

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

CHROMCRAFT REVINGTON INC

Form 10-Q

August 07, 2003

=====

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 28, 2003

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 [X] No []

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [] No [X]

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 - 6,056,090 shares as of August 6, 2003

=====

INDEX

PART I. Financial Information

Item 1. Financial Statements (unaudited)

Condensed Consolidated Statements of Earnings (Loss) - Three and Six Months Ended June 28, 2003 and June 29, 2002.....	3
Condensed Consolidated Balance Sheets - June 28, 2003, June 29, 2002 and December 31, 2002.....	4
Condensed Consolidated Statement of Stockholders' Equity - Six Months Ended June 28, 2003.....	5
Condensed Consolidated Statement of Stockholders' Equity - Six Months Ended June 29, 2002.....	6
Condensed Consolidated Statements of Cash Flows - Six Months Ended June 28, 2003 and June 29, 2002.....	7
Notes to Condensed Consolidated Financial Statements.....	8

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation.....	11
---	----

Item 3. Quantitative and Qualitative Disclosures About Market Risk.....	13
---	----

Item 4. Controls and Procedures.....	14
--------------------------------------	----

PART II. Other Information

Item 4. Submission of Matters to a Vote of Security Holders.....	14
--	----

Item 6. Exhibits and Reports on Form 8-K.....	15
---	----

Signatures.....	15
-----------------	----

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		Six Months Ended	
	June 28, 2003	June 29, 2002	June 28, 2003	June 29, 2002
Sales	\$ 44,166	\$ 54,660	\$ 93,597	\$ 115,909
Cost of sales	34,568	42,848	72,964	90,000
Gross margin	9,598	11,812	20,633	25,909
Selling, general and administrative expenses	6,732	7,772	13,909	15,000

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

Operating income	2,866	4,040	6,724	9
Interest expense	304	542	628	
	-----	-----	-----	-----
Earnings before income taxes and cumulative effect of a change in accounting principle	2,562	3,498	6,096	8
Income tax expense	973	1,329	2,316	3
	-----	-----	-----	-----
Earnings before cumulative effect of a change in accounting principle	1,589	2,169	3,780	5
Cumulative effect of a change in accounting principle (net of tax benefit)	--	--	--	(26)
	-----	-----	-----	-----
Net earnings (loss)	\$ 1,589	\$ 2,169	\$ 3,780	\$ (21)
	=====	=====	=====	=====
Net earnings per share of common stock before cumulative effect of a change in accounting principle				
Basic	\$.38	\$.54	\$.92	\$
Diluted	\$.38	\$.52	\$.90	\$
Net earnings (loss) per share of common stock after cumulative effect of a change in accounting principle				
Basic	\$.38	\$.54	\$.92	\$ (
Diluted	\$.38	\$.52	\$.90	\$ (
Shares used in computing earnings per share				
Basic	4,131	4,031	4,116	6
Diluted	4,177	4,178	4,180	6

See accompanying notes to condensed consolidated financial statements

3

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

	June 28, 2003	June 29, 2002	December 31, 2002
	-----	-----	-----
Assets			

Accounts receivable	\$ 19,893	\$ 24,444	\$ 18,542
Inventories	40,187	43,909	39,812
Other assets	1,707	5,673	1,040
	-----	-----	-----
Current assets	61,787	74,026	59,394
Property, plant and equipment, net	36,847	40,428	38,705
Deferred income taxes and other	2,616	1,772	2,366
	-----	-----	-----
Total assets	\$101,250	\$116,226	\$100,465
	=====	=====	=====
Liabilities and Stockholders' Equity			

Current portion of bank debt	\$ 6,250	\$ 5,000	\$ 5,000
Accounts payable	5,638	8,337	5,642

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

Accrued liabilities	13,340	13,881	14,611
	-----	-----	-----
Current liabilities	25,228	27,218	25,253
Bank debt	19,350	38,900	23,050
Deferred compensation	2,857	6,154	2,514
Other long-term liabilities	3,681	4,028	3,878
	-----	-----	-----
Total liabilities	51,116	76,300	54,695
Stockholders' equity	50,134	39,926	45,770
	-----	-----	-----
Total liabilities and stockholders' equity	\$101,250	\$116,226	\$100,465
	=====	=====	=====

See accompanying notes to condensed consolidated financial statements

4

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

	Common Stock	Capital in Excess of Par Value	Unearned ESOP Shares	Retained Earnings	Treasury Stock	Total Stockholders' Equity
	-----	-----	-----	-----	-----	-----
Balance at January 1, 2003	\$ 76	\$ 12,920	\$ (19,469)	\$ 70,363	\$ (18,120)	\$ 45,770
Net income	--	--	--	3,780	--	3,780
ESOP compensation expense	--	80	336	--	--	416
Stock option compensation expense	--	99	--	--	--	99
Purchase of treasury stock (70,500 shares)	--	--	--	--	(922)	(922)
Exercise of stock options (94,300 shares)	1	990	--	--	--	991
	-----	-----	-----	-----	-----	-----
Balance at June 28, 2003	\$ 77	\$ 14,089	\$ (19,133)	\$ 74,143	\$ (19,042)	\$ 50,134
	=====	=====	=====	=====	=====	=====

See accompanying notes to condensed consolidated financial statements

5

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

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

	Common Stock	Capital in Excess of Par Value	Unearned ESOP Shares	Retained Earnings	Treasury Stock
Balance at January 1, 2002	\$ 112	\$ 11,908	\$ --	\$ 126,844	\$ (18,120)
Net loss	--	--	--	(21,229)	--
ESOP compensation expense	--	83	197	--	--
Stock option compensation expense	--	58	--	--	--
Repurchase and cancellation of common stock (3,695,418 shares)	(37)	--	--	(40,545)	--
ESOP stock purchase (2,000,000 shares)	--	--	(20,000)	--	--
Exercise of stock options (89,080 shares)	1	654	--	--	--
Balance at June 29, 2002	\$ 76	\$ 12,703	\$ (19,803)	\$ 65,070	\$ (18,120)

See accompanying notes to condensed consolidated financial statements

6

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

	Six Months Ended	
	June 28, 2003	June 29, 2002
Operating Activities		
Net earnings (loss)	\$ 3,780	\$ (21,229)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities		
Depreciation and amortization	2,280	2,443
Loss on disposal of property, plant, and equipment	6	100
Deferred income taxes	(330)	(180)
Non-cash goodwill impairment loss	--	26,727
Non-cash ESOP expenses	416	280
Stock option compensation expense	99	58
Changes in assets and liabilities		
Accounts receivable	(1,351)	(3,419)
Inventories	(375)	(314)
Accounts payable and accrued liabilities	(1,194)	4,564
Other	(442)	(346)

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

Cash provided by operating activities	2,889	8,684
	-----	-----
Investing Activities		
Capital expenditures	(430)	(983)
Proceeds on disposal of property, plant and equipment	2	119
	-----	-----
Cash used in investing activities	(428)	(864)
	-----	-----
Financing Activities		
Net borrowing (repayment) under a bank revolving credit line	(1,200)	18,900
Proceeds from a bank term loan	--	25,000
Principal payment on bank term loan	(1,250)	--
Purchase of common stock by ESOP	--	(20,000)
Stock repurchase and related costs	(922)	(40,582)
Proceeds from exercise of stock options	911	655
	-----	-----
Cash used in financing activities	(2,461)	(16,027)
	-----	-----
Decrease in cash and cash equivalents	--	(8,207)
Cash and cash equivalents at beginning of period	--	8,207
	-----	-----
Cash and cash equivalents at end of period	\$ --	\$ --
	=====	=====

See accompanying notes to condensed consolidated financial statements

7

Notes to Condensed Consolidated Financial Statements (unaudited)
Chromcraft Revington, Inc.
June 28, 2003

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 six month period ended June 28, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003.

The balance sheet at December 31, 2002 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.

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

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, 2002.

Note 2. Inventories

The components of inventories consisted of the following:

	(In thousands)		
	June 28, 2003	June 29, 2002	December 31, 2002
Raw materials	\$ 10,280	\$ 12,326	\$ 11,988
Work in process	6,376	7,197	7,396
Finished goods	25,666	26,620	22,437
Inventories at FIFO cost	42,322	46,143	41,821
LIFO reserve	(2,135)	(2,234)	(2,009)
	\$ 40,187	\$ 43,909	\$ 39,812

Note 3. Bank Debt

Long term bank debt consisted of the following:

	(In thousands)		
	June 28, 2003	June 29, 2002	December 31, 2002
Term loan	\$ 20,000	\$ 25,000	\$ 21,250
Revolving credit line	5,600	18,900	6,800
	25,600	43,900	28,050
Less current portion of term loan	6,250	5,000	5,000
	\$ 19,350	\$ 38,900	\$ 23,050

8

Note 4. Accrued Liabilities

Accrued liabilities consisted of the following:

	(In thousands)		
	June 28, 2003	June 29, 2002	December 31, 2002
Salaries, and wages commissions	\$ 1,561	\$ 1,465	\$ 1,333
Health and benefit plans	1,525	1,990	1,922
Vacation and holiday pay	1,188	1,123	1,027
Workers' compensation plans	944	1,460	1,215

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

Profit sharing and bonus	357	1,528	2,450
Other	7,765	6,315	6,664
	-----	-----	-----
	\$ 13,340	\$ 13,881	\$ 14,611
	=====	=====	=====

Note 5. Employee Stock Ownership Plan

Chromcraft Revington sponsors a leveraged employee stock ownership plan ("ESOP") 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 the loan from the Company. As the ESOP loan is repaid, shares are released and allocated to ESOP accounts of active employees based on the proportion of the loan and related interest paid in the year. Unearned ESOP shares are reported as a reduction of stockholders' equity as reflected in the Condensed Consolidated Statements 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. ESOP compensation expense, a non-cash charge, was \$200,000 and \$416,000 for the three and six months ended June 28, 2003, respectively, compared to \$242,000 and \$280,000 for the three and six months ended June 29, 2002, respectively. The ESOP shares were as follows:

	(In thousands)		
	June 28, 2003	June 29, 2002	December 31, 2002
	-----	-----	-----
Allocated shares	53	--	53
Shares committed to be released	34	20	--
Unearned ESOP shares	1,913	1,980	1,947
	-----	-----	-----
Total ESOP shares	2,000	2,000	2,000
	=====	=====	=====
Unearned ESOP shares, at cost	\$ 19,133	\$ 19,803	\$ 19,469
	=====	=====	=====
Fair value of unearned ESOP shares	\$ 23,893	\$ 27,030	\$ 25,407
	=====	=====	=====

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 46,000 and 64,000 for the three and six months ended June 28, 2003, respectively, and 147,000 and 108,000 for the three and six months ended June 29, 2002, respectively.

Certain options to purchase shares of common stock were outstanding during the second quarter and first six months of 2003 and 2002, 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

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

average exercise prices were as follows:

	2003		2002	
	Shares	Average Exercise Price	Shares	Average Exercise Price
Second quarter	347,163	\$ 14.15	106,038	\$ 17.38
First six months	223,060	\$ 15.26	190,560	\$ 15.66

Note 7. Stock Based Compensation

The Company has two stock-based compensation plans. The Company accounts for those plans under the recognition and measurement principles of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations and discloses the fair value of options granted as permitted by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("Statement No. 123").

The following table summarizes the pro forma effects assuming compensation cost for such awards had been recorded based upon the estimated fair value (in thousands, except per share data):

	Three Months Ended		Six Months Ended	
	June 28, 2003	June 29, 2002	June 28, 2003	June 29, 2002
Net earnings (loss), as reported	\$ 1,589	\$ 2,169	\$ 3,780	\$ (21,200)
Add: Stock-based employee compensation expense included in reported net earnings (loss), net of related tax effects	30	31	61	
Deduct: Total stock-based employee compensation expense determined under fair-value based method for all awards net of related tax effects	(124)	(165)	(531)	(200)
Pro forma net earnings (loss)	\$ 1,495	\$ 2,035	\$ 3,310	\$ (21,400)
Earnings (loss) per share				
Basic - as reported	\$.38	\$.54	\$.92	\$ (3.00)
Basic - pro forma	\$.36	\$.50	\$.80	\$ (3.00)
Diluted - as reported	\$.38	\$.52	\$.90	\$ (3.00)
Diluted - pro forma	\$.36	\$.49	\$.80	\$ (3.00)

10

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

General

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

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 six months ended June 28, 2003 and June 29, 2002 expressed as a percentage of sales.

	Three Months Ended		Six Months Ended	
	June 28, 2003	June 29, 2002	June 28, 2003	June 29, 2002
Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	78.3	78.4	78.0	78.1
Gross margin	21.7	21.6	22.0	21.9
Selling, general and administrative expenses	15.2	14.2	14.9	13.6
Operating income	6.5	7.4	7.1	8.3
Interest expense	.7	1.0	.6	.6
Earnings before income taxes and cumulative effect of a change in accounting principle	5.8	6.4	6.5	7.7
Income tax expense	2.2	2.4	2.5	2.9
Earnings before cumulative effect of a change in accounting principle	3.6	4.0	4.0	4.8
Cumulative effect of a change in accounting principle	--	--	--	(23.1)
Net earnings (loss)	3.6 %	4.0 %	4.0 %	(18.3) %

Three and Six Months Ended June 28, 2003 Compared to Three and Six Months Ended June 29, 2002

Consolidated sales for the three months ended June 28, 2003 decreased 19.2% to \$44,166,000 compared to \$54,660,000 for the three months ended June 29, 2002. For the first six months of 2003, consolidated sales were \$93,597,000, an 18.9% decrease from sales of \$115,474,000 for the same period last year. The 2003 sales decline was primarily due to the ongoing weak economic environment, and increased import competition, mainly from the Pacific Rim. Shipments of all residential furniture categories were lower for the second quarter and first half of 2003 compared to the same periods last year. Commercial furniture shipments were lower for the second quarter compared to the second quarter of 2002. For the first six months of 2003, commercial furniture shipments were higher as compared to the prior year period. In general, selling prices for the first six months of 2003 were at approximately the same level as compared to the prior year period.

Gross margin as a percentage of sales was 21.7% and 22.0% for the three and six month periods ended June 28, 2003, respectively, compared to 21.6% and 21.9% for the three and six month periods ended June 29, 2002, respectively. The Company

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

has maintained its gross margin percentage on a lower sales volume primarily due to cost reductions, which were due, in part, to sourcing of low-cost labor-intensive furniture components from the Pacific Rim.

11

Selling, general and administrative expenses as a percentage of sales were 15.2% and 14.9% for the three and six months ended June 28, 2003, respectively, compared to 14.2% and 13.6% for the three and six months ended June 29, 2002, respectively. The increase for 2003 was primarily due to fixed costs being spread over a lower sales volume.

Interest expense for the three and six months ended June 28, 2003 was \$304,000 and \$628,000, respectively, compared to \$542,000 and \$669,000 for the three and six months ended June 29, 2002, respectively. The decrease in interest expense for 2003 was primarily due to lower average bank borrowings during the periods.

Chromcraft Revington's effective income tax rate was 38% for the three and six months ended June 28, 2003 as well as the three and six months ended June 29, 2002.

The Company adopted Financial Accounting Standards Board Statement No. 142, "Goodwill and Other Intangible Assets" 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.

Earnings per share on a diluted basis was \$.38 and \$.90 for the three and six month periods ended June 28, 2003 as compared to diluted earnings per share before an accounting change of \$.52 and \$.86 for the three and six month periods ended June 29, 2002. The number of weighted average shares outstanding used in the calculation of diluted earnings per share was 4,180,000 for the six month period ended June 28, 2003 compared to 6,407,000 for the same period last year. The lower average number of shares outstanding in the first half of 2003, as compared to the prior year period, was primarily due to the purchase of 5,695,418 shares of Company common stock by Chromcraft Revington and its employee stock ownership plan that was completed on March 15, 2002.

Liquidity and Capital Resources

Operating activities provided \$2,889,000 of cash during the six months ended June 28, 2003, as compared to \$8,684,000 for the same period last year. The decrease in cash flow from operating activities in 2003 was primarily due to lower cash earnings and an increase in working capital investment.

Investing activities used \$428,000 of cash for net capital expenditures during the first six months of 2003 as compared to \$864,000 during the same period last year. Chromcraft Revington expects capital expenditures in 2003 to be less than \$1,250,000.

Financing activities for the six months ended June 28, 2003 used cash to reduce bank indebtedness and to acquire shares of Chromcraft Revington common stock. During the first six months of 2003 Chromcraft Revington purchased, under a stock repurchase plan, 70,500 shares of its common stock for \$922,000. In addition, stock option exercises provided \$911,000 of cash in the first half of 2003.

Financing activities for the first six months of 2002 used cash to purchase 5,695,418 shares of common stock by Chromcraft Revington and its employee stock ownership plan that was completed on March 15, 2002. The funds required to pay

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

for the common stock purchase were obtained from bank borrowings and available cash.

Management expects that cash flow from operations and availability under its bank revolving credit line will continue to be sufficient to meet future liquidity needs. At June 28, 2003, Chromcraft Revington had approximately \$32,600,000 in unused availability under its bank revolving credit line.

Critical Accounting Policies

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" to Form 10-K for the year ended December 31, 2002.

12

2003 Outlook

Current business conditions remain difficult. Sales order trends at the beginning of the third quarter have not improved from the second quarter level. As a result, the Company expects third quarter sales and earnings to be lower compared to the same period in 2002.

Chromcraft Revington's strategy is to operate as a low-cost, high quality manufacturer of residential and commercial furniture. To achieve this goal, the Company has increased imports of low-cost labor-intensive furniture components and finished furniture from the Pacific Rim to supplement the Company's domestic furniture manufacturing. Using this blended approach of domestic manufacturing and selective importing, the Company is better able to control the quality of furniture and service to its customers.

Recently Issued Accounting Standards

The Financial Accounting Standards Board recently issued Statement No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" that amends and clarifies financial accounting and reporting for derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under Statement No. 133 "Accounting for Derivative Instruments and Hedging Activities." This Statement is effective for contracts entered into or modified after June 30, 2003. The Financial Accounting Standards Board also recently issued Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" that establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. Chromcraft Revington does not expect the adoption of these statements to have a significant effect on its results of operation or its financial position.

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

Certain information and statements contained in this report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be generally identified as such because they include future tense or dates, or are not historical or current facts, or include words such as "expects" or words of similar import.

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

Forward-looking statements are not guarantees of results or performance and are subject to certain risks and uncertainties that could cause actual results or outcomes to differ materially from those reported, expected or anticipated as of the date of this report.

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, decline in new home or commercial office construction, the cyclical nature of the furniture industry, import and domestic competition in the furniture industry, change in interest rates, changes in relationships with customers, customer acceptance of existing and new products, delays and disruptions in the shipment of Chromcraft Revington's products, international conflicts and other factors that generally affect its business.

The Company does not undertake any obligation to update or revise publicly any forward-looking statements to reflect information, developments, events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events or circumstances.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Borrowings under Chromcraft Revington's bank agreement bear interest at a variable rate and, therefore, are subject to changes in interest rates. The Company supplements its domestic manufacturing by sourcing parts and finished furniture primarily from the Pacific Rim. These purchases are payable in U.S. dollars and, therefore, the Company has no material foreign exchange rate risk exposure.

13

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) and 15d-14(c) under the Securities Exchange Act of 1934, as amended), based on their evaluation of these controls and procedures as of the end of the period covered by this Form 10-Q, are effective.

Chromcraft Revington's management, including its principal executive officer and principal financial officer, does not expect that the Company's disclosure controls and procedures or its internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control.

Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. The design of any system of controls also is based, in part,

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

upon certain assumptions about the likelihood of future events, and there can only be reasonable assurance that any design will succeed in achieving its stated goals under all potential future conditions.

- (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.

Part II

Item 4. Submission of Matters to a Vote of Security Holders

- (a) Chromcraft Revington held its annual meeting of stockholders on May 1, 2003.
- (b) All director nominees were elected to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified. Set forth below are the votes cast for each director.

Directors	Votes For	Votes Withheld
Stephen D. Healy	4,998,889	691,118
David L. Kolb	5,198,889	491,118
Larry P. Kunz	5,198,889	491,118
Theodore L. Mullet	5,198,889	491,118
Michael E. Thomas	4,998,889	691,118
Warren G. Wintrub	5,198,889	491,118

14

- (c) Set forth below is the vote tabulation regarding the ratification of the appointment of KPMG LLP as the independent auditors of the Company for the fiscal year ending December 31, 2003.

Votes Cast		
For	Against	Abstain
5,656,282	32,100	1,625

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 3(iii) By-laws of the Registrant, as amended May 1, 2003 (filed herewith).
- 31.1 Certification of Chief Executive Officer required pursuant to Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
- 31.2 Certification of Chief Financial Officer required pursuant to Rule 15d-14(a) of the Securities Exchange Act of 1934, as

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

amended.

32.1 Certification of Chief Executive Officer required pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

32.2 Certification of 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 (filed herewith).

(b) Reports on Form 8-K

On April 24, 2003, Chromcraft Revington, Inc. filed a report on Form 8-K, announcing first quarter 2003 operating results.

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: August 7, 2003

By: /s/ Frank T. Kane

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