

TABLE I
HOOKE FURNITURE CORPORATION
 UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
 (In thousands, except per share data)

	Three Months Ended November 30,		Twelve Months Ended November 30,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Net sales.....	\$79,665	\$70,438	\$309,005	\$248,346
Cost of sales.....	<u>58,380</u>	<u>48,209</u>	<u>226,880</u>	<u>179,558</u>
Gross profit	21,285	22,229	82,125	68,788
Selling and administrative expenses.....	15,087	12,327	54,903	42,469
Restructuring charge (a)	—	—	<u>1,470</u>	—
Operating income	6,198	9,902	25,752	26,319
Other income (expense), net.....	<u>(72)</u>	<u>83</u>	<u>286</u>	<u>560</u>
Income before interest and income taxes.....	6,126	9,985	26,038	26,879
Interest expense	<u>648</u>	<u>493</u>	<u>2,638</u>	<u>2,094</u>
Income before income taxes	5,478	9,492	23,400	24,785
Income taxes	<u>1,882</u>	<u>3,584</u>	<u>8,690</u>	<u>9,394</u>
Net income	\$ <u>3,596</u>	\$ <u>5,908</u>	\$ <u>14,710</u>	\$ <u>15,391</u>
Earnings per share (b):				
Basic and diluted.....	\$ <u>.31</u>	\$ <u>.52</u>	\$ <u>1.28</u>	\$ <u>1.36</u>
Weighted average shares outstanding	<u>11,553</u>	<u>11,314</u>	<u>11,474</u>	<u>11,285</u>

(a) In May 2003, the Company recorded a special pretax charge of \$1.5 million (\$911,000 after tax, or \$0.08 per share) for severance and related asset impairment in connection with the August 2003 closing of its Kernersville, N.C. facility, which affected 290 employees.

(b) All share and per share data reflect the effect of a two-for-one stock split to be distributed in the form of a stock dividend on January 30, 2004.

TABLE II
HOOKE FURNITURE CORPORATION
 UNAUDITED CONSOLIDATED BALANCE SHEETS
 (In thousands)

	November 30, <u>2003</u> (a)	November 30, <u>2002</u>
Assets		
Current assets		
Cash and cash equivalents.....	\$ 14,859	\$ 2,316
Trade receivables less allowances	37,601	33,771
Inventories.....	42,442	54,959
Prepaid expenses and other	<u>3,924</u>	<u>2,225</u>
Total current assets.....	98,826	93,271
Property, plant, and equipment, net.....	53,582	49,577
Intangible and other assets.....	<u>14,691</u>	<u>7,033</u>
Total assets	<u>\$167,099</u>	<u>\$149,881</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Trade accounts payable	\$ 6,945	\$ 5,427
Accrued salaries, wages, and benefits	5,476	6,022
Accrued income taxes	308	3,169
Other accrued expenses.....	2,612	4,372
Current maturities of long-term debt.....	<u>8,671</u>	<u>2,905</u>
Total current liabilities.....	24,012	21,895
Long-term debt, less current maturities.....	22,166	21,798
Other long-term liabilities	<u>4,657</u>	<u>5,144</u>
Total liabilities	50,835	48,837
Shareholders' equity.....	<u>116,264</u>	<u>101,044</u>
Total liabilities and shareholders' equity	<u>\$167,099</u>	<u>\$149,881</u>

(a) In January 2003, the Company completed its acquisition of substantially all of the assets of Cherryville, N.C.-based leather seating specialist Bradington-Young, LLC. The Company acquired those assets for an aggregate consideration of \$26.6 million, approximately \$4.1 million of which was assumed debt. The consolidated balance sheet as of November 30, 2003 reflects those assets and liabilities.

TABLE III
HOOKER FURNITURE CORPORATION
 UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)

	Twelve Months Ended November 30, November 30, 2003 2002	
Cash flows from operating activities		
Cash received from customers	\$311,169	\$244,376
Cash paid to suppliers and employees	(258,327)	(230,982)
Income taxes paid, net	(9,436)	(5,980)
Interest paid, net	(2,199)	(1,719)
Net cash provided by operating activities	<u>41,207</u>	<u>5,695</u>
Cash flows from investing activities		
Purchase of property, plant, and equipment	(3,974)	(6,082)
Acquisition of Bradington-Young, net of cash acquired	(22,083)	
Sale of property	992	18
Net cash used in investing activities	<u>(25,065)</u>	<u>(6,064)</u>
Cash flows from financing activities		
Proceeds from long-term debt	77,319	3,000
Payments on long-term debt (including \$4.1 million assumed in the acquisition of Bradington-Young)	(75,258)	(5,208)
Payment to terminate interest rate swap agreements	(3,205)	
Cash dividends paid	(2,455)	(1,866)
Purchase and retirement of common stock	(1,167)	(1,167)
Net cash provided by (used in) financing activities	<u>(3,599)</u>	<u>(5,241)</u>
Net increase in cash and cash equivalents	12,543	(5,610)
Cash and cash equivalents at beginning of year	<u>2,316</u>	<u>7,926</u>
Cash and cash equivalents at end of period	<u>\$ 14,859</u>	<u>\$ 2,316</u>
Reconciliation of net income to net cash provided by operating activities		
Net income	\$ 14,710	\$ 15,391
Depreciation and amortization	8,724	8,103
Non-cash ESOP cost	2,910	1,794
Restructuring and related asset impairment charge	1,470	(634)
Gain on disposal of property	(85)	(5)
Changes in assets and liabilities, net of effects of acquisition:		
Trade receivables	1,732	(4,341)
Inventories	18,641	(21,437)
Income tax recoverable	(185)	1,359
Prepaid expenses and other assets	(553)	(1,626)
Trade accounts payable	(448)	1,339
Accrued salaries, wages, and benefits	(2,596)	1,233
Accrued income taxes	(2,861)	3,169
Other accrued expenses	(1,704)	601
Other long-term liabilities	1,452	749
Net cash provided by operating activities	<u>\$ 41,207</u>	<u>\$ 5,695</u>