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NOBLE INTERNATIONAL LTD
Form 10-Q/A
September 23, 2002

FORM 10-Q/A
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the quarterly period ended June 30, 2002

OR

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

For the transition period from _____ to _____

Commission File Number: 001-13581

NOBLE INTERNATIONAL, LTD.

(Exact name of registrant as specified in its charter)

| | |
|--|---|
| Delaware ----- (State or other jurisdiction of incorporation or organization) | 38-3139487 ----- (I.R.S. Employer Identification Number) |
|--|---|

28213 Van Dyke Road, Warren, MI 48093

(Address of principal executive offices)
(Zip Code)

(586) 751-5600
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if
changed since last report)

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

The number of shares of the registrant's common stock, \$.001 par value, outstanding as of August 13, 2002 was 6,790,387.

NOBLE INTERNATIONAL, LTD.
FORM 10-Q/A INDEX

This report contains statements (including certain projections and business trends) accompanied by such phrases as "assumes," "anticipates," "believes," "expects," "estimates," "projects," "will" and other similar expressions, that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Statements regarding future operating performance, new programs expected to be launched and other future prospects and developments are based upon current expectations and involve certain risks and uncertainties that could cause actual results and developments to differ materially. Potential risks and uncertainties include such factors as demand for the company's products, pricing, the company's growth strategy, including its ability to consummate and successfully integrate future acquisitions, industry cyclicality, fuel prices and seasonality, the company's ability to continuously improve production technologies, activities of competitors and other risks detailed in the company's Annual Report on Form 10-K for the year ended December 31, 2001 and other filings with the Securities and Exchange Commission. These forward looking statements are made only as of the date hereof.

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PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

NOBLE INTERNATIONAL, LTD.
CONSOLIDATED
BALANCE SHEETS
(In thousands)

| | JUNE 30, 2002 | DECEMBER 31, 2001 |
|--|------------------|----------------------|
| | ----- | ----- |
| | (unaudited) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 666 | \$ 943 |
| Accounts receivable, trade - net | 34,244 | 32,556 |
| Inventories | 20,791 | 20,495 |
| Prepaid expenses and other assets | 5,019 | 3,200 |
| Deferred income taxes | 506 | 506 |
| | ----- | ----- |
| | 61,226 | 57,700 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 46,617 | 46,989 |
| OTHER ASSETS | | |
| Goodwill | 40,755 | 40,755 |
| Covenants not to compete | 1,013 | 1,139 |
| Other | 10,878 | 10,356 |
| | ----- | ----- |
| | 52,646 | 52,250 |
| | ----- | ----- |
| Total assets | \$ 160,489 | \$ 156,939 |
| | ===== | ===== |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Current maturities of long-term debt | \$ 256 | \$ 51,035 |
| Accounts payable | 23,220 | 21,231 |
| Accrued liabilities | 7,885 | 12,823 |
| Income taxes payable | 1,755 | - |
| | ----- | ----- |
| | 33,116 | 85,089 |
| LONG-TERM DEBT, EXCLUDING CURRENT MATURITIES | 54,092 | 809 |
| CONVERTIBLE SUBORDINATED DEBENTURES | 16,109 | 16,110 |
| JUNIOR SUBORDINATED NOTES | 3,454 | 3,439 |
| DEFERRED INCOME TAXES | 2,658 | 2,658 |
| PUTABLE COMMON STOCK | - | 1,203 |
| REDEEMABLE PREFERRED STOCK | - | 250 |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, \$100 par value, authorized 150,000 shares | - | - |

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| | | |
|--|------------|------------|
| Paid-in capital - warrants, \$10 per common share exercise price, 90,000 warrants outstanding | 121 | 121 |
| Common stock, \$.001 par value, authorized 20,000,000 shares, issued 7,627,400 and 7,519,186 shares in 2002 and 2001, respectively | 23,953 | 22,871 |
| Retained earnings | 27,335 | 24,857 |
| Accumulated comprehensive loss | (349) | (468) |
| Total stockholders' equity | 51,060 | 47,381 |
| Total liabilities and stockholders' equity | \$ 160,489 | \$ 156,939 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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NOBLE INTERNATIONAL, LTD.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited, in thousands, except for per share amounts)

| | THREE MONTHS ENDED JUNE 30, | | |
|--|--------------------------------|-----------|----|
| | 2002 | 2001 | |
| Net sales | | | |
| Products | \$ 43,801 | \$ 17,317 | \$ |
| Services | 16,906 | 15,255 | |
| Total net sales | 60,707 | 32,572 | |
| Cost of sales | | | |
| Products | 36,405 | 12,752 | |
| Services | 13,631 | 11,882 | |
| Total cost of sales | 50,036 | 24,634 | |
| Gross margin | 10,671 | 7,938 | |
| Selling, general and administrative expenses | 6,873 | 5,235 | |
| Operating profit | 3,798 | 2,703 | |
| Loss from unconsolidated affiliate | - | (260) | |
| Other income (expense) | | | |
| Interest income | 232 | 768 | |
| Interest expense | (702) | (1,415) | |
| Other, net | (183) | 5 | |

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| | (653) | (642) | |
|---|-----------|-----------|-------|
| | ----- | ----- | ----- |
| Earnings before income taxes | 3,145 | 1,801 | |
| Income tax expense | 1,188 | 682 | |
| | ----- | ----- | ----- |
| Earnings before preferred stock dividends | 1,957 | 1,119 | |
| Preferred stock dividends | - | - | |
| | ----- | ----- | ----- |
| NET EARNINGS ON COMMON SHARES | \$ 1,957 | \$ 1,119 | \$ |
| | ===== | ===== | ===== |
| | | | |
| BASIC EARNINGS PER COMMON SHARE | \$ 0.29 | \$ 0.17 | \$ |
| DILUTED EARNINGS PER COMMON SHARE* | \$ 0.26 | \$ 0.17 | \$ |
| DIVIDENDS PER SHARE DECLARED AND PAID | \$ 0.08 | \$ 0.075 | \$ |
| | | | |
| Basic weighted average common shares outstanding | 6,773,880 | 6,609,455 | 6, |
| Diluted weighted average common shares outstanding* | 8,145,505 | 6,640,896 | 8, |

* As restated. See note F to the financial statements.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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NOBLE INTERNATIONAL, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

| | SIX MONTHS ENDED JUNE 30, | |
|---|------------------------------|---------|
| | ----- | ----- |
| | 2002 | 2001 |
| | ----- | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net earnings | \$ 3,577 | \$ 942 |
| Adjustments to reconcile net earnings to net cash provided by operations | | |
| Interest paid in kind | - | 475 |
| Loss from unconsolidated entity | - | 210 |
| Depreciation of property, plant and equipment | 2,851 | 2,290 |
| Amortization of intangible assets | 333 | 1,333 |
| Deferred income taxes | - | (958) |
| Gain on sale of property | (35) | - |
| Changes in operating assets and liabilities | | |
| Increase in accounts receivable | (1,688) | (3,629) |
| Increase in inventories | (296) | (2,183) |

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| | | |
|---|----------|----------|
| Increase in prepaid expenses | (1,819) | (303) |
| Increase in other assets | (176) | (161) |
| Increase in accounts payable | 1,989 | 2,684 |
| Increase (decrease) in income taxes payable | 1,755 | (815) |
| Increase (decrease) in accrued liabilities | (4,938) | 1,475 |
| | ----- | ----- |
| Net cash provided by operating activities | 1,553 | 1,360 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (9,368) | (4,381) |
| Proceeds from sale of property, plant and equipment | 6,924 | - |
| Long-term investments | (538) | (3,000) |
| S.E.T. Industries, Inc. Receivable | - | 24,734 |
| Increase in other long term assets | - | (1,461) |
| | ----- | ----- |
| Net cash provided (used in) investing activities | (2,982) | 15,892 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Redemption of common stock | (121) | (1,055) |
| Capital lease payments | (48) | (39) |
| Redemption of convertible subordinated debentures | (1) | - |
| Dividends paid | (1,083) | (1,024) |
| Redemption of preferred stock of subsidiary | (260) | (75) |
| Payments on long-term debt | (125) | (150) |
| Net borrowings (repayments) on note payable to bank | 2,677 | (15,488) |
| | ----- | ----- |
| Net cash provided by (used in) financing activities | 1,039 | (17,831) |
| Effect of exchange rate changes on cash | 113 | (59) |
| | ----- | ----- |
| Net decrease in cash | (277) | (638) |
| Cash at beginning of period | 943 | 1,091 |
| | ----- | ----- |
| Cash at end of period | \$ 666 | \$ 453 |
| | ===== | ===== |
| SUPPLEMENTAL CASH FLOW DISCLOSURE | | |
| Cash paid for: | | |
| Interest | \$ 1,417 | \$ 1,473 |
| | ===== | ===== |
| Taxes | \$ - | \$ 1,351 |
| | ===== | ===== |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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| | THREE MONTHS ENDED JUNE 30, | | SIX MONTHS ENDED JUNE 30, | |
|---|--------------------------------|---------|------------------------------|--------|
| | 2002 | 2001 | 2002 | 2001 |
| Net earnings | \$1,957 | \$1,119 | \$3,567 | \$ 923 |
| Other comprehensive income (loss), equity adjustment from foreign currency translation, net of tax | \$ 362 | \$ 92 | \$ 119 | (59) |
| Comprehensive income, net of tax | \$2,319 | \$1,211 | \$3,686 | \$ 864 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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NOBLE INTERNATIONAL, LTD.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited 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 Rule 10-01 of Regulation S-X. Accordingly, the financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and such adjustments are of a normal recurring nature.

The accompanying consolidated financial statements as of June 30, 2002 and for the year ended December 31, 2001, include Noble International, Ltd. and its wholly-owned subsidiaries, Noble Component Technologies ("NCT"); Monroe Engineering Products, Inc. ("Monroe"), Skandy Corp. ("Skandy"), Noble Metal Forming, Inc. ("NMF"), Noble Metal Processing, Inc. ("NMP"), Noble Land Holdings, Inc. ("Land Holdings"), Noble Metal Processing-Midwest, Inc. (formerly H&H Steel Processing, Inc.) ("NMPM"), Noble Manufacturing Group, Inc. ("NMG"), (formerly Noble Technologies, Inc.), Noble Metal Processing Canada, Inc. ("NMPC"), Noble Metal Processing - Kentucky, LLC ("NMPK"), Noble Logistic Services, Inc. ("NLS"), Noble Logistic Services, Inc. (formerly Assured Transportation & Delivery, Inc. and Central Transportation & Delivery, Inc., collectively "NLS-CA"), Noble Logistic Services, Inc. (formerly Dedicated Services, Inc.) ("NLS-TX"), Pro Motorcar Products, Inc. ("PMP"), Pro Motorcar Distribution, Inc. ("PMD") and Noble Construction Equipment, Inc. ("NCE") (formerly Construction Equipment Direct, Inc. ("CED")), (collectively, "Noble"

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or the "Company") from the date of acquisition to the date of disposition, if applicable.

Results for interim periods should not be considered indicative of results for a full year. The December 31, 2001 consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

In February 2002, the market price requirement of 107,452 shares of the Company's putable common stock that was issued in connection with the acquisition of Dedicated Services, Inc. in 2000 was met, resulting in the put option expiring. Therefore, the common stock was reclassified from long-term debt to stockholders' equity.

On April 1, 2002, the Company converted its \$7.6 million note receivable, including interest, from SET Enterprises, Inc. ("SET") into preferred stock of SET. The preferred stock is non-voting and is redeemable at the Company's option in 2007. The Company agreed to convert the subordinated promissory note to preferred stock in order to assist SET in obtaining capital without appreciably decreasing the Company's repayment rights or jeopardize SET's minority status. Management believes that continued support of SET furthers the joint strategic objectives of the two companies.

On April 22, 2002, the Company completed a sale and leaseback transaction of its Shelbyville, KY facility to the Company's Chief Executive Officer. The sale price was \$6.2 million which was equal to the book value of the property. The proceeds of the transaction were used to reduce the Company's debt under its current credit facility. The lease has a term of five years and provides for monthly rent of \$70,000. The sale price and rent amount were determined by the estimated fair value of the property and estimated prevailing lease rates for similar properties. Although the

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Company did not obtain an independent valuation of the property or the terms of the transaction, it believes the terms of the sale and leaseback were at least as favorable to Noble as terms that could have been obtained from an unaffiliated third party.

On May 9, 2002 the Company's current credit facility was increased to \$60.0 million from \$52.5 million. The credit facility expires in September 2002. The Company has a binding commitment from its lender on a new \$60.0 million credit facility that will take effect in September 2002 and will expire in 2005. Therefore, the Company has reclassified its current credit facility from current liabilities to long-term liabilities.

On June 20, 2002 the Company filed a registration statement on Form S-2 concerning an offering of 3.5 million shares of its common stock. As of the date of this report, the registration statement has not been declared effective by the Securities and Exchange Commission.

Basic earnings per share are based upon the weighted average number of shares outstanding during each quarter. Diluted earnings per share assumes the exercise of common stock options and warrants when dilutive and the impact of restricted stock.

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NOTE B--INVENTORIES

Inventories on June 30, 2002 and December 31, 2001 consisted of the following (in thousands):

| | June 30, 2002 | December 31, 2001 |
|-----------------------------------|---------------|-------------------|
| | ----- | ----- |
| Raw materials and purchased parts | \$15,756 | \$14,047 |
| Work in process | 1,828 | 2,367 |
| Finished goods | 3,207 | 3,906 |
| Unbilled customer tooling | - | 175 |
| | ----- | ----- |
| | \$20,791 | \$20,495 |
| | ===== | ===== |

NOTE C--INDUSTRY SEGMENTS

The Company classifies its operations into three industry segments based on types of products and services: automotive (NMPK, NMPC, NMP, NMPM, NMF and Land Holdings), heavy equipment (NCE) and logistics (NLS-TX, NLS-CA, Monroe, PMP and PMD). The automotive group provides a variety of laser welding, metal blanking and die construction products and services utilizing proprietary laser weld and light die technology. The heavy equipment group designs and manufactures sub assemblies and final assemblies of heavy equipment used primarily in the construction industry. The logistics group provides same day package delivery services to a variety of customers and sells tooling components, paint and coatings related products to end users as well as distributors. The automotive group sells direct to automotive OEMs and Tier I suppliers. The heavy equipment group sells direct to OEMs and through an established network of dealers.

Transactions between the automotive, heavy equipment and logistics segments are not significant and have been eliminated in the statements. Interest expense is allocated to each segment based on the segment's actual borrowings from the corporate headquarters, together with a partial allocation of corporate general and administrative expenses. Revenues from external customers are identified geographically based on the customer's shipping destination.

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The Company's operations by business segment and geography for three months ended June 30, 2002 follow (in thousands):

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| | AUTOMOTIVE | HEAVY EQUIPMENT | LOGISTICS | SEGMENT TOTALS |
|----------------------------------|------------|--------------------|-----------|-------------------|
| Revenues from external customers | \$ 30,072 | \$ 12,572 | \$ 18,063 | \$ 60,707 |
| Interest expense | 463 | 117 | 487 | 1,067 |
| Depreciation and amortization | 1,436 | - | 68 | 1,504 |
| Segment profit pre tax | 2,780 | 643 | 7 | 3,430 |
| Segment assets | 91,107 | 20,479 | 40,146 | 151,732 |
| Expenditures for segment assets | 6,081 | 122 | 74 | 6,277 |

RECONCILIATION TO CONSOLIDATED AMOUNTS
EARNINGS

| | |
|---|----------|
| Total earnings for reportable segments | \$ 3,430 |
| Unallocated corporate headquarters loss | (285) |
| | ----- |
| Earnings before income taxes | \$ 3,145 |
| | ===== |

ASSETS

| | |
|--------------------------------------|------------|
| Total assets for reportable segments | \$ 151,732 |
| Corporate headquarters | 8,757 |
| | ----- |
| Total consolidated assets | \$ 160,489 |
| | ===== |

OTHER SIGNIFICANT ITEMS

| | SEGMENT TOTALS | ADJUSTMENTS | CONSOLIDATED TOTALS |
|---------------------------------|-------------------|-------------|------------------------|
| | ----- | ----- | ----- |
| Interest expense | \$1,067 | \$ (365) | \$ 702 |
| Expenditures for segment assets | 6,277 | 45 | 6,322 |
| Depreciation and amortization | 1,504 | 60 | 1,564 |

GEOGRAPHIC INFORMATION

| | REVENUES | LONG-LIVED ASSETS |
|---------------|----------|----------------------|
| | ----- | ----- |
| United States | \$49,171 | \$86,828 |
| Canada | 11,509 | 1,557 |
| Other | 27 | - |
| | ----- | ----- |
| Total | \$60,707 | \$88,385 |
| | ===== | ===== |

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ended June 30, 2001 follow (in thousands):

| | AUTOMOTIVE | HEAVY EQUIPMENT | LOGISTICS | SEGMENT TOTALS |
|---|------------|--------------------|-----------|-------------------|
| Revenues from external customers | \$ 16,162 | \$ - | \$ 16,410 | \$ 32,572 |
| Interest expense | 574 | - | 629 | 1,203 |
| Depreciation and amortization | 1,369 | - | 721 | 2,090 |
| Segment profit (loss) pre tax | 1,780 | - | (395) | 1,385 |
| Segment assets | 62,730 | - | 40,278 | 103,008 |
| Expenditures for segment assets | 3,076 | - | 28 | 3,104 |
| RECONCILIATION TO CONSOLIDATED AMOUNTS | | | | |
| EARNINGS | | | | |
| Total earnings for reportable segments | \$ 1,385 | | | |
| Unallocated corporate headquarters income | 416 | | | |
| Earnings before income taxes | \$ 1,801 | | | |
| ASSETS | | | | |
| Total assets for reportable segments | \$103,008 | | | |
| Corporate headquarters | 21,176 | | | |
| Total consolidated assets | \$124,184 | | | |

OTHER SIGNIFICANT ITEMS

| | SEGMENT TOTALS | ADJUSTMENTS | CONSOLIDATED TOTALS |
|---------------------------------|-------------------|-------------|------------------------|
| Interest expense | \$1,203 | \$ 212 | \$1,415 |
| Expenditures for segment assets | 3,104 | 6 | 3,110 |
| Depreciation and amortization | 2,090 | 74 | 2,164 |

GEOGRAPHIC INFORMATION

| | REVENUES | LONG-LIVED ASSETS |
|---------------|----------|----------------------|
| United States | \$29,663 | \$88,774 |
| Canada | 2,887 | 1,694 |
| Other | 22 | - |

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| | | |
|-------|----------|----------|
| Total | \$32,572 | \$90,468 |
| | ===== | ===== |

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The Company's operations by business segment and geography for the six months ended June 30, 2002 follow (in thousands):

| | AUTOMOTIVE | HEAVY EQUIPMENT | LOGISTICS | SEGMENT TOTALS |
|---|------------|--------------------|-----------|-------------------|
| | ----- | | | |
| Revenues from external customers | \$ 56,283 | \$ 24,187 | \$ 35,231 | \$ 115,701 |
| Interest expense | 831 | 209 | 960 | 2,000 |
| Depreciation and amortization | 2,692 | - | 128 | 2,820 |
| Segment profit pre tax | 4,836 | 940 | 292 | 6,068 |
| Segment assets | 91,107 | 20,479 | 40,146 | 151,732 |
| Expenditures for segment assets | 8,923 | 158 | 106 | 9,187 |
| RECONCILIATION TO CONSOLIDATED AMOUNTS | | | | |
| EARNINGS | | | | |
| Total earnings for reportable segments | \$ 6,068 | | | |
| Unallocated corporate headquarters loss | (384) | | | |
| | ----- | | | |
| Earnings before income taxes | \$ 5,684 | | | |
| | ===== | | | |
| ASSETS | | | | |
| Total assets for reportable segments | \$ 151,732 | | | |
| Corporate headquarters | 8,757 | | | |
| | ----- | | | |
| Total consolidated assets | \$ 160,489 | | | |
| | ===== | | | |

OTHER SIGNIFICANT ITEMS

| | SEGMENT TOTALS | ADJUSTMENTS | CONSOLIDATED TOTALS |
|---------------------------------|-------------------|-------------|------------------------|
| | ----- | ----- | ----- |
| Interest expense | \$2,000 | \$ (480) | \$1,520 |
| Expenditures for segment assets | 9,187 | 181 | 9,368 |
| Depreciation and amortization | 2,820 | 156 | 2,976 |

GEOGRAPHIC INFORMATION

| | |
|----------|----------------------|
| REVENUES | LONG-LIVED ASSETS |
|----------|----------------------|

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| | | |
|---------------|-----------|-----------|
| | ----- | ----- |
| United States | \$100,149 | \$ 86,828 |
| Canada | 15,480 | 1,557 |
| Other | 72 | - |
| | ----- | ----- |
| Total | \$115,701 | \$ 88,385 |
| | ===== | ===== |

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The Company's operations by business segment and geography for the six months ended June 30, 2001 follow (in thousands):

| | AUTOMOTIVE | HEAVY EQUIPMENT | LOGISTICS | SEGMENT TOTALS |
|----------------------------------|------------|--------------------|-----------|-------------------|
| | ----- | ----- | ----- | ----- |
| Revenues from external customers | \$ 28,078 | \$ - | \$ 32,017 | \$ 60,095 |
| Interest expense | 1,359 | - | 1,321 | 2,680 |
| Depreciation and amortization | 2,509 | - | 989 | 3,498 |
| Segment profit (loss) pre tax | 2,311 | - | (1,139) | 1,172 |
| Segment assets | 62,730 | - | 40,278 | 103,008 |
| Expenditures for segment assets | 4,289 | - | 96 | 4,385 |

RECONCILIATION TO CONSOLIDATED AMOUNTS

EARNINGS

| | |
|---|----------|
| Total earnings for reportable segments | \$ 1,172 |
| Unallocated corporate headquarters income | 2,124 |

| | |
|------------------------------|----------|
| Earnings before income taxes | \$ 3,296 |
| | ===== |

ASSETS

| | |
|--------------------------------------|-----------|
| Total assets for reportable segments | \$103,008 |
| Corporate headquarters | 21,176 |

| | |
|---------------------------|-----------|
| Total consolidated assets | \$124,184 |
| | ===== |

OTHER SIGNIFICANT ITEMS

| | SEGMENT TOTALS | ADJUSTMENTS | CONSOLIDATED TOTALS |
|---------------------------------|-------------------|-------------|------------------------|
| | ----- | ----- | ----- |
| Interest expense | \$2,680 | \$ (60) | \$2,620 |
| Expenditures for segment assets | 4,385 | 5 | 4,390 |
| Depreciation and amortization | 3,498 | 125 | 3,623 |

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GEOGRAPHIC INFORMATION

| | REVENUES ----- | LONG-LIVED ASSETS ----- |
|---------------|-------------------|-------------------------------|
| United States | \$54,988 | \$88,774 |
| Canada | 5,046 | 1,694 |
| Other | 61 | - |
| | ----- | ----- |
| Total | \$60,095 ===== | \$90,468 ===== |

NOTE D - RESTRUCTURING RESERVE

The restructuring reserve of \$3.9 million recorded in December 2000, which had a balance of \$1.5 million at December 31, 2001, was reduced by \$0.75 million during the first quarter for lease costs incurred on vacated property and losses incurred in connection with the sale of certain real estate. During the second quarter the reserve was reduced by \$0.2 million related to repair of vacated facilities. The balance in the restructuring reserve at June 30, 2002 was \$0.5 million and represents the expected costs associated with real estate that is being marketed for sale. Resolution of these items is expected by December 31, 2002.

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NOTE E - ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001 and applies to all goodwill and other intangible assets recognized in an entity's statement of financial position at that date, regardless of when those assets were initially recognized. The Company adopted this statement on January 1, 2002, and goodwill will no longer be amortized. As of June 30, 2002 the Company has goodwill of \$40.8 million.

A reconciliation of previously reported net income and earnings per share related to the amounts adjusted for the exclusion of goodwill amortization net of the related income tax effect follows:

GOODWILL AND ADOPTION OF STATEMENT NO. 142

| (in thousands, except per share amounts) | Three Months Ended June 30, ----- | | Six Months Ended Ju ----- | |
|--|--------------------------------------|----------|------------------------------|-------|
| | 2002 | 2001 | 2002 | 2001 |
| | ----- | ----- | ----- | ----- |
| Reported net income | \$ 1,957 | \$ 1,119 | \$ 3,567 | \$ |
| Add: Goodwill amortization, net of tax | - | 766 | - | - |
| | ----- | ----- | ----- | ----- |
| Adjusted net income | \$ 1,957 | \$ 1,885 | \$ 3,567 | \$ |

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| | | | | |
|--|---------|---------|---------|-------|
| | ===== | ===== | ===== | ===== |
| Reported basic earnings per share | \$ 0.29 | \$ 0.17 | \$ 0.53 | \$ |
| Add: Goodwill amortization, net of tax | - | 0.12 | - | |
| | ----- | ----- | ----- | ----- |
| Adjusted basic earnings per share | \$ 0.29 | \$ 0.29 | \$ 0.53 | \$ |
| | ===== | ===== | ===== | ===== |
| Reported diluted earnings per share | \$ 0.28 | \$ 0.17 | \$ 0.51 | \$ |
| Add: Goodwill amortization, net of tax | - | 0.11 | - | |
| | ----- | ----- | ----- | ----- |
| Adjusted diluted earnings per share | \$ 0.28 | \$ 0.28 | \$ 0.51 | \$ |
| | ===== | ===== | ===== | ===== |

For the six-month period ended June 30, 2002 no goodwill or other intangible assets were acquired, impaired or disposed.

Covenants not to compete are amortized over the life of the agreement, typically three to ten years. Amortization expense for the six months ended June 30, 2002 and 2001 were \$0.1 million and \$0.1 million, respectively. Annual pre-tax amortization of covenants not to compete are estimated as follows:

| Fiscal Year | (in thousands) |
|-------------|----------------|
| 2003 | \$ 285 |
| 2004 | 267 |
| 2005 | 76 |
| 2006 | 65 |
| 2007 | 65 |
| Thereafter | 122 |

NOTE F - Adjustment of Diluted Earnings Per Share

Subsequent to the issuance of the Company's interim financial statements for the three and six month periods ended June 30, 2002, it was determined that diluted earnings per share had been calculated incorrectly. The effect of the correction was to reduce diluted earnings per share from \$0.28 to \$0.26 and \$0.51 to \$0.49 for the three and six month periods ended June 30, 2002.

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ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Net Sales. Net sales for the six months ended June 30, 2002 reached \$115.7 million, an increase of \$55.6 million, or 92.5%, compared to the same period of 2001. For the second quarter ending June 30, 2002, net sales grew to

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\$60.7 million, an increase of \$28.1 million, or 86.4%, compared to the second quarter of 2001. The increase in sales is attributable to increased revenue from all operating segments. The automotive segment increased sales 86.1% for the quarter and 100.5% for the six-month period. These increases were primarily the result of increased value-added sales resulting from the utilization of laser-welded components on more vehicle models and platforms. In addition, our automotive segment's revenue was positively impacted by increased steel sales. The logistics segment experienced increased sales of 10.1% for the quarter and 10.0% for the six-month period as this segment continues to execute its strategy. Net sales were also positively impacted in 2002 by the inclusion of net sales of the heavy equipment segment of \$12.6 million and \$24.2 million for the three and six month periods respectively. The heavy equipment segment was acquired in December 2001.

Cost of Sales. Cost of sales for the six-month period ended June 30, 2002 increased by \$50.6 million to \$95.7 million, an increase of 112.1% compared to the same period in 2001. For the second quarter ending June 30, 2002, cost of sales increased by \$25.4 million, or 103.1%, compared to the second quarter of 2001. These increases were primarily the result of increased net sales across all segments, increased steel purchases and the inclusion of the heavy equipment segment acquired in December 2001. Cost of sales as a percentage of sales increased from 75.1% for the six-month period June 30, 2001 to 82.7% for the same period in 2002. For the second quarter of 2001 and 2002, cost of sales as a percentage of sales was 75.6% and 82.4% respectively. The increase in the percentage of cost of sales to sales for the quarter and six months periods is due to the increased steel sales in the automotive segment as it transitions to a full service supplier from a toll processor, as well as the inclusion of the heavy equipment segment, which has higher cost of sales as a percentage of sales than our other operating segments. The logistics segment experienced costs of sales as a percentage of sales that were consistent with historical results.

Gross Margin. Gross margin increased \$5.0 million to \$20.0 million for the period ending June 30, 2002, or 33.6%, from \$15.0 million for the comparable period in 2001. For the second quarter, gross margin increased by \$2.7 million to \$10.7 million, or an increase of 34.4% compared to a gross margin of \$8.0 million for the same quarter in 2001. The increase was primarily the result of the inclusion of the heavy equipment segment as well as higher sales in the other operating segments. Gross margin as a percentage of sales decreased from 24.9% in the 2001 six-month period to 17.3% in the 2002 period. For the second quarter of 2002, gross margin as a percentage of sales decreased from 24.4% in 2001 to 17.6% in 2002. The decrease in gross margin as a percentage of sales was primarily the result of increased steel sales within the automotive segment and the inclusion of the heavy equipment segment, as noted above.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$2.4 million, or 22.9%, to \$13.1 million for the six-month period ended June 30, 2002 as compared to \$10.6 million in the comparable period of 2001. For the second quarter of 2002, these expenses grew by \$1.6 million, or 31.3%, to \$6.9 million compared to the same period in 2001. This increase was primarily the result of the inclusion of the heavy equipment segment, acquired in December 2001, partially offset by expense reductions in the logistics segment. As a percentage of net sales, such expenses decreased to 11.3% for the six months ended June 30, 2002 from 17.7% for the six months ended June 30, 2001.

Operating Profit. As a result of the foregoing factors, operating profit increased \$2.6 million, or 59.8%, to \$6.9 million for the six-month period ended June 30, 2002 from \$4.3 million

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for the same period in 2001. For the second quarter ended June 30, 2002, operating profit increased by \$1.1 million, or 40.5%, to \$3.8 million from \$2.7 million in the same quarter of 2001. As a percentage of net sales, operating profit decreased slightly to 6.0% for the six months ended June 30, 2002 from 7.2% for the six months ended June 30, 2001. For the three-month period ended June 30, 2002 operating profit as a percentage of net sales decreased from 8.3% to 6.2% compared to the same period in 2001.

Interest Income. Interest income decreased by \$0.8 million, or 62.9% to \$0.5 million for the six-month period ended June 30, 2002 from \$1.3 million for the same period in 2001. For the three-month period ended June 30, 2002, interest income decreased by \$0.5 million, or 69.8% to \$0.2 million from \$0.8 million for the same period in 2001. The decrease was the result of lower notes receivable balances related to the sale of a business in 2001.

Interest Expense. Interest expense decreased 42.0%, to \$1.5 million, for the six months ended June 30, 2002 from \$2.6 million for the comparable period of 2001. For the three-month period ended June 30, 2002 the reduction was 50.4% to \$0.7 million. The reduction was the result of lower interest rates and, to a lesser extent, lower borrowings.

Income Tax Expense. Income tax expense for the six-month period ended June 30, 2002 decreased 10.5%, or \$0.2 million, to \$2.1 million from \$2.4 million for the comparable period in 2001. The second quarter expense increased 74.2% or \$0.5 million to \$1.2 million from \$0.7 million for the second quarter of 2001. The six-month decrease is primarily the result of a one-time \$1.1 million tax expense in the 2001 period related to a difference between the tax and book bases for businesses sold. The increase in the second quarter of 2002 compared to the same quarter of 2001 was due primarily to higher earnings.

Net Earnings. As a result of the foregoing factors, net earnings for the six-month period ended June 30, 2002 increased to \$3.6 million from \$0.9 million for the comparable period of the prior year, an increase of 286.5%. For the second quarter, net income increased 74.9% to \$2.0 million from \$1.1 million in the second quarter of 2001.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash requirements have historically been satisfied through a combination of cash flows from operations, and equity and debt financing. The Company's working capital needs and capital equipment requirements have increased as a result of the growth of the Company and are expected to continue to increase as a result of anticipated growth. The anticipated increase in required working capital and capital equipment requirements are expected to be met from cash flow from operations, equipment financing, revolving credit borrowings and equity financing.

The Company generated cash from operations of \$1.6 million for the six months ended June 30, 2002 compared to \$1.4 million for the same period in 2001. Net cash provided by operations was primarily the result of net income, increased accounts payable, depreciation, amortization, and income taxes payable, which was partially offset by a decrease in accrued liabilities and increases in accounts receivable and prepaid expenses. Net cash used in investing activities of \$3.0 million for the six months ended June 30, 2002 was primarily due to purchases of property, plant and equipment, partially offset by the sale of real estate. Financing activities provided cash of \$1.0 million for the six months ended June 30, 2002 primarily from net borrowings on the Company's Credit Facility.

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In February 2002, one of the Company's customers, National Steel, Inc. filed for Chapter 11 bankruptcy protection. The Company has a pre-petition account receivable in the amount of approximately \$1.2 million. The Company is currently evaluating possible options for collection but has created a reserve of \$0.2 million for the possible uncollectible amounts of this receivable.

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This reserve was based on the Company's best estimate. The Company does not anticipate any loss of sales due to this event.

The amount of the Company's revolving credit facility with Comerica Bank (the "Credit Facility") was \$50 million at December 31, 2001, subsequently amended to \$60.0 million in May 2002. The Credit Facility expires on September 30, 2002. The Company has a commitment from its lender on a new \$60.0 million Credit Facility that will take effect in September 2002 and will expire in 2005. Therefore, the Company has reclassified its current Credit Facility from current liabilities to long-term liabilities. The Credit Facility is secured by the assets of Noble and its subsidiaries and provides for the issuance of up to \$5.0 million in standby or documentary letters of credit. The Credit Facility may be utilized for general corporate purposes, including working capital and acquisition financing, and provides the Company with borrowing options for multi-currency loans. Borrowing options include a euro-currency rate or a base rate. Advances under the Credit Facility during the six months ended June 30, 2002 bore interest at the rate of approximately 4.52% per annum. The Credit Facility is subject to customary financial and other covenants including, but not limited to, limitations on payment of dividends, limitations on consolidations, mergers, and sales of assets, and bank approval on acquisitions over \$25.0 million (\$15 million under the new facility). The Company is in compliance with the terms of the Credit Facility. The Company currently guarantees \$10.0 million of SET Enterprises, Inc.'s senior debt. As of the date of this report, the Company does not believe the lender will call the guarantee.

On April 22, 2002, the Company completed a sale and leaseback transaction of its Shelbyville, KY facility to the Company's Chief Executive Officer. The sale price was \$6.2 million which was equal to the book value of the property. The proceeds of the transaction were used to reduce the Company's debt under the Credit Facility. The lease has a term of five years and provides for monthly rent of \$70,000. The sale price and rent amount were determined by the estimated fair value of the property and estimated prevailing lease rates for similar properties. Although the Company did not obtain an independent valuation of the property or the terms of the transaction, management believes the terms of the sale and leaseback were at least as favorable to Noble as terms that could have been obtained from an unaffiliated third party.

The liquidity provided by the Company's Credit Facility and committed Credit Facility is expected to be sufficient to meet the Company's currently anticipated working capital and capital expenditure needs for at least twelve months. There can be no assurance, however, that such funds will not be expended prior thereto due to changes in economic conditions or other unforeseen circumstances, requiring the Company to obtain additional financing prior to the end of such twelve-month period. In addition, the Company regularly reviews, as part of its business strategy, future growth through opportunistic acquisitions which may involve the expenditure of significant funds. Depending upon the nature, size and timing of future acquisitions, if any, the Company may be required to obtain additional debt or equity financing in connection with such future acquisitions. There can be no assurance, however, that additional financing will be available to the Company, when and if needed, on acceptable terms or at all.

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INFLATION

Inflation generally affects the Company by increasing the interest expense of floating rate indebtedness and by increasing the cost of labor, equipment and raw materials. The Company does not believe that inflation has had a material effect on its business over the past two years.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to the impact of foreign currency fluctuations. International revenues from the Company's foreign subsidiaries were approximately 13.4% of the total revenues

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for the six months ended June 30, 2002 and 19.0% for the second quarter ended June 30, 2002. The Company's primary foreign currency exposures are the Canadian Dollar and the Mexican Peso. The Company manages its exposures to foreign currency assets and earnings primarily by funding certain foreign currency denominated assets with liabilities in the same currency and, as such, certain exposures are naturally offset.

A portion of the Company's assets are based in its foreign operations and are translated into U.S. Dollars at foreign currency exchange rates in effect as of the end of each period, with the effect of such translation reflected as a separate component of stockholders' equity. Accordingly, the Company's consolidated stockholders' equity will fluctuate depending on the weakening or strengthening of the U.S. Dollar against the respective foreign currency.

The Company's financial results are affected by changes in U.S. and foreign interest rates. The Company does not hold financial instruments that are subject to market risk (interest rate risk and foreign exchange risk).

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PART II - OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

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Inapplicable.

ITEM 2: CHANGES IN SECURITIES AND USE OF PROCEEDS

Inapplicable.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

Inapplicable.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's Annual Meeting of Stockholders was held on May 3, 2002. The Company has a staggered Board of Directors, and Robert J. Skandalaris, Anthony R. Tersigni and Mark. T. Behrman were elected to the Company's Board of Directors. Each of the nominees was an incumbent director. Of the 6,772,043 shares issued, outstanding and entitled to vote at the Annual Meeting, 5,930,764, 6,035,496 and 6,033,063 shares were voted in favor of Messrs. Skandalaris, Tersigni and Behrman respectively, and 110,780, 6,000 and 8,493 shares were voted against each of them respectively. The ratification of Deloitte & Touche LLP as independent public accountants of the Company was also approved, with 6,024,750 shares voted for approval, 5,806 shares voted against and 10,890 shares abstaining.

ITEM 5: OTHER INFORMATION

Inapplicable.

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 99.1 Certification Pursuant to 18 U.S.C. 1350 of Robert J. Skandalaris.
- 99.2 Certification Pursuant to 18 U.S.C. 1350 of David V. Harper.

(b) The following report on Form 8-K was filed during the period ending June 30, 2002:

(i) Report on Form 8-K filed on June 26, 2002, concerning the Company's affirmation of 2002 earnings and clarification of its earnings estimate based upon the potential effect of its proposed offering.

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.

NOBLE INTERNATIONAL, LTD.

Dated: September 23, 2002

By: /s/ David V. Harper,

David V. Harper,
Chief Financial Officer

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CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL
FINANCIAL OFFICER PURSUANT TO
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert J. Skandalaris, certify, pursuant to Rule 13a-4 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the amended Quarterly Report of Noble International, Ltd. on Form 10-Q/A for the quarterly period ended June 30, 2002 ("Report") that (1) I have reviewed the Report being filed; (2) based on my knowledge, the 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 the Report; and (3) based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in the Report.

By: /s/ Robert J. Skandalaris

Name: Robert J. Skandalaris
Title: Chief Executive Officer (Principal
Executive Officer) of Noble
International, Ltd.

I, David V. Harper, certify, pursuant to Rule 13a-4 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the amended Quarterly Report of Noble International, Ltd. on Form 10-Q/A for the quarterly period ended June 30, 2002 ("Report") that (1) I have reviewed the Report being filed; (2) based on my knowledge, the 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 the Report; and (3) based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in the Report.

By: /s/ David V. Harper

Name: David V. Harper
Title: Chief Financial Officer (Principal
Financial Officer) of Noble
International, Ltd.

Exhibit Index

| Exhibit No. | Description |
|-------------|--|
| ----- | ----- |
| 99.1 | Certification Pursuant to 18 U.S.C. 1350 of Robert J. Skandalaris. |
| 99.2 | Certification Pursuant to 18 U.S.C. 1350 of David V. Harper. |