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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) February 9, 1996

CULP, INC.

(Exact name of registrant as specified in its charter)

North Carolina

0-12781

56-1001967

(State or other jurisdiction of
incorporation)

(Commission File No.)

(IRS Employer Identification

No.)

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

(Registrant's telephone number, including area code)

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

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Item 5. Other Events

See Press Release (attached) dated February 9, 1996 related to third quarter earnings for the period ended January 28, 1996.

See Financial Information Release (attached).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CULP, INC.
(Registrant)

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

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

Dated: February 9, 1996

(CULP Letterhead)

FOR IMMEDIATE RELEASE

CULP REPORTS 15% HIGHER THIRD QUARTER NET INCOME

NINE-MONTHS RESULTS REFLECT INCREASED SALES AND EARNINGS

HIGH POINT, North Carolina (February 9, 1996) - Culp, Inc. (Nasdaq/NM:CULP) today reported higher sales and earnings for the third fiscal quarter ended January 28, 1996.

Net sales for the quarter increased 11% to \$86.5 million compared with \$77.8 million a year ago. Net income for the quarter rose 15% to \$2.4 million, or \$0.22 per share, compared with \$2.1 million, or \$0.19 per share, in the third quarter of fiscal 1995.

The gains for the third quarter brought net sales for the first nine months to \$249.5 million, up 12% from \$222.6 million in the first nine months of fiscal 1995. Net income for the first nine months rose 9% to \$6.9 million, or \$0.62 per share, up from \$6.4 million, or \$0.57 per share, in the year-earlier period.

Commenting on the results, Robert G. Culp, III, Chief Executive Officer, said, "The growth reflected in Culp's results for the third quarter clearly indicate the value of our strategic initiatives to broaden the company's customer base. In particular, the success of our accelerated marketing plan to increase exports complemented the moderate growth we have experienced thus far this fiscal year in demand from U.S.-based manufacturers of home furnishings. As in the first half, a contribution from Rayonese Textile, which was acquired during the fourth quarter of fiscal 1995, helped our overall corporate results during the third quarter."

Culp remarked, "Based on the trends at mid-year, we had expected to face a tough environment for growth during the third and fourth quarters. Continuing uncertainty about the outlook for consumer spending remains a factor affecting our business because of the caution with which retailers and manufacturers are controlling inventories. The current level of interest rates certainly presents an encouraging sign regarding purchases of furniture over

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the next several quarters, but the more important factors driving demand will be consumer sentiment and confidence in the economy."

"Our ability to capture an increasing share of business from overseas customers reflects the appeal of our designs as well as the cost competitiveness of our fabrics. European manufacturers account for the largest share of Culp's exports, but we are experiencing rapid growth in shipments to other geographic areas including the Middle East and Asia. We are finding increasing interest from manufacturers outside the United States in our entire product line, but shipments of upholstery fabrics to overseas accounts have been the primary factor accounting for our growth in exports this fiscal year."

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

CULP, INC.
Condensed Financial Highlights
(Unaudited)

	January 28, 1996	Three Months Ended January 29, 1995
Net sales	\$ 86,476,000	\$ 77,791,000
Net income	2,415,000	2,100,000
Earnings per share	\$ 0.22	\$ 0.19

	January 28, 1996	Nine Months Ended January 29, 1995
Net sales	\$ 249,505,000	\$ 222,585,000
Net income	6,930,000	6,350,000
Earnings per share	\$ 0.62	\$ 0.57

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CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED INCOME STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 28, 1996 AND JANUARY 29, 1995

(Amounts in Thousands, Except for Per Share Data)

THREE MONTHS ENDED (UNAUDITED)

	Amounts			Percent of Sales	
	January 28, 1996	January 29, 1995	% Over (Under)	1996	1995

Net sales	86,476	77,791	11.2 %	100.0 %	100.0 %
Cost of sales	71,447	64,785	10.3 %	82.6 %	83.3 %
Gross profit	15,029	13,006	15.6 %	17.4 %	16.7 %
Selling, general and administrative expenses	9,639	8,295	16.2 %	11.1 %	10.7 %
Income from operations	5,390	4,711	14.4 %	6.2 %	6.1 %
Interest expense	1,279	1,120	14.2 %	1.5 %	1.4 %
Interest income	0	(14)	(100.0) %	0.0 %	(0.0) %
Other expense (income), net	266	245	8.6 %	0.3 %	0.3 %
Income before income taxes	3,845	3,360	14.4 %	4.4 %	4.3 %
Income taxes *	1,430	1,260	13.5 %	37.2 %	37.5 %
Net income	2,415	2,100	15.0 %	2.8 %	2.7 %
=====					
Average shares outstanding	11,232	11,205	0.2 %		
Net income per share	\$0.22	\$0.19	15.8 %		
Dividends per share	\$0.0275	\$0.025	10.0 %		

NINE MONTHS ENDED (UNAUDITED)

	Amounts			Percent of Sales	
	January 28, 1996	January 29, 1995	% Over (Under)	1996	1995

Net sales	249,505	222,585	12.1 %	100.0 %	100.0 %
Cost of sales	206,171	184,306	11.9 %	82.6 %	82.8 %
Gross profit	43,334	38,279	13.2 %	17.4 %	17.2 %
Selling, general and administrative expenses	27,768	24,227	14.6 %	11.1 %	10.9 %
Income from operations	15,566	14,052	10.8 %	6.2 %	6.3 %
Interest expense	3,964	3,341	18.6 %	1.6 %	1.5 %
Interest income	0	(61)	(100.0) %	0.0 %	(0.0) %
Other expense (income), net	592	612	(3.3) %	0.2 %	0.3 %
Income before income taxes	11,010	10,160	8.4 %	4.4 %	4.6 %
Income taxes *	4,080	3,810	7.1 %	37.1 %	37.5 %
Net income	6,930	6,350	9.1 %	2.8 %	2.9 %
=====					
Average shares	11,218	11,203	0.1 %		
Net income per share	\$0.62	\$0.57	8.8 %		
Dividends per share	\$0.0825	\$0.075	10.0 %		

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

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
JANUARY 28, 1996, JANUARY 29, 1995 AND APRIL 30, 1995

(Unaudited, Amounts in Thousands)

	January 28, 1996	January 29, 1995	Increase		* April 30, 1995
			(Decrease) Dollars	Percent	
Current assets					
Cash and cash investments	1,841	317	1,524	480.8 %	1,393
Accounts receivable	43,642	40,547	3,095	7.6 %	44,252
Inventories	49,960	44,314	5,646	12.7 %	45,771
Other current assets	3,436	2,920	516	17.7 %	3,194
Total current assets	98,879	88,098	10,781	12.2 %	94,610
Restricted investments	0	1,602	(1,602)	(100.0) %	795
Property, plant & equipment, net	73,356	69,373	3,983	5.7 %	75,805
Goodwill	23,037	18,850	4,187	22.2 %	22,600
Other assets	2,432	1,215	1,217	100.2 %	1,189
Total assets	197,704	179,138	18,566	10.4 %	194,999
Current Liabilities					
Current maturities of long-term debt	11,555	6,100	5,455	89.4 %	11,555
Accounts payable	22,516	24,126	(1,610)	(6.7) %	32,250
Accrued expenses	11,181	10,082	1,099	10.9 %	11,532
Income taxes payable	1,336	1,391	(55)	(4.0) %	661
Total current liabilities	46,588	41,699	4,889	11.7 %	55,998
Long-term debt	68,112	65,711	2,401	3.7 %	62,187
Deferred income taxes	5,381	3,477	1,904	54.8 %	5,418
Total liabilities	120,081	110,887	9,194	8.3 %	123,603
Shareholders' equity	77,623	68,251	9,372	13.7 %	71,396
Total liabilities and stockholders' equity	197,704	179,138	18,566	10.4 %	194,999
Shares outstanding	11,265	11,205	60	0.5 %	11,205

*Derived from audited financial statements.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JANUARY 28, 1996 AND JANUARY 29, 1995
(Unaudited, Amounts in Thousands)

	NINE MONTHS ENDED	

	Amounts	
	-----	-----
	January 28, 1996	January 29, 1995
	-----	-----
Cash flows from operating activities:		
Net income	6,930	6,350
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	9,278	8,237
Amortization of intangible assets	544	458
Provision for deferred income taxes	(37)	(272)
Changes in assets and liabilities:		
Accounts receivable	610	(3,804)
Inventories	(4,189)	(7,718)
Other current assets	(242)	(421)
Other assets	(1,343)	(761)
Accounts payable	(9,734)	(4,340)
Accrued expenses	(351)	1,924
Income taxes payable	675	755
Net cash provided by (used in) operating activities	----- 2,141	----- 408
Cash flows from investing activities:		
Capital expenditures	(7,710)	(13,606)
Purchases of restricted investments	0	(60)
Proceeds from sale of restricted investments	795	1,381
Business acquired	0	0
Net cash provided by (used in) investing activities	----- (6,915)	----- (12,285)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	10,500	20,000
Principal payments on long-term debt	(4,575)	(9,751)
Net increase (decrease) in bank overdrafts	0	0
Dividends paid	(926)	(840)
Proceeds from sale of common stock	223	92
Net cash provided by (used in) financing activities	----- 5,222	----- 9,501
Increase (decrease) in cash and cash investments	448	(2,376)
Cash and cash investments at beginning of period	1,393	2,693
Cash and cash investments at end of period	----- 1,841 =====	----- 317 =====

CULP, INC. FINANCIAL INFORMATION RELEASE
FINANCIAL ANALYSIS
JANUARY 28, 1996

	FISCAL 95			FISCAL 96	
	Q3	Q1	Q2	Q3	Q4
INVENTORIES					
Inventory turns	6.0	5.1	6.0	5.7	
RECEIVABLES					
Days sales in receivables	44	45	47	43	
Percent current & less than 30 days past due (Trade only)	98.9%	97.0%	98.2%	99.0%	
WORKING CAPITAL					
Current ratio	2.1	2.0	1.9	2.1	
Working capital turnover	5.5	5.4	5.4	5.3	
Working capital	\$46,399	\$45,069	\$46,373	\$52,266	
Working capital as a % of sales	14.9%	15.6%	12.8%	15.1%	
PROPERTY, PLANT & EQUIPMENT					
Depreciation rate	9.2%	8.9%	8.9%	8.9%	
Percent property, plant & equipment are depreciated	45.0%	44.9%	46.7%	48.0%	
Capital expenditures	\$18,058 (1)	\$3,006	\$2,084	\$2,620	
PROFITABILITY					
Net profit margin	2.7%	2.1%	3.3%	2.8%	
Gross profit margin	16.7%	16.9%	17.8%	17.4%	
Operating income margin	6.1%	5.2%	7.1%	6.2%	
SG & A expenses/net sales	10.7%	11.7%	10.7%	11.1%	
Return on beginning capital employed	6.9%	4.2%	8.3%	6.7%	
Return on beginning equity	13.4%	8.5%	16.8%	13.5%	
Earnings per share	\$0.19	\$0.14	\$0.27	\$0.22	
LEVERAGE (3)					
Interest & dividend coverage	3.2	2.3	3.7	3.2	
Total liabilities/equity	160.1%	165.4%	166.0%	154.7%	
Long-term debt/equity	93.9%	93.2%	86.4%	87.7%	
Funded debt/equity	102.9%	109.1%	101.8%	102.6%	
Funded debt/capital employed	50.7%	52.2%	50.4%	50.6%	
Funded debt	\$70,209	\$79,217	\$76,692	\$79,667	
Funded debt/EBITDA (LTM)	2.26	2.42	2.27	2.29	
OTHER					
Book value per share	\$6.09	\$6.48	\$6.72	\$6.89	
Employees at quarter end	2,656	2,773	2,847	2,886	
Sales per employee (annualized)	\$118,000	\$105,000	\$129,000	\$121,000	
Capital employed (3)	\$138,460	\$151,841	\$152,043	\$157,290	
Effective income tax rate	37.5%	35.3%	37.8%	37.2%	
EBITDA (2)	\$7,523	\$6,852	\$9,494	\$8,450	
EBITDA/net sales	9.8%	9.5%	10.5%	9.8%	

(1) Expenditures for entire year

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

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

CULP, INC. FINANCIAL INFORMATION RELEASE
 SALES BY BUSINESS UNIT
 FOR THREE MONTHS AND NINE MONTHS ENDED JANUARY 28, 1996
 AND JANUARY 29, 1995

(AMOUNTS IN THOUSANDS)

 THREE MONTHS ENDED (UNAUDITED)

Business Units	Amounts		% Over (Under)	Percent of Total Sales	
	JANUARY 28, 1996	January 29, 1995		1996	1995
Upholstery Fabrics					
Flat Wovens					
Existing Culp	20,685	20,940	(1.2) %	23.9 %	26.9 %
Rossville/Chromatex	18,567	16,397	13.2 %	21.5 %	21.1 %
	-----	-----	-----	-----	-----
	39,252	37,337	5.1 %	45.4 %	48.0 %
Velvets/Prints	31,836	28,307	12.5 %	36.8 %	36.4 %
	-----	-----	-----	-----	-----
	71,088	65,644	8.3 %	82.2 %	84.4 %
Mattress Ticking	15,388 *	12,147	26.7 %	17.8 %	15.6 %
	-----	-----	-----	-----	-----
	86,476	77,791	11.2 %	100.0 %	100.0 %
	=====	=====	=====	=====	=====

 NINE MONTHS ENDED (UNAUDITED)

Business Units	Amounts		% Over (Under)	Percent of Total Sales	
	JANUARY 28, 1996	January 29, 1995		1996	1995
Upholstery Fabrics					
Flat Wovens					
Existing Culp	60,984	63,387	(3.8) %	24.4 %	28.5 %
Rossville/Chromatex	51,885	47,295	9.7 %	20.8 %	21.2 %
	-----	-----	-----	-----	-----
	112,869	110,682	2.0 %	45.2 %	49.7 %
Velvets/Prints	87,440	75,390	16.0 %	35.0 %	33.9 %
	-----	-----	-----	-----	-----
	200,309	186,072	7.7 %	80.3 %	83.6 %
Mattress Ticking	49,196 *	36,513	34.7 %	19.7 %	16.4 %
	-----	-----	-----	-----	-----
	249,505	222,585	12.1 %	100.0 %	100.0 %
	=====	=====	=====	=====	=====

* Includes Rayonese shipments of \$1,910 for the three months and \$5,732 for the nine months. The percent increase in sales without rayonese was 11.0% for the three months and 19.1% for the nine months.

CULP, INC. FINANCIAL INFORMATION RELEASE
 EXPORT AND FOREIGN SALES BY GEOGRAPHIC AREA
 FOR THREE MONTHS AND NINE MONTHS ENDED JANUARY 28, 1996
 AND JANUARY 29, 1995

(AMOUNTS IN THOUSANDS)

 THREE MONTHS ENDED (UNAUDITED)

Geographic Area	Amounts		% Over (Under)	Percent of Total Sales	
	JANUARY 28, 1996	January 29, 1995		1996	1995
North America (Excluding USA)	5,488	3,412	60.8 %	28.9 %	23.0 %
Europe	5,590	6,047	(7.6) %	29.5 %	40.8 %
Middle East	2,383	1,738	37.1 %	12.6 %	11.7 %
Far East & Asia	2,738	2,008	36.4 %	14.4 %	13.6 %
South America	320	490	(34.7) %	1.7 %	3.3 %
All other areas	2,451	1,123	118.3 %	12.9 %	7.6 %
	-----	-----	-----	-----	-----
	18,970 *	14,818	28.0 %	100.0 %	100.0 %
	=====	=====	=====	=====	=====

 NINE MONTHS ENDED (UNAUDITED)

Geographic Area	Amounts		% Over (Under)	Percent of Total Sales	
	JANUARY 28, 1996	January 29, 1995		1996	1995
North America (Excluding USA)	16,275	11,204	45.3 %	30.7 %	27.7 %
Europe	13,072	12,937	1.0 %	24.7 %	31.9 %
Middle East	7,933	4,506	76.1 %	15.0 %	11.1 %
Far East & Asia	7,578	6,139	23.4 %	14.3 %	15.2 %
South America	1,163	1,674	(30.5) %	2.2 %	4.1 %
All other areas	6,941	4,049	71.4 %	13.1 %	10.0 %
	-----	-----	-----	-----	-----
	52,962 *	40,509	30.7 %	100.0 %	100.0 %
	=====	=====	=====	=====	=====

* Includes Rayonese shipments of \$1,910 for the three months and \$5,732 for the nine months. The percent increase in sales without rayonese was 15.1% for the three months and 16.6% for the nine months.

Culp, Inc.
 SALES BY BUSINESS UNIT - TREND ANALYSIS
 1994 vs 1995 vs 1996

(Amounts in thousands)

Business Units	Fiscal 1994					Fiscal 1995					Fiscal 1996				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
Upholstery Fabrics															
Flat Wovens															
Culp Textures	17,444	20,073	19,673	21,127	78,317	19,613	22,834	20,940	21,738	85,125	17,584	22,715	20,685		60,984
Rossville/Chromatxt	0	0	14,330	16,717	31,047	15,140	15,758	16,397	16,470	63,765	15,358	17,960	18,567		51,885
	17,444	20,073	34,003	37,844	109,364	34,753	38,592	37,337	38,208	148,890	32,942	40,675	39,252		112,869
Velvets/Prints	20,888	24,518	23,714	27,916	97,036	20,644	26,439	28,307	31,413	106,803	23,523	32,081	31,836		87,440
	38,332	44,591	57,717	65,760	206,400	55,397	65,031	65,644	69,621	255,693	56,465	72,756	71,088		200,309
Mattress Ticking	8,251	9,395	9,531	11,472	38,649	10,952	13,414	12,147	15,820	52,333	15,892	17,916	15,388		49,195
	46,583	53,986	67,248	77,232	245,049	66,349	78,445	77,791	85,441	308,026	72,357	90,672	86,476		249,505

Percent increase(decrease) from prior year:

Business Units	Percent increase(decrease) from prior year:														
Upholstery Fabrics															
Flat Wovens															
Culp Textures	(6.5)	(5.2)	3.8	0.3	(1.9)	12.4	13.8	6.4	2.9	8.7	(10.3)	(0.5)	(1.2)		(3.8)
Rossville/Chroma	N/A	N/A	N/A	N/A	N/A	100.0	100.0	14.4	(1.5)	105.4	1.4	14.0	13.2		9.7
	(6.5)	(5.2)	79.4	79.7	37.0	99.2	92.3	9.8	1.0	36.1	(5.2)	5.4	5.1		2.0
Velvets/Prints	7.4	16.5	10.0	8.3	10.5	(1.2)	7.8	19.4	12.5	10.1	13.9	21.3	12.5		16.0
	0.6	5.7	42.5	40.4	23.1	44.5	45.8	13.7	5.9	23.9	1.9	11.9	8.3		7.7
Mattress Ticking	7.5	10.4	27.6	21.2	16.7	32.7	42.8	27.4	37.9	35.4	45.1	33.6	26.7		34.7
	1.7	6.4	40.2	37.2	22.0	42.4	45.3	15.7	10.6	25.7	9.1	15.6	11.2		12.1

CULP, INC. FINANCIAL INFORMATION RELEASE
FINANCIAL NARRATIVE
for the three and nine months period ended January 28, 1996

INCOME STATEMENT COMMENTS

o GENERAL - The company is pleased to report solid sales and profit gains for its third fiscal quarter in spite of a) the continued significant sales weakness in the U. S. retail furniture and bedding industries and b) the raw material price increases which the company has received over the last year. This quarter's performance marks the thirteenth consecutive quarter of record earnings and the eleventh consecutive quarter of record sales. Additionally, for the first nine months, the company achieved a return on shareholders' equity of 12.9%.

The company attributes this successful record to, among other things, two key growth strategies: (1) a focus on markets, other than U.S. Residential Furniture, such as Bedding, Export, Contract and Home Textiles, in order to reduce our dependency on one cyclical and geographical area; and (2) investment in the creative side of our business -- the company has significantly increased the resources (both designers and CAD systems) dedicated to the design and product development areas in each business unit over the last eighteen months.

o NET SALES - Upholstery fabric sales increased 8.3% to \$71.1 million and mattress ticking sales increased 26.7% to \$15.4 million for the quarter in comparison to the same quarter of last year. (See Sales by Business Unit schedule on page 5 and Sales by Business Unit - Trend Analysis on page 7.) Three of our four business units reported substantial sales gains for the quarter: Mattress Ticking - up 26.7%; Velvets/Prints - up 12.5%; and Rossville/Chromatex up 13.2%, while our Culp Textures business unit reported essentially flat results. The percent of sales gain for Rossville/Chromatex and Culp Textures represent sharp improvement over the first half's sales comparisons. Comments on current backlogs and incoming order rates versus last year are as follows: Mattress Ticking - up slightly; Culp Textures - flat, with strength in the jacquard product line and weakness in the doobby line; Rossville/Chromatex - up moderately with strength in both doobby and jacquard product lines; and Velvets/Prints - up moderately, with strength in the wet prints, heat-transfer prints and woven velvet product lines. The results of the Velvets/Prints business unit were substantially improved from the third quarter and first nine months of last year. The company instituted an "across-the-board" price increase of approximately 2%, generally effective for shipments after October 1, 1995.

Export and foreign sales, including sales from Rayonese of \$1.9 million, were up 28.0% for the quarter, with particular strength in the Middle East and the Far East and Asia. The majority of the export growth is coming from the Culp Textures and Rossville/Chromatex business units, with particular strength in the jacquard product lines. The company is enjoying increasing success in marketing its upholstery fabric products internationally. We are encouraged by our growing customer base throughout the world and the increasing percentage that our Culp Textures and Rossville/Chromatex product lines represent of our total export shipments. Offsetting somewhat these positive trends, however, export shipments of mattress ticking are off considerably. The weakness resulted principally from lower shipments to Mexico and Brazil. The overall outlook for export sales gains remains good.

The U.S. bedding and home textiles (particularly "top of the bed") markets have softened significantly since early August. This retail weakness has resulted in a somewhat slower rate of growth in our mattress ticking business unit, which includes Rayonese. The company believes this softness is temporary and that business conditions will turn more positive in early 1996.

CULP, INC. FINANCIAL INFORMATION RELEASE (page 9 of 9)
FINANCIAL NARRATIVE - continued
for the three and nine month periods ended January 28, 1996

o GROSS PROFIT - The gross profit increase of 15.6% for the quarter reflects a significant gain in Velvets/Prints and a moderate gain in Culp Textures. These increases were partially offset by a slight decrease in Rossville/Chromatex. The company's margins, in all business units, are being affected by the significant price increases in its raw materials over the last year. The company has been unable to pass along all of the cost increases it has received. For the near term (fourth quarter), the company is expecting gross profit gains in all of its business units, with strongest gains in Velvets/Prints.

o S,G & A EXPENSES - S,G&A expenses for the quarter were up as a percentage of sales to 11.1% from 10.7%. This increase is due to higher marketing and design expenses during this quarter.

o INTEREST EXPENSE - The increase for the quarter is due to additional borrowings related to the Rayonese acquisition, capital expenditures and higher levels of working capital necessary to support sales growth.

o EBITDA - EBITDA for the quarter increased \$927,000, or 12.3%, from last year's third quarter, and represented 9.8% of net sales compared with 9.8% of net sales last year.

BALANCE SHEET COMMENTS

o WORKING CAPITAL - The increase in inventories over fiscal year end is attributable to higher raw material inventories, which are being reduced during the balance of our fiscal year. The company has made excellent progress in reducing finished goods inventory in the last three quarters, with a 5% decrease from fiscal year end and a 10% decrease from third quarter of last year. This is particularly noteworthy because the company has historically built finished goods inventory during the first half of its fiscal year.

o PROPERTY, PLANT AND EQUIPMENT - For fiscal 1996, the company has increased its capital spending plans from \$11.0 million to \$15.5 million due to accelerating two projects previously scheduled for fiscal 1997. The projects, scheduled to be completed during April and May 1996, involve expanding the company's production capacity for its jacquard and wet prints product lines. These new projects will have the capacity to generate an estimated \$25.0 million in annual sales on a full utilization basis. Depreciation expense for fiscal 1996 is expected to approximate \$13.5 million. For fiscal 1997, the company believes its capital spending will be in the range of \$10 to \$13 million.

o LONG-TERM DEBT - At January 28, 1996, the company had \$15.7 million in IRB borrowings, \$20.5 million in borrowings under its revolving credit facility, \$37.0 million in a term facility, \$1.0 million in a subordinated note payable and \$5.5 million in a convertible note payable. The current maturities of \$11.6 million includes: \$6.0 million repayment of the term loan, \$100,000 repayment of IRBs and the entire amount of the convertible note payable because the note is callable by the holder, beginning March 6, 1996. The convertible note has been called and the company plans to repay the note during March 1996 with funds from the company's bank credit facilities. With its interest rate swap agreements totalling \$25.0 million, the company has effectively "fixed" 43% of its bank borrowings (\$57.5 million) at a weighted average interest rate of 7.1%. The company's funded debt to capital ratio was 50.6%, at January 28, 1996, down from 50.7% at January 29, 1995.

