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MONARCH CEMENT CO
Form 10-Q
August 14, 2003

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(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, 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: 0-2757

THE MONARCH CEMENT COMPANY
(Exact name of registrant as specified in its charter)

KANSAS 48-0340590____
(state or other jurisdiction of (I.R.S. employer
incorporation or organization) 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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of August 7, 2003, there were 2,374,151 shares of Capital Stock, par value \$2.50 per share outstanding and 1,652,807 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.

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The condensed consolidated balance sheet of the Company as of December 31, 2002 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 2002 filed with the Securities & 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

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2003 and December 31, 2002

ASSETS	2 0 0 3	2 0 0 2
	(Unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,857,470	\$ 3,909,215
Receivables, less allowances of \$692,000 in 2003 and \$644,000 in 2002 for doubtful accounts	15,203,229	15,916,614
Inventories, priced at cost which is not in excess of market-		
Cost determined by last-in, first-out method-		
Finished cement	\$ 5,374,579	\$ 1,386,348
Work in process	1,454,706	626,130
Building products	1,290,838	1,119,723
Cost determined by first-in, first-out method-		
Fuel, gypsum, paper sacks and other	5,005,416	4,164,573
Cost determined by average method-		
Operating and maintenance supplies	7,862,561	8,059,488
Total inventories	\$ 20,988,100	\$ 15,356,262
Refundable federal and state income taxes	358,863	562,496
Deferred income taxes	593,000	593,000
Prepaid expenses	964,413	82,304
Total current assets	\$ 40,965,075	\$ 36,419,891
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and depletion of \$100,992,272 in 2003 and \$96,128,254 in 2002	80,202,480	82,331,077
DEFERRED INCOME TAXES	3,752,585	4,038,000
OTHER ASSETS	11,138,731	10,717,296
	\$136,058,871	\$133,506,264
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
CURRENT LIABILITIES:		
Accounts payable	\$ 5,767,792	\$ 5,845,901
Bank loan payable	8,933,614	3,048,076
Current portion of advancing term loan	3,302,939	3,255,476
Accrued liabilities	3,367,730	5,011,856
Total current liabilities	\$ 21,372,075	\$ 17,161,309
LONG-TERM DEBT	21,515,091	23,284,663
ACCRUED POSTRETIREMENT BENEFITS	9,459,544	9,322,377
ACCRUED PENSION EXPENSE	2,604,898	2,418,375
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	1,663,010	1,969,101

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STOCKHOLDERS' INVESTMENT:

Capital stock, par value \$2.50 per share, 1 vote per share - Authorized 10,000,000 shares, Issued 2,373,311 shares at 6/30/2003 and 2,344,293 shares at 12/31/2002	\$ 5,933,278	\$ 5,860,733
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 1,653,647 shares at 6/30/2003 and 1,682,665 shares at 12/31/2002	4,134,117	4,206,662
Retained earnings	70,250,858	70,582,044
Accumulated other comprehensive loss	(874,000)	(1,299,000)
Total stockholders' investment	\$ 79,444,253	\$ 79,350,439
	\$136,058,871	\$133,506,264

See notes to condensed consolidated financial statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the Three Months and the Six Months Ended June 30, 2003 and 2002
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
NET SALES	\$29,593,928	\$35,409,167	\$48,563,380	\$58,280,820
COST OF SALES	24,796,498	29,393,731	42,760,364	50,595,055
Gross profit from operations	\$ 4,797,430	\$ 6,015,436	\$ 5,803,016	\$ 7,685,765
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,943,906	2,727,339	5,827,183	5,313,007
Income (loss) from operations	1,853,524	\$ 3,288,097	\$ (24,167)	\$ 2,372,758
OTHER INCOME (EXPENSE):				
Interest income	\$ 120,122	\$ 85,599	\$ 177,104	\$ 126,693
Interest expense	(276,339)	(293,626)	(530,321)	(466,141)
Other, net	815,457	(6,993)	1,051,590	(95,841)
	\$ 659,240	\$ (215,020)	\$ 698,373	\$ (435,289)
Income before taxes on income	\$ 2,512,764	\$ 3,073,077	\$ 674,206	\$ 1,937,469
PROVISION FOR TAXES ON INCOME	775,000	920,000	200,000	585,000
NET INCOME	\$ 1,737,764	\$ 2,153,077	\$ 474,206	\$ 1,352,469
RETAINED EARNINGS, beg. of period	69,318,486	67,099,518	70,582,044	67,900,126

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Less cash dividends	805,392	805,392	805,392	805,392
RETAINED EARNINGS, end of period	\$70,250,858	\$68,447,203	\$70,250,858	\$68,447,203
Basic earnings per share	\$.43	\$.53	\$.12	\$.34
Cash dividends per share	\$.20	\$.20	\$.20	\$.20

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months and the Six Months Ended June 30, 2003 and 2002 (Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
NET INCOME	\$ 1,737,764	\$ 2,153,077	\$ 474,206	\$ 1,352,469
UNREALIZED APPRECIATION (DEPRECIATION) ON AVAILABLE FOR SALE SECURITIES (Net of deferred tax expense (benefit) of \$320,000, \$(145,000), \$280,000 and \$50,000, respectively)	480,000	(220,000)	420,000	70,000
COMPREHENSIVE INCOME	\$ 2,217,764	\$ 1,933,077	\$ 894,206	\$ 1,422,469

See notes to condensed consolidated financial statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2003 and 2002 (Unaudited)

	2003	2002
OPERATING ACTIVITIES:		
Net income	\$ 474,206	\$ 1,352,469
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and depletion	5,406,531	5,286,726
Minority interest in earnings (losses) of subsidiaries	(306,091)	6,042
Deferred income taxes	415	-
Gain on disposal of assets	(320,235)	(57,273)
Realized gain on sale of other investments	(393,393)	-
Change in assets and liabilities:		
Receivables, net	712,849	(5,054,757)
Inventories	(5,631,838)	(1,662,703)
Refundable federal and state income taxes	203,633	474,867
Prepaid expenses	(882,109)	(295,836)
Other assets	7,636	7,231
Accounts payable and accrued liabilities	(111,452)	(137,994)
Accrued postretirement benefits	137,167	156,372
Accrued pension expense	186,523	(79,903)
Net cash used for operating activities	\$ (516,158)	\$ (4,759)

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INVESTING ACTIVITIES:

Acquisition of property, plant and equipment	\$ (3,164,542)	\$ (4,952,117)
Proceeds from disposals of property, plant and equipment	367,961	83,462
Payment for purchases of equity investments	(132,493)	(486,512)
Proceeds from disposals of equity investments	645,697	-
Decrease in short-term investments, net	536	162,555
Net purchases of subsidiaries' stock	-	(529,731)
 Net cash used for investing activities	 \$ (2,282,841)	 \$ (5,722,343)

FINANCING ACTIVITIES:

Proceeds from bank loans	\$ 4,163,429	\$ 7,219,909
Cash dividends paid	(2,416,175)	(2,416,175)
Subsidiaries' dividends paid to minority interest	-	(14,742)

Net cash provided by financing activities

	\$ 1,747,254	\$ 4,788,992
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Net decrease in cash and cash equivalents

	\$ (1,051,745)	\$ (938,110)
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CASH AND CASH EQUIVALENTS, beginning of year

	3,909,215	3,224,861
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CASH AND CASH EQUIVALENTS, end of period

	\$ 2,857,470	\$ 2,286,751
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Interest paid	\$564,005	\$474,113
Income tax paid, net of refunds	\$ (3,643)	\$331,407

See notes to condensed consolidated financial statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2003 and 2002 (Unaudited), and December 31, 2002

1. For a summary of accounting policies, the reader should refer to Note 1 of the consolidated financial statements included in our Company's most recent annual report on Form 10-K.
2. Basic earnings per share of capital stock has been calculated based on the weighted average shares outstanding during each of the reporting periods. The weighted average number of shares outstanding was 4,026,958 in the second quarter of 2003 and 2002 and in the first six months of 2003 and 2002. The Company has no common stock equivalents and therefore, does not report diluted earnings per share.
3. Our Company groups its operations into two business segments - Industry Segment A (cement manufacturing) and Industry Segment B (ready-mixed concrete and sundry building materials). Following is condensed information for each segment for the periods ended June 30, 2003 and 2002 and December 31, 2002 (in thousands):

	Three Months Ended	Six Months Ended		
	6/30/03	6/30/02	6/30/03	6/30/02

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Sales to Unaffiliated Customers-					
Industry:	Segment A	\$10,568	\$14,661	\$16,821	\$21,840
	Segment B	19,026	20,748	31,742	36,441
Intersegment Sales-					
Industry:	Segment A	3,025	2,892	4,869	5,172
	Segment B	-	36	-	36
Operating Profit-					
Industry:	Segment A	2,207	2,187	1,931	2,068
	Segment B	(353)	1,101	(1,955)	305
Capital Expenditures-					
Industry:	Segment A	342	677	611	1,476
	Segment B	1,297	2,086	2,554	3,476
				Balance as of	
				6/30/02	12/31/02
Identifiable Assets-					
Industry:	Segment A			\$80,573	\$76,369
	Segment B			36,785	37,316
Corporate Assets-					
				18,701	19,821

4. The Company records revenue from the sale of cement, ready-mixed concrete and sundry building materials when the products are delivered to the customer. Long-term construction contract revenues are recognized on the percentage-of-completion method based on the costs incurred relative to total estimated costs. Full provision is made for any anticipated losses. Billings for long-term construction contracts are rendered monthly, including the amount of retainage withheld by the customer until contract completion. Retainages are included in accounts receivable and are generally due within one year.

5. Capital expenditures for property, plant and equipment were approximately \$3,165,000 during the first six months of 2003. These funds were primarily used to upgrade equipment in the ready-mixed concrete and sundry building materials segment.

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

Certain statements under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this Form 10-Q report filed with the Securities and Exchange Commission, constitute "forward-looking statements". Except for historical information, the statements made in this report are forward-looking statements that involve risks and uncertainties. You can identify these statements by forward-looking words such as "should", "expect", "anticipate", "believe", "intend", "may", "hope", "forecast" or similar words. In particular, statements with respect to variations in future demand for our products in our market area, the timing, scope, cost and benefits of our proposed and recently completed capital improvements and expansion plans, including the resulting increase in production capacity, our forecasted cement sales, the timing and source of funds for the repayment of our line of credit, and our anticipated increase in solid fuels and electricity required to operate our facilities and equipment are all forward-looking statements. You should be aware that forward-looking statements involve known and unknown risks, uncertainties, and other factors that may affect the actual results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among

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others:

- * general economic and business conditions;
- * competition;
- * raw material and other operating costs;
- * costs of capital equipment;
- * changes in business strategy or expansion plans;
- * demand for our Company's products;
- * cyclical and seasonal nature of our business;
- * the affect weather has on our business;
- * the affect of environmental and other government regulation; and
- * the affect of federal and state funding on demand for our products.

LIQUIDITY

We are able to meet our cash needs primarily from a combination of operations and bank loans. Cash decreased during the first six months of 2003 primarily due to the purchase of equipment, the increase in inventories and the payment of dividends.

In December 2002, Monarch renegotiated its unsecured credit commitment with a bank. This revised commitment consists of a \$25,000,000 advancing term loan maturing December 31, 2005 and a \$10,000,000 line of credit maturing December 31, 2003. These loans each bear floating interest rates based on JP Morgan Chase prime rate less 1.25% and .75%, respectively. The loan agreement contains a financial covenant related to net worth which the Company was in compliance with at the end of the first six months of 2003. As of June 30, 2003, we had borrowed \$24,388,569 on the advancing term loan and \$8,933,614 on the line of credit leaving a balance available on the line of credit of \$1,066,386. The average daily interest rate we paid on the advancing term loan during the second quarter of 2003 and 2002 was 3.0% and 3.5%, respectively, and for the first six months of 2003 and 2002 was 3.0% and 3.5%, respectively. The average daily interest rate we paid on the line of credit during the second quarter of 2003 and 2002 and the first six months of 2003 and 2002 was 3.5%. As of June 30, 2003, the applicable interest rate was 3.0% on the advancing term loan and 3.5% on the line of credit. We have used these loans to help finance the expansion project at our cement manufacturing facility. We anticipate that the line of credit maturing December 31, 2003 will be paid using funds from operations or replacement bank financing. Our board of directors has given management the authority to borrow an additional \$15,000,000 for a maximum of \$50,000,000. At this time we do not anticipate borrowing the additional \$15,000,000; although an increase in financing may be required on a short-term basis.

FINANCIAL CONDITION

Total assets as of June 30, 2003 were \$136,058,871, an increase of \$2,552,607 since December 31, 2002. Decreases in cash and net property, plant and equipment were offset by an increase in inventories, resulting in an increase in total assets. These variations are common during the first six months of the year due to the seasonality of our business (see Seasonality below).

Indebtedness increased \$4,163,429 during the first six months of 2003 due primarily to increasing inventories and capital expenditures.

Stockholders' investment increased .1% during the first six months of 2003 primarily due to the net income. Basic earnings were \$.12 per share.

CAPITAL RESOURCES

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The Company regularly invests in miscellaneous equipment and facility improvements in both the cement and ready-mixed concrete segments. Capital expenditures during the first six months of 2003 were primarily routine equipment purchases in the ready-mixed concrete segment. For the balance of the year, we anticipate continuing these recurring capital expenditures in order to keep our equipment and facilities up-to-date.

We are also studying the potential fuel savings to be gained through the installation of a coal firing system on our precalciner kiln. This would allow us to burn primarily coal and petroleum coke in our precalciner in lieu of natural gas. We have purchased the equipment for this project; however, we do not anticipate major expenditures towards its installation until 2004. Finally, we continue to monitor projected market demands as we evaluate the feasibility of installing a second precalciner and clinker cooler to further increase our production capacity. Additional bank financing may be required if we elect to proceed with these projects.

Results of Operations

Cement, ready-mixed concrete and sundry building materials are used in residential, commercial and governmental construction. Overall demand for our products by each of these segments has been strong for the past several years. For the year 2003, the Portland Cement Association (PCA) predicts only a modest decline in the total U.S. consumption of cement. Residential construction, although not as strong as 2002, is still predicted to remain strong due to continued projected low interest rates. Major construction projects, including parking garages, schools, hospitals, waste water treatment plants, and detention facilities are currently underway in our market area. The Kansas highway program is currently on target through 2003, although the Kansas legislature has voted to divert money from future highway projects to other areas due to serious budget shortfalls. Even though the PCA predicts a decline in overall construction spending for the third consecutive year, 2003 is projected to rank as the fourth best year in history for construction spending.

Consolidated net sales for the quarter ended June 30, 2003, decreased by \$5,815,239 when compared to the quarter ended June 30, 2002. Sales of cement were lower by \$4,092,928, and sales of ready-mixed concrete and sundry building materials were lower by \$1,722,311. During the second quarter of 2003, wet weather slowed construction projects, decreasing sales of both cement and ready-mixed concrete. In contrast, mild, dry weather in our market area during the second quarter of 2002 allowed construction projects to proceed.

The gross profit rate for the three months ended June 30, 2003 was 16.2% versus 17.0% for the three months ended June 30, 2002.

Selling, general, and administrative expenses increased by 7.9% during the second quarter of 2003 compared to the second quarter of 2002. Overall increases in insurance and payroll costs contributed to this increase, although no single factor increased materially.

Other, net increased \$822,450 during the second quarter of 2003 as compared to the second quarter of 2002 primarily due to subsidiary losses allocated to minority interest, a gain on the sale of equity investments and an increase in miscellaneous sales.

The effective tax rates for the second quarter of 2003 and 2002 were 30.8% and 29.9%, respectively. The Company's effective tax rate differs from the federal and state statutory income tax rate primarily due to the effects

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of percentage depletion and minority interest in consolidated income.

Consolidated net sales for the six months ended June 30, 2003 were \$48,563,380, a decrease of \$9,717,440 as compared to the six months ended June 30, 2002. Sales of cement were lower by \$5,018,566 and sales of ready-mixed concrete and sundry building materials were lower by \$4,698,874. During the first six months of 2003, wet weather slowed construction projects, decreasing sales of both cement and ready-mixed concrete. In contrast, mild, dry weather in our market area during the first six months of 2002 allowed construction projects to proceed

The gross profit rate for the six months ended June 30, 2003 was 11.9% versus 13.2% for the six months ended June 30, 2002. This decrease is primarily due to reduced utilization of equipment due to lower sales volumes of ready-mixed concrete.

Selling, general, and administrative expenses increased 9.7% for the first six months of 2003 compared to the first six months of 2002. Overall increases in insurance and payroll costs contributed to this increase, although no single factor increased materially.

Interest expense increased \$64,180 for the first half of 2003 as compared to the first half of 2002. Bank loans outstanding as of the beginning of 2003, were greater than the amount outstanding at the beginning of 2002 creating an increase in average bank loans outstanding for the first six months of 2003 as compared to the first six months of 2002.

Other, net increased \$1,147,431 during the first six months of 2003 as compared to the first six months of 2002 primarily due to an increase in subsidiary losses allocated to minority interest, a gain on the sale of equity investments and an increase in miscellaneous sales.

The effective tax rates for the six months ended June 30, 2003 and 2002 were 29.7% and 30.2%, respectively. The Company's effective tax rate differs from the federal and state statutory income tax rate primarily due to the effects of percentage depletion and minority interest in consolidated income.

MARKET RISK

Market risks relating to the Company's operations result primarily from changes in demand for our products. A significant increase in interest rates could lead to a reduction in construction activities in both the residential and commercial markets. Budget shortfalls during economic slowdowns could cause money to be diverted away from highway projects, schools, detention facilities and other governmental construction projects. Reduction in construction activity lowers the demand for cement, ready-mixed concrete and sundry building materials. As demand decreases, competition to retain sales volume could create downward pressure on sales prices. The manufacture of cement requires a significant investment in property, plant and equipment and a trained workforce to operate and maintain this equipment. These costs do not materially vary with the level of production. As a result, by operating at or near capacity, regardless of demand, companies can reduce per unit production costs. The continual need to control production costs encourages overproduction during periods of reduced demand.

INFLATION

Inflation directly affects the Company's operating costs. The manufacture of cement requires the use of a significant amount of energy. The Company burns primarily solid fuels, such as coal and petroleum coke, in its

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preheater kiln. We do not anticipate a significant increase above the rate of inflation in the cost of these solid fuels, or in the electricity required to operate our cement manufacturing equipment. In 2001, the Company added a precalciner to one of its kilns to increase production capacity. This precalciner burns natural gas. Increases in natural gas prices exceeding the rate of inflation create an above average increase in manufacturing costs. The Company has plans to add a coal firing system to its precalciner kiln to reduce dependence on natural gas. Prices of the specialized replacement parts and equipment the Company must continually purchase tend to increase directly with the rate of inflation causing manufacturing costs to increase.

SEASONALITY

Portland cement is the basic material used in the production of ready-mixed concrete that is used in highway, bridge and building construction. These construction activities are seasonal in nature. During winter months when the ground is frozen, groundwork preparation cannot be completed. Cold temperatures affect concrete set-time, strength and durability, limiting its use in winter months. Dry ground conditions are also required for construction activities to proceed. During the summer, winds and warmer temperatures tend to dry the ground quicker creating fewer delays in construction projects.

Variations in weather conditions from year-to-year significantly affect the demand for our products during any particular quarter; however, our Company's highest revenue and earnings historically occur in its second and third fiscal quarters, April through September.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has \$9,125,000 of equity securities as of June 30, 2003. These investments are not hedged and are exposed to the risk of changing market prices. The Company classifies these securities as "available-for-sale" for accounting purposes and marks them to market on the balance sheet at the end of each period. Management estimates that its investments will generally be consistent with trends and movements of the overall stock market excluding any unusual situations. An immediate 10% change in the market price of our equity securities would have a \$550,000 effect on comprehensive income.

The Company also has \$32,322,183 of bank loans as of June 30, 2003. Interest rates on the Company's advancing term loan and line of credit are variable and are based on the JP Morgan Chase prime rate less 1.25% and .75%, respectively.

ITEM 4. CONTROLS AND PROCEDURES/INTERNAL CONTROLS

As of the end of the quarter ended June 30, 2003, our management, including our President and Chairman of the Board of Directors and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934. Based upon that evaluation, our President and Chairman of the Board of Directors and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of our disclosure controls and procedures are satisfied. There has been no change in our internal control over financial reporting during the quarter ended June 30, 2003 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

At the annual meeting of the stockholders of The Monarch Cement Company held on April 9, 2003, the stockholders elected four Class II Directors, namely, Byron J. Radcliff, Michael R. Wachter, Walter H. Wulf, Jr., and Walter H. Wulf, III to serve terms expiring at the annual meeting of stockholders in 2006. Class I Directors, namely, David L. Deffner, Gayle C. McMillen, and Richard N. Nixon and Class III Directors, namely, Jack R. Callahan, Ronald E. Callaway, Robert M. Kissick and Byron K. Radcliff, continue to serve terms expiring at the annual meetings of stockholders in 2005 and 2004, respectively.

The following is a summary of votes cast.

	For	Withhold Authority/ Against	Abstentions/ Broker Non-votes
Byron J. Radcliff	15,892,637	31,501	N/A
Michael R. Wachter	15,892,637	31,501	N/A
Walter H. Wulf, Jr.	15,892,637	31,501	N/A
Walter H. Wulf, III	15,892,637	31,501	N/A

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

31.1 Certificate of the President and Chairman of the Board pursuant to Section 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.

31.2 Certificate of the Chief Financial Officer pursuant to Section 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.

32.1 Certificate of the President and Chairman of the Board pursuant to 18 U.S.C. Section 1350 as adopted under Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certificate of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted under Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K. There were no reports required to be filed on Form 8-K during the quarter for which this report is being filed (April 1, 2003 to June 30, 2003, inclusive).

S I G N A T U R E S

Pursuant to the requirements of the Securities Exchange Act of 1934, the

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registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE MONARCH CEMENT COMPANY
(Registrant)

Date August 14, 2003 /s/ Walter H. Wulf, Jr.
Walter H. Wulf, Jr.
President and
Chairman of the Board

Date August 14, 2003 /s/ Debra P. Roe
Debra P. Roe, CPA
Chief Financial Officer and
Assistant Secretary-Treasurer

EXHIBIT INDEX

Exhibit Number	Description
31.1	Certificate of the President and Chairman of the Board pursuant to Section 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
31.2	Certificate of the Chief Financial Officer pursuant to Section 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
32.1	18 U.S.C. Section 1350 Certificate of the President and Chairman of the Board dated August 14, 2003, which is accompanying this Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2003 and is treated as furnished rather than filed in reliance on the final rule issued by the Securities and Exchange Commission Release No. 33-8238.
32.2	18 U.S.C. Section 1350 Certificate of the Chief Financial Officer dated August 14, 2003, which is accompanying this Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2003 and is treated as furnished rather than filed in reliance on the final rule issued by the Securities and Exchange Commission Release No. 33-8238.