
	=====	=====	=====	=====	=====

Product Category/Business Units	Q1	Q2	Fiscal 1996		TOTAL	Q1	Q2	Fiscal 1997		TOTAL
			Q3	Q4				Q3	Q4	
Upholstery Fabrics										
Culp Textures	17,584	22,715	20,685	23,400	84,384	20,801				
Rossville/Chromatex	15,358	17,960	18,567	22,318	74,203	18,165				
	-----	-----	-----	-----	-----	-----				
	32,942	40,675	39,252	45,718	158,587	38,966				
Velvets/Prints	23,523	32,081	31,836	38,280	125,720	34,867				
	-----	-----	-----	-----	-----	-----				
	56,465	72,756	71,088	83,998	284,307	73,833				
Mattress Ticking										
Culp Home Fashions (1)	15,892	17,916	15,388	18,164	67,360	16,696				
	-----	-----	-----	-----	-----	-----				
	72,357	90,672	86,476	102,162	351,667	90,529				
	=====	=====	=====	=====	=====	=====				

Product Category/Business Units	Percent increase(decrease) from prior year:									
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
Upholstery Fabrics										
Culp Textures	(10.3)	(0.5)	(1.2)	7.6	(0.9)	18.3				
Rossville/Chromatex	1.4	14.0	13.2	35.5	16.4	18.3				
	-----	-----	-----	-----	-----	-----				
	(5.2)	5.4	5.1	19.7	6.5	18.3				
Velvets/Prints	13.9	21.3	12.5	21.9	17.7	48.2				

	1.9	11.9	8.3	20.7	11.2	30.8
Mattress Ticking						
Culp Home Fashions (1)	45.1	33.6	26.7	14.8	28.7	5.1
	9.1	15.6	11.2	19.6	14.2	25.1

(1) Formerly known as Culp Ticking

INCOME STATEMENT COMMENTS

o GENERAL - The company is pleased to report that sales increased 25.1%, and net income increased 45.9% for the first quarter. This performance marks the fifteenth consecutive quarter of record earnings and the thirteenth consecutive quarter of record sales. Also, the company's net profit margin increased to 2.4% from 2.1% for the quarter. Additionally, the company achieved a return on average shareholders' equity of 15.0% for the latest twelve months. For the last five years, the company has achieved a compound annual growth rate from net income and net sales of 30.5% and 15.1%, respectively.

The company attributes this record to, among other things, three key growth strategies: (1) a focus on markets other than U.S. Residential Furniture, such as Bedding, Export, Contract, Juvenile and Home Textiles, in order to reduce dependency on one cyclical and geographical area; (2) the investment in the creative aspect of our business -- the company has significantly increased the resources (both designers and CAD systems) dedicated to the design and product development areas in each business unit over the last two years; and (3) investment in highly selective and accretive acquisitions in businesses we know and understand and that strengthen existing marketing positions.

o NET SALES - Upholstery fabric sales increased 30.8% to \$73.8 million and mattress ticking sales increased 5.1% to \$16.7 million for the quarter. . (See Sales by Business Unit schedule on page 5 and Sales by Business Unit - Trend Analysis on page 7.) All three upholstery fabrics business units reported substantial sales gains for the quarter: Velvets/Prints - up 48.2%; Rossville/Chromatex up 18.3%; and Culp Textures - up 18.3%. Comments on current backlogs and incoming order rates versus last year are as follows: Culp Home Fashions (formerly Culp Ticking) - up slightly; Culp Textures - up moderately; Rossville/Chromatex - up significantly; and Velvets/Prints - up significantly, with particular strength in the wet prints and tufted velvet product lines. The results of the Velvets/Prints business unit were substantially improved from the first quarter of last year, and continued the significant margin improvement trend established early last fiscal year. The company's sales growth in the United States was especially noteworthy, with a 19.1% growth rate for the first quarter.

International sales were up 49.4% for the quarter, with strength in all major regions, including the Middle East, the Far East and Asia, and North America (excluding the U.S.). (See International Sales by Geographic Area schedule on page 6.) An increasing portion of the international growth is being produced by the Culp Textures and Rossville/Chromatex business units. The company is realizing increasing success in marketing its upholstery fabric products internationally, with shipments to over fifty countries during fiscal 1996. We continue to be encouraged by the growing geographical balance of our customer base throughout the world, as well as the increasing percentage that our Culp Textures and Rossville/Chromatex product lines represent of our total international shipments.

o GROSS PROFIT - The gross profit increase of 30.5% for the quarter reflects significant gains in Velvets/Prints, Rossville/Chromatex and Culp Textures, and a slight decrease in Culp Home Fashions. The profit improvement resulted primarily from a higher volume of yards sold in the three upholstery fabrics business units, where sales increased 30.8%.

During the last several months, the company has begun to realize lower raw material prices for many of the raw materials used by the company. Because raw material costs are so significant to the company, management has been actively exploring ways to lower these costs through several key strategies: 1) global sourcing of certain commodity-type items; 2) further vertical integration of certain large-volume raw material components; 3) working closely with existing suppliers to ensure that the company is receiving the best possible combination of value and price; and 4) increasing the utilization of the company's various raw material manufacturing capabilities.

For the near term (second quarter), trends are toward solid profit gains in all four business units, with a significant increase in Velvets/Prints and moderate increases in Rossville/Chromatex, Culp Textures and Culp Home Fashions.

o S,G & A EXPENSES - S,G&A expenses for the quarter were up as a percentage of sales to 12.0% from 11.7%. This increase is due primarily to higher selling and design expenses. The increase in selling expenses is due primarily to higher sales commissions related to international sales. The increase in design expenses is due to more designers, outside artwork purchased, and additional costs related to our CAD systems.

Additionally, during the first quarter of the current year, the Company's accrual for incentive plans was significantly higher than the first quarter of last year.

o INTEREST EXPENSE - The decrease for the quarter of 8.9% is primarily due to lower average borrowings outstanding.

o OTHER INCOME (EXPENSE), NET - The increase is principally due to a non-recurring write-off of certain fixed assets totalling \$175,000. Additionally, in the first quarter of last year, the company recorded a \$100,000 gain related to an environmental matter.

o INCOME TAXES - The company estimates that the effective tax rate for fiscal 1997 will again be about 36.5%, due to the lower tax rate related to the Canadian income and the tax benefit related to international sales.

o EBITDA - EBITDA for the quarter increased 16.8% from last year's first quarter to \$8.0 million, and represented 8.8% of net sales compared with 9.5% of net sales last year.

BALANCE SHEET COMMENTS

o WORKING CAPITAL - Accounts receivable increased only 10.5% from July 1995, while sales increased 25.1%. Days' sales outstanding represented 43 days, down from 45 at July 1995. The aging of accounts receivable remained excellent, with 99.3% current and less than 30 days past due. Inventories increased 4.7% from July 1995 and inventory turns were 6.0 versus 5.1 for last year's first quarter. One of the company's key initiatives for fiscal 1997 is to find ways to increase inventory turns.

o PROPERTY, PLANT AND EQUIPMENT - For fiscal 1997, the company is planning capital spending in the \$16 to \$19 million range. Major projects include weaving expansions for dobby and jacquard product lines in the Rossville/Chromatex business unit, and for jacquard greige goods at Rayonese, the company's facility near Montreal, Canada. Also, the company is planning significant investments in additional vertical integration opportunities. Further expansions of the CAD system and related capabilities also are planned for fiscal 1997. Depreciation expense for fiscal 1997 is expected to approximate \$14.0 million.

While the absolute level of capital expenditures remains high from a historical perspective, the percentage of capital expenditures to cash flow is expected to be the second lowest year in over ten years. Capital expenditures as a percentage of cash flow (net income plus depreciation, amortization and deferred taxes), was 55% for fiscal 1996 and the company believes it will be in the 60% to 70% range for fiscal 1997. This is especially encouraging because the company is in a financial position to spend aggressively on high-return capital projects and fund this level of capital expenditures from its internally-generated cash flow.

o LONG-TERM DEBT - The company's funded debt to capital ratio was 46.6% at July 28, 1996, down from 52.2% at July 30, 1995, and the lowest in over 2-1/2 years. At July 28, 1996, the company had \$22.2 million in IRB borrowings, \$20.8 million in borrowings under its revolving credit facility (total commitment is \$33.5 million), \$34.0 million in a term facility and \$1.0 million in a subordinated note payable. At July 28, 1996, the company had \$5.2 million in restricted investments related to its new IRB, which represents the unexpended project funds. Therefore, net funded debt was \$72.8 million at July 28, 1996, compared with \$76.8 million last year end and \$79.2 million at July 30, 1995. The current maturities of \$7.1 million include repayment of \$6.0 million of the term loan, \$100,000 of the IRBs and \$1.0 million of the subordinated note payable. With its interest rate swap agreements totalling \$25.0 million, the company has effectively "fixed" the interest rate for 46% of its bank borrowings (\$54.8 million) at a weighted average rate of 7.1%.