

Edgar Filing: CULP INC - Form 10-Q

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

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 July 29, 2018: 12,522,246

Par Value: \$0.05 per share

INDEX TO FORM 10-Q
For the period ended July 29, 2018

<u>Page</u>	
<u>Part I - Financial Statements</u>	
<u>Item 1. Financial Statements: (Unaudited)</u>	
<u>Consolidated Statements of Net Income — Three Months Ended July 29, 2018 and July 30, 2017</u>	<u>I-1</u>
<u>Consolidated Statements of Comprehensive Income – Three Months Ended July 29, 2018 and July 30, 2017</u>	<u>I-2</u>
<u>Consolidated Balance Sheets — July 29, 2018, July 30, 2017, and April 29, 2018</u>	<u>I-3</u>
<u>Consolidated Statements of Cash Flows — Three Months Ended July 29, 2018 and July 30, 2017</u>	<u>I-4</u>
<u>Consolidated Statements of Shareholders' Equity</u>	<u>I-5</u>
<u>Notes to Consolidated Financial Statements</u>	<u>I-6</u>
<u>Cautionary Statement Concerning Forward-Looking Information</u>	<u>I-40</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>I-41</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>I-58</u>
<u>Item 4. Controls and Procedures</u>	<u>I-58</u>
<u>Part II - Other Information</u>	
<u>Item 1. Legal Proceedings</u>	<u>II-1</u>
<u>Item 1A. Risk Factors</u>	<u>II-1</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>II-1</u>
<u>Item 6. Exhibits</u>	<u>II-2</u>
<u>Signatures</u>	<u>II-3</u>

Item 1: Financial Statements

CULP, INC.

CONSOLIDATED STATEMENTS OF NET INCOME

FOR THE THREE MONTHS ENDED JULY 29, 2018 AND JULY 30, 2017

UNAUDITED

(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED	
	July 29, 2018	July 30, 2017
Net sales	\$71,473	79,533
Cost of sales	60,914	63,068
Gross profit	10,559	16,465
Selling, general and administrative expenses	8,033	9,501
Restructuring expense	451	-
Income from operations	2,075	6,964
Interest expense	20	-
Interest income	(150)	(131)
Other expense	257	353
Income before income taxes	1,948	6,742
Income taxes	906	1,640
Loss from investment in unconsolidated joint venture	77	118
Net income	\$965	4,984
Less: Net income attributable to non-controlling interest	(8)	-
Net income attributable to Culp, Inc. common shareholders	\$957	4,984
Net income attributable to Culp Inc. common shareholders per share - basic	\$0.08	0.40
Net income attributable to Culp Inc. common shareholders per share - diluted	\$0.08	0.40
Average shares outstanding, basic	12,510	12,399
Average shares outstanding, diluted	12,600	12,590

See accompanying notes to consolidated financial statements.

I -1

CULP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED JULY 29, 2018 AND JULY 30, 2017
(UNAUDITED)
(AMOUNTS IN THOUSANDS)

	THREE MONTHS ENDED	
	July 29, 2018	July 30, 2017
Net income	\$ 965	\$ 4,984
Other comprehensive income		
Unrealized gain on investments, net of tax		
Unrealized holding gains on investments	40	44
Reclassification adjustment for realized loss on investments	94	-
Total unrealized gain on investments	134	44
Unrealized gain on foreign currency cash flow hedge, net of tax		
Unrealized holding loss on foreign currency cash flow hedge	(25)	-
Reclassification adjustment for realized loss on foreign currency cash flow hedge	40	-
Total unrealized gain on foreign currency cash flow hedge	15	-
Total other comprehensive income	149	44
Comprehensive income	\$ 1,114	\$ 5,028
	-	-

Less:
Comprehensive income
attributable to
non-controlling interest
Comprehensive income
attributable to Culp,
Inc. common
shareholders

\$ 1,114

\$ 5,028

See accompanying
notes to consolidated
financial statements.

I-2

CULP, INC.
CONSOLIDATED BALANCE SHEETS
JULY 29, 2018, JULY 30, 2017 AND APRIL 29, 2018
UNAUDITED
(Amounts in Thousands)

	July 29, 2018	July 30, 2017	*April 29, 2018
Current assets:			
Cash and cash equivalents	\$8,593	18,322	21,228
Short-term investments - Available for Sale	-	2,469	2,451