

CULP INC
Form 10-Q
September 12, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended August 3, 2014
Commission File No. 1-12597

CULP, INC.

(Exact name of registrant as specified in its charter)

NORTH CAROLINA
(State or other jurisdiction of
incorporation or other organization)

56-1001967
(I.R.S. Employer Identification No.)

1823 Eastchester Drive
High Point, North Carolina
(Address of principal executive offices)

27265-1402
(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 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to the filing requirements for at least the past 90 days. x YES NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period after the registrant was required to submit and post such files). x YES NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "accelerated filer, large accelerated filer, and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one);

Large accelerated filer o

Accelerated filer x

Non-accelerated filer o

Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o YES NO x

Edgar Filing: CULP INC - Form 10-Q

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

Common shares outstanding at August 3, 2014: 12,216,766
Par Value: \$0.05 per share

INDEX TO FORM 10-Q
For the period ended August 3, 2014

	Page
Part I - Financial Statements	
<u>Item 1. Financial Statements: (Unaudited)</u>	
<u>Consolidated Statements of Net Income -- Three Months Ended August 3, 2014 and July 28, 2013</u>	I-1
<u>Consolidated Statements of Comprehensive Income - Three Months Ended August 3, 2014 and July 28, 2013</u>	I-2
<u>Consolidated Balance Sheets -- August 3, 2014, July 28, 2013, and April 27, 2014</u>	I-3
<u>Consolidated Statements of Cash Flows -- Three Months Ended August 3, 2014 and July 28, 2013</u>	I-4
<u>Consolidated Statements of Shareholders' Equity</u>	I-5
<u>Notes to Consolidated Financial Statements</u>	I-6
<u>Cautionary Statement Concerning Forward-Looking Information</u>	I-25
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	I-26
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	I-41
<u>Item 4. Controls and Procedures</u>	I-41
<u>Part II - Other Information</u>	
<u>Item 1. Legal Proceedings</u>	II-1
<u>Item 1A. Risk Factors</u>	II-1
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	II-1
<u>Item 6. Exhibits</u>	II-2
<u>Signatures</u>	II-3

Item 1: Financial Statements

CULP, INC.
CONSOLIDATED STATEMENTS OF NET INCOME
FOR THE THREE MONTHS ENDED AUGUST 3, 2014 AND JULY 28, 2013
UNAUDITED
(Amounts in Thousands, Except for Per Share Data)

		THREE MONTHS ENDED	
		August 3, 2014	July 28, 2013
Net sales	\$	76,060	70,141
Cost of sales		63,345	57,067
Gross profit		12,715	13,074
Selling, general and administrative expenses		7,419	7,100
Income from operations		5,296	5,974
Interest expense		68	140
Interest income		(142)	(92)
Other (income) expense		(89)	391
Income before income taxes		5,459	5,535
Income taxes		2,115	2,305
Net income	\$	3,344	3,230
Net income per share, basic	\$	0.27	0.27
Net income per share, diluted		0.27	0.26
Average shares outstanding, basic		12,212	12,148
Average shares outstanding, diluted		12,404	12,366

See accompanying notes to the consolidated financial statements.

CULP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED AUGUST 3, 2014 AND JULY 28, 2013
UNAUDITED

	THREE MONTHS ENDED	
	August 3, 2014	July 28, 2013
Net income	\$3,344	3,230
Other comprehensive loss		
Unrealized loss on investments	(10)	(135)
Total other comprehensive loss	(10)	(135)
Comprehensive income	3,334	3,095

See accompanying notes to consolidated financial statements.

CULP, INC.
CONSOLIDATED BALANCE SHEETS
AUGUST 3, 2014, JULY 28, 2013 AND APRIL 27, 2014
UNAUDITED
(Amounts in Thousands)

	August 3, 2014	July 28, 2013	* April 27, 2014
Current assets:			
Cash and cash equivalents	\$ 24,665	21,423	29,303
Short-term investments	6,311	6,174	