

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 11, 1995

CULP, INC.
(Exact name of registrant as specified in its charter)

North Carolina (State or other jurisdiction of incorporation)	0-12781 (Commission File No.)	56-1001967 (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 related to first quarter earnings dated August 11, 1995 (attached).

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
Franklin N. Saxon
Vice President and
Chief Financial Officer

By: Stephen T. Hancock

Stephen T. Hancock
General Accounting Manager

Dated: August 11, 1995

FOR IMMEDIATE RELEASE

CULP REPORTS HIGHER FIRST QUARTER SALES AND PROFITS
REFLECTING BENEFIT FROM RAYONESE ACQUISITION

HIGH POINT, North Carolina (August 11, 1995) - Culp, Inc. today reported higher sales and earnings for the first quarter of its 1996 fiscal year.

For the three months ended July 30, 1995, Culp reported net sales of \$72.4 million compared with \$66.3 million a year ago. Net income for the quarter totaled \$1,515,000, or \$0.14 per share, compared with \$1,450,000, or \$0.13 per share, in the first quarter of fiscal 1995.

Commenting on the results, Robert G. Culp, III, chief executive officer, said, "We are pleased to report sales and profit gains for our first fiscal quarter in spite of the significant sales weakness in the U.S. furniture industry during the quarter and the raw material price increases we have received over the last year. We were aided in the first quarter by strong growth in mattress ticking and exports and by the inclusion of Rayonese Textile which was acquired during the fourth quarter of last year. As we had anticipated, however, the overall trend in incoming orders for our domestic upholstery fabrics did slow during the period. This pattern, which initially became evident toward the close of our fiscal 1995 year, appeared to reflect caution by furniture manufacturers about the outlook for consumer spending."

Culp commented, "We are encouraged that the pace of demand has accelerated somewhat in recent weeks, perhaps reflecting the easing in interest rates and generally stronger prevailing forecasts for the economy. We would expect to benefit from a continuation of this strengthening, but our primary managerial focus continues to be enhancing Culp's fundamental position as one of the largest suppliers of fabrics for the home furnishings industry. One clear measure of this commitment is the considerable investment Culp has made in recent years in modernizing and expanding manufacturing capacity. Including the record capital spending of \$18 million in fiscal 1995, we have spent \$70 million over the past five years principally for production equipment and facility modernization. The

-MORE-

CULP Reports First Quarter Results
Page 2
August 11, 1995

magnitude of the decision to maintain efficient manufacturing facilities is evident by considering that our capital base at the close of fiscal 1995 was \$144 million. For fiscal 1996, we expect a lower level of spending because of the completion of several modernization programs during the past year."

Culp said, "This investment program is a vital part of our overall objective of delivering superior value and service to customers. Although industry conditions will remain a factor influencing our short-term performance, our emphasis is building a market position which will yield an above-average record of long-term progress."

Culp, Inc. is a leading manufacturer and marketer of fabrics for the furniture, bedding, and institutional furnishings markets. The company's common shares are traded on The Nasdaq Stock Market (National Market) under the symbol CULP.

CULP, INC.
Condensed Financial Highlights
(Unaudited)

	Three Months Ended	
	July 30, 1995	July 31, 1994
Net sales	\$ 72,357,000	\$ 66,349,000
Net income	\$ 1,515,000	\$ 1,450,000
Earnings per share	\$ 0.14	\$ 0.13
Average shares outstanding	11,207,000	11,198,000

-END-

CULP, INC. FINANCIAL INFORMATION RELEASE
 CONSOLIDATED INCOME STATEMENTS
 FOR THE THREE MONTHS ENDED JULY 30, 1995 AND JULY 31, 1994

(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	July 30, 1995	July 31, 1994	% Over (Under)	1996	1995
Net sales	72,357	66,349	9.1 %	100.0 %	100.0 %
Cost of sales	60,159	55,249	8.9 %	83.1 %	83.3 %
Gross profit	12,198	11,100	9.9 %	16.9 %	16.7 %
Selling, general and administrative expenses	8,454	7,569	11.7 %	11.7 %	11.4 %
Income from operations	3,744	3,531	6.0 %	5.2 %	5.3 %
Interest expense	1,297	1,077	20.4 %	1.8 %	1.6 %
Interest income	0	(23)	(100.0)%	0.0 %	(0.0)%
Other expense (income), net	107	177	(39.5)%	0.1 %	0.3 %
Income before income taxes	2,340	2,300	1.7 %	3.2 %	3.5 %
Income taxes *	825	850	(2.9)%	35.3 %	37.0 %
Net income	1,515	1,450	4.5 %	2.1 %	2.2 %
Average shares outstanding	11,207	11,198	0.1 %		
Net income per share	\$0.14	\$0.13	7.7 %		
Dividends per share	\$0.0275	\$0.025	10.0 %		

* Percent of sales column is calculated as a % of income before income taxes.

CULP, INC. FINANCIAL INFORMATION RELEASE
 CONSOLIDATED BALANCE SHEETS
 JULY 30, 1995, JULY 31, 1994 AND APRIL 30, 1995

(Unaudited, Amounts in Thousands)

	Amounts		Increase (Decrease)		* April 3 1995
	July 30, 1995	July 31, 1994	Dollars	Percent	
Current assets					
Cash and cash investments	988	380	608	160.0 %	1,393
Accounts receivable	38,243	33,173	5,070	15.3 %	44,252
Inventories	49,363	40,229	9,134	22.7 %	45,771
Other current assets	3,553	2,391	1,162	48.6 %	3,194
Total current assets	92,147	76,173	15,974	21.0 %	94,610
Restricted investments	0	2,202	(2,202)	(100.0)%	795
Property, plant & equipment, net	75,744	66,535	9,209	13.8 %	75,805
Goodwill	22,391	18,588	3,803	20.5 %	22,600
Other assets	2,443	1,087	1,356	124.7 %	1,189
Total assets	192,725	164,585	28,140	17.1 %	194,999
Current Liabilities					
Current maturities of long-term debt	11,555	4,508	7,047	156.3 %	11,555
Accounts payable	25,864	19,772	6,092	30.8 %	32,250
Accrued expenses	8,520	7,505	1,015	13.5 %	11,532
Income taxes payable	1,139	1,224	(85)	(6.9)%	661
Total current liabilities	47,078	33,009	14,069	42.6 %	55,998
Long-term debt	67,662	64,187	3,475	5.4 %	62,187
Deferred income taxes	5,361	3,477	1,884	54.2 %	5,418
Total liabilities	120,101	100,673	19,428	19.3 %	123,603
Shareholders' equity	72,624	63,912	8,712	13.6 %	71,396
Total liabilities and stockholders' equity	192,725	164,585	28,140	17.1 %	194,999
Shares outstanding	11,210	11,205	5	0.0 %	11,205

* Derived from audited financial statements.

CULP, INC. FINANCIAL INFORMATION RELEASE
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE THREE MONTHS ENDED JULY 30, 1995 AND JULY 31, 1994
 (Unaudited, Amounts in Thousands)

	THREE MONTHS ENDED	
	Amounts	
	July 30, 1995	July 31, 1994
Cash flows from operating activities:		
Net income	1,515	1,450
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	3,067	2,622
Amortization of intangible assets	148	136
Provision for deferred income taxes	(57)	0
Changes in assets and liabilities:		
Accounts receivable	6,009	3,570
Inventories	(3,592)	(3,633)
Other current assets	(359)	(164)
Other assets	(1,276)	(49)
Accounts payable	(6,386)	(10,535)
Accrued expenses	(3,012)	(653)
Income taxes payable	478	588
Net cash provided by (used in) operating activities	(3,465)	(6,668)
Cash flows from investing activities:		
Capital expenditures	(3,006)	(5,153)
Purchases of restricted investments	0	(22)
Proceeds from sale of restricted investments	795	743
Business acquired	83	0
Net cash provided by (used in) investing activities	(2,128)	(4,432)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	7,000	7,200
Principal payments on long-term debt	(1,525)	(67)
Net increase (decrease) in bank overdrafts	0	1,841
Dividends paid	(308)	(280)
Proceeds from sale of common stock	21	93
Net cash provided by (used in) financing activities	5,188	8,787
Increase (decrease) in cash and cash investments	(405)	(2,313)
Cash and cash investments at beginning of period	1,393	2,693
Cash and cash investments at end of period	988	380

CULP, INC. FINANCIAL INFORMATION RELEASE
 FINANCIAL ANALYSIS
 JULY 30, 1995

	FISCAL 95 Q1	Q1	FISCAL 96 Q2	Q3	Q4
INVENTORIES					
Inventory turns	5.8	5.1			
RECEIVABLES					
Days sales in receivables	42	45			
Percent current & less than 30 days past due (Trade only)	98.5%	97.0%			
WORKING CAPITAL					
Current ratio	2.3	2.0			
Working capital turnover	5.7	5.4			
Working capital	\$43,164	\$45,069			
Working capital as a % of sales	16.3%	15.6%			
PROPERTY, PLANT & EQUIPMENT					
Depreciation rate	8.9%	8.9%			
Percent property, plant & equipment are depreciated	43.6%	44.9%			
Capital expenditures	\$18,058 (1)	\$3,006			
PROFITABILITY					
Net profit margin	2.2%	2.1%			
Gross profit margin	16.7%	16.9%			
Operating income margin	5.3%	5.2%			
SG & A expenses/net sales	11.4%	11.7%			
Return on beginning capital employed	4.8%	4.2%			
Return on beginning equity	9.3%	8.5%			
Earnings per share	\$0.13	\$0.14			
LEVERAGE (3)					
Interest & dividend coverage	2.5	2.3			
Total liabilities/equity	154.1%	165.4%			
Long-term debt/equity	97.0%	93.2%			
Funded debt/equity	104.0%	109.1%			
Funded debt/capital employed	51.0%	52.2%			
Funded debt	\$66,493	\$79,217			
Funded debt/EBITDA (LTM)	2.55	2.42			
OTHER					
Book value per share	\$5.70	\$6.48			
Employees at quarter end	2,579	2,773			
Sales per employee (annualized)	\$104,000	\$105,000			
Capital employed (3)	\$130,405	\$151,841			
Effective income tax rate	37.0%	35.3%			
EBITDA (2)	\$6,112	\$6,852			
EBITDA/net sales	9.2%	9.5%			

(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.

CULP, INC. FINANCIAL INFORMATION RELEASE
 SALES BY BUSINESS UNIT
 FOR THREE MONTHS ENDED JULY 30, 1995
 AND JULY 31, 1994

(Amounts in thousands)

Business Units	THREE MONTHS ENDED (UNAUDITED)			Percent of Total Sales	
	Amounts July 30, 1995	July 31, 1994	% Over (Under)	1996	1995
Upholstery Fabrics					
Flat Wovens					
Existing Culp	17,584	19,613	(10.3)%	24.3 %	29.6 %
Rossville/Chromatex	15,358	15,140	1.4 %	21.2 %	22.8 %
	32,942	34,753	(5.2)%	45.5 %	52.4 %
Velvets/Prints	23,523	20,644	13.9 %	32.5 %	31.1 %
	56,465	55,397	1.9 %	78.0 %	83.5 %
Mattress Ticking	15,892 *	10,952	45.1 %	22.0 %	16.5 %
	72,357	66,349	9.1 %	100.0 %	100.0 %

* Includes Rayonese Shipments of \$1,769.

CULP, INC. FINANCIAL INFORMATION RELEASE
EXPORT AND FOREIGN SALES BY GEOGRAPHIC AREA
FOR THREE MONTHS ENDED JULY 30, 1995 AND JULY 31, 1994

(Amounts in thousands)

Geographic Area	THREE MONTHS ENDED (UNAUDITED)			Percent of Total Sales	
	Amounts		% Over (Under)	1996	1995
	July 30, 1995	July 31, 1994			
North America (Excluding USA)	4,544 *	3,609	25.9 %	31.5 %	32.5
Europe	2,875	2,798	2.8 %	19.9 %	25.2
Middle East	2,112	863	144.7 %	14.7 %	7.8
Far East & Asia	1,639	1,876	(12.6)%	11.4 %	16.9
South America	445	308	44.5 %	3.1 %	2.8
All other areas	2,797	1,655	69.0 %	19.4 %	14.9
	14,412	11,109	29.7 %	100.0 %	100.0

* Includes Rayonese shipments of \$1,769.

CULP, INC. FINANCIAL INFORMATION RELEASE
FINANCIAL NARRATIVE
for the three month period ended July 30, 1995

INCOME STATEMENT COMMENTS

(Bullet) GENERAL - The company is pleased to report sales and profit gains for its first fiscal quarter in spite of the significant sales weakness in the U. S. furniture industry during the last three months and the raw material prices the company has received over the last year. This quarter makes the eleventh (11th) consecutive quarter of record earnings and the ninth (9th) consecutive quarter of record sales.

The company attributes this successful record to, among other things, two key growth strategies: (1) a focus on related markets, such as the Bedding, Export, Contract and Home Textiles markets, other than the U.S. residential furniture industry in order to reduce our dependency on one cyclical and geographic area; and (2) investment in the creative side 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 eighteen (18) months.

(Bullet) NET SALES - Upholstery fabric sales increased 1.9% to \$56.5 million and mattress ticking sales increased 45.2% to \$15.9 million for the quarter. The Mattress Ticking and Velvets/Prints business units reported substantial sales gains for the quarter - Mattress Ticking up 45.3% and Velvets/Prints up 13.9%, while our two other business units reported weak results - Flat Wovens down 10.3% and Rossville/Chromatex up 1.4%. Comments on current backlogs and incoming order rates versus last year are as follows: Mattress Ticking - - up significantly; Flat Wovens - up slightly overall, with recent strength in the jacquard product line and weakness in the doobby line; and Rossville/Chromatex - up slightly with strength in its doobby product line and weakness in its jacquard product line; and in Velvets/Prints - - up moderately, with strength in the wet prints and heat-transfer prints product lines. The results of the Velvets/Prints business unit were much improved from the first quarter of last year. The company has instituted a small "across-the-board" price increase of approximately 2%, generally effective for shipments after October 1, 1995.

Export and foreign sales, including sales from Rayonese of \$1.8 million, were up 29.7% for the quarter, with particular strength in the Middle East. Sales into Europe were up 2.8% for the quarter, a continuation of the positive trend that began in the second quarter of fiscal 1995. The majority of the export growth is coming from the Flat Wovens and Rossville/Chromatex business units, with particular strength in the jacquard product lines. The outlook for export sales gains remains good.

The U.S. residential and contract furniture industries have softened considerably during the last several months, which has finally affected our U.S. upholstery fabric business, particularly in the Flat Wovens and Rossville/Chromatex business units. The company believes this softening is temporary and that business conditions are trending more positive, beginning with our second fiscal quarter. The trend of interest rates has turned downward, with mortgage rates becoming more attractive.

(Bullet) GROSS PROFIT - The gross profit increase of 9.9% for the quarter reflects significant gains in Mattress Ticking and Velvets/Prints, which were partially offset by significant decreases in Flat Wovens and Rossville/Chromatex. Additionally, during the quarter, the company recorded a \$150,000 credit related to the successful resolution of a North Carolina sales tax matter. The company's margins are being affected by the significant price increase in its raw materials over the last year. The company has been unable to pass along all of the costs increases it has received.

(Bullet) S,G & A EXPENSES - S,G&A expenses for the quarter were up as a percentage of sales to 11.7% from 11.4%, which reflects higher design expenses and export selling costs.

(Bullet) INTEREST EXPENSE - The increase for the quarter

is due to additional borrowings related to the Rayonese acquisition, capital expenditures and higher levels of working capital necessary to support sales growth. During April, May, and June 1995, the company entered into three interest rate swap agreements that effectively provide for (1) a fixed rate of 7.34% for five years on \$15.0 million of its bank borrowings;

(2) a fixed rate of 6.85% for seven years on \$5.0 million of its bank borrowings; and (3) a fixed rate of 6.60% for seven years on \$5.0 million of its bank borrowings.

(Bullet) OTHER EXPENSE (INCOME), NET - This expense includes several items: amortization of goodwill and debt issue costs and other miscellaneous items. Additionally, the company recorded a credit of \$100,000 related to the favorable settlement of an environmental dispute with the former owner of one of the company's facilities.

(Bullet) INCOME TAXES - The effective tax rate for the quarter decreased primarily due to the income earned in Canada related to Rayonese, which carries a significantly lower effective tax rate of 31.0%.

(Bullet) EBITDA - EBITDA for the quarter increased \$0.7 million, or 12.1%, from last year's first quarter, and represented 9.5% of net sales compared with 9.2% of net sales last year.

BALANCE SHEET COMMENTS

(Bullet) WORKING CAPITAL - The increase in inventories over fiscal year end is attributable to higher raw material inventories, which are being reduced during the same fiscal quarter. The company has made excellent progress in reducing finished goods inventory in the last six months. The company has historically built finished goods inventory during its first fiscal quarter.

(Bullet) PROPERTY, PLANT AND EQUIPMENT, NET - For fiscal 1996, the capital budget is \$11.0 million. Of this total, \$2.5 million of capital expenditures relates to Rayonese. Depreciation expense for fiscal 1996 is expected to approximate \$13.5 million. The major weaving expansion at Rayonese is proceeding well and is expected to be completed and fully operational by the end of September 1995.

(Bullet) LONG-TERM DEBT - At July 30, 1995, the company had \$15.8 million in IRB borrowings, \$17.0 million in borrowings under its revolving credit facility, \$40.0 million in a term facility, \$1.0 million in a subordinated note payable and \$5.5 million in a convertible note payable. The current maturities of \$11.6 includes \$6.0 million repayment of the term loan, \$100,000 repayment of IRBs and \$5.5 million of the convertible note payable because the note is callable by the holder, beginning March 6, 1996.

(Bullet) RAYONESE TEXTILE INC. PURCHASE - On March 6, 1995, the company completed the acquisition of Rayonese Textile Inc. ("Rayonese"). (See Form 8-K, dated December 23, 1994, for more detailed information about the purchase.) The transaction has a preliminary estimated value of approximately \$10.5 million and includes the purchase of 100% of the Rayonese common stock and the assumption of Rayonese's funded debt. The acquisition has been accounted for as a purchase, and accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The preliminary estimated fair values of assets and retained liabilities acquired are summarized below:

(dollars in thousands)	March 6, 1995
Accounts receivable, net	\$ 2,207
Inventories	1,878
Other current assets	39
Property, plant and equipment	5,000
Goodwill	4,120
Accounts payable and accrued liabilities	<2,782>
	\$ 10,462

The operating results of this acquisition are included in the

company's results of operations from the date of acquisition.