

MONARCH CEMENT CO
Form 10-Q
May 09, 2008

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, 2008**, 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: **0-2757**

THE MONARCH CEMENT COMPANY

(Exact name of registrant as specified in its charter)

KANSAS

(state or other jurisdiction of incorporation or organization)

48-0340590

(IRS employer identification no.)

P.O. BOX 1000, HUMBOLDT, KANSAS

(address of principal executive offices)

66748-0900

(zip code)

Registrant's telephone number, including area code: **(620) 473-2222**

(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 NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES NO

As of **May 1, 2008**, there were 2,517,918 shares of Capital Stock, par value \$2.50 per share outstanding and 1,509,040 shares of Class B Capital Stock, par value \$2.50 per share outstanding.

PART I - FINANCIAL INFORMATION

The condensed consolidated financial statements included in this report have been prepared by our Company without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Our Company believes that the disclosures are adequate to make the information presented not misleading. The accompanying consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results of operations for the interim periods presented. Those adjustments consist only of normal, recurring adjustments. The condensed consolidated balance sheet of the Company as of December 31, 2007 has been derived from the audited consolidated balance sheet of the Company as of that date. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Company's most recent annual report on Form 10-K for 2007 filed with the Securities and Exchange

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Commission. The results of operations for the period are not necessarily indicative of the results to be expected for the full year.

Item 1. Financial Statements

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THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2008 and December 31, 2007

ASSETS	2 0 0 8	2 0 0 7
CURRENT ASSETS:	(Unaudited)	
Cash and cash equivalents	\$ 2,412,950	\$ 4,404,116
Receivables, less allowances of \$649,000 in 2008 and \$640,000 in 2007 for doubtful accounts	15,514,987	13,531,221
Inventories, priced at cost which is not in excess of market-		
Finished cement	\$ 6,548,526	\$ 6,110,974
Work in process	1,374,029	2,569,641
Building products	4,918,721	4,518,379
Fuel, gypsum, paper sacks and other	5,620,298	4,606,447
Operating and maintenance supplies	10,318,528	9,759,949
Total inventories	\$ 28,780,102	\$ 27,565,390
Refundable federal and state income taxes	704,889	-
Deferred income taxes	635,000	635,000
Prepaid expenses	730,432	248,380
Total current assets	\$ 48,778,360	\$ 46,384,107
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and depletion of \$143,198,559 in 2008 and \$140,661,628 in 2007	91,632,646	93,301,169
DEFERRED INCOME TAXES	13,629,534	13,155,534
INVESTMENTS, \$2,060,850 at 3/31/08 and 3/31/07 carried at cost	14,124,757	13,468,319
OTHER ASSETS	1,104,151	1,179,116
	\$ 169,269,448	\$ 167,488,245
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,348,658	\$ 6,413,945
Line of credit payable	6,303,743	-
Current portion of advancing term loan	2,116,506	2,181,524
Accrued liabilities	4,784,692	6,749,711
Total current liabilities	\$ 19,553,599	\$ 15,345,180
LONG-TERM DEBT	17,542,890	18,024,478
ACCRUED POSTRETIREMENT BENEFITS	27,709,324	27,206,515
ACCRUED PENSION EXPENSE	5,892,299	5,848,510
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	708,864	709,038
STOCKHOLDERS' INVESTMENT:		

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Capital stock, par value \$2.50 per share, one vote per share -		
Authorized 10,000,000 shares, Issued 2,513,258 shares at 3/31/2008 and 2,510,708 shares at 12/31/2007	\$ 6,283,145	\$ 6,276,770
Class B capital stock, par value \$2.50 per share, supervoting rights of ten votes per share, restricted transferability, convertible at all times into Capital Stock on a share-for-share basis - Authorized 10,000,000 shares, Issued 1,513,700 shares at 3/31/2008 and 1,516,250 shares at 12/31/2007	3,784,250	3,790,625
Retained earnings	96,686,575	98,488,627
Accumulated other comprehensive loss	(8,891,498)	(8,201,498)
Total stockholders' investment	\$ 97,862,472	\$ 100,354,524
	\$ 169,269,448	\$ 167,488,245

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See notes to condensed consolidated financial statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND RETAINED EARNINGS

For the Three Months Ended March 31, 2008 and 2007 (Unaudited)

	2008	2007
NET SALES	\$ 25,089,226	\$ 24,212,360
COST OF SALES	23,808,903	20,477,880
Gross profit from operations	\$ 1,280,323	\$ 3,734,480
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,894,199	3,848,438
Loss from operations	\$ (2,613,876)	\$ (113,958)
OTHER INCOME (EXPENSE):		
Interest income	\$ 74,898	\$ 65,888
Interest expense	(254,147)	(475,670)
Gains on equity investments	-	1,209,318
Dividend Income	25,709	34,569
Other, net	240,364	185,086
	\$ 86,824	\$ 1,019,191
Income (loss) before taxes on income	\$ (2,527,052)	\$ 905,233
PROVISION FOR (BENEFIT FROM) INCOME TAXES		