

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

CHROMCRAFT REVINGTON INC
Form 10-Q
August 02, 2004

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 July 3, 2004

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). 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 - 5,986,202 shares as of July 29, 2004

INDEX

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

Page Number

PART I. Financial Information

| | | |
|----------------------------|--|----|
| Item 1. | Financial Statements (unaudited) | |
| | Condensed Consolidated Statements of Earnings - Three and Six Months Ended July 3, 2004 and June 28, 2003..... | 3 |
| | Condensed Consolidated Balance Sheets - July 3, 2004, June 28, 2003 and December 31, 2003..... | 4 |
| | Condensed Consolidated Statement of Stockholders' Equity - Six Months Ended July 3, 2004..... | 5 |
| | Condensed Consolidated Statements of Cash Flows - Six Months Ended July 3, 2004 and June 28, 2003..... | 6 |
| | Notes to Condensed Consolidated Financial Statements..... | 7 |
| Item 2. | Management's Discussion and Analysis of Financial Condition and Results of Operations..... | 9 |
| Item 3. | Quantitative and Qualitative Disclosures About Market Risk..... | 12 |
| Item 4. | Controls and Procedures..... | 12 |
| PART II. Other Information | | |
| Item 4. | Submission of Matters to a Vote of Security Holders..... | 12 |
| Item 6. | Exhibits and Reports on Form 8-K..... | 13 |
| SIGNATURES..... | | 13 |

PART I.

Item 1. Financial Statements

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

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------------|------------------|------------------|
| | July 3, 2004 | June 28, 2003 | July 3, 2004 | June 28, 2003 |
| Sales | \$42,638 | \$44,166 | \$89,105 | \$93,597 |
| Cost of sales | 32,765 | 34,568 | 68,524 | 72,964 |
| Gross margin | 9,873 | 9,598 | 20,581 | 20,633 |
| Selling, general and administrative expenses | 6,374 | 6,732 | 14,461 | 13,909 |
| Operating income | 3,499 | 2,866 | 6,120 | 6,724 |
| Interest expense | 189 | 304 | 386 | 628 |

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

| | | | | |
|---|----------|----------|----------|----------|
| Earnings before income tax expense | 3,310 | 2,562 | 5,734 | 6,096 |
| Income tax expense | 1,271 | 973 | 2,202 | 2,316 |
| | ----- | ----- | ----- | ----- |
| Net earnings | \$ 2,039 | \$ 1,589 | \$ 3,532 | \$ 3,780 |
| | ===== | ===== | ===== | ===== |
| Earnings per share of common stock | | | | |
| Basic | \$.49 | \$.38 | \$.86 | \$.92 |
| Diluted | \$.48 | \$.38 | \$.84 | \$.90 |
| Shares used in computing earnings per share | | | | |
| Basic | 4,132 | 4,131 | 4,115 | 4,116 |
| Diluted | 4,220 | 4,177 | 4,201 | 4,180 |

See accompanying notes to condensed consolidated financial statements.

3

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

| | July 3, 2004 | June 28, 2003 | December 31, 2003 |
|--------------------------------------|-----------------|------------------|----------------------|
| | ----- | ----- | ----- |
| Assets | | | |
| ----- | | | |
| Accounts receivable | \$ 19,537 | \$ 19,893 | \$ 17,768 |
| Inventories | 36,716 | 40,187 | 30,868 |
| Prepaid expenses and other | 2,018 | 1,707 | 1,362 |
| | ----- | ----- | ----- |
| Current assets | 58,271 | 61,787 | 49,998 |
| Property, plant and equipment, net | 33,882 | 36,847 | 35,166 |
| Other long-term assets | 803 | 2,616 | 736 |
| | ----- | ----- | ----- |
| Total assets | \$ 92,956 | \$101,250 | \$ 85,900 |
| | ===== | ===== | ===== |
| Liabilities and Stockholders' Equity | | | |
| ----- | | | |
| Current portion of bank debt | \$ 5,000 | \$ 6,250 | \$ 5,000 |
| Accounts payable | 5,791 | 5,638 | 4,642 |
| Accrued liabilities | 9,021 | 13,340 | 10,312 |
| | ----- | ----- | ----- |
| Current liabilities | 19,812 | 25,228 | 19,954 |
| Bank debt | 9,550 | 19,350 | 7,050 |
| Employment related liabilities | 3,848 | 2,857 | 2,914 |
| Other long-term liabilities | 1,652 | 3,681 | 2,184 |
| | ----- | ----- | ----- |
| Total liabilities | 34,862 | 51,116 | 32,102 |
| Stockholders' equity | 58,094 | 50,134 | 53,798 |
| | ----- | ----- | ----- |

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

| | | | |
|--|-----------|-----------|-----------|
| Total liabilities and stockholders' equity | \$ 92,956 | \$101,250 | \$ 85,900 |
| | ===== | ===== | ===== |

See accompanying notes to condensed consolidated financial statements.

4

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 | Retained Earnings | Treasury Stock | Sto |
|--|-----------------|--------------------------------------|----------------------------|----------------------|-------------------|-------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance at January 1, 2004 | \$ 77 | \$ 14,414 | \$ (18,798) | \$ 78,451 | \$ (20,346) | \$ |
| Net earnings | -- | -- | -- | 3,532 | -- | |
| ESOP compensation expense | -- | 123 | 336 | -- | -- | |
| Stock option compensation expense | -- | 99 | -- | -- | -- | |
| Exercise of stock options (20,312 shares) | -- | 206 | -- | -- | -- | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance at July 3, 2004 | \$ 77 | \$ 14,842 | \$ (18,462) | \$ 81,983 | \$ (20,346) | \$ |
| | ===== | ===== | ===== | ===== | ===== | ===== |

See accompanying notes to condensed consolidated financial statements.

5

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

| | Six Months Ended | |
|---|------------------|------------------|
| | July 3, 2004 | June 28, 2003 |
| | ----- | ----- |
| Operating Activities | | |
| Net earnings | \$ 3,532 | \$ 3,780 |
| Adjustments to reconcile net earnings to net cash provided by (used in) operating activities | | |
| Depreciation expense | 1,905 | 2,280 |
| Deferred income taxes | (403) | (330) |
| Non-cash ESOP compensation expense | 459 | 416 |
| Stock option compensation expense | 99 | 99 |
| Changes in assets and liabilities | | |
| Accounts receivable | (1,769) | (1,351) |

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

| | | |
|--|---------|---------|
| Inventories | (5,848) | (375) |
| Accounts payable and accrued liabilities | (113) | (1,194) |
| Other | 81 | (436) |
| | ----- | ----- |
| Cash provided by (used in) operating activities | (2,057) | 2,889 |
| | ----- | ----- |
| Investing Activities | | |
| Capital expenditures, net | (620) | (428) |
| | ----- | ----- |
| Cash used in investing activities | (620) | (428) |
| | ----- | ----- |
| Financing Activities | | |
| Net borrowing (repayment) under a bank revolving credit line | 5,000 | (1,200) |
| Principal payments on bank term loan | (2,500) | (1,250) |
| Stock repurchases | -- | (922) |
| Exercise of stock options, net of tax benefit | 177 | 911 |
| | ----- | ----- |
| Cash provided by (used in) financing activities | 2,677 | (2,461) |
| | ----- | ----- |
| Net change in cash | -- | -- |
| Cash at beginning of period | -- | -- |
| | ----- | ----- |
| Cash at end of period | \$ -- | \$ -- |
| | ===== | ===== |

See accompanying notes to condensed consolidated financial statements.

6

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

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 July 3, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004.

The balance sheet at December 31, 2003 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, 2003.

Note 2. Inventories

Inventories consisted of the following:

| | (In thousands) | | |
|--------------------------|-----------------|------------------|------------------|
| | July 3, 2004 | June 28, 2003 | Dec. 31, 2003 |
| Raw materials | \$ 10,257 | \$ 10,280 | \$ 8,811 |
| Work-in-process | 6,302 | 6,376 | 5,835 |
| Finished goods | 22,246 | 25,666 | 18,109 |
| Inventories at FIFO cost | 38,805 | 42,322 | 32,755 |
| LIFO reserve | (2,089) | (2,135) | (1,887) |
| | \$ 36,716 | \$ 40,187 | \$ 30,868 |
| | ===== | ===== | ===== |

Note 3. Bank Debt

Long term bank debt consisted of the following:

| | (In thousands) | | |
|-----------------------------------|-----------------|------------------|------------------|
| | July 3, 2004 | June 28, 2003 | Dec. 31, 2003 |
| Term loan | \$ 6,750 | \$20,000 | \$ 9,250 |
| Revolving credit line | 7,800 | 5,600 | 2,800 |
| | 14,550 | 25,600 | 12,050 |
| Less current portion of term loan | 5,000 | 6,250 | 5,000 |
| | \$ 9,550 | \$19,350 | \$ 7,050 |
| | ===== | ===== | ===== |

7

Note 4. Accrued Liabilities

Accrued liabilities consisted of the following:

| | (In thousands) | | |
|---------------------------------|-----------------|------------------|------------------|
| | July 3, 2004 | June 28, 2003 | Dec. 31, 2003 |
| Salaries, wages and commissions | \$ 1,221 | \$ 1,561 | \$ 1,164 |
| Vacation and holiday pay | 1,115 | 1,188 | 1,009 |
| Workers' compensation plans | 1,013 | 944 | 915 |
| Health benefit plans | 618 | 1,525 | 1,610 |
| Other accrued liabilities | 5,054 | 8,122 | 5,614 |
| | ----- | ----- | ----- |

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

\$ 9,021 \$13,340 \$10,312
 ===== ===== =====

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 Statement of Stockholders' Equity of the Company. As shares are committed to be released, Chromcraft Revington reports compensation expense equal to the average market price of the shares during the period, and the shares become outstanding for earnings per share computations. ESOP compensation expense, a non-cash charge, was \$233,000 and \$459,000 for the three and six months ended July 3, 2004, respectively, compared to \$200,000 and \$416,000 for the three and six months ended June 28, 2003, respectively. ESOP shares consisted of the following:

| | (In thousands) | | |
|------------------------------------|-----------------|------------------|------------------|
| | July 3, 2004 | June 28, 2003 | Dec. 31, 2003 |
| | ----- | ----- | ----- |
| Allocated shares | 120 | 53 | 120 |
| Committed to be released shares | 34 | 34 | -- |
| Unearned ESOP shares | 1,846 | 1,913 | 1,880 |
| | ----- | ----- | ----- |
| Total ESOP shares | 2,000 | 2,000 | 2,000 |
| | ===== | ===== | ===== |
| Unearned ESOP shares, at cost | \$18,462 | \$19,133 | \$18,798 |
| | ===== | ===== | ===== |
| Fair value of unearned ESOP shares | \$22,635 | \$23,893 | \$21,317 |
| | ===== | ===== | ===== |

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 88,000 and 86,000 for the three and six months ended July 3, 2004, respectively, and 46,000 and 64,000 for the three and six months ended June 28, 2003, respectively.

Certain options to purchase shares of common stock were outstanding during the first six months of 2004 and 2003, 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:

| 2004 | 2003 |
|-------|-------|
| ----- | ----- |

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

| | Average Exercise Price | Average Exercise Price |
|------------------|------------------------------|------------------------------|
| Shares | Shares | Shares |
| Second quarter | 148,900 | \$ 16.43 |
| First six months | 198,603 | \$ 15.77 |

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 | |
|---|--------------------|------------------|------------------|------------------|
| | July 3, 2004 | June 28, 2003 | July 3, 2004 | June 28, 2003 |
| Net earnings, as reported | \$ 2,039 | \$ 1,589 | \$ 3,532 | \$ 2,841 |
| Add: Stock-based employee compensation expense included in reported net earnings, net of related tax effects | 31 | 30 | 61 | 61 |
| Deduct: Total stock-based employee compensation expense determined under fair-value based method for all awards, net of related tax effects | (73) | (124) | (341) | (341) |
| Pro forma net earnings | \$ 1,997 | \$ 1,495 | \$ 3,252 | \$ 2,561 |
| Earnings per share | | | | |
| Basic - as reported | \$.49 | \$.38 | \$.86 | \$.66 |
| Basic - pro forma | \$.48 | \$.36 | \$.79 | \$.64 |
| Diluted - as reported | \$.48 | \$.38 | \$.84 | \$.64 |
| Diluted - pro forma | \$.48 | \$.36 | \$.78 | \$.62 |

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

Overview

Chromcraft Revington encounters intense domestic and import competition in the sale of all its products. Furniture imports into the U.S. continue to grow at double digit rates with the majority of the growth coming from the Peoples Republic of China ("China"). Foreign importers compete based on price, utilizing their low wage and overhead cost structure.

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

On June 18, 2004 the U.S. Department of Commerce announced its preliminary affirmative determination of antidumping duties, ranging from 5% to 198%, to be assessed to imports of wooden bedroom furniture from China. A final determination of antidumping duties by the U.S. Department of Commerce is expected at the end of 2004. The Company does not anticipate that these duties will have a significant effect on its results of operations.

Chromcraft Revington's business strategy is to operate as a low-cost, high-quality manufacturer and distributor of residential and commercial furniture. The Company has supplemented its domestic manufacturing with imports of low-cost, labor-intensive furniture components and finished furniture from the Pacific Rim. Using this blended approach of domestic manufacturing and selective importing, the Company believes it is better able to control the quality of furniture and service to its customers. Chromcraft Revington's competitiveness with producers from other countries is influenced by transportation costs, timely delivery of furniture to retailers and product differentiation.

The Company has several businesses, some of which have been impacted more severely than others from the reduced sales volume. As a result, Chromcraft Revington may need to consolidate or curtail operations in the future if operating results or business conditions do not improve.

The following table sets forth the Condensed Consolidated Statements of Earnings of Chromcraft Revington for the three and six months ended July 3, 2004 and June 28, 2003 expressed as a percentage of sales.

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------------|------------------|------------------|
| | July 3, 2004 | June 28, 2003 | July 3, 2004 | June 28, 2003 |
| Sales | 100.0% | 100.0% | 100.0% | 100.0% |
| Cost of sales | 76.9 | 78.3 | 76.9 | 78.0 |
| Gross margin | 23.1 | 21.7 | 23.1 | 22.0 |
| Selling, general and administrative expenses | 14.9 | 15.2 | 16.2 | 14.9 |
| Operating income | 8.2 | 6.5 | 6.9 | 7.1 |
| Interest expense | 0.4 | 0.7 | 0.4 | 0.6 |
| Earnings before income tax expense | 7.8 | 5.8 | 6.5 | 6.5 |
| Income tax expense | 3.0 | 2.2 | 2.5 | 2.5 |
| Net earnings | 4.8% | 3.6% | 4.0% | 4.0% |

Three and Six Months Ended July 3, 2004 Compared to Three and Six Months Ended June 28, 2003

Consolidated sales decreased for the three and six month periods ended July 3, 2004 as compared to the prior year periods primarily due to import competition, particularly in bedroom furniture. Selling prices for the first six months of 2004 were slightly higher compared to the prior year period.

For the three months ended July 3, 2004 sales decreased 3.5% to \$42,638,000 compared to \$44,166,000 for the three months ended June 28, 2003. Shipments of

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

bedroom and occasional furniture were lower for the second quarter as compared to the prior year period, partially offset by higher sales of upholstered, dining room, and commercial furniture. Upholstered furniture shipments were higher in the second quarter due to the introduction of leather sofas and chairs at the Company's Silver Furniture and Peters-Revington subsidiaries.

Sales for the first six months of 2004 were \$89,105,000, a 4.8% decrease from sales of \$93,597,000 for the same period last year. Sales of bedroom, occasional, upholstered, and commercial furniture were lower for the first half of 2004 compared to the prior year period. Shipments of dining room furniture for the first six months of 2004 were at approximately the same level as compared to the same period last year.

Gross margin as a percentage of sales was 23.1% for the three and six month periods ended July 3, 2004, compared to 21.7% and 22.0% for the three and six month periods ended June 28, 2003, respectively. The higher gross margin

10

percentage in 2004 was primarily due to cost reductions which were due, in part, to a decrease in employee benefit expense.

Selling, general and administrative expenses as a percentage of sales were 14.9% and 16.2% for the three and six months ended July 3, 2004, respectively, compared to 15.2% and 14.9% for the three and six months ended June 28, 2003, respectively. The lower expense percentage for the three months ended July 3, 2004 is primarily due to a decrease in employee benefit costs. The higher expense percentage for the six months ended July 3, 2004 was due to a \$1,100,000 charge to record a minimum annual supplemental retirement benefit payable to Michael E. Thomas, Chairman, President, and Chief Executive Officer of the Company. The charge resulted from an amendment to Mr. Thomas' employment and supplemental retirement benefit agreements with the Company dated March 3, 2004.

Interest expense for the three and six months ended July 3, 2004 was \$189,000 and \$386,000, respectively, compared to \$304,000 and \$628,000 for the same period in 2003, respectively. The decrease in interest expense for 2004 was primarily due to lower average bank borrowings during the periods.

Chromcraft Revington's effective income tax rate was 38.4% for the three and six months ended July 3, 2004 as compared to 38% for the prior year periods. The increase in the effective tax rate was due to higher state income taxes.

Liquidity and Capital Resources

Operating activities used \$2,057,000 of cash during the six months ended July 3, 2004, as compared to \$2,889,000 of cash generated for the same period last year. Operating activities in 2004 required cash primarily to support an increase in inventories. At July 3, 2004, inventories were \$36,716,000 compared to \$40,187,000 at the end of the second quarter last year.

Investing activities used \$620,000 of cash for net capital expenditures during the first six months of 2004 as compared to \$428,000 spent during the same period last year. Chromcraft Revington expects capital expenditures in 2004 to be less than \$1,500,000.

Financing activities provided \$2,677,000 of cash during the first six months of 2004. Cash provided by financing activities was primarily due to bank borrowings. At July 3, 2004, the Company had approximately \$31,700,000 in unused availability under its bank revolving credit line that matures in 2007.

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

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. Chromcraft Revington expects to generate excess cash flow in 2004 which will be used to reduce bank debt, to repurchase Company common stock or for general corporate purposes.

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", "may", "anticipates", "believes" or words of similar import. 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 such risks and uncertainties are general economic conditions; import and domestic competition in the furniture industry; market interest rates; consumer confidence levels; cyclical nature of the furniture industry; consumer spending; changes in relationships with customers; customer acceptance of existing and new products; new home and existing home sales; and other factors that generally effect business.

11

The Company does not undertake any obligation to update or revise publicly any forward-looking statements to reflect information, 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. A one-percentage point fluctuation in market interest rates would not have a material impact on net earnings in 2004. 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.

Item 4. 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-15(e) under the Securities Exchange Act of 1934, as amended), were effective as of the end of the period covered by this Form 10-Q.

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 errors 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

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

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.

There have been no significant changes in Chromcraft Revington's internal controls, or in other factors that could significantly affect these controls, during the period covered by this Form 10-Q.

PART II.

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

- (a) Chromcraft Revington held its annual meeting of stockholders on May 4, 2004.
- (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 | Withheld |
| Stephen D. Healy | 5,732,880 | 54,138 |
| David L. Kolb | 5,733,124 | 53,894 |
| Larry P. Kunz | 5,733,143 | 53,875 |
| Theodore L. Mullett | 5,533,143 | 253,875 |
| Michael E. Thomas | 5,732,404 | 54,614 |
| Warren G. Wintrub | 5,733,143 | 53,875 |

12

- (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, 2004.

| Votes Cast | | |
|------------|---------|---------|
| For | Against | Abstain |
| 5,712,831 | 50,597 | 23,590 |

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 31.1 Certification of Chief Executive Officer required pursuant to Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith).
- 31.2 Certification of Chief Financial Officer required pursuant to Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith).

Edgar Filing: CHROMCRAFT REVINGTON INC - Form 10-Q

32.1 Certifications of 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 (filed herewith).

(b) Reports on Form 8-K

On April 27, 2004, Chromcraft Revington, Inc. filed a report on Form 8-K, announcing first quarter 2004 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 2, 2004

By: /s/ Frank T. Kane

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