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CORE MOLDING TECHNOLOGIES INC
Form 10-Q/A
December 22, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A

AMENDMENT NO. 1

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

For the quarterly period ended

September 30, 2003

OR

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

for the transition period from

To

Commission File Number 001-12505

CORE MOLDING TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

31-1481870

(State or other jurisdiction
incorporation or organization)

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

800 Manor Park Drive, P.O. Box 28183
Columbus, Ohio

43228-0183

(Address of principal executive office)

(Zip Code)

Registrant's telephone number, including area code (614) 870-5000

N/A

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

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FINANCIAL STATEMENTS
CORE MOLDING TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

| | SEPTEMBER 30, 2003 |
|--|------------------------|
| | ----- (UNAUDITED) |
| ASSETS | |
| Cash and cash equivalents | \$ 10,079,215 |
| Accounts receivable (less allowance for doubtful accounts: September 30, 2003 - \$533,000; December 31, 2002 - \$543,000) | 13,784,784 |
| Inventories: | |
| Finished and work in process goods | 2,721,369 |
| Stores | 2,910,926 |
| | ----- |
| Total inventories | 5,632,295 |
| Deferred tax asset | 1,151,158 |
| Prepaid expenses and other current assets | 2,310,279 |
| | ----- |
| Total current assets | 32,957,731 |
| Property, plant and equipment | |
| | 44,129,020 |
| Accumulated depreciation | (20,473,218) |
| | ----- |
| Property, plant and equipment - net | 23,655,802 |
| Deferred tax asset - net | 9,933,142 |
| Goodwill | 1,097,433 |
| Other assets | 404,634 |
| | ----- |
| TOTAL | \$ 68,048,742 ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | |
| LIABILITIES: | |
| Current liabilities | |
| Accounts payable | \$ 8,263,273 |
| Current portion long-term debt | 2,210,000 |
| Current portion deferred long-term gain | 453,555 |
| Current portion graduated lease payments | 229,269 |
| Accrued liabilities: | |
| Compensation and related benefits | 2,914,018 |
| Interest | 450,743 |
| Taxes | 621,270 |
| Professional fees | 94,540 |
| Other accrued liabilities | 495,172 |
| | ----- |
| Total current liabilities | 15,731,840 |
| Long-term debt | 21,654,288 |
| Interest rate swap | 703,927 |
| Graduated lease payments | 772,933 |
| Deferred long-term gain | 1,214,996 |
| Postretirement benefits liability | 6,951,915 |

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STOCKHOLDERS' EQUITY:

| | |
|---|---------------|
| Common stock - \$0.01 par value, authorized shares - 20,000,000; | 97,787 |
| Outstanding shares: September 30, 2003 and December 31, 2002 - 9,778,680 | |
| Paid-in capital | 19,251,392 |
| Accumulated other comprehensive loss, net of income tax effect | (464,592) |
| Retained earnings | 2,134,256 |
| | ----- |
| Total stockholders' equity | 21,018,843 |
| | ----- |
| TOTAL | \$ 68,048,742 |
| | ===== |

See notes to consolidated financial statements

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CORE MOLDING TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

| | THREE MONTHS ENDED SEPTEMBER 30, | |
|--|-------------------------------------|--------------|
| | 2003 | 2002 |
| | ----- | ----- |
| NET SALES: | | |
| Products | \$19,290,263 | \$20,925,901 |
| Tooling | 44,542 | 2,472,975 |
| | ----- | ----- |
| Total Sales | 19,334,805 | 23,398,876 |
| | ----- | ----- |
| Cost of Sales | 16,167,272 | 19,769,586 |
| Postretirement benefits expense | 363,841 | 322,025 |
| | ----- | ----- |
| Total cost of sales | 16,531,113 | 20,091,611 |
| | ----- | ----- |
| GROSS MARGIN | 2,803,692 | 3,307,265 |
| | ----- | ----- |
| Selling, general and administrative expense | 2,213,283 | 2,374,113 |
| Postretirement benefits expense | 96,717 | 80,506 |
| | ----- | ----- |
| Total selling, general and administrative expense | 2,310,000 | 2,454,619 |
| Other Income | - | 500,000 |

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| | | |
|--------------------------------------|-----------|------------|
| INCOME BEFORE INTEREST AND TAXES | 493,692 | 1,352,646 |
| Interest income | 17,940 | 34,829 |
| Interest expense | (429,681) | (509,434) |
| INCOME BEFORE INCOME TAXES | 81,951 | 878,041 |
| Income taxes: | | |
| Current | 57,979 | 269,483 |
| Deferred | (32,115) | 123,092 |
| Total income taxes | 25,864 | 392,575 |
| NET INCOME | \$ 56,087 | \$ 485,466 |
| NET INCOME PER COMMON SHARE: | | |
| Basic and diluted | \$ 0.01 | \$ 0.05 |
| WEIGHTED AVERAGE SHARES OUTSTANDING: | | |
| Basic and diluted | 9,778,680 | 9,778,680 |

See notes to consolidated financial statements

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CORE MOLDING TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(UNAUDITED)

| | SHARES | COMMON STOCK OUTSTANDING AMOUNT | PAID-IN CAPITAL | RETAINED EARNINGS | ACCUMULATED OTHER COMPREHENSIVE INCOME |
|--|-----------|---------------------------------------|--------------------|----------------------|---|
| BALANCE AT JANUARY 1, 2003 | 9,778,680 | \$ 97,787 | \$ 19,251,392 | \$ 435,450 | \$ |
| Net Income | | | | 1,698,806 | |
| Hedge accounting effect of the interest rate swap at September 30, 2003, net of deferred income tax expense of \$23,632. | | | | | |
| BALANCE AT SEPTEMBER 30, 2003 | 9,778,680 | \$97,787 | \$ 19,251,392 | \$ 2,134,256 | \$ |

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See notes to consolidated financial statements.

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CORE MOLDING TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | NINE MONTHS ENDED SEPTEMBER 30, | |
|---|------------------------------------|-------|
| | 2003 | 2002 |
| | ----- | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 1,698,806 | \$ |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,601,695 | |
| Deferred income taxes | 789,448 | |
| Loss on disposal of assets | 27,298 | |
| Amortization of gain on sale/leaseback transactions | (340,166) | |
| Loss/(gain) on translation of foreign currency financial statements | 89,378 | |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (2,503,724) | (|
| Inventories | (1,198,683) | |
| Prepaid and other assets | (91,379) | |
| Accounts payable | 3,148,619 | |
| Accrued and other liabilities | 342,266 | |
| Postretirement benefits liability | 990,000 | |
| | ----- | ----- |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 4,553,558 | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | (1,303,960) | |

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| | | |
|---|---------------|----|
| Proceeds from maturities on mortgage-backed security investment | 4,420 | |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (1,299,540) | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payments of principal on secured note payable | (1,860,862) | |
| Payment of principal on industrial revenue bond | (290,000) | |
| NET CASH USED IN FINANCING ACTIVITIES | (2,150,862) | |
| NET INCREASE IN CASH | 1,103,156 | |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 8,976,059 | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 10,079,215 | \$ |
| Cash paid for: | | |
| Interest (net of amounts capitalized) | \$ 988,123 | \$ |
| Income taxes (refund) | \$ (173,907) | \$ |

See notes to consolidated financial statements.

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CORE MOLDING TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10Q and include all of the information and disclosures required by accounting principles generally accepted in the United States of America for interim reporting, which are less than those required for annual reporting. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (all of which are normal and recurring in nature) necessary to present fairly the financial position of Core Molding Technologies, Inc. and its subsidiaries ("Core Molding Technologies") at September 30, 2003, and the results of their operations and cash flows. The "Consolidated Notes to Financial Statements", which are contained in the 2002 Annual Report to Shareholders, should be read in conjunction with these Consolidated Financial Statements. Certain reclassifications have been made to prior year's amounts to conform to the classifications of such amounts for 2003.

Core Molding Technologies and its subsidiaries operate in the plastics market in a family of products known as "reinforced plastics". Reinforced plastics are combinations of resins and reinforcing fibers (typically glass or carbon) that are molded to shape. The Columbus, Ohio and Gaffney, South Carolina facilities produce reinforced plastics by compression molding sheet molding

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compound ("SMC") in a closed mold process. The Matamoros, Mexico facility produces reinforced plastic products by spray-up and hand-lay-up open mold processes and vacuum assisted resin infused ("VRIM") closed mold process.

2. EARNINGS PER COMMON SHARE

Basic earnings per common share is computed based on the weighted average number of common shares outstanding during the period. Diluted earnings per common share is computed similarly but include the effect of the exercise of stock options under the treasury stock method. In calculating net income per share for the three and nine months ended September 30, 2003, and September 30, 2002, stock options had no effect on the weighted average shares for the computation of diluted income per share and consequently basic and diluted net income per share were the same.

3. MAIN CUSTOMERS

Core Molding Technologies currently has four major customers, International Truck & Engine Corporation ("International"), Yamaha Motor Corporation ("Yamaha"), Lear Corporation ("Lear"), and Freightliner, LLC ("Freightliner"). The following table presents net sales for the above-mentioned customers for the three and nine months ended September 30, 2003 and September 30, 2002:

| | THREE MONTHS ENDED SEPTEMBER 30, | | NINE MONTHS EN SEPTEMBER 30 | |
|---------------|-------------------------------------|--------------|--------------------------------|-------|
| | 2003 | 2002 | 2003 | |
| International | \$10,018,394 | \$13,261,374 | \$39,887,015 | \$ |
| Yamaha | 2,601,340 | 1,895,227 | 10,235,319 | |
| Lear | 1,912,379 | 2,434,563 | 6,375,986 | |
| Freightliner | 2,463,959 | 3,430,324 | 6,886,719 | |
| | ----- | ----- | ----- | ----- |
| Subtotal | \$16,996,072 | \$21,021,488 | \$63,385,039 | |
| Other | 2,338,733 | 2,377,388 | 6,633,988 | |
| | ----- | ----- | ----- | ----- |
| Total | \$19,334,805 | \$23,398,876 | \$70,019,027 | |
| | ===== | ===== | ===== | ===== |

4. COMPREHENSIVE INCOME

Comprehensive income represents net income plus the results of certain non-shareowners' equity changes not reflected in the Statement of Income. The components of comprehensive income, net of tax, are as follows:

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| | THREE MONTHS ENDED SEPTEMBER 30, | | NINE MONTH SEPTEMBER |
|--|-------------------------------------|------------|-------------------------|
| | 2003 | 2002 | 2003 |
| Net income | \$ 56,087 | \$ 485,466 | \$1,698,806 |
| Hedge accounting effect of the interest rate swap, net of tax effect of \$45,207 expense and \$100,743 benefit for the three months ending September 30, respectively; and \$23,632 tax expense and \$136,999 tax benefit for the nine months ending September 30, respectively. | 87,754 | (195,035) | 45,874 |
| Comprehensive income | \$ 143,841 | \$ 290,431 | \$1,744,680 |

5. STOCK-BASED COMPENSATION

Core Molding Technologies accounts for its stock option plans in accordance with APB Opinion No. 25, under which no compensation cost has been recognized. Had compensation cost for all stock option plans been determined consistent with SFAS No. 123, "Accounting for Stock Based Compensation," Core Molding Technologies' net income and earnings per common share would have resulted in the amounts as reported below.

| | THREE MONTHS ENDED SEPTEMBER 30, | | NINE MONTH SEPTEMBER |
|--|-------------------------------------|------------|-------------------------|
| | 2003 | 2002 | 2003 |
| Net income as reported | \$ 56,087 | \$ 485,466 | \$1,698,806 |
| Deduct: Total stock-based employee compensation income/(expense) determined under fair value based method for all awards, net of related tax effects | 1,224,460 | (19,958) | 1,070,893 |
| Pro forma net income | \$ 1,280,547 | \$ 465,508 | \$2,769,699 |
| Earnings per share: Basic and diluted-as reported | \$ 0.01 | \$ 0.05 | \$ 0.17 |

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Basic and diluted-pro forma

\$ 0.13

\$ 0.05

\$ 0.28

The pro forma amounts are not representative of the effects on reported net earnings or earnings per common share for future years. Pro forma income from stock based compensation results from the cancellation of stock options described below.

On August 4, 2003, Core Molding Technologies reported the results of its recent tender offer regarding the outstanding stock options granted to its employees. Of the 1,171,500 stock options outstanding, 978,000 options were tendered for cancellation. Core Molding Technologies has stated that it intends to issue 929,100 new options, representing 95% of the tendered options, on or after February 2, 2004, at the greater of \$1.70 per share or the market price per share on the day of issuance.

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6. NEW ACCOUNTING PRONOUNCEMENTS

In November 2002, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 clarifies the requirements of Statement of Financial Accounting Standards ("SFAS") No. 5, "Accounting for Contingencies," relating to the guarantor's accounting for and disclosures of certain guarantees issued. The initial recognition and measurement provisions of the interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the guarantor's fiscal year-end. The disclosure requirements of the interpretation were effective for financial statements of interim or annual periods ending after December 15, 2002. The provisions of FIN 45 did not have a material impact on Core Molding Technologies' financial condition or results of operations.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." This interpretation addresses consolidation requirements of certain off balance sheet entities. The provisions of this interpretation are effective for years beginning after December 15, 2003. The provisions of FIN 46 are not expected to have a material impact on Core Molding Technologies' financial condition or results of operations.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which amends and clarifies accounting and reporting for certain derivative instruments. This statement is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003, and is to be applied prospectively. Core Molding Technologies has adopted SFAS No. 149 and its adoption did not have a material impact on the consolidated financial statements of Core Molding Technologies.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim

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period beginning after June 15, 2003. The adoption of SFAS No. 150 did not have a material impact on Core Molding Technologies' consolidated financial statements.

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PART I - FINANCIAL INFORMATION ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the federal securities laws. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance as opposed to historical items and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Such forward-looking statements involve known and unknown risks and are subject to uncertainties and factors relating to Core Molding Technologies' operations and business environment, all of which are difficult to predict and many of which are beyond Core Molding Technologies' control. These uncertainties and factors could cause Core Molding Technologies' actual results to differ materially from those matters expressed in or implied by such forward-looking statements.

Core Molding Technologies believes that the following factors, among others, could affect its future performance and cause actual results to differ materially from those expressed or implied by forward-looking statements made in this quarterly report: business conditions in the plastics, transportation, watercraft and commercial product industries; general economic conditions in the markets in which Core Molding Technologies operates; dependence upon four major customers as the primary source of Core Molding Technologies' sales revenues; recent efforts of Core Molding Technologies to expand its customer base; failure of Core Molding Technologies' suppliers to perform their contractual obligations; new technologies; competitive and regulatory matters; labor relations; the loss or inability of Core Molding Technologies to attract key personnel; the availability of capital; the ability of Core Molding Technologies to provide on-time delivery to customers, which may require additional shipping expenses to ensure on-time delivery or otherwise result in late fees; risk of cancellation or rescheduling of orders; and management's decision to pursue new products or businesses which involve additional costs, risks or capital expenditures.

OVERVIEW

Core Molding Technologies is a compounder of sheet molding composite ("SMC") and molder of fiberglass reinforced plastics. Core Molding Technologies produces high quality fiberglass reinforced molded products and SMC materials for varied markets, including medium and heavy-duty trucks, automobiles, personal watercraft and other commercial products. The demand for Core Molding Technologies' products is affected by economic conditions in the United States, Canada and Mexico. Core Molding Technologies' manufacturing operations have a significant fixed cost component. Accordingly, during periods of changing demands, the profitability of Core Molding Technologies' operations may change proportionately more than revenues from operations.

On December 31, 1996, Core Molding Technologies acquired substantially all of the assets and assumed certain liabilities of Columbus Plastics, a wholly owned operating unit of International Truck & Engine Corporation's

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("International") truck manufacturing division since its formation in late 1980. Columbus Plastics, located in Columbus, Ohio, was a compounder and compression molder of SMC. In 1998 Core Molding Technologies began compression molding operations at its second facility in Gaffney, South Carolina, and in October 2001, Core Molding Technologies acquired certain assets of Airshield Corporation. As a result of this acquisition, Core Molding Technologies expanded its fiberglass molding capabilities to include the spray up, hand-lay-up and vacuum assisted resin infusion molding processes in Matamoros, Mexico.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2003, AS COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2002

Net sales for the three months ended September 30, 2003, totaled \$19,335,000 representing an approximate 17% decrease from the \$23,399,000 reported for the three months ended September 30, 2002. The primary reason for the decrease in sales was due to a reduction in completed tooling projects and lower product sales to truck original equipment manufacturers. Revenue from tooling projects totaled \$45,000 for the three months ended September 30, 2003. Tooling project revenues for the three months ended September 30, 2002, totaled \$2,473,000. Tooling project revenues are sporadic in nature and do not represent a recurring trend. Tooling project revenues

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represented the primary reason for the decrease in sales to International for the three months ended September 30, 2003, as compared to the three months ended September 30, 2002. Total product sales revenue, excluding tooling project revenue, was lower by approximately 8% for the three months ended September 30, 2003, as compared to September 30, 2002. The primary reason for this decrease was due to the negative impact general economic conditions have had on the demand for medium and heavy-duty trucks. Sales to Yamaha increased by \$706,000 for the three months ended September 30, 2003, compared to the same time period last year. The primary reason for this increase was due to an increase in purchases of SMC by Yamaha.

Gross Margin was approximately 14.5% of sales for the three months ended September 30, 2003, compared with 14.1% for the three months ended September 30, 2002. Improvements in material usage, labor efficiency and repairs and maintenance spending were offset by increased healthcare benefits, natural gas pricing, sales price adjustments and the impact of lower product sales volumes. In October 2003, Core Molding Technologies incurred unplanned premium freight expenses in order to provide on-time delivery to one of its customers. The circumstances, which related to a secondary supply system, were temporary in nature and have been resolved. The premium freight expenses incurred will have an adverse effect on gross margin and earnings of approximately \$0.03 per share in the fourth quarter of 2003. Despite these circumstances, the Company anticipates that the fourth quarter 2003 will still be profitable.

Selling, general and administrative expenses ("SG&A") totaled \$2,310,000 for the three months ended September 30, 2003, decreasing from \$2,455,000 for the three months ended September 30, 2002. The primary reasons for this decrease were due to decreases in profit sharing accruals and real estate and property taxes. These decreases were partially offset by increases in Core Molding Technologies' insurance costs.

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Interest expense totaled \$430,000 for the three months ended September 30, 2003, decreasing from \$509,000 for the three months ended September 30, 2002. The primary reason for the decrease was due to the principal payment made on the secured note payable due to International Truck and Engine Corporation (see Note 6 in the 2002 Annual Report to Shareholders). Interest rates for the industrial revenue bond were favorable; however, due to the interest rate swap, the interest rate is essentially fixed for this debt instrument.

Income taxes for the three months ended September 30, 2003, are estimated to be approximately 32% of total earnings before taxes. The lower rate is a result of a foreign tax adjustment recorded in the quarter and does not represent a change in Core Molding Technologies' effective tax rate, which is estimated to be 39%. Actual tax payments will be lower than the recorded expenses as Core Molding Technologies has substantial federal tax loss carryforwards. These loss carryforwards were recorded as a deferred tax asset. As the tax loss carryforwards are utilized to offset federal income tax payments, Core Molding Technologies reduces the deferred tax asset as opposed to recording a reduction in income tax expense.

Net income for the three months ended September 30, 2003, was \$56,000, or \$.01 per basic and diluted share, representing a decrease of \$429,000 as compared to the net income for the three months ended September 30, 2002, of \$485,000, or \$.05 per basic and diluted share.

NINE MONTHS ENDED SEPTEMBER 30, 2003, AS COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2002

Net sales for the nine months ended September 30, 2003, totaled \$70,019,000 representing an approximate 1% decrease from the \$71,077,000 reported for the nine months ended September 30, 2002. Total product sales revenue, excluding tooling project revenue, was lower by approximately 5% for the nine months ended September 30, 2003, as compared to September 30, 2002. The primary reason for this decrease was due to the negative impact general economic conditions have had on the demand for medium and heavy-duty trucks. Also contributing to the decrease were price adjustments given to certain customers. Revenue from tooling projects totaled \$10,691,000 for the nine months ended September 30, 2003. Tooling project revenues for the nine months ended September 30, 2002, totaled \$8,412,000. Tooling project revenues represented the primary reason for the increase in sales to International. Tooling project revenues are sporadic in nature and do not represent a recurring trend.

Sales to customers other than the four major customers for the nine months ended September 30, 2003, decreased approximately 39% to \$6,634,000 from \$10,793,000 for the nine months ended September 30, 2002. The decrease in sales was primarily due to revenue from completed tooling projects from other customers being less for the nine months ended September 30, 2003, as compared to the nine months ended September 30, 2002.

Gross Margin was approximately 16.0% of sales for the nine months ended September 30, 2003, compared with 15.3% for the nine months ended September 30, 2002. The increase in gross margin, as a percentage of sales

from the prior year, was primarily due to improvements in material usage and labor efficiency, which were largely offset by increases in employee benefit programs, most notably healthcare costs and postretirement healthcare and higher energy cost, specifically natural gas pricing. In October 2003, Core Molding

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Technologies incurred unplanned premium freight expenses in order to provide on-time delivery to one of its customers. The circumstances, which related to a secondary supply system, were temporary in nature and have been resolved. The premium freight expenses incurred will have an adverse effect on gross margin and earnings of approximately \$0.03 per share in the fourth quarter of 2003. Despite these circumstances, the Company anticipates that the fourth quarter 2003 will still be profitable.

Selling, general and administrative expenses ("SG&A") totaled \$7,176,000 for the nine months ended September 30, 2003, increasing from \$7,044,000 for the nine months ended September 30, 2002. The primary reasons for this increase were largely due to increases in insurance costs.

Interest expense totaled \$1,365,000 for the nine months ended September 30, 2003, decreasing from \$1,518,000 for the nine months ended September 30, 2002. The primary reason for the decrease was due to the principal payment made on the secured note payable due to International (see Note 6 in the 2002 Annual Report to Shareholders). Interest rates for the industrial revenue bond were favorable; however, due to the interest rate swap, the interest rate is essentially fixed for this debt instrument.

Income taxes for the nine months ended September 30, 2003, are estimated to be approximately 39% of total earnings before taxes. Actual tax payments will be lower than the recorded expenses as Core Molding Technologies has substantial federal tax loss carryforwards. These loss carryforwards were recorded as a deferred tax asset. As the tax loss carryforwards are utilized to offset federal income tax payments, Core Molding Technologies reduces the deferred tax asset as opposed to recording a reduction in income tax expense.

Net income for the nine months ended September 30, 2003, was \$1,699,000, or \$.17 per basic and diluted share, representing a decrease of \$27,000 as compared to the net income for the nine months ended September 30, 2002, of \$1,726,000, or \$.18 per basic and diluted share.

LIQUIDITY AND CAPITAL RESOURCES

Core Molding Technologies' primary cash requirements are for operating expenses, debt service and capital expenditures. These cash requirements have historically been met through a combination of cash flow from operations, equipment leasing, issuance of Industrial Revenue Bonds and bank lines of credit.

Cash provided by operations for the nine months ended September 30, 2003, totaled \$4,554,000. Net income increased operating cash flows by \$1,699,000. Non-cash deductions included depreciation and amortization of \$1,602,000, an increase of accrued interest payable of \$358,000 and an increase in the postretirement healthcare benefits liability of \$990,000. The postretirement healthcare accrual will continue to increase until retirees begin to utilize their retirement medical benefits. A decrease in deferred income taxes also had a positive impact on operating cash flows of \$789,000, which is a result of Core Molding Technologies' net operating loss carryforwards reducing current year tax obligations. Partially offsetting the above mentioned increases in operating cash flows were increases in accounts receivable of \$2,504,000 and inventories of \$1,199,000.

Investing activities decreased cash flow by \$1,300,000 for the nine months ended September 30, 2003. Capital expenditures totaled \$1,304,000, which was primarily related to the acquisition of machinery and equipment. Core Molding Technologies anticipates spending an additional \$500,000 for the remainder of the year for capital projects.

Financing activities reduced cash flow by \$2,151,000 due to principal

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repayments on the secured note payable due to International Truck and Engine of \$1,861,000 and for the regularly scheduled payment on the Industrial Revenue Bond of \$290,000.

At September 30, 2003, Core Molding Technologies had cash on hand of \$10,079,000 and an available line of credit of \$7,500,000, which is scheduled to mature on April 30, 2004. As of September 30, 2003, Core Molding Technologies was in compliance of all three of its financial debt covenants for the Line of Credit and letter of credit securing the Industrial Revenue Bond and certain equipment leases. The covenants relate to maintaining certain financial ratios. Management expects Core Molding Technologies to meet these covenants for the year 2003. However, if a material adverse change in the financial position of Core Molding Technologies should occur, Core

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Molding Technologies' liquidity and ability to obtain further financing to fund future operating and capital requirements could be negatively impacted.

Core Molding Technologies does not have off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operation, liquidity or capital expenditures.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses Core Molding Technologies' consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to accounts receivable, inventories, goodwill and long-lived assets, post retirement benefits, and income taxes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Accounts receivable allowances:

Management maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of Core Molding Technologies' customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Core Molding Technologies had recorded an allowance for doubtful accounts of \$533,000 at September 30, 2003, and \$543,000 at December 31, 2002. Management also records estimates for customer returns,

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deductions and price adjustments. Should customer returns, deductions and price adjustments fluctuate from the estimated amounts, additional allowances may be required. Core Molding Technologies had recorded an allowance for these chargebacks of \$693,000 at September 30, 2003, and \$473,000 at December 31, 2002.

Inventories:

Management identifies slow moving or obsolete inventories and estimates appropriate loss provisions related to these inventories. Historically, these loss provisions have not been significant. Should actual results differ from these estimates, additional provisions may be required. Core Molding Technologies had recorded an allowance for slow moving and obsolete inventory of \$393,000 at September 30, 2003, and \$278,000 at December 31, 2002.

Goodwill and Long-Lived Assets:

Management evaluates whether impairment exists for goodwill and long-lived assets. Should actual results differ from the assumptions used to determine the implied value of goodwill, an impairment may be required. In particular, decreases in future cash flows from operations below the assumptions could have an adverse affect on Core Molding Technologies' operations. Core Molding Technologies has not recorded any impairment to goodwill or long-lived assets for the nine months ended September 30, 2003 or the year ended December 31, 2002.

Postretirement benefits:

Management records an accrual for post retirement costs associated with the Company sponsored health care plan for certain employees. Should actual results differ from the assumptions used to determine the reserves, additional provisions may be required. In particular, increases in future healthcare costs above the assumptions could have an adverse affect on Core Molding Technologies' operations. Core Molding Technologies had recorded a liability for post retirement healthcare benefits based on actuarially computed estimates of \$6,952,000 at September 30, 2003, and \$5,962,000 at December 31, 2002.

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Income taxes:

Management records a valuation allowance to reduce its deferred tax assets to the amount that it believes is more likely than not to be realized. Core Molding Technologies has considered future taxable income in assessing the need for the valuation allowance and recorded a valuation allowance (see Note 10 in the 2002 Annual Report to Shareholders). The valuation reserve will be adjusted as the Company determines the actual amount of deferred tax assets that will be realized. Core Molding Technologies had recorded a valuation allowance of \$1,425,000 at September 30, 2003 and December 31, 2002.

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PART I - FINANCIAL INFORMATION ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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Core Molding Technologies' primary market risk results from fluctuations in interest rates. Core Molding Technologies is also exposed to changes in the price of commodities used in its manufacturing operations and foreign currency fluctuations associated with the Mexican peso. The Company does not hold any material market risk sensitive instruments for trading purposes.

Core Molding Technologies has the following three items that are sensitive to market risks: (1) Industrial Revenue Bond ("IRB") with a variable interest rate. Core Molding Technologies has an interest rate swap to fix the interest rate at 4.89%; (2) Revolving line of credit, which bears a variable interest rate; and (3) Foreign currency purchases in which Core Molding Technologies purchases Mexican pesos with United States dollars to meet certain obligations that arise due to the facility located in Mexico.

Assuming a hypothetical 20% change in short-term interest rates in both the nine month periods ended September 30, 2003, and 2002, interest expense would not change significantly, as the interest rate swap agreement would generally offset the impact, and Core Molding Technologies has no borrowings under the revolving line of credit.

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PART I - FINANCIAL INFORMATION ITEM 4

CONTROLS AND PROCEDURES

As of the end of the period covered by this Quarterly Report on Form 10-Q Core Molding Technologies carried out an evaluation, under the supervision and with the participation of Core Molding Technologies' management, including Core Molding Technologies' Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of Core Molding Technologies' disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) of the Securities Exchange Act of 1934, (as amended the "Exchange Act")). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Core Molding Technologies' disclosure controls and procedures are effective in timely alerting them to material information required to be included in this Quarterly Report on Form 10-Q. There have been no significant changes in Core Molding Technologies' internal controls or in other factors, which could significantly affect internal controls subsequent to the date Core Molding Technologies carried out its evaluation.

No changes were made to Core Molding Technologies' system of internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Core Molding Technologies' internal control over financial reporting.

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PART II - OTHER INFORMATION

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- ITEM 1. LEGAL PROCEEDINGS
No material changes in the legal proceeding reported in Form 10-K for the year ending December 31, 2002.
- ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS
None
- ITEM 3. DEFAULTS UPON SENIOR SECURITIES
None
- ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
None
- ITEM 5. OTHER INFORMATION
None
- ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K
Exhibits:
See Index to Exhibits
- REPORTS ON FORM 8-K:
- On October 24, 2003, Core Molding Technologies filed a Form 8-K with the Securities and Exchange Commission regarding the appointment of a new member to the Board of Directors.

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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.

CORE MOLDING TECHNOLOGIES, INC.

Date: December 22, 2003

By: /s/ James L. Simonton
James L. Simonton
President, Chief Executive
Director

Date: December 22, 2003

By: /s/ Herman F. Dick, Jr.
Herman F. Dick, Jr.
Treasurer and Chief Financial Officer

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INDEX TO EXHIBITS

| EXHIBIT NO. ----- | DESCRIPTION ----- | LOCATION ----- |
|----------------------|--|--|
| 2(a)(1) | Asset Purchase Agreement Dated as of September 12, 1996, As amended October 31, 1996, between Navistar International Transportation Corporation and RYMAC Mortgage Investment Corporation(1) | Incorporated by r Exhibit 2-A to Re Statement on Form (Registration No. |
| 2(a)(2) | Second Amendment to Asset Purchase Agreement dated December 16, 1996(1) | Incorporated by r Exhibit 2(a)(2) t Report on Form 10 year-ended Decemb |
| 2(b)(1) | Agreement and Plan of Merger dated as of November 1, 1996, between Core Molding Technologies, Inc. and RYMAC Mortgage Investment Corporation | Incorporated by r Exhibit 2-B to Re Statement on Form (Registration No. |
| 2(b)(2) | First Amendment to Agreement and Plan of Merger dated as of December 27, 1996 Between Core Molding Technologies, Inc. and RYMAC Mortgage Investment Corporation | Incorporated by r Exhibit 2(b)(2) t Report on Form 10 year ended Decemb |
| 2(c)(1) | Asset Purchase Agreement dated as of October 10, 2001, between Core Molding Technologies, Inc. and Airshield Corporation | Incorporated by r Exhibit 1 to Form October 31, 2001 |
| 3(a)(1) | Certificate of Incorporation of Core Molding Technologies, Inc. As filed with the Secretary of State of Delaware on October 8, 1996 | Incorporated by r Exhibit 4(a) to R Statement on Form (Registration No. |
| 3(a)(2) | Certificate of Amendment of Certificate of Incorporation of Core Molding Technologies, Inc. as filed with the Secretary of State of Delaware on November 6, 1996 | Incorporated by r Exhibit 4(b) to R Statement on Form (Registration No. |
| 3(a)(3) | Certificate of Incorporation of Core Molding Technologies, Inc., reflecting Amendments through November 6, 1996 [for purposes of compliance with Securities and Exchange Commission filing requirements only] | Incorporated by r Exhibit 4(c) to R Statement on Form (Registration No. |
| 3(a)(4) | Certificate of Amendment of Certificate of Incorporation as filed with the Secretary of State of Delaware on August 28, 2002 | Incorporated by r Exhibit 3(a)(4) t Report on Form 10 quarter ended Sep 2002 |

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| EXHIBIT NO. | DESCRIPTION | LOCATION |
|-------------|--|---|
| 3(b) | By-Laws of Core Molding Technologies, Inc. | Incorporated by r Exhibit 3-C to Re Statement on Form (Registration No. |
| 4(a) (1) | Certificate of Incorporation of Core Molding Technologies, Inc. as filed with the Secretary of State of Delaware on October 8, 1996 | Incorporated by r Exhibit 4(a) to R Statement on Form (Registration No. |
| 4(a) (2) | Certificate of Amendment of Certificate of Incorporation of Core Materials Corporation as filed with the Secretary of State of Delaware on November 6, 1996 | Incorporated by r Exhibit 4(b) to R Statement on Form (Registration No. |
| 4(a) (3) | Certificate of Incorporation of Core Materials Corporation, reflecting amendments through November 6, 1996 [for purposes of compliance with Securities and Exchange Commission filing requirements only] | Incorporated by r Exhibit 4(c) to R Statement on Form (Registration No. |
| 4(a) (4) | Certificate of Amendment of Certificate of Incorporation as filed with the Secretary of State of Delaware on August 28, 2002 | Incorporated by r Exhibit 3(a) (4) t Report on Form 10 quarter ended Sep 2002 |
| 4(b) | By-Laws of Core Molding Technologies, Inc. | Incorporated by r Exhibit 3-C to Re Statement on Form (Registration No. |
| 11 | Computation of Net Income per Share | Exhibit 11 omitte the required info Included in Notes Financial Stateme |
| 31(a) | Certification by James L. Simonton pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | Filed Herein |
| 31(b) | Certification by Herman F. Dick, Jr. pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | Filed Herein |

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| EXHIBIT NO. ----- | DESCRIPTION ----- | LOCATION ----- |
|----------------------|---|-------------------|
| 32(a) | Certification of James L. Simonton, Chief Executive Officer of Core Molding Technologies, Inc., dated December 22, 2003, pursuant to 18 U.S.C. Section 1350 | Filed Herein |
| 32(b) | Certification of Herman F. Dick, Jr., Chief Financial Officer of Core Molding Technologies, Inc., dated December 22, 2003, pursuant to 18 U.S.C. Section 1350 | Filed Herein |

(1) The Asset Purchase Agreement, as filed with the Securities and Exchange Commission at Exhibit 2-A to Registration Statement on Form S-4 (Registration No. 333-15809), omits the exhibits (including, the Buyer Note, Special Warranty Deed, Supply Agreement, Registration Rights Agreement and Transition Services Agreement, identified in the Asset Purchase Agreement) and schedules (including, those identified in Sections 1, 3, 4, 5, 6, 8 and 30 of the Asset Purchase Agreement. Core Molding Technologies, Inc. will provide any omitted exhibit or schedule to the Securities and Exchange Commission upon request.