

Edgar Filing: RIVIERA TOOL CO - Form 10-Q

RIVIERA TOOL CO  
Form 10-Q  
July 14, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 31, 2003

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 no. 001-12673

RIVIERA TOOL COMPANY

-----  
(Exact name of registrant as specified in its charter)

Michigan

38-2828870

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer  
Identification No.)

5460 Executive Parkway S.E., Grand Rapids, Michigan 49512

-----  
(Address of principal executive offices) (Zip Code)

(616) 698-2100

-----  
(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

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There were 3,379,609 shares of the Registrant's common stock outstanding as July 14, 2003.

1.

PART I  
FINANCIAL INFORMATION

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| ASSETS   |      | MAY 31<br>2003  |
|--|------|-----------------|
| -----  | NOTE | (UNAUDITED)     |
| CURRENT ASSETS   |      |                 |
| -----  |      |                 |
| Cash.....  |      | \$              |
| Accounts receivable.....   |      | 4,              |
| Costs in excess of billings on contracts in process.....   | 2    | 6,              |
| Inventories.....   |      |                 |
| Prepaid expenses and other current assets.....   |      |                 |
|  |      | -----           |
| Total Current assets.....  |      | 12,             |
| PROPERTY, PLANT AND EQUIPMENT, NET.....  | 3    | 13,             |
| PERISHABLE TOOLING.....  |      |                 |
| OTHER ASSETS.....  |      |                 |
|  |      | -----           |
| Total assets.....  |      | \$ 26,<br>===== |
|  |      |                 |
| LIABILITIES AND<br>STOCKHOLDERS' EQUITY  |      |                 |
| CURRENT LIABILITIES  |      |                 |
| Current portion of long-term debt.....   | 4    | \$              |
| Notes payable.....   | 4    | 6,              |
| Accounts payable.....  |      | 6,              |
| Accrued liabilities.....   |      |                 |
|  |      | -----           |
| Total Current liabilities.....   |      | 13,             |
| LONG-TERM DEBT.....  | 4    |                 |
| ACCRUED LEASE EXPENSE.....   |      |                 |
|  |      | -----           |
| Total liabilities.....   |      | 14,<br>-----    |
| PREFERRED STOCK - no par value, \$100 mandatory redemption value:<br>Authorized - 5,000 shares<br>Issued and outstanding - no shares.....              |      |                 |
| STOCKHOLDERS' EQUITY:<br>Preferred stock - no par value,<br>Authorized - 200,000 shares<br>Issued and outstanding - no shares.....                     |      |                 |
| Common stock - No par value:<br>Authorized - 9,785,575 shares<br>Issued and outstanding - 3,379,609 shares at<br>May 31, 2003 and August 31, 2002..... |      | 15,<br>(2,      |
| Retained deficit.....  |      | -----           |
| Total stockholders' equity.....  |      | 12,<br>-----    |
| Total liabilities and stockholders' equity.....  |      | \$ 26,<br>===== |

See notes to financial statements

RIVIERA TOOL COMPANY  
STATEMENTS OF OPERATIONS  
(UNAUDITED)

|  | FOR THE THREE MONTHS<br>ENDED |              |
|--|-------------------------------|--------------|
|  | 2003                          | 2002         |
| SALES .....  | \$ 9,919,178                  | \$ 3,702,425 |
| COST OF SALES .....                                    | 8,826,409                     | 3,565,402    |
| GROSS PROFIT (LOSS) .....                              | 1,092,769                     | 137,023      |
| SELLING AND ADMINISTRATIVE EXPENSES .....              | 505,935                       | 440,943      |
| INCOME (LOSS) FROM OPERATIONS .....                    | 586,834                       | (303,920)    |
| OTHER EXPENSE:   |                               |              |
| Interest expense .....                                 | 118,330                       | 149,769      |
| Other (Income)/expense .....                           | 77,405                        | (1,057)      |
| TOTAL OTHER EXPENSE - NET .....                        | 195,735                       | 148,712      |
| INCOME (LOSS) BEFORE TAXES ON INCOME .....             | 391,099                       | (452,632)    |
| INCOME TAXES .....                                     | --                            | --           |
| NET INCOME (LOSS) AVAILABLE FOR COMMON SHARES .....    | \$ 391,099                    | \$ (452,632) |
| BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE ..... | \$ .12                        | \$ (.13)     |
| BASIC AND DILUTED COMMON SHARES OUTSTANDING .....      | 3,379,609                     | 3,379,609    |

See notes to financial statements

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RIVIERA TOOL COMPANY  
STATEMENTS OF CASH FLOWS  
(UNAUDITED)

|   | FOR THE THREE MONTHS<br>ENDED |           |
|---|-------------------------------|-----------|
|   | 2003                          | 2002      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                               |           |
| Net income/(loss) .....   | \$ 391,099                    | \$ (452,6 |
| Adjustments to reconcile net income/(loss) to net<br>cash from operating activities:            |                               |           |
| Depreciation and amortization .....   | 460,482                       | 477,4     |
| (Increase) decrease in assets:  |                               |           |
| Accounts receivable .....   | 4,825,325                     | 890,8     |
| Costs in excess of billings on contracts in process .....                                       | (5,440,988)                   | 98,0      |
| Perishable tooling .....  | (34,650)                      | (6,1      |
| Prepaid expenses and other current assets .....   | 20,061                        | (65,9     |
| Increase (decrease) in liabilities:   |                               |           |
| Accounts payable .....  | 2,122,045                     | (88,6     |
| Accrued liabilities .....   | 397,135                       | 23,2      |
| Accrued lease expense .....   | (8,761)                       | (4,0      |
| Net cash provided by/(used in) operating activities .....                                       | \$ 2,731,748                  | \$ 871,9  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                               |           |
| Increase in other assets .....  | --                            |           |
| Additions to property, plant and equipment .....  | (121,706)                     | (186,5    |
| Net cash used in investing activities .....   | \$ (121,706)                  | \$ (186,5 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                               |           |
| Net borrowings (repayments) on revolving credit line .....                                      | (2,454,658)                   | (594,9    |
| Issuance of debt .....  | --                            |           |
| Principal payments on notes payable to bank<br>and non-revolving equipment line of credit ..... | (155,384)                     | (183,9    |
| Net cash provided by/(used in) financing activities .....                                       | \$ (2,610,042)                | (778,9    |
| NET INCREASE/(DECREASE) IN CASH .....   | \$ --                         | (93,5     |
| CASH - Beginning of Period .....  | --                            | 146,9     |
| CASH - End of Period .....  | \$ --                         | 53,4      |

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RIVIERA TOOL COMPANY  
 NOTES TO FINANCIAL STATEMENTS  
 MAY 31, 2003

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited interim financial statements (the "Financial Statements") of Riviera Tool Company (the "Company") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, the Financial Statements do not include all the information and footnotes normally included in the annual financial statements prepared in accordance with generally accepted accounting principles.

In the opinion of management, the Financial Statements reflect all adjustments (consisting only of normal recurring adjustments) necessary to present fairly such information in accordance with generally accepted accounting principles. These Financial Statements should be read in conjunction with the financial statements and footnotes thereto included in the Company's Form 10-K dated December 17, 2002, for the fiscal year ended August 31, 2002.

The results of operations for the three and nine month periods ended May 31, 2003 is not indicative of the results to be expected for the full year.

NOTE 2 - COSTS AND BILLINGS ON CONTRACTS IN PROCESS

Costs and billings on contracts in process are as follows:

|   | MAY 31,<br>2003 |
|---|-----------------|
|   | -----           |
| Costs incurred on contracts in process under the<br>Percentage of completion method ..... | \$ 23,382,313   |
| Estimated gross profit (loss) .....   | 1,000,000       |
|   | -----           |
| Total .....   | 24,382,313      |
| Less progress payments received and progress billings to date .....                       | 17,496,366      |
| Plus costs incurred on contracts in process under<br>the completed contract method .....  | --              |
|   | -----           |
| Costs in excess of billings on contracts in process .....                                 | \$ 6,885,947    |
|   | =====           |

Included in estimated gross loss for May 31, 2003 and August 31, 2002 are jobs with losses accrued of \$886,535 and \$973,985, respectively.

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consist of the following:

MAY 31,  
2003  
-----

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|   |              |
|---|--------------|
| Lease and leasehold improvements .....          | \$ 1,367,908 |
| Office furniture and fixtures .....             | 164,417      |
| Machinery and equipment .....                   | 22,372,260   |
| Construction in Process .....                   | 53,823       |
| Computer equipment and software .....           | 2,223,366    |
| Transportation equipment .....                  | 61,919       |
|   | -----        |
| Total cost .....                                | 26,243,693   |
| Accumulated depreciation and amortization ..... | 12,971,208   |
|   | -----        |
| Net carrying amount .....                       | \$13,272,485 |
|   | =====        |

6.

RIVIERA TOOL COMPANY  
 NOTES TO FINANCIAL STATEMENTS  
 MAY 31, 2003

NOTE 4 - DEBT

On December 23, 2003, the Company refinanced its outstanding debt. Under such refinancing, the Company obtained a \$7.5 million Revolving Line of Credit and a \$2.0 million Term Loan, each expiring December 1, 2003. The unpaid balance of approximately \$1.4 million with the Company's former lender was converted into a five-year subordinated note. The Company's current indebtedness, which is subject to certain covenants discussed below, consists of the following:

MAY 31,  
 2003

REVOLVING WORKING CAPITAL CREDIT LINE

The revolving working capital credit line is collateralized by substantially all assets of the Company and provided for borrowing, subject to certain collateral requirements up to \$7.5 million. The agreement requires a commitment fee of .25% per annum on the average daily unused portion of the revolving credit line. The credit line is due December 1, 2003, and bears interest, payable monthly, at 1.0% above the bank's prime rate (as of May 31, 2003, an effective rate of 5.25%)..... \$ 3,172,

The credit line was paid and terminated on December 23, 2002.....

NOTES PAYABLE TO BANKS

Note payable to bank, payable in monthly installments of \$33,334, plus interest at the bank's prime rate plus 1.25% (as of May 31, 2003, an effective rate of 5.50%), due December 1, 2003..... 1,866,

Subordinated note payable to bank, payable in monthly installments of \$31,000, including interest at 11%, due January 1, 2008..... 1,345,

Note payable to bank, paid on December 23, 2002.....

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Note payable to bank, paid on December 23, 2002.....

NON-REVOLVING EQUIPMENT LINE OF CREDIT  
-----

\$3,271,000 equipment line of credit, paid on December 23, 2002.....

|   |        |
|---|--------|
| Total debt.....                             | 6,385, |
| Less current portion of long-term debt..... |        |
| Less notes payable.....                     | 6,385, |
| Long-term debt-- Net.....                   | \$     |

7.

RIVIERA TOOL COMPANY  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2003

NOTE 4 - DEBT - CONTINUED

Under the loan agreement, the Company is required to maintain certain levels of Tangible Net Worth, Debt to Tangible Net Worth and Debt Service Coverage. At May 31, 2003, the Company was in compliance with all of these covenants except for the Tangible Net Worth covenant. The loan agreement expires December 1, 2003 and the related debt is recorded as current portion of long-term debt and current notes payable. The Company is negotiating with its primary lender for a longer term loan agreement and anticipates such will be completed in the fourth quarter of 2003.

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

RESULTS OF OPERATIONS

The following table presents, for the periods therein, the components of the Company's Statements of Operations as a percentage of sales.

|                           | FOR THE THREE MONTHS ENDED |        | F |
|---------------------------|----------------------------|--------|---|
|                           | MAY 31,                    |        |   |
|                           | 2003                       | 2002   | 2 |
| SALES .....               | 100.0%                     | 100.0% | 1 |
| COST OF SALES .....       | 89.0%                      | 96.3%  |   |
| GROSS PROFIT (LOSS) ..... | 11.0%                      | 3.7%   |   |



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|   |       |         |
|---|-------|---------|
| SELLING AND ADMINISTRATIVE EXPENSES ..... | 5.1%  | 11.9%   |
|   | ----- | -----   |
| INCOME (LOSS) FROM OPERATIONS .....       | 5.9%  | (8.2%)  |
| INTEREST EXPENSE .....                    | 1.2%  | 4.0%    |
| OTHER EXPENSE .....                       | 0.8%  | --      |
|   | ----- | -----   |
| TOTAL INTEREST & OTHER EXPENSE .....      | 2.0%  | 4.0%    |
| INCOME (LOSS) BEFORE                      |       |         |
| TAXES ON INCOME .....                     | 3.9%  | (12.2%) |
| INCOME TAXES .....                        | --    | --      |
|   | ----- | -----   |
| NET LOSS .....                            | 3.9%  | (12.2%) |
|   | ===== | =====   |

### FORWARD-LOOKING STATEMENT; RISKS AND UNCERTAINTIES

CERTAIN INFORMATION INCLUDED IN THIS QUARTERLY REPORT ON FORM 10-Q AND OTHER MATERIALS FILED OR TO BE FILED BY THE COMPANY WITH THE SECURITIES AND EXCHANGE COMMISSION CONTAIN CERTAIN STATEMENTS THAT MAY BE CONSIDERED FORWARD-LOOKING. FOR THIS PURPOSE, ANY STATEMENTS CONTAINED IN THIS REPORT THAT ARE NOT STATEMENTS

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OF HISTORICAL FACT MAY BE DEEMED TO BE FORWARD-LOOKING STATEMENTS. WITHOUT LIMITING THE FOREGOING, WORDS SUCH AS "MAY," "WILL," "EXPECT," "BELIEVE," "ANTICIPATE," "UNDERSTANDING," OR "CONTINUE," THE NEGATIVE OR OTHER VARIATION THEREOF, OR COMPARABLE TERMINOLOGY, ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. IN ADDITION, FROM TIME TO TIME, THE COMPANY MAY RELEASE OR PUBLISH FORWARD-LOOKING STATEMENTS RELATING TO SUCH MATTERS AS ANTICIPATED FINANCIAL PERFORMANCE, BUSINESS PROSPECTS, TECHNOLOGICAL DEVELOPMENTS AND SIMILAR MATTERS. THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 PROVIDES A SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS. IN ORDER TO COMPLY WITH THE TERMS OF THE SAFE HARBOR, THE COMPANY NOTES THAT A VARIETY OF FACTORS COULD CAUSE THE COMPANY'S ACTUAL RESULTS AND EXPERIENCE TO DIFFER MATERIALLY FROM THE ANTICIPATED RESULTS OR OTHER EXPECTATIONS EXPRESSED IN THE COMPANY'S FORWARD-LOOKING STATEMENTS. THESE STATEMENTS BY THEIR NATURE INVOLVE SUBSTANTIAL RISKS AND UNCERTAINTIES, AND ACTUAL RESULTS MAY DIFFER MATERIALLY DEPENDING UPON A VARIETY OF FACTORS, INCLUDING CONTINUED MARKET DEMAND FOR THE TYPES OF PRODUCTS AND SERVICES PRODUCED AND SOLD BY THE COMPANY.

COMPARISON OF THE THREE MONTHS ENDED MAY 31, 2003 TO THE THREE MONTHS ENDED MAY 31, 2002.

### REVENUES

Revenues for the three months ended May 31, 2003 totaled \$9.9 million as compared to \$3.7 million for the three months ended May 31, 2002, an increase of

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\$6.2 million or 168%. The revenue increase is a direct result of the Company being awarded additional contracts during the latter part of fiscal year ended August 31, 2002 as well as in the second quarter ended February 28, 2003. These additional contracts resulted in the Company incurring approximately 83,000 shop floor hours during the third quarter of 2003, as compared to 49,000 during the same period of 2002, an increase of 34,000 hours or 69%.

As of May 31, 2003, the Company had approximately \$26.1 million in contract backlogs. This compares to approximately \$21.7 million as of May 31, 2002, an increase of \$4.4 million or 20%. This backlog, in shop floor hours, increased from 243,000 as of May 31, 2002 to 254,000 as of May 31, 2003, an increase of 4.5%. The Company was awarded additional contracts in excess of \$5.6 million during the third quarter of 2003, as compared to \$17.6 million in the same quarter last year.

### COST OF SALES

Cost of sales was \$8.8 million or 89.0% of sales for the three months ended May 31, 2003 as compared to \$3.6 million or 96.3% of sales for the three months ended May 31, 2002. The increase in gross margin was largely due to the increase in revenue, which absorbed more of the Company's fixed overhead.

Direct costs increased from \$1.6 million for the three months ended May 31, 2002 to \$6.4 million for the three months ended May 31, 2003, as a percent of sales it increased from 42.2% to 64.8%. Direct labor expense was \$872,000 in 2002 as compared to \$1,710,000 in 2003 however, as a percent of sales, direct labor expense decreased from 23.6% to 17.2%. While direct labor expense increased by \$838,000 or 96%, actual shop floor hours increased from 49,000 to 83,000. The increase in shop floor hours was a direct result of higher contract levels for the three months ended May 31, 2003. Other direct cost increases included \$1,418,000 in direct material expense and \$2,611,000 in outside service expenses. As a percent of sales, these other direct expenses represented 47.6% for the three months ended May 31, 2003 as compared to 18.6% for the three months ended May 31, 2002. These increases were largely due to the increased volumes and related outsourcing contracts. The Company, as a result of its increased backlog, is outsourcing certain stamping die construction to other die manufacturers. As a result, the Company has recorded approximately \$1.9 million of expense during the third quarter of 2003 related to the outsourcing die construction. The remaining outside services expense increases included approximately \$197,000 in patterns and \$517,000 in other outside services.

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Engineering expense increased from \$424,000 for the three months ended May 31, 2002 to \$660,000 for the three months ended May 31, 2003 however, as a percent of sales, engineering expense decreased from 11.4% to 6.7%. This increase was a result of the higher engineering component of the Company's contract backlog including project management of certain contracts. The Company has increased its engineering staff in the past few quarters to process the additional awarded contracts.

Manufacturing overhead expense during the third quarter of 2003 increased by \$158,000 over the same period last year, however due to increased revenues, manufacturing overhead, as a percent of sales, decreased from 42.7% for the three months ended May 31, 2002 to 17.5% for the three months ended May 31, 2003.

### SELLING & ADMINISTRATIVE EXPENSES

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Selling and administrative expenses increased from \$441,000 for the three months ended May 31, 2002 to \$506,000 for the three months ended May 31, 2003. As a percent of sales, selling and administrative expense decreased from 11.9% to 5.1%.

### INTEREST EXPENSE

Interest expense for the three months ended May 31, 2003 was approximately \$118,000 as compared to approximately \$150,000 for the three months ended May 31, 2002. As a percentage of sales, interest expense decreased from 4.0% in the quarter ended May 31, 2002 to 1.2% for the quarter ended May 31, 2003. This decrease was the result of lower debt levels and interest rates during the quarter ended May 31, 2003 as compared to the previous comparable quarter.

OTHER EXPENSE - Other expense for the three months ended May 31, 2003 was approximately \$77,000 due to fees and expenses incurred during the second quarter of 2003 in relation to the Company's debt refinancing. Such expenses and fees are being amortized over the term of the financing (one year).

COMPARISON OF THE NINE MONTHS ENDED MAY 31, 2003 TO THE NINE MONTHS ENDED MAY 31, 2002.

### REVENUES

Revenues for the nine months ended May 31, 2003 totaled \$22.6 million as compared to \$10.5 million for the nine months ended May 31, 2002, an increase of \$12.1 million or 115%. The revenue increase is a direct result of the Company receiving additional orders during the past year. For the nine months ended May 31, 2003, the Company had incurred approximately 213,000 shop floor hours as compared to 138,000 during the same period of 2002, an increase of 75,000 hours or 54%.

### COST OF SALES

Cost of sales was \$20.3 million or 90.0% of sales for the nine months ended May 31, 2003 as compared to \$10.7 million or 101.8% of sales for the same period last year. The increase in gross margin was due to the Company's increased backlog and revenues thus resulting in improved absorption of the Company's fixed manufacturing overhead.

Direct costs increased from \$4.9 million in 2002 to \$13.5 million in 2003 and, as a percent of sales, direct costs increased from 47.0% to 60.0%. Direct labor expense was \$4.2 million in 2003 as compared to \$2.7 million in 2002 however, as a percent of sales, direct labor expense decreased from 25.2% in 2002 to 18.4% in 2003. The increase in direct labor expense of \$1.5 million was a direct result of higher contract level requirements and resulting increase in shop floor hours during the first three quarters of 2003. Direct material expense increased from \$1.7 million in 2002 to \$4.1 million in 2003, however as a result of the increase in revenue, direct material expense, as a percent of sales, increased from 16.3% in 2002 to 18.1% in 2003. Outside service expenses increased from

10.

\$623,000 in 2002 to \$5.3 million in 2003 and, as a percent of sales, increased from 5.9% to 23.5%. This significant increase was largely due to the increased volumes and related outsourcing contracts. The Company, as a result of its increased backlog, is outsourcing certain stamping die construction to other die

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manufacturers and has recorded approximately \$3.0 million of related expense during the first nine months of 2003. The remaining outside services expense increases included approximately \$429,000 in patterns and \$1.25 million in other outside services.

Engineering expense increased from \$1.1 million for the nine months ended May 31, 2002 to \$1.7 million for same period of 2003 however, as a percent of sales engineering expense decreased from 10.1% to 7.6%. The increase in engineering expense was largely in salaries as a result of the Company increasing its engineering staffing levels for the Company's increased backlog.

Manufacturing overhead expense increased from \$4.7 million for the nine months ended May 31, 2002 to \$5.0 million for the same period in 2003, however, due to increased revenues, it decreased, as a percent of sales, from 44.6% to 22.3%. The largest increases during this period in 2003 as compared to 2002 included \$129,000 in payroll tax expense and \$111,000 in medical, workers compensation and general insurance.

### SELLING & ADMINISTRATIVE EXPENSES

Selling and administrative expenses decreased from \$1,285,000 or 12.2% of sales for the nine months ended May 31, 2002 to \$1,244,000 or 5.5% of sales in 2003.

### INTEREST EXPENSE

Interest expense for the nine months ended May 31, 2003, compared to 2002, decreased slightly to \$417,000 or 1.8% of sales from \$487,000 or 4.6% of sales. This decrease was the result of lower debt levels and interest rates during the nine months ended May 31, 2003 as compared to the previous comparable period.

### OTHER EXPENSE

Other expense for the nine months ended May 31, 2003 was approximately \$161,000 or 0.7% of sales. This cost was due to fees and expenses incurred during the second quarter of 2003 in relation to the Company's debt refinancing. Such expenses and fees are being amortized over the term of the financing (one year).

### FEDERAL INCOME TAXES

For the nine months ended May 31, 2003, the Company decreased its valuation allowance by \$147,000 to reflect the deferred tax assets utilized to reduce current income taxes.

### LIQUIDITY AND CAPITAL RESOURCES

For the nine months ended May 31, 2003, the Company's cash provided by operating activities was \$1,836,000. This largely resulted from increases of \$1,995,000 in account receivables and \$2,898,000 in contracts in process. These increases were offset by a \$5,181,000 increase in accounts payable and accrued expenses. From investing activities, the Company incurred an increase in other assets (cash surrender value of life insurance policies) of \$22,000 and acquired \$182,000 in plant, property and equipment. The Company used \$3,327,000 to reduce the revolving credit line and \$642,000 to reduce long-term and subordinated debt.

The Company believes that the unused portion of the Revolving Line of Credit and funds generated from operations including continuing receipt of progress payments from the Company's major customer will be sufficient to cover anticipated cash needs through fiscal 2003. However, depending on the level of future sales, and the terms of such sales, an expanded credit line may be necessary to finance increases in trade accounts receivable and contracts in process. The Company believes it will be able to obtain such expanded credit line, if required, on generally the same terms as the existing credit line.

11.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

None.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time period specified in the rules and forms of the Securities and Exchange Commission. Based upon their evaluation of those controls and procedures performed within 90 days of the filing date of this report, the Chief Executive and Chief Financial Officers of the Company concluded that the Company's disclosure controls and procedures were adequate.

The Company made no significant changes in its internal controls or in other factors that could significantly affect those controls subsequent to the date of the evaluation of those controls by the Chief Executive and Chief Financial Officers.

PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION

Under the Company's loan agreement with its primary lender, the Company is required to maintain certain levels of Tangible Net Worth, Debt to Tangible Net Worth and Debt Service Coverage. At May 31, 2003, the Company was in compliance with all of these covenants except for the Tangible Net Worth covenant. The loan agreement expires December 1, 2003 and the related debt is recorded as current portion of long-term debt and current notes payable. The Company is negotiating with its primary lender for a longer-term loan agreement and anticipates such will be completed in the fourth quarter of 2003.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

None

(b) Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 14, 2003

Riviera Tool Company

/s/ Kenneth K. Rieth

-----  
Kenneth K. Rieth

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President and Chief Executive Officer  
(Principal Executive Officer)

12.

/s/ Peter C. Canepa

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Peter C. Canepa  
Chief Financial Officer, Treasurer and  
Secretary (Principal Financial  
and Accounting Officer)

13.

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Riviera Tool Company (the "Company") on Form 10-Q for the period ending May 31, 2003 as filed with the Securities and Exchange Commission on the date hereof, I, Kenneth K. Rieth, Chief Executive Officer of registrant, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 302 of the Sarbanes-Oxley Act of 2002, that:

(1) I have reviewed this quarterly report on Form 10-Q of Riviera Tool Company;

(2) Based on my knowledge, this quarterly 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 this quarterly report; and

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of registrant as of, and for, the periods presented in this quarterly report; and

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

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(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

(6) The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: July 14, 2003

By: /s/ Kenneth K. Rieth

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Kenneth K. Rieth  
Chief Executive Officer

14.

This certification accompanies this Report on Form 10-Q pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

15.

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Riviera Tool Company (the "Company") on Form 10-Q for the period ending May 31, 2003 as filed with the Securities and Exchange Commission on the date hereof, I, Peter C. Canepa, Chief Financial Officer of registrant, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 302 of the Sarbanes-Oxley Act of 2002, that:

(1) I have reviewed this quarterly report on Form 10-Q of Riviera Tool Company;

(2) Based on my knowledge, this quarterly 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 this quarterly report; and

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of registrant as of, and for, the periods presented in this quarterly report; and

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the



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equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

(6) The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: July 14, 2003

By: /s/ Peter C. Canepa

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Peter C. Canepa  
Chief Financial Officer

16.

This certification accompanies this Report on Form 10-Q pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

17.

10-Q EXHIBIT INDEX

| EXHIBIT NO. | DESCRIPTION  |
|-------------|--|
| EX-99.1     | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| EX-99.2     | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |