



MANUFACTURERS OF PORTLAND CEMENTS



SINCE 1908

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

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

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QUARTERLY REPORT TO STOCKHOLDERS

What began as a strong start to the residential and commercial construction industries in 2015 slowly tapered off in the second quarter. Excessive amounts of rainfall caused many construction projects to be delayed, reducing cement and ready-mixed concrete consumption compared to this time last year. Consolidated net sales for the six months ended June 30, 2015 decreased \$4.9 million (7.4%) compared to the six months ended June 30, 2014. Our Ready-Mixed Concrete Business accounted for \$4.7 million of the decline, primarily due to a 17.9% decrease in cubic yards of ready-mixed concrete sold. Our Cement Business realized a \$0.2 million decline in net sales as a result of a 5.3% decrease in volume sold, which was almost entirely offset by price increases.

Cost of sales for the first half of 2015 decreased \$4.0 million compared to the first half of 2014. Cost of sales increased \$0.8 million in the Cement Business and decreased \$4.8 million in the Ready-Mixed Concrete Business due primarily to the change in production volumes. Selling and administrative expenses and other income (expense) remained relatively unchanged for the first six months of 2015 as compared to the same period in 2014. Net income through June 30, 2015 was \$2.1 million compared to \$2.7 million through June 30, 2014.

At a meeting of the Company's Board of Directors, 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 September 11, 2015 to stockholders of record on August 24, 2015.

While the second quarter was hampered by frequent rain, we remain optimistic that the remainder of 2015 will show improvements in both pricing and volume. We remain committed to strengthening our company's finances and enhancing our position in the markets we serve by focusing on the basic principles that have guided us in the past.

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 Income	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In Thousands, except per share data)			
Net Sales	\$ 37,826	\$ 43,332	\$ 61,855	\$ 66,794
Gross Profit from Operations	9,777	11,058	10,064	10,981
Income before Taxes	6,290	7,599	2,968	3,704
Provision for Income Taxes	1,740	2,110	830	1,035
Net Income	4,550	5,489	2,138	2,669
Basic Earnings per Share	1.17	1.39	0.55	0.68
Average Shares Outstanding	3,866	3,966	3,867	3,966

Consolidated Balance Sheets	June 30,	Dec. 31,
	2015	2014
	(In Thousands)	
Assets		
Current Assets	\$ 56,488	\$ 53,637
Property, Plant and Equipment	87,137	84,411
Deferred Income Taxes	7,271	8,578
Investments	34,225	30,202
Other Assets	2,926	3,039
Total Assets	<u>\$ 188,047</u>	<u>\$ 179,867</u>
Liabilities and Stockholders' Equity		
Current Liabilities	\$ 28,824	\$ 22,383
Long-Term Debt	5,067	5,861
Accrued Postretirement Benefits	26,075	25,969
Accrued Pension Expense	8,544	9,254
Total Company Stockholders' Equity	119,537	116,400
Total Liabilities and Equity	<u>\$ 188,047</u>	<u>\$ 179,867</u>

Consolidated Statements of Cash Flows	Six Months Ended June 30,	2015	2014
		(In Thousands)	
Operating Activities:			
Net Income		\$ 2,138	\$ 2,669
Depreciation, Depletion and Amortization		6,992	6,181
Change in Operating Working Capital		(11,349)	(5,087)
Net Cash Provided by (Used for) Operating Activities		<u>\$ (2,219)</u>	<u>\$ 3,763</u>
Investing Activities		<u>\$ (10,038)</u>	<u>\$ (8,640)</u>
Financing Activities:			
Proceeds from Bank Loans, net		\$ 9,172	\$ 3,362
Cash Dividends Paid		(1,856)	(1,824)
Purchases of capital stock		(132)	(32)
Net Cash Provided by Financing Activities		<u>\$ 7,184</u>	<u>\$ 1,506</u>
Net Change in Cash and Cash Equivalents		<u>\$ (5,073)</u>	<u>\$ (3,371)</u>
Cash and Cash Equivalents, Beginning of Year		<u>7,262</u>	<u>6,402</u>
Cash and Cash Equivalents, End of Period		<u>\$ 2,189</u>	<u>\$ 3,031</u>