(Photo of fabrics appear here along with the Culp logo)

1995 ANNUAL REPORT

FABRICS FOR FURNISHINGS

(Full page photo of a living room appears here and on next page)

CULP IS A FULLY INTEGRATED MARKETER OF FABRICS FOR THE FURNITURE, BEDDING AND INSTITUTIONAL FURNISHINGS INDUSTRIES. CULP OPERATES 10 MANUFACTURING PLANTS WITH A COMBINED TOTAL OF 2.2 MILLION SQUARE FEET IN NORTH AND SOUTH CAROLINA, GEORGIA, PENNSYLVANIA AND CANADA. CULP PROVIDES REGIONAL DISTRIBUTION FACILITIES IN AREAS WHERE CONSIDERABLE FURNITURE MANUFACTURING IS CONCENTRATED INCLUDING HIGH POINT, NORTH CAROLINA; TUPELO, MISSISSIPPI; AND LOS ANGELES, CALIFORNIA. CULP EMPLOYS APPROXIMATELY 2,650 ASSOCIATES. CULP'S COMMON SHARES ARE TRADED ON THE NASDAQ STOCK MARKET (NATIONAL MARKET) UNDER THE SYMBOL CULP.

(Photo of fabrics appears here)

DIVERSE MARKETS

FURNITURE INDUSTRY

(55% OF 1995 SALES) Culp is the second largest supplier of upholstery fabrics in the United States. The company provides furniture manufacturers with a broad product line of upholstery fabrics, including flat wovens (jacquard and dobby) and velvets (woven, tufted and flock). Culp's business focus is providing innovative fabric designs at good values with a consistently high level of customer service.

BEDDING INDUSTRY

(17% OF 1995 SALES) Culp ranks among the top four suppliers of mattress tickings to the highly concentrated bedding industry. The company markets a broad variety of printed and damask tickings. Through creative designs utilizing various fabrics and colors, Culp has helped promote the use of covers with a more "fashion-conscious" look to differentiate mattress lines at retail.

OTHER MARKETING GROUPS

(28% OF 1995 SALES) Culp exports fabrics to foreign furniture manufacturers and distributors (18% of 1995 sales) and also provides manufacturers of institutional furnishings with coordinated packages of contract and upholstery fabrics.

HIGHLIGHTS

(Diamond) NET SALES FOR FISCAL 1995 reached a new high of $308.0 million. Net income also set a new annual record of $9.8 million, or $0.87 per share, up 26% from $0.69 per share in fiscal 1994.

(Diamond) THE ACQUISITION OF RAYONESE Textile Inc. in March 1995 expanded Culp's customer base and enhanced the company's capacity for manufacturing wide jacquard fabrics used for mattress ticking and comforters.

(Diamond) CULP'S QUARTERLY CASH dividends during fiscal 1995 totaled $0.10 per share, up 25% from the previous year.

(Diamond) IN JUNE 1995 THE BOARD increased the regular quarterly cash dividend for the sixth consecutive year. The current indicated annual rate of $0.11 per share represents a 10% increase over the previous annualized payout.

(Diamond) CAPITAL EXPENDITURES FOR fiscal 1995 reached a new annual total of $18.1 million. Major initiatives included expanding the company's yarn manufacturing and fabric weaving capabilities as well as strengthening the company's information systems.

(Diamond) THE COMPANY'S FINANCIAL position remained sound at the close of fiscal 1995 with a funded debt-to-capital ratio of 51%. Book value increased to a new high of $6.37 per share.

(Diamond) ALTHOUGH DOWN FROM A YEAR ago, the price of Culp's shares at the end of fiscal 1995 represented a 26% compound return over the past five years.

(Bar chart appears here with the following plot points:)

NET INCOME PER SHARE

91	92	93	94	95
$0.27	$0.27	$0.41	$0.69	$0.87

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)	1995	1994	% CHANGE
STATEMENTS OF INCOME			
Net sales	$ 308,026	245,049	25.7%
Gross profit	54,681	42,623	28.3
Income from operations	21,249	14,764	43.9
Net income	9,775	7,665	27.5
Average shares outstanding	11,203	11,076	1.1
PER SHARE			
Net income	$ 0.87	0.69	26.1%
Cash dividends	0.10	0.08	25.0
Book value	6.37	5.60	13.8
Year-end stock price	9.75	11.63	(16.2)
BALANCE SHEET			
Working capital	$ 38,612	37,949	1.7%
Total assets	194,999	164,948	18.2
Funded debt	72,947	58,639	24.4
Shareholders' equity	71,396	62,649	14.0
RATIOS			
Gross profit margin	17.8	17.4	2.3%
Operating income margin	6.9	6.0	15.0
Net profit margin	3.2	3.1	3.2
Return on beginning equity	15.6	14.1	10.6
Funded debt to equity	102.2	93.6	9.2
Current ratio	1.7	1.9	(10.5)

(Photo of Robert C. (Rob) Culp, III and Howard L. Dunn, Jr. appears here)

LETTER TO SHAREHOLDERS

Record sales of $308 million, a 26% gain in earnings per share and another strategic acquisition highlighted fiscal 1995 as a noteworthy year for Culp. New quarterly highs in both sales and net income were set in each respective period of the year. This represented a strong corporate performance both in terms of absolute growth and relative to the results of other companies associated with the furniture and home furnishings industry. Ironically, investors' concerns, evidently fostered by recurring forecasts for a slowdown in consumer spending, kept stock valuations for the group at very low historical levels during much of our fiscal year. Although this situation was frustrating, our main focus has remained on the longer-term return generated for the owners of Culp. We are therefore gratified that the rise in the price of the company's shares over the past five years has been double that of the industry as a whole and well above the sizable gains in the popular stock market indices over the same period.

The accomplishments for fiscal 1995 included not only positive contributions from newly acquired operations but also sound gains in existing product categories. For the year as a whole, sales of mattress ticking and exports of upholstery fabrics were especially strong. The inclusion of the Rossville/Chromatex division for a full year also provided particular impetus to the year-to-year growth. Our most recent acquisition, Rayonese Textile Inc., was included for most of the fourth quarter; and that incremental business aided results in the final period. A complete discussion of the financial developments during fiscal 1995 is provided in the Management's Discussion and Analysis starting on page 23, and we encourage you to read those comments which accompany the audited consolidated financial statements.

Culp's results for fiscal 1995 marked the sixth consecutive year in which we have achieved higher sales and net income. We are proud of that record which reflects an earnest commitment throughout the organization to work smarter and more productively. The strategic operational goal we have set is clear: Establish Culp as the leading provider of upholstery fabrics and mattress ticking by utilizing our resources as effectively as possible. In striving toward that objective, we have had the benefit in recent years of a sustained resurgence in consumer purchases of home furnishings. This, in turn, has led to increasing sales for many retailers and manufacturers-an environment in which most companies in the industry have done well. Although we too have prospered, our firm intent has been not just to participate in the broad uptrend but to capitalize on opportunities to enhance Culp's basic competitive stance, thereby supporting the company's future expansion. The worldwide broadening of the company's customer base testifies to the positive momentum we have established. The challenge is to extend this leadership by recognizing changes now under way and serving as a catalyst to make the industry more responsive to consumers who are continually seeking more service, more value and more choices.

This presents a tough combination of demands-one that the home furnishings industry is addressing through a number of initiatives. New retail concepts abound with exciting new formats for presenting entire rooms and groupings of furniture. Electronic ordering systems enable custom selection of styles and colors and link stores directly with distribution centers and manufacturing facilities to ensure fast delivery. Although the new retailing landscape is proving successful, the capital necessary to support this marketing evolution in home furnishings is, in turn, accelerating the consolidation already under way at all levels of the distribution channel. Sales of the 100 largest, multi-store furniture chains in 1994 are reported to have increased well more than twice the gain for the industry as a whole. The annual survey from Furniture Today, a leading trade publication, indicates that the top ten chains alone now capture one of every six dollars spent on furniture, bedding and other home decorative items. Among manufacturers the same pattern exists. The 25 largest furniture manufacturers increased their share to 46% of all shipments in 1994, continuing a long-term trend which has direct implications for Culp.

We have viewed this increasing concentration of resources as an exceptional chance to establish high performance standards within the company and to expand our market presence through strategic acquisitions. Fiscal 1995 represented the first full year of inclusion of Rossville/ Chromatex, which we purchased in November1993. The incremental sales from Rossville/Chromatex accounted for about half of the total increase in sales Culp experienced for the full year. Equally important, the effective merger of Rossville/Chromatex's marketing and manufacturing capabilities into Culp has firmly established the company as the second largest manufacturer of upholstery fabrics. In evaluating this acquisition, we had identified considerable potential synergy between our organizations. The results during fiscal 1995 soundly affirmed this perspective, enabling us not only to increase our business with a number of the nation's largest manufacturers but also to broaden Culp's presence with new accounts.

During fiscal 1995, we continued to consider other acquisition opportunities and in March 1995 closed the purchase of Rayonese Textile Inc., a privately owned manufacturer of fabrics for home furnishings based near Montreal, Canada. The addition of Rayonese Textile Inc. has importantly expanded our line of woven and printed fabrics. The more significant advantage we have gained from this transaction, however, is the ability to integrate Rayonese's production capacity for greige, or unfinished, goods into the flow of fabrics through our existing mills. During fiscal 1996, we plan to start using Rayonese Textile Inc. as a primary source for the fabrics we process and market as printed fabrics. Achieving this step will involve a capital investment program of approximately $6 million to meet Culp's future needs and to capitalize on the increasing worldwide demand for wide jacquard fabrics used for large home furnishings items such as mattress ticking and comforters. The majority of this investment relates to the purchase and installation of state-of-the-art, air-jet jacquard looms which should be fully operational by mid year.

The purchase of Rayonese Textile Inc. is the latest in a series of acquisitions and product line expansions

(Bar graph appears here with the following plot points:)

NET INCOME
(Dollars in Thousands)

91	92	93	94	95
$2,901	$2,973	$4,501	$7,665	$9,775

which extend back over 15 years. Our initial thrust in this corporate program was to establish Culp's basic capabilities as a fully integrated marketer of upholstery fabrics and mattress ticking. More recent transactions have served principally to strengthen the Company's overall competitive leadership. Integral to this activity has been a concerted effort to understand customers' needs better and work ever closer with them and suppliers to build true partnerships. The concept of value continues to emerge as a driving force. Although easy to state, defining this term proves exceedingly complex. Offering competitive prices and consistently meeting high quality standards is essential. At Culp we must also satisfy the important attributes of design and styling to ensure our fabrics indeed provide value. One of the key changes we have implemented to accomplish this goal is adoption of a design-for-manufacture approach in planning new fabrics. Very simply, this concept starts not with design but with a careful assessment of the market in concert with customers. A collaborative effort then follows between the design and manufacturing areas to yield a marketable product truly appealing in value. Similar to the operational quality programs now firmly in place at Culp, this approach toward marketing new fabrics is one which demands ongoing measurement to ensure continual progress.

Financial gauges of Culp's operations confirm the success of the effort we are steadfastly making to contain expenses and increase the return on the assets we employ. Selling, general and administrative expenses in fiscal 1995 declined for the third consecutive year as a percentage of net sales. Manufacturing seconds were lower, and inventory turnover remained well above industry standards even with the sharply higher level of sales. Although we had expected capital

(Photo of living room appears here)

PHOTO COURTESY OF HAVERTYS FURNITURE

expenditures for fiscal 1995 to be essentially unchanged from the previous year, the decision to expand the capacity of Rayonese Textile Inc. contributed to total spending of $18.1 million, a new annual high for Culp. Over the past five years, the company's investment in new equipment and facilities has amounted to $70 million. The magnitude of that commitment to maintain efficient manufacturing facilities is shown by considering that our capital base (funded debt plus equity) at the close of fiscal 1995 was $144 million.

For fiscal 1996, we expect a considerably lower level of spending because of the completion of several modernization programs during the past year.

Culp's strong financial position continues to serve as a vital asset in our corporate planning. Supported by the company's consolidated balance sheet and favorable performance in fiscal 1995, the Board approved a 10% increase in the quarterly cash dividend in June 1995. Culp's dividend has been increased in each of the past six years, and the current indicated annual rate of $0.11 per share is more than triple the corresponding rate five years ago, adjusted for the three stock splits distributed over that period.

As we look ahead over the next several quarters, we find recent industry reports confirming that a slowing has developed in consumer purchases of furniture. This pattern, and perhaps more the concern that this trend may signal a persistent turndown in demand, has caused furniture manufacturers to become more cautious about forward commitments. We experienced tangible evidence of this industrywide slow-down in the fourth quarter, and this softness in incoming orders has carried over into the early part of fiscal 1996. Although the current environment is affecting the company's short-term results, our fundamental approach continues to be positioning Culp strongly as a leading supplier of fabrics for the home furnishings industry.

Acknowledging the near-term uncertainty that exists, we remain confident about the Company's longer term prospects. This optimism is grounded both in the tangible measures of Culp's financial performance and in the enthusiasm and dedication of the 2,650 associates who comprise Culp. We consider the energies of our entire team to be the essential attribute that will ensure the success of the company's future.

Sincerely,

(Signature of Robert C. (Rob) Culp, III appears here)
Robert C. (Rob) Culp, III
Chairman and Chief Executive
Officer

(Signature of Howard L. Dunn, Jr. appears here)
Howard L. Dunn, Jr.
President and Chief Operating
Officer

(Four bar charts appear here. The plot points are as follows:)

NET SALES
(Dollars in Thousands)

91	92	93	94	95
$174,107	$191,311	$200,783	$245,049	$308,026

CASH DIVIDENDS PER SHARE

91	92	93	94	95
$0.045	$0.049	$0.064	$0.080	$0.100

RETURN ON EQUITY

91	92	93	94	95
6.4%	6.2%	8.9%	14.1%	15.6%

CLOSING STOCK PRICE

91	92	93	94	95
$3.69	$5.23	$7.20	$11.63	$9.75

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FINANCIAL STATEMENTS

CONSOLIDATED Balance Sheets

APRIL 30, 1995 AND MAY 1, 1994 (DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)	1995	1994
ASSETS		
current assets:		
cash and cash investments	$ 1,393	2,693
accounts receivable	44,252	36,743
inventories	45,771	36,596
other current assets	3,194	2,227
total current assets	94,610	78,259
restricted investments	795	2,923
property , plant and equipment, net	75,805	64,004
goodwill	22,600	18,706
other assets	1,189	1,056
total assets	$ 194,999	164,948
LIABILITIES AND SHAREHOLDERS' EQUITY		
current liabilities:		
current maturities of long-term debt	$ 11,555	3,050
accounts payable	32,250	28,466
accrued expenses	11,532	8,158
income taxes payable	661	636
total current liabilities	55,998	40,310
long-term debt	62,187	58,512
deferred income taxes	5,418	3,477
total liabilities	123,603	102,299
commitments and contingencies (note 11)		
shareholders' equity:		
preferred stock, $.05 par value, authorized 10,000,000 shares	0	0
common stock, $.05 par value, authorized 40 ,000 ,000 shares, issued and outstanding 11 ,204,766 at April 30 , 1995 and 11 ,177,353 at May 1, 1994	560	558
capital contributed in excess of par value	16,577	16,487
retained earnings	54,259	45,604
total shareholders' equity	71,396	62,649
total liabilities and shareholders' equity	$ 194,999	164,948

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF Income

FOR THE YEARS ENDED APRIL 30, 1995, MAY 1, 1994, AND MAY 2, 1993 (DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)	1995	1994	1993
net sales	$ 308,026	245,049	200,783
cost of sales	253,345	202,426	168,599
gross profit	54,681	42,623	32,184
selling, general and administrative expenses	33,432	27,858	24,203
income from operations	21,249	14,765	7,981
interest expense	4,715	2,515	1,409
interest income	(64)	(79)	(29)
other expense	1,082	350	1
income before income taxes	15,516	11,979	6,600
income taxes	5,741	4,314	2,099
net income	$ 9,775	7,665	4,501
net income per share	$ 0.87	0.69	0.41

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF Shareholders' Equity

FOR THE YEARS ENDED APRIL 30, 1995, MAY 1, 1994, AND MAY 2, 1993 (DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)	COMMON STOCK SHARES	COMMON STOCK AMOUNT	CAPITAL CONTRIBUTED IN EXCESS OF PAR VALUE	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
balance, May 3, 1992	5,794,329	$ 290	15,340	35,021	50,651
cash dividends ($0.064 per share)				(696)	(696)
net income				4,501	4,501
common stock received in exchange for common stock issued under stock option plan	(1,300)		(5)		(5)
common stock issued in connection with stock option plan	14,300		70		70
five-for-four stock split	1,451,832	72	(72)		-
balance, May 2, 1993	7,259,161	362	15,333	38,826	54,521
cash dividends ($0.08 per share)				(887)	(887)
net income				7,665	7,665
common stock issued in connection with stock option plan, including $484 of tax benefit	212,140	11	1,339		1,350
three-for-two stock split	3,706,052	185	(185)		-
balance, May 1, 1994	11,177,353	558	16,487	45,604	62,649
cash dividends ($0.10 per share)				(1,120)	(1,120)
net income				9,775	9,775
common stock issued in connection with stock option plan	27,413	2	90		92
balance, April 30, 1995	11,204,766	$ 560	16,577	54,259	71,396

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF Cash Flows

FOR THE YEARS ENDED APRIL 30, 1995, MAY 1, 1994 AND MAY 2, 1993

(DOLLARS IN THOUSANDS)	1995	1994	1993
cash flows from operating activities:			
net income	$ 9,775	7,665	4,501
adjustments to reconcile net income to net cash provided by operating activities:			
depreciation	11,257	8,497	6,724
amortization of intangible assets	628	344	229
provision for deferred income taxes	1,373	1,118	272
changes in assets and liabilities, net of effects of businesses acquired:			
accounts receivable	(5,515)	(1,839)	(1,404)
inventories	(7,281)	(4,330)	(3,407)
other current assets	(310)	(304)	(104)
other assets	(518)	(389)	(65)
accounts payable	2,319	7,023	(1,252)
accrued expenses	2,180	539	103
income taxes payable	25	(401)	617
net cash provided by operating activities	13,933	17,923	6,214
cash flows from investing activities:			
capital expenditures	(18,058)	(16,764)	(11,938)
purchase of restricted investments	(57)	(3,593)	0
sale of restricted investments	2,185	670	0
businesses acquired	(10,455)	(38,205)	0
net cash used in investing activities	(26,385)	(57,892)	(11,938)
cash flows from financing activities:			
proceeds from issuance of long-term debt	23,455	49,203	12,500
principal payments on long-term debt	(11,275)	(14,223)	(2,735)
net decrease in bank overdrafts	0	0	(142)
dividends paid	(1,120)	(887)	(696)
proceeds from common stock issued	92	1,350	65
net cash provided by financing activities	11,152	35,443	8,992
increase (decrease) in cash and cash investments	(1,300)	(4,526)	3,268
cash and cash investments, beginning of year	2,693	7,219	3,951
cash and cash investments, end of year	$ 1,393	2,693	7,219

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

Notes TO CONSOLIDATED FINANCIAL STATEMENTS

1.GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the company and its subsidiary, which is wholly-owned. All significant intercompany balances and transactions are eliminated in consolidation.

BUSINESS SEGMENT

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

FISCAL YEAR

The company's fiscal year is the 52 or 53 week period ending on the Sunday closest to April 30. Fiscal years 1995, 1994 and 1993 included 52 weeks.

STATEMENTS OF CASH FLOWS

For purposes of reporting cash flows, the company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash investments.

ACCOUNTS RECEIVABLE

Substantially all of the company's accounts receivable are due from manufacturers in the markets noted above. The company grants credit to customers, a substantial number of which are located in the United States. Management performs credit evaluations of the company's customers and generally does not require collateral.

INVENTORIES

Principally all inventories are valued at the lower of last-in, first-out (LIFO) cost or market. Information related to the first-in, first-out (FIFO) method may be useful in comparing operating results to those of companies not on LIFO. The LIFO valuation method had no effect on net income in 1995 and 1993 and decreased net income $73,000 ($.01 per share) in 1994 compared with the FIFO method.

RESTRICTED INVESTMENTS

Restricted investments were purchased with proceeds from industrial revenue bond issues and are invested pending application of such proceeds to project costs or repayment of the bonds. The investments are stated at cost which approximates market value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost. Depreciation is generally computed using the straight-line method over the estimated useful lives of the respective assets. Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Amounts received on disposal less the book value of assets sold are charged or credited to income.

In 1993, the company changed its estimates of the useful lives of certain property, plant and equipment. These changes were made to better reflect the estimated periods during which these assets will remain in service. The change had the effect of reducing depreciation expense by $1,490,000 and increasing net income by $933,000 ($.09 per share) in 1993.

FOREIGN CURRENCY TRANSLATION

The United States dollar is the functional currency for the company's Canadian subsidiary. Translation gains or losses for this subsidiary are reflected in net income.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill, which represents the unamortized excess of the purchase price over the fair values of the net assets acquired, is being amortized using the straight-line method over 40 years. The company assesses the recoverability of goodwill by determining whether the amortization of the balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired businesses.

Other intangible assets are included in other assets and consist principally of debt issue costs. Amortization is computed using the straight-line method over the respective terms of the debt agreements.

INCOME TAXES

The company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," effective May 3, 1993. The cumulative effect of this accounting change was not material to the 1994 consolidated financial statements. Under Statement No. 109, deferred taxes are recognized for the temporary differences between the financial statement carrying amounts and the tax bases of the company's assets and liabilities at income tax rates expected to be in effect when such amounts are realized or settled. Under Statement No.

109, the effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

For fiscal 1993 and prior years, the company accounted for income taxes under APB Opinion No. 11.

No provision is made for income taxes which may be payable if undistributed income of the company's Canadian subsidiary were to be paid as dividends to the company, since the company intends that such income will continue to be invested. At April 30, 1995, the cumulative amount of foreign undistributed income was not material. Foreign tax credits may be available as a reduction of United States income taxes in the event of such distributions.

REVENUE RECOGNITION

Revenue is recognized when products are shipped to customers. Provision is made currently for estimated product returns, claims and allowances.

INTEREST RATE SWAP AGREEMENTS

Interest rate swap agreements generally involve the exchange of fixed and floating rate interest payment obligations without the exchange of the underlying principal amounts. These agreements are used to effectively fix the interest rates on certain variable rate borrowings. Net amounts paid or received are reflected as adjustments to interest expense.

FORWARD CONTRACTS

Gains and losses related to qualifying hedges of firm commitments are deferred and included in the measurement of the related foreign currency transaction when the hedged transaction occurs.

PER SHARE DATA

Primary income per share is computed by dividing net income by the weighted average number of common shares outstanding during each year, as restated for stock splits (11,203,160 in 1995, 11,075,988 in 1994 and 10,874,622 in 1993). Fully-diluted net income per share is not presented since conversion of the convertible notes discussed in note 10 into common stock is not materially dilutive.

RECLASSIFICATION

Certain items in the 1994 consolidated financial statements have been reclassified to conform with the presentation adopted in the current year. The reclassifications did not impact net income as previously reported.

2. ACQUISITIONS

On March 6, 1995, the company acquired Rayonese Textile Inc. (Rayonese), a manufacturer of home furnishings fabrics based near Montreal, Canada. The transaction has a preliminary estimated value of approximately $10.5 million and included the purchase of 100% of the Rayonese common stock and the assumption of Rayonese's funded debt.

The acquisition was accounted for as a purchase, and accordingly, the purchase price has been allocated to the assets acquired and the 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	$ 1,994
inventories	1,894
other current assets	89
property , plant and equipment	5,000
goodwill	4,137
accounts payable and accrued expenses	(2,659)
	$ 10,455

The acquisition did not have a material effect on 1995 or 1994 net sales, net income or net income per share.

On November 2, 1993, the company purchased the operations and assets relating to an upholstery fabric business operating as Rossville Mills, Chromatex and Rossville Velours (Rossville/Chromatex). The transaction was valued at approximately $39.3 million and involved the purchase of assets for cash, the repayment of Rossville/Chromatex debt and the assumption of certain liabilities. The goodwill was approximately $18.9 million which is being amortized on the straight-line method over 40 years. The acquisition was accounted for as a purchase, and, accordingly, the net assets and operations of Rossville/Chromatex have been included in the company's consolidated financial statements since November 1, 1993.

3. ACCOUNTS RECEIVABLE

The company factors a portion of its accounts receivable on a nonrecourse basis. The factoring arrangements are used solely for credit purposes, and not for borrowing purposes. A summary of accounts receivable follows:

[S]	[C]	[C]
(DOLLARS IN THOUSANDS)	1995	1994
customers	$ 44,014	33,346
factors	1,314	4,423
allowance for doubtful accounts	(739)	(631)
reserve for returns and allowances	(337)	(395)
	$ 44,252	36,743

4.INVENTORIES

A summary of inventories follows:

(DOLLARS IN THOUSANDS)	1995	1994
inventories on the FIFO cost method		
raw materials	$ 25,385	20,099
work-in-process	3,465	3,418
finished goods	19,834	15,102
total inventories on the FIFO cost method	48,684	38,619
adjustments of certain inventories to the LIFO cost method	(2,913)	(2,023)
	$ 45,771	36,596

5. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment follows:

(DOLLARS IN THOUSANDS)	DEPRECIABLE LIVES (IN YEARS)	1995	1994
land and improvements	10	$ 958	622
buildings and improvements	7-40	12,793	9,533
leasehold improvements	7-10	1,242	1,243
machinery and equipment	3-12	101,427	80,582
office furniture and equipment	3-10	12,020	11,151
capital projects in progress		6,047	9,654
		134,487	112,785
accumulated depreciation		(58,682)	(48,781)
		$ 75,805	64,004

6. GOODWILL

A summary of goodwill follows:

(DOLLARS IN THOUSANDS)	1995	1994
goodwill	$ 23,337	18,943
accumulated amortization	(737)	(237)
	$ 22,600	18,706

7. ACCOUNTS PAYABLE

A summary of accounts payable follows:

(DOLLARS IN THOUSANDS)	1995	1994
accounts payable-trade	$ 22,647	21,023
accounts payable-capital expenditures	9,603	7,443
	$ 32,250	28,466

8. ACCRUED EXPENSES

A summary of accrued expenses follows:

(DOLLARS IN THOUSANDS)	1995	1994
compensation and benefits	$ 5,252	3,554
other	6,280	4,604
	$ 11,532	8,158

9. INCOME TAXES

A summary of income taxes follows:

(DOLLARS IN THOUSANDS)	1995	1994	1993
current			
federal	$ 3,473	2,420	1,587
state	699	383	240
	4,172	2,803	1,827
deferred			
federal	1,374	1,279	230
state	195	232	42
	1,569	1,511	272
	$ 5,741	4,314	2,099

The following schedule summarizes the principal differences between income taxes at the federal income tax rate and the effective income tax rate reflected in the consolidated financial statements:

	1995	1994	1993
federal income tax rate	34.1%	34.0	34.0
state income taxes,			
net of federal income tax benefit	3.8	3.8	2.8
tax-exempt interest	(0.1)	(0.2)	(0.1)
exempt income of foreign sales corporation	(1.5)	(1.4)	(2.7)
amortization of property basis differences	0.0	0.0	(3.1)
other	0.7	(0.2)	0.9
	37.0%	36.0	31.8

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities consist of the following:

(DOLLARS IN THOUSANDS)	1995	1994
deferred tax liabilities:		
property , plant and equipment, net	$ (5,625)	(4,205)
goodwill	(432)	(144)
employee benefits	(249)	(108)
other	(139)	(148)
total deferred tax liabilities	(6,445)	(4,605)
deferred tax assets:		
accounts receivable	357	240
inventories	81	103
compensation	475	167
liabilities and reserves	922	598
alternative minimum tax	699	959
gross deferred tax assets	2,534	2,067
valuation allowance	0	0
total deferred tax assets	2,534	2,067
	$ (3,911)	(2,538)

Deferred taxes are classified in the accompanying consolidated Balance Sheet captions as follows:

(DOLLARS IN THOUSANDS)	1995	1994
other current assets	$ 1,507	939
deferred income taxes	(5,418)	(3,477)
	$ (3,911)	(2,538)

Deferred income tax expense results from the following:

(DOLLARS IN THOUSANDS)	1993
depreciation	$ 603
inventory valuation	(168)
bad debts	(74)
compensation and fringe benefits	11
other	(100)
	$ 272

At April 30, 1995, the company had an alternative minimum tax credit carryforward of approximately $699,000 for federal income tax purposes. The company believes that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the remaining deferred tax assets.

Income taxes paid, net of income tax refunds, were $4,071,000 in 1995; $3,113,000 in 1994; and $1,204,000 in 1993.

10. LONG-TERM DEBT

A summary of long-term debt follows:

(DOLLARS IN THOUSANDS)	1995	1994
industrial revenue bonds	$ 15,787	15,929
revolving credit line	10,000	0
term loan	41,500	36,000
subordinated note payable	1,000	9,633
convertible note payable	5,455	0
	73,742	61,562
current maturities	(11,555)	(3,050)
	$ 62,187	58,512

The company entered into a loan agreement in April 1994 with two banks, which provides for a $44,000,000 seven-year term loan and a $33,500,000 revolving credit line. The revolving credit line has a six-year term, or can be terminated by either of the participating banks upon a thirteen-month notice to the company. The term loan requires monthly installments of $500,000 which began in December 1994, and a final payment of $6,500,000 on March 1, 2001. The revolving credit line requires payment of an annual facility fee in advance. Additionally, the term loan and the credit line require payment of interest on any outstanding borrowings at an interest rate based on a spread over the one month LIBOR (LIBOR at April 30, 1995 was 6.1%). Borrowings under the term loan and revolving credit line are secured by all accounts receivable, work-in-process and finished goods inventories, and property, plant and equipment not already pledged under other borrowings.

The industrial revenue bonds (IRB) are collateralized by property, plant and equipment with depreciated cost of approximately $10,994,000 and restricted investments of $795,000 at April 30, 1995. Substantially all of the bonds are due in one-time payments at various dates from 2008 to 2013, with interest at variable rates at approximately 70% of the prime rate (prime at April 30, 1995 was 9.0%).

In connection with the Rossville/Chromatex acquisition (note 2), the company has a subordinated note payable to the former owners with interest based on a spread over the one month LIBOR. The note is payable on November 1, 1996.

In connection with the purchase of Rayonese Textile, Inc. (note 2), the company issued a convertible note payable of $5,455,000 bearing interest at 6.0%. The note is payable on March 6, 1998 or upon 45 days notice to the company by the holders starting on March 6, 1996 and is secured by the stock and assets of Rayonese. Due to the holders' 45 day notice provision, the convertible note is classified as a current maturity in the accompanying consolidated financial statements. At the option of the holder after March 6, 1996, the note is convertible into the company's common stock at a conversion price of $12.50 per share. The note is not redeemable at the option of the company.

The company's bank and IRB loan agreements require, among other things, that the company maintain certain financial ratios. At April 30, 1995, the company was in compliance with these required financial covenants.

At April 30, 1995, the company had three interest rate swap agreements with two banks in order to reduce its exposure to floating interest rates on a portion of its variable rate borrowings.

The following table summarizes certain data regarding the interest rate swaps:

NOTIONAL AMOUNT	INTEREST RATE	EXPIRATION DATE
$ 3,300,000	6.4%	July 1996
$ 900,000	7.6%	July 1996
$ 15,000,000	7.3%	April 2000

The estimated amount at which the company could terminate these agreements as of April 30, 1995 is approximately $126,000. Net amounts paid under these agreements increased interest expense by approximately $138,000 in 1995; $227,000 in 1994; and $283,000 in 1993. Management believes the risk of incurring losses resulting from the inability of the bank to fulfill its obligation under the interest rate swap agreements to be remote and that any losses incurred would be immaterial.

The principal payment requirements of long-term debt during the next five years are: 1996-$11,555,000; 1997-$7,100,000; 1998-$6,100,000; 1999-$6,075,000; and 2000-$6,000,000, assuming that the revolving credit line remains outstanding for its six year term. The 1996 principal payment requirement assumes the convertible note payable is called under the holders' 45 day notice provision.

Interest paid during 1995, 1994 and 1993 totalled $4,668,000, $2,254,000 and $1,388,000, respectively.

11.COMMITMENTS AND CONTINGENCIES

The company leases certain office, manufacturing and warehouse facilities and transportation and other equipment under noncancellable operating leases. Lease terms range from five to ten years with renewal options for additional periods ranging from five to fifteen years. The leases generally require the company to pay real estate taxes, maintenance, insurance and other expenses. Rental expense for operating leases, net of sublease income, was $2,486,000 in 1995; $2,021,000 in 1994; and $1,476,000 in 1993. Future minimum rental commitments for noncancellable operating leases are $2,350,000 in 1996; $2,070,000 in 1997; $1,605,000 in 1998; $1,163,000 in 1999; $842,000 in 2000; and $472,000 in later years.

The company is involved in several legal proceedings and claims which have arisen in the ordinary course of its business. These actions, when ultimately concluded and settled, will not, in the opinion of management, have a material adverse effect upon the financial position, results of operations or liquidity of the company.

The company has outstanding capital expenditure commitments of $1,667,000 as of April 30, 1995.

12.STOCK OPTION PLANS

The company has a stock option plan under which options to purchase common stock may be granted to officers, directors and key employees. At April 30, 1995, 809,500 shares of common stock were reserved for issuance under the plan. Options are granted under the plan at an option price not less than fair market value at the date of grant. Options are generally exercisable one year after the date of grant and generally expire beginning ten years after the date of grant. Tax benefits from early disposition of the stock by optionees under incentive stock options are credited to capital contributed in excess of par value. At April 30, 1995, 369,721 shares were exercisable and 353,779 shares were available for future grants. At May 1, 1994, 298,884 shares were exercisable and 551,616 shares were available for future grants.

Stock option activity is summarized as follows:

	NUMBER OF SHARES GRANTED	NUMBER OF SHARES CANCELLED/EXPIRED	NUMBER OF SHARES EXERCISED	NUMBER OF SHARES OUTSTANDING AT YEAR-END	OPTION PRICE PER SHARE
1993	173,062	0	(26,812)	576,470	$2.82-$4.63
1994	98,269	0	(288,855)	385,884	$2.82-$14.03
1995	97,250	0	(27,413)	455,721	$2.82-$14.03

During fiscal 1995, the company adopted a performance-based option plan which provided for the one-time grant to officers and senior managers of options to purchase 128,000 shares of the company's common stock at $.05 per share. Coincident with the adoption of this plan, the company's 1993 stock option plan was amended to reduce the number of shares issuable under that plan by 128,000 shares. Options under the plan are exercisable the earlier of January 1, 2003 or approximately 45 days after the end of fiscal 1997 if the company achieves an annual compound rate of growth in its primary income per share of 17% during the three-year period ending April 28, 1997. At April 30, 1995, 121,000 options were outstanding.

13.DEFINED CONTRIBUTION PLAN

The company has a defined contribution plan which covers substantially all employees and provides for participant contributions on a pre-tax basis and discretionary matching contributions by the company which are determined annually. Company contributions to the plan were $771,000 in 1995 and $574,000 in 1994 and 1993.

14. EXPORT SALES

Export sales, which are all denominated in U.S. dollars, accounted for 18% of net sales in 1995 and 1994, and 21% in 1993 and are summarized by geographic area as follows:

(DOLLARS IN THOUSANDS)	1995	1994	1993
Europe	$ 18,579	17,334	18,253
North America (excluding USA)	14,024	12,128	11,050
Far East and Asia	8,838	5,529	3,954
South America	2,213	1,248	1,053
Middle East	5,986	1,740	1,561
all other areas	6,459	6,059	5,600
	$ 56,099	44,038	41,471

15. RELATED PARTY TRANSACTIONS

A director of the company is also an officer and director of a major customer of the company. The amount of sales to this customer was approximately $20,484,000 in 1995; $15,464,000 in 1994; and $12,400,000 in 1993. The amount due from this customer at April 30, 1995 was approximately $2,443,000 and at May 1, 1994 was approximately $800,000.

A director of the company is also a director of the company's lead bank, an officer and director of one of the company's factors, and an officer and director of the lessor of the company's office facilities in High Point. The amount of factor commissions paid to the factor was approximately $55,000 in 1995; $158,000 in 1994; and $204,000 in 1993, and the amount due from the factor at April 30, 1995 and May 1, 1994 was $808,000 and $1,977,000, respectively. The amount of interest and other fees paid to the bank was approximately $2,039,000 in 1995; $1,555,000 in 1994; and $542,000 in 1993, and the loans payable to the bank and amounts guaranteed through letters of credit by the bank at April 30, 1995 and May 1, 1994 aggregated $42,862,000 and $36,115,000, respectively. Rent expense for the company's office facilities in High Point was approximately $435,000 in 1995; $427,000 in 1994; and $400,000 in 1993.

Rents paid to entities owned by certain shareholders and officers of the company and their immediate families were $670,000 in 1995; $630,000 in 1994; and $599,000 in 1993.

16. FOREIGN EXCHANGE FORWARD CONTRACTS

The company generally enters into foreign exchange forward contracts as a hedge against its exposure to currency fluctuations on firm commitments to purchase certain machinery and equipment and raw materials. The Company does not engage in foreign currency speculation. Machinery and equipment and raw material purchases hedged by foreign exchange forward contracts are valued by using the exchange rate of the applicable foreign exchange forward contract. The Company had approximately $6,056,000 and $2,823,000 of outstanding foreign exchange forward contracts at April 30, 1995 and May 1, 1994, respectively (primarily denominated in German marks and Belgian and French francs). The contracts outstanding at April 30, 1995 mature at various dates in fiscal 1996. The fair values of these contracts were $6,553,000 and $2,937,000 at April 30, 1995 and May 1, 1994, respectively. Fair values were estimated by obtaining quotes from banks assuming all contracts were purchased on April 30, 1995 and May 1, 1994, respectively.

REPORT OF INDEPENDENT Auditors

To the Board of Directors and Shareholders of Culp, Inc.:

We have audited the accompanying consolidated balance sheets of Culp, Inc. and subsidiary as of April 30, 1995 and May 1, 1994, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 1995. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Culp, Inc. and subsidiary as of April 30, 1995 and May 1, 1994, and the results of their operations and their cash flows for each of the years in the three-year period ended April 30, 1995, in conformity with generally accepted accounting principles.

As discussed in note 1 to the consolidated financial statements, the company adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," in 1994.

(Signature of KPMG Peat Marwick appears here)
Greensboro, North Carolina
June 1, 1995

MANAGEMENT'S Responsibility FOR FINANCIAL STATEMENTS

The management of Culp, Inc. is responsible for the accuracy and consistency of all the information contained in this Annual Report, including the financial statements. These statements have been prepared to conform with generally accepted accounting principles. The preparation of financial statements and related data involves estimates and the use of judgment.

Culp, Inc. maintains internal accounting controls designed to provide reasonable assurance that the financial records are accurate, that the assets of the company are safeguarded, and that the financial statements present fairly the financial position and results of operations of the company.

KPMG Peat Marwick LLP, the company's independent auditors, conducts an audit in accordance with generally accepted auditing standards and provides an opinion on the financial statements prepared by management. Their report for 1995 appears on the preceding page.

The Audit Committee of the Board of Directors reviews the scope of the audit and the findings of the independent auditors. The internal auditor and the independent auditors meet with the Audit Committee to discuss audit and financial reporting issues. The Committee also reviews the company's accounting policies, internal accounting controls, the Annual Report and all annual SEC filings.

(Signature of Robert G. Culp, III appears here)
Robert G. Culp, III
Chairman and Chief Executive Officer

(Signature of Franklin N. Saxon appears here)
Franklin N. Saxon
Vice President and Chief Financial Officer
June 1, 1995

MANAGEMENT'S Discussion & Analysis

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

GENERAL

The company's business, as well as general demand for upholstery fabrics and mattress ticking, are cyclical in nature and can be significantly affected by changes in overall economic conditions. The company believes the key economic indicators influencing demand for its products are housing starts, sales of existing homes, the level of consumer confidence, population demographics, trends in disposable income and prevailing interest rates for home mortgages. Industrywide demand for upholstery fabrics and mattress ticking is directly related to sales of upholstered furniture and bedding (mattresses and box springs).

OVERVIEW

For the fiscal year ended April 30, 1995, net sales were $308.0 million, up 26% from $245.0 million in fiscal 1995. Net income for fiscal 1995 was $9.8 million, or $0.87 per share, up from $7.7 million, or $0.69 per share, for fiscal 1994. Of the increase of $63.0 million in net sales, $32.8 million was attributable to the contribution for a full year of the Rossville/Chromatex business unit which was purchased in November 1993 (see text below). The increase in net sales, excluding that contribution, reflected higher shipments of upholstery fabrics and mattress ticking to U.S.-based manufacturers and increased exports of upholstery fabrics.

ROSSVILLE/CHROMATEX ACQUISITION

As of November 1, 1993, the company completed the purchase of the upholstery fabric business operating as Rossville Mills, Chromatex and Rossville Velours. The transaction was valued at $39.3 million and involved the purchase of assets for cash and the assumption of certain liabilities related to the business. The assets acquired are principally located in Rossville, Georgia and West Hazelton, Pennsylvania.

The acquisition is described in more detail elsewhere in this report and in the company's filings with the Securities and Exchange Commission on Form 8-K filed November 16, 1993, and amendments to that filing on Form 8-K/A filed January 15, 1994, and July 15, 1994. See also footnote 2 to the consolidated financial statements.

RAYONESE TEXTILE INC. ACQUISITION

On March 6, 1995, the company completed the acquisition of Rayonese Textile Inc. The transaction has a preliminary estimated value of approximately $10.5 million and includes the purchases of 100% of the Rayonese common stock and the assumption of Rayonese's funded debt. The acquisition is described in more detail elsewhere in this report and in the company's filing with the Securities and Exchange Commission on Form 8-K filed December 23, 1994. Also see footnote 2 to the Consolidated Financial Statements.

ANALYSIS OF OPERATIONS

The table below sets forth certain items in the Consolidated Statements of Income as a percentage of net sales. Income taxes are expressed as a percentage of income before income taxes.

	PERCENT OF SALES		
	1995	1994	1993
Net sales	100.0	100.0	100.0
Cost of sales	82.2	82.6	84.0
Gross profit	17.8	17.4	16.0
Selling, general and administrative expenses	10.9	11.4	12.0
Income from operations	6.9	6.0	4.0
Interest expense	1.5	1.0	0.7
Interest income	(0.0)	(0.0)	0.0
Other expense (income), net	0.4	0.1	0.0
Income before income taxes	5.0	4.9	3.3
Income taxes*	37.0	36.0	31.8
Net income	3.2	3.1	2.2

*INCOME TAXES ARE CALCULATED AS A PERCENT OF INCOME BEFORE INCOME TAXES.

FISCAL 1995 COMPARED WITH FISCAL 1994

Sales by business unit are set forth in the table below:

	AMOUNTS		PERCENT
BUSINESS UNITS	1995	1994	CHANGE

Upholstery Fabrics			
Flat Wovens			
Existing Culp	85,125	78,317	8.7%
Rossville/Chromatex	63,765	31,047	N/A
	148,890	109,364	36.1%
Velvets/Prints	106,803	97,036	10.1%
	255,693	206,400	23.9%
Mattress Ticking	52,333	38,649	35.4%
	308,026	245,049	25.7%

The increase of $49.3 million in upholstery fabrics is attributable primarily to the incremental sales of $32.8 million contributed by the Rossville/Chromatex division which was acquired on November 1, 1993. Excluding that contribution, the company's sales of upholstery fabrics increased $16.5 million, or 8.0%. Shipments of each business unit within upholstery fabrics were up for the year. The sales gain in the Mattress Ticking business unit primarily reflected higher shipments to existing accounts and, to a lesser degree, the success of programs to broaden the customer base. Sales of mattress ticking for fiscal 1995 included $1.4 million from Rayonese Textile Inc. which was acquired on March 6, 1995. Fiscal 1996 results will reflect the inclusion of a full year of the results of Rayonese Textile Inc. Exports, consisting primarily of upholstery fabrics, increased to $56.1 million, up 27% from fiscal 1994. This category of sales represented 18% of total sales in 1995 and 21% of total sales in 1994.

Gross profit for fiscal 1995 increased both in absolute dollars and as a percentage of net sales. The Rossville/ Chromatex and Mattress Ticking business units contributed significantly to those gains. Flat Wovens and Velvets/Prints were up, although not as significantly. The company experienced increased raw material prices during fiscal 1995 which were not entirely passed along to customers through price increases.

Selling, general and administrative expenses declined as a percentage of net sales for fiscal 1995. The lower ratio of expenses primarily reflects a comprehensive program throughout the company to contain these costs and operate more efficiently.

Interest expense for fiscal 1995 increased 88% to $4.7 million. The increase principally reflected the full-year inclusion of the bank borrowings and financing provided by the seller related to the acquisition of Rossville/ Chromatex and increased capital expenditures. Significantly higher prevailing interest rates also contributed to the increase in interest expense for the year.

Other expense for fiscal 1995 increased to $1.1 million compared with $350,000 in fiscal 1994. The principal factors contributing to the increased expense were amortization of goodwill related to the Rossville/Chromatex acquisition and to higher debt issue costs.

The effective tax rate for fiscal 1995 increased to 37.0% compared with 36.0% in fiscal 1994.

As we look ahead over the next several quarters, we find recent industry reports confirming that a slowing has developed in consumer purchases of furniture. This pattern, and perhaps more the concern that this trend may signal a persistent turndown in demand, has caused furniture manufacturers to become more cautious about forward commitments. We experienced tangible evidence of this industrywide slowdown in the fourth quarter, and this softness in incoming orders has carried over into the early part of fiscal 1996. Although the current environment is affecting the company's short-term results, our fundamental approach continues to be positioning Culp strongly as a leading supplier of fabrics for the home furnishings industry.

FISCAL 1994 COMPARED WITH FISCAL 1993

Sales by business unit are set forth in the table below:

	AMOUNTS		PERCENT
BUSINESS UNITS	1994	1993	CHANGE
Upholstery Fabrics			
Flat Wovens			
Existing Culp	78,317	79,837	(1.9)%
Rossville/Chromatex	31,047	-	N/A
	109,364	79,837	37.0%
Velvets/Prints	97,036	87,817	10.5%
	206,400	167,654	23.1%
Mattress Ticking	38,649	33,129	16.7%
	245,049	200,783	22.0%

The sales increase in upholstery fabrics is primarily attributable to the incremental sales of $31.0 million contributed by the Rossville/Chromatex division which was acquired on November 1, 1993. Excluding that contribution, the company's sales from upholstery fabrics increased 4%. Sales of tufted and woven velvets were up significantly during the year, but weakness in export shipments to Europe led to a moderate decline in revenues from heat-transfer prints. Increased shipments of pigment- and heat-transfer printed tickings accounted for the higher sales of mattress ticking for the year. Export shipments increased 6% to $44.0 million.

The increase in gross profit dollars and margins is primarily attributable to the contribution from the Rossville/Chromatex business unit. Significant improvements were realized in the profitability of the Mattress Ticking business unit. These gains were offset in part by a lower return from heat-transfer prints and jacquard upholstery fabrics.

Selling, general and administrative expenses declined as a percentage of sales due principally to a reduction in marketing and credit expenses.

Interest expense increased $1.1 million, or 79%, for the year while interest income increased $50,000. The higher interest expense related principally to the Rossville/Chromatex acquisition which was funded through additional bank borrowings and financing provided by the seller.

Other expense increased due to the recognition in fiscal 1993 of a gain of $640,000 on sales of fixed assets. No similar gain was realized in fiscal 1994.

The effective tax rate increased for fiscal 1994 primarily because of reduced property basis differences, higher state income taxes and less exempt income associated with export sales, and higher pre-tax income.

LIQUIDITY AND CAPITAL RESOURCES

The company maintained a sound financial position during fiscal 1995. Funded long- and short-term debt increased to $72.9 million at the close of fiscal 1995, up from $58.6 million a year earlier. As a percentage of total capital (funded debt plus total shareholders' equity), the company's debt amounted to 51% as of April 30, 1995 compared with 48% as of May 1, 1994. The company's current ratio at the close of fiscal 1995 was 1.7 compared with 1.9 a year earlier. Shareholders' equity increased 14% to $71.4 million as of April 30, 1995 compared with $62.6 million as of May 1, 1994.

Cash flows from operating activities totaled $13.9 million for fiscal 1995. The primary factors contributing to operating cash flows were cash from earnings (net income plus depreciation and amortization) of $21.7 million and an increase in accounts payable related to capital expenditures. An increase of $7.3 million in inventories, which is exclusive of inventories purchased with the Rayonese acquisition, offset a portion of these sources of operating cash flows. The issuance of $23.5 million of long-term debt contributed to a total of $11.2 million in net cash provided by financing activities during fiscal 1995. The funds from operations and financing activities were used to fund capital expenditures for fiscal 1995 of $18.1 million compared with $16.8 million for fiscal 1994.

The company's borrowings are through financing arrangements with two banks which provide for a term loan and a revolving credit agreement. During fiscal 1995, the term loan was increased by $8.0 million to $44.0 million to provide funds to repay the subordinated note payable; and the borrowing limit under the revolving credit agreement was raised by $6.5 million to $33.5 million. As of April 30, 1995, the company had $23.5 million in borrowings available under the revolving credit agreement.

The company's Board of Directors has approved a capital expenditure budget of $11.0 million for fiscal 1996. The company believes that cash flows from operations and funds available under existing credit facilities will be sufficient to fund capital expenditures as well as financing needs related to operations during fiscal 1996.

At April 30, 1995, the company had three interest rate swap agreements with two banks to reduce its exposure to floating interest rates on a portion of its variable rate borrowings.

NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board has issued Statement No. 112, "Employers' Accounting for Postemployment Benefits." Under Statement No. 112, the cost of postemployment benefits must be recognized on an accrual basis as employees perform services to earn the benefits. The company implemented this pronouncement during fiscal 1995, and the impact on the consolidated financial statements was not material.

INFLATION

During fiscal 1995, the company experienced increases in its raw material costs that were significantly greater than the increases in recent prior years. Increases also were experienced in other operating costs such as manufacturing supplies and spare parts. Market conditions have not allowed the company to pass all of these cost increases along to customers through price increase for its products. These factors created downward pressure on the company's profit margins during the latter stages of fiscal 1995, and this pressure will continue into fiscal 1996.

(Three bar charts appear here with the following plot points:)

RETURN ON TOTAL CAPITAL

91	92	93	94	95
6.4%	6.0%	7.4%	9.2%	9.6%

CAPITAL EXPENDITURES
(Dollars in Thousands)

91	92	93	94	95
$11,143	$12,396	$11,938	$16,764	$18,058

OPERATING INCOME MARGIN

91	92	93	94	95
2.9%	2.9%	4.0%	6.0%	6.9%

SELECTED Quarterly Data

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	FISCAL 1995 4TH QUARTER	FISCAL 1995 3RD QUARTER	FISCAL 1995 2ND QUARTER	FISCAL 1995 1ST QUARTER	FISCAL 1994 4TH QUARTER	FISCAL 1994 3RD QUARTER	FISCAL 1994 2ND QUARTER	FISCAL 1994 1ST QUARTER
INCOME STATEMENT DATA (4) (5)								
net sales	$ 85,441	77,791	78,445	66,349	77,232	67,248	53,986	46,583
cost of sales	69,039	64,785	64,272	55,249	62,491	55,352	44,808	39,775
gross profit	16,402	13,006	14,173	11,100	14,741	11,896	9,178	6,808
selling, general and administrative expenses	9,205	8,295	8,363	7,569	8,455	8,013	6,171	5,219
income from operations	7,197	4,711	5,810	3,531	6,286	3,883	3,007	1,589
interest expense	1,374	1,120	1,144	1,077	884	899	381	351
interest income	(3)	(14)	(24)	(23)	(23)	(11)	(29)	(16)
other expense (income), net	470	245	190	177	425	91	(120)	(46)
income before income taxes	5,356	3,360	4,500	2,300	5,000	2,904	2,775	1,300
income taxes	1,931	1,260	1,700	850	1,800	1,129	945	440
net income	$ 3,425	2,100	2,800	1,450	3,200	1,775	1,830	860
depreciation	$ 3,020	2,897	2,718	2,622	2,588	2,378	1,792	1,739
cash dividends	280	280	280	280	223	222	222	220
weighted average shares outstanding	11,205	11,205	11,205	11,198	11,174	11,098	11,055	10,964
PER SHARE DATA (3) (4) (5)								
net income	$ 0.31	0.19	0.25	0.13	0.29	0.16	0.17	0.08
cash dividends	0.025	0.025	0.025	0.025	0.020	0.020	0.020	0.020
book value	6.37	6.09	5.93	5.70	5.60	5.30	5.18	5.03
BALANCE SHEET DATA (4) (5)								
working capital	$ 38,612	46,399	42,964	43,164	37,949	45,823	31,239	38,176
property , plant and equipment	75,805	69,373	68,848	66,535	64,004	60,333	48,295	45,846
total assets	194,999	179,138	178,404	1 64,585	164,948	158,993	106,007	104,058
capital expenditures	4,452	3,422	5,031	5,153	6,603	2,864	4,241	3,056
long-term debt	62,187	65,711	63,462	64,187	58,512	66,293	22,689	27,031
funded debt (1)	72,947	70,209	67,846	66,493	58,639	65,390	25,215	30,907
shareholders' equity	71,396	68,251	66,431	63,912	62,649	59,254	57,275	55,631
RATIOS & OTHER DATA (4) (5)								
gross profit margin	19.2%	16.7%	18.1%	16.7%	19.1%	17.7%	17.0%	14.6%
operating income margin	8.4	6.1	7.4	5.3	8.1	5.8	5.6	3.4
net profit margin	4.0	2.7	3.6	2.2	4.1	2.6	3.4	1.8
effective income tax rate	36.1	37.5	37.8	37.0	36.0	38.9	34.1	33.8
debt-to-equity ratio (1)	102.2	102.9	102.1	104.0	93.6	110.4	44.0	55.6
working capital turnover	5.6	5.5	5.8	5.7	5.7	5.3	5.1	5.1
current ratio	1.7	2.1	2.0	2.3	1.9	2.5	2.2	3.0
days sales in receivables	47	44	50	42	43	44	45	42
inventory turnover	6.1	6.0	6.2	5.8	6.6	6.4	6.3	5.9
STOCK DATA (3)								
stock price								
high	$ 9.75	10.50	9.25	12.50	16.25	17.33	9.33	10.83
low	8.50	8.75	7.50	7.25	11.00	8.75	5.67	7.08
close	9.75	9.50	8.75	8.75	11.63	16.00	9.33	7.83
P/E ratio (2)								
high	11.2	12.3	11.2	17.0	23.6	27.4	17.4	25.0
low	9.7	10.3	9.1	9.8	16.0	13.9	10.6	16.3
trading volume (shares)	1,617	1,886	3,702	2,956	2,343	5,242	2,056	1,537

(1) FUNDED DEBT INCLUDES LONG- AND SHORT-TERM DEBT, LESS RESTRICTED INVESTMENTS.
(2) P/E RATIOS BASED ON TRAILING 12-MONTH INCOME PER SHARE.
(3) SHARE AND PER SHARE DATA ADJUSTED FOR STOCK SPLITS, EXCEPT FOR TRADING VOLUME.
(4) ROSSVILLE/CHROMATEX INCLUDED IN CONSOLIDATED RESULTS FROM ITS NOVEMBER 1, 1993 ACQUISITION BY CULP.
(5) RAYONESE INCLUDED IN CONSOLIDATED RESULTS FROM ITS MARCH 6, 1995 ACQUISITION BY CULP.

SELECTED Annual Data

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	FISCAL 1995	FISCAL 1994	FISCAL 1993	FISCAL 1992	FISCAL 1991	PERCENT CHANGE 1995/1994
INCOME STATEMENT DATA (5) (6)						
net sales	$ 308,026	245,049	200,783	191,311	174,107	25.7%
cost of sales	253,345	202,426	168,599	161,204	147,047	25.2
gross profit	54,681	42,623	32,184	30,107	27,060	28.3
selling, general and administrative expenses	33,432	27,858	24,203	24,597	22,001	20.0
income from operations	21,249	14,765	7,981	5,510	5,059	43.9
interest expense	4,715	2,515	1,409	1,421	1,555	87.5
interest income	(64)	(79)	(29)	(136)	(536)	(19.0)
other expense	1,082	350	1	288	292	209.1
income before income taxes	15,516	11,979	6,600	3,937	3,748	29.5
income taxes	5,741	4,314	2,099	964	847	33.1
net income	9,775	7,665	4,501	2,973	2,901	27.5
depreciation (4)	$ 11,257	8,497	6,724	7,085	6,183	32.5
cash dividends	1,120	887	696	533	487	26.3
weighted average shares outstanding	11,203	11,076	10,875	10,827	10,788	1.1
PER SHARE DATA (3) (5) (6)						
net income	$ 0.87	0.69	0.41	0.27	0.27	26.1%
cash dividends	0.100	0.080	0.064	0.049	0.045	25.0
book value	6.37	5.60	5.01	4.66	4.45	13.8
BALANCE SHEET DATA (4) (5) (6)						
working capital	$ 38,612	37,949	34,942	26,665	32,445	1.7%
property , plant and equipment	75,805	64,004	44,529	39,315	34,315	18.4
total assets	194,999	164,948	106,548	93,195	88,732	18.2
capital expenditures	18,058	16,764	11,938	12,396	11,143	7.7
long-term debt	62,187	58,512	23,147	14,082	16,817	6.3
funded debt (1)	72,947	58,639	26,582	16,817	18,442	24.4
shareholders' equity	71,396	62,649	54,521	50,651	47,975	14.0
RATIOS & OTHER DATA (5) (6)						
gross profit margin	17.8%	17.4%	16.0%	15.7%	15.5%	
operating income margin	6.9	6.0	4.0	2.9	2.9	
net profit margin	3.2	3.1	2.2	1.6	1.7	
effective income tax rate	37.0	36.0	31.8	24.5	22.6	
debt-to-equity ratio (1)	102.2	93.6	48.8	33.2	38.4	
return on average total capital	9.6	9.2	7.4	6.0	6.4	
return on beginning equity	15.6	14.1	8.9	6.2	6.4	
working capital turnover	5.6	5.7	5.4	5.7	5.2	
current ratio	1.7	1.9	2.3	2.0	2.6	
days sales in receivables	47	43	43	43	49	
inventory turnover	6.0	6.3	6.4	7.0	6.5	
STOCK DATA (3)						
stock price						
high	$ 12.50	17.33	7.33	5.59	4.00	
low	7.25	5.67	3.60	3.28	2.57	
close	9.75	11.63	7.20	5.23	3.69	
P/E ratio (2)						
high	14.3	25.1	17.7	20.4	14.9	
low	8.3	8.2	8.7	11.9	9.5	
trading volume (shares)	10,161	11,178	2,646	1,497	1,703	

(1) FUNDED DEBT INCLUDES LONG- AND SHORT-TERM DEBT, LESS RESTRICTED INVESTMENTS.
(2) P/E RATIOS BASED ON TRAILING 12-MONTH INCOME PER SHARE.
(3) SHARE AND PER SHARE DATA ADJUSTED FOR STOCK SPLITS, EXCEPT FOR TRADING VOLUME.
(4) DURING FISCAL 1993, THE COMPANY CHANGED ITS ESTIMATES OF THE USEFUL LIVES OF CERTAIN PP&E.
(5) ROSSVILLE/CHROMATEX INCLUDED IN CONSOLIDATED RESULTS FROM ITS NOVEMBER 1, 1993 ACQUISITION BY CULP.
(6) RAYONESE INCLUDED IN CONSOLIDATED RESULTS FROM ITS MARCH 6, 1995 ACQUISITION BY CULP.

CORPORATE AND SHAREHOLDER Information

CORPORATE DIRECTORY

Robert G. Culp, III
Chairman of the Board and Chief Executive Officer;
Director (E,N)

Howard L. Dunn, Jr.
President and Chief Operating Officer; Director (E)

Andrew W. Adams
Senior Vice President, Manufacturing; Director (E)

Franklin N. Saxon
Vice President and Chief Financial Officer, Treasurer, Secretary;
Director (E)

Kenneth M. Ludwig
Vice President, Human Resources; Assistant Secretary

Baxter P. Freeze, Sr.
Director (A,C); Retired President, Chairman of the Board,
Commonwealth Hosiery Mills, Inc., Randleman, NC

Earl M. Honeycutt
Director (A,C); Retired President, Amoco Fabrics and Fibers
Company, Atlanta, GA

Bland W. Worley
Director (A,C,N); Retired Chairman of the Board and Chief
Executive Officer,
BarclaysAmericanCorporation, Charlotte, NC

Patrick H. Norton
Director (N); Senior Vice President, Sales and Marketing;
La-Z-Boy Chair Company, Monroe, MI

Judith C. Walker
Director
Charlotte, NC

Earl N. Phillips, Jr.
Director; Co-Founder and President, First Factors Corporation,
High Point, NC

BOARD COMMITTEES:
A-AUDIT
C-COMPENSATION
E-EXECUTIVE
N-NOMINATING

SHAREHOLDER INFORMATION

TRANSFER AGENT
Wachovia Bank of North Carolina, N.A.
Corporate Trust Department
P. O. Box 3001
Winston-Salem, North Carolina 27102
(800) 633-4236

GENERAL COUNSEL
Robinson, Bradshaw & Hinson, PA
Charlotte, NC 28246

INDEPENDENT AUDITORS
KPMG Peat Marwick LLP
Greensboro, NC 27401

MARKET MAKERS
Bridge Trading Company
Herzog, Heine, Geduld, Inc.
Interstate/Johnson Lane
Mayer & Schweitzer, Inc.
Nash Weiss/Div. of Shatkin Inv.
Neuberger & Berman
Raymond, James & Associates
Robinson-Humphrey Co., Inc.
Scott & Stringfellow
Sherwood Securities Corp.
Troster Singer Corp.
Wheat First Securities, Inc.

STOCK LISTING

Culp, Inc. common stock is traded on the Nasdaq Stock Market (National Market) under the symbol CULP. As of April 30, 1995, the company had approximately 2,800 shareholders based on the number of holders of record and an estimate of the number of individual participants represented by security position listings.

CORPORATE HEADQUARTERS

Culp, Inc.
101 South Main Street
Post Office Box 2686
High Point, NC 27261
(910) 889-5161

FORM 10K, OTHER INVESTOR INFORMATION

If you would like a copy of the Form 10K (Annual Report filed with the Securities and Exchange Commission) or other information about Culp, please contact Frank Saxon at the address listed above or at telephone number (910) 888-6266.

ANNUAL MEETING

Shareholders are cordially invited to attend the company's annual meeting to be held
Tuesday, September 19, 1995 at 9:00 AM
in the Radisson Hotel,
135 South Main Street,
High Point, North Carolina.

CULP, INC.

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