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CHROMCRAFT REVINGTON INC

Form 10-Q

October 28, 2002

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 September 28, 2002

or

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

For the transition period from _____ to _____

Commission file number 1-13970

CHROMCRAFT REVINGTON, INC.

(Exact name of registrant as specified in its charter)

Delaware

35-1848094

(State or other jurisdiction of
incorporation or organization)

(IRS Employer Identification No.)

1100 North Washington Street, Delphi, IN 46923

(Address, including zip code, of registrant's principal executive offices)

(765) 564-3500

(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 such filing requirements for the past 90 days. Yes ☒ No ☐

The number of shares outstanding for each of the registrant's classes of common stock, as of the latest practicable date:

Common Stock, \$.01 par value -- 6,030,790 shares as of October 25, 2002

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PART I

Item 1. Financial Statements

Condensed Consolidated Statements of Earnings (Loss) (unaudited)
Chromcraft Revington, Inc.
(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	Sept. 28, 2002	Sept. 29, 2001	Sept. 28, 2002	Sept. 29, 2001
Sales	\$ 49,676	\$ 55,046	\$ 165,150	\$ 174,73

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Cost of sales	38,416	43,882	128,586	137,50
	-----	-----	-----	-----
Gross margin	11,260	11,164	36,564	37,22
Selling, general and administrative expenses	7,141	7,212	22,909	22,96
	-----	-----	-----	-----
Operating income	4,119	3,952	13,655	14,25
Interest expense	525	127	1,194	63
	-----	-----	-----	-----
Earnings before income taxes and cumulative effect of a change in accounting principle	3,594	3,825	12,461	13,62
Income tax expense	1,366	1,491	4,735	5,31
	-----	-----	-----	-----
Earnings before cumulative effect of a change in accounting principle	2,228	2,334	7,726	8,31
Cumulative effect of a change in accounting principle (net of tax benefit)	--	--	(26,727)	-
	-----	-----	-----	-----
Net earnings (loss)	\$ 2,228	\$ 2,334	\$ (19,001)	\$ 8,31
	=====	=====	=====	=====
Earnings per share of common stock before cumulative effect of a change in accounting principle				
Basic	\$.55	\$.24	\$ 1.39	\$.8
Diluted	\$.53	\$.24	\$ 1.37	\$.8
Earnings (loss) per share of common stock after cumulative effect of a change in accounting principle				
Basic	\$.55	\$.24	\$ (3.43)	\$.8
Diluted	\$.53	\$.24	\$ (3.43)	\$.8
Shares used in computing earnings per share				
Basic	4,059	9,573	5,547	9,57
Diluted	4,167	9,674	5,655	9,69

See accompanying notes to condensed consolidated financial statements.

Condensed Consolidated Balance Sheets (unaudited)
Chromcraft Revington, Inc.
(In thousands)

Sept. 28, 2002	Sept. 29, 2001	Dec. 31, 2001
-----	-----	-----

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Assets

Cash and cash equivalents	\$ --	\$ --	\$ 8,207
Accounts receivable	24,030	27,291	21,025
Inventories	43,745	47,691	43,595
Other assets	5,308	3,336	5,112
	-----	-----	-----
Current assets	73,083	78,318	77,939
Property, plant and equipment, net	39,586	42,705	42,107
Goodwill	--	28,506	28,180
Other long-term assets	2,022	597	842
	-----	-----	-----
Total assets	\$114,691	\$150,126	\$149,068
	=====	=====	=====

Liabilities and Stockholders' Equity

Accounts payable	\$ 6,457	\$ 6,669	\$ 5,600
Accrued liabilities	15,927	14,342	12,068
Current portion of bank debt	5,000	--	--
	-----	-----	-----
Current liabilities	27,384	21,011	17,668
Bank debt	35,050	--	--
Other long-term liabilities	9,861	10,558	10,656
	-----	-----	-----
Total liabilities	72,295	31,569	28,324
Stockholders' equity	42,396	118,557	120,744
	-----	-----	-----
Total liabilities and stockholders' equity	\$114,691	\$150,126	\$149,068
	=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

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Condensed Consolidated Statement of Stockholders' Equity (unaudited) Chromcraft Revington, Inc. (In thousands, except share data)

	Common Stock	Capital in Excess of Par Value	Unearned ESOP Shares	Unearned Stock Option Compensation	Retain Earnings
Balance at January 1, 2002	\$ 112	\$ 11,908	\$ --	\$ --	\$ 126,000
Repurchase and cancellation of common stock					

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(3,695,418 shares)	(37)	-	-	-	(40,
ESOP stock purchase					
(2,000,000 shares)	-	-	(20,000)	-	-
Exercise of stock options					
(89,080 shares)	1	654	-	-	-
ESOP compensation expense	-	140	364	-	-
Unearned stock option					
compensation	-	754	-	(754)	
Stock option compensation					
expense	-	-	-	107	-
Net loss	-	-	-	-	(19,
	-----	-----	-----	-----	-----
Balance at September 28, 2002	\$ 76	\$ 13,456	\$ (19,636)	\$ (647)	\$ 67,
	=====	=====	=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

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Condensed Consolidated Statements of Cash Flows (unaudited)
Chromcraft Revington, Inc.
(In thousands)

	Nine Months Ended	
	Sept. 28, 2002	Sept. 29, 2001
	-----	-----
Operating Activities		
Net earnings (loss)	\$ (19,001)	\$ 8,312
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities		
Depreciation and amortization	3,621	4,514
Loss on disposal of property, plant and equipment	97	--
Deferred income taxes	525	443
Non-cash goodwill impairment loss	26,727	--
Non-cash ESOP expense	504	--
Stock option compensation expense	107	--
Changes in assets and liabilities		
Accounts receivable	(3,005)	(1,739)
Inventories	(150)	7,688
Accounts payable and accrued liabilities	4,165	1,000
Other	(692)	35
	-----	-----
Cash provided by operating activities	12,898	20,253
	-----	-----
Investing Activities		
Capital expenditures	(1,321)	(1,509)
Proceeds from disposal of property, plant and equipment	124	15
	-----	-----
Cash used by investing activities	(1,197)	(1,494)
	-----	-----

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Financing Activities		
Net borrowing (repayment) under revolving line of credit agreements	16,300	(19,200)
Proceeds from bank term loan	25,000	--
Principal payments on bank term loan	(1,250)	--
Purchase of common stock by ESOP	(20,000)	--
Stock repurchase and related costs	(40,613)	--
Proceeds from exercise of stock options	655	--
	-----	-----
Cash used by financing activities	(19,908)	(19,200)
	-----	-----
Decrease in cash and cash equivalents	(8,207)	(441)
Cash and cash equivalents at beginning of period	8,207	441
	-----	-----
Cash and cash equivalents at end of period	\$ --	\$ --
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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Notes to Condensed Consolidated Financial Statements (unaudited) Chromcraft Revington, Inc. September 28, 2002

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statement presentation.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended September 28, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002.

The balance sheet at December 31, 2001 has been derived from the audited financial statements at that date but does not include all information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in Chromcraft Revington's annual report on Form 10-K for the year ended December 31, 2001.

Note 2. Goodwill Impairment Loss

Chromcraft Revington adopted Financial Accounting Standards Board Statement No. 142, Goodwill and Other Intangible Assets ("Statement 142") effective January 1, 2002 and recorded a non-cash transition charge of \$26,727,000 (net of tax benefit), or \$4.82 loss per share, for the nine months ended September 28, 2002,

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for impairment of goodwill. The charge was recorded as a cumulative effect of a change in accounting principle.

On January 1, 2002, the Company's fair value (based on quoted market prices) was less than the carrying value of its net assets, including goodwill, which indicated an impairment of goodwill. Under Statement 142, fair value was allocated to the assets and liabilities of the Company based on the purchase accounting method. This calculation indicated that the full amount of goodwill was impaired at the date of adoption of Statement 142.

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The following table presents earnings before the cumulative effect of a change in accounting principle for the three and nine months ended September 28, 2002 as compared to the prior year periods, after adjustment for goodwill amortization.

	(in thousands, except per share amounts)			
	Three Months Ended		Nine Months Ended	
	Sept. 28, 2002	Sept. 29, 2001	Sept. 28, 2002	Sept. 29, 2001
Earnings before cumulative effect of a change in accounting principle				
As reported	\$ 2,228	\$ 2,334	\$ 7,726	\$ 8,312
Goodwill amortization (net of tax benefit)	--	288	--	866
Adjusted	\$ 2,228	\$ 2,622	\$ 7,726	\$ 9,178
Basic earnings per share before cumulative effect of a change in accounting principle				
As reported	\$.55	\$.24	\$ 1.39	\$.87
Goodwill amortization (net of tax benefit)	--	.03	--	.09
Adjusted	\$.55	\$.27	\$ 1.39	\$.96
Diluted earnings per share before cumulative effect of a change in accounting principle				
As reported	\$.53	\$.24	\$ 1.37	\$.86
Goodwill amortization (net of tax benefit)	--	.03	--	.09
Adjusted	\$.53	\$.27	\$ 1.37	\$.95

Note 3. Stockholders' Equity

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On March 15, 2002, Chromcraft Revington and the Chromcraft Revington Employee Stock Ownership Trust (the "ESOP Trust"), which forms a part of the Chromcraft Revington Employee Stock Ownership Plan (the "ESOP"), completed the purchase of 5,695,418 shares of common stock of Chromcraft Revington, comprising approximately 59% of Chromcraft Revington's issued and outstanding shares of common stock on such date, from Court Square Capital Limited ("Court Square"), an affiliate of Citigroup Inc. With respect to the shares of common stock purchased from Court Square, 3,695,418 shares were repurchased by Chromcraft Revington (the "Company Stock Transaction") and 2,000,000 shares were purchased by the ESOP Trust (the "ESOP Stock Transaction" and together with the Company Stock Transaction being referred to herein as the "Transaction"). Chromcraft Revington and the ESOP Trust each paid \$10 per share for the shares acquired from Court Square for a total purchase price of \$56,954,180. In addition, Chromcraft Revington paid Court Square and its designee an aggregate transaction fee of \$2,800,000.

The funds required to pay the total consideration and certain related expenses of the Transaction were obtained using available cash and borrowings of approximately \$45,000,000 under bank financing. Chromcraft Revington loaned \$20,000,000 to the ESOP Trust to finance the ESOP Stock Transaction. Immediately following consummation of the Transaction, the ESOP Trust held approximately

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33.6% of the issued and outstanding shares of Chromcraft Revington's common stock. See Notes 4 and 5, "Bank Debt" and "Employee Stock Ownership Plan," for additional information on the Company's bank financing and the ESOP.

Note 4. Bank Debt

On March 12, 2002, Chromcraft Revington entered into a \$75,000,000 bank credit agreement (the "Credit Facility") with a group of banks. The Credit Facility provided for a \$25,000,000 term loan and a \$50,000,000 revolving credit line. The term loan has a five-year term and is payable in quarterly installments of \$1,250,000. The revolving credit line expires on March 13, 2007. The interest rate under the Credit Facility is determined at the time of borrowing at either the prime rate or LIBOR plus a spread based on a leverage ratio. At September 28, 2002, the Company had approximately \$30,300,000 in unused availability under the revolving credit line portion of the Credit Facility. The weighted average interest rate on borrowings outstanding as of September 28, 2002 was 3.58%. The Credit Facility requires compliance with certain financial loan covenants related to net worth, fixed charge coverage and debt leverage. The Company has granted a security interest in all of its assets to the banks under the Credit Facility. The Company also has pledged to the banks the shares of common stock owned by the ESOP Trust and pledged by the ESOP Trust to the Company.

Long-term bank debt consisted of the following at September 28, 2002:

	(In thousands)
Term loan	\$ 23,750
Revolving credit line	16,300

	40,050
Less current portion of term loan	5,000

	\$ 35,050
	=====

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Note 5. Employee Stock Ownership Plan

Chromcraft Revington sponsors a leveraged employee stock ownership plan that covers substantially all employees who have completed six months of service. Chromcraft Revington makes annual contributions to the ESOP Trust equal to the ESOP Trust's repayment of its loan to the Company. Chromcraft Revington loaned \$20,000,000 to the ESOP Trust to finance the ESOP Stock Transaction. The loan to the ESOP Trust provides for repayment to Chromcraft Revington over a 30-year term at a fixed rate of interest of 5.48% per annum. The shares of common stock owned by the ESOP Trust are pledged to the Company as collateral for the Company's loan to the ESOP Trust. As the ESOP loan is repaid, shares are released from collateral and allocated to ESOP accounts of active employees based on the proportion of debt service paid in the year. Chromcraft Revington accounts for its ESOP in accordance with Statement of Position 93-6. Accordingly, unearned ESOP shares are reported as a reduction of stockholders' equity as reflected in the Condensed Consolidated Statement of Stockholders' Equity of the Company. As shares are committed to be released, Chromcraft Revington reports compensation expense equal to the current market price of the shares, and the shares become outstanding for earnings per share computations.

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ESOP compensation expense, a non-cash charge, for the three and nine months ended September 28, 2002 was \$224,000 and \$504,000, respectively. The ESOP shares as of September 28, 2002 were as follows:

	(In thousands)

Allocated shares	-
Committed to be released shares	36
Unearned ESOP shares	1,964

Total ESOP shares	2,000
	=====
Unearned ESOP shares, at cost	\$ 19,636
	=====
Fair value of unearned ESOP shares at September 28, 2002	\$ 25,998
	=====

Note 6. Earnings per Share of Common Stock

Weighted average shares used in the calculation of diluted earnings per share included dilutive potential common shares (stock options) of approximately 108,000 and 108,000 for the three and nine months ended September 28, 2002, respectively, and 101,000 and 118,000 for the three and nine months ended September 29, 2001, respectively.

Certain stock options to purchase shares of common stock were outstanding during the third quarter and first nine months of 2002 and 2001, but were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares during those periods and, therefore, their effect would be antidilutive. Options excluded from the computation of diluted earnings per share and their weighted average exercise prices were as follows:

2002	2001
-----	-----
Average	Average

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	Shares	Exercise Price	Shares	Exercise Price
	-----	-----	-----	-----
Third quarter	138,900	\$ 16.61	462,160	\$ 12.74
First nine months	138,900	\$ 16.61	376,060	\$ 13.48

Note 7. Inventories

The components of inventories consisted of the following:

	(In thousands)		
	Sept. 28, 2002	Sept. 29, 2001	Dec. 31, 2001
	-----	-----	-----
Raw materials	\$ 13,256	\$ 14,701	\$ 13,334
Work in process	7,292	8,383	8,194
Finished goods	25,431	27,177	24,110
	-----	-----	-----
Inventories at FIFO cost	45,979	50,261	45,638
LIFO reserve	(2,234)	(2,570)	(2,043)
	-----	-----	-----
	\$ 43,745	\$ 47,691	\$ 43,595
	=====	=====	=====

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Note 8. Accrued Liabilities

Accrued liabilities consisted of the following:

	(In thousands)		
	Sept. 28, 2002	Sept. 29, 2001	Dec. 31, 2001
	-----	-----	-----
Employee benefit and incentive plans	\$ 4,011	\$ 2,391	\$ 2,704
Salaries, wages and commissions	1,650	1,688	1,379
Vacation and holiday pay	1,343	1,411	1,005
Workers' compensation plans	1,571	1,134	1,203
Other accrued liabilities	7,352	7,718	5,777
	-----	-----	-----
	\$ 15,927	\$ 14,342	\$ 12,068
	=====	=====	=====

Note 9. Reclassifications

Certain amounts for 2001 have been reclassified to conform to the current year presentation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

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Chromcraft Revington designs, manufactures and sells residential and commercial furniture through its wholly owned subsidiaries Chromcraft Corporation, Peters-Revington Corporation, Silver Furniture Co., Inc., Cochrane Furniture Company, Inc. and Korn Industries, Incorporated.

The following table sets forth the Condensed Consolidated Statements of Earnings (Loss) of Chromcraft Revington for the three and nine months ended September 28, 2002 and September 29, 2001 expressed as a percentage of sales.

	Three Months Ended		Nine Months
	Sept. 28, 2002	Sept. 29, 2001	Sept. 28, 2002
	-----	-----	-----
Sales	100.0 %	100.0 %	100.0 %
Cost of sales	77.3	79.7	77.9
	-----	-----	-----
Gross margin	22.7	20.3	22.1
Selling, general and administrative expenses	14.4	13.1	13.9
	-----	-----	-----
Operating income	8.3	7.2	8.2
Interest expense	1.1	.3	.7
	-----	-----	-----
Earnings before income taxes and cumulative effect of a change in accounting principle	7.2	6.9	7.5
Income tax expense	2.7	2.7	2.8
	-----	-----	-----
Earnings before cumulative effect of a change in accounting principle	4.5	4.2	4.7
Cumulative effect of a change in accounting principle	--	--	(16.2)
	-----	-----	-----
Net earnings (loss)	4.5 %	4.2 %	(11.5) %
	=====	=====	=====

Three and Nine Months Ended September 28, 2002 Compared to Three and
Nine Months Ended September 29, 2001

Consolidated sales for the three months ended September 28, 2002 were \$49,676,000, a 9.8% decrease from sales of \$55,046,000 for the three months ended September 29, 2001. For the first nine months of 2002, consolidated sales were \$165,150,000, a 5.5% decrease from sales of \$174,733,000 for the same period last year. Shipments of occasional, dining room, bedroom and upholstered furniture were lower for the three and nine months ended September 28, 2002 as compared to the corresponding periods of 2001. The third quarter sales decrease was primarily in bedroom furniture and entry-level-priced occasional furniture. The residential furniture sales decline was mainly due to a weak economic environment and increased import competition, primarily from the Far East.

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Commercial furniture sales for the third quarter were slightly higher as compared to the reduced sales level last year. Shipments of commercial furniture for the first nine months of 2002, which were impacted by a downturn in the office furniture industry, were lower as compared to the prior year period. In general, selling prices for the first nine months of 2002 were at approximately the same level as compared to the prior year period.

Gross margin as a percentage of sales was 22.7% and 22.1% for the three and nine month periods ended September 28, 2002, respectively, as compared to 20.3% and 21.3% for the three and nine month periods ended September 29, 2001, respectively. The increase in gross margin for the third quarter and nine months ended September 28, 2002 was primarily due to cost reductions and adjustments to production and employment levels in line with the slower economy.

Selling, general and administrative expenses as a percentage of sales were 14.4% and 13.9% for the three and nine months ended September 28, 2002, respectively, as compared to 13.1% for both the three and nine month periods ended September 29, 2001. The increase for the third quarter and nine month periods ended September 28, 2002 was primarily due to higher compensation-related expenses.

Interest expense for the three and nine months ended September 28, 2002 was \$525,000 and \$1,194,000, respectively, as compared to \$127,000 and \$631,000 for the three and nine months ended September 29, 2001, respectively. The increase in interest expense for 2002 was due to higher average bank borrowings during the period resulting from the Transaction (as defined below).

Chromcraft Revington's effective income tax rate was 38% for the three and nine months ended September 28, 2002 as compared to 39.0% for the three and nine months ended September 29, 2001. The decrease in the effective tax rate for 2002 was primarily due to the elimination of non-tax deductible goodwill amortization expense upon implementation of Statement 142.

The Company adopted Statement 142 effective January 1, 2002 and recorded a one time non-cash transition charge of \$26,727,000 (net of tax benefit) for impairment of goodwill in the first quarter of 2002. The loss was recorded as a cumulative effect of a change in accounting principle. See Note 2 "Goodwill Impairment Loss" to the Condensed Consolidated Financial Statements.

Liquidity and Capital Resources

Operating activities provided \$12,898,000 of cash during the nine months ended September 28, 2002, a decrease of \$7,355,000 from the amount provided during the same period last year. Cash flow from operating activities for the nine months ended September 29, 2001 included \$7,688,000 resulting from a decrease in inventories primarily due to a reduced operating level. Inventories during the first nine months of 2002 increased \$150,000.

Investing activities used \$1,197,000 of cash for net capital expenditures during the first nine months of 2002 as compared to \$1,494,000 during the same period last year. Chromcraft Revington expects capital expenditures in 2002 to be less than \$2,000,000.

Financing activities used \$19,908,000 of cash during the nine months ended September 28, 2002 as compared to \$19,200,000 of cash used for the prior year period. On March 15, 2002, Chromcraft Revington and the Chromcraft Revington Employee Stock Ownership Trust (the "ESOP Trust"), which forms a part of the Chromcraft Revington Employee Stock Ownership Plan (the "ESOP"), completed the purchase of 5,695,418 shares of common stock of Chromcraft Revington, comprising

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approximately 59% of Chromcraft Revington's issued and outstanding shares of common stock on such date, from Court Square Capital Limited ("Court Square"), an affiliate of Citigroup Inc. With respect to the shares of common stock purchased from Court Square, 3,695,418 shares were repurchased by Chromcraft Revington (the "Company Stock Transaction") and 2,000,000 shares were purchased by the ESOP Trust (the "ESOP Stock Transaction" and together with the Company Stock Transaction being referred to herein as the "Transaction"). Chromcraft Revington and the ESOP Trust each paid \$10 per share for the shares acquired from Court Square for a total purchase price of \$56,954,180. In addition, Chromcraft Revington paid Court Square and its designee an aggregate transaction fee of \$2,800,000. The funds required to pay the total consideration and certain related expenses of the Transaction were obtained using available cash and borrowings of approximately \$45,000,000 under Chromcraft Revington's new \$75,000,000 secured bank credit agreement. Of the debt incurred, \$25,000,000 was borrowed under a 5-year term loan and approximately \$20,000,000 was borrowed under Chromcraft Revington's \$50,000,000 revolving line of credit agreement. The term loan is payable in quarterly installments of \$1,250,000. The revolving line of credit expires on March 13, 2007. Chromcraft Revington had \$30,300,000 in unused availability under the revolving line of credit. Interest rates under the agreement are determined at the time of borrowing at either the prime rate or LIBOR plus a spread based on a leverage ratio. The weighted average interest rate on borrowings outstanding as of September 28, 2002 was 3.58%. Chromcraft Revington loaned \$20,000,000 to the ESOP Trust to finance the ESOP Stock Transaction. The loan to the ESOP Trust provides for repayment to Chromcraft Revington over a 30-year term at a fixed rate of interest of 5.48% per annum.

As a result of the Transaction, Chromcraft Revington's bank debt and interest expense are higher in 2002 as compared to 2001 and there are fewer shares of Chromcraft Revington's common stock outstanding. The lower number of common shares outstanding as compared to last year has favorably impacted earnings per share in 2002.

Fourth Quarter 2002 Outlook

At September 28, 2002, sales order backlog was 11% lower as compared to the start of the fourth quarter last year. Chromcraft Revington expects that fourth quarter earnings per share, on a diluted basis, will be between \$.40 and \$.50, as compared to \$.23 for the prior year period. For the full year 2002, the Company expects diluted earnings per share, before the cumulative effect of a change in accounting principle, to be in the \$1.75 to \$1.85 range as compared to \$1.09 reported for 2001.

Recently Issued Accounting Standards

The Financial Accounting Standards Board recently issued Statement No. 143, Accounting for Asset Retirement Obligations that establishes accounting standards for the recognition and measurement of obligations associated with the retirement of tangible assets. The effective date of Statement No. 143 is January 1, 2003. The Financial Accounting Standards Board also recently issued Statement No. 146, Accounting for Costs Associated with Exit or Disposal Activities, that addresses financial accounting and reporting for costs associated with exit or disposal activities. The effective date of Statement No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. Chromcraft Revington does not expect the adoption of these Statements to have a significant effect on its results of operations or its financial position.

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Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

Certain matters included in this discussion may contain forward-looking statements regarding Chromcraft Revington's future performance. These forward-looking statements can be generally identified as such because they include future tenses or dates or are not historical or current facts or include words such as "believes," "plans," "may," "anticipates," "estimates," "expects," or "likely" or words of similar import. These forward-looking statements are based upon certain assumptions as well as current expectations and projections about future events and are subject to uncertainties. As a result, the forward-looking statements contained in this report could turn out significantly different from expectations and projections or may not occur. Further, actual results may differ materially from those described in any forward-looking statements.

Among the risks and uncertainties that could cause actual results or outcomes to differ materially from those reported, expected or anticipated are general economic conditions, declining conditions in the furniture industry, new home construction, cyclical nature of the furniture industry, competition in the furniture industry, changes from anticipated levels of sales, future domestic or international economic and competitive conditions, changes in relationships with customers, customer acceptance of existing and new products, changes in tax rates, increased bank debt, changes of interest rates, delays and disruptions in the shipment of Chromcraft Revington's products and other factors that generally affect business.

Item 3. Quantitative and Qualitative Disclosures About Market Risk -----

Borrowings under Chromcraft Revington's bank credit facility bear interest at a variable rate and, therefore, are subject to changes in interest rates. The Company sources certain raw materials and finished goods inventory from the Far East and Mexico. These purchases are payable in U.S. dollars and, therefore, the Company has no material foreign exchange rate risk exposure.

Item 4. Controls and Procedures -----

- (a) Evaluation of Disclosure Controls and Procedures. Chromcraft Revington's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934, as amended), based on their evaluation of these controls and procedures as of a date within (90) days prior to the filing date of this Form 10-Q, are effective.
- (b) Changes in Internal Controls. There have been no significant changes in Chromcraft Revington's internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation thereof, including any corrective actions with regard to significant deficiencies and material weaknesses.

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Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

On August 12, 2002, Chromcraft Revington, Inc. filed with the Securities and Exchange Commission its Current Report on Form 8-K, which included the certification by the Registrant's chief executive officer and chief financial officer required pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

Chromcraft Revington, Inc.

(Registrant)

Date: October 28, 2002

By: /s/ Frank T. Kane

Frank T. Kane
Vice President - Finance
(Duly Authorized Officer and
Principal Accounting and
Financial Officer)

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CERTIFICATIONS

I, Michael E. Thomas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chromcraft Revington, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for

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establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

- (a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: October 28, 2002

/s/ Michael E. Thomas

Michael E. Thomas
Chairman, President and
Chief Executive Officer

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I, Frank T. Kane, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of Chromcraft Revington, Inc.;
- 2. Based on my knowledge, this quarterly 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 quarterly report;

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3. Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: October 28, 2002

/s/ Frank T. Kane

Frank T. Kane, Vice President-Finance
Chief Financial Officer and Secretary