

HOOKER FURNITURE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

| | Three Months Ended November 30, | | Twelve Months Ended November 30, | |
|---|------------------------------------|-----------------|-------------------------------------|-----------------|
| | 2002 | 2001 | 2002 | 2001 |
| Net sales..... | \$70,438 | \$59,181 | \$248,346 | \$221,289 |
| Cost of sales..... | <u>48,209</u> | <u>44,911</u> | <u>179,558</u> | <u>170,008</u> |
| Gross profit | 22,229 | 14,270 | 68,788 | 51,281 |
| Selling and administrative expenses..... | 12,327 | 10,374 | 42,469 | 39,323 |
| Restructuring charge (1) | <u> </u> | <u> </u> | <u> </u> | <u>881</u> |
| Operating income | 9,902 | 3,896 | 26,319 | 11,077 |
| Other income, net | 83 | 248 | 560 | 1,213 |
| Interest expense | <u>493</u> | <u>603</u> | <u>2,094</u> | <u>2,140</u> |
| Income before taxes | 9,492 | 3,541 | 24,785 | 10,150 |
| Income taxes..... | <u>3,584</u> | <u>1,009</u> | <u>9,394</u> | <u>3,640</u> |
| Net income | <u>\$ 5,908</u> | <u>\$ 2,532</u> | <u>\$ 15,391</u> | <u>\$ 6,510</u> |
| Earnings per share: | | | | |
| Basic and diluted..... | <u>\$ 1.04</u> | <u>\$ 0.45</u> | <u>\$ 2.73</u> | <u>\$ 1.12</u> |
| Weighted average shares outstanding | <u>5,657</u> | <u>5,648</u> | <u>5,643</u> | <u>5,809</u> |

(1) In August 2001, the Company recorded a pretax charge of \$881,000 (\$546,000 after tax) for severance and early retirement benefits related to a workforce reduction of approximately 100 employees at its Martinsville, Virginia facility. In addition, the Company charged against operations, a \$321,000 pretax expense (\$199,000 after tax) related to the repurchase, as required by the terms of the ESOP, of 19,000 shares of common stock by the ESOP from ESOP participants whose employment was terminated in connection with the workforce reduction. These shares have been reallocated to active ESOP participants. These combined, non-recurring charges reduced operating income by \$1.2 million and reduced net income by \$745,000, or \$0.13 per share.

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

| | November 30, 2002 | November 30, 2001 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash, primarily interest-bearing deposits | \$ 2,316 | \$ 7,926 |
| Trade receivables, net..... | 33,771 | 29,430 |
| Inventories..... | 54,959 | 33,522 |
| Income taxes recoverable | | 1,359 |
| Prepaid expenses and other | <u>2,225</u> | <u>2,368</u> |
| Total current assets | 93,271 | 74,605 |
| Property, plant, and equipment, net | 49,577 | 49,952 |
| Other assets..... | <u>7,033</u> | <u>6,138</u> |
| Total assets | <u>\$149,881</u> | <u>\$130,695</u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Trade accounts payable | \$ 5,427 | \$ 4,088 |
| Accrued salaries, wages, and benefits | 6,022 | 4,789 |
| Accrued income taxes | 3,169 | |
| Other accrued expenses | 4,372 | 3,374 |
| Current maturities of long-term debt | <u>2,905</u> | <u>2,730</u> |
| Total current liabilities | 21,895 | 14,981 |
| Long-term debt | 21,798 | 24,181 |
| Other long-term liabilities | <u>5,144</u> | <u>4,395</u> |
| Total liabilities..... | 48,837 | 43,557 |
| Common stock held by ESOP | | 9,397 |
| Shareholders' equity | <u>101,044</u> | <u>77,741</u> |
| Total liabilities and shareholders' equity | <u>\$149,881</u> | <u>\$130,695</u> |