



MANUFACTURERS OF PORTLAND CEMENTS



SINCE 1908

PHONE: (620) 473-2222
FAX: (620) 473-2447

P.O. BOX 1000
HUMBOLDT, KANSAS 66748-0900

May 4, 2015

QUARTERLY REPORT TO STOCKHOLDERS

The continued rise in residential and commercial construction has positively impacted the demand for our cement and ready-mixed concrete. Favorable weather during the first quarter allowed construction projects to proceed helping us to realize a 12.6% increase in volume of cement tons sold during the first quarter of 2015 as compared to the first quarter of 2014. Consolidated net sales for the three months ended March 31, 2015 increased \$0.6 million compared to the three months ended March 31, 2014 primarily due to the increase in volume sold in the Cement Business. Cost of sales and selling and administrative expenses were relatively unchanged resulting in a slight increase in gross profit from operations for the first quarter of 2015 as compared to the first quarter of 2014. Net loss through March 31, 2015 was \$2.4 million compared to \$2.8 million through March 31, 2014.

During the first quarter of 2015, we are pleased to report that we completed the final phase of the construction projects required to comply with the NESHAP environmental regulations. We also completed other equipment upgrades, including a fuel handling project, and purchased some new transportation equipment. Total cash spent on capital additions during the first quarter of 2015 was \$7.0 million.

At a meeting of the Company's Board of Directors on April 8, 2015, the Board declared a dividend in the amount of \$0.25 per share of Capital Stock and Class B Capital Stock to be paid on June 11, 2015 to stockholders of record on May 11, 2015.

Looking ahead to the remainder of 2015, the Portland Cement Association is projecting a 7.5% increase in cement consumption nationally. Our major environmental challenges are behind us for the time being, and the economy appears to be improving slowly but firmly in the right direction. Overall, the future looks the brightest we have seen in many years. We pledge that, as in the past, when there is a challenge, we will meet it, where there is innovation, we will adopt it, and where there is opportunity, we will seize it.

WALTER H. WULF, JR.
President and Chairman of the Board

Certain statements in this Quarterly Report 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", "anticipate", "believe", "intend", "may", "forecast" or similar words. In particular, statements with respect to the timing, scope, cost and benefits of our proposed and recently completed capital improvements and expansion plans, including potential fuel savings, projected installation costs and other cash needs, and our forecasted cement sales 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 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.

Consolidated
Statements of
Loss

	Three Months Ended March 31,	
	2015	2014
	(In Thousands, except per share data)	
Net Sales	\$ 24,029	\$ 23,462
Gross Profit (Loss) from Operations	287	(77)
Loss before Taxes	(3,323)	(3,894)
Benefit from Income Taxes	(910)	(1,075)
Net Loss	(2,413)	(2,819)
Basic Loss per Share	(0.62)	(0.71)
Average Shares Outstanding	3,868	3,962

Consolidated
Balance Sheets

	Mar. 31, 2015	Dec. 31, 2014
	(In Thousands)	
Assets		
Current Assets	\$ 53,475	\$ 53,637
Property, Plant and Equipment	88,282	84,411
Deferred Income Taxes	6,711	8,578
Investments	35,304	30,202
Other Assets	2,983	3,039
Total Assets	<u>\$ 186,755</u>	<u>\$ 179,867</u>
Liabilities and Stockholders' Equity		
Current Liabilities	\$ 29,258	\$ 22,383
Long-Term Debt	5,446	5,861
Accrued Postretirement Benefits	25,962	25,969
Accrued Pension Expense	9,233	9,254
Total Company Stockholders' Equity	116,856	116,400
Total Liabilities and Equity	<u>\$ 186,755</u>	<u>\$ 179,867</u>

Consolidated
Statements of
Cash Flows

	2015	2014
	(In Thousands)	
Three months ended March 31,		
Operating Activities:		
Net Loss	\$ (2,413)	\$ (2,819)
Depreciation, Depletion and Amortization	3,436	2,927
Change in Operating Working Capital	(6,997)	(3,708)
Net Cash Used for Operating Activities	<u>\$ (5,974)</u>	<u>\$ (3,600)</u>
Investing Activities	<u>\$ (7,029)</u>	<u>\$ (3,323)</u>
Financing Activities:		
Proceeds from Bank Loans, net	\$ 8,560	\$ 2,948
Cash Dividends Paid	(889)	(912)
Net Cash Provided by Financing Activities	<u>\$ 7,671</u>	<u>\$ 2,036</u>
Net Change in Cash and Cash Equivalents	\$ (5,332)	\$ (4,887)
Cash and Cash Equivalents, Beginning of Year	7,262	6,402
Cash and Cash Equivalents, End of Period	<u>\$ 1,930</u>	<u>\$ 1,515</u>