

MONARCH CEMENT CO  
Form 10-Q  
May 11, 2009

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, 2009**, 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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.

Large accelerated filer

Accelerated filer

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

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 **April 28, 2009**, there were 2,525,547 shares of Capital Stock, par value \$2.50 per share outstanding and 1,498,651 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, 2008 has been derived from the audited consolidated balance sheet of the

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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 2008 filed with the Securities and Exchange 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  
CONDENSED CONSOLIDATED BALANCE SHEETS

March 31, 2009 and December 31, 2008

ASSETS	2 0 0 9	2 0 0 8
<b>CURRENT ASSETS:</b>	(Unaudited)	
Cash and cash equivalents	\$ 1,969,978	\$ 3,111,509
Short-term investments, at cost which approximates fair value	2,100,000	2,100,000
Receivables, less allowances of \$804,250 in 2009 and \$788,000 in 2008 for doubtful accounts	16,180,881	15,499,638
Inventories, priced at cost which is not in excess of market-		
Finished cement	\$ 6,696,719	\$ 4,507,180
Work in process	1,045,841	1,681,765
Building products	5,247,195	5,069,230
Fuel, gypsum, paper sacks and other	7,217,397	6,312,135
Operating and maintenance supplies	11,282,829	10,943,746
Total inventories	\$ 31,489,981	\$ 28,514,056
Refundable federal and state income taxes	1,010,771	27,102
Deferred income taxes	710,000	710,000
Prepaid expenses	991,922	508,324
Total current assets	<b>\$ 54,453,533</b>	<b>\$ 50,470,629</b>
<b>PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and depletion of \$153,862,431 in 2009 and \$151,055,752 in 2008</b>	90,954,392	90,803,872
<b>DEFERRED INCOME TAXES</b>	19,914,540	19,473,540
<b>INVESTMENTS</b>	13,632,383	12,740,244
<b>OTHER ASSETS</b>	1,150,067	1,276,364
	<b>\$ 180,104,915</b>	<b>\$ 174,764,649</b>
<b>LIABILITIES AND STOCKHOLDERS' INVESTMENT</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 7,879,605	\$ 6,308,873
Line of credit payable	8,483,887	-
Current portion of advancing term loan	2,665,633	2,643,913
Accrued liabilities	6,948,692	8,553,694
Total current liabilities	<b>\$ 25,977,817</b>	<b>\$ 17,506,480</b>
<b>LONG-TERM DEBT</b>	14,347,101	15,108,016
<b>ACCRUED POSTRETIREMENT BENEFITS</b>	26,568,932	26,210,409
<b>ACCRUED PENSION EXPENSE</b>	15,298,764	14,720,952
<b>EQUITY:</b>		
<b>COMPANY STOCKHOLDERS' EQUITY:</b>		

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Capital stock, par value \$2.50 per share, one vote per share -		
Authorized 10,000,000 shares, Issued 2,523,514 shares		
at 3/31/2009 and 2,518,658 shares at 12/31/2008	\$ 6,308,785	\$ 6,296,645
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 1,500,684		
shares at 3/31/2009 and 1,505,540 shares at 12/31/2008	3,751,710	3,763,850
Retained earnings	102,308,429	104,958,556
Accumulated other comprehensive loss	(15,151,123)	(14,509,123)
Total Company stockholders' equity	\$ 97,217,801	\$ 100,509,928
Noncontrolling Interest	694,500	708,864
Total equity	\$ 97,912,301	\$ 101,218,792
	\$ 180,104,915	\$ 174,764,649

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See notes to condensed consolidated financial statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND RETAINED EARNINGS

For the Three Months Ended March 31, 2009 and 2008 (Unaudited)

	2009	2008
NET SALES	\$ 25,330,736	\$ 25,089,226
COST OF SALES	24,858,824	23,808,903
Gross profit from operations	\$ 471,912	\$ 1,280,323
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	4,121,633	3,894,199
Loss from operations	\$ (3,649,721)	\$ (2,613,876)
OTHER INCOME (EXPENSE):		
Interest income	\$ 34,223	\$ 74,898
Interest expense	(147,694)	(254,147)
Gains on equity investments	77,535	-
Dividend income	34,879	25,709
Other, net	(53,713)	240,190
	\$ (54,770)	\$ 86,650
Loss before taxes on income		