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CHROMCRAFT REVINGTON INC  
Form 10-Q  
November 04, 2005

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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 October 1, 2005

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

Indicate by check mark whether the registrant is a shell company (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 - 6,090,596 shares as of October 28, 2005

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PART I.

Item 1. Financial Statements

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

| Three Months Ended |            | Nine Months Ended |            |
|--------------------|------------|-------------------|------------|
| -----              |            | -----             |            |
| October 1,         | October 2, | October 1,        | October 2, |
| 2005               | 2004       | 2005              | 2004       |

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|  |           |           |            |      |
|--|-----------|-----------|------------|------|
| Sales  | \$ 40,836 | \$ 41,658 | \$ 128,896 | \$ 1 |
| Cost of sales                                | 31,887    | 32,361    | 99,156     | 1    |
| Gross margin                                 | 8,949     | 9,297     | 29,740     |      |
| Selling, general and administrative expenses | 6,720     | 5,881     | 20,301     |      |
| Operating income                             | 2,229     | 3,416     | 9,439      |      |
| Interest expense                             | 342       | 204       | 660        |      |
| Earnings before income tax expense           | 1,887     | 3,212     | 8,779      |      |
| Income tax expense                           | 696       | 1,233     | 3,239      |      |
| Net earnings                                 | \$ 1,191  | \$ 1,979  | \$ 5,540   | \$   |
| Earnings per share of common stock           |           |           |            |      |
| Basic  | \$ .28    | \$ .48    | \$ 1.30    | \$   |
| Diluted                                      | \$ .27    | \$ .47    | \$ 1.28    | \$   |
| Shares used in computing earnings per share  |           |           |            |      |
| Basic  | 4,322     | 4,155     | 4,253      |      |
| Diluted                                      | 4,398     | 4,224     | 4,315      |      |

See accompanying notes to condensed consolidated financial statements.

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

|                                    | October 1,<br>2005 | October 2,<br>2004 | Dec. 31,<br>2004 |
|------------------------------------|--------------------|--------------------|------------------|
| Assets                             |                    |                    |                  |
| Accounts receivable                | \$ 22,257          | \$ 22,045          | \$ 18,133        |
| Inventories                        | 36,556             | 36,695             | 33,666           |
| Prepaid expenses                   | 2,660              | 2,065              | 1,971            |
| Current assets                     | 61,473             | 60,805             | 53,770           |
| Property, plant and equipment, net | 30,664             | 33,107             | 32,490           |
| Other long-term assets             | 804                | 823                | 776              |

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|  |           |           |           |
|--|-----------|-----------|-----------|
| Total assets                               | \$ 92,941 | \$ 94,735 | \$ 87,036 |
|  | =====     | =====     | =====     |
| Liabilities and Stockholders' Equity       |           |           |           |
| -----                                      |           |           |           |
| Current portion of bank debt               | \$ -      | \$ 5,000  | \$ -      |
| Accounts payable                           | 5,072     | 5,624     | 5,093     |
| Accrued liabilities                        | 9,073     | 9,536     | 8,623     |
|  | -----     | -----     | -----     |
| Current liabilities                        | 14,145    | 20,160    | 13,716    |
| Bank debt                                  | 4,390     | 9,050     | 5,700     |
| Deferred compensation                      | 2,585     | 3,795     | 3,500     |
| Other long-term liabilities                | 1,364     | 1,281     | 1,211     |
|  | -----     | -----     | -----     |
| Total liabilities                          | 22,484    | 34,286    | 24,127    |
| Stockholders' equity                       | 70,457    | 60,449    | 62,909    |
|  | -----     | -----     | -----     |
| Total liabilities and stockholders' equity | \$ 92,941 | \$ 94,735 | \$ 87,036 |
|  | =====     | =====     | =====     |

See accompanying notes to condensed consolidated financial statements.

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Condensed Consolidated Statement of Stockholders' Equity (unaudited)  
 Nine Months Ended October 1, 2005  
 Chromcraft Revington, Inc.  
 (In thousands, except share data)

|   | Common<br>Stock | Capital in<br>Excess of<br>Par Value | Unearned<br>ESOP<br>Shares | Unearned<br>Compensation | Retained<br>Earnings | Treasur<br>Stock |
|---|-----------------|--------------------------------------|----------------------------|--------------------------|----------------------|------------------|
|   | -----           | -----                                | -----                      | -----                    | -----                | -----            |
| Balance at January 1, 2005                    | \$ 77           | \$ 15,121                            | \$(18,062)                 | \$ -                     | \$ 86,119            | \$(20,34         |
| Net earnings                                  | -               | -                                    | -                          | -                        | 5,540                |                  |
| ESOP compensation expense                     | -               | 162                                  | 508                        | -                        | -                    |                  |
| Issuance of restricted stock<br>award         | -               | 598                                  | -                          | (598)                    | -                    |                  |
| Amortization of unearned<br>compensation      | -               | -                                    | -                          | 99                       | -                    |                  |
| Stock option compensation<br>expense          | -               | 85                                   | -                          | -                        | -                    |                  |
| Purchase of treasury stock<br>(65,987 shares) | -               | (100)                                | -                          | -                        | -                    | (65              |
| Exercise of stock options<br>(165,381 shares) | 2               | 1,906                                | -                          | -                        | -                    |                  |

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|                            |       |           |             |          |           |             |
|----------------------------|-------|-----------|-------------|----------|-----------|-------------|
| Balance at October 1, 2005 | \$ 79 | \$ 17,772 | \$ (17,554) | \$ (499) | \$ 91,659 | \$ (21,000) |
|----------------------------|-------|-----------|-------------|----------|-----------|-------------|

See accompanying notes to condensed consolidated financial statements.

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

|  | Nine Months<br>October 1,<br>2005 |
|--|-----------------------------------|
| Operating Activities   |                                   |
| Net earnings   | \$ 5,540                          |
| Adjustments to reconcile net earnings to net cash provided by (used in) operating activities |                                   |
| Depreciation expense   | 2,643                             |
| Loss on disposal of equipment  | 230                               |
| Deferred income taxes  | 372                               |
| Non-cash ESOP compensation expense   | 670                               |
| Stock compensation expense   | 184                               |
| Changes in operating assets and liabilities  |                                   |
| Accounts receivable  | (4,124)                           |
| Inventories  | (2,890)                           |
| Prepaid expenses   | (1,216)                           |
| Accounts payable and accrued liabilities   | 429                               |
| Other  | (571)                             |
| Cash provided by (used in) operating activities  | 1,267                             |
| Investing Activities   |                                   |
| Capital expenditures, net  | (1,047)                           |
| Cash used in investing activities  | (1,047)                           |
| Financing Activities   |                                   |
| Net borrowing under an unsecured bank revolving loan facility                                | 4,390                             |
| Net borrowing (repayment) under a secured bank revolving credit line                         | (1,450)                           |
| Principal payments on a bank term loan   | (4,250)                           |
| Stock repurchase from related party  | (754)                             |
| Exercise of stock options  | 1,844                             |
| Cash provided by (used in) financing activities  | (220)                             |

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|                             |       |
|-----------------------------|-------|
| Change in cash              | -     |
| Cash at beginning of period | -     |
|                             | ----- |
| Cash at end of period       | \$ -  |
|                             | ===== |

See accompanying notes to condensed consolidated financial statements.

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

Note 1. Basis of Presentation

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The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America 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 of America 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 nine month period ended October 1, 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005.

The balance sheet at December 31, 2004 has been derived from the audited financial statements at that date but does not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in Chromcraft Revington's annual report on Form 10-K for the year ended December 31, 2004.

Note 2. Inventories

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Inventories consisted of the following:

|                 | (In thousands)     |                    |                  |
|-----------------|--------------------|--------------------|------------------|
|                 | October 1,<br>2005 | October 2,<br>2004 | Dec. 31,<br>2004 |
|                 | -----              | -----              | -----            |
| Raw materials   | \$ 11,855          | \$ 10,932          | \$ 10,980        |
| Work-in-process | 6,508              | 6,847              | 6,374            |
| Finished goods  | 20,968             | 21,317             | 18,851           |
|                 | -----              | -----              | -----            |
|                 | 39,331             | 39,096             | 36,205           |

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|              |           |           |           |
|--------------|-----------|-----------|-----------|
| LIFO reserve | (2,775)   | (2,401)   | (2,539)   |
|              | -----     | -----     | -----     |
|              | \$ 36,556 | \$ 36,695 | \$ 33,666 |
|              | =====     | =====     | =====     |

Note 3. Accrued Liabilities

-----

Accrued liabilities consisted of the following:

|                             | (In thousands)     |                    |                  |
|-----------------------------|--------------------|--------------------|------------------|
|                             | October 1,<br>2005 | October 2,<br>2004 | Dec. 31,<br>2004 |
|                             | -----              | -----              | -----            |
| Employee benefit plans      | \$ 2,174           | \$ 2,912           | \$ 2,703         |
| Salaries, wages and bonuses | 1,125              | 885                | 817              |
| Deferred compensation       | 1,054              | 161                | 166              |
| Commissions                 | 917                | 936                | 804              |
| Property taxes              | 738                | 868                | 868              |
| Other accrued liabilities   | 3,065              | 3,774              | 3,265            |
|                             | -----              | -----              | -----            |
|                             | \$ 9,073           | \$ 9,536           | \$ 8,623         |
|                             | =====              | =====              | =====            |

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Note 4. Bank Debt

-----

In September 2005, the Company entered into an unsecured revolving loan facility ("Facility") with a bank that allows the Company to borrow up to \$35,000,000. The Facility replaced a secured multi-bank credit agreement. The interest rate under the Facility is determined at the time of borrowing, at the Company's option, at either the bank's prime rate, or a rate based on the Federal Funds rate or the London Interbank Offered Rate. A commitment fee, of up to .25% per annum, is payable on the unused portion of the credit line. The interest rate on borrowings outstanding as of October 1, 2005 was approximately 4.75%.

The Facility requires compliance with certain financial loan covenants related to net worth, interest coverage and debt leverage. At October 1, 2005, the Company had approximately \$28,700,000 in unused availability under the Facility. The Facility expires September 20, 2008.

Long term bank debt consisted of the following:

|  | (In thousands)     |                    |                  |
|--|--------------------|--------------------|------------------|
|  | October 1,<br>2005 | October 2,<br>2004 | Dec. 31,<br>2004 |
|  | -----              | -----              | -----            |
| Unsecured bank revolving loan facility | \$ 4,390           | \$ -               | \$ -             |

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|                                   |          |          |          |
|-----------------------------------|----------|----------|----------|
| Secured bank credit agreement     |          |          |          |
| Term loan                         | -        | 5,500    | 4,250    |
| Revolving credit line             | -        | 8,550    | 1,450    |
|                                   | -----    | -----    | -----    |
|                                   | 4,390    | 14,050   | 5,700    |
| Less current portion of term loan | -        | 5,000    | -        |
|                                   | -----    | -----    | -----    |
|                                   | \$ 4,390 | \$ 9,050 | \$ 5,700 |
|                                   | =====    | =====    | =====    |

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 its loan to the Company. As the ESOP loan is repaid, shares are released and allocated to ESOP accounts of active employees based on the proportion of debt service paid in the year. Chromcraft Revington accounts for its ESOP in accordance with AICPA Statement of Position 93-6, Accounting for Employee Stock Ownership Plans. Accordingly, unearned ESOP shares are reported as a reduction of stockholders' equity as reflected in the Condensed Consolidated Statement of Stockholders' Equity of the Company. As shares are committed to be released, Chromcraft Revington reports compensation expense equal to the current market price of the shares, and the shares become outstanding for earnings per share computations. ESOP compensation expense, a non-cash charge, for the three and nine months ended October 1, 2005 was \$238,000 and \$670,000, respectively, compared to \$299,000 and \$758,000, respectively, for the prior year periods. ESOP shares consisted of the following:

|                                    | (In thousands)     |                    |                  |
|------------------------------------|--------------------|--------------------|------------------|
|                                    | October 1,<br>2005 | October 2,<br>2004 | Dec. 31,<br>2004 |
|                                    | -----              | -----              | -----            |
| Allocated shares                   | 184                | 120                | 184              |
| Committed to be released shares    | 51                 | 57                 | -                |
| Unearned ESOP shares               | 1,755              | 1,823              | 1,806            |
|                                    | -----              | -----              | -----            |
| Total ESOP shares                  | 1,990              | 2,000              | 1,990            |
|                                    | =====              | =====              | =====            |
| Unearned ESOP shares, at cost      | \$ 17,555          | \$ 18,231          | \$ 18,062        |
|                                    | =====              | =====              | =====            |
| Fair value of unearned ESOP shares | \$ 23,839          | \$ 23,427          | \$ 22,216        |
|                                    | =====              | =====              | =====            |

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, primarily stock options, of



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approximately 76,000 and 62,000 for the three and nine months ended October 1, 2005, respectively, and 69,000 and 80,000 for the three and nine months ended October 2, 2004, respectively.

Note 7. Stock Based Compensation

The Company has two stock-based compensation plans. The Company accounts for these plans under the recognition and measurement principles of APB 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 estimated per share grant-date weighted average fair value of stock options granted during the nine months ended October 1, 2005 was \$4.92 compared to \$5.34 for the prior year period. The estimated per share grant-date weighted average fair value of stock options granted during the three months ended October 2, 2004 was \$5.28. There were no stock option grants during the third quarter of 2005. The following table illustrates the effect on net earnings and earnings per share if the Company had applied the fair value recognition provisions of Statement No. 123 to stock-based employee compensation for the three and nine months ended October 1, 2005 and October 2, 2004.

|   | (In thousands, except per share amounts) |                    |
|---|--|--------------------|
|   | -----<br>Three Months Ended<br>-----     |                    |
|   | October 1,<br>2005                       | October 2,<br>2004 |
|   | -----                                    | -----              |
| Net earnings, as reported   | \$ 1,191                                 | \$ 1,979           |
| Add: Stock-based employee compensation expense included in reported net earnings, net of related tax effects                                | 75                                       | 30                 |
| Deduct: Total stock-based employee compensation expense determined under fair-value based method for all awards, net of related tax effects | (101)                                    | (130)              |
|   | -----                                    | -----              |
| Pro forma net earnings  | \$ 1,165                                 | \$ 1,879           |
|   | =====                                    | =====              |
| Earnings per share  |  |                    |
| Basic - as reported   | \$ .28                                   | \$ .48             |
| Basic - pro forma   | \$ .27                                   | \$ .45             |
| Diluted - as reported   | \$ .27                                   | \$ .47             |
| Diluted - pro forma   | \$ .26                                   | \$ .45             |

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

Overview

For the last several years the North American furniture industry has been increasingly competitive. Foreign manufacturers, primarily in China and other

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Asian countries, have a substantial labor and overhead cost advantage as compared to furniture manufacturers in North America. We expect these competitive industry conditions to continue.

The Company's strategy is to focus its brands on attractive niche markets and to service the fragmented furniture industry with product selection and service. Key elements in this strategy are to maintain a low-cost operating structure to ensure that the Company's products are a value to customers; utilize build-to-demand and custom configuration capability to offer product variety and speed of delivery; as well as, maintain a hybrid manufacturing

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and offshore sourcing model to supply diverse styles required to serve each niche market. Using this hybrid approach of domestic manufacturing and global sourcing, the Company believes it is better able to control the quality of furniture and service to its customers. Chromcraft Revington's competitiveness is influenced by transportation costs, timely delivery of furniture to retailers and product differentiation.

The Company has several different furniture brands, some of which have been impacted more severely than others by competition. Chromcraft Revington closely monitors market activity and, depending on business conditions, asset impairment and restructuring charges could occur in the future. Also, the Company's manufacturing operations have experienced inflationary price increases in raw materials and other costs. The Company is seeking ways to mitigate this impact through product engineering, offshore sourcing of low-cost components, use of alternative raw materials, and other productivity improvements. Due to the competitive environment, the Company may not be able to pass through significant cost increases to its customers.

### Results of Operations

The following table sets forth the Condensed Consolidated Statements of Earnings of Chromcraft Revington for the three and nine months ended October 1, 2005 and October 2, 2004 expressed as a percentage of sales.

|  | Three Months Ended |                    | Nine Months        |
|--|--------------------|--------------------|--------------------|
|  | October 1,<br>2005 | October 2,<br>2004 | October 1,<br>2005 |
| Sales  | 100.0 %            | 100.0%             | 100.0%             |
| Cost of sales                                | 78.1               | 77.7               | 76.9               |
| Gross margin                                 | 21.9               | 22.3               | 23.1               |
| Selling, general and administrative expenses | 16.4               | 14.1               | 15.8               |
| Operating income                             | 5.5                | 8.2                | 7.3                |
| Interest expense                             | 0.9                | 0.5                | 0.5                |
| Earnings before income taxes                 | 4.6                | 7.7                | 6.8                |
| Income tax expense                           | 1.7                | 3.0                | 2.5                |
| Net earnings                                 | 2.9 %              | 4.7%               | 4.3%               |

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Consolidated sales for the third quarter ended October 1, 2005 of \$40,836,000 represented a 2.0% decrease from \$41,658,000 reported for the same quarter last year. Shipments of dining room, bedroom and occasional furniture for the third quarter of 2005 were lower as compared to the same period last year primarily due to relative competitiveness. The sales decrease in these product categories was partially offset by higher shipments of upholstered and commercial furniture. Upholstered furniture shipments were higher in the third quarter of 2005 due to new product introductions as compared to the prior year period. Shipments of commercial furniture, mainly in seating, were higher for the three months ended October 1, 2005 primarily due to an improved business environment in the office furniture industry.

Consolidated sales for the nine months ended October 1, 2005 decreased 1.4% to \$128,896,000 from \$130,763,000 for the same period last year. Shipments of dining room and bedroom furniture for 2005 were lower as compared to the prior year period primarily due to relative competitiveness. The sales decrease in these product categories was partially offset by higher shipments of upholstered, commercial and occasional furniture. Sales of upholstered furniture were higher in 2005 primarily due to new product introductions and increased shipments of coordinated room packages of occasional and upholstered furniture. Commercial furniture shipments, mainly in seating, were higher for the first nine months of 2005 as compared to the same period last year primarily due to an improved business environment in the office furniture industry. Shipments of occasional furniture for the nine months ended October 1, 2005 were up slightly as compared to the prior year period primarily due to new product introductions. Selling prices for the first nine months of 2005 were slightly higher compared to the prior year period.

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Gross margin as a percentage of sales was 21.9% and 23.1% for the three and nine months ended October 1, 2005 compared to 22.3% and 22.8% for the three and nine months ended October 2, 2004, respectively. The gross margin percentage decrease in the third quarter of 2005 was primarily due to an unfavorable sales mix as compared to the prior year period.

Selling, general and administrative expenses for the three months ended October 1, 2005 increased \$839,000 to \$6,720,000, or 16.4% of sales, from \$5,881,000, or 14.1% of sales, for the year ago period. The increase was primarily due to higher compensation related expenses and bad debt expense.

Selling, general and administrative expenses for the nine months ended October 1, 2005 were \$20,301,000, or 15.8% of sales, as compared to \$20,342,000, or 15.5% of sales, for the same period last year. Included in selling, general and administrative expenses for first nine months of 2004 was a \$1,100,000 charge to reflect a supplemental retirement benefit to the former President and Chief Executive Officer of the Company. Excluding this expense from the 2004 period, selling, general and administrative expenses for the nine months ended October 1, 2005 were higher than the prior year period primarily due to increased compensation related expenses and bad debt expense.

Interest expense for the three and nine months ended October 1, 2005 was \$342,000 and \$660,000, respectively, as compared to \$204,000 and \$590,000, respectively, for the same periods in 2004. Interest expense in 2005 included the write off of \$161,000 of unamortized bank financing fees associated with a multi-bank credit facility that was replaced in the third quarter of 2005.

Chromcraft Revington's effective income tax rate was 36.9% for the three and nine months ended October 1, 2005 as compared to 38.4% for the prior year

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periods. The decrease in the effective tax rate for 2005 was primarily due to an estimated tax deduction on qualified domestic production activities under a provision of the American Jobs Creation Act of 2004.

Net earnings for the three and nine months ended October 1, 2005 were \$1,191,000 and \$5,540,000, respectively, as compared to \$1,979,000 and \$5,511,000, respectively, for the prior year periods. Factors contributing to the earnings change are outlined in the above discussion.

### Financial Condition, Liquidity and Capital Resources

-----

Operating activities provided \$1,267,000 of cash during the nine months ended October 1, 2005 as compared to \$1,417,000 of cash used in the same period last year. The increase in cash was primarily due to a lower investment in working capital in 2005 as compared to the prior year period. The Company uses cash in the first nine months of the year to support a seasonal build in working capital, primarily in accounts receivables and inventories.

Investing activities used \$1,047,000 of cash for capital expenditures during the first nine months of 2005 as compared to \$787,000 spent during the same period last year. Chromcraft Revington expects capital expenditures in 2005 to be less than \$1,500,000.

Financing activities for the first nine months of 2005 used cash to reduce bank indebtedness by \$1,310,000 and \$754,000 to repurchase Company common stock. In addition, cash of \$1,844,000 was generated from stock option exercises in the first nine months of 2005. Financing activities for the first nine months of 2004 provided cash of \$2,204,000, primarily from bank borrowings.

In September 2005, the Company entered into an unsecured revolving loan facility ("Facility") with a bank that allows the Company to borrow up to \$35,000,000. The Facility replaced a secured multi-bank credit agreement. The interest rate under the Facility is determined at the time of borrowing, at the Company's option, at either the bank's prime rate, or a rate based on the Federal Funds rate or the London Interbank Offered Rate. The interest rate on borrowings outstanding as of October 1, 2005 was approximately 4.75%. The Facility expires on September 20, 2008.

On March 30, 2005, the Company purchased 65,987 shares of Chromcraft Revington common stock from the former President and Chief Executive Officer of the Company. The purchase price of \$864,000, or \$13.093 per share, was determined based upon an average of the high and low selling prices of the Company's common stock during a period

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of five consecutive trading days as reported by the American Stock Exchange. This share repurchase in 2005 is reflected net of related compensation expense of \$110,000.

Management expects that cash flow from operations and availability under its bank revolving loan facility will be sufficient to meet future liquidity needs. At October 1, 2005, the Company had approximately \$28,700,000 in unused availability under its bank revolving loan facility. Chromcraft Revington expects to generate excess cash flow in 2005 which will be used to reduce bank indebtedness, repurchase its common stock, pursue selective strategic acquisitions or for general corporate purposes.

Recently Issued Accounting Standards

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In November 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No. 151, Inventory Costs ("Statement No. 151"). Statement No. 151 amends Accounting Research Bulletin No. 43, Chapter 4, Inventory Pricing, to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material. Statement No. 151 requires that those items be recognized as current-period charges and requires that allocation of fixed production overhead to the cost of conversion be based on the normal capacity of the production facilities. Statement No. 151 is effective for fiscal years beginning after June 15, 2005. The Company does not expect the adoption of Statement No. 151 to have a material impact on the Company's financial condition or results of operations.

In December 2004, FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payments ("Statement No. 123(R)"). Statement No. 123(R) replaces FASB Statement No. 123 and supersedes Accounting Principles Board Opinion No. 25. Statement No. 123(R) will require the fair value of all stock awards, including options, issued to employees to be recorded as an expense over the related vesting period. Statement No. 123(R) also requires the recognition of compensation expense for the fair value of any unvested stock option awards existing at the date of adoption as the stock options vest. The Securities and Exchange Commission ("Commission") amended FASB's compliance dates for Statement No.123(R). The Commission's new rule allows a calendar year-end company to delay compliance with Statement No.123(R) until the first quarter of 2006. The Company has not determined the impact of Statement No. 123(R).

#### Forward-Looking Statements

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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 performance or outcomes 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 that could cause actual results or outcomes to differ materially from those reported, expected or anticipated 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 and business spending, changes in relationships with customers, customer acceptance of existing and new products, new home and existing home sales, raw material cost and availability, freight cost, and other factors that generally effect business.

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

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Borrowings under Chromcraft Revington's bank revolving loan facility 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 2005.

The Company purchases certain raw materials and finished furniture, primarily from China. These purchases are fixed price contracts payable in U.S. dollars and, therefore, the Company has no material foreign exchange rate risk exposure.

### Item 4. Controls and Procedures

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Chromcraft Revington's principal executive officer and principal financial officer have concluded, based upon their evaluation, that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended), are effective as of the end of the period covered by this Form 10-Q.

There have been no significant changes in Chromcraft Revington's internal control over financial reporting that occurred during the quarter covered by this Form 10-Q that may have materially affected, or are reasonably likely to materially affect, Chromcraft Revington's internal control over financial reporting.

## PART II.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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The following table represents information with respect to shares of Chromcraft Revington common stock repurchased by the Company during the three months ended October 1, 2005.

#### Purchase of Equity Securities

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| Period                             | Total number<br>of shares<br>purchased | Average<br>price paid<br>per share | Total number of<br>shares purchased<br>as part of<br>publicly announced<br>plans or programs |
|------------------------------------|--|------------------------------------|--|
| -----                              | -----                                  | -----                              | -----  |
| July 3, 2005 to July 30, 2005      | -                                      | -                                  | -  |
| July 31, 2005 to August 27, 2005   | -                                      | -                                  | -  |
| August 28, 2005 to October 1, 2005 | -                                      | -                                  | -  |

### Item 6. Exhibits

- 31.1 Certification of Chief Executive Officer required pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 31.2 Certification of Chief Financial Officer required pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 32.1 Certifications of Chief Executive Officer and Chief Financial

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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).

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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.

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(Registrant)

Date: November 4, 2005

By: /s/ Frank T. Kane

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

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