NOBLE INTERNATIONAL LTD
Form 10-Q
November 14, 2002

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the quarterly period ended September 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to ____________________

Commission File Number: 001-13581

NOBLE INTERNATIONAL, LTD.
(Exact name of registrant as specified in its charter)

Delaware	38-3139487
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

28213 Van Dyke Road, Warren, MI 48093
(Address of principal executive offices)
(Zip Code)

(586) 751-5600
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 X No ___

The number of shares of the registrant's common stock, $.001 par value, outstanding as of November 14, 2002 was 7,715,387.

NOBLE INTERNATIONAL, LTD.
FORM 10-Q INDEX

This report contains statements (including certain projections and business trends) accompanied by such phrases as "assumes," "anticipates," "believes," "expects," "estimates," "projects," "will" and other similar expressions, that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Statements regarding future operating performance, new programs expected to be launched and other future prospects and developments are based upon current expectations and involve certain risks and uncertainties that could cause actual results and developments to differ materially. Potential risks and uncertainties include such factors as demand for the company's products, pricing, the company's growth strategy, including its ability to consummate and successfully integrate future acquisitions, industry cyclicality, fuel prices and seasonality, the company's ability to continuously improve production technologies, activities of competitors and other risks detailed in the company's Annual Report on Form 10-K for the year ended December 31, 2001 and other filings with the Securities and Exchange Commission. These forward looking statements are made only as of the date hereof.

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PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

NOBLE INTERNATIONAL, LTD.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	SEPTEMBER 30, 2002 (unaudited)	DECE 2
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 5,494	$
Accounts receivable, trade - net	29,558	
Inventories	22,889	
Deferred tax asset	506	
Income taxes refundable	474	
Prepaid expenses	5,508	
Total Current Assets	64,429	
Property, Plant & Equipment, net	48,020	
Other Assets:		
Goodwill	40,755	
Covenants not to compete	953	
Other assets	11,378	
Total Other Assets	53,086	
TOTAL ASSETS	$ 165,535	$ 1
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 26,977	$
Accrued liabilities	5,806	
Current maturities of long-term debt	252	
Income taxes payable	2,143	
Total Current Liabilities	35,178	

Long-Term Liabilities:		
Deferred income taxes	2,658	
Convertible subordinated debentures	16,109	
Junior subordinated notes	3,461	
Long-term debt, excluding current maturities	55,847	
Putable common stock	-	
Redeemable preferred stock	-	
Total Long-Term Liabilities	78,075	
STOCKHOLDERS' EQUITY		
Paid-in capital - warrants, $10 per common share exercise price, 90,000 warrants outstanding	121	
Common stock, $.001 par value, authorized 20,000,000 shares, issued 7,627,400 and 7,519,186 shares in 2002 and 2001, respectively	23,953	
Retained earnings	28,734	
Accumulated comprehensive loss	(526)	
TOTAL STOCKHOLDERS' EQUITY	52,282	
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 165,535	$ 1

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOBLE INTERNATIONAL, LTD.
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited, in thousands, except for per share amounts)

	THREE MONTHS ENDED SEPTEMBER 30,	
	2002	2001
NET SALES		
Products	$ 41,526	$ 19,380
Services	16,500	15,838
TOTAL NET SALES	58,026	35,218
COST OF GOODS SOLD		
Products	34,867	15,341
Services	13,279	12,468
TOTAL COST OF GOODS SOLD	48,146	27,809

GROSS MARGIN	9,880	7,409
SELLING, GENERAL & ADMINISTRATIVE	7,241	6,524
OPERATING PROFIT	2,639	885
Earnings/(Loss) from Unconsolidated Affiliate	-	160
OTHER INCOME/(EXPENSE)		
Interest income	272	183
Interest expense	(980)	(1,141)
Other, net	(36)	1,132
TOTAL OTHER INCOME/(EXPENSE)	(744)	174
EARNINGS BEFORE INCOME TAXES	1,895	1,219
Income tax expense (benefit)	257	(509)
Preferred stock dividends	-	8
NET EARNINGS BEFORE EXTRAORDINARY ITEM	1,638	1,720
Extraordinary item - gain on acquisition (less income tax of $268)	315	-
NET EARNINGS ON COMMON SHARES	$ 1,953	$ 1,720
BASIC EARNINGS PER COMMON SHARE:		
Earnings per share before extraordinary item	$ 0.24	$ 0.26
Extraordinary gain	0.05	-
Basic earnings per common share	$ 0.29	$ 0.26
DILUTED EARNINGS PER COMMON SHARE		
Earnings per share before extraordinary item	$ 0.23	$ 0.24
Extraordinary gain	0.04	-
Diluted earnings per common share	$ 0.26	$ 0.24
Dividends declared and paid	$ 0.08	$ 0.075
Basic weighted average common shares outstanding	6,786,114	6,605,988
Diluted weighted average common shares outstanding	8,088,882	7,777,913

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOBLE INTERNATIONAL, LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	NINE MONTHS ENDE SEPTEMBER 30,	
	2002	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ 5,525	$
Adjustments to reconcile net earnings to net cash provided by operations		
Interest paid in kind	-	
Loss from unconsolidated entity	-	
Depreciation of property, plant and equipment	4,281	
Amortization of intangible assets	205	
Deferred income taxes	-	
Loss (gain) on sale of property and equipment	(44)	
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	2,995	
Increase in inventories	(2,393)	
Increase in prepaid expenses	(2,785)	
Decrease in other operating assets	496	
Increase in accounts payable	5,748	
Increase (decrease) in income taxes payable	2,143	
Increase (decrease) in accrued liabilities	(7,018)	
Net cash provided by operating activities	9,153	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,262)	
Proceeds from sale of property, plant and equipment	6,997	
S.E.T. Industries, Inc. Note Receivable	-	
Increase in other assets	(1,524)	
Net cash provided by (used in) investing activities	(6,789)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of common stock	(121)	
Capital lease payments	(56)	
Redemption of convertible subordinated debentures	(1)	
Preferred dividends declared and paid	(10)	
Dividends on common declared and paid	(1,628)	
Redemption of preferred stock of subsidiary	(250)	
Payments on long-term debt	(125)	
Net borrowings (repayments) on note payable to bank	4,436	
Net cash provided by (used in) financing activities	2,245	
Effect of exchange rate changes on cash	(58)	
Net increase (decrease) in cash	4,551	
Cash at beginning of period	943	
Cash at end of period	$ 5,494	$

SUPPLEMENTAL CASH FLOW DISCLOSURE		
Cash paid for:		
Interest	$ 2,787	$
Taxes	$ 29	$

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOBLE INTERNATIONAL, LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in thousands)

	THREE MONTHS ENDED SEPTEMBER 30,		NIN
	2002	2001	2002
Net earnings on common shares	$ 1,953	$ 1,720	$ 5,5
Other comprehensive income (loss), equity adjustment from foreign currency translation, net of tax	$ (176)	$ (111)	$ (
Comprehensive income, net of tax	$ 1,777	$ 1,609	$ 5,4

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOBLE INTERNATIONAL, LTD.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited 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 Rule 10-01 of Regulation S-X. Accordingly, the financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and such adjustments are of a normal recurring nature.

The accompanying consolidated financial statements as of September 30, 2002 and for the year ended December 31, 2001, include Noble International, Ltd. and its wholly-owned subsidiaries, Noble Component Technologies ("NCT"); Monroe Engineering Products, Inc. ("Monroe"), Skandy Corp. ("Skandy"), Noble Metal Forming, Inc. ("NMF"), Noble Metal Processing, Inc. ("NMP"), Noble Land Holdings, Inc. ("Land Holdings"), Noble Metal Processing-Midwest, Inc. (formerly H&H Steel Processing, Inc.) ("NMPM"), Noble Manufacturing Group, Inc. ("NMG"), (formerly Noble Technologies, Inc.), Noble Metal Processing Canada, Inc. ("NMPC"), Noble Metal Processing - Kentucky, LLC ("NMPK"), Noble Logistic Services, Inc. ("NLS"), Noble Logistic Services, Inc. (formerly Assured Transportation & Delivery, Inc. and Central Transportation & Delivery, Inc., collectively "NLS-CA"), Noble Logistic Services, Inc. (formerly Dedicated Services, Inc.) ("NLS-TX"), Pro Motorcar Products, Inc. ("PMP"), Pro Motorcar Distribution, Inc. ("PMD") and Noble Construction Equipment, Inc. ("NCE") (formerly Construction Equipment Direct, Inc. ("CED")), (collectively, "Noble" or the "Company") from the date of acquisition to the date of disposition, if applicable.

Results for interim periods should not be considered indicative of results for a full year. The December 31, 2001 consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

In February 2002, the market price requirement of 107,452 shares of the Company's putable common stock that was issued in connection with the acquisition of Dedicated Services, Inc. in 2000 was met, resulting in the put option expiring. Therefore, the common stock was reclassified from long-term debt to stockholders' equity.

On April 1, 2002, the Company converted its $7.6 million note receivable, including interest, from SET Enterprises, Inc. ("SET") into preferred stock of SET. The preferred stock is non-voting and is redeemable at the Company's option in 2007. The Company agreed to convert the subordinated promissory note to preferred stock in order to assist SET in obtaining capital without appreciably decreasing the Company's repayment rights or jeopardize SET's minority status. Management believes that continued support of SET furthers the joint strategic objectives of the two companies.

On April 22, 2002, the Company completed a sale and leaseback transaction of its Shelbyville, Kentucky facility to the Company's Chief Executive Officer. The sale price was $6.2 million which was equal to the book value of the property. The proceeds of the transaction were used to reduce the Company's debt under its current credit facility. The lease has a term of five years and provides for monthly rent of $70,000. The sale price and rent amount were determined by the estimated fair value of the property and estimated prevailing lease rates for similar properties. Although the Company did not obtain an independent valuation of the property or the terms of the transaction, it

believes the terms of the sale and leaseback were at least as favorable to Noble as terms that could have been obtained from an unaffiliated third party.

On May 9, 2002 the Company's current credit facility was increased to $60.0 million from $52.5 million. The credit facility expires in November 2002. The Company has a binding commitment from its lender on a new $60.0 million credit facility that will take effect in December 2002 and will expire in 2005. Therefore, the Company has reclassified its current credit facility from current liabilities to long-term liabilities.

On June 20, 2002 the Company filed a registration statement on Form S-2 and subsequently amended, concerning an offering of .95 million shares of its common stock. On October 1, 2002 the Securities and Exchange Commission declared the registration statement effective. On October 4, 2002 the Company completed the sale of 925,000 shares of its common stock. The transaction provided net proceeds to the Company of $9.1 million. The Company used the proceeds to reduce its senior debt.

Basic earnings per share are based upon the weighted average number of shares outstanding during each quarter. Calculation of diluted earnings per share assumes the exercise of common stock options and warrants when dilutive, and the impact of restricted stock and the assumed conversion of convertible debt, when not anti-dilutive. The following tables reconcile the numerator and denominator to calculate basic and diluted earnings on common shares before extraordinary item for the three months and nine months ended September 30, for 2002 and 2001 (in thousands, except share and per share amounts; per share amounts are subject to rounding).

	Three months ended Septe			
	2002			
	Net Earnings (Numerator)	Shares (Denominator)	Per share Amounts	Net Ea (Nume
Basic earnings per common share				
Earnings from continuing operations on common shares before extraordinary item	$ 1,638	6,786,114	$ 0.24	$
Effect of dilutive securities:				
Contingently issuable shares		27,737	-	
Convertible debentures	187	1,125,590	(0.01)	
Warrants		16,988	-	
Stock Options	-	132,453	-	
Earnings from continuing operations per common share assuming dilution	$ 1,825	8,088,882	$ 0.23	$

	Nine months ended Septe			
	2002			
	Net Earnings (Numerator)	Shares (Denominator)	Per share Amounts	Net Ea (Nume
Basic earnings per common share				
Earnings from continuing operations on common shares before extraordinary item	$ 5,200	6,755,757	$ 0.77	$
Effect of dilutive securities:				
Contingently issuable shares		27,737	-	
Convertible debentures	548	1,125,590	(0.04)	
Warrants		13,771	-	
Stock Options	-	156,087	(0.02)	
Earnings from continuing operations per common share assuming dilution	$ 5,748	8,078,942	$ 0.71	$

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NOTE B--INVENTORIES

Inventories at September 30, 2002 and December 31, 2001 consisted of the following (in thousands):

	September 30, 2002	December 31,
Raw materials and purchased parts	$ 15,351	$ 14,
Work in process	3,630	2,
Finished goods	3,908	3,
Unbilled customer tooling	-	
	$ 22,889	$ 20,

NOTE C--INDUSTRY SEGMENTS

The Company classifies its operations into three industry segments based on types of products and services: automotive (NMPK, NMPC, NMP, NMPM, NMF, NMG, NCT and Land Holdings), heavy equipment (NCE) and logistics (NLS-TX, NLS-CA, Monroe, PMP and PMD). The automotive group provides a variety of laser welding, metal blanking and die construction products and services utilizing proprietary laser weld and light die technology. The heavy equipment group designs and manufactures sub assemblies and final assemblies of heavy equipment used primarily in the construction and earth-moving industry. The logistics group provides same day package delivery services to a variety of customers and sells tooling components, paint and coatings related products to end users as well as distributors. The automotive group sells direct to automotive OEMs and Tier I suppliers. The heavy equipment group sells direct to OEMs and through an established network of dealers.

Transactions between the automotive, heavy equipment and logistics segments are not significant and have been eliminated in the statements. Interest expense is allocated to each segment based on the segment's actual borrowings from the corporate headquarters, together with a partial allocation of corporate general and administrative expenses. Revenues from external customers are identified geographically based on the customer's shipping destination.

The Company's operations by business segment and geography for three months ended September 30, 2002 follow (in thousands):

	AUTOMOTIVE	HEAVY EQUIPMENT	LOGISTICS	SEG TOT
Revenues from external customers	$ 30,559	$ 9,932	$ 17,535	$ 58
Interest expense	534	134	499	1
Depreciation and amortization	1,437	24	79	1
Segment profit (loss) pre tax	2,565	135	(562)	2
Segment assets	92,744	21,338	39,968	154
Expenditures for segment assets	2,417	354	113	2

RECONCILIATION TO CONSOLIDATED AMOUNTS	
EARNINGS	
Total earnings for reportable segments	$ 2,138
Unallocated corporate headquarters loss	(244)

Earnings before income taxes and extraordinary item	$ 1,894
ASSETS	
Total assets for reportable segments	$ 154,050
Corporate headquarters	11,485
Total consolidated assets	$ 165,535

GEOGRAPHIC INFORMATION

	REVENUES	LONG-LIVED ASSETS
United States	$ 50,973	$ 88,281
Canada	7,053	1,447
Other	-	-
Total	$ 58,026	$ 89,728

OTHER SIGNIFICANT ITEMS

	SEGMENT TOTALS	ADJUSTMENTS	CONSOLIDATED TOTALS
Interest expense	$ 1,167	$ (187)	$ 980
Expenditures for segment assets	2,884	10	2,894
Depreciation and amortization	1,540	61	1,601

The Company's operations by business segment and geography for the three months ended September 30, 2001 follow (in thousands):

	AUTOMOTIVE	HEAVY EQUIPMENT	LOGISTICS
Revenues from external customers	$ 18,365	$ -	$ 16,853
Interest expense	466	-	603
Depreciation and amortization	1,277	-	486
Segment profit (loss) pre tax	1,426	-	(322)
Segment assets	67,124	-	40,016
Expenditures for segment assets	1,048	-	34

RECONCILIATION TO CONSOLIDATED AMOUNTS

EARNINGS	
Total earnings for reportable segments	$ 1,104
Unallocated corporate headquarters income	115
Earnings before income taxes	$ 1,219
ASSETS	
Total assets for reportable segments	$ 107,140
Corporate headquarters	19,682
Total consolidated assets	$ 126,822

GEOGRAPHIC INFORMATION

	REVENUES	LONG-LIVED ASSETS
United States	$ 31,067	$ 86,338
Canada	4,144	1,539
Other	7	-
Total	$ 35,218	$ 87,877

OTHER SIGNIFICANT ITEMS

	SEGMENT TOTALS	ADJUSTMENTS	CONSOLIDATED TOTALS
Interest expense	$ 1,069	$ 72	$ 1,141
Expenditures for segment assets	1,082	(194)	888
Depreciation and amortization	1,763	61	1,824

The Company's operations by business segment and geography for the nine months ended September 30, 2002 follow (in thousands):

	AUTOMOTIVE	HEAVY EQUIPMENT	LOGISTICS
Revenues from external customers	$ 86,840	$ 34,119	$ 52,768
Interest expense	1,369	343	1,459
Depreciation and amortization	4,028	24	217
Segment profit (loss) pre tax	7,400	1,076	(270)
Segment assets	92,744	21,338	39,968
Expenditures for segment assets	11,340	512	219

RECONCILIATION TO CONSOLIDATED AMOUNTS	
EARNINGS	
Total earnings for reportable segments	$ 8,206
Unallocated corporate headquarters loss	(628)
Earnings before income taxes and extraordinary item	$ 7,578
ASSETS	
Total assets for reportable segments	$ 154,050
Corporate headquarters	11,485
Total consolidated assets	$ 165,535

GEOGRAPHIC INFORMATION

	REVENUES	LONG-LIVED ASSETS
United States	$ 159,526	$ 88,281
Canada	14,201	1,447
Other	-	-
Total	$ 173,727	$ 89,728

OTHER SIGNIFICANT ITEMS

	SEGMENT TOTALS	ADJUSTMENTS	CONSOLIDATED TOTALS
Interest expense	$ 3,171	$ (667)	$ 2,504
Expenditures for segment assets	12,071	191	12,262
Depreciation and amortization	4,269	217	4,486

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The Company's operations by business segment and geography for the nine months ended September 30, 2001 follow (in thousands):

	AUTOMOTIVE	HEAVY EQUIPMENT	LOGISTICS
Revenues from external customers	$ 46,443	$ -	$ 48,870
Interest expense	1,825	-	1,924
Depreciation and amortization	3,786	-	1,475
Segment profit (loss) pre tax	3,737	-	(1,461)
Segment assets	67,124	-	40,016
Expenditures for segment assets	5,337	-	130

RECONCILIATION TO CONSOLIDATED AMOUNTS	
EARNINGS	
Total earnings for reportable segments	$ 2,276
Unallocated corporate headquarters income	2,239
Earnings before income taxes	$ 4,515
Assets	
Total assets for reportable segments	$ 107,140
Corporate headquarters	19,682
Total consolidated assets	$ 126,822

GEOGRAPHIC INFORMATION

	REVENUES	LONG-LIVED ASSETS
United States	$ 86,055	$ 86,338

Canada	9,190	1,539
Other	68	-
Total	$ 95,313	$ 87,877

OTHER SIGNIFICANT ITEMS

	SEGMENT TOTALS	ADJUSTMENTS	CONSOLIDATE TOTALS
Interest expense	$ 3,749	$ 12	$ 3,761
Expenditures for segment assets	5,467	(189)	5,278
Depreciation and amortization	5,261	186	5,447

NOTE D - RESTRUCTURING RESERVE

The restructuring reserve of $3.9 million recorded in December 2000, which had a balance of $1.5 million at December 31, 2001, was reduced by $0.75 million during the first quarter of 2002 for lease costs incurred on vacated property and losses incurred in connection with the sale of certain real estate. During the second quarter of 2002 the reserve was reduced by $0.2 million related to repair of vacated facilities and $0.1 million related to final rent obligation of vacated facilities. During the third quarter of 2002 the reserve was reduced by $0.2 million primarily associated with the Company's relocation. The balance in the restructuring reserve at September 30, 2002 was

$0.25 million and represents the expected costs associated with real estate that is being marketed for sale. Resolution on these items is expected by December 31, 2002.

NOTE E - ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001 and applies to all goodwill and other intangible assets recognized in an entity's statement of financial position at that date, regardless of when those assets were initially recognized. The Company adopted this statement on January 1, 2002, and goodwill will no longer be amortized. As of September 30, 2002 the Company has goodwill of $40.8 million.

A reconciliation of previously reported net income and earnings per share related to the amounts adjusted for the exclusion of goodwill amortization net of the related income tax effect follows (per share amounts are subject to rounding):

GOODWILL AND ADOPTION OF STATEMENT NO. 142

(in thousands,except per share amounts)	Three Months Ended September 30, 2002	2001	Nine Months Ended 2002
Reported net income	$ 1,953	$ 1,720	$ 5,515
Add: Goodwill amortization, net of tax	-	463	-
Adjusted net income	$ 1,953	$ 2,183	$ 5,515
Reported basic earnings per share	$ 0.29	$ 0.26	$ 0.82
Add: Goodwill amortization, net of tax	-	0.07	-
Adjusted basic earnings per share	$ 0.29	$ 0.33	$ 0.82
Reported diluted earnings per share	$ 0.26	$ 0.24	$ 0.75
Add: Goodwill amortization, net of tax	-	0.06	-
Adjusted diluted earnings per share	$ 0.26	$ 0.30	$ 0.75

For the nine-month period ended September 30, 2002 no goodwill or other intangible assets were acquired, impaired or disposed.

Covenants not to compete are amortized over the life of the agreement, typically three to ten years. Amortization expense for the nine months ended September 30, 2002 and 2001 were $0.2 million and $0.2 million, respectively. Annual pre-tax amortization of covenants not to compete are estimated as follows:

Fiscal Year	(in thousands)
2003	$ 285
2004	267
2005	76
2006	65
2007	65
Thereafter	122

NOTE F - EXTRAORDINARY ITEM

On September 30, 2002 the Company closed the allocation period regarding the acquisition of Noble Construction Equipment ("NCE"). As a result, the Company recognized a $0.3 million after-tax extraordinary gain on the transaction resulting from certain post-closing working capital adjustments.

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

RESULTS OF OPERATIONS

Net Sales. Net sales for the nine months ended September 30, 2002 reached $173.7 million, an increase of $78.4 million, or 82.3%, compared to the same period of 2001. For the third quarter ending September 30, 2002, net sales grew to $58.0 million, an increase of $22.8 million, or 64.8%, compared to the third quarter of 2001. The increase in sales is attributable to increased revenue from all operating segments. The automotive segment increased sales 66.4% for the quarter and 87.0% for the nine-month period. These increases were primarily the result of increased value-added sales resulting from the utilization of laser-welded components on more vehicle models and platforms. In addition, the automotive segment's revenue was positively impacted by increased steel sales. The logistics segment experienced increased sales of 4.2% for the quarter and 8.0% for the nine-month period as this segment continues to execute its strategy. Net sales were also positively impacted in 2002 by the inclusion of net sales of the heavy equipment segment of $9.9 million and $34.1 million for the three and nine month periods, respectively. The heavy equipment segment was acquired in December 2001.

Cost of Sales. Cost of sales for the nine-month period ended September 30, 2002 increased by $71.0 million to $143.9 million, an increase of 97.4% compared to the same period in 2001. For the third quarter ending September 30, 2002, cost of sales increased by $20.3 million, or 73.1%, compared to the third quarter of 2001. These increases were primarily the result of increased net sales across all segments, increased steel purchases and the inclusion of the heavy equipment segment acquired in December 2001. Cost of sales as a percentage of sales increased from 76.5% for the nine-month period September 30, 2001 to 82.8% for the same period in 2002. For the third quarter of 2001 and 2002, cost of sales as a percentage of sales was 79.0% and 83.0% respectively. The increase in the percentage of cost of sales to sales for the quarter and nine months periods is due to the increased steel sales in the automotive segment as it transitions to a full service supplier from a toll processor, as well as the inclusion of the heavy equipment segment, which has higher cost of sales as a percentage of sales than our other operating segments. The logistics segment experienced an increase in costs of sales as a percentage of sales of 2.1%, from 76.3% to 78.4% for the third quarter of 2001 and 2002 respectively, and an increase of 2.3%, from 75.6% to 77.9% for the nine-month period of 2001 and 2002.

Gross Margin. Gross margin increased $7.4 million to $29.8 million for the nine months ending September 30, 2002, or 33.1%, from $22.4 million for the comparable period in 2001. For the third quarter, gross margin increased by $2.5 million to $9.9 million, or an increase of 33.4% compared to a gross margin of $7.4 million for the same quarter in 2001. The increase was primarily the result of the inclusion of the heavy equipment segment as well as higher sales in the other operating segments. Gross margin as a percentage of sales decreased from 23.5% in the 2001 nine-month period to 17.2% in the 2002 period. For the third quarter of 2002, gross margin as a percentage of sales decreased from 21.0% in 2001 to 17.0% in 2002. The decrease in gross margin as a percentage of sales was primarily the result of increased steel sales within the automotive segment and the inclusion of the heavy equipment segment, as noted above.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $3.3 million, or 19.6%, to $20.5 million for the nine-month period ended September 30, 2002 as compared to $17.2 million in the comparable period of 2001. For the third quarter of 2002, these expenses grew by $0.7 million, or 11.0%, to $7.2 million compared to $6.5 million in the same period in 2001. This increase was primarily the result of the inclusion of the heavy equipment segment, acquired in December 2001 and the National Steel reserve of $0.7 million and $0.5 million for the nine months and three months of 2002 respectively. The increase was partially offset by expense reductions in the logistics segment. As a percentage of net sales, selling, general and administrative expenses decreased to 11.8% for the nine months ended September 30, 2002 from 18.0% for the nine months ended September 30, 2001. For the third quarter the decrease went from 18.5% in 2001 to 12.5% in 2002.

Operating Profit. As a result of the foregoing factors, operating profit increased $4.1 million, or 77.8%, to $9.3 million for the nine-month period ended September 30, 2002 from $5.2 million for the same period in 2001. For the third quarter ended September 30, 2002, operating profit increased by $1.7 million, or 198.2%, to $2.6 million from $0.9 million in the same quarter of 2001. As a percentage of net sales, operating profit decreased slightly to 5.3% for the nine months ended September 30, 2002 from 5.5% for the nine months ended September 30, 2001. For the three-month period ended September 30, 2002 operating profit as a percentage of net sales increased substantially from 2.5% in 2001 to 4.5% in 2002.

Interest Income. Interest income decreased by $0.7 million, or 48.7% to $0.8 million for the nine-month period ended September 30, 2002 from $1.5 million for the same period in 2001. For the three-month period ended September 30, 2002, interest income increased by $0.1 million, or 48.5% to $0.3 million from $0.2 million for the same period in 2001. The increase was the result of lower notes receivable balances related to the sale of a business in 2001.

Interest Expense. Interest expense decreased 33.4%, to $2.5 million, for the nine months ended September 30, 2002 from $3.8 million for the comparable period of 2001. For the three-month period ended September 30, 2002 the reduction was 14.1% to $1.0 million. The reduction was the result of lower interest rates.

Other Income(Expense). Other income/(expense) decreased $1.2 million for the three month period ended September 30, 2002. The decrease was primarily the result of the recording of $1.0 million of fee income related to the arrangement of financing for SET Enterprises, Inc. in connection with its purchase of NMF and NMPM in 2001. For the nine months ended September 30, 2002 other income decreased $1.6 million due to the recording of the $1.0 million of fee income discussed above and the assignment of rights related to a prior acquisition of $0.6 million during 2001.

Income Tax Expense. Income tax expense for the nine-month period ended September 30, 2002 increased 28.3%, or $0.5 million, to $2.4 million from $1.8 million for the comparable period in 2001. The third quarter expense increased 150.5% or $0.8 million to $0.3 million from $(0.5) million for the third quarter of 2001. The nine-month increase is primarily the result of higher pre-tax profit. The increase in the third quarter of 2002 compared to the same quarter of 2001 was due to increased earnings. In addition, the 2002 quarter included an accrual to return adjustment reducing income taxes by $0.4 million and the 2001 quarter included a $1.1 million reduction in taxes related to tax planning strategies.

Net Earnings. As a result of the foregoing factors, net earnings for the nine-month period ended September 30, 2002 increased, including an extraordinary gain of $0.3 million, to $5.5 million from $2.6 million for the comparable period of the prior year, an increase of 108.7%. For the third quarter, net income increased 13.5% to $2.0 million from $1.7 million in the third quarter of 2001.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash requirements have historically been satisfied through a combination of cash flows from operations, and equity and debt financing. The Company's working capital needs and capital equipment requirements have increased as a result of the growth of the Company and are expected to continue to increase as a result of anticipated growth. The anticipated increase in required working capital and capital equipment requirements are expected to be met from cash flow from operations, equipment financing, revolving credit borrowings and equity financing.

The Company generated cash from operations of $9.2 million for the nine months ended September 30, 2002 compared to $2.6 million for the same period in 2001. Net cash provided by operations was primarily the result of net income, increased accounts payable, depreciation, decreased accounts receivable, and increased income taxes payable, which was partially offset by a decrease in accrued liabilities and an increase in inventories and prepaid expenses. Net cash used in investing activities of $6.8 million for the nine months ended September 30, 2002 was primarily due to purchases of property, plant and equipment, partially offset by the sale of property, plant and equipment. Financing activities provided cash of $2.2 million for the nine months ended September 30, 2002 primarily from net borrowings on the Company's Credit Facility.

In February 2002, one of the Company's customers, National Steel, Inc. filed for Chapter 11 bankruptcy protection. The Company has a pre-petition account receivable in the amount of approximately $1.2 million. The Company is currently evaluating possible options for collection and has created a reserve of $0.7 million for the possible uncollectible amount of this receivable. This reserve was based on the Company's best estimate. The Company does not anticipate any loss of sales due to this event.

The amount of the Company's revolving credit facility with Comerica Bank (the "Credit Facility") was $50 million at December 31, 2001, subsequently amended to $60.0 million in May 2002. The Credit Facility expires on November 30, 2002. The Company has a commitment from its lender on a new $60.0 million Credit Facility that will take effect in December 2002 and will expire in 2005. Therefore, the Company has reclassified its current Credit Facility from current liabilities to long-term liabilities. The Credit Facility is secured by the assets of Noble and its subsidiaries and provides for the issuance of up to $5.0 million in standby or documentary letters of credit. The Credit Facility may be utilized for general corporate purposes, including working capital and acquisition financing, and provides the Company with borrowing options for multi-currency loans. Borrowing options include a euro-currency rate or a base rate. Advances under the Credit Facility during the nine months ended September 30, 2002 bore interest at the rate of approximately 4.04% per annum. The Credit Facility is subject to customary financial and other covenants including, but not limited to, limitations on payment of dividends, limitations on consolidations, mergers, and sales of assets, and bank approval on acquisitions over $25.0 million ($15 million under the new facility). The Company is in compliance with the terms of the Credit Facility. The Company currently guarantees $10.0 million of SET Enterprises, Inc.'s senior debt that matures in 2003. As of the date of this report, the Company does not believe the lender will call the guarantee.

On April 22, 2002, the Company completed a sale and leaseback transaction of its Shelbyville, Kentucky facility to the Company's Chief Executive Officer. The sale price was $6.2 million which was equal to the book value of the property. The proceeds of the transaction were used to reduce the Company's debt under the Credit Facility. The lease has a term of five years and provides for monthly rent of $70,000. The sale price and rent amount were determined by the estimated fair value of the property and estimated prevailing lease rates for similar properties. Although the Company did not obtain an independent valuation of the property or the terms of the transaction, management believes the terms of the sale and leaseback were at least as favorable to Noble as terms that could have been obtained from an unaffiliated third party.

The liquidity provided by the Company's Credit Facility and committed Credit Facility is expected to be sufficient to meet the Company's currently anticipated working capital and capital expenditure needs for at least twelve months. There can be no assurance, however, that such funds will not be expended prior thereto due to changes in economic conditions or other unforeseen circumstances, requiring the Company to obtain additional financing prior to the end of such twelve-month period. In addition, the Company regularly reviews, as part of its business strategy, future growth through opportunistic acquisitions which may involve the expenditure of significant funds. Depending upon the nature, size and timing of future acquisitions, if any, the Company may be required to obtain additional debt or equity financing in connection with such future acquisitions. There can be no assurance, however, that additional financing will be available to the Company, when and if needed, on acceptable terms or at all.

SUBSEQUENT EVENT

On October 4, 2002 the Company completed the sale of 925,000 shares of its common stock. The transaction provided net proceeds to the Company of $9.1 million. The Company used the proceeds to reduce its senior debt.

INFLATION

Inflation generally affects the Company by increasing the interest expense of floating rate indebtedness and by increasing the cost of labor, equipment and raw materials. The Company does not believe that inflation has had a material effect on its business over the past two years.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to the impact of foreign currency fluctuations. International revenues from the Company's foreign subsidiaries were approximately 8.2% of the total revenues for the nine months ended September 30, 2002 and 12.2% for the third quarter ended September 30, 2002. For the comparable periods in 2001 international revenues from the Company's foreign subsidiaries were 9.7% and 11.8%, respectively. The Company's primary foreign currency exposure is to the Canadian Dollar. The Company manages its exposure to foreign currency assets and earnings primarily by funding certain foreign currency denominated assets with liabilities in the same currency and, as such, certain exposures are naturally offset.

As of September 30, 2002 only 1.6% of the Company's long-lived assets are based in its foreign subsidiaries compared to 1.8% as of September 30, 2001. These assets are translated into U.S. Dollars at foreign currency exchange rates in effect as of the end of each period, with the effect of such translation reflected as a separate component of stockholders' equity. Accordingly, the Company's consolidated stockholders' equity will fluctuate depending on the weakening or strengthening of the U.S. Dollar against the respective foreign currency.

The Company's financial results are affected by changes in U.S. and foreign interest rates. The Company does not hold financial instruments that are subject to market risk (interest rate risk and foreign exchange risk).

ITEM 4: DISCLOSURE CONTROLS

Within the 90-day period prior to the filing date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management,

including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-14 of the Securities Exchange Act of 1934. Based upon, and as of the date of this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

PART II - OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

Inapplicable.

ITEM 2: CHANGES IN SECURITIES AND USE OF PROCEEDS

Inapplicable.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

Inapplicable.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Inapplicable.

ITEM 5: OTHER INFORMATION

Inapplicable.

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

99.1 Certification Pursuant to 18 U.S.C. 1350 of Robert J. Skandalaris.
99.2 Certification Pursuant to 18 U.S.C. 1350 of David V. Harper.

(b) The following reports on Form 8-K were filed during the period ending September 30, 2002:

(i) Report on Form 8-K filed on September 20, 2002, concerning the adjustment of the Company's diluted earnings per share for the six months ended June 30, 2002.

(ii) Report on Form 8-K filed on September 23, 2002 concerning modifications to its underwriting agreement regarding the Company's convertible subordinated debt.

SIGNATURES

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

NOBLE INTERNATIONAL, LTD.

Dated: November 14, 2002 By: /s/ DAVID V. HARPER

David V. Harper,

Vice President and Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert J. Skandalaris, certify with respect to the Quarterly Report of Noble International, Ltd. on Form 10-Q for the quarterly period ended September 30, 2002 ("Report") that:

1. I have reviewed the Report;

2. Based on my knowledge, the 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 the Report;

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

4. The registrant's other certifying officer 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 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 the Report (the "Evaluation Date"); and

c) presented in the 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 officer 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 fulfilling 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 officer and I have indicated in the Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002   By:/s/ ROBERT J. SKANDALARIS

Name: Robert J. Skandalaris
Title: Chief Executive Officer (Principal Executive Officer) of Noble International, Ltd.

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David V. Harper, certify with respect to the Quarterly Report of Noble International, Ltd. on Form 10-Q for the quarterly period ended September 30, 2002 ("Report") that:

1. I have reviewed the Report;

2. Based on my knowledge, the 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 the Report;

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

4. The registrant's other certifying officer 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 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 the Report (the "Evaluation Date"); and

c) presented in the 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 officer 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 fulfilling 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 officer and I have indicated in the Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002 By:/s/ DAVID V. HARPER

Name: David V. Harper
Title: Chief Financial Officer (Principal Financial Officer) of Noble International, Ltd.

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