UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended August 1, 2004

Commission File No. 0-12781

CULP, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

YES X NO

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

YES X NO

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

Common shares outstanding at August 1, 2004: 11,547,759
Par Value: $.05

INDEX TO FORM 10-Q
For the period ended August 1, 2004

Item 1: Financial Statements

CULP, INC.
CONSOLIDATED STATEMENTS OF LOSS
FOR THE THREE MONTHS ENDED AUGUST 1, 2004 AND AUGUST 3, 2003

(Amounts in Thousands, Except for Per Share Data)

		THREE MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Sales	
		August 1, 2004	August 3, 2003	% Over (Under)	August 1, 2004	August 3, 2003
Net sales	$	67,849	73,676	(7.9) %	100.0 %	100.0 %
Cost of sales		59,174	62,198	(4.9) %	87.2 %	84.4 %
Gross profit		8,675	11,478	(24.4) %	12.8 %	15.6 %
Selling, general and administrative expenses		9,280	10,516	(11.8) %	13.7 %	14.3 %
Restructuring credit		(138)	0	100.0 %	(0.2)%	0.0 %
Income (loss) from operations		(467)	962	(148.5) %	(0.7)%	1.3 %
Interest expense		940	1,497	(37.2) %	1.4 %	2.0 %
Interest income		(27)	(122)	(77.9) %	(0.0)%	(0.2)%
Other expense		214	239	(10.5) %	0.3 %	0.3 %
Loss before income taxes		(1,594)	(652)	144.5 %	(2.3)%	(0.9)%
Income taxes *		(542)	(241)	124.9 %	34.0 %	37.0 %
Net loss	$	(1,052)	(411)	(156.0) %	(1.6)%	(0.6)%
Net loss per share, basic	$	(0.09)	(0.04)	(125.0) %		
Net loss per share, diluted	$	(0.09)	(0.04)	(125.0) %		
Average shares outstanding, basic		11,547	11,515	0.3 %		
Average shares outstanding, diluted		11,547	11,515	0.3 %		

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

See accompanying notes to consolidated financial statements.

CULP, INC.
CONSOLIDATED BALANCE SHEETS
AUGUST 1, 2004, AUGUST 3, 2003, AND MAY 2, 2004
Unaudited
(Amounts in Thousands)

		Amounts		Increase (Decrease)		
		August 1, 2004	August 3, 2003	Dollars	Percent	* May 2, 2004
Current assets:						
Cash and cash equivalents	$	11,946	15,094	(3,148)	(20.9)%	14,568
Short-term investments		0	15,014	(15,014)	(100.0)%	0
Accounts receivable		24,242	24,227	15	0.1 %	30,719
Inventories		52,083	49,275	2,808	5.7 %	49,045
Deferred income taxes		9,256	12,303	(3,047)	(24.8)%	9,256
Other current assets		1,645	4,001	(2,356)	(58.9)%	1,634
Total current assets		99,172	119,914	(20,742)	(17.3)%	105,222
Property, plant & equipment, net		78,880	83,299	(4,419)	(5.3)%	77,770
Goodwill		9,240	9,240	0	0.0 %	9,240
Other assets		1,307	1,934	(627)	(32.4)%	1,496
Total assets	$	188,599	214,387	(25,788)	(12.0)%	193,728
Current liabilities:						
Current maturities of long-term debt	$	545	517	28	5.4 %	528
Accounts payable		14,857	18,648	(3,791)	(20.3)%	15,323
Accrued expenses		10,880	12,856	(1,976)	(15.4)%	13,028
Accrued restructuring costs		4,656	7,141	(2,485)	(34.8)%	4,968
Income taxes payable		606	0	606	100.0 %	1,850
Total current liabilities		31,544	39,162	(7,618)	(19.5)%	35,697
Long-term debt, less current maturities		50,519	76,034	(25,515)	(33.6)%	50,502
Deferred income taxes		4,138	3,851	287	7.5 %	4,138
Total liabilities		86,201	119,047	(32,846)	(27.6)%	90,337
Shareholders' equity		102,398	95,340	7,058	7.4 %	103,391
Total liabilities and shareholders' equity	$	188,599	214,387	(25,788)	(12.0)%	193,728
Shares outstanding		11,548	11,515	33	0.3 %	11,547

* Derived from audited financial statements.

See accompanying notes to consolidated financial statements.

CULP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 1, 2004 AND AUGUST 3, 2003
Unaudited
(Amounts in Thousands)

	THREE MONTHS ENDED	
	Amounts	
	August 1, 2004	August 3, 2003
Cash flows from operating activities:		
Net loss	$ (1,052)	(411)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	3,362	3,444
Amortization of other assets	37	45
Stock-based compensation	52	53
Restructuring credit	(138)	
Changes in assets and liabilities:		
Accounts receivable	6,477	8,032
Inventories	(3,038)	277
Other current assets	(11)	(797)
Other assets	206	256
Accounts payable	112	(845)
Accrued expenses	(2,148)	(1,215)
Accrued restructuring	(228)	(602)
Income taxes payable	(1,244)	(349)
Net cash provided by operating activities	2,387	7,888
Cash flows from investing activities:		
Capital expenditures	(4,375)	(1,875)
Purchases of short-term investments	0	(5,038)
Net cash used in investing activities	(4,375)	(6,913)
Cash flows from financing activities:		
Payments on vendor-financed capital expenditures	(675)	(287)
Proceeds from issuance of long-term debt	34	51
Proceeds from common stock issued	7	0
Net cash used in financing activities	(634)	(236)
Increase (decrease) in cash and cash equivalents	(2,622)	739
Cash and cash equivalents at beginning of period	14,568	14,355
Cash and cash equivalents at end of period	$ 11,946	15,094

See accompanying notes to consolidated financial statements.

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

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

	Common Stock Shares	Common Stock Amount	Capital Contributed in Excess of Par Value	Unearned Compensation	Retained Earnings	Total Shareholders' Equity
Balance, April 27, 2003	11,515,459	$ 576	39,749	(559)	55,999	$ 95,765
Net income					7,220	7,220
Stock-based compensation				210		210
Common stock issued in connection with stock option plans	31,175	2	194			196
Balance, May 2, 2004	11,546,634	$ 578	39,943	(349)	63,219	$ 103,391
Net loss					(1,052)	(1,052)
Stock-based compensation				52		52
Common stock issued in connection with stock option plans	1,125	0	7			7
Balance, August 1, 2004	11,547,759	$ 578	39,950	(297)	62,167	$ 102,398

See accompanying notes to consolidated financial statements.

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Culp, Inc. and subsidiaries (the "company") include all adjustments, which are, in the opinion of management, necessary for fair presentation of the results of operations and financial position. All of these adjustments are of a normal recurring nature except as disclosed in note 9 to the consolidated financial statements. Results of operations for interim periods may not be indicative of future results. The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements, which are included in the company's annual report on Form 10-K filed with the Securities and Exchange Commission on July 16, 2004 for the fiscal year ended May 2, 2004. Certain items in the fiscal 2004 consolidated financial statements have been reclassified to conform with the current presentation.

The company's three months ended August 1, 2004 and August 3, 2003 represent 13 and 14 week periods, respectively.

2. Stock-Based Compensation

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

The following table illustrates the effect on net loss and loss per share if the company had applied the fair value recognition provisions of SFAS No. 123, as amended by SFAS No. 148, for the three months ended August 1, 2004 and August 3, 2003.

(dollars in thousands, except per share data)

	August 1, 2004	August 3, 2003
Net loss, as reported	$ (1,052)	$ (411)
Add: Total stock-based employee compensation expense included in net income, net of tax	35	33
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of tax	(122)	(95)
Pro forma net loss	$ (1,139)	(473)
Loss per share:		
Basic - as reported	$ (0.09)	$ (0.04)
Basic - pro forma	(0.10)	(0.04)
Diluted - as reported	(0.09)	(0.04)
Diluted - pro forma	(0.10)	(0.04)

3. Accounts Receivable

A summary of accounts receivable follows:

(dollars in thousands)	August 1, 2004	May 2, 2004
Customers	$ 26,554	$ 33,064
Allowance for doubtful accounts	(1,266)	(1,442)
Reserve for returns and allowances	(1,046)	(903)
	$ 24,242	$ 30,719

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

	Three months ended	
(dollars in thousands)	August 1, 2004	August 3, 2003
Beginning balance	$ (1,442)	$ (1,558)
Provision for bad debt expense	199	(40)
Net write-offs	(23)	40
Ending balance	$ (1,266)	$ (1,558)

4. Inventories

Inventories are carried at the lower of cost or market. Cost is determined using the FIFO (first-in, first-out) method.

A summary of inventories follows:

(dollars in thousands)	August 1, 2004	May 2, 2004
Raw materials	$ 22,792	$ 21,015
Work-in-process	2,888	2,489
Finished goods	26,403	25,541
	$ 52,083	$ 49,045

5. Accounts Payable

A summary of accounts payable follows:

(dollars in thousands)	August 1, 2004	May 2, 2004
Accounts payable-trade	$ 13,550	$ 13,438
Accounts payable-capital expenditures	1,307	1,885
	$ 14,857	$ 15,323

6. Accrued Expenses

A summary of accrued expenses follows:

(dollars in thousands)	August 1, 2004	May 2, 2004
Compensation, commissions and related benefits	$ 5,444	$ 8,040
Interest	1,435	459
Accrued rebates	1,650	2,258
Other	2,351	2,271
	$ 10,880	$ 13,028

7. Long-Term Debt

A summary of long-term debt follows:

(dollars in thousands)	August 1, 2004	May 2, 2004
Unsecured term notes	$ 49,975	$ 49,975
Canadian government loan	1,089	1,055
	51,064	51,030
Less current maturities	(545)	(528)
	$ 50,519	$ 50,502

In August 2002, the company entered into an agreement with its principal bank lender that provides for a revolving loan commitment of $15.0 million, including letters of credit up to $2.5 million. Borrowings under the facility generally carry interest at the London Interbank Offered Rate plus an adjustable margin based upon the company's debt/EBITDA ratio, as defined by the agreement. As of August 1, 2004, there were $634,000 in outstanding letters of credit in support of inventory purchases and no borrowings outstanding under the agreement. The credit facility, which was due to expire in August 2004, has been extended to August 2005.

The unsecured term notes are payable over an average remaining term of five years beginning March 2006 through March 2010. Interest is payable semi-annually at a fixed coupon rate of 7.76%.

The company's loan agreements require, among other things, that the company maintain compliance with certain financial ratios. At August 1, 2004, the company was in compliance with these financial covenants.

The principal payment requirements of long-term debt during the next five fiscal years are: 2005 - $545,000; 2006 - $8,079,000; 2007 - $7,535,000; 2008 - $19,835,000; and 2009 - $7,535,000.

8. Cash Flow Information

Payments for interest and income taxes follow:

	Three months ended	
(dollars in thousands)	August 1, 2004	August 3, 2003
Interest	$ 23	$ 38
Income taxes	701	200

The non-cash portion of capital expenditures representing vendor financing totaled $5,000 and $39,000 for the three months ended August 1, 2004 and August 3, 2003, respectively.

9. Restructuring and Asset Impairment Charges

A summary of accrued restructuring follows:

(dollars in thousands)	August 1, 2004	May 2, 2004
Fiscal 2003 CDF	$ 4,624	$ 4,834
Wet Printed Flock	0	100
Fiscal 2001 CDF	32	34
	$ 4,656	$ 4,968

Fiscal 2003 CDF Restructuring

In August 2002, management approved a restructuring plan within the Culp Decorative Fabrics division aimed at lowering manufacturing costs, simplifying the dobby fabric upholstery line, increasing asset utilization and enhancing the division's manufacturing competitiveness. The restructuring plan principally involved (1) consolidation of the division's weaving, finishing, yarn making and distribution operations by closing the facility in Chattanooga, Tennessee and integrating these functions into other plants, (2) a significant reduction in the number of stock keeping units (SKUs) offered in the dobby product line and (3) a net reduction in workforce of approximately 300 positions.

The following summarizes the fiscal 2005 activity in the restructuring accrual:

(dollars in thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Balance, May 2, 2004	$ 500	4,334	4,834
Paid in fiscal 2005	(20)	(190)	(210)
Balance, August 1, 2004	$ 480	4,144	4,624

Wet Printed Flock Restructuring

In August 2004, assets held for sale consisting of land and a building valued at $180,000 in the other assets line of the May 2, 2004 Consolidated Balance Sheet were sold, resulting in a restructuring credit of $54,000. An additional restructuring credit of $84,000 was recognized relating to the write-off of the remaining reserve balance, which consisted of building related exit costs.

The following summarizes the fiscal 2005 activity in the CVP restructuring accrual:

(dollars in thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Balance, May 2, 2004	$ 0	100	100
Adjustments in fiscal 2005	0	(84)	(84)
Paid in fiscal 2005	0	(16)	(16)
Balance, August 1, 2004	$ 0	0	0

Fiscal 2001 CDF Restructuring

The following summarizes the fiscal 2005 activity in the CDF restructuring accrual:

(dollars in thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Balance, May 2, 2004	$ 34	0	34
Paid in fiscal 2005	(2)	0	(2)
Balance, August 1, 2004	$ 32	0	32

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10. Comprehensive Loss

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

A summary of total comprehensive loss follows:

	Three months ended	
(dollars in thousands)	August 1, 2004	August 3, 2003
Net loss	$ (1,052)	$ (411)
Unrealized loss in fair value of short-term investments	0	(67)
Net comprehensive loss	$ (1,052)	$ (478)

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11. Income (Loss) per Share

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

	Three months ended	
(dollars in thousands)	August 1, 2004	August 3, 2003
Weighted average common shares outstanding, basic	11,547	11,515
Effect of dilutive stock options	0	0
Weighted average common shares outstanding, diluted	11,547	11,515

Options to purchase 437,125 shares and 588,500 shares of common stock were not included in the computation of diluted loss per share for the three months ended August 1, 2004 and August 3, 2003, respectively, because the exercise price of the options was greater than the average market price of the common shares.

Options to purchase 541,700 shares and 365,250 shares of common stock were not included in the computation of diluted net loss per share for the three months ended August 1, 2004 and August 3, 2003, respectively, because the company incurred a net loss for the period.

12. Segment Information

The company's operations are classified into two segments: mattress fabrics and upholstery fabrics. The mattress fabrics segment principally manufactures and sells fabrics to bedding manufacturers. The upholstery fabrics segment principally manufactures and sells fabrics primarily to residential and commercial (contract) furniture manufacturers. The upholstery fabrics segment consists of two divisions: Culp Decorative Fabrics and Culp Velvets/Prints. Since these divisions have similar products, manufacturing processes, customers, methods of distribution, and economic characteristics, they are aggregated for segment reporting purposes.

Effective May 3, 2004, the company began evaluating the operating performance of its segments based upon income from operations before restructuring and related charges or credits and certain unallocated corporate expenses. Previously, the company evaluated operating segment performance based upon gross profit. Operating income (loss) for the prior period and gross profit for both periods by segment is presented for comparative purposes. Unallocated corporate expenses represent primarily compensation and benefits for certain executive officers and all costs related to being a public company. Segment assets include assets used in the operation of each segment and consist of accounts receivable, inventories, and property, plant and equipment. The company no longer allocates goodwill to its operating segments for the purposes of evaluating operating performance.

Financial information for the company's operating segments follow:

	Three months ended	
(dollars in thousands)	August 1, 2004	August 3, 2003
Net sales:		
Mattress Fabrics	$ 25,953	$ 27,220
Upholstery Fabrics	41,896	46,456
	$ 67,849	$ 73,676
Gross profit:		
Mattress Fabrics	$ 4,794	$ 6,072
Upholstery Fabrics	3,956	5,406
Restructuring related charges	(75) (1)	0
	$ 8,675	$ 11,478
Operating income (loss):		
Mattress Fabrics	$ 2,899	$ 4,144
Upholstery Fabrics	(2,619)	(1,719)
Unallocated corporate	(810)	(1,463)
Restructuring related charges and credits	63 (2)	0
	$ (467)	$ 962

(1) Restructuring related charges represent equipment dismantling charges and are included in the cost of sales line item in the Consolidated Statement of Loss.
(2) Restructuring related charges and credits represent the $75,000 in equipment dismantling charges, offset by $138,000 in restructuring credits (see note 9). Restructuring credits are included in the restructuring credit line item in the Consolidated Statement of Loss. These restructuring related charges and credits relate to the Upholstery Fabrics segment.

Balance sheet information for the company's operating segments follow:

(dollars in thousands)	August 1, 2004	May 2, 2004
Segment assets:		
Mattress Fabrics	$ 45,860	$ 47,691
Upholstery Fabrics	105,496	109,843
Total segment assets	151,356	157,534
Non-segment assets:		
Cash and cash equivalents	11,946	14,568
Deferred income taxes	9,256	9,256
Other current assets	1,645	1,634
Property, plant & equipment	3,849	0
Goodwill	9,240	9,240
Other assets	1,307	1,496
Total assets	$ 188,599	$ 193,728

	Three months ended	
(dollars in thousands)	August 1, 2004	August 3, 2003
Capital expenditures:		
Mattress Fabrics	$ 430	$ 66
Upholstery Fabrics	237	1,774
Unallocated corporate (3)	3,875	0
	$ 4,542	$ 1,840
Depreciation expense:		
Mattress Fabrics	$ 916	$ 945
Upholstery Fabrics	2,446	2,499
Unallocated Corporate	0	0
	$ 3,362	$ 3,444

(3) Unallocated corporate capital expenditures for fiscal 2005 represent primarily capital spending for the new corporate office building.

ITEM 2.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This report and the exhibits attached hereto contain statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 27A of the Securities and Exchange Act of 1934). Such statements are inherently subject to risks and uncertainties. Further, forward looking statements are intended to speak only as of the date on which they are made. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often but not always characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives, and include but are not limited to statements about expectations for the company's future operations or success, sales, gross profit margins, SG&A or other expenses, and earnings, as well as any statements regarding future economic or industry trends or future developments. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on the company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect the company adversely. In addition, strengthening of the U. S. dollar against other currencies could make the company's products less competitive on the basis of price in markets outside the United States. Also, economic and political instability in international areas could affect the company's operations or sources of goods in those areas, as well as demand for the company's products in international markets. Finally, unanticipated delays or costs in executing restructuring actions could cause the cumulative effect of restructuring actions to fail to meet the objectives set forth by management. Other factors that could affect the matters discussed in forward looking statements are included in the company's other periodic reports filed with the Securities and Exchange Commission.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

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

Overview

Culp, Inc., which we sometimes refer to as the company, manufactures and markets mattress fabrics (known as mattress ticking and used for covering mattresses and box springs) and upholstery fabrics primarily for use in furniture manufacturing (residential and commercial). The company's executive offices are located in High Point, North Carolina. The company was organized as a North Carolina corporation in 1972 and made its initial public offering in 1983. Since 1997, the company has been listed on the New York Stock Exchange and traded under the symbol "CFI."

Management believes that Culp is one of the two largest producers of mattress fabrics in North America, as measured by total sales, and one of the three largest marketers of upholstery fabrics for furniture in North America, again measured by total sales. The company's fabrics are used primarily in the production of bedding products and residential and commercial upholstered furniture, including sofas, recliners, chairs, loveseats, sectionals, sofa-beds, office seating and mattress sets. Although Culp markets fabrics at most price levels, the company emphasizes fabrics that have broad appeal in the "good" and "better" priced categories of furniture and bedding.

The company's fiscal year is the 52 or 53 week period ending on the Sunday closest to April 30. The first quarter of fiscal 2005 included 13 weeks versus 14 weeks for the same period of fiscal 2004. The company's operating segments are mattress fabrics and upholstery fabrics, with related divisions organized within those segments. In mattress fabrics, Culp Home Fashions markets a broad array of fabrics used by bedding manufacturers. In upholstery fabrics, Culp Decorative Fabrics markets jacquard and dobby woven fabrics for residential and commercial furniture and yarn for use primarily by the company, with some outside sales. Culp Velvets/Prints markets velvet, printed fabrics and microdenier suedes used primarily for residential furniture.

Effective May 3, 2004, the company began allocating selling, general and administrative expenses to its operating segments and began evaluating the operating performance of its segments based upon income (loss) from operations before restructuring and related charges or credits and certain unallocated corporate expenses. Previously, the company evaluated operating segment performance based upon gross profit. Operating income (loss) for the prior period and gross profit for both periods by segment is presented for comparative purposes. Unallocated corporate expenses represent primarily compensation and benefits for certain executive officers and all costs related to being a public company. Segment assets include assets used in the operation of each segment and consist of accounts receivable, inventories, and property, plant and equipment. The company no longer allocates goodwill to its operating segments for the purposes of evaluating operating performance.

The following tables set forth the company's sales, gross profit and operating income (loss) by segment/division for the three months ended August 1, 2004 and August 3, 2003.

CULP, INC.
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT/DIVISION
FOR THE THREE MONTHS ENDED AUGUST 1, 2004 AND AUGUST 3, 2003

(Amounts in thousands)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
Net Sales by Segment	August 1, 2004	August 3, 2003	% Over (Under)	August 1, 2004	August 3, 2003
Mattress Fabrics					
Culp Home Fashions	$ 25,953	27,220	(4.7) %	38.3 %	36.9 %
Upholstery Fabrics					
Culp Decorative Fabrics	23,919	29,617	(19.2) %	35.3 %	40.2 %
Culp Velvets/Prints	17,977	16,839	6.8 %	26.5 %	22.9 %
	41,896	46,456	(9.8) %	61.7 %	63.1 %
Net Sales	$ 67,849	73,676	(7.9) %	100.0 %	100.0 %
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ 4,794	6,072	(21.0) %	18.5 %	22.3 %
Upholstery Fabrics	3,956	5,406	(26.8) %	9.4 %	11.6 %
Restructuring related charges (1)	(75)	0	100.0 %	(0.1)%	0.0 %
Gross Profit	$ 8,675	11,478	(24.4) %	12.8 %	15.6 %
Operating Income (Loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ 2,899	4,144	(30.0) %	11.2 %	15.2 %
Upholstery Fabrics	(2,619)	(1,719)	(52.4) %	(6.3)%	(3.7)
Unallocated corporate expenses	(810)	(1,463)	44.6 %	(1.2)%	(2.0)%
Restructuring related charges and credits (1)	63	0	100.0 %	0.1 %	0.0 %
Operating Income (Loss)	$ (467)	962	(148.5) %	(0.7)%	1.3 %
Depreciation by Segment					
Mattress Fabrics	$ 916	944	(3.0) %		
Upholstery Fabrics	2,446	2,499	(2.1) %		
Total Depreciation Expense	$ 3,362	3,444	(2.4) %		

(1) Restructuring related charges represent equipment dismantling charges and are included in the cost of sales line item in the Consolidated Statement of Loss. Restructuring related charges and credits represent the $75,000 in equipment dismantling charges, offset by $138,000 in restructuring credits (see accompanying note 9). Restructuring credits are included in the restructuring credit line item in the Consolidated Statement of Loss. These restructuring related charges and restructuring credits are associated with the Upholstery Fabrics segment.

Three Months ended August 1, 2004 compared with Three Months ended August 3, 2003

The first quarter of the fiscal year is typically the slowest period for the company and the furniture industry due to scheduled plant vacation shutdowns. The seasonal slowdown, combined with the continued weakness in consumer demand for furniture throughout the summer, accounted for a modest drop in sales. In addition, the first quarter of fiscal 2005 included 13 weeks versus 14 weeks for the same period of fiscal 2004. For the first quarter of fiscal 2005, net sales decreased 7.9% to $67.8 million. Average weekly sales for the first quarter of fiscal 2005 were $5.2 million compared with $5.3 million in the prior year period, a decrease of less than 1.0%. The company reported a net loss of $1,052,000, or $0.09 per share diluted in the first quarter of fiscal 2005, compared with a net loss of $411,000, or $0.04 per share diluted, in the first quarter of fiscal 2004. Restructuring and related charges and credits of approximately $42,000, net of income taxes, were included in the net loss for the first quarter of fiscal 2005.

Mattress Fabrics Segment

Net Sales -- Mattress fabric sales (known as mattress ticking) for the first quarter of fiscal 2005 decreased 4.7% to $26.0 million compared with $27.2 million for the same period a year ago. As noted above, these results reflect a 13 week period versus a 14 week period last year. Average weekly sales for the first quarter of fiscal 2005 were $2.0 million compared with $1.9 million in the prior year period, an increase of 2.7%. While sales, on a comparable basis, continue to be affected by the recent customers' transition to one-sided mattresses, which utilize one-third less fabric, the mattress ticking segment experienced higher sales, on an average weekly basis, by expanding business with certain key accounts. Also, mattress manufacturers are currently incurring higher costs for other mattress components, such as steel, as well as costs associated with flame retardant requirements. As a result of these increased costs, mattress manufacturers are placing additional pressure on mattress ticking prices, and in some instances manufacturers are moving to lower priced ticking.

Mattress ticking yards sold during the first quarter of fiscal 2005 were 10.8 million compared with 10.5 million yards in the first quarter of last year. The average selling price was $2.38 per yard for the first quarter, compared to $2.57 per yard in the same quarter last year, a decrease of 7.4%.

Operating income -- For the first quarter of fiscal 2005, the mattress fabrics segment reported operating income of $2.9 million, or 11.2% of sales, compared with $4.1 million, or 15.2% of sales, for the prior year period. Operating income was primarily impacted by fewer sales weeks and inventory markdowns related to certain customer programs. These factors are expected to have significantly less impact on the segment's second quarter results.

Upholstery Fabrics Segment

Net Sales -- Upholstery fabric sales for the first quarter of fiscal 2005 decreased 9.8% to $41.9 million when compared to the first quarter of fiscal 2004. Average weekly sales for the first quarter of fiscal 2005 were $3.2 million compared with $3.3 million in the prior year period, a decrease of 2.9%. The lower sales primarily reflect soft demand by furniture retailers, as well as current consumer preference for leather furniture and increased competition from imported fabrics, including cut and sewn kits, primarily from Asia.

With the company's offshore sourcing efforts, including the China platform, the company is experiencing higher sales of upholstery fabric products produced outside of the company's U.S. manufacturing plants. These sales, which include microdenier suedes and fabrics produced at the company's China plant, increased 162% over the prior year period and accounted for approximately $5.5 million, or 13.1% of upholstery fabric sales for the quarter. Offshore sourced fabrics of $2.1 million accounted for approximately 4.5% of upholstery fabric sales for the same period last year.

Upholstery fabric yards sold during the first quarter were 9.3 million versus 10.6 million in the first quarter of fiscal 2004, a decline of 12.3%. Average selling price was $4.25 per yard for the first quarter compared with $4.13 per yard in the same quarter of last year, an increase of 2.9%, due to higher average selling prices in both the CDF and CVP divisions.

Operating income (loss) -- Operating loss for the first quarter of fiscal 2005 was $2.6 million, or 6.3% of sales, compared with a loss of $1.7 million, or 3.7% of sales, for the same period last year. The segment loss in each period was primarily due to underutilization of the company's U.S. manufacturing capacity. If sales continue to be under pressure in the upholstery fabrics segment, management is prepared to take the necessary actions to further adjust the company's cost structure and U.S. capacity, as the company has demonstrated in recent years.

Other Corporate Expenses

Selling, General and Administrative Expenses -- SG&A expenses of $9.3 million for the first quarter of fiscal 2005 decreased approximately $1.2 million, or 11.8%, from the prior year amount. As a percent of net sales, SG&A expenses decreased to 13.7% from 14.3% the previous year, due mostly to lower professional fees.

Unallocated Corporate Expenses - The unallocated corporate expense category includes certain items that have not been allocated to the company's segments. The major components of unallocated corporate expenses include compensation and benefits for certain executive officers and all costs related to being a public company. For the first quarter of fiscal 2005, unallocated corporate expenses totaled $810,000 compared with $1.5 million for the same period last year, reflecting a substantial decrease in professional fees.

Interest Expense (Income) - Interest expense for the first quarter declined to $940,000 from $1.5 million the previous year due to lower borrowings outstanding. Interest income decreased to $27,000 from $122,000 the previous year due to lower invested balances in fiscal 2005.

Income Taxes -- The effective tax rate (taxes as a percentage of pretax income (loss)) for the first quarter of fiscal 2005 was 34.0% compared with 37.0% for the same period last year.

Liquidity and Capital Resources

Liquidity --The company's sources of liquidity include cash and cash equivalents, cash flow from operations and amounts available under its revolving credit line. These sources have been adequate for day-to-day operations and capital expenditures. The company expects these sources of liquidity to continue to be adequate for the foreseeable future. Cash and cash equivalents as of August 1, 2004 decreased to $11.9 million from $14.6 million at the end of fiscal 2004, primarily reflecting cash flow from operations of $2.4 million and capital expenditures and payments on vendor financed capital expenditures of $5.0 million.

Working Capital --Accounts receivable as of August 1, 2004 increased 0.1% from the year-earlier level. Days sales outstanding totaled 30 days at August 1, 2004 compared with 32 days a year ago. Inventories at the close of the first quarter increased 5.7% from a year ago. Inventory turns for the first quarter were 4.7 versus 5.0 for the year-earlier period. Operating working capital (comprised of accounts receivable and inventories, less trade accounts payable) was $61.5 million at August 1, 2004, up from $54.9 million a year ago.

Financing Arrangements -- The company's long-term debt of $51.1 million is unsecured and is comprised of $50.0 million in outstanding senior notes, with a fixed interest rate of 7.76%, and a $1.1 million, non-interest bearing term loan with the Canadian government. Additionally, the company has a $15.0 million revolving credit line with a bank, of which no balance is outstanding at August 1, 2004. The term of the bank agreement, which was due to expire in August 2004, has been extended to August 2005. The first scheduled principal payment on the $50.0 million senior notes is due March 2006 in the amount of $7.5 million. The Canadian government loan is repaid in annual installments of approximately $500,000 per year. The company was in compliance with all financial covenants in its loan agreements as of August 1, 2004.

Capital Expenditures -- Capital spending for the first quarter of fiscal 2005 was $4.5 million, including approximately $3.9 million for the purchase of a building that will serve as the company's new corporate offices and as new space for the company's showrooms. The company expects the annual operating costs of the new building to be significantly lower than the lease and related costs associated with the current facilities. Depreciation for the first quarter was $3.4 million, and is estimated at $13.5 million for the full fiscal year. For fiscal 2005, the company anticipates capital expenditures to be approximately $9.0 million, including the $5.7 million budgeted for the building purchase and related renovations. The company expects that the availability of funds under the revolving credit line and cash flow from operations will be sufficient to fund its planned capital needs.

Cash Flow from Operations -- Cash flow from operations was $2.4 million for the first quarter of fiscal 2005, compared with $7.9 million for the same period last year. This decrease was primarily due to a higher inventory balances and lower cash generated from accounts receivable balances. For the first quarter of fiscal 2005, cash flow generated from operations, as well as a portion of existing cash on hand, was used for capital expenditures, most of which relate to the building purchase described above.

Seasonality

Mattress Fabrics Segment:

The ticking business and the bedding industry in general are slightly seasonal, with sales typically being the highest in the company's first and fourth fiscal quarters.

Upholstery Fabrics Segment:

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

Critical Accounting Policies and Recent Accounting Developments

The company considered the disclosure requirements of Financial Reporting Release No. 60 regarding critical accounting policies and Financial Reporting Release No. 61 regarding liquidity and capital resources, certain trading activities and related party/certain other disclosures, and concluded that there were no material changes during the first three months of fiscal 2005 that would warrant further disclosure beyond those matters previously disclosed in the company's Annual Report on Form 10-K for the year ended May 2, 2004.

Inflation

The cost of certain of the company's raw materials, principally fibers from petroleum derivatives, and utility/energy costs, have increased during the past few months due to rising oil prices; but overall operating expenses are remaining generally stable. Factors that reasonably can be expected to influence margins in the future include changes in raw material prices, trends in other operating costs and overall competitive conditions.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The company is exposed to market risk from changes in interest rates on debt and foreign currency exchange rates. The company's market risk sensitive instruments are not entered into for trading purposes. The company's exposure to interest rate risk consists of floating rate debt based on the London Interbank Offered Rate plus an adjustable margin under the company's revolving credit agreement. As of August 1, 2004 there were no borrowings outstanding under the company's revolving credit agreement. Additionally, approximately 98% of the company's long-term debt is at a fixed rate. Thus, any reasonably foreseeable change in interest rates would have no material effect on the company's interest expense.

The company's exposure to fluctuations in foreign currency exchange rates is due primarily to a foreign subsidiary domiciled in Canada and firmly committed and anticipated purchases of certain machinery, equipment and raw materials in foreign currencies. The company's Canadian subsidiary uses the United States dollar as its functional currency. The company generally does not use financial derivative instruments to hedge foreign currency exchange rate risks associated with the Canadian subsidiary. However, the company generally enters into foreign exchange forward and option contracts as a hedge against its exposure to currency fluctuations on firmly committed and anticipated purchases of certain machinery, equipment and raw materials. The amount of Canadian-denominated sales and manufacturing costs is not material to the company's consolidated results of operations; therefore, a 10% change in the exchange rate at August 1, 2004 would not have a significant impact on the company's results of operations or financial position. Additionally, as the company utilizes foreign currency instruments for hedging anticipated and firmly committed transactions, a loss in fair value for those instruments is generally offset by increases in the value of the underlying exposure.

Due to the start up of operations in China, the company does have exposure to fluctuations in currency rates if China allows its currency to float, since it has been essentially fixed in relation to the U.S. dollar. Currently, the risk cannot be hedged. The amount of sales and manufacturing costs denominated in Chinese currency is not material to the company's consolidated results of operations; therefore, a 10% change in the exchange rate at August 1, 2004 would not have a significant impact on the company's results of operations or financial position.

ITEM 4. CONTROLS AND PROCEDURES

The company conducted a review and evaluation of its disclosure controls and procedures, under the supervision and with the participation of the company's principal executive officer and principal financial officer as of August 1, 2004, and the principal executive officer and principal financial officer have concluded that the company's disclosure controls and procedures are adequate and effective. In addition, no change in the company's internal control over financial reporting has occurred during, or subsequent to, the period covered by this report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K

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

3(i)	Articles of Incorporation of the company, as amended, were filed as Exhibit 3(i) to the company's Form 10-Q for the quarter ended July 28, 2002, filed September 11, 2002, and are incorporated herein by reference.
3(ii)	Restated and Amended Bylaws of the company, as amended June 12, 2001, were filed as Exhibit 3(ii) to the company's Form 10-Q for the quarter ended July 29, 2001, filed September 12, 2001, and are incorporated herein by reference.
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

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

Form 8-K dated May 12, 2004, included under Item 12, Results of Operations and Financial Condition, the company's press release disclosing management's estimates of its earnings for the fourth quarter of fiscal year ended May 2, 2004.

Form 8-K dated May 13, 2004, included under Item 9, Regulation FD, the company's press release announcing senior management changes.

Form 8-K dated June 16, 2004, included under Item 12, Results of Operations and Financial Condition, the company's press release announcing its financial results for the fourth quarter and fiscal year ended May 2, 2004.

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 thereunto duly authorized.

CULP, INC.
(Registrant)

Date: September 10, 2004 By: /s/ Franklin N. Saxon

Franklin N. Saxon
President and Chief Operating Officer
(Authorized to sign on behalf of the registrant and also signing as principal financial officer)

By: /s/ Kenneth R. Bowling

Kenneth R. Bowling
Vice President-Finance, Treasurer
(Authorized to sign on behalf of the registrant and also signing as principal accounting officer)

Exhibit 31.1

CERTIFICATION

I, Robert G. Culp, III, Chairman of the Board and Chief Executive Officer of Culp, Inc., (principal executive officer) certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 10, 2004

/s/ Robert G. Culp,III
Robert G. Culp,III
Chairman of the Board and Chief Executive
Officer (principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Franklin N. Saxon, President and Chief Operating Officer of Culp, Inc., (principal financial officer) certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 10, 2004

/s/ Franklin N. Saxon
Franklin N. Saxon
President and Chief Operating Officer
(principal financial officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Culp, Inc. (the "Company") on Form 10-Q for the period ended August 1, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Culp,III, Chairman of the Board and Chief Executive Officer of the Company, (principal executive officer) certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

/s/ Robert G. Culp, III

Chairman of the Board and
Chief Executive Officer (principal executive officer)

September 10, 2004

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

Exhibit 32.2

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

In connection with the Quarterly Report of Culp, Inc. (the "Company") on Form 10-Q for the period ended August 1, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Franklin N. Saxon, President and Chief Operating Officer of the Company, (principal financial officer) certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

/s/ Franklin N. Saxon

President andChief Operating Officer
(principal financial officer)

September 10, 2004

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