UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended August 3, 2003

Commission File No. 0-12781

CULP, INC.

(Exact name of registrant as specified in its charter)

NORTH CAROLINA	56-1001967
(State or other jurisdiction of incorporation or other organization)	(I.R.S. Employer Identification No.)

101 S. Main St., High Point, North Carolina	27261-2686
(Address of principal executive offices)	(zip code)

(336) 889-5161
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to the filing requirements for at least the past 90 days.

YES X NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES NO X

Indicate the number of shares outstanding of each issuer's classes of common stock, as of the latest practical date:

Common shares outstanding at August 3, 2003: 11,515,459
Par Value: $.05

INDEX TO FORM 10-Q
For the period ended August 3, 2003

Item 1: Financial Statements

CULP, INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS ENDED AUGUST 3, 2003 AND JULY 28, 2002

(Amounts in Thousands, Except for Per Share Data)

		THREE MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Sales	
		August 3, 2003	July 28, 2002	% Over (Under)	August 3, 2003	July 28, 2002
Net sales	$	73,676	86,008	(14.3) %	100.0 %	100.0 %
Cost of sales		62,103	72,154	(13.9) %	84.3 %	83.9 %
Gross profit		11,573	13,854	(16.5) %	15.7 %	16.1 %
Selling, general and administrative expenses		10,605	10,437	1.6 %	14.4 %	12.1 %
Income from operations		968	3,417	(71.7) %	1.3 %	4.0 %
Interest expense		1,497	1,903	(21.3) %	2.0 %	2.2 %
Interest income		(122)	(150)	(18.7) %	(0.2)%	(0.2)%
Other expense		245	211	16.1 %	0.3 %	0.2 %
Income (loss) before income taxes		(652)	1,453	(144.9) %	(0.9)%	1.7 %
Income taxes *		(241)	538	(144.8) %	37.0 %	37.0 %
Income (loss) before cumulative effect of accounting change		(411)	915	(144.9) %	(0.6) %	1.1 %
Cumulative effect of accounting change, net of income taxes		0	(24,151)			
Net loss	$	(411)	(23,236)			
Basic income (loss) per share:						
Income (loss) before cumulative effect of accounting change	$	(0.04)	0.08	(144.4) %		
Cumulative effect of accounting change		0.00	(2.12)	100.0 %		
Net loss	$	(0.04)	(2.04)	98.3 %		
Diluted income (loss) per share:						
Income (loss) before cumulative effect of accounting change	$	(0.04)	0.08	(145.9) %		
Cumulative effect of accounting change		0.00	(2.12)	100.0 %		
Net loss	$	(0.04)	(2.04)	98.3 %		
Average shares outstanding		11,515	11,383	1.2 %		
Average shares outstanding, assuming dilution		11,515	11,765	(2.1) %		

* Percent of sales column is calculated as a % of income (loss) before income taxes.
See accompanying notes to consolidated financial statements.

CULP, INC.
CONSOLIDATED BALANCE SHEETS
AUGUST 3, 2003, JULY 28, 2002, AND APRIL 27, 2003
Unaudited
(Amounts in Thousands)

		Amounts		Increase (Decrease)		
		August 3, 2003	July 28, 2002	Dollars	Percent	* April 27, 2003
Current assets						
Cash and cash equivalents	$	15,094	25,071	(9,977)	(39.8) %	14,355
Short-term investments		15,014	0	15,014	100.0 %	10,043
Accounts receivable, net		24,227	34,719	(10,492)	(30.2) %	32,259
Inventories		49,275	59,721	(10,446)	(17.5) %	49,552
Deferred income taxes		12,303	9,447	2,856	30.2 %	12,303
Other current assets		4,001	4,251	(250)	(5.9) %	3,204
Total current assets		119,914	133,209	(13,295)	(10.0) %	121,716
Property, plant & equipment, net		83,299	89,201	(5,902)	(6.6) %	84,962
Goodwill		9,240	9,503	(263)	(2.8) %	9,240
Other assets		1,934	4,046	(2,112)	(52.2) %	2,235
Total assets	$	214,387	235,959	(21,572)	(9.1) %	218,153
Current liabilities						
Current maturities of long-term debt	$	517	455	62	13.6 %	500
Accounts payable		18,648	23,678	(5,030)	(21.2) %	19,874
Accrued expenses		12,856	13,375	(519)	(3.9) %	14,071
Accrued restructuring		7,141	1,864	5,277	283.1 %	7,743
Income taxes payable		0	0	0	100.0 %	349
Total current liabilities		39,162	39,372	(210)	(0.5) %	42,537
Long-term debt, less current maturities		76,034	96,078	(20,044)	(20.9) %	76,000
Deferred income taxes		3,851	3,502	349	10.0 %	3,851
Total liabilities		119,047	138,952	(19,905)	(14.3) %	122,388
Shareholders' equity		95,340	97,007	(1,667)	(1.7) %	95,765
Total liabilities and shareholders' equity	$	214,387	235,959	(21,572)	(9.1) %	218,153
Shares outstanding		11,515	11,483	32	0.3 %	11,515

* Derived from audited financial statements.
See accompanying notes to consolidated financial statements.

CULP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 3, 2003 AND JULY 28, 2002
Unaudited
(Amounts in Thousands)

	THREE MONTHS ENDED	
	Amounts	
	August 3, 2003	July 28, 2002
Cash flows from operating activities:		
Net loss	$ (411)	(23,236)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Cumulative effect of accounting change, net of income taxes	0	24,151
Depreciation	3,444	3,641
Amortization of other assets	45	159
Stock-based compensation	53	52
Changes in assets and liabilities:		
Accounts receivable	8,032	8,647
Inventories	277	(1,822)
Other current assets	(797)	(114)
Other assets	256	(18)
Accounts payable	(845)	(2,366)
Accrued expenses	(1,215)	(3,085)
Accrued restructuring expenses	(602)	(581)
Income taxes payable	(349)	0
Net cash provided by operating activities	7,888	5,428
Cash flows used in investing activities:		
Capital expenditures	(1,875)	(1,109)
Purchases of short-term investments	(5,038)	0
Net cash used in investing activities	(6,913)	(1,109)
Cash flows used in financing activities:		
Payments on vendor-financed capital expenditures	(287)	(244)
Proceeds from issuance of long-term debt	51	0
Principal payments of long-term debt	0	(11,951)
Proceeds from common stock issued	0	954
Net cash used in financing activities	(236)	(11,241)
Increase (decrease) in cash and cash equivalents	739	(6,922)
Cash and cash equivalents at beginning of period	14,355	31,993
Cash and cash equivalents at end of period	$ 15,094	25,071

See accompanying notes to consolidated financial statements.

CULP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

(Dollars in thousands, except share and per share data)

	Common Stock Shares	Common Stock Amount	Capital Contributed in Excess of Par Value	Unearned Compensation	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, April 28, 2002	11,319,584	$ 566	38,375	(769)	80,886	7	$ 119,065
Net loss					(24,887)		(24,887)
Net loss on cash flow hedges						(7)	(7)
Stock-based compensation				210			210
Common stock issued in connection with stock option plans	195,875	10	1,374				1,384
Balance, April 27, 2003	11,515,459	$ 576	39,749	(559)	55,999	0	$ 95,765
Net loss					(411)		(411)
Net loss on short-term investments						(67)	(67)
Stock-based compensation				53			53
Balance, August 3, 2003	11,515,459	$ 576	39,749	(506)	55,588	(67)	$ 95,340

See accompanying notes to consolidated financial statements.

Culp, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Culp, Inc. and subsidiary (the "company") include all adjustments, which are, in the opinion of management, necessary for fair presentation of the results of operations and financial position. All of these adjustments are of a normal recurring nature except as disclosed in note 9 to the consolidated financial statements. Results of operations for interim periods may not be indicative of future results. The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements, which are included in the company's annual report on Form 10-K filed with the Securities and Exchange Commission on July 28, 2003 for the fiscal year ended April 27, 2003.

The company's three months ended August 3, 2003 and July 28, 2002 represent 14 and 13 week periods, respectively.

2. Stock-Based Compensation

Compensation costs related to employee stock option plans are recognized utilizing the intrinsic value-based method prescribed by APB No. 25, Accounting for Stock Issued to Employees, and related Interpretations. The company has adopted the disclosure requirements of SFAS No. 123, Accounting for Stock- Based Compensation, as amended by SFAS No. 148. Accordingly, compensation cost is recorded over the vesting period of the options based upon the difference in option price and fair market price at the date of grant, if any.

The following table illustrates the effect on net loss and loss per share if the company had applied the fair value recognition provisions of SFAS No. 123, as amended by SFAS No. 148, for the three months ended August 3, 2003 and July 28, 2003.

(dollars in thousands, except per share data)	August 3, 2003	July 28, 2002
Net loss, as reported	$ (411)	$ (23,236)
Add: Total stock-based employee compensation expense included in net loss, net of tax	33	17
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of tax	(95)	(56)
Pro forma net loss	$ (473)	$ (23,275)
Loss per share:		
Basic - as reported	$ (0.04)	$ (2.04)
Basic - pro forma	(0.04)	(2.04)
Diluted - as reported	$ (0.04)	$ (2.04)
Diluted - pro forma	(0.04)	(2.04)

3. Accounts Receivable

A summary of accounts receivable follows:

(dollars in thousands)	August 3, 2003	April 27, 2003
Customers	$ 26,491	$ 34,580
Allowance for doubtful accounts	(1,558)	(1,558)
Reserve for returns and allowances	(707)	(763)
	$ 24,227	$ 32,259

A summary of the activity in the allowance for doubtful accounts follows:

	Three months ended	
(dollars in thousands)	August 3, 2003	July 28, 2002
Beginning balance	$ (1,558)	$ (2,465)
Provision for bad debt	(40)	(347)
Net write-offs	40	134
Ending balance	$ (1,558)	$ (2,678)

4. Inventories

Inventories are carried at the lower of cost or market. Cost is determined for substantially all inventories using the LIFO (last-in, first-out) method.

A summary of inventories follows:

(dollars in thousands)	August 3, 2003	April 27, 2003
Raw materials	$ 22,621	$ 23,269
Work-in-process	3,478	2,917
Finished goods	23,176	23,366
Total inventories valued at FIFO	49,275	49,552
Adjustments of certain inventories to LIFO	0	0
	$ 49,275	$ 49,552

5. Accounts Payable

A summary of accounts payable follows:

(dollars in thousands)	August 3, 2003	April 27, 2003
Accounts payable-trade	$ 13,544	$ 14,389
Accounts payable-capital expenditures	5,104	5,485
	$ 18,648	$ 19,874

6. Accrued Expenses

A summary of accrued expenses follows:

(dollars in thousands)	August 3, 2003	April 27, 2003
Compensation, commissions and related benefits	$ 6,110	$ 9,683
Interest	2,234	763
Other	4,512	3,625
	$ 12,856	$ 14,071

7. Long-Term Debt

A summary of long-term debt follows:

(dollars in thousands)	August 3, 2003	April 27, 2003
Unsecured term notes	$ 75,000	$ 75,000
Canadian government loan	1,551	1,500
	76,551	76,500
Less current maturities	(517)	(500)
	$ 76,034	$ 76,000

In August 2002, the company entered into an agreement with its principal bank lender that provides for a revolving loan commitment of $15.0 million, including letters of credit up to $2.5 million. Borrowings under the facility generally carry interest at the London Interbank Offered Rate plus an adjustable margin based upon the company's debt/EBITDA ratio, as defined by the agreement. As of August 3, 2003, there were $587,897 in outstanding letters of credit in support of inventory purchases and no borrowings outstanding under the agreement. The credit facility expires in August 2004.

The unsecured term notes have an average remaining term of 5 years. The principal payments become due from March 2006 to March 2010. Interest is payable semi-annually at a fixed coupon rate of 7.76%.

The company's loan agreements require, among other things, that the company maintain compliance with certain financial ratios. At August 3, 2003, the company was in compliance with these financial covenants.

The principal payment requirements of long-term debt during the next five fiscal years are: 2004 - $500,000; 2005 - $500,000; 2006 - $11,500,000; 2007 - $11,000,000; and 2008 - $31,000,000.

8. Cash Flow Information

Payments for interest and income taxes as follows:

	Three months ended	
(dollars in thousands)	August 3, 2003	July 28, 2002
Interest	$ 38	$ 573
Income taxes	200	430

9. Restructuring and Asset Impairment Charges

Fiscal 2003 CDF Restructuring

In August 2002, management approved a restructuring plan within the Culp Decorative Fabrics division aimed at lowering manufacturing costs, simplifying the dobby fabric upholstery line, increasing asset utilization and enhancing the division's manufacturing competitiveness. The restructuring plan principally involved (1) consolidation of the division's weaving, finishing, yarn making and distribution operations by closing the facility in Chattanooga, Tennessee and integrating these functions into other plants, (2) a significant reduction in the number of stock keeping units (SKUs) offered in the dobby product line and (3) a net reduction in workforce of approximately 300 positions. During fiscal 2003, the total restructuring and related charges incurred were $15.0 million, of which approximately $4.1 million represented non-cash items, including $2.8 million in impairment of property, plant and equipment and $1.3 million in inventory write-downs. Of the total charge, $12.0 million was recorded in restructuring expense in the 2003 Consolidated

Statement of Income (Loss); and $1.3 million, related to inventory write-downs, and $1.7 million, related to equipment moving and relocation expense, were recorded in cost of sales in the 2003 Consolidated Statement of Income (Loss).

As of August 3, 2003, assets classified as held for sale consisted of machinery and equipment with a value of $166,000 and are included in other assets. Management anticipates the successful disposal of these assets.

The following summarizes the activity in the restructuring accrual:

(dollars in thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Accrual established in fiscal 2003	$ 1,972	$ 7,194	$ 9,166
Paid in fiscal 2003	(1,228)	(949)	(2,177)
Balance, April 27, 2003	744	6,245	6,989
Paid in fiscal 2004	(227)	(268)	(495)
Balance, August 3, 2003	$ 517	$ 5,977	$ 6,494

Wet Printed Flock Restructuring

In April 2002, management approved a plan to exit the wet printed flock upholstery fabric business and has been actively seeking to sell the assets related to this product line. The exit plan involved closing a printing facility and flocking operation within the Culp Velvets/Prints division (CVP), reduction in related selling and administrative expenses and termination of 86 employees. The total charge for the exit plan was $9.7 million, of which approximately $8.2 million represented non-cash items, including $7.6 million in impairment of property, plant and equipment and $619,000 in inventory write-downs. Of the total charge, $9.1 million was recorded in restructuring expense in the 2002 Consolidated Statement of Income (Loss), and $619,000, related to inventory write-downs, was recorded in cost of sales in the 2002 Consolidated Statement of Income (Loss). During the fiscal year ended April 28, 2002, sales of the wet printed flock product contributed $17.1 million, or 4.5%, of the company's total sales and resulted in an operating loss of approximately $2.1 million.

During fiscal 2003, an additional restructuring expense of $1.3 million was recorded for the non-cash write-down of assets to reflect the deterioration in market value experienced since April 2002. Due to management's continual evaluation of the restructuring accrual, the reserve was reduced $313,000 to reflect current estimates of future health care claims. Additionally, the reserve was reduced $42,000 to reflect current estimates of future security expenses and other costs.

As of August 3, 2003, assets classified as held for sale, including a building, machinery and equipment, of $300,000 are included in other assets. Management is actively marketing these assets and anticipates the successful disposal of these assets.

The following summarizes the activity in the CVP restructuring accrual:

(dollars in thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Accrual established in fiscal 2002	$ 842	$ 610	$ 1,452
Paid in fiscal 2002	(5)	(5)	(10)
Balance, April 28, 2002	837	605	1,442
Adjustments in fiscal 2003	(313)	(42)	(355)
Paid in fiscal 2003	(428)	(116)	(544)
Balance, April 27, 2003	96	447	543
Paid in fiscal 2004	1	(24)	(23)
Balance, August 3, 2003	$ 97	$ 423	$ 520

Fiscal 2001 CDF Restructuring

During fiscal 2001 and continuing into fiscal 2002, the company undertook a restructuring plan in its upholstery fabric segment which involved (1) the consolidation of certain fabric manufacturing capacity within the Culp Decorative Fabrics (CDF) division, (2) closing one of the company's four yarn manufacturing plants within the Culp Yarn division, (3) an extensive reduction in selling, general and administrative expenses including the termination of 110 employees and (4) a comprehensive SKU reduction initiative related to finished goods and raw materials in CDF. The 2001 charge from the restructuring and related costs was $7.4 million, approximately $3.4 million of which represented non-cash items, including $2.5 million in impairment of property, plant and equipment and $874,000 in inventory write-downs. Of the total charge, $5.6 million was recorded in restructuring expense in the 2001 Consolidated Statement of Income (Loss); and $874,000, related to inventory write-downs, and $931,000, related to equipment relocation costs, were recorded in cost of sales in the 2001 Consolidated Statement of Income (Loss). The 2002 charge from restructuring and related expenses was $2.5 million, approximately $160,000 of which represented the non-cash impairment of property, plant and equipment. Of the total charge, $1.3 million was included in restructuring expense in the 2002 Consolidated Statement of Income (Loss), and $1.2 million, related to equipment relocation costs, was recorded in cost of sales in the 2002 Consolidated Statement of Income (Loss).

During fiscal 2003, as a result of management's continual evaluation of the restructuring accrual, the reserve was reduced $275,000 to reflect current estimates of future health care claims and increased $276,000 to reflect current estimates of remaining lease expenses, property taxes, insurance and other exit costs.

As of August 3, 2003, there were no assets classified as held for sale in relation to the CDF restructuring.

The following summarizes the activity in the CDF restructuring accrual:

(dollars in thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Accrual established in fiscal 2001	$ 969	$ 2,116	$ 3,085
Paid in fiscal 2001	(491)	(211)	(702)
Balance, April 29, 2001	478	1,905	2,383
Additions in fiscal 2002	925	218	1,143
Paid in fiscal 2002	(891)	(1,632)	(2,523)
Balance, April 28, 2002	512	491	1,003
Adjustments in fiscal 2003	(275)	276	1
Paid in fiscal 2003	(202)	(591)	(793)
Balance, April 27, 2003	35	176	211
Paid in fiscal 2004	(3)	(80)	(83)
Balance, August 3, 2003	$ 32	$ 96	$ 128

10. Comprehensive Income (Loss)

Comprehensive loss is the total of net loss and other changes in equity, except those resulting from investments by shareholders and distributions to shareholders not reflected in net loss.

A summary of total comprehensive loss follows:

	Three Months Ended	
(dollars in thousands)	August 3, 2003	July 28, 2002
Net loss	$ (411)	$ (23,236)
Gain (loss) on foreign currency contracts, net of taxes:		
Net changes in fair value	0	173
Net loss reclassified into earnings	0	(1)
Loss in fair value of short-term investments	(67)	0
Net comprehensive loss	$ (478)	$ (23,064)

11. Income (Loss) per Share

Basic income (loss) per share is computed using the weighted-average number of shares outstanding during the period. Diluted income per share uses the weighted-average number of shares outstanding during the period plus the dilutive effect of stock options calculated using the treasury stock method. Weighted average shares used in the computation of basic and diluted income (loss) per share follows:

	Three Months Ended	
(dollars in thousands)	August 3, 2003	July 28, 2002
Weighted average common shares outstanding, basic	11,515	11,383
Effect of dilutive stock options	0	382
Weighted average common shares outstanding, diluted	11,515	11,765

Options to purchase 588,500 shares and 205,625 shares of common stock were not included in the computation of diluted income per share for the three months ended August 3, 2003 and July 28, 2002, respectively, because the exercise price of the options was greater than the average market price of the common shares.

For the three months ended August 3, 2003, options to purchase 365,250 shares were not included in the computation of diluted net loss per share because the company incurred a net loss for the quarter.

12. Segment Information

The company's operations are classified into two business segments: upholstery fabrics and mattress ticking. The upholstery fabrics segment principally manufactures and sells woven jacquards and dobbies, heat-transfer prints, and woven and tufted velvets primarily to residential and commercial (contract) furniture manufacturers. The mattress ticking segment principally manufactures and sells woven jacquards, heat-transfer prints and pigment prints to bedding manufacturers.

The company internally manages and reports selling, general and administrative expenses, interest expense, interest income, other expense and income taxes on a total company basis. Thus, profit by business segment represents gross profit. In addition, the company internally manages and reports cash and cash equivalents, short-term investments, deferred income taxes, other current assets and other assets on a total company basis. Thus, identifiable assets by business segment represent accounts receivable, inventories, property, plant and equipment and goodwill.

Net sales and gross profit for the company's operating segments follow:

	Three Months Ended	
(dollars in thousands)	August 3, 2003	July 28, 2002
Net sales:		
Upholstery Fabrics	$ 46,456	$ 59,977
Mattress Ticking	27,220	26,031
	$ 73,676	$ 86,008
Gross Profit:		
Upholstery Fabrics	$ 5,501	$ 8,000
Mattress Ticking	6,072	5,854
	$ 11,573	$ 13,854

Identifiable assets, consisting of accounts receivable, inventories, property, plant and equipment and goodwill, for the company's operating segments follow:

(dollars in thousands)	August 3, 2003	April 27, 2003
Upholstery Fabrics	$ 114,235	$ 124,889
Mattress Ticking	51,806	51,124
	$ 166,041	$ 176,013
Non-identifiable assets	48,346	42,140
Total assets	$ 214,387	$ 218,153

Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The following analysis of the financial condition and results of operations should be read in conjunction with the Financial Statements and Notes and other exhibits included elsewhere in this report.

Overview

Culp is one of the largest integrated marketers in the world for upholstery fabrics for furniture and mattress fabrics (ticking) for bedding. The company's fabrics are used primarily in the production of residential and contract upholstered furniture and bedding products, including sofas, recliners, chairs, love seats, sectionals, sofa-beds, office seating and mattress sets. Although Culp markets fabrics at most price levels, the company emphasizes fabrics that have broad appeal in the promotional and popular-priced categories of furniture and bedding.

The company's operating segments are upholstery fabrics and mattress ticking, with related divisions organized within those segments. In upholstery fabrics, Culp Decorative Fabrics markets jacquard and dobby woven fabrics for residential and contract furniture. Culp Velvets/Prints markets a broad range of printed and velvet fabrics used primarily for residential and juvenile furniture. Culp Yarn manufactures specialty filling yarn that is primarily used by Culp. In mattress ticking, Culp Home Fashions markets a broad array of fabrics used by bedding manufacturers.

The following tables set forth the company's sales and gross profit by segment/division and international sales by geographic area for the three months ended August 3, 2003 and July 28, 2002.

CULP, INC.
SALES / GROSS PROFIT BY SEGMENT/DIVISION
FOR THE THREE MONTHS ENDED AUGUST 3, 2003 AND JULY 28, 2002

(Amounts in thousands)

		THREE MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Total Sales	
Segment/Division Sales		August 03, 2003	July 28, 2002	% Over (Under)	2004	2003
Upholstery Fabrics						
Culp Decorative Fabrics	$	28,008	34,771	(19.5) %	38.0 %	40.4 %
Culp Velvets/Prints		16,839	23,107	(27.1) %	22.9 %	26.9 %
Culp Yarn		1,609	2,099	(23.3) %	2.2 %	2.4 %
		46,456	59,977	(22.5) %	63.1 %	69.7 %
Mattress Ticking						
Culp Home Fashions		27,220	26,031	4.6 %	36.9 %	30.3 %
	* $	73,676	86,008	(14.3) %	100.0 %	100.0 %

Segment Gross Profit					Gross Profit Margin	
Upholstery Fabrics	$	5,501	8,000	(31.2) %	11.8 %	13.3 %
Mattress Ticking		6,072	5,854	3.7 %	22.3 %	22.5 %
Gross Profit	$	11,573	13,854	(16.5) %	15.7 %	16.1 %

* U.S. sales were $65,482 and $75,585 for the first quarter of fiscal 2004 and fiscal 2003, respectively; The percentage decrease in U.S. sales was 13.4% for the first quarter

CULP, INC.
INTERNATIONAL SALES BY GEOGRAPHIC AREA
FOR THE THREE MONTHS ENDED AUGUST 3, 2003 AND JULY 28, 2002

(Amounts in thousands)

	THREE MONTHS ENDED (UNAUDITED)		
	Amounts		
Geographic Area	August 3, 2003	July 28, 2002	% Over (Under)
North America (Excluding USA)	$ 6,372	7,550	(15.6) %
Far East & Asia	1,395	1,435	(2.8) %
All other areas	427	1,438	(70.3) %
	$ 8,194	10,423	(21.4) %
Percent of total sales	11.1%	12.1%	

Three Months ended August 3, 2003 compared with Three Months ended July 28, 2002

For the first quarter of fiscal 2004, net sales decreased 14.3% to $73.7 million; and the company reported a net loss of $411,000, or $0.04 per share diluted, compared with income before the cumulative effect of accounting change of $915,000, or $0.08 per share diluted, in the first quarter of fiscal 2003. Including the cumulative effect of accounting change, the company reported a net loss for the first quarter of fiscal 2003 of $23.2 million, or $2.04 per share. In the first quarter of 2003, the company recorded a non-cash goodwill impairment charge, net of income taxes, of $24.2 million, or $2.12 per share diluted. The first quarter of fiscal 2004 included 14 weeks versus 13 weeks for the same quarter of fiscal 2003.

China Initiative -- The company's previously announced initiative in China is moving forward on schedule. The company has received all the necessary business license approvals, and the general manager, who relocated to Shanghai, China in May, has set up the China facility for all the related administrative functions. As planned, the company will install finishing equipment and begin fabric inspection, testing and distribution functions at the China facility during the second fiscal quarter of 2004. Limited fabric finishing operations are anticipated to begin during the third fiscal quarter of 2004. Upon completion, the company believes the China platform will allow Culp to deliver value to customers by linking design expertise, finishing technology and U.S. quality standards with low-cost fabric manufacturers in China.

UPHOLSTERY FABRIC SEGMENT

NET SALES -- Upholstery fabric sales for the first quarter of fiscal 2004 decreased 22.5%, when compared to the first quarter of fiscal 2003, to $46.5 million. The decline of $13.5 million is attributable to substantially reduced demand from customers due primarily to the overall general weakness in consumer demand for furniture, which continued throughout the first quarter of fiscal 2004. Additional factors that are likely affecting demand for upholstery fabrics are (1) an increase in consumer preference for leather furniture, and (2) an increase in imported fabrics, both in "piece goods" and "cut and sewn kits."

Upholstery fabric yards sold during the first quarter were 10.8 million versus 14.4 million in the first quarter of fiscal 2003, a decline of 25.0%. Average selling price was $4.13 for the first quarter compared to $4.02 in the same quarter of last year, an increase of 2.7%. This increase was due principally to the Culp Decorative Fabrics (CDF) division. Yarn sales were $1.6 million, down from $2.1 million in first quarter of fiscal 2003.

GROSS PROFIT -- Gross profit for the first quarter of fiscal 2004 was $5.5 million, or 11.8%, versus $8.0 million, or 13.3% for the same quarter of last year. While gross profit in the CDF division was lower than the previous year, the majority of the decline was attributable to the Culp Velvets/Prints (CVP) division, which experienced a significant decline in the sale of velvet fabrics.

MATTRESS TICKING SEGMENT

NET SALES -- Mattress ticking sales for the first quarter of fiscal 2004 increased 4.6%, compared to the first quarter of fiscal 2003, to $27.2 million. This is the best quarter in terms of sales increases in over a year and reflects an improving bedding industry environment.

Mattress ticking yards sold during the first quarter of fiscal 2004 were 10.5 million, down less than 2% from 10.7 million in the same quarter of last year. The average selling price was $2.57 for the first quarter, compared to $2.44 the same quarter last year, an increase of 5.3%. This increase in average selling price reflects (a) a greater mix of woven ticking versus printed ticking, and (b) a growing, but small, portion of the overall business that is knitted ticking.

GROSS PROFIT -- For the first quarter of fiscal 2004, the mattress ticking segment reported gross profit dollars and margins of $6.1 million and 22.3%, respectively, compared with $5.9 million and 22.5% for the same period of last year.

OTHER CORPORATE EXPENSES

Selling, General and Administrative Expenses. SG&A expenses of $10.6 million for the first quarter increased $168,000, or 1.6%, from the prior year amount. As a percent of net sales, SG&A expenses increased to 14.4% from 12.1% the previous year. SG&A expenses in the first quarter included higher professional fees offset by a decrease in sales costs due to lower sales volume and lower bad debt expense.

Interest Expense (Income). Interest expense for the first quarter declined to $1.5 million from $1.9 million the previous year due to significantly lower borrowings outstanding. Interest income decreased to $122,000 from $150,000 due principally to lower interest rates earned on cash balances during the first quarter of fiscal 2004 as compared to the same period a year ago.

Other Expense. Other expense for the first quarter of fiscal 2004 totaled $245,000 compared with $211,000 in the prior year. The increase was principally due to the impact of a higher Canadian exchange rate, mostly offset by lower debt issue costs.

Income Taxes. The effective tax rate for the first quarter of fiscal 2004 and fiscal 2003 was 37%.

Liquidity and Capital Resources

Liquidity - The company's sources of liquidity include cash, cash equivalents, short-term investments, cash flow from operations and amounts available under its revolving credit line. These sources have been adequate for day-to-day operating and capital expenditures. The company expects these sources of liquidity to continue to be adequate for the foreseeable future. Cash, cash equivalents and short-term investments as of August 3, 2003 increased to $30.1 million from $24.4 million at the end of fiscal 2003, reflecting free cash flow of $5.7 million for the first quarter of fiscal 2004 (see discussion of free cash flow below).

Accounts receivable as of August 3, 2003 decreased 30.2% from the year-earlier level, due to lower sales volumes, the decline in international sales, which have longer credit terms, repayment of past due balances, and an increase in the number of customers taking the cash discount for shorter payment terms. Days sales outstanding totaled 32 days at August 3, 2003 compared with 34 a year ago. Inventories at the close of the first quarter decreased 17.5% from a year ago. Inventory turns for the first quarter were 5.0 versus 4.9 for the year-earlier period. Operating working capital (comprised of accounts receivable, inventory and accounts payable-trade) was $54.9 million at August 3, 2003, down from $70.8 million a year ago.

Financing Arrangements -- All of the company's remaining $76.6 million in debt is totally unsecured and is comprised of a $75.0 million term loan, with a fixed interest rate of 7.76%, and a $1.6 million non-interest bearing term loan with the Canadian government. Additionally, the company has a $15.0 million revolving credit line with a bank, of which no balance is outstanding at August 3, 2003. The first scheduled principal payment on the $75.0 million term loan is due March 2006 in the amount of $11.0 million. The Canadian government loan is repaid in annual installments of approximately $500,000 per year.

The company's long-term debt to tangible capitalization (defined as long-term debt plus shareholders' equity minus goodwill) ratio was 47.1% at August 3, 2003. The company was in compliance with all financial covenants in its loan agreements as of August 3, 2003.

Capital Expenditures. -- Capital spending for first quarter of fiscal 2004 was $1.9 million. Depreciation for the first quarter was $3.4 million, and is estimated at $14.0 million for the full fiscal year. For fiscal 2004, the company's capital expenditures budget is $8.0 million, of which $3.0 million is related to the company's China initiative.

Free Cash Flow. - Free cash flow is a non-GAAP performance measure that management believes provides useful information to investors because it measures the company's available cash flow for potential debt repayment, stock repurchases and additions to cash, cash equivalents and short-term investments. Free cash flow was $5.7 million for the first quarter of fiscal 2004 compared with $4.1 million for the same period last year. Significantly contributing to free cash flow was a reduction in accounts receivable, due primarily to lower sales volume during the first quarter of fiscal 2004. A reconciliation of net cash provided by operating activities to free cash flow is set forth below:

(dollars in thousands)	Three Months Ended	
	August 3, 2003	July 28, 2002
Net cash provided by operating activities	$ 7,888	$ 5,428
Minus: Capital expenditures	(1,875)	(1,109)
Minus: Payments on vendor-financed capital expenditures	(287)	(244)
Free Cash Flow	$5,726	$4,075

BUSINESS OUTLOOK

While the furniture retail environment has not demonstrated any signs of a sustainable recovery, the company believes that there will be a modest pick up in sales this fall, as is typical in the furniture industry. Overall, the company expects the drop in consolidated sales for the second quarter to be considerably less than the first quarter decline of 14.3%. While mattress ticking segment sales are expected to be consistent with second quarter sales of last year, upholstery fabric segment sales are expected to decrease substantially less than the first quarter decline of 22.5%. As a result of the lower sales in the upholstery fabric segment, the company is expecting somewhat lower overall gross profit compared with the second quarter of last year. With the softness in the furniture industry and the lack of visibility into the quarter to date, it is difficult to predict the company's profitability level for the next quarter. However, at this time the company expects to report net income in the range of $0.12 to $0.19 per diluted share, with the actual results depending primarily upon the level of demand throughout the quarter. The company remains confident that the necessary actions have been taken to right-size Culp to benefit from market share opportunities that the company believes will exist after this challenging business cycle ends.

Inflation

The cost of the company's raw materials has been generally stable during the past several quarters. However, during the fourth quarter of fiscal 2003 the company experienced price increases from certain raw material vendors and freight carriers due to rising oil prices. These price increases have moderated somewhat during the first quarter of fiscal 2004. Any prolonged and substantial increase in oil prices has the potential to negatively impact profits in future quarters. Other factors that reasonably can be expected to influence margins in the future include trends in other operating costs and overall competitive conditions.

Seasonality

The company's business is moderately seasonal, with increased sales during the second and fourth fiscal quarters. This seasonality results from one-week closings of the company's manufacturing facilities, and the facilities of most of its customers in the United States, during the first and third quarters for the holiday weeks including July 4th and Christmas.

Critical Accounting Policies and Recent Accounting Developments

The company considered the disclosure requirements of Financial Reporting Release No. 60 regarding critical accounting policies and Financial Reporting Release No. 61 regarding liquidity and capital resources, certain trading activities and related party/certain other disclosures, and concluded that there were no material changes during the first three months of fiscal 2004 that would warrant further disclosure beyond those matters previously disclosed in the company's Annual Report on Form 10-K for the year ended April 27, 2003.

Forward-Looking Information

This Report and the exhibits attached hereto contain statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 27A of the Securities and Exchange Act of 1934). Such statements are inherently subject to risks and uncertainties. Further, forward looking statements are intended to speak only as of the date on which they are made. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often but not always characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives, and include but are not limited to statements about expectations for the company's future sales, gross profit margins, SG&A or other expenses, and earnings, as well as any statements regarding the company's view of estimates of the company's future results by analysts. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on the company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect the company adversely. In addition, strengthening of the U. S. dollar against other currencies could make the company's products less competitive on the basis of price in markets outside the

United States. Also, economic and political instability in international areas could affect the company's operations or sources of goods in those areas, as well as demand for the company's products in international markets. Finally, unanticipated delays or costs in executing restructuring actions could cause the cumulative effect of restructuring actions to fail to meet the objectives set forth by management. Other factors that could affect the matters discussed in forward looking statements are included in the company's periodic reports filed with the Securities and Exchange Commission.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The company is exposed to market risk from changes in interest rates on debt and foreign currency exchange rates. The company's market risk sensitive instruments are not entered into for trading purposes. The company's exposure to interest rate risk consists of floating rate debt based on the London Interbank Offered Rate plus an adjustable margin under the company's revolving credit agreement. As of August 3, 2003 there were no borrowings outstanding under the company's revolving credit agreement. Additionally, approximately 98% of the company's long-term debt is at a fixed rate. Thus, a change in interest rates has no material effect on the company's interest expense.

The company's exposure to fluctuations in foreign currency exchange rates is due primarily to a foreign subsidiary domiciled in Canada and firmly committed and anticipated purchases of certain machinery, equipment and raw materials in foreign currencies. The company's Canadian subsidiary uses the United States dollar as its functional currency. The company generally does not use financial derivative instruments to hedge foreign currency exchange rate risks associated with the Canadian subsidiary. However, the company generally enters into foreign exchange forward and option contracts as a hedge against its exposure to currency fluctuations on firmly committed and anticipated purchases of certain machinery, equipment and raw materials. The amount of Canadian-denominated sales and manufacturing costs are not material to the company's consolidated results of operations; therefore, a 10% change in the exchange rate at August 3, 2003 would not have a significant impact on the company's results of operations or financial position. Additionally, as the company utilizes foreign currency instruments for hedging anticipated and firmly committed transactions, a loss in fair value for those instruments is generally offset by an increase in the value of the underlying exposure.

Item 4. Controls and Procedures

The company conducted a review and evaluation of its disclosure controls and procedures, under the supervision and with the participation of the company's Chief Executive Officer and Chief Financial Officer as of August 3, 2003, and the Chief Executive Officer and Chief Financial Officer have concluded that the company's disclosure controls and procedures are adequate and effective.

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report.

3(i)	Articles of Incorporation of the company, as amended, were filed as Exhibit 3(i) to the company's Form 10-Q for the quarter ended July 28, 2002, filed September 11, 2002, and are incorporated herein by reference.
3(ii)	Restated and Amended Bylaws of the company, as amended June 12, 2001, were filed as Exhibit 3(ii) to the company's Form 10-Q for the quarter ended July 29, 2001, filed September 12, 2001, and are incorporated herein by reference.
10(a)	Second Amendment to Amended and Restated Credit Agreement dated as of June 3, 2003 among Culp, Inc and Wachovia Bank, National Association, as agent and bank, was filed as Exhibit 10(q) to the company's Form 10-K for the year ended April 27, 2003, filed on July 28, 2003, and is incorporated herein by reference.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

The following report on Form 8-K was furnished during the period covered by this report:

Form 8-K dated June 9, 2003, included under Item 9, Regulation FD Disclosure (disclosing information pursuant to Item 12, Results of Operations and Financial Condition) the Company's press release for quarterly earnings and the Financial Information Release relating to certain financial information for the fourth quarter and full fiscal year ended April 27, 2003.

SIGNATURE

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.

CULP, INC.
(Registrant)

Date: September 17, 2003 By: /s/ Franklin N. Saxon

Franklin N. Saxon
Executive Vice President and Chief Financial Officer

(Authorized to sign on behalf of the registrant and also signing as principal financial officer)

Exhibit 31.1

CERTIFICATION

I, Robert G. Culp, III, Chairman of the Board and Chief Executive Officer of Culp, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Culp, 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 the 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.

Date: September 17, 2003

____
Robert G. Culp,III
Chairman of the Board and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Franklin N. Saxon, Executive Vice President and Chief Financial Officer of Culp, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Culp, 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 the 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.

Date: September 17, 2003

____

Franklin N. Saxon
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Culp, Inc. (the "Company") on Form 10-Q for the period ended August 3, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Culp,III, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert G. Culp, III

Chairman of the Board and
Chief Executive Officer

September 17, 2003

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to Culp, Inc. and will be retained by Culp, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Culp, Inc. (the "Company") on Form 10-Q for the period ended August 3, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Franklin N. Saxon, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Franklin N. Saxon

Executive Vice President and
Chief Financial Officer

September 17, 2003

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to Culp, Inc. and will be retained by Culp, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.