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VULCAN INTERNATIONAL CORP
Form 10-Q
May 17, 2004

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2004

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 1-10219

VULCAN INTERNATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE 31-0810265
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

300 Delaware Avenue, Suite 1704, Wilmington, Delaware 19801
(Address of principal executive offices) (Zip Code)

(302) 427-804
(Registrant's telephone number, including area code)

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 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Outstanding shares of no par value common stock at March 31, 2004:

1,006,707 shares

VULCAN INTERNATIONAL CORPORATION

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS

| | March 31 2004 UNAUDITED | DECEMBER 31 2003 |
|--|-------------------------------|---------------------|
| -ASSETS- | | |
| CURRENT ASSETS: | | |
| Cash | \$ 1,393,926 | 1,503,349 |
| Marketable securities (at fair market value) | 35,292,125 | 37,734,263 |
| Accounts receivable | 1,518,542 | 1,499,387 |

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| | | |
|---|--------------|------------|
| Inventories | 540,131 | 650,910 |
| Prepaid expense and other | 79,719 | 51,373 |
| Refundable federal income tax | - | 590,379 |
| | ----- | ----- |
| TOTAL CURRENT ASSETS | 38,824,443 | 42,029,661 |
| | ----- | ----- |
| PROPERTY, PLANT AND EQUIPMENT-at cost | 11,804,627 | 11,695,407 |
| Less-Accumulated depreciation and depletion | 10,019,230 | 9,937,672 |
| | ----- | ----- |
| NET PROPERTY, PLANT AND EQUIPMENT | 1,785,397 | 1,757,735 |
| | ----- | ----- |
| OTHER ASSETS: | | |
| Investment in joint venture | - | 37,894 |
| Marketable securities (at fair market value) | 36,526,768 | 36,071,995 |
| Deferred charges and other assets | 5,687,653 | 5,642,651 |
| | ----- | ----- |
| TOTAL OTHER ASSETS | 42,214,421 | 41,752,540 |
| | ----- | ----- |
| TOTAL ASSETS | \$82,824,261 | 85,539,936 |
| | ===== | ===== |
| | | |
| -LIABILITIES AND SHAREHOLDERS' EQUITY- | | |
| CURRENT LIABILITIES: | | |
| Notes payable | \$ 475,000 | 3,892,000 |
| Deferred income tax | 10,176,943 | 10,948,957 |
| Other | 1,635,828 | 1,381,386 |
| | ----- | ----- |
| TOTAL CURRENT LIABILITIES | 12,287,771 | 16,222,343 |
| | ----- | ----- |
| OTHER LIABILITIES: | | |
| Deferred income tax | 12,579,379 | 12,162,461 |
| Minority interest in partnership | 10,796 | 10,799 |
| Other liabilities | 29,817 | 29,817 |
| | ----- | ----- |
| TOTAL OTHER LIABILITIES | 12,619,992 | 12,203,077 |
| | ----- | ----- |
| COMMITMENTS AND CONTINGENCIES | - | - |
| SHAREHOLDERS' EQUITY: | | |
| Capital stock | 249,939 | 249,939 |
| Additional paid-in capital | 8,314,426 | 8,253,925 |
| Retained earnings | 32,231,804 | 30,222,940 |
| Accumulated other comprehensive income | 43,339,692 | 44,627,575 |
| | ----- | ----- |
| | 84,135,861 | 83,354,379 |
| | ----- | ----- |
| Less-Common stock in treasury-at cost | 26,219,363 | 26,239,863 |
| | ----- | ----- |
| TOTAL SHAREHOLDERS' EQUITY | 57,916,498 | 57,114,516 |
| | ----- | ----- |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$82,824,261 | 85,539,936 |
| | ===== | ===== |

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

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PART I - FINANCIAL INFORMATION
(Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
UNAUDITED

| | For the three months ended | |
|---|----------------------------|-----------|
| | March 31, | |
| | 2004 | 2003 |
| REVENUES: | | |
| Net sales | \$2,504,350 | 1,672,509 |
| Dividends and interest | 621,523 | 568,054 |
| | ----- | ----- |
| TOTAL REVENUES | 3,125,873 | 2,240,563 |
| | ----- | ----- |
| COST AND EXPENSES: | | |
| Cost of sales | 2,309,174 | 1,695,922 |
| General and administrative | 444,614 | 385,321 |
| Interest expense | 25,299 | 37,795 |
| | ----- | ----- |
| TOTAL COST AND Expenses | 2,779,087 | 2,119,038 |
| | ----- | ----- |
| MINORITY INTEREST | 3 | (413) |
| | ----- | ----- |
| INCOME BEFORE GAIN ON SALE OF ASSETS | 346,789 | 121,112 |
| | | |
| NET GAIN ON SALE OF PROPERTY, EQUIPMENT AND SECURITIES | 325,986 | 547,901 |
| | ----- | ----- |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX | 672,775 | 669,013 |
| | | |
| INCOME TAX PROVISION | 194,513 | 104,036 |
| | ----- | ----- |
| INCOME FROM CONTINUING OPERATIONS | 478,262 | 564,977 |
| | | |
| DISCONTINUED OPERATIONS: | | |
| Income from operations, net of income tax | 38,086 | 38,121 |
| Gain on sale of division assets, net of income tax | 1,542,852 | - |
| | ----- | ----- |
| NET INCOME | \$2,059,200 | 603,098 |
| | ===== | ===== |
| INCOME PER COMMON SHARE: | | |
| Continuing operations | .48 | .56 |
| Discontinued operations | 1.57 | .04 |
| | ----- | ----- |
| NET INCOME PER COMMON SHARE | \$ 2.05 | .60 |
| | ===== | ===== |
| DIVIDENDS PER COMMON SHARE | \$.05 | .05 |
| | ===== | ===== |

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

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PART I - FINANCIAL INFORMATION
(Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended
UNAUDITED

| | March 31, 2004 | March 31, 2003 |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 2,486,074 | 2,246,208 |
| Cash paid to suppliers and employees | (2,843,874) | (2,817,766) |
| Dividends and interest received | 621,523 | 568,054 |
| Interest paid | (25,096) | (17,126) |
| Income taxes refunded (paid) | 127,955 | (75,000) |
| | ----- | ----- |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 366,582 | (95,630) |
| | ----- | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of property, equipment and securities | 350,117 | 553,796 |
| Purchase of property and equipment | (109,282) | (18,743) |
| Proceeds from sale of discontinued operations | 2,716,890 | - |
| Collections on notes receivable and other | 33,605 | 24,349 |
| | ----- | ----- |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | 2,991,330 | 559,402 |
| | ----- | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net repayments under credit agreements | (3,417,000) | (600,000) |
| Cash dividends paid | (50,335) | (50,235) |
| | ----- | ----- |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | (3,467,335) | (650,235) |
| | ----- | ----- |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (109,423) | (186,463) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 1,503,349 | 1,682,049 |
| | ----- | ----- |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 1,393,926 | 1,495,586 |
| | ===== | ===== |
| RECONCILIATION OF NET INCOME TO | | |
| NET CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 2,059,200 | 603,098 |
| Adjustments- | | |
| Depreciation and amortization | 79,869 | 97,923 |
| Deferred income taxes | 308,359 | 7,810 |
| Equity in joint venture and minority interest | (3) | (71,397) |
| Net gain on sales of property, equipment, securities and discontinued operations | (2,499,038) | (547,901) |
| (Increase) in accounts receivable | (409,823) | 38,172 |
| (Increase) in inventories | (38,102) | (536,241) |
| Increase in accounts payable, accrued expenses and other assets | 866,120 | 312,906 |
| | ----- | ----- |

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| | | |
|--|------------|----------|
| NET CASH FLOWS FROM OPERATING ACTIVITIES | \$ 366,582 | (95,630) |
| | ===== | ===== |

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

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PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the three months ended March 31, 2004 and 2003 UNAUDITED

The accompanying condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to reflect a fair presentation of financial position, results of operations and cash flows for the interim periods. All such adjustments are of a normal recurring nature.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INVENTORIES

| | MARCH 31 2004 | DECEMBER 31 2003 |
|---------------------------|------------------|---------------------|
| Inventories consisted of: | | |
| Finished goods | \$113,657 | 449,619 |
| Work in process | 105,856 | 26,478 |
| Raw materials | 320,618 | 174,813 |
| | ----- | ----- |
| Total inventories | \$540,131 | 650,910 |
| | ===== | ===== |

EARNINGS PER COMMON SHARE

The earnings per common share computations were as follows for the three month periods ended March 31:

| | 2004 | 2003 |
|--|------------|---------|
| Income from continuing operations | \$ 478,262 | 564,977 |
| Income on discontinued operations, net of income tax | 38,086 | 38,121 |
| Gain on sale of division assets, net of income tax | 1,542,852 | - |

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| | | |
|------------------------------|-------------|-----------|
| Net income | \$2,059,200 | 603,098 |
| | ===== | ===== |
| Weighted Average Shares: | | |
| Common shares issued | 1,999,512 | 1,999,512 |
| Common treasury shares | 992,893 | 994,916 |
| | ----- | ----- |
| Common shares outstanding | 1,006,619 | 1,004,596 |
| | ===== | ===== |
| Net income per common share: | | |
| Continuing operations | \$.48 | .56 |
| Discontinued operations | 1.57 | .04 |
| | ----- | ----- |
| NET INCOME PER COMMON SHARE | \$ 2.05 | .60 |
| | ===== | ===== |

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PART I - FINANCIAL INFORMATION
(Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended March 31, 2004 and 2003
UNAUDITED

LEGAL MATTERS

The Company has an interest in a partnership, CCBA, that owns certain real estate. On August 13, 1999 a Complaint for money damages in excess of \$25,000, based upon breach of fiduciary duty was filed by the other partner in the Court of Common Pleas in Hamilton County, Ohio. Essentially, the plaintiff is seeking an adjustment of the capital account balances which would result in a higher distribution of cash flow to the plaintiff. The Court of Common Pleas in Hamilton County, Ohio, in 2003, granted summary judgment in the Company's favor. On January 6, 2004, the plaintiff appealed this decision. The Company believes that the suit is without merit and has been defending itself vigorously against the issues raised.

CCBA appealed a real estate tax assessment from 1999 that had increased the annual real estate tax and was granted a revision. During 2001, the local school board appealed the revision. CCBA received a \$96,000 refund of the additional tax paid in 1999. In 2003 the Ohio Board of Tax Appeal ruled in favor of CCBA. The school board has appealed that ruling to the Ohio Supreme Court. CCBA has recorded a liability of approximately \$151,400 related to this issue based on the revised value asserted by the local school board. If CCBA is successful, this liability will be recognized as income when the final valuation is determined.

The Company is involved in other litigation matters and claims which are normal in the course of operations. Management believes that the resolution of these matters will not have a material effect on the Company's business or financial condition.

COMPREHENSIVE INCOME

During the three months ended March 31, 2004 and 2003 total other comprehensive income (loss) was as follows:

Three months ended

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| | March 31 | |
|--|-------------|-------------|
| | 2004 | 2003 |
| Net income | \$2,059,200 | 603,098 |
| Other comprehensive income (loss), net of tax: | | |
| Unrealized gain (loss) on marketable securities | (1,184,942) | (2,091,351) |
| Less: reclassification adjustment for gains included in net income | (102,941) | (228,930) |
| | ----- | ----- |
| Total comprehensive income (loss) | \$ 771,317 | (1,717,183) |
| | ===== | ===== |

Accumulated comprehensive income consists of unrealized holding gains on securities available for sale.

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PART I - FINANCIAL INFORMATION

(Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 For the three months ended March 31, 2004 and 2003
 UNAUDITED
 (Continued)

DISCONTINUED OPERATIONS

In March 2004, the Company completed the sale of its 50% interest in a Joint Venture, Vulcan-Brunswick Bowling Pin Company("VBBPC"), to Brunswick Bowling and Billiards Company ("Brunswick") for \$2,000,000. VBBPC manufactures bowling pins in Antigo, Wisconsin. Pursuant to this sale, the Company does not have a right to any net profits from VBBPC after December 31, 2002. In March 2004, Brunswick also purchased the Company's bowling pin business for \$716,890. The prior period's financial statements have been reclassified to present the results of operations from bowling pin operations as discontinued operations. For business segment reporting purposes, the financial results from bowling pin operations were previously reported in the segment "Bowling Pins".

Net sales and income from discontinued operations are as follows:

| | Three months ended March 31, | |
|----------------------------|---------------------------------|---------|
| | 2004 | 2003 |
| Net sales | \$391,546 | 535,527 |
| | ===== | ===== |
| Income before income taxes | 53,686 | 45,421 |
| Income tax expense | (15,600) | (7,300) |
| | ----- | ----- |
| Net income | \$ 38,086 | 38,121 |
| | ===== | ===== |

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STOCK OPTIONS

Options to purchase 50,000 shares of treasury stock at \$37.24 per share that were granted to the President of the Company in 2001 will expire in 2008. In 2003, the options were changed to decrease the option exercise price to \$33.20 per share. The closing price of the stock at March 31, 2004 was \$44.60. As a result, the Company accrued an additional compensation expense liability of \$42,500 related to these stock options in the first quarter of 2004. No options were exercised under this grant in 2003 or 2004.

The Company applies APB No. 25 and related interpretations in accounting for stock options. Had compensation expense for the stock options been determined based on the fair value at the grant or modification dates in accordance with SFAS No. 123, the Company's net income and earnings per share would have been adjusted to the pro forma amounts as follows:

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PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the three months ended March 31, 2004 and 2003 UNAUDITED (Continued)

STOCK OPTIONS (Continued)

| | Three months ended March 31, | |
|---|---------------------------------|---------|
| | 2004 | 2003 |
| Net income, as reported | \$2,059,200 | 603,098 |
| Add: Stock-option-based employee compensation expense included in reported net income, net of related tax effects | 28,050 | - |
| Pro forma net income | \$2,087,250 | 603,098 |
| Earnings per share: | | |
| Basic and diluted-as reported | \$ 2.05 | .60 |
| Basic and diluted-as pro forma | 2.07 | .60 |

POSTRETIREMENT BENEFITS

The Company maintains a noncontributory defined benefit pension plan for certain eligible salaried and hourly employees. SFAS No. 132 (Revised), "Employers' Disclosures about Pension and Other Postretirement Benefits", requires the components of net periodic pension cost to be disclosed on an interim basis as follows:

Components of net periodic pension cost:

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| | 2004 | 2003 |
|---|-------------|-----------|
| Service cost | \$ 11,162 | 10,142 |
| Interest cost | 124,939 | 128,624 |
| Expected return on plan assets | (217,484) | (195,518) |
| Amortization of transition (assets) obligation | - | - |
| Amortization of prior service cost | - | 5,149 |
| Amortization of net actuarial (gain) loss | 36,153 | 61,195 |
| | ----- | ----- |
| Net periodic pension cost (benefit) | \$ (45,230) | 9,592 |
| | ===== | ===== |

The Company previously disclosed in its financial statements for the year ended December 31, 2003 that it expected not to make any contribution to its pension plan over the year ending December 31, 2004. As of March 31, 2004, \$0 has been contributed and the Company anticipates that no contributions will be made during the rest of 2004.

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PART I - FINANCIAL INFORMATION
(Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended March 31, 2004 and 2003
UNAUDITED
(Continued)

BUSINESS SEGMENT INFORMATION

Reportable segments for the three months ended March 31 are as follows:

| | 2004 | 2003 |
|---|-------------|-----------|
| NET SALES FROM CONTINUING OPERATIONS: | | |
| Rubber and Foam Products | \$2,405,095 | 1,572,677 |
| Real Estate Operations | 238,219 | 225,322 |
| Intersegment net sales | (5,473) | (17,001) |
| | ----- | ----- |
| | 2,637,841 | 1,780,998 |
| Timber sales reported in gain on sale of property and equipment | (133,491) | (108,489) |
| | ----- | ----- |
| TOTAL SALES FROM CONTINUING OPEATIONS | \$2,504,350 | 1,672,509 |
| | ===== | ===== |
| OPERATING PROFIT (LOSS) FROM CONTINUING OPERATIONS: | | |
| Rubber and Foam Products | \$ (4,020) | (230,077) |
| Real Estate Operations | 114,477 | 109,055 |
| | ----- | ----- |
| TOTAL OPERATING PROFIT (LOSS) | | |

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| | | |
|---|-------------|-----------|
| FROM CONTINUING OPERATIONS | 110,457 | (121,022) |
| Interest expense-net | (25,299) | (37,795) |
| Other unallocated corporate income-net | 587,617 | 827,830 |
| Income tax provision | (194,513) | (104,036) |
| | ----- | ----- |
| INCOME FROM CONTINUING OPERATIONS | 478,262 | 564,977 |
| | | |
| DISCONTINUED OPERATIONS | | |
| Gain on disposal of division assets, net of income tax | 1,542,852 | - |
| Income from operations, net of income tax | 38,086 | 38,121 |
| | ----- | ----- |
| NET INCOME | \$2,059,200 | 603,098 |
| | ===== | ===== |

REVIEW BY INDEPENDENT ACCOUNTANTS

The condensed consolidated financial statements at March 31, 2004, and for the three month period then ended have been reviewed, prior to filing, by the Registrant's independent accountants, J.D. Cloud & Co. L.L.P., whose report covering their review of the financial statements is included in this report.

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Vulcan International Corporation
Wilmington, Delaware

We have reviewed the accompanying condensed consolidated balance sheet of Vulcan International Corporation and subsidiaries as of March 31, 2004, and the related condensed consolidated statements of income and cash flows for the three month periods ended March 31, 2004 and 2003. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of 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 condensed consolidated financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have audited, in accordance with U.S. generally accepted auditing standards, the consolidated balance sheet of Vulcan International Corporation and subsidiaries as of December 31, 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then

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ended (not presented herein); and in our report dated February 27, 2004, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2003, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

J.D. CLOUD & CO. L.L.P.
Certified Public Accountants

Cincinnati, Ohio
May 11, 2004

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PART I - FINANCIAL INFORMATION (Continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Net sales revenue for the three months ended March 31, 2004, increased \$831,841 or 49.7% over the corresponding period in 2003. Cost of sales increased \$613,252 or 36.2% during the three months ended March 31, 2004 compared to the corresponding three month period in 2003. These changes are due to increased sales and costs in the Company's Rubber and Foam segment and the continued reduction of loss of that segment.

General and administrative expenses increased \$59,293 or 15.4% in the three months ended March 31, 2004 as compared to the corresponding three month period in 2003. The increase is primarily due to increased pension expense and increased professional fees relating to legal and auditing expense.

Interest expense for the three months ended March 31, 2004 decreased \$12,496. The decrease is primarily due to decreased interest rates and the reduction of the notes payable.

Gains on the sale of property, equipment and securities were \$325,986 for the three months ended March 31, 2004, as compared to \$548,575 for the corresponding period in 2003. Gains in 2004 and 2003 were primarily the result of the sale of marketable securities and timber.

Income from discontinued operations, net of income taxes, for the three months ended March 31 2004, was \$38,086, as compared to \$38,121 for the corresponding period in 2003. Included in net income for the three months ended March 31, 2004, is an after-tax gain of \$1,542,842 on the disposal of the bowling pin division.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash requirements during the first quarter of 2004 were funded in part through earnings, short term borrowing and noncash charges such as

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depreciation and amortization and from the sale of timber, equipment, marketable securities and the sale of the bowling pin division. The cash from these transactions were primarily used in operations and the reduction of short term debt. The Company expects to continue, when necessary, to use short-term borrowings to meet cash requirements not fully provided by earnings, depreciation and amortization. There were approximately \$31,700 of commitments for capital expenditures as of March 31, 2004.

During the three months ended March 31, 2004, 2000 shares of treasury stock valued at \$81,000 were issued to the President as bonus compensation.

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PART I - FINANCIAL INFORMATION (Continued)

Item 3. Quantitative and Qualitative Disclosures about Market Risks.

MARKETABLE SECURITIES

The fair value of marketable securities has decreased \$3,503,615 from March 31, 2004 to April 30, 2004. At April 30, 2004 the fair value of marketable securities was \$68,315,278 as compared to \$71,818,893 at March 31, 2004.

The net unrealized holding gain at April 30, 2004 was approximately \$41,000,000 net of deferred taxes of approximately \$21,100,000. The Company is subject to the risk that fair value securities could decline further.

Item 4. Controls and Procedures

a) Disclosure controls and procedures. The Chief Executive Officer and the Principal Financial Officer have carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures that are designed to ensure that information relating to the Company required to be disclosed by the Company in the reports that it files or submits under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Based upon this evaluation, these officers have concluded, that as of March 31, 2004, the Company's disclosure controls and procedures were adequate.

b) Changes in internal control over financial reporting. During the period covered by this report, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings - Not Applicable

Item 2. Changes in Securities and Use of Proceeds - Not Applicable

Item 3. Defaults Upon Senior Securities - Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders - Not Applicable

Item 5. Other Information.

A copy of the news release issued by Vulcan International Corporation on Friday, April 11, 2003, describing its results of operations for the quarter ended March 31, 2003, is attached hereto as Exhibit 99.1.

A copy of the news release issued by Vulcan International Corporation on Tuesday, July 15, 2003, describing its results of operations for the quarter ended June 30, 2003, is attached hereto as Exhibit 99.2.

A copy of the news release issued by Vulcan International Corporation on Monday, October 20, 2003, describing its results of operations for the quarter ended September 30, 2003, is attached hereto as Exhibit 99.3.

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PART II - OTHER INFORMATION (Continued)

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibits

Exhibit 31.1 - Rule 13a-14(a)/15d-14(a) Certification of Benjamin Gettler.

Exhibit 31.2 - Rule 13a-14(a)/15d-14(a) Certification of Vernon E. Bachman.

Exhibit 32 - Section 1350 Certifications

Exhibit 99.1 - News Release dated April 11, 2003.

Exhibit 99.2 - News Release dated July 15, 2003.

Exhibit 99.3 - News Release dated October 20, 2003.

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- b. On February 20, 2004, the Company filed a Form 8-K related to the filing of a lawsuit on February 17, 2004 against Brunswick Corporation seeking compensatory and punitive damages under a "buy-sell" provision contained within its partnership agreement with Brunswick Corporation.

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PART II - OTHER INFORMATION
(Continued)

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.

VULCAN INTERNATIONAL CORPORATION

| | | |
|------|---------------------------|--|
| | By: /s/ Benjamin Gettler | ----- |
| Date | May 17, 2004 | Benjamin Gettler Chairman of the Board, President and Chief Executive Officer |
| | By: /s/ Vernon E. Bachman | ----- |
| Date | May 17, 2004 | Vernon E. Bachman Vice President, Secretary-Treasurer and Principal Accounting Officer |

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Exhibit 31.1
CERTIFICATIONS

In connection with the Quarterly Report of Vulcan International Corporation on Form 10-Q for the period ending March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Benjamin Gettler, Chairman of the Board and Chief Executive Officer of Vulcan International Corporation, certify, that:

- (1) I have reviewed this report on Form 10-Q of Vulcan International Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact

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necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- (5) The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors(or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Benjamin Gettler

Benjamin Gettler
Chairman of the Board and
Chief Executive Officer
May 17, 2004

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Exhibit 31.2 CERTIFICATIONS

In connection with the Quarterly Report of Vulcan International Corporation on Form 10-Q for the period ending March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vernon E. Bachman, Vice President and Secretary-Treasurer of Vulcan International Corporation, certify, that:

- (1) I have reviewed this report on Form 10-Q of Vulcan International Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- (5) The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons

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performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Vernon E. Bachman

Vernon E. Bachman
Vice President and
Secretary-Treasurer
May 17, 2004

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vulcan International Corporation (the "Company") on Form 10-Q for the period ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Benjamin Gettler, Chairman of the Board and Chief Executive Officer of the Company and Vernon E. Bachman, Vice President and Secretary-Treasurer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Benjamin Gettler

Benjamin Gettler
Chairman of the Board and
Chief Executive Officer

/s/ Vernon E. Bachman

Vernon E. Bachman
Vice President and
Secretary-Treasurer

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May 17, 2004

May 17, 2004

Exhibit 99.1

VULCAN INTERNATIONAL CORPORATION
Executive Offices:
300 Delaware Avenue, Suite 1704
Wilmington, Delaware 19801

FOR IMMEDIATE RELEASE

April 11, 2003

Vulcan International Corporation, the parent of Vulcan Corporation, a Tennessee corporation, a diversified manufacturer of rubber and foam products and bowling pins with manufacturing plants in Tennessee and Wisconsin, announced that net revenues for the first quarter ending March 31, 2003 decreased to \$2,776,089 from \$2,938,337 in the first quarter of 2002. Net earnings from continuing operations decreased to \$140,581 in the first quarter of 2003 from \$284,426 in the first quarter of 2002. Capital gains in first quarter of 2003 due mainly to sales of securities were \$462,517 compared to \$356,877 in the first quarter of 2002.

On a per share basis in the first quarter ending March 31, 2003 the Company had earnings, including capital gains, of 60 cents per share compared to 58 cents in the first quarter of 2002.

Attribute to Benjamin Gettler, Chairman of the Board and President.

For more information: Contact Vernon E. Bachman, Vice President
Secretary and Treasurer at (513) 621-2850

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VULCAN INTERNATIONAL CORPORATION
COMPARISON
THREE MONTHS ENDED MARCH 31

| | 2003 ---- | 2002 ---- |
|----------------------|----------------------|--------------------|
| NET REVENUES: | | |
| TOTAL REVENUES | \$2,776,089 ----- | 2,938,337 ----- |
| NET EARNINGS: | | |
| NET OPERATING PROFIT | 140,581 | 284,426 |

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| | | |
|---|-----------|-----------|
| NET GAINS (LOSS) ON DISPOSAL OF ASSETS | 462,517 | 356,877 |
| | ----- | ----- |
| TOTAL NET EARNINGS | 603,098 | 641,303 |
| | ----- | ----- |
| EARNINGS PER COMMON SHARE: | | |
| NET OPERATING PROFIT | 0.14 | 0.26 |
| NET GAINS (LOSS) ON DISPOSAL OF ASSETS | 0.46 | 0.32 |
| RESTATEMENT OF INCOME NET OF TAX | - | - |
| | ----- | ----- |
| TOTAL EARNINGS PER COMMON SHARE | 0.60 | 0.58 |
| | ----- | ----- |
| AVERAGE NUMBER OF SHARES OUTSTANDING | 1,004,596 | 1,102,087 |

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Exhibit 99.2

VULCAN INTERNATIONAL CORPORATION
Executive Offices:
300 Delaware Avenue, Suite 1704
Wilmington, Delaware 19801

FOR IMMEDIATE RELEASE

July 15, 2003

Vulcan International Corporation, the parent of Vulcan Corporation, a Tennessee corporation, a diversified manufacturer of rubber and foam products and bowling pins with manufacturing plants in Tennessee and Wisconsin, announced that net revenues for the second quarter ending June 30, 2003 increased to \$3,107,557 from \$2,788,179 in the second quarter of 2002. Net earnings from continuing operations increased to \$302,885 in the second quarter of 2003 from \$297,079 in the second quarter of 2002. Capital gains in second quarter of 2003 due mainly to sales of assets were \$142,369 compared to \$137,554 in the second quarter of 2002.

On a per share basis in the second quarter ending June 30, 2003 the Company had earnings, including capital gains, of 44 cents per share compared to 40 cents in the second quarter of 2002.

For the six month period ending June 30, 2003, the company had consolidated net earnings from continuing operations of \$443,466 on revenues of \$5,883,646. This compares to consolidated net earnings from continuing operations of \$581,505 on revenues of \$5,726,516 in 2002. Capital gains for the six months ending June 30, 2003 due mainly from the sale of securities were \$604,886 compared to \$494,431 for the six months ending June 30, 2002. Total consolidated net earnings in 2003 for the six months were \$1,048,352 compared to \$1,075,936 in 2002.

On a per share basis for the six month period ending June 30, 2003, the

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Company had earnings, including capital gains, of \$1.04 per share compared to 98 cents in the six months ending June 30, 2002.

Attribute to Benjamin Gettler, Chairman of the Board and President.

For more information: Contact Vernon E. Bachman, Vice President
Secretary and Treasurer at (513) 621-2850

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VULCAN INTERNATIONAL CORPORATION COMPARISON 3 MONTHS ENDED JUNE 30

| | 2003 ---- | 2002 ---- |
|---|----------------------|--------------------|
| NET REVENUES: | | |
| CONTINUING OPERATIONS | \$3,107,557 ----- | 2,788,179 ----- |
| NET EARNINGS: | | |
| CONTINUING OPERATIONS | 302,885 | 297,079 |
| NET GAINS (LOSS) ON DISPOSAL OF ASSETS | 142,369 ----- | 137,554 ----- |
| TOTAL NET EARNINGS | 445,254 ----- | 434,633 ----- |
| EARNINGS PER COMMON SHARE: | | |
| CONTINUING OPERATIONS | 0.30 | 0.27 |
| NET GAINS (LOSS) ON DISPOSAL OF ASSETS | 0.14 ----- | 0.13 ----- |
| TOTAL EARNINGS PER COMMON SHARE | 0.44 ----- | 0.40 ----- |
| AVERAGE NUMBER OF SHARES OUTSTANDING | 1,004,707 | 1,101,490 |

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VULCAN INTERNATIONAL CORPORATION COMPARISON 6 MONTHS ENDED JUNE 30

| | 2003 ---- | 2002 ---- |
|-----------------------|----------------------|--------------------|
| NET REVENUES: | | |
| CONTINUING OPERATIONS | \$5,883,646 ----- | 5,726,516 ----- |

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| | | |
|---|-----------|-----------|
| NET EARNINGS: | | |
| CONTINUING OPERATIONS | 443,466 | 581,505 |
| NET GAINS (LOSS) ON DISPOSAL OF ASSETS | 604,886 | 494,431 |
| TOTAL NET EARNINGS | 1,048,352 | 1,075,936 |
| EARNINGS PER COMMON SHARE: | | |
| CONTINUING OPERATIONS | 0.44 | 0.53 |
| NET GAINS (LOSS) ON DISPOSAL OF ASSETS | 0.60 | 0.45 |
| TOTAL EARNINGS PER COMMON SHARE | 1.04 | 0.98 |
| AVERAGE NUMBER OF SHARES OUTSTANDING | | |
| | 1,004,652 | 1,101,787 |

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Exhibit 99.3

VULCAN INTERNATIONAL CORPORATION
Executive Offices:
300 Delaware Avenue, Suite 1704
Wilmington, Delaware 19801

FOR IMMEDIATE RELEASE

October 20, 2003

Vulcan International Corporation, the parent of Vulcan Corporation, a Tennessee corporation, a diversified manufacturer of rubber and foam products and bowling pins with manufacturing plants in Tennessee and Wisconsin, announced that net earnings from continuing operations increased to \$440,642, including \$65,160 of capital gains, in the third quarter of 2003 from \$412,802 including \$182,967 of capital gains, in the third quarter of 2002. In the third quarter the claims of the United States against the Company for past and future clean-up costs and expenses with respect to the Re-Solve, Inc. Superfund site in North Dartmouth, Massachusetts were settled. During the third quarter, the Company recognized approximately \$955,000 of income related to that settlement.

On a per share basis in the second quarter ending June 30, 2003 the Company had operating earnings of 44 cents per share compared to 38 cents in the third quarter of-2002. In the third quarter of 2003, income related to the Re-Solve settlement added an additional 95 cents per share making the total \$1.39 per share for the quarter.

For the nine month period ending September 30, 2003, the Company had net earnings from continuing operations of \$1,448,994, including \$670,046 of capital gains, compared to consolidated net earnings from continuing operations of \$1,488,738, including \$677,398 of capital gains, for the nine months ending September 30, 2002. When

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income related to the settlement is added to the nine months of 2003, total consolidated net earnings in 2003 rose to \$2,443,994.

On a per share basis for the nine-month period ending September 30, 2003, the Company had net earnings, including capital gains, of \$1.48 per share compared to \$1.36 in the nine months ending September 30, 2002. Income related to the Re-Solve settlement added 95 cents to total consolidated net earnings per share in 2003, that is, a total of \$2.43 per share.

Attribute to Benjamin Gettler, Chairman of the Board and President.

For more information: Contact Vernon E. Bachman, Vice President
Secretary and Treasurer at (513) 621-2850

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VULCAN INTERNATIONAL CORPORATION COMPARISON 3 MONTHS ENDED September 30

| | 2003 ---- | 2002 ---- |
|---|----------------------|--------------------|
| NET REVENUES: | | |
| CONTINUING OPERATIONS | \$3,519,528 ----- | 2,870,541 ----- |
| NET EARNINGS: | | |
| CONTINUING OPERATIONS | 375,482 | 229,835 |
| NET GAINS (LOSS) ON DISPOSAL OF ASSETS | 65,160 | 182,967 |
| INCOME RELATED TO SETTLEMENT | (1) 955,000 ----- | - ----- |
| TOTAL NET EARNINGS | 1,395,642 ----- | 412,802 ----- |
| EARNINGS PER COMMON SHARE: | | |
| CONTINUING OPERATIONS | 0.38 | 0.21 |
| NET GAINS (LOSS) ON DISPOSAL OF ASSETS | 0.06 | 0.17 |
| INCOME RELATED TO SETTLEMENT | 0.95 ----- | - ----- |
| TOTAL EARNINGS PER COMMON SHARE | 1.39 ----- | 0.38 ----- |
| AVERAGE NUMBER OF SHARES OUTSTANDING | 1,004,707 | 1,087,988 |

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VULCAN INTERNATIONAL CORPORATION COMPARISON 9 MONTHS ENDED SEPTEMBER 30

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| | 2003 ---- | 2002 ---- |
|---|--------------|--------------|
| NET REVENUES: | | |
| CONTINUING OPERATIONS | \$9,403,174 | 8,597,057 |
| | ----- | ----- |
| NET EARNINGS: | | |
| CONTINUING OPERATIONS | 818,948 | 811,340 |
| NET GAINS (LOSS) ON DISPOSAL OF ASSETS | 670,046 | 677,398 |
| INCOME RELATED TO SETTLEMENT | (1) 955,000 | - |
| | ----- | ----- |
| TOTAL NET EARNINGS | 2,443,994 | 1,488,738 |
| | ----- | ----- |
| EARNINGS PER COMMON SHARE: | | |
| CONTINUING OPERATIONS | 0.81 | 0.74 |
| NET GAINS (LOSS) ON DISPOSAL OF ASSETS | 0.67 | 0.62 |
| INCOME RELATED TO SETTLEMENT | 0.95 | - |
| | ----- | ----- |
| TOTAL EARNINGS PER COMMON SHARE | 2.43 | 1.36 |
| | ----- | ----- |
| AVERAGE NUMBER OF SHARES OUTSTANDING | | |
| | 1,004,670 | 1,097,137 |

- (1) Claims of the United States against the Company for past and future clean-up cost and expenses with respect to the Re-Solve, Inc. Superfund site in North Dartmouth, Massachusetts have been resolved by the docketing of a settlement agreement in the Federal District Court of Massachusetts approved by Senior Federal Judge Robert Keeton. The settlement provides that the Company will pay to the U.S Department of Justice the amount of \$3,800,000 plus interest from November 1, 2002. On September 22, 1999, the court issued a judgment against the Company in the amount of \$3,465,438, plus interest, for unreimbursed response costs, plus any additional unreimbursed response costs, interest and certain future costs, the United States incurs at the site. The Company challenged that final judgment. The approved settlement agreement resolves all matters involved in the case. During the third quarter, the Company recognized approximately \$955,000 of income net of tax related to the settlement.

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