

MONARCH CEMENT CO
Form 10-Q
August 09, 2012

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 June 30, 2012, 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 66748-0900
(address of principal executive offices) (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

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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 July 24, 2012, there were 2,578,359 shares of Capital Stock, par value \$2.50 per share outstanding and 1,435,275 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 condensed 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, 2011 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 2011 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
 June 30, 2012 (Unaudited) and December 31, 2011

ASSETS	2012	2011
Current Assets:		
Cash and cash equivalents	\$1,003,077	\$1,123,870
Receivables, less allowances of \$655,000 in 2012 and \$670,000 in 2011 for doubtful accounts	21,198,663	15,970,034
Inventories, priced at cost which is not in excess of market-		
Finished cement	\$5,275,343	\$3,963,233
Work in process	1,990,951	1,353,361
Building products	4,766,624	4,236,266
Fuel, gypsum, paper sacks and other	6,392,185	6,416,618
Operating and maintenance supplies	11,868,327	11,892,887
Total inventories	\$30,293,430	\$27,862,365
Refundable federal and state income taxes	-	353,199
Deferred income taxes	750,000	750,000
Prepaid expenses	1,036,428	631,461
Total current assets	\$54,281,598	\$46,690,929
Property, Plant and Equipment, at cost, less accumulated depreciation and depletion of \$187,789,042 in 2012 and \$182,427,598 in 2011	83,993,702	86,719,411
Deferred Income Taxes	16,385,410	18,416,410
Investments	23,429,869	20,026,704
Other Assets	1,610,510	1,801,356
	\$179,701,089	\$173,654,810
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$7,851,717	\$5,451,853
Line of credit payable	9,154,764	4,844,469
Current portion of term loan	2,967,510	2,920,023
Current portion of other long-term debt	175,000	175,000
Accrued liabilities	5,231,830	7,883,704
Total current liabilities	\$25,380,821	\$21,275,049
Long-Term Debt	5,708,270	7,303,137
Accrued Postretirement Benefits	33,875,675	33,327,243
Accrued Pension Expense	13,301,129	13,676,003
Stockholders' Equity:		
Capital Stock, par value \$2.50 per share, one vote per share - Authorized 10,000,000 shares, Issued and Outstanding 2,578,359 shares at 6/30/2012 and 2,569,831 shares at 12/31/2011	\$6,445,898	\$6,424,578
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 and Outstanding 1,435,275 shares at 6/30/2012 and 1,443,803 shares at 12/31/2011	3,588,187	3,609,507
Additional paid-in-capital	2,485,125	2,485,125
Retained earnings	97,925,589	97,751,202
Accumulated other comprehensive loss	(9,009,605)	(12,197,034)
Total stockholders' equity	\$101,435,194	\$98,073,378

\$179,701,089 \$173,654,810

See accompanying Notes to the Condensed Consolidated Financial Statements

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The Monarch Cement Company and Subsidiaries

Condensed Consolidated Statements Of Income (Loss) And Retained Earnings

For the Three Months and the Six Months Ended June 30, 2012 and 2011 (Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
NET SALES	\$ 41,165,502	\$ 31,384,137	\$ 69,163,596	\$ 48,794,852
COST OF SALES	32,701,111	27,228,173	60,189,237	48,292,303
Gross profit from operations	\$ 8,464,391	\$ 4,155,964	\$ 8,974,359	\$ 502,549
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,897,341			