CHASE CORP
Form 10-Q/A
December 27, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C., 20549

FORM 10-QA

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended February 28, 2002 Commission File Number:1-9852

CHASE CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts	11-1797126
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)
26 Summer St.	
Bridgewater, Massachusetts	02324
(Address of principal executive offices)	(Zip 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, and (2) has been subject to such filing requirements for the past 90 days.

	Yes X	No
Common Shares Outstanding as of March 31, 2002	4,047,317	

Part 1: FINANCIAL INFORMATION

CHASE CORPORATION

CONSOLIDATED BALANCE SHEET

ASSETS	Feb. 28 2002 (UNAUDITED)	Aug 31 2001 (AUDITED)
CURRENT ASSETS		
Cash and cash equivalents	$249,120	$49,283
Trade receivables, less allowances for doubtful accounts of $351,231 and $264,946 respectively	11,424,180	12,081,284
Note receivable from related party		147,000
Inventories (Note B)		
Finished and in process	5,288,818	3,099,182

Raw Materials	4,729,822	5,859,553
	10,018,640	8,958,735
Prepaid expenses & other curr assets	944,662	458,796
Deferred taxes	226,330	186,836
TOTAL CURRENT ASSETS	22,862,932	21,881,934
PROPERTY, PLANT AND EQUIPMENT		
Land and improvements	1,156,199	524,423
Buildings	7,182,561	4,642,781
Machinery & equipment	21,486,459	18,612,037
Construction in Process	829,039	387,953
	30,654,258	24,167,194
Less allowance for depreciation	15,496,353	14,602,820
	15,157,905	9,564,374
OTHER ASSETS		
Excess of cost over net assets of acquired		
~~businesses less amortization~~	~~8,344,022~~	~~8,340,523~~
businesses less amortization	***8,544,022***	***8,540,523***
Patents, agreements and trademarks		
less amortization	702,387	751,033
Cash surrender value of life insurance net	4,186,017	3,792,515
Deferred taxes	647,883	534,794
Investment in joint venture	1,269,595	1,179,243
Other	866,061	744,087
	~~16,015,965~~	~~15,342,195~~
	16,215,965	***15,542,195***
	~~$54,036,802~~	~~$46,788,503~~
	$54,236,802	***$46,988,503***
	========	========

LIABILITIES AND STOCKHOLDERS' EQUITY

	Feb. 28 2002 (UNAUDITED)	Aug 31 2001 (AUDITED)
CURRENT LIABILITIES		
Accounts payable	$5,846,599	$5,261,112
Notes payable	1,702,000	1,763,184
~~Accrued expenses~~	~~2,365,948~~	~~2,194,545~~
Accrued expenses	***2,565,948***	***2,394,545***
Accrued pension expense-current	353,857	353,857
Income taxes	(325,831)	188,066
Deferred compensation		
Current portion of L.T. debt	2,688,563	2,543,400
~~TOTAL CURRENT LIABILITIES~~	~~12,631,136~~	~~12,304,164~~
TOTAL CURRENT LIABILITIES	***12,831,136***	***12,504,164***
LONG-TERM DEBT, less current portion	9,611,731	3,562,793
Long-term deferred compensation obligation	859,061	737,088
ACCRUED PENSION EXPENSE	708,282	447,698
STOCKHOLDERS' EQUITY		
First Serial Preferred Stock, par value $1.00 a share authorized 100,000 shares; (issued-none)		
	513,590	509,439

Common Stock. par value $.10 a share, Authorized 10,000,000 shares; issued and outstanding 5,135,901 shares at Feb. 28, 2002, and 5,094,389 shares at Aug. 31, 2001 respectively.		
Additional paid-in capital	4,194,539	3,721,442
Treasury Stock, 1,088,584 and 1,088,584 Feb. 28, 2002, and Aug. 31, 2001, respectively	(4,687,565)	(4,687,565)
Cum. G/(L) on currency translation	(235,406)	(213,002)
Retained earnings	30,441,434	30,406,446
	30,226,592	29,736,760
	~~$54,036,802~~	~~$46,788,503~~
	$54,236,802	***$46,988,503***
	========	========

See accompanying notes to the consolidated financial statements and accountants' review report.

CHASE CORPORATION

STATEMENT OF CONSOLIDATED OPERATIONS

(UNAUDITATED)

	Six Months Ended		Three Months Ended	
	Feb. 28	Feb. 28	Feb. 28	Feb. 28
	2002	2001	2002	2001
Sales	$31,999,373	$34,521,828	$16,847,200	$16,737,356
Commissions and other income	407,887	312,536	206,776	171,083
~~Interest~~	~~178~~	~~220~~	~~176~~	~~176~~
	~~32,407,438~~	~~34,834,584~~	~~17,054,152~~	~~16,908,615~~
	32,407,260	***34,834,364***	***17,053,976***	***16,908,439***
Cost and Expenses				
Cost of products sold(Note B)	23,870,015	24,309,743	12,617,618	12,028,267
Sell, general and admin expenses	6,212,032	6,296,118	3,156,975	3,073,246
Bad debt expense	61,427	18,000	48,922	9,000
Non-operating interest income	***(178)***	***(220)***	***(176)***	***(176)***
Interest expense	265,786	470,026	143,690	234,475
	~~30,409,260~~	~~31,093,887~~	~~15,967,205~~	~~15,344,988~~
	30,409,082	***31,093,667***	***15,967,029***	***15,344,812***
Income before income taxes and minority interest and participation	1,998,178	3,740,697	1,086,947	1,563,627
Income taxes	595,900	1,242,300	311,100	506,300
Income before minority interest and participation	1,402,278	2,498,397	775,847	1,057,327
Income from minority interest	75,000	126,000	35,000	66,000
NET INCOME	$1,477,278	$2,624,397	$810,847	$1,123,327

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Net income per share of Common Stock				
Basic	$0.366	$0.657	$0.200	$0.281
	=====	=====	=====	=====
Fully Diluted	$0.359	$0.648	$0.196	$0.277
	=====	=====	=====	=====

See accompanying notes to the consolidated financial statements and accountants' review report.

CHASE CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(UNAUDITED)

6 MONTH ENDED FEBRUARY 28, 2002 AND FEBRUARY 28, 2001

	Common Stock Shares Issued	Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount
Balance @ Aug 31, 2000	5,073,613	$507,361	$3,625,023	1,088,584	$(4,687,565)
Currency Translation adjustment					
Exercise of stock options	15,708	1,571	(1,571)		
Compensatory stock issuance			49,249		
Net Income for 6 months					
Div pd in cash					
$.36 a share on common stock					
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Balance @ February 28, 2001	5,089,321	508,932	3,672,701	1,088,584	(4,687,565)

	Common Stock Shares Issued	Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount
Balance @ February 28, 2001	5,089,321	508,932	3,672,701	1,088,584	(4,687,565)
Currency Translation adjustment					
Exercise of stock options	5,068	507	(507)		
Compensatory stock issuance			49,248		
Net Income for 6 months					
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Balance @ August 31, 2001	5,094,389	509,439	3,721,442	1,088,584	(4,687,565)

	Common Stock Shares Issued	Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount
Balance @ August 31, 2001	5,094,389	509,439	3,721,442	1,088,584	(4,687,565)
Currency Translation adjustment					
Treasury Stock dividend					
Exercise of stock options	1,512	151	(151)		
Issue of 40,000 shares-Tapecoat	40,000	4,000	424,000		
Compensatory stock issuance			49,248		
Net Income for 6 months					

Dividends paid in cash $.36 a share on common stock					
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Balance @ February 28, 2002	5,135,901	$513,590	$4,194,539	1,088,584	$(4,687,565)
	=======	======	=======	=======	========

CHASE CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY(continue)

(UNAUDITED)

6 MONTH ENDED FEBRUARY 28, 2002 AND FEBRUARY 28, 2001

	Retained Earnings	Cumulative Effect of Currency Translation	Total Shareholders Equity	***Comprehensive Income***
Balance @ August 31, 2000	$25,964,349	$(180,073)	$25,229,095	
Currency Translation adjustment		(25,794)	(25,794)	***(25,794)***
Exercise of stock options			--	
Compensatory stock issuance			49,249	
Net Income for 6 months	2,624,397		2,624,397	***2,624,397***
Div pd in cash $.36 a share on common stock	(1,431,263)		(1,431,263)	
	------------	----------	------------	------------
Balance @ February 28, 2001	27,157,483	(205,867)	26,445,684	***2,598,603***
				=======

	Retained Earnings	Cumulative Effect of Currency Translation	Total Shareholders Equity	***Comprehensive Income***
Balance @ February 28, 2001	27,157,483	(205,867)	26,445,684	***2,598,603***
Currency Translation adjustment		(7,135)	(7,135)	***(7,135)***
Exercise of stock options			--	
Compensatory stock issuance			49,248	
Net Income for 6 months	3,248,963		3,248,963	***3,248,963***
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Balance @ August 31, 2001	30,406,446	(213,002)	29,736,760	***3,241,828***
				=======

	Retained	Cumulative Effect of Currency	Total Shareholders	***Comprehensive***

	Earnings	Translation	Equity	***Income***
Balance @ August 31, 2001	30,406,446	(213,002)	29,736,760	***3,241,828***
Currency Translation adjustment		(22,404)	(22,404)	***(22,404)***
Treasury Stock dividend			--	
Exercise of stock options			--	
Issue of 40,000 shares-Tapecoat			428,000	
Compensatory stock issuance			49,248	
Net Income for 6 months	1,477,278		1,477,278	***1,477,278***
Dividends paid in cash $.36 a share on common stock	(1,442,290)		(1,442,290)	
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Balance @ February 28, 2002	$30,441,434	$(235,406)	$30,226,592	***$1,454,874***
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See accompanying notes to the consolidated financial statements and accountants' review report.

CHASE CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

	Six Months Ended	
	Feb. 28, 2002	Feb. 28, 2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$1,477,278	$2,624,397
Adjmts. to reconcile net income to net cash provided by operating activities:		
Income from joint venture	(75,000)	(126,000)
Depreciation	893,533	732,444
Amortization	48,645	379,036
Provision for losses on accounts receivable	86,285	(39,643)
Stock issued for compensation	49,248	49,249
Deferred taxes	(152,583)	(400,170)
Change in assets and liabilities		
Proceeds from notes receivable	147,000	---
Trade receivables	***1,939,651***	1,325,294
Inventories	***586,430***	(778,674)
Prepaid. expenses & other current assets	***(480,050)***	(185,617)
Accounts payable	***168,449***	(372,795)
Accrued expenses	***436,741***	274,216
Income taxes payable	(513,897)	89,525
Deferred compensation	0	73,938
TOTAL ADJUSTMENTS	***2,260,970***	1,020,803
NET CASH FROM OPERATIONS	***3,738,248***	3,645,200
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	***(2,389,468)***	(1,054,988)

Cash paid for investment	(15,352)	(20,000)
Investment in trusteed assets	0	(77,859)
Investment in subsidiaries	(3,500)	(153,347)
Purchase of cash surrender value	(393,502)	(306,074)
Dividend received from joint venture	0	245,826
	(2,801,822)	(1,366,442)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term debt	***6,797,783***	6,544,884
Payments of principal on debt	(6,030,898)	(7,321,972)
Net borrowing under line-of-credit	(61,184)	(121,760)
Dividend paid	(1,442,290)	(1,436,457)
Reduction of cash paid for dividends		5,194
	(736,589)	(2,330,111)
NET CHANGE IN CASH	199,837	(51,353)
CASH AT BEGINNING OF PERIOD	49,283	65,289
CASH AT END OF PERIOD	$249,120	$13,936
	========	========
CASH PAID DURING PERIOD FOR:		
Income taxes	$1,385,285	$1,490,723
Interest	$265,786	$470,026

See accompanying notes to the consolidated financial statements and accountants' review report.

CHASE CORPORATION SECURITIES AND EXCHANGE COMMISSION

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

April 9, 2002

Note A - Basis of Presentation

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with the instructions to Form 10-Q and all adjustments (consisting of nonrecurring accruals) have been made which are, in the opinion of Management, necessary to a fair statement of the results for the interim periods reported. The financial statements of Chase Corporation include the activities of its divisions and its foreign sales subsidiary.

Note B - Inventories

Certain divisions used estimated gross profit rates to determine the cost of goods sold. No significant adjustments have resulted from reconciling with the interim physical inventories as a result of using this method.

Note C - Income per Share of Common Stock

Income per share is based on the average number of shares and share equivalents outstanding during the period. The average number of shares outstanding used in determining basic per share results was 4,032,984 and 4,047,132 for the period of six months and three months ended February 28, 2002. Earnings per share on a fully diluted basis were calculated on 4,116,380 and 4,132,639 common shares and share equivalents. Common share equivalents arise from the issuance of certain stock options.

Note D - Acquisition of Assets

Chase Corporation (the "Company") has purchased certain operating assets of the Tapecoat Division of TC Manufacturing, Inc. from TC Manufacturing, Inc.

The assets consisted of:

Accounts Receivable	$1,368,831
Inventory	1,646,335
Other Current Assets	5,813
Land and Buildings	1,700,000
Machinery and Equipment	2,420,000
	$7,140,979

The purchase price consisted of:

Cash	$5,427,217
Accounts Payable	417,034
Other Current Liabilities assumed	868,728
Common Stock issued, 40,000 shares at $10.70 per share	428,000
	$7,140,979

Cash was provided through operating cash and borrowing under the Company's credit facility.

~~Note E - Review of Goodwill~~

~~In accordance with statement of financial accounting standards number 142, which the Company adopted September 1, 2001, an interum evaluation of goodwill was conducted on February 28, 2002. Based on the evaluation of estimated future cash flows no adjustment to goodwill has been made at this time.~~

Note E - Earnings Per Share

	Six Months Ended		Three Months Ended	
	Feb. 28, 2002	Feb 28, 2001	Feb 28, 2002	Feb 28, 2001
Income available to common shareholders	$1,477,278	$2,624,397	$810,847	$1,123,327
Weighted average common shares outstanding	4,032,984	3,992,468	4,047,132	3,996,402
Basic earnings per share	0.37	0.66	0.20	0.28
Weighted average common shares outstanding	4,032,984	3,992,468	4,047,132	3,996,402
Effects of options outstanding	83,396	56,938	85,507	59,980
Common shares and share				

equivalents	4,116,380	4,049,406	4,132,639	4,056,382
Diluted earnings per share	0.36	0.65	0.20	0.28

Note F - ***Change in Accounting Principles***

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 141, "Business Combinations" (FAS 141) and Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" (FAS 142). FAS 141 requires the purchase method of accounting to be used for all business combinations initiated after June 30, 2001. FAS 141 also specifies criteria that intangible assets acquired must meet to be recognized and reported separately from goodwill. The adoption of FAS 141 will not have any material effect on our results of operations or financial position.

FAS 142 requires that goodwill and intangible assets with indefinite lives no longer be amortized but instead be measured for impairment at least annually, or when events indicate that an impairment exists. Our adoption date will be September 1, 2001. As of that date, amortization of goodwill and other indefinite-lived intangible assets, including those recorded in past business combinations, will cease. As a result of the elimination of this amortization, selling, general and administrative expenses will decrease by approximately $667,000 annually.

As required by FAS 142, we will perform impairment tests on goodwill and other indefinite-lived intangible assets as of the adoption date. Thereafter, we will perform impairment tests annually and whenever events or circumstances indicate that the value of goodwill or other indefinite-lived intangible assets might be impaired. In connection with the FAS 142 transitional goodwill impairment test, we will utilize the required two-step method for determining goodwill impairment as of the adoption date. To accomplish this, we will identify our reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the adoption date. We will then have up to six months from the adoption date to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. To the extent the carrying amount of a reporting unit exceeds the fair value of the reporting unit, we then will perform the second step of the transitional impairment test. If necessary, in the second step, we will compare the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill, both of which would be measured as of the adoption date. The implied fair value of goodwill will be determined by allocating the fair value of the reporting unit to all of the assets (recognized and unrecognized) and liabilities of the reporting unit in a manner similar to a purchase price allocation, in accordance with FAS 141. The residual fair value after this allocation will be the implied fair value of the reporting unit goodwill. We will record a transitional impairment loss for the excess of the carrying value of goodwill allocated to the reporting unit over the implied fair value. FAS 142 requires that this second step be completed as soon as possible, but no later than the end of the year of adoption.

In connection with the FAS 142 indefinite-lived intangible asset impairment test, we will utilize the required one-step method to determine whether an impairment exists as of the adoption date. The test will consist of a comparison of the fair values of indefinite-lived intangible assets with the carrying amounts. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, we will recognize an impairment loss in an amount equal to that excess.

In accordance with statement of financial accounting standards number 142, which the Company adopted September 1, 2001, an interim evaluation of goodwill was conducted on February 28, 2002. Based on the evaluation of estimated future cash flows no adjustment to goodwill has been made at this time.

Note G - Review by Independent Public Accountant

The financial information included in this form has been reviewed by an independent public accountant in accordance with established professional standards and procedures. Based upon such review, no adjustments or additional disclosure were recommended.

Letter from the independent public accountant is included as a part of this report.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors

Chase Corporation

Bridgewater, Massachusetts

We have reviewed the consolidated balance sheet of Chase Corporation and Subsidiaries as of February 28, 2002 and the related consolidated statements of operations, stockholders equity, and cash flows for the periods of three and six months ended February 28, 2002 and February 28, 2001; in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Chase Corporation.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with U. S. generally accepted auditing standards, the consolidated balance sheet of Chase Corporation and Subsidiaries as of August 31, 2001, and the related statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated November 7, 2001, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of August 31, 2001, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/S/ LIVINGSTON & HAYNES, P.C.

Wellesley, Massachusetts

April 8, 2002

Results of Operations

Net revenues decreased 7% for the first six months of fiscal 2002 verses the same period last year although second quarter revenues were about the same when compared to the same period in fiscal 2001. The Company's performance continued to be negatively impacted by the recession, which was somewhat offset from the benefits of our acquisition of the Tapecoat Division of TC Manufacturing, Inc. concluded November 1, 2001. Certain of the Company's Electronic Manufacturing Services (EMS) operations continue to be more adversely affected by the economic downturn. Our diversification has enabled us to withstand significant adversity while continuing to operate on a positive basis and at the same time making investments that will benefit our Company in the future.

When comparing the six months fiscal 2001 revenue to that of the prior year, the majority of the 16% increase related to the investments and acquisitions within the EMS segment that were concluded during fiscal 1999.

Sales and Operating Profit by Segment
($-000)

For the six months ended:		Sales	Operating Profit	%
February 28, 2002				
	Specialized Manufacturing	$21,961	$3,420	15.6
	Electronic Manufacturing Services	$10,038	$ 176	1.8
		$31,999	$3,596	11.2
February 28, 2001				
	Specialized Manufacturing	$22,776	$4,642	20.4
	Electronic Manufacturing Services	$11,746	$1,153	9.8
		$34,522	$5,795	16.8
February 29, 2000				
	Specialized Manufacturing	$21,826	$4,466	20.5
	Electronic Manufacturing Services	$ 7,929	$ 475	6.0
		$29,755	$4,941	16.6

The cost of products sold increased by almost $600,000 during the current quarter when comparing it to the same quarter last year. When comparing the 6 month period this year versus the prior year there is a slight increase. This year to date decrease is somewhat related to volume. For the first half as a percent of sales, cost of products increased to 74.6% from 69.8% The six month and 3 month percentage increase is associated with a change in product mix, some selling price erosion created by competitive pressure, and lower volume which decreased efficiencies previously gained through greater economies of scale.

When comparing fiscals 2001 and 2000, the increases in the quarter and year to date were to a large extent volume related. For the first half as a percent of sales, the increase was less than 1%. During that period, raw material price increases were somewhat offset by stabilized manufacturing overhead and productivity improvements.

Selling and administration expenses have remained relatively constant during the current year, however, as a percent of sales they have increased by 1.2%. When comparing fiscal 2001 to 2000 the increase of $755,000 was mostly volume related. The Company continues to invest in personnel to support future growth while continuing to be focused on cost containment while it continues to provide quality products and services to the market place.

Interest expense decreased to $266,000 for the first six months of this year as compared to $470,000 and $410,000 for the periods of 2001 and 2000. The decrease relates to the repayment of debt incurred for acquisitions and also the reductions to interest rates. During the prior periods, the increased level of interest expense was associated with the debt incurred to complete acquisitions. The Company continues to benefit from low borrowing rates from its financial institutions.

A majority of the earnings decline during the first six months of fiscal 2002 are the result of lower sales volume for products and services and the associated profitability provided by our telecommunication market. Our more traditional markets continue to provide respectable contributions in spite of the recession. We expect that our improvement during the second quarter of this year will continue during the remainder of fiscal 2002. It is however still very difficult to predict a full recovery although we sense more positive opportunities than negative. We will continue on our program of seeking to maximize and expand our current business, while at the same time seeking future opportunities through selective acquisitions.

The effective tax rate over the past three years is lower than the applicable tax rate. The Company continues to receive the benefit of solid export sales through its Chase Export Corporation subsidiary. We also continues to receive the benefit of its Sunburst EMS acquisition as it consolidates their results for tax purposes.

The increase from minority interest is associated with our 42% equity position in the Stewart Group, Inc., Toronto, Canada.

Liquidity and Sources of Capital

The ratio of current assets to current liabilities was 1.8 at the end of the second quarter of fiscal 2002 as compared to 1.7 at the prior year-end.

Long-term debt increased by $6,049,000 and total liabilities increased by $6,758,000 when compared to fiscal 2001. The majority of the increase is related to the debt incurred for the Tapecoat asset acquisition which was effective November 1, 2001.

The Company had $1,775,000 in available credit at February 28, 2002 under its credit arrangements with its bank and plans to utilize this means to help finance its interim needs during the year. Current financial resources and anticipated funds from operations are expected to be adequate to meet requirements for funds in the year ahead.

Recent Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board (FASB) issued FASB Statements Nos.141 and 142 (FAS 141 and FAS 142), Business Combinations and Goodwill and Other Intangible Assets. FAS 141 replaces APB 16 and eliminates pooling-of-interests accounting prospectively. It also provides guidance on purchase accounting related to the recognition of intangible assets and accounting for negative goodwill. FAS 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Under FAS 142, goodwill will be tested annually and whenever events or circumstances occur indicating that goodwill might be impaired.

FAS 141 and FAS 142 are effective for all business combinations completed after June 30, 2001. Upon adoption of FAS 142, amortization of goodwill recorded for business combinations consummated prior to July 1, 2001 will cease, and intangible assets acquired prior to July 1, 2001 that do not meet the criteria for recognition under FAS 141 will be reclassified to goodwill. Companies are required to adopt FAS 142 for fiscal years beginning after December 15, 2001, but early adoption is permitted. The Company adopted FAS 142 on September 1, 2001, the beginning of fiscal 2002. In connection with the adoption of FAS 142, the Company was required to perform a transitional goodwill impairment assessment. An interim evaluation of goodwill has been conducted based on the evaluation of estimated future cash flow and no adjustments to goodwill are required at this time. Amortization of Goodwill was

$666,745, $660,074 and $159,582 for the fiscal years 2001, 2000, and 1999 respectively.

Forward-Looking Information

From time to time, the Company may publish, verbally or in written form, forward-looking statements relating to such matters as anticipated financial performance, business prospects, technological developments, new products, research and development activities and similar matters. In fact, this Form 10-Q (or any other periodic reporting documents required by the 1934 Act) may contain forward-looking statements reflecting the current views of the Company concerning potential future events or developments. The Private Securities Litigation Reform Act of 1995 (the "Act") provides a "safe harbor" for forward-looking statements. In order to comply with the terms of the "safe harbor," the Company cautions investors that any forward-looking statements made by the Company are not guarantees of future performance and 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. The risks and uncertainties which may affect the operations, performance, development and results of the Company s business include, but are not limited to, the following: uncertainties relating to economic conditions; uncertainties relating to government and regulatory policies; uncertainties relating to customer plans and commitments; the pricing and availability of equipment, materials and inventories; technological developments; performance issues with key suppliers and subcontractors; worldwide political stability and economic growth; regulatory uncertainties; delays in testing of new products; rapid technology changes and the highly competitive environment in which the Company operates. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

Recently Issued Accounting Standards

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 141, "Business Combinations" (FAS 141) and Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" (FAS 142). FAS 141 requires the purchase method of accounting to be used for all business combinations initiated after June 30, 2001. FAS 141 also specifies criteria that intangible assets acquired must meet to be recognized and reported separately from goodwill. The adoption of FAS 141 will not have any material effect on our results of operations or financial position.

FAS 142 requires that goodwill and intangible assets with indefinite lives no longer be amortized but instead be measured for impairment at least annually, or when events indicate that an impairment exists. Our adoption date will be September 1, 2001. As of that date, amortization of goodwill and other indefinite-lived intangible assets, including those recorded in past business combinations, will cease. As a result of the elimination of this amortization, selling, general and administrative expenses will decrease by approximately $667,000 annually.

As required by FAS 142, we will perform impairment tests on goodwill and other indefinite-lived intangible assets as of the adoption date. Thereafter, we will perform impairment tests annually and whenever events or circumstances indicate that the value of goodwill or other indefinite-lived intangible assets might be impaired. In connection with the FAS 142 transitional goodwill impairment test, we will utilize the required two-step method for determining goodwill impairment as of the adoption date. To accomplish this, we will identify our reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the adoption date. We will then have up to six months from the adoption date to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. To the extent the carrying amount of a reporting unit exceeds the fair value of the reporting unit, we then will perform the second step of the transitional impairment test. If necessary, in the second step, we will compare the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill, both of which would be measured as of the adoption date. The implied fair value of goodwill will be determined by allocating the fair value of the reporting unit to all of the assets (recognized and unrecognized) and liabilities of the reporting unit in a manner similar to a purchase price allocation, in

accordance with FAS 141. The residual fair value after this allocation will be the implied fair value of the reporting unit goodwill. We will record a transitional impairment loss for the excess of the carrying value of goodwill allocated to the reporting unit over the implied fair value. FAS 142 requires that this second step be completed as soon as possible, but no later than the end of the year of adoption.

In connection with the FAS 142 indefinite-lived intangible asset impairment test, we will utilize the required one-step method to determine whether an impairment exists as of the adoption date. The test will consist of a comparison of the fair values of indefinite-lived intangible assets with the carrying amounts. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, we will recognize an impairment loss in an amount equal to that excess.

In accordance with statement of financial accounting standards number 142, which the Company adopted September 1, 2001, an interum evaluation of goodwill was conducted on February 28, 2002. Based on the evaluation of estimated future cash flows no adjustment to goodwill has been made at this time.

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(A)Exhibits

Reg. S-K

Item 601

Subsection	Description of Exhibit	State	Page Number

Pursuant to reg. S-K item 601
no exhibits are required.

(b)Reports on Form 8-K

A report on form 8-K was filed on November 28, 2001 relating to the purchase of certain assets.

No financial statements were filed during the three months ended February 28, 2002.

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.

CHASE CORPORATION
/s/ Peter R. Chase
Peter R. Chase, President & CEO

Dated: April 9, 2002