CHEFS INTERNATIONAL INC
Form 10QSB
June 11, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended APRIL 27, 2003

OR

(   ) TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE EXCHANGE ACT

For the transition period from _________________ to _______________

Commission file number 0-8513

CHEFS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	22-2058515
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

62 BROADWAY, POINT PLEASANT BEACH, NJ 08742

(Address of principal executive offices)

(Registrant's telephone number, including area code) (732) 295-0350

(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 of the past 90 days. Yes X . No   .

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

CLASS	OUTSTANDING SHARES AT MAY 9, 2003
Common Stock, $.01 par value	3,926,039

CHEFS INTERNATIONAL, INC.

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CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION

ITEM I - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

ASSETS

	APRIL 27, 2003 (Unaudited)	JANUARY 26, 2003
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,191,817	$ 1,069,857
Investments	100,000	151,000
Available-for-sale securities	1,745,278	1,668,531
Receivable - related party	40,000	40,000
Miscellaneous receivables	70,270	62,173
Inventories	1,191,012	1,128,992
Prepaid expenses	243,663	107,988

TOTAL CURRENT ASSETS	4,582,040	4,228,541
PROPERTY, PLANT AND EQUIPMENT, at cost	21,540,206	21,411,079
Less: Accumulated depreciation	9,454,877	9,164,376
PROPERTY, PLANT AND EQUIPMENT, net	12,085,329	12,246,703
OTHER ASSETS:		
Intangibles	939,362	942,518
Receivable - related party	67,548	77,563
Equity in life insurance policies	602,822	602,822
Deferred income taxes	1,077,000	1,064,000
Other	42,905	34,635
TOTAL OTHER ASSETS	2,729,637	2,721,538
	$19,397,006	$19,196,782

The accompanying notes are an integral part of these financial statements.

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CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

LIABILITIES AND STOCKHOLDERS' EQUITY

	APRIL 27, 2003 (Unaudited)	JANUARY 26, 2003
CURRENT LIABILITIES:		
Notes and mortgages payable, current maturities	$ 265,987	$ 271,490
Accounts payable	865,905	702,233
Accrued payroll	195,680	157,637
Accrued expenses	656,603	493,450
Gift certificates	381,942	511,955
TOTAL CURRENT LIABILITIES	2,366,117	2,136,765
NOTES AND MORTGAGES PAYABLE	1,923,906	1,960,438
OTHER LIABILITIES	747,931	747,559

STOCKHOLDERS' EQUITY:		
Capital stock - common $.01 par value, Authorized 15,000,000 shares, Issued 3,969,589	39,696	39,695
Additional paid-in capital	31,549,491	31,549,492
Accumulated deficit	(16,857,656)	(16,854,010)
Accumulated other comprehensive (loss)	(308,994)	(379,272)
Treasury stock - 43,550 shares	(63,485)	(3,885)
TOTAL STOCKHOLDERS' EQUITY	14,359,052	14,352,020
	$19,397,006	$19,196,782

The accompanying notes are an integral part of these financial statements.

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CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

THREE MONTHS ENDED APRIL 27, 2003 AND APRIL 28, 2002 (Unaudited)

	2003	2002
SALES	$ 5,678,794	$ 5,643,129
COST OF GOODS SOLD	1,774,319	1,735,058
GROSS PROFIT	3,904,475	3,908,071
OPERATING EXPENSES:		
Payroll expenses	1,782,007	1,826,696
Other operating expenses	1,369,050	1,251,714
Depreciation and amortization	293,657	290,825
General and administrative expenses	466,765	488,428
TOTAL OPERATING EXPENSES	3,911,479	3,857,663
(LOSS) INCOME FROM OPERATIONS	(7,004)	50,408
OTHER INCOME (EXPENSE):		

Interest expense	(42,273)	(43,756)
Investment income	36,631	43,192
OTHER INCOME (EXPENSE), NET	(5,642)	(564)
(LOSS) INCOME BEFORE INCOME TAXES	(12,646)	49,844
PROVISION (CREDIT) FOR INCOME TAXES	(9,000)	14,000
(LOSS) INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(3,646)	35,844
CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE (Note 2) - GOODWILL ACCOUNTING METHOD	--	(430,403)
NET (LOSS)	$ (3,646)	$ (394,559)
INCOME PER COMMON SHARE BEFORE CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE	--	$ .01
CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE - GOODWILL ACCOUNTING METHOD	--	(.11)
NET (LOSS) PER COMMON SHARE	$ --	$ (.10)
Number of shares outstanding	3,926,039	3,965,966

The accompanying notes are an integral part of these financial statements.

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CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED APRIL 27, 2003 AND APRIL 28, 2002 (Unaudited)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	$ (3,646)	$ (394,559)
Adjustments to reconcile net (loss) to net cash provided by operating activities:		

Depreciation and amortization	293,657	290,825
Cumulative effect of an accounting change	--	430,403
Deferred income taxes	(13,000)	8,000
Gain on sale of assets and investments	--	(5,900)
Changes in assets and liabilities:		
(Increase) decrease in:		
Miscellaneous receivables	1,918	(13,356)
Inventories	(62,020)	(32,262)
Prepaid expenses	(135,675)	91,691
Increase (decrease) in:		
Accounts payable	163,672	(38,177)
Accrued expenses and other liabilities	69,568	6,464
Income taxes payable	--	--
NET CASH PROVIDED BY OPERATING ACTIVITIES	314,474	343,129
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(129,127)	(694,425)
Acquisition of restaurant assets	--	(867,826)
Sale or redemption of investments	51,000	176,053
Purchase of investments	(4,482)	(91,642)
Other	(8,270)	2,757
NET CASH (USED IN) INVESTING ACTIVITIES	(90,879)	(1,475,083)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt	--	500,000
Repayment of debt	(42,035)	(48,266)
Purchase of treasury stock	(59,600)	--
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(101,635)	451,734
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	121,960	(680,220)
CASH AND CASH EQUIVALENTS:		
Beginning	1,069,857	1,408,062
Ending	$ 1,191,817	$ 727,842
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payment for:		
Interest	$ 41,904	$ 41,562
Income taxes	$ --	$ 240
Noncash Transactions:		
Increase in fair value of securities available for sale	$ 72,265	$ 1,668
Change in fair value of derivatives accounted for		

as hedges	$ (1,987)	$ (13,674)
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The accompanying notes are an integral part of these financial statements.

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1: BASIS OF PRESENTATION

The accompanying financial statements have been prepared by Chefs International, Inc. (the "Company") and are unaudited. In the opinion of the Company's management, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the Company's consolidated financial position, results of operations and cash flows for the periods presented have been made. Certain information and footnote disclosures required under generally accepted accounting principles have been condensed or omitted from the consolidated financial statements pursuant to the rules and regulations of the SEC. The consolidated financial statements and notes thereto should be read in conjunction with the Company's audited consolidated financial statements for the year ended January 26, 2003 and notes thereto included in the Company's Annual Report on Form 10-KSB filed with the SEC. The results of operations and the cash flows for the three month period ended April 27, 2003 presented in the consolidated financial statements are not necessarily indicative of the results to be expected for any other interim period or the entire fiscal year.

NOTE 2: ACCOUNTING FOR BUSINESS COMBINATIONS

In July 2001, the FASB issued Statements of Financial Accounting Standards ("Statement") No. 141. "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"). These standards change the accounting for business combinations by, among other things, prohibiting the prospective use of pooling-of-interests accounting and requiring companies to stop amortizing goodwill and certain intangible assets with an indefinite useful life. Instead, goodwill and intangible assets deemed to have an indefinite useful life will be subject to an annual review for impairment. The new standards were effective for the Company in the first quarter of Fiscal 2003 and for purchase business combinations consummated after June 30, 2001. The Company completed its initial goodwill impairment testing during the first quarter of Fiscal 2003 and determined that there was impairment of goodwill solely because the aggregate market capitalization of the Company was less than its book value (market capitalization at January 28, 2002 was $8,923,406 versus a book value of $15,756,445). Therefore, the Company recorded a one-time, noncash charge of $430,403 to reduce the carrying value of its goodwill. Such charge is reflected as a cumulative effect of an accounting change in the accompanying consolidated statement of operations.

NOTE 3: ACQUISITION

On April 1, 2002, the Company acquired for $867,826 the inventory, furniture, fixtures, equipment, liquor license and franchising rights of a restaurant business located in Florida known as Mr. Manatee's Casual Grille. In connection with the acquisition, the Company entered into a five-year lease, effective April 1, 2002, which requires minimum annual rentals of $96,000. The lease contains three five-year renewal options and includes an option for the Company to purchase the property during the first term of the lease for $1,075,000.

NOTE 4: EARNINGS PER SHARE

Basic earnings per share is computed using the weighted average number of shares of common stock outstanding during the period.

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NOTE 5: INVENTORIES

Inventories consist of the following:	APRIL 27, 2003	JANUARY 26, 2003
Food	$ 544,157	$ 512,058
Beverages	163,840	152,269
Supplies	483,015	464,665
	$ 1,191,012	$ 1,128,992

NOTE 6: INCOME TAXES

At April 27, 2003, the Company had net deferred tax assets of approximately $2,175,000 arising principally from net operating loss carryforwards. However, due to the uncertainty that the Company will generate sufficient income in the future to fully or partially utilize these carryforwards, an allowance of $1,098,000 has been established to offset these assets. Management has determined that it is more likely than not that future taxable income will be sufficient to partially utilize the net operating loss carryforwards.

NOTE 7: DEPRECIATION AND AMORTIZATION

The Company depreciates its property and equipment using the straight-line method over the estimated useful lives of the assets, ranging from three to forty years.

NOTE 8: HEDGING INSTRUMENTS

The Company has interest rate swap agreements relating to a portion of its variable rate debt. The interest rate swap agreements are designated as cash flow hedges and are reflected at fair value in the consolidated balance sheet and the related losses on these contracts are deferred in shareholders' equity as a component of accumulated other comprehensive (loss).

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CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

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

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995
Certain statements regarding future performance in this Quarterly Report on Form 10-QSB constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995. No assurance can be given that the future results covered by the forward-looking statements will be achieved. The Company cautions readers that important factors may affect the Company's actual results and could cause those results to differ materially from the forward-looking statements. Such factors include, but are not limited to, changing market conditions, weather, the state of the economy, substantial increases in insurance costs (in addition to those substantial increases which commenced in April 2002), the impact of competition to the Company's restaurants, pricing and acceptance of the Company's food products.

SIGNIFICANT TRANSACTIONS AND NONRECURRING ITEMS
As more fully described herein and in the related footnotes to the accompanying consolidated financial statements, the comparability of Chefs International, Inc.'s operating results has been affected by a significant transaction and nonrecurring item for the three months ended April 28, 2002. During 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting standards No. 142 "Goodwill and Other Intangible Assets"("FAS 142"), which requires that, effective for years beginning on or after January 1, 2002, goodwill, and certain other intangible assets deemed to have an indefinite useful life, cease amortizing. Under the new rules goodwill and certain intangible assets must be assessed for impairment using fair value measurement techniques. The Company completed its initial goodwill impairment testing during the first quarter of Fiscal 2003, and determined that there was impairment of goodwill solely because the aggregate market capitalization of the Company was exceeded by its book value. Therefore, the Company recorded a $430,403 impairment of goodwill. The charge is reflected as a cumulative effect of an accounting change in the accompanying consolidated financial statements.

OVERVIEW
The Company's principal source of revenue is from the operations of its restaurants. The Company's cost of sales includes food and liquor costs. Operating expenses include labor costs, supplies and occupancy costs (rent, insurance and utilities), marketing and maintenance costs. General and administrative expenses include costs incurred for corporate support and administration, including the salaries and related expenses of personnel and the costs of operating the corporate office at the Company's headquarters in Point Pleasant Beach, New Jersey.

The Company currently operates eleven restaurants on a year-round basis. The Company plans to close one of these restaurants, its Escondido's Mexican Restaurant in the Monmouth Mall, during the second quarter of calendar year 2003. The Company opened its first seafood restaurant in November 1978 and currently has seven free-standing seafood restaurants in New Jersey and Florida operating under the names "Jack Baker's Lobster

Shanty" or "Baker's Wharfside." The Company opened its first Mexican theme restaurant, located in New Jersey, in April 1996, under the name "Garcia's." In February 2000, the Company commenced the operation of the ninth restaurant, Moore's Tavern and Restaurant, ("Moore's"), a free-standing restaurant in Freehold, New Jersey serving an eclectic American food type menu. On January 29, 2002, the Company commenced operation of its tenth restaurant, Escondido's Mexican Restaurant ("Freehold"), a Mexican theme restaurant located in Freehold, New Jersey, adjacent to Moore's. On February 1, 2002, Garcia's began to operate under the trade name Escondido's ("Monmouth"). The Company plans to close this restaurant during the second quarter of calendar year 2003. On April 1, 2002, the Company acquired the operations of its eleventh restaurant, Mr. Manatee's Casual Grille ("Manatee's"), a casual theme restaurant primarily featuring seafood items, located in Vero Beach, Florida near the Company's Vero Beach, Florida Lobster Shanty.

Generally, the Company's New Jersey seafood restaurants derive a significant portion of their sales from May through September. The Company's Florida seafood restaurants derive a significant portion of their sales from January through April. The Company's Monmouth Escondido's restaurant derives a significant portion of its sales during the holiday season from Thanksgiving through Christmas. Moore's experiences a seasonality factor similar to but not as dramatic as the seasonality factor of the New Jersey seafood restaurants. The Company's Freehold Escondido's experiences a seasonality factor similar to Moore's. Manatee's follows the seasonality pattern of the other Florida restaurants.

The Company operated ten restaurants in February and March 2002 and eleven restaurants in April 2002.

RESULTS OF OPERATIONS

SALES

Sales for the three months ended April 27, 2003 (first quarter of "fiscal 2004") were $5,678,800, an increase of $35,700 or .6 %, as compared to $5,643,100 for the three months ended April 28, 2002 (first quarter of "fiscal 2003"). The increase includes increased sales of $440,500 at Manatee's which opened on April 1, 2002, and therefore, was in operation during one month of last year's first quarter as compared to three months of operation this year. The other ten restaurants combined had decreased sales of approximately $404,800 or 7.4% as compared to last year's first quarter. The three Florida restaurants that operated during the comparable quarters realized reduced sales of $58,600 or 2.6% primarily due to the continued softness in air travel, including a substantial reduction in foreign visitation (see Disney's second quarter results) and the Columbia space shuttle tragedy which negatively impacted (and will continue to impact until the fleet is cleared to fly again) the Cocoa Beach location. The seven New Jersey locations had lower sales of $346,200 or 10% as compared to last year due primarily to the dismal winter weather including the largest snow storm in the Northeast in seven years, which occurred over the Valentines'/Presidents' Day weekend. Additionally, customer traffic at all of the restaurants continues to be negatively impacted by the slow economy and terrorism concerns post 9/11 and the Iraq war. The number of customers served during the first quarter ended April 27, 2003 in the ten restaurants decreased by 8.8% while the average check paid per customer increased by 1.5%.

GROSS PROFIT; GROSS MARGIN

Gross profit was $3,904,500 or 68.8% of sales for the first quarter ended April 27,

2003 compared to 69.3% of sales for the quarter ended April 28, 2002. The primary reason for this year's decrease was due to the inclusion of Manatee's for the entire quarter this year compared to one month of operation during last year's first quarter. The effect of a full quarter of Manatee's operations was to weight the Company's overall gross profit toward seafood costs which are higher than the Mexican fare of the Company's Escondido's restaurants which reported lower sales for the first quarter of fiscal 2004.

OPERATING EXPENSES

Total operating expenses increased by 1.4% from $3,857,700 for the first quarter of fiscal 2003 to $3,911,500 for the first quarter of fiscal 2004. Payroll and related expenses were 31.4% of sales versus 32.4% of sales for the corresponding quarter of the previous year. The improvement is directly attributable to productivity improvements and controls at the restaurants. Other operating expenses increased to 24.1% of sales for the first quarter this year versus 22.2% primarily due to the inclusion of Manatee's expenses for the full 13 weeks of this year's first quarter versus four weeks last year (opened April 1, 2002) and higher occupancy costs for all restaurants due to increases in property insurance, real estate taxes and rent costs. The Company's annual property and casualty insurance coverage was renewed in April 2003 at an overall decrease of approximately 13%.

Depreciation and amortization expenses increased by approximately $2,800 over the corresponding quarter due to the inclusion (for the entire quarter) of depreciation expenses associated with the purchase of furniture, fixtures, equipment, liquor license and franchising rights of Manatee's offset by the expiration of fully depreciated assets at the other restaurants.

General and administrative expenses were $21,700 lower in the first quarter of fiscal 2004 versus the first quarter of fiscal 2003. Higher insurance costs of $11,000 were more than offset by decreases of $22,000 in salaries and payroll taxes and an approximate $10,000 settlement with an insurance carrier pertaining to a business interruption claim stemming from the closure of the main access road near the Cocoa Beach, Florida restaurant due to security concerns of an Air Force base subsequent to 9/11/01.

OTHER INCOME AND EXPENSE

Interest expense was $1,500 lower for the three months ended April 27, 2003 compared to last year due to debt reduction and lower interest rates which reduced the interest expense on the Company's variable debt. Investment income was $6,600 lower than last year due to lower interest rates and because last year's investment income included a $5,900 gain on the sale of investments.

NET (LOSS) INCOME

The Company realized a net loss of $3,600 for the quarter ended April 27, 2003 as compared to net income, before the $430,400 charge for goodwill impairment, of $35,800 or $.01 per share for the three months ended April 28, 2002. The primary components of the loss this year are the reduced sales due to economic, terrorism and weather issues, lower gross profit and higher operating expenses which included a substantial increase in insurance costs versus last year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's ratio of current assets to current liabilities was 1.94:1 at April 27, 2003 compared to 1.98:1 at the year ended January 26, 2003. Working capital was $2,215,900 at April 27, 2003 versus $2,091,800 at the year end, an increase of $124,100. During the first quarter ended April 27, 2003, net cash increased by $122,000. Net cash provided by operating activities was $314,500. The primary components were net income after adjustment for depreciation, of $290,000, an increase in prepaid expenses of $135,600 primarily due to a change in the financing structure of the Company's property insurance renewal, an increase of $163,700 in accounts payable primarily due to the timing of several prepaid expenses including insurance and accounting and an increase in accrued expenses of $69,600 due to an increase in accrued health insurance expenses.

Investing activities during the first quarter of fiscal 2004 resulted in a net cash outflow of approximately $91,000. The primary components were capital expenditures of $129,000 for routine restaurant improvements offset by $51,000 from the proceeds of a maturing certificate of deposit.

Financing activities for the quarter ended April 27, 2003 resulted in a net cash out flow of $101,600 and included debt repayment of $42,000 and $59,600 for the repurchase of 40,000 shares of the Company's Common Stock pursuant to a December 24, 2002 Board of Directors authorization to repurchase up to 100,000 shares of the Company's stock on or before January 29, 2004 at prevailing market prices. The Company currently holds 43,550 of its shares as treasury stock which will be retired during the second quarter.

During the corresponding three month period ended April 28, 2002, working capital decreased by $269,000 and net cash decreased by $680,200. The primary components of last year's cash flow were net income, after adjustment for depreciation and a cumulative effect of an accounting change, of $326,700, a decrease in prepaid expenses of $91,700 due to a change in the financing of the Company's property insurance renewal, capital expenditures of $1,537,800 which included $843,400 for the April 1, 2002 purchase of Manatee's assets, $277,300 for restaurant improvements and the payment of $417,100 of accounts payable associated with the January 2002 renovation of Escondido's in Freehold, investment purchases of $91,600 for available-for-sales securities offset by $176,100 from the sale of investments and proceeds of maturing certificates of deposit, debt repayment of $48,300 and bank loan proceeds of $500,000 which were used to partially finance the purchase of Manatee's assets.

Subsequent to the quarter ended April 27, 2003, management executed a surrender agreement to close its Monmouth Mall Mexican theme restaurant and terminate the lease as of April 30, 2003. Management believes that proceeds from the sale of its liquor license will exceed the amount the Company is required to pay to obtain the early termination of the lease. Additionally, management executed a license agreement with the mall landlord which allows the Company to operate the restaurant until June 30, 2003 for a reduced monthly license fee. The restaurant will close in June 2003, and all usable inventory, supplies and furniture, fixtures and equipment will be transferred to other Company restaurants.

Management anticipates that funds from operations will be sufficient to meet

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obligations for the restaurants for the balance of fiscal 2004, including planned capital expenditures of approximately $365,000 in addition to those incurred during the first three months.

INFLATION

It is not possible for the Company to predict with any accuracy the effect of inflation upon the results of its operations in future years. In general, the Company is able to increase menu prices to counteract the majority of the inflationary effects of increasing costs with the exception of the substantial increase in insurance costs that the Company has had to absorb over the last couple of years.

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CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

ITEM 3 - CONTROLS AND PROCEDURES

(a) EXPLANATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Company's principal executive and principal financial officer after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 15d-14(c) as of a date within 90 days of the filing date of this quarterly report (the "Evaluation Date")) has concluded that as of the Evaluation Date, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to him by others within those entities, particularly during the period in which this quarterly report was being prepared.

(b) CHANGES IN INTERNAL CONTROLS. There were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's disclosure controls and procedures subsequent to the Evaluation Date, nor any significant deficiencies or material weaknesses in such disclosure controls and procedures requiring corrective actions. As a result, no corrective actions were taken.

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CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

99.1 Certification of Principal Executive and Principal Financial Officer of the Company pursuant to 18 United States Code Section 1530.

(b) REPORTS OF FORM 8-K

No reports on Form 8-K were filed during the quarter ended April 27, 2003.

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

SIGNATURE

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.

CHEFS INTERNATIONAL, INC.

/s/ ANTHONY C. PAPALIA

ANTHONY C. PAPALIA
Principal Executive and Financial Officer

DATED: JUNE 11, 2003

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

PRINCIPAL EXECUTIVE

AND PRINCIPAL FINANCIAL OFFICER

CERTIFICATION

I, Anthony C. Papalia, Principal Executive and Principal Financial Officer of Chefs International, Inc. (the "Company") do hereby certify that:

(1) I have reviewed this quarterly report on Form 10-QSB of the Company for the quarterly period ended April 27, 2003;

(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 in order 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;

(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 the Company as of, and for, the period presented in this quarterly report;

(4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and I have:

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

(b) evaluated the effectiveness of the Company'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 my conclusions about the effectiveness of the disclosure controls and procedures based on my evaluation as of the Evaluation Date;

(5) I have disclosed, based on my most recent evaluation, to the Company's auditors and the Company's board of directors:

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

(6) I have indicated in this quarterly 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 my most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: June 11, 2003

/S/ ANTHONY C. PAPALIA

Anthony C. Papalia
Principal Executive and
Principal Financial Officer
Chefs International, Inc.

CHEFS INTERNATIONAL, INC. AND SUBSIDIARIES

EXHIBIT 99.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony C. Papalia, Principal Executive and Principal Financial Officer of Chefs International, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(a) the Quarterly Report on Form 10-QSB of the Company for the quarterly period ended April 27, 2003, which this certification accompanies (the "Periodic Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(b) to the best of my knowledge, the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 11, 2003

/S/ ANTHONY C. PAPALIA

Anthony C. Papalia
Principal Executive and
Principal Financial Officer
Chefs International, Inc.