UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(MARK ONE)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 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	**48-0340590**
(State or other jurisdiction of incorporation or organization)	(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**
Securities registered pursuant to Section 12(b) of the Act: **None**
Securities registered pursuant to Section 12(g) of the Act:
Title of Class: **Capital Stock, par value $2.50 per share**
Class B Capital Stock, par value $2.50 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was $65,825,078.

As of February 15, 2013, the registrant had outstanding 2,597,000 shares of Capital Stock, par value $2.50 per share, and 1,416,634 shares of Class B Capital Stock, par value $2.50 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference into the indicated parts of this report: (1) the registrant’s annual report to stockholders for the year ended December 31, 2012 - Parts I, II, and IV of Form 10-K and (2) the registrant’s definitive proxy statement prepared in connection with the annual meeting of stockholders to be held on April 10, 2013 - Part III of Form 10-K.

PART I

ITEM 1. BUSINESS

Unless otherwise indicated by the context, we use the term Company to mean The Monarch Cement Company (Monarch) and its subsidiaries. Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the description of the Company's business, including information regarding lines of business, in The Monarch Cement Company's 2012 Annual Report to Stockholders (filed herewith as Exhibit 13) under the headings:

- Description of the Business;
- Lines of Business; and
- Note 9, Lines of Business, of Notes to Consolidated Financial Statements.

The Company did not introduce any new products nor begin to do business in a new industry segment during 2012.

The Company owns and operates quarries located near its Humboldt, Kansas plant. Such quarries contain all essential raw materials presently used by the Company's cement operations. The Company's total reserves, including these quarries and other property located near the plant, are estimated to be sufficient to maintain operations at the Humboldt plant's present capacity for more than 50 years, although not all reserves are currently accessible under existing governmental permits and approvals.

The Company's cement products are marketed under registered trademarks using the name "MONARCH". With the exception of these trademarks, the Company's operations are not materially dependent on any trademarks, franchises, patents or on any licenses relating to the use thereof.

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.

It is necessary for the Company to invest a significant portion of its working capital in inventories. At December 31, 2012 the Company had inventories as follows:

Cement	$ 5,385,586
Work in process	3,040,112
Building products	4,324,133
Fuel, gypsum and other materials	6,760,554
Operating and maintenance supplies	13,244,419
Total	$ 32,754,804

The Company is heavily dependent upon the construction industry and is directly affected by the level of activity in that industry. However, no customer accounted for 10% or more of the Company's consolidated net revenue during 2012, 2011 or 2010.

Backlog of customers' orders is not a material factor in the Company's business.

The Company has no contracts that are subject to renegotiation of profits or termination thereof at the election of the government.

The manufacture and sale of cement and ready-mixed concrete are extremely competitive enterprises. A number of producers, including several nationwide manufacturers, compete for business with the Company in its market area. The Company is not a significant factor in the nationwide portland cement or ready-mixed concrete business but does constitute a significant market factor for cement in its market area. Cement generally is produced to meet standard specifications and there is little differentiation between the products sold by the Company and its competitors. Accordingly, competition exists primarily in the areas of price and customer service.

The Company did not spend a material amount in the last three fiscal years on Company sponsored research and development. However, the Company is a member of the Portland Cement Association which conducts research for the cement industry.

The Company has, during the past several years, made substantial capital expenditures for pollution control equipment. The Company also incurs normal operating and maintenance expenditures in connection with its pollution control equipment. The Environmental Protection Agency (EPA) has published modifications to the National Emission Standard for Hazardous Air Pollutants (NESHAP) regulation in the Federal Register. The date for compliance with these modifications by all U.S. cement plants is September 2015. Since the Company does not currently meet certain emission limitations included in latest regulations issued by the EPA, additional pollution control equipment expenditures in its Cement Business are planned over the next few years to comply with these new regulations. We refer to the "Capital Resources" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2012 Annual Report to Stockholders for a more detailed description of the Company's capital resources and improvements under consideration. Such description is incorporated herein by reference.

At December 31, 2012, the Company and its subsidiaries employed approximately 700 employees including 540 hourly employees and 160 salaried employees, which included plant supervisory personnel, sales and executive staff. Of the 700 total employees, approximately 28% are union employees covered by various collective bargaining agreements. Approximately 57% of those union employees (16% of our total employees) are covered by an agreement that expires

in 2013. The Company believes it has a good working relationship with its employees and has been successful in negotiating multi-year union contracts without work stoppages.

All of the Company's operations and sales are in one geographic area consisting primarily of the State of Kansas, the State of Iowa, southeast Nebraska, western Missouri, northwest Arkansas and northern Oklahoma.

The Monarch Cement Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed with or furnished to the Securities and Exchange Commission (SEC), are available free of charge through the "SEC Filings" link of the Company's website, http://www.monarchcement.com, as soon as reasonably practicable after filing with or furnished to the SEC. These reports are also available to read and copy at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at http://www.sec.gov.

ITEM 1A. RISK FACTORS

We are identifying important risks and uncertainties that could affect the Company's results of operations, financial condition or business and that could cause them to differ materially from the Company's historical results of operations, financial condition or business, or those contemplated by forward-looking statements made herein or elsewhere, by, or on behalf of, the Company. Factors that could cause or contribute to such differences include, but are not limited to, those factors referred to below.

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2012 Annual Report to Stockholders in the "Capital Resources" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the headings:

- Accounting and Disclosure Rules Impact;
- Market Risks;
- Inflation; and
- Environmental Regulations.

We depend on construction activity levels, which tend to be cyclical. Our operating results depend on residential, commercial and governmental construction activity and spending levels which tend to be cyclical. Construction activity and spending levels are influenced by interest rates, inflation, environmental laws and regulations, employment levels and the availability of funds for construction projects. Economic downturns may lead to recessions in the construction industry, either in individual markets or nationally. These cyclical downturns in construction activity in our market area, which we cannot control, significantly affect our business.

Construction is dependent upon the overall U.S. economy which remains weak and could weaken further. Commercial and residential construction levels generally move with economic cycles; when the economy is strong, construction levels rise and when the economy is weak, construction levels fall. The overall U.S. economy has been hurt by changes in the financial services sector and the resulting constraints on credit availability. The overall weakness in the economy and the uncertainty in the credit markets could cause commercial and residential construction to remain at low levels or weaken further, and thereby continue to adversely affect our sales volumes and earnings. A recessionary economy can also increase the likelihood we will not be able to collect on our accounts receivable from our customers.

A decline in public sector construction and reductions in governmental funding could adversely affect our operations and results. If spending on publicly funded construction is reduced significantly as a result of a loss of federal funding or a significant reduction in state or federal budgets, our earnings could be negatively affected.

Competition in our industry could adversely affect our results of operations. All of the markets we operate in are highly competitive. We compete with several other domestic suppliers of cement, concrete and concrete products, as well as with importers of foreign cement. Many factors affect the competitive environments we face in our markets. Among others, they include the number of competitors in the market, the pricing policies of those competitors, the financial strength of those competitors, the total production capacity serving the market, the barriers that potential competitors face to enter the market, the proximity of natural resources to the market, as well as economic conditions and product demand within the market. Such factors come together in our market in varying ways, sometimes in ways that adversely impact demand for and pricing of our products.

Increased energy and fuel costs may have a material adverse effect on our results. Our operations consume significant amounts of energy. The price and availability of energy are subject to political, economic and market factors that are generally outside our control. Energy and fuel costs have affected, and may continue to affect, our financial condition, results of operations and liquidity.

Adverse weather lessens demand for our products, which is seasonal in our market. Construction activity, and thus demand for our products, decreases substantially during periods of cold weather, when it snows or when heavy or sustained rains fall. Consequently, demand for our products is significantly lower during the winter, when winter weather significantly curtails construction activity. Our operations are seasonal, with sales generally peaking during the second and third quarters because of normally better weather conditions. However, high levels of rainfall can adversely impact our operations during these periods as well. Such adverse weather conditions can materially and adversely affect our results of operations and profitability if they occur with unusual intensity, during abnormal periods, or last longer than usual, especially during peak construction periods.

Changes in legal requirements and governmental policies concerning zoning, land use, environmental and other areas of the law impact our business. Our operations are affected by numerous federal, state and local laws and regulations related to zoning, land use and environmental matters. Despite our compliance efforts, there is the inherent risk of liability in the operation of our business, especially from an environmental standpoint. These potential

liabilities could have an adverse impact on our operations and profitability. Our operations require numerous governmental approvals and permits, which often require us to make significant capital and maintenance expenditures to comply with zoning and environmental laws and regulations. Stricter laws and regulations, or more stringent interpretations of existing laws or regulations, may impose new liabilities on us, reduce operating hours, require additional investment by us in pollution control equipment, or impede the expansion of our facilities.

Climate change and climate change legislation or regulations may adversely impact our business. In the past a number of governmental bodies have introduced or contemplated legislative and regulatory changes in response to the potential impacts of climate change that, if enacted, would have limited and reduced greenhouse gas emissions through a "cap and trade" system of allowances and credits, among other provisions. In addition, the EPA has required large emitters of greenhouse gases to collect and report data with respect to their greenhouse gas emissions and has proposed a permitting process for large emitters. Any such "cap-and-trade" system or other limitations imposed on the emission of "greenhouse gases" could have a material adverse effect on our financial position, results of operation or cash flows.

Litigation could affect our profitability. The nature of our business exposes us to various litigation matters including product liability claims, employment, health and safety matters, environmental matters, regulatory and administrative proceedings, governmental investigations, tort claims and contract disputes. We contest these matters vigorously and file insurance claims where appropriate. However, litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome of existing or future litigation.

See Item 3, "Legal Proceedings" below for a discussion of the Company's current material litigation matters.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's corporate office and cement plant, including equipment and raw materials, are located at Humboldt, Kansas, approximately 110 miles southwest of Kansas City, Missouri. The Company owns approximately 5,000 acres of land on which the Humboldt plant, offices and all essential raw materials for the cement operations are located. Construction completed in 2006 increased our cement plant's capacity allowing us to produce in excess of one million tons of cement per year. Producing at that level, raw material reserves are estimated to be sufficient to maintain operations at this plant for more than 50 years, although not all reserves are currently accessible under existing governmental permits and approvals. The Company believes that this plant and equipment are suitable and adequate for its current level of operations and provides for increases in market demand.

The Company also owns approximately 250 acres of land in Des Moines, Iowa on which it operates a cement terminal. The Company transfers cement produced in Humboldt, Kansas to this terminal for distribution to Iowa customers. The Company also owns a rock quarry located near Earlham, Iowa, approximately 30 miles west of Des Moines, Iowa.

Approximately 345 acres of this 400 acre tract have been quarried and the Company has contracted with a third party to quarry and sell the remaining rock. This quarry operation does not have a material effect on the Company's overall operations.

The Company owns various companies which sell ready-mixed concrete, concrete products and sundry building materials within the Humboldt cement plant's primary market. Various equipment and facility improvements in this line of business ensure these plants are suitable and adequate for their current level of operations and provide for increases in market demand. No single subsidiary's physical property is materially significant to the Company.

There are no material encumbrances on our properties.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any material pending legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Under Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and under the SEC's Item 104 of Regulation S-K, each operator of a coal or other mine is required to include disclosures regarding certain mine safety results in its periodic reports filed with the SEC. The operation of the Company's quarries is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977. The information required under Section 1503(a) and Item 104 of Regulation S-K regarding certain mining safety and health matters is presented in Exhibit 95 to this report.

EXECUTIVE OFFICERS OF THE REGISTRANT

Executive officers of our Company are appointed by the Board of Directors and serve at the discretion of the Board. The following table sets forth certain information, as of February 15, 2013, with respect to all executive officers of our Company.

Name	Age	Position
Walter H. Wulf, Jr.	68	Chairman of the Board and President
Robert M. Kissick	76	Vice President
Byron K. Radcliff	75	Vice Chairman of the Board, Secretary and Treasurer
Debra P. Roe	57	Chief Financial Officer, Assistant Secretary-Treasurer
Rick E. Rush	60	Vice President
N. Joan Perez	73	Vice President – Sales
Harvey D. Buckley	63	Vice President – Cement Manufacturing

The business experience of the executive officers of our Company during the last five years is as follows:

Walter H. Wulf, Jr. has served as our Chairman of the Board since 2001 and as our President since 1997. He began working in our plant as a teenager during summer vacations. After college, he served in the U.S. Army, attaining the rank of Captain. Following a tour of duty in Vietnam, Mr. Wulf returned to our Company as a salesman and later became Vice President and then our President and Chairman of the Board. Although he is knowledgeable in all areas of our Company's operations, his strengths are in customer relations, pricing, marketing, environmental regulations and equity investments. Mr. Wulf has enhanced his skills and experiences through participation in many professional and civic boards and committees.

Robert M. Kissick is the retired former President of Hydraulic Power Systems, Inc., a manufacturer of construction equipment, and Chairman of the Board of that company. He has served as a Vice President of our Company since 1980, although he currently is not actively involved in the daily affairs of our Company. His background in manufacturing of construction equipment gives him the ability to analyze our production processes and proposed equipment purchases and the risks associated with various courses of action. As the former principal of a construction equipment company, his business experiences are quite extensive and include personnel supervision, purchasing oversight, capital structuring, banking relations, budgeting and establishment of overall corporate strategy.

Byron K. "Kent" Radcliff is the owner and manager of the 9,000 acre Radcliff Ranch, located near Dexter, Kansas. He has served as our Vice Chairman of the Board since 2001, as our Secretary since 1999 and as our Treasurer since 1976, although he currently is not actively involved in the daily affairs of our Company. As a member of our Board for over 50 years, Mr. Radcliff has a thorough understanding of our total company operations. The historical insight he provides is helpful as we evaluate our current operations, potential acquisitions and overall corporate strategy. He has many years of experience in personnel supervision, banking relations and risk management as a result of managing his ranch and other business ventures. He keeps current on pending regulations in both the Kansas and Federal legislatures, particularly in the areas of environmental issues and greenhouse gases. His participation in professional and civic organizations adds to the skills and experiences he brings to the Board.

Debra P. Roe has served as Chief Financial Officer of our Company since 2003 and as Assistant Secretary-Treasurer since 1998.

Rick E. Rush has served as a Vice President of our Company since 2001.

N. Joan Perez has served as Vice President – Sales of our Company since 2005.

Harvey D. Buckley has served as Vice President – Cement Manufacturing of our Company since 2006.

There is no arrangement or understanding between any executive officer and any other person pursuant to which such executive officer was selected as an officer.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2012 Annual Report to Stockholders under the heading "Stock Market and Dividend Data". In addition we submit the following information:

The Company's Board of Directors is responsible for determining the amount and timing of dividend payments. All dividends are discretionary and are based on past financial performance and availability of funds. Under the terms and conditions of the loan agreement effective for 2012, the Company's ability to pay dividends was subject to its satisfaction of certain financial covenants that the Company was in compliance with at year end. The Company was required to maintain a tangible net worth after accumulated other comprehensive income (loss) of $85.0 million, maintain a minimum tangible net worth before accumulated other comprehensive income (loss) of $95.0 million, and restrict cash dividends in any fiscal year to a maximum of $3.8 million. In November 2012, our current lender granted the Company a waiver which enabled the Board of Directors in their December meeting to authorize the payment in December 2012 of $0.9 million of the Company's cash dividends that are typically paid in January of the following year which resulted in five dividend payments made in 2012. Each was declared as a $0.23 per share dividend by the Board of Directors. For several years prior to 2012, the Company paid a dividend four times during the year - January, March, June and September.

Under the terms and conditions of our new credit agreement entered into on December 31, 2012, the Company's ability to pay dividends is subject to its satisfaction of the requirements to maintain a minimum tangible net worth after accumulated other comprehensive income (loss) of $85.0 million and maintain a minimum tangible net worth before accumulated other comprehensive income (loss) of $95.0 million. The requirements could impact the Company's ability to pay and the size of dividends in the future.

The Company does not have any compensation plans or individual compensation arrangements under which equity securities of the registrant are authorized for issuance to employees or non-employees.

Pursuant to the provisions of Monarch's Articles of Incorporation governing the conversion of its Class B Capital Stock into Capital Stock, a total of 26,216 shares of Monarch's Capital Stock were issued in 2012 upon conversion of an equal number of shares of Monarch's Class B Capital Stock, including the following share conversions in the three months ended December 31, 2012 as indicated below:

Shares of Capital Stock Issued Upon Conversion
of Class B Capital Stock

Date	Number of Shares
November 9	50
December 3	12,288
Total	12,338

The above shares of Capital Stock were issued in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, which exemption is available for transactions involving securities exchanged by the issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. The Company received no payment in connection with the issuances of such shares. No underwriters were involved with the issuance of such shares and no commissions were paid in connection with such issuances. There was no advertisement or general solicitation made in connection with the issuance of such shares. Except as described above, Monarch did not issue or sell any shares of its Capital Stock or Class B Capital Stock during 2012. No repurchases of Capital Stock or Class B Capital Stock were made by the Company during the fourth quarter in 2012.

In 1996, our Board of Directors authorized the purchase, through open market transactions, of up to 400,000 shares of Monarch's Capital Stock. On August 5, 2011, our Board of Directors authorized the purchase, through open market or private transactions, of 101,672 shares of Monarch's Capital Stock in addition to the existing 98,328 shares remaining from the Board's 1996 authorization for a total repurchase authority of 200,000 shares. Management's authorization has no expiration. Management was given discretion to determine the number and pricing of the shares to be purchased, as well as, the timing of any such purchases. As of December 31, 2012, Monarch continued to be authorized by the Board, exercisable in management's discretion, to purchase up to 183,266 shares of our Capital Stock.

ITEM 6. SELECTED FINANCIAL DATA

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item is incorporated herein by reference to the material responsive to this Item under the heading "Selected Financial Data – For the Five Years Ended December 31, 2012" of The Monarch Cement Company's 2012 Annual Report to Stockholders.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2012 Annual Report to Stockholders under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations". In addition we submit the following information:

The Company does not have any off-balance sheet arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2012 Annual Report to Stockholders in the "Capital Resources" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Market Risks". In addition we submit the following information:

The Company invests in equity investments which are subject to market fluctuations. As of December 31, the Company had $27.4 million and $20.0 million of equity securities, primarily of publicly traded entities, for 2012 and 2011, respectively. The aggregate amount of securities carried at cost, for which the Company has not elected the fair value option, was $2.6 million for 2012 and 2011. The remaining $24.8 million and $17.4 million in equity investments for 2012 and 2011, respectively, are stated at fair value, are not hedged and are exposed to the risk of changing market prices. The Company classifies all securities as "available-for-sale" for accounting purposes and marks them to fair value on the balance sheet at the end of each period unless they are securities for which the Company has not elected the fair value option. Securities carried at cost are adjusted for impairment, if conditions warrant. Management estimates that its publicly traded investments will generally be consistent with trends and movements of the overall stock market excluding any unusual situations. As of December 31, an immediate 10% change in the fair value of our equity securities would have had a $1.5 million and $1.0 million effect, net of deferred tax, on comprehensive income for 2012 and 2011, respectively. The $0.5 million increase in the effect on comprehensive income, net of deferred tax, from 2011 to 2012 is primarily due to the $16.8 million increase in the fair value of our equity securities from 2011 to 2012 net of $9.4 million in equity security sales during 2012.

On December 31, 2012, the Company entered into a new credit agreement with its current lender, BOKF, NA dba Bank of Oklahoma (Bank of Oklahoma), which amended and restated its existing credit agreement. The new agreement provides for a secured credit commitment consisting of a $10.0 million advancing term loan maturing December 31, 2015, a $10.0 million term loan maturing December 31, 2017, and a $15.0 million revolving loan maturing December 31, 2015. Interest rates on the Company's advancing term loan and revolving loan are both variable and based on the rate of interest regularly published by the Wall Street Journal and designated as the U.S. Prime Rate (hereto referred to as the WSJ prime rate) less 1.50% with a 1.50% interest rate minimum or floor. Interest rates on the Company's term loan are variable and based on the WSJ prime rate less 1.25% with a 1.75% interest rate minimum or floor. The new agreement requires the Company to pledge its investment account, receivable accounts, and inventory to Bank of Oklahoma as collateral for the advancing term loan, the term loan, and revolving loan. The Company is obligated to maintain at least $12.0 million in its pledged investment account. The carrying value of receivables, inventory and the investment account pledged as collateral was $17.2 million, $32.8 million and $24.7 million, respectively as of December 31, 2012. The agreement also contains financial covenants requiring the Company, as of the end of any fiscal quarter, to maintain a minimum tangible net worth before accumulated other comprehensive income (loss) of $95.0 million and a minimum tangible net worth after accumulated other comprehensive income (loss) of $85.0 million. The Company was in compliance with these requirements at year end. After entering into the new agreement, as

of December 31, 2012, the Company owed $10.0 million on its term loan, $0.1 million on its revolving loan, and $-0- on its advancing term loan.

The average outstanding balance on the revolving loan during 2012 and 2011 was approximately $5.6 million and $4.3 million, respectively. At December 31, 2012 and 2011, there was approximately $0.1 million and $4.8 million, respectively, borrowed against the revolving loan. The balance available on the line of credit at December 31 was approximately $14.9 million and $10.2 million for 2012 and 2011, respectively. Interest on the revolving loan varied with the lender's national prime rate less 0.50% with a 3.50% interest rate minimum or floor for 2012 and 2011. The annual weighted average interest rate we paid on the revolving loan during 2012 and 2011 was 3.50%. Interest was payable quarterly and the applicable interest rate was 3.50% at December 31, 2011 and prior to the agreement on December 31, 2012. The interest rate after the agreement on December 31, 2012 was 1.75%.

As of December 31, 2012 and 2011, there was approximately $10.0 million and $9.0 million, respectively, borrowed on the term loan. Interest on the Company's term loan was variable and was based on the lender's national prime rate less 0.75% with a 3.00% interest rate minimum or floor for 2012 and 2011. The annual weighted average interest rate we paid on the term loan during 2012 and 2011 was 3.25%. Principal and interest was payable quarterly and the applicable interest rate was 3.25% at December 31, 2011 and prior to the agreement on December 31, 2012. The interest rate after the agreement on December 31, 2012 was 2.00%.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2012 Annual Report to Stockholders under the headings:

- Report of Independent Registered Public Accounting Firm (BKD, LLP--related to financial statements);
- Consolidated Balance Sheets--December 31, 2012 and 2011;
- Consolidated Statements of Income--For the Years Ended December 31, 2012, 2011 and 2010;
- Consolidated Statements of Comprehensive Income--For the Years Ended December 31, 2012, 2011 and 2010;
- Consolidated Statements of Stockholders' Equity--For the Years Ended December 31, 2012, 2011 and 2010;
- Consolidated Statements of Cash Flows--For the Years Ended December 31, 2012, 2011 and 2010; and
- Notes to Consolidated Financial Statements--December 31, 2012, 2011 and 2010.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to the Company's management, including its President and Chairman of the Board of Directors and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As of the end of the period covered by this report, an evaluation was carried out by the Company's management, including its President and Chairman of the Board of Directors and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Company's President and Chairman of the Board of Directors and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report.

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item with respect to internal control over financial reporting is incorporated herein by reference to the material responsive to this Item with respect to such information in The Monarch Cement Company's 2012 Annual Report to Stockholders under the following headings:

- Management's Report on Internal Control Over Financial Reporting; and
- Report of Independent Registered Public Accounting Firm (BKD, LLP--related to internal control over financial reporting).

In addition, we submit the following information:

There has been no change in our Company's internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

There was no information required to be disclosed, but not reported, in a report on Form 8-K during the fourth quarter of 2012.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Pursuant to General Instruction G(3) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in the Company's definitive proxy statement prepared in connection with

its 2013 annual meeting of stockholders pursuant to Regulation 14A and filed with the Commission, which material is provided under the following headings of said proxy statement:

- Item 1: Election of Directors--What is the structure of our Board and how often are directors elected?
- Item 1: Election of Directors--Who are this year's nominees?
- Item 1: Election of Directors--What is the business experience of the nominees and of our continuing Board members and the basis for the conclusion that each such person should serve on our Board?
- Section 16(a) Beneficial Ownership Reporting Compliance
- Corporate Governance and Board Matters--Code of Ethics
- Corporate Governance and Board Matters--Consideration of Director Nominees
- Corporate Governance and Board Matters--Committees of the Board

Pursuant to General Instruction G(3) to Form 10-K, the information regarding executive officers required by this Item is provided under the caption "Executive Officers of the Registrant" in Part I of this report.

ITEM 11. EXECUTIVE COMPENSATION

Pursuant to General Instruction G(3) to Form 10-K, the information required by this Item is incorporated herein by reference to the material responsive to this Item in the Company's definitive proxy statement prepared in connection with its 2013 annual meeting of stockholders pursuant to Regulation 14A and previously filed with the Commission, which material is provided under the following headings of said proxy statement:

- Executive Compensation and Related Matters
- Corporate Governance and Board Matters--Director Compensation
- Corporate Governance and Board Matters--Compensation Committee Interlocks and Insider Participation

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Pursuant to General Instruction G(3) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in the Company's definitive proxy statement prepared in connection with its 2013 annual meeting of stockholders pursuant to Regulation 14A and previously filed with the Commission, which material is provided under the following heading of said proxy statement:

- Ownership of Company Securities

In addition we submit the following information:

The Company does not have any compensation plans or individual compensation arrangements under which equity securities of the registrant are authorized for issuance to employees or non-employees.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Pursuant to General Instruction G(3) to Form 10-K, the information required by this Item is incorporated herein by reference to the material responsive to this Item in the Company's definitive proxy statement prepared in connection with its 2013 annual meeting of stockholders pursuant to Regulation 14A and previously filed with the Commission, which material is provided under the following headings of said proxy statement:

- Related Party Transactions
- Item 1: Election of Directors--What is the structure of our Board and how often are directors elected?
- Corporate Governance and Board Matters--Committees of the Board

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Pursuant to General Instruction G(3) to Form 10-K, the information required by this Item is incorporated herein by reference to the material responsive to this Item in the Company's definitive proxy statement prepared in connection with its 2013 annual meeting of stockholders pursuant to Regulation 14A and previously filed with the Commission, which material is provided under the following heading of said proxy statement:

- Independent Auditor Fees and Services

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

FINANCIAL STATEMENTS

Pursuant to General Instruction G(2) to Form 10-K, the following is a list of the information required by this Item which is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2012 Annual Report to Stockholders under the headings:

- Report of Independent Registered Public Accounting Firm (BKD, LLP--related to financial statements);
- Consolidated Balance Sheets--December 31, 2012 and 2011;
- Consolidated Statements of Income--For the Years Ended December 31, 2012, 2011 and 2010;
- Consolidated Statements of Comprehensive Income--For the Years Ended December 31, 2012, 2011 and 2010;
- Consolidated Statements of Stockholders' Equity--For the Years Ended December 31, 2012, 2011 and 2010;
- Consolidated Statements of Cash Flows--For the Years Ended December 31, 2012, 2011 and 2010; and
- Notes to Consolidated Financial Statements--December 31, 2012, 2011 and 2010.

FINANCIAL STATEMENT SCHEDULES

Schedule II -- Valuation and Qualifying Accounts

Financial statement schedules (other than the schedule listed above) are omitted because they are not required or are not applicable, or the required information is provided in the consolidated financial statements or in the notes described above in Financial Statements of Item 15, Exhibits, Financial Statement Schedules.

EXHIBITS

Exhibit No.	Description	Filed with this Report	Incorporated by Reference: Form	Date of Report or Period Ending	Exhibit	Filing Date
3(i)	Articles of Incorporation		10-K	12/31/2011	3(i)	3/15/2012
3(ii)	By-Laws		8-K	4/12/2006	3(ii)	4/14/2006
10.3	Credit agreement dated December 31, 2012 between BOKF, NA dba Bank of Oklahoma and The Monarch Cement Company		8-K	12/31/2012	10.3	1/7/2013
13	2012 Annual Report to Stockholders	X				
21	Subsidiaries of the Registrant	X				
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	X				
31.2	Certificate of the Chief Financial Officer pursuant to Section 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934	X				
32.1	18 U.S.C. Section 1350 Certificate of the President and Chairman of the Board dated March 15, 2013	X				
32.2	18 U.S.C. Section 1350 Certificate of the Chief Financial Officer dated March 15, 2013	X				
95	Mine Safety Disclosure	X				
101.INS	XBRL Instance Document	X				
101.SCH	XBRL Taxonomy Extension Schema	X				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X				
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X				
101.LAB	XBRL Taxonomy Extension Label Linkbase	X				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X				

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE MONARCH CEMENT COMPANY
(Registrant)

By: /s/ Walter H. Wulf, Jr.
Walter H. Wulf, Jr.
President

Date: March 15, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Jack R. Callahan
Jack R. Callahan
Director

Date: March 15, 2013

By: /s/ Gayle C. McMillen
Gayle C. McMillen
Director

Date: March 15, 2013

By: /s/ Ronald E. Callaway
Ronald E. Callaway
Director

Date: March 15, 2013

By: /s/ Byron J. Radcliff
Byron J. Radcliff
Director

Date: March 15, 2013

By: /s/ David L. Deffner
David L. Deffner
Director

Date: March 15, 2013

By: /s/ Walter H. Wulf, Jr.
Walter H. Wulf, Jr.
President, Chairman of the Board, and Director (principal executive officer)

Date: March 15, 2013

By: /s/ Robert M. Kissick
Robert M. Kissick
Director

Date: March 15, 2013

By: /s/ Debra P. Roe
Debra P. Roe, CPA
Chief Financial Officer and Assistant Secretary-Treasurer
(principal financial officer and principal accounting officer)

Date: March 15, 2013

BKD LLP
CPAs & Advisors

1201 Walnut Street, Suite 1700
Kansas City, MO 64106-2246
816.221.6300 Fax 816.221.6380 www.bkd.com

Report of Independent Registered Public Accounting Firm on Financial Statement Schedules

Audit Committee, Board of Directors and Stockholders
The Monarch Cement Company
Humboldt, Kansas

In connection with our audit of the consolidated financial statements of The Monarch Cement Company and subsidiaries (the Company) for each of the three years in the period ended December 31, 2012, we have also audited the following financial statement schedules. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits of the basic consolidated financial statements. The schedules are presented for purposes of complying with the Securities and Exchange Commission's rules and regulations and are not a required part of the consolidated financial statements.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

BKD, LLP

Kansas City, Missouri
March 15, 2013

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2012

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deduction from Reserves (1)	Balance at End of Period
FOR THE YEAR ENDED DECEMBER 31, 2012:				
Reserve for doubtful accounts	$ 670,000	$ 112,000	$ 146,000	$ 636,000
FOR THE YEAR ENDED DECEMBER 31, 2011:				
Reserve for doubtful accounts	$ 707,000	$ 250,000	$ 287,000	$ 670,000
FOR THE YEAR ENDED DECEMBER 31, 2010:				
Reserve for doubtful accounts	$ 911,000	$ 139,000	$ 343,000	$ 707,000

(1) Write-off of uncollectible accounts, net of collections on accounts previously written off.

EXHIBIT INDEX

Exhibit No.	Description
13	2012 Annual Report to Stockholders
21	Subsidiaries of the Registrant
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
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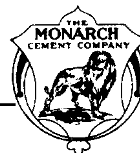
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

2012
Annual Report



MANUFACTURERS OF PORTLAND CEMENTS SINCE 1908

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

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

March 15, 2013

ANNUAL REPORT TO STOCKHOLDERS

Mild winter weather during the first quarter of 2012 allowed us to begin the year with improved sales volumes; however, it was unclear whether the increase in sales volume was simply due to the favorable weather conditions or if it was an indication of the beginning of the recovery in our market area. As the year progressed, all indications were that the worst of the recession in our market area was over and that the recovery had begun. Our net sales for each quarter of 2012 exceeded net sales for the similar quarter of 2011 resulting in a total annual increase of $29.7 million – from $122.1 million in 2011 to $151.8 million in 2012. The higher sales volumes created the need for higher production levels allowing us to operate more efficiently and ultimately resulted in an increase in our gross profit of $3.5 million. Contributing to our higher earnings was a 14.5% increase in our cement sales volume during 2012 as compared to 2011 and a 29.4% increase in our ready-mixed concrete sales volume during the same time period. Gross profit in the Ready-Mixed Concrete Business was adversely affected by losses on construction contracts which occurred as we transitioned from having too few contracts to having multiple bids accepted at the same time. Strategic changes in our processes, from bidding through completion of the contract, are being implemented to lessen risks and improve returns on future projects.

Other income includes a gain on the sale of equity investments of $4.2 million in 2012 compared to a $5.1 million gain in 2011. Net income for 2012 totaled $3.2 million compared to $1.6 million for 2011.

In December 2012, the Environmental Protection Agency amended the National Emission Standard for Hazardous Air Pollutants (NESHAP) altering some of the emission limitations and extending the compliance deadline from September 2013 to September 2015. Our 2013 capital expenditure plans include modifying the roller mill as the next step toward NESHAP compliance. Other cement manufacturing equipment will be modified in the following two years in order to become NESHAP compliant. Additional capital expenditures are planned during 2013 in both the Cement Business and Ready-Mixed Concrete Business to keep our facilities and equipment well-maintained and up-to-date in anticipation of further improvements in our market. We project our capital expenditures during 2013 will exceed our 2012 capital expenditures; however, we believe we can finance our planned capital expenditures with a mixture of cash from operations and our existing credit agreement.

The Portland Cement Association's latest forecast projects an 8.1% growth in cement consumption in 2013 with the majority of the growth occurring later in the year. We look forward to the increased demand for our products and wish to recognize our many loyal customers and our dedicated employees who are committed to providing high quality products and excellent service. With the continued support of our steadfast stockholders and the blessings and support of our Heavenly Father, we will strive to meet the challenges of the coming year. Thank you for your support and God Bless.

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

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES
SELECTED FINANCIAL DATA
FOR THE FIVE YEARS ENDED DECEMBER 31, 2012

(Dollar amounts in thousands except per share data)

	2012	2011	2010	2009	2008
Net sales	$ 151,774	$ 122,065	$ 121,185	$ 132,195	$ 153,886
Net income	$ 3,156	$ 1,552	$ 224	$ 4,685	$ 10,233
Net income per share	$0.79	$0.38	$0.06	$1.18	$2.54
Total assets	$ 181,288	$ 173,655	$ 174,099	$ 176,998	$ 174,765
Long-term debt obligations	$ 9,684	$ 7,303	$ 9,154	$ 12,097	$ 17,752
Cash dividends declared per share	$0.92	$0.92	$0.92	$0.92	$0.92
Stockholders' equity per share	$25.50	$24.44	$25.32	$25.65	$24.98

DESCRIPTION OF THE BUSINESS

The Monarch Cement Company (Monarch) was organized as a corporation under the laws of the State of Kansas in 1913. Since its inception, Monarch has been engaged in the manufacture and sale of portland cement.

The manufacture of portland cement by Monarch involves the quarrying of clay and limestone and the crushing, drying and blending of these raw materials into the proper chemical ratio. The raw materials are then heated in kilns to 2800º Fahrenheit at which time chemical reactions occur forming a new compound called clinker. After the addition of a small amount of gypsum, the clinker is ground into a very fine powder that is known as portland cement. The term "portland cement" is not a brand name but is a term that distinguishes cement manufactured by this chemical process from natural cement, which is no longer widely used. Portland cement is the basic material used in the production of ready-mixed concrete that is used in highway, bridge and building construction where strength and durability are primary requirements.

Subsidiaries of Monarch (which together with Monarch are referred to herein as the "Company") are engaged in the ready-mixed concrete, concrete products and sundry building materials business. Ready-mixed concrete is manufactured by combining aggregates with portland cement, water and chemical admixtures in batch plants. It is then loaded into mixer trucks and mixed in transit to the construction site where it is delivered to the contractor. Concrete products primarily include pre-formed components produced by the Company that are ready for use in the construction of commercial buildings, institutional facilities and parking garages.

As used herein, "Cement Business" refers to our manufacture and sale of cement and "Ready-Mixed Concrete Business" refers to our ready-mixed concrete, concrete products and sundry building materials business.

LINES OF BUSINESS

The Company is engaged in two lines of business – Cement Business and Ready-Mixed Concrete Business.

The marketing area for Monarch's products, which is limited by the relatively high cost of transporting cement, consists primarily of the State of Kansas, the State of Iowa, southeast Nebraska, western Missouri, northwest Arkansas and northern Oklahoma. Included within this area are the metropolitan markets of Des Moines, Iowa; Kansas City, Missouri; Springfield, Missouri; Wichita, Kansas; Omaha, Nebraska; Lincoln, Nebraska; Fayetteville, Arkansas and Tulsa, Oklahoma. Sales of cement are made primarily to contractors, ready-mixed concrete plants, concrete products plants, building materials dealers and governmental agencies. Monarch cement is delivered either in bulk or in paper bags and is sold under the "MONARCH" brand name. The cement is distributed both by truck and rail, either common or private carrier.

Subsidiaries of Monarch sell ready-mixed concrete, concrete products and sundry building materials in Monarch's primary market.

The following table sets forth for the Company's last three fiscal years the percentage of total sales by the (1) Cement Business and (2) Ready-Mixed Concrete Business:

	Total Sales December 31,		
	2012	2011	2010
Cement Business	35.3%	38.3%	40.8%
Ready-Mixed Concrete Business	64.7%	61.7%	59.2%
	100.0%	100.0%	100.0%

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 Annual Report, our Form 10-K report and our other reports filed with the Securities and Exchange Commission (SEC) constitute "forward-looking information". 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 or the future activity of federal and state highway programs and other major construction projects; the timing, scope, cost, benefits of and source of funding for our proposed and recently completed capital improvements; our forecasted cement sales; the timing and source of funds for the repayment of our line of credit; our ability to pay dividends at the current level; the timing and/or collectability of retainage; our anticipated expenditures for benefit plans; our anticipated increase in solid fuels and electricity required to operate our facilities and equipment; and the impact of climate change on our business 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 effect of weather on our business;
- the effect of environmental and other governmental regulations;
- the availability of credit at reasonable prices; and
- the effect of federal and state funding on demand for our products.

We have described under the caption "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2012 and in other reports that we file with the SEC from time to time, additional factors that could cause actual results to be materially different from those described in the forward-looking statements. Other factors that we have not identified in this report could also have this effect. You are cautioned not to put undue reliance on any forward-looking statements, which speak only as of the date they were made.

RESULTS OF OPERATIONS

	Cement Business	Ready-Mixed Concrete Business	Consolidated
For the Year Ended December 31, 2012			
Sales to unaffiliated customers	$ 53,616,941	$ 98,157,043	$ 151,773,984
Income (loss) from operations	10,243,708	(9,941,357)	302,351
For the Year Ended December 31, 2011			
Sales to unaffiliated customers	$ 46,801,814	$ 75,263,070	$ 122,064,884
Income (loss) from operations	1,502,909	(4,478,723)	(2,975,814)
For the Year Ended December 31, 2010			
Sales to unaffiliated customers	$ 49,436,170	$ 71,748,664	$ 121,184,834
Income (loss) from operations	6,147,514	(6,005,382)	142,132

See Note 9, Lines of Business, of Notes to Consolidated Financial Statements for further discussion of each of the Company's reportable operating lines of business.

General--Our products are used in residential, commercial and governmental construction. In recent years, the Company has spent substantial sums on major plant modifications designed to increase our cement production capacity to meet our customers' needs and to improve our production processes. We do not anticipate making any further enhancement of our production processes in the foreseeable future other than those required to meet emission limitations included in the latest regulations issued by the Environmental Protection Agency (EPA).

The Company shut down its cement production facility and laid off the majority of its cement production employees during the first quarter of 2012 due to the continued weakness in the construction industry. Mild weather during the layoff allowed some construction projects to continue through the winter, increasing cement sales, reducing inventory at a faster rate than projected and shortening the length of layoff.

Following a three week layoff, the employees were recalled to begin approximately three weeks of equipment repairs prior to resuming production. The Company normally performs repairs and maintenance every winter, but the decision to use employees or outside contractors is determined by anticipated sales demand, by whether we have the internal expertise and by our inventory target levels. Based on sales

forecasts and inventory levels, the Company elected to reduce cement production in the first quarter of 2012, 2011 and 2010 to undertake plant repairs and maintenance, largely using our own production personnel. During the remainder of the year, the Company evaluates inventory levels and sales forecasts to determine if reductions in cement production are warranted and can be scheduled around maintenance needs. In addition to costs that vary with the volume of production, our cost of sales includes certain fixed costs that do not vary with the volume of production. We have extremely limited ability to reduce these fixed costs in the short term. As a result, lower production levels which result from extended shutdowns generally have, and in 2011 and 2010 had, a negative impact on our gross profit margins.

The Portland Cement Association's (PCA) latest forecast sites improving underlying economic fundamentals, the existence of large pent-up demand balances and the diminishment of economic fiscal cliff uncertainty as the drivers of strong growth rates in 2013 and an increase in cement consumption. PCA expects an 8.1% growth in cement consumption in 2013 which is significantly higher than the mild volume gains projected in its fall 2012 report. The upward revisions reflect adjustments made in light of the recent fiscal cliff accord, recognition of stronger economic momentum and markedly more optimistic assessments regarding residential construction activity.

2012 Compared to 2011--Consolidated net sales for the year ended December 31, 2012 were approximately $151.8 million, an increase of $29.7 million as compared to the year ended December 31, 2011. Sales in our Cement Business were higher by $6.8 million while sales in our Ready-Mixed Concrete Business increased $22.9 million. Cement Business sales increased $6.8 million due to a 14.5% increase in volume sold. Ready-mixed concrete sales increased $15.0 million due to a 29.4% increase in cubic yards sold and $0.2 million due to price increases. In addition, construction contract sales in the Ready-Mixed Concrete Business increased $7.7 million.

Consolidated cost of sales for 2012 were $26.2 million higher than cost of sales for 2011. Cost of sales in our Cement Business decreased $1.6 million, while cost of sales in our Ready-Mixed Concrete Business increased $27.8 million. Cement Business cost of sales increased $5.5 million due to the 14.5% increase in volume sold. This was more than offset by a $7.1 million decrease primarily due to lower production costs resulting from the efficiencies of higher production levels. Ready-Mixed Concrete Business cost of sales increased $14.5 million due to the 29.4% increase in cubic yards of ready-mixed concrete sold and $0.2 million due to increases in direct material costs. Ready-Mixed Concrete Business cost of sales also increased by $13.1 million as a result of increased construction contract sales.

As a result of the above sales and cost of sales factors, our overall gross profit rate for the year ended December 31, 2012 was 11.0% compared to 10.7% for the year ended December 31, 2011. The gross profit rate for Ready-Mixed Concrete Business dropped from 5.3% for 2011 to (0.9)% for 2012. The segment's gross profit rate decline was largely due to the deterioration of the gross profit margin in construction contract sales in 2012. During the economic downturn we substantially reduced our workforce in the construction contract division keeping primarily key personnel on staff. In 2012, we significantly increased the number of construction contracts we were awarded, requiring a larger skilled workforce than we had in place. Finding the personnel with the needed skills proved challenging at best, requiring additional training of new personnel and, in some cases, contracting out work we had intended to perform in house in an attempt to meet construction deadlines. These factors resulted in cost overruns and a gross loss from operations in our Ready-Mixed Concrete Business. The Cement Business gross profit rate improved from 19.4% for 2011 to 32.7% for 2012 which reflects the improvement in overall sales volume combined with efficiencies of higher production levels in 2012.

Selling, general and administrative expenses increased by $0.3 million or 1.6% for the year ended December 31, 2012 as compared to the year ended December 31, 2011. These costs are normally considered fixed costs that do not vary significantly with changes in sales volume.

Other, net contains miscellaneous nonoperating income (expense) items excluding interest income, interest expense, gains (losses) on sale of equity investments, realized loss on impairment of equity investments and dividend income. Significant items in Other, net for 2012 include farm income of approximately $149,000. Significant items in Other, net for 2011 include proceeds from scrap sales of approximately $150,000.

During 2011, there was a $0.4 million impairment loss recorded on equity investments due to impairments that were other-than-temporary while no impairment losses were recorded in 2012. See Note 2, Investments, of Notes to Consolidated Financial Statements for further discussion. The Company also recognized $4.2 million and $5.1 million in gains for 2012 and 2011, respectively, from the sale of available-for-sale equity securities.

The effective tax rates for 2012 and 2011 were 28.0% and 13.4%, 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. During 2012 and 2011, percentage depletion decreased the effective tax rate by 18.1% and 15.1%, respectively. In 2012, the effective tax rate increased 10.0% as a result of the effects of the valuation allowance.

2011 Compared to 2010--Consolidated net sales for the year ended December 31, 2011 were approximately $122.1 million, an increase of $0.9 million as compared to the year ended December 31, 2010. Sales in our Cement Business were lower by $2.6 million while sales in our Ready-Mixed Concrete Business increased $3.5 million. Cement Business sales decreased $1.9 million due to a 3.8% decrease in volume sold and $0.7 million due to price decreases. Ready-mixed concrete sales increased $4.5 million of which $4.0 million is attributable to an 8.6% increase in cubic yards sold and $0.5 million to price increases. These increases were partially offset by a $1.0 million decrease in the sale of block, brick and other sundry items.

Consolidated cost of sales for 2011 were $4.0 million higher than cost of sales for 2010. Cost of sales increased in our Cement Business and our Ready-Mixed Concrete Business by $1.9 million and $2.1 million, respectively. Cement Business cost of sales decreased $1.4 million due to the 3.8% decrease in volume sold and was more than offset by the $3.3 million increase related to higher production costs resulting from the continuation of fixed costs during production shutdowns and the inefficiencies of lower production levels. Ready-Mixed Concrete Business cost of sales increased $4.0 million due to the 8.6% increase in cubic yards of ready-mixed concrete sold partially offset by decreases in delivery costs and direct material costs of $0.8 million. Ready-Mixed Concrete Business cost of sales declined $0.6 million due to decreases in direct and indirect costs for construction contracts in 2011 even though construction contract sales remained virtually the same as those in 2010. The Ready-Mixed Concrete Business segment also realized a $0.5 million decrease in block, brick and other sundry items cost of sales.

As a result of the above sales and cost of sales factors, our overall gross profit rate for the year ended December 31, 2011 was 10.7% compared to 13.4% for the year ended December 31, 2010. The decline was primarily due to the Cement Business in which the gross profit rate dropped from 27.5% for 2010 to 19.4% for 2011. The Ready-Mixed Concrete Business gross profit rate improved slightly from 3.6% for 2010 to 5.3% for 2011.

Other, net contains miscellaneous nonoperating income (expense) items excluding interest income, interest expense, gains (losses) on sale of equity investments, realized loss on impairment of equity investments and dividend income. Significant items in Other, net for 2011 include proceeds from scrap sales of approximately $150,000. Significant items in Other, net for 2010 include farm income of approximately $154,500, a gain of $700,000 related to the sale of a nonoperating asset and proceeds from scrap sales of approximately $51,000.

During 2011, there was a $0.4 million impairment loss recorded on equity investments due to impairments that were other-than-temporary while the Company realized a $0.9 million impairment loss for 2010. See Note 2, Investments, of Notes to Consolidated Financial Statements for further discussion. The Company also recognized $5.1 million in gains for 2011 while slight losses were recognized in 2010 from the sale of available-for-sale equity securities.

The effective tax rates for 2011 and 2010 were 13.4% and 394.3%, 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. For the year 2010, the Company incurred a book loss before taxes of $(76,078) while its taxable income was approximately $2.5 million before percentage depletion and the domestic production activities deduction. The differences between the book loss before taxes and taxable income before percentage depletion and the domestic production activities deduction were primarily timing differences resulting in an increase in the Company's deferred tax asset. For example, in 2010, the Company's net periodic post-retirement benefit cost expensed on the books was $3.1 million; however, the Company's tax deduction was limited to its actual contributions of $1.3 million. The difference of $1.8 million is a timing difference between book and taxable income which increased our deferred tax asset by approximately $0.8 million. As the Company's net income decreased, the permanent differences between book and taxable income for percentage depletion and domestic production activities did not decrease proportionately resulting in a reduction in our effective tax rate. The tax deductions for percentage depletion and domestic production activities are permanent book tax differences that resulted in a reduction in taxable income from approximately $2.5 million to $0.8 million. During 2010, percentage depletion increased the tax benefit and changed the effective tax rate by 725.6%. During 2011, percentage depletion decreased the effective tax rate by 15.1%.

The effective tax rate for 2010 was also affected by an income tax charge of $685,000 recorded during the first quarter of 2010 as a result of the Patient Protection and Affordable Care Act, as modified by the Health Care and Education Reconciliation Act of 2010. As a result of this legislation, beginning in 2013, we will no longer be able to claim an income tax deduction for prescription drug benefits provided to retirees that were subsequently reimbursed under the Medicare Part D retiree drug subsidy. During 2010, the income tax charges related to postretirement benefits decreased our tax benefit which changed the effective tax rate by 900.4%.

LIQUIDITY

The Company considers all liquid investments with original maturities of three months or less which we do not intend to roll over beyond three months to be cash equivalents. At December 31, 2012 and 2011, cash equivalents consisted primarily of money market investments and repurchase agreements with various banks. At December 31, 2012, the Company had $1.3 million in sweep arrangement accounts that were not covered by FDIC's general deposit insurance. See Note 1(e), Cash Equivalents, of Notes to Consolidated Financial Statements for further discussion.

We are able to meet our cash needs primarily from a combination of cash from operations, sale of equity investments and bank loans.

Net cash provided by operating activities totaled $10.3 million for 2012, a $3.4 million increase from 2011. The positive cash flow from operating activities generated during 2012 was primarily driven by the $3.2 million net income and favorable changes in accounts payable and accrued liabilities partially offset by unfavorable changes in receivables, inventories and refundable income taxes. Net income for 2012 includes realized gains of $4.2 million from the disposal of available-for-sale equity securities and is not indicative of the operating margins for the period. The unfavorable change in inventories is a result of increases in finished cement, work in process inventories and operating and maintenance supplies of

$1.4 million, $1.7 million and $1.4 million, respectively. The increases in finished cement and work in process inventories are the result of production increases in excess of higher sales volumes. These production increases were planned to compensate for lost production while our facilities are down during the first quarter of 2013 for installation of equipment related to National Emission Standard for Hazardous Air Pollutants (NESHAP) projects. For further discussion on NESHAP, see "Capital Resources" below. The increase in operating and maintenance supplies was primarily due to purchases of repair parts and supplies related to maintenance projects scheduled to be performed in the Cement Business while the production facilities are down. The unfavorable $1.3 million increase in cash used for receivables is primarily related to our construction contracts. The unfavorable $1.1 million change in refundable income taxes is the result of our quarterly estimated tax payments exceeding our 2012 taxes which were based on annualized income as of September 2012.

Net cash provided by operating activities totaled $7.0 million for 2011, a $6.9 million decrease from 2010. The positive cash flow from operating activities generated during 2011 was primarily driven by the $1.6 million net income and favorable changes in inventories partially offset by unfavorable changes in receivables. Net income for 2011 includes realized gains of $5.1 million from the disposal of available-for-sale equity securities and is not indicative of the operating margins for the period. The favorable change in inventories is a result of the $1.7 million decrease in finished cement, the $0.7 million decrease in work in process inventories and the $0.5 million decrease in building products which was partially offset by an unfavorable $0.6 million increase in fuel, gypsum, paper sacks and other inventory. The unfavorable $3.6 million increase in cash used for receivables is primarily a result of higher sales in December 2011 compared to December 2010.

Net cash provided by operating activities totaled $13.9 million for 2010, a $4.8 million decrease from 2009. The positive cash flow from operating activities generated during 2010 was primarily driven by the $0.2 million net income and favorable changes in inventories and postretirement benefits and pension expense partially offset by unfavorable changes in accounts payable and accrued liabilities. Net income for 2010 reflects the decline in overall sales volume combined with some decline in gross profit margins. Net income also includes realized losses of $0.9 million on the impairment of available-for-sale equity securities. Cash was provided by the $1.8 million decrease in fuel, gypsum, paper sacks and other inventories primarily resulting from the consumption of coal and petroleum coke in the production process exceeding purchases. The $2.4 million favorable change in postretirement benefits and pension expense was primarily due to the $2.6 million change related to postretirement benefits. Accounts payable and accrued liabilities declined approximately $2.3 million in 2010 from 2009 levels primarily due to a decline in prepayments held on account in accrued liabilities.

Net cash used for investing activities totaled $1.3 million in 2012. The cash used for investing activities during 2012 was primarily for the acquisition of $8.1 million of property, plant and equipment which was partially offset by cash inflows from the sale of $6.8 million of available-for-sale equity securities. For a discussion of the property, plant and equipment acquisitions, see "Capital Resources" below.

Net cash used for investing activities totaled $3.3 million in 2011. The cash used for investing activities during 2011 was primarily for the acquisition of $7.9 million of property, plant and equipment and $3.5 million of available-for-sale equity securities partially offset by cash inflows from the sale of $8.3 million of available-for-sale equity investments. The capital expenditures were almost equally divided between the Cement Business and Ready-Mixed Concrete Business and were for routine equipment purchases.

Net cash used for investing activities totaled $6.0 million in 2010. The cash used for investing activities during 2010 was primarily for the acquisition of $6.2 million of property, plant and equipment and $1.0 million of available-for-sale equity securities partially offset by the cash inflow from the sale of

$0.7 million in nonoperating assets. The capital expenditures were almost equally divided between the Cement Business and Ready-Mixed Concrete Business and were for routine equipment purchases.

Net cash used for financing activities totaled $8.8 million, $5.3 million and $7.3 million for 2012, 2011 and 2010, respectively. The differences were primarily due to the purchases of $2.6 million of capital stock in 2011, loan proceeds of $3.1 million in 2012, changes in the line of credit balance each year and a $0.9 million payment in 2012 of the Company's cash dividends that is typically paid in January of the following year. The line of credit was used to cover operating expenses and for capital expenditures.

See Note 4, Line of Credit and Long-Term Debt, of Notes to Consolidated Financial Statements for a discussion of the Company's credit agreements. The term loan, which originated in 2000, was used to help finance the expansion project at our cement manufacturing facility. The line of credit is used to cover operating expenses primarily during the first half of the year when we build inventory due to the seasonality of our business and for capital expenditures. The advancing term loan will be primarily used to help finance our NESHAP capital expenditures. For further discussion on NESHAP, see "Capital Resources" below. Our Board of Directors has given management the authority to borrow a maximum of $50 million. We have not discussed additional financing with any banks or other financial institutions as we do not anticipate the need for financing beyond that available to us under our credit agreement. If additional financing is needed, no assurances can be given that we will be able to obtain it on favorable terms, if at all.

Contractual obligations at December 31, 2012, consisting of maturities on long-term debt, estimated interest payments on debt, pension, postretirement benefit obligations and open purchase orders are as follows:

	2013	2014	2015	2016	2017	Thereafter
Long-term debt	$ 1,594,792	$ 1,629,047	$ 1,774,413	$ 1,383,447	$ 4,897,058	$ -
Interest payments	254,241	208,175	161,131	115,132	87,928	-
Pension	2,470,000	-	-	-	-	-
Postretirement benefit obligations	1,627,819	1,783,550	1,897,785	1,940,507	1,994,800	10,529,561
Open purchase orders	5,224,000	2,144,000	-	-	-	-
Total	$ 11,170,852	$ 5,764,772	$ 3,833,329	$ 3,439,086	$ 6,979,786	$ 10,529,561

The long-term debt obligation consists of a note related to the acquisition of Kay Concrete Materials Co. (Kay Concrete), short and long-term portions of noncompete payment obligations and the Company's term loan and revolving note which are assumed to be paid off at maturity. The interest payments are for the term loan based on interest rates in the current credit agreement.

The Company has been required to make a pension contribution each of the past three years. In 2012, 2011 and 2010, the Company contributed approximately $3.5 million, $3.2 million and $2.3 million, respectively, to the pension fund. No estimates of required pension payments have been asked for or scheduled beyond 2013. Based on the pension laws currently in effect, any resulting increases in minimum funding requirements could cause a negative impact to our liquidity. See Pension Plans in Note 6, Pension and Other Postretirement Benefits, of Notes to Consolidated Financial Statements for disclosures about 2012 pension contributions.

Each segment of the cement manufacturing process requires significant investment in major pieces of equipment. Once installed, this equipment, if properly maintained, can function for many years. Generally we spend several million dollars each year on preventive maintenance and equipment repairs; however, capital expenditures vary from year to year. A piece of equipment that costs $25 - $30 million may remain in service for fifty years. After a period of time, this equipment may be modified to incorporate the latest technology, increasing its efficiency and production capacity and extending its useful life. Modifications may also be required to comply with environmental regulations. In the years Monarch invests in major equipment replacements or enhancements, current operations do not generate enough cash to pay for the improvements,

requiring us to use our cash on hand or bank financing. As projects are completed, we seek to reduce the amount needed for major capital expenditures, allowing us to pay off any outstanding bank loans and accumulate cash for the next major plant improvement.

The Company has capital improvement projects in the planning and design phases in addition to projects already in progress. For discussion of these projects, see "Capital Resources" below. We anticipate 2013 capital expenditures will exceed 2012 levels, but we do not anticipate the need for bank financing in addition to that available under the existing line of credit and the advancing term loan.

Under the terms and conditions of the loan agreement effective for 2012, the Company's ability to pay dividends was subject to its satisfaction of certain financial covenants that the Company was in compliance with at year end. The Company was required to maintain a tangible net worth after accumulated other comprehensive income (loss) of $85.0 million, maintain a minimum tangible net worth before accumulated other comprehensive income (loss) of $95.0 million and restrict cash dividends in any fiscal year to a maximum of $3.8 million. In November 2012, our current lender granted the Company a waiver which enabled the Board of Directors in their December meeting to authorize the payment in December 2012 of $0.9 million of the Company's cash dividends that are typically paid in January of the following year which resulted in five dividend payments made in 2012. Each was declared as a $0.23 per share dividend by the Board of Directors. For several years prior to 2012, the Company paid a dividend four times during the year - January, March, June and September.

Under the terms and conditions of our new credit agreement entered into on December 31, 2012, the Company's ability to pay dividends is subject to its satisfaction of the requirements to maintain a minimum tangible net worth after accumulated other comprehensive income (loss) of $85.0 million and maintain a minimum tangible net worth before accumulated other comprehensive income (loss) of $95.0 million. The requirements could impact the Company's ability to pay and the size of dividends in the future. Although dividends are declared at the Board's discretion and could be impacted by the requirements of the Company's loan agreement, we project future earnings will support the continued payment of dividends at the current level (four quarterly dividends of $0.23 per share).

FINANCIAL CONDITION

Total assets as of December 31, 2012 were $181.3 million, an increase of $7.6 million since December 31, 2011. Receivables increased $1.3 million primarily as a result of an increase in receivables related to construction contracts. See "Results of Operations, 2012 Compared to 2011" above for further discussion of construction contracts. Total inventories increased approximately $4.9 million primarily due to increases in finished cement, work in process inventories and operating and maintenance supplies of $1.4 million, $1.7 million and $1.4 million, respectively. The increases in finished cement and work in process inventories are the result of production increases in excess of higher sales volumes. These production increases were planned to compensate for lost production while our facilities are down during the first quarter of 2013 for installation of equipment related to NESHAP projects. For further discussion on NESHAP, see "Capital Resources" below. The increase in operating and maintenance supplies was primarily due to purchases of repair parts and supplies related to maintenance projects scheduled to be performed in the Cement Business while the production facilities are down. The Company's quarterly estimated tax payments, based on annualized income as of September 2012, exceeded our 2012 taxes which resulted in an increase in refundable income taxes of $1.1 million. Investments increased $7.4 million primarily due to increases in the fair value of available-for-sale equities held. Deferred income tax asset decreased $3.5 million primarily as the result of the $4.0 million increase in deferred tax liability associated with a $10.0 million increase in unrealized gains on available-for-sale equities as of December 31, 2012 over December 31, 2011. Property, plant and equipment, net of approximately $11.7 million in depreciation and

depletion expense, increased $3.5 million primarily due to expenditures of approximately $8.2 million. See "Capital Resources" below for further discussion.

Accounts payable increased $5.7 million primarily due to increased payables related to NESHAP projects in the Cement Business and increased payables related to the higher construction contract volumes in the Ready-Mixed Concrete Business. Other accrued liabilities decreased by $0.7 million in 2012 from 2011 levels primarily due to a $0.9 million decline in Dividends payable. The Board of Directors authorized payment in December 2012 of $0.9 million of the Company's cash dividends that are typically paid in January of the following year which resulted in five dividend payments made in 2012 instead of the normal four. See "Liquidity" above for further discussion. Indebtedness decreased about $4.1 million during 2012 primarily due to decreased utilization of our line of credit.

During 2012, we adjusted the pension liability, resulting in a decrease in long-term accrued pension expense of $0.4 million and a decrease in stockholders' equity of $0.6 million. The decrease in stockholders' equity was due to a current year actuarial loss. We also adjusted the postretirement liability, resulting in an increase in accrued postretirement expense of $2.9 million and a decrease in stockholders' equity of $0.6 million. The decrease in stockholders' equity was due to a current year actuarial loss. Actuarial gains (losses) are a measure of the difference between actual experience and that expected based upon the actuarial assumptions between two measurement dates. The gains (losses) are directly calculated and are amortized over average expected future service, to the extent that such gains (losses) are greater than 10% of the greater of the Accrued Postretirement Benefit Obligation and the Plan's assets.

Stockholders' equity increased $4.3 million (4.4%) during 2012 primarily as a result of net income and the changes in accumulated other comprehensive income (loss) related to unrealized appreciation on available-for-sale equity securities which were partially offset by dividends and the change in postretirement and pension in accumulated other comprehensive income (loss). Basic earnings were $0.79 per share and cash dividends declared were $0.92 per share for 2012.

CAPITAL RESOURCES

The Company historically invests $10 million to $12 million per year on capital expenditures to keep its equipment and facilities in good operating condition. Property, plant and equipment expenditures for the year 2012 totaled $8.2 million. Approximately 75% of these expenditures were related to the Cement Business primarily for projects related to NESHAP compliance and 25% were related to the Ready-Mixed Concrete Business for routine equipment purchases. Cash expenditures for property, plant and equipment for 2012 totaled approximately $8.1 million, excluding the amounts that are included in accounts payable.

The Company does not currently meet certain emission limitations included in the latest regulations issued by the EPA. For discussion on the regulations, see "Environmental Regulations" below. In 2010, the EPA published modifications to the NESHAP regulations with a compliance date for all U.S. cement plants of September 9, 2013. The Company formulated a strategy to attempt to achieve compliance with the then existing regulations and in 2011 began installing additional pollution control equipment in its Cement Business. In December 2012, the EPA issued a final rule amending NESHAP again with a new compliance date of September 2015. As a result of the rule revisions, the Company will reassess its NESHAP strategy and planned capital expenditures, but major modifications to our approach appear unlikely at this time. We have completed installation of a hydrated lime injection system and additional dust collectors on one kiln at a cost of $0.4 million and $2.2 million, respectively. We have also initiated plans to modify our roller mill and related equipment at an estimated cost of $7.5 million dollars. Other planned modifications (and estimated cost) which are in various phases of implementation include additional dust collectors on our second kiln ($1.5 million) and upgraded dust collectors on both clinker coolers ($4.0 million). To date, we have expended $9.0 million towards projects related to NESHAP compliance. Cost estimates will be updated as

the modifications are engineered and priced for our facility. There is no proven technology that enables us to give 100% assurance that we can reach the limits required by the new regulations; however, we feel compliance is possible at our modern facility.

The Company plans to invest in other miscellaneous equipment and facility improvements in both the Cement Business and Ready-Mixed Concrete Business in 2013. These expenditures, plus the ones discussed in the above paragraphs related to NESHAP compliance, are expected to reach approximately $11.0 million during 2013 and to be funded with a mixture of cash from operations and bank loans. We do not anticipate the need for additional bank financing beyond the amount available through our advancing term loan and revolving line of credit.

Accounting Policies--The critical accounting policies with respect to the Company are those related to pension benefits, postretirement benefits and long-lived assets.

Monarch has defined benefit pension plans covering substantially all permanent employees in the Cement Business. Plans covering staff (salaried) employees provide pension benefits that are based on years of service and the employee's last sixty calendar months of earnings or the highest five consecutive calendar years of earnings out of the last ten calendar years of service, whichever is greater. Plans covering production (hourly) employees provide benefits of stated amounts for each year of service. Generally, Monarch's funding policy is to contribute annually an amount within the minimum/maximum range of tax deductible contributions. Contributions are intended to provide for benefits attributed to service to date and for those expected to be earned in the future. Monarch expects 2013 cash expenditures for these plans to be approximately $2.5 million.

Monarch also provides other postretirement employee benefits including health care and life insurance benefits to all retired employees in the Cement Business who, as of their retirement date, have completed ten or more years of credited service under the pension plans and retire with an immediate pension. These benefits are self-insured by Monarch and are paid out of Monarch's general assets. Monarch expects 2013 cash expenditures for postretirement benefits to be approximately $1.6 million.

We account for our pension plans in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 715-30, "*Defined Benefit Plans - Pension*" and our postretirement benefits in accordance with FASB ASC 715-60, "*Defined Benefit Plans - Other Postretirement*". ASC 715-30 and 715-60 require us to make various estimates and assumptions, including discount rates used to value liabilities, expected rates of return on plan assets, salary increases, employee turnover rates, anticipated employee mortality rates and expected future healthcare costs. The estimates we used are based on our historical experience as well as current facts and circumstances and are updated at least annually. These sections of the ASC also require us to recognize the entire overfunded or underfunded status of our defined benefit and postretirement plans as assets or liabilities in the statement of financial position and to recognize changes, net of taxes, in that funded status in the year in which the changes occur through comprehensive income.

The Company continually evaluates whether events or changes in circumstances have occurred that would indicate that the carrying amount of long-lived assets may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. Examples of events or circumstances that could trigger a review could include, but are not limited to, a prolonged economic downturn, current period operating or cash flow losses combined with a history of losses or a forecast of continuing losses associated with the use of an asset or asset group, technological advances in equipment, accumulated costs related to the construction of production equipment or facilities that are significantly higher than originally expected and a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset including an adverse action or assessment by a regulator. Various factors that the Company

considers in its review include changes in expected use of the assets, changes in technology, changes in operating performance and changes in expected future cash flows. No asset impairment was recognized during the years ended December 31, 2012 or 2011.

The following additional accounting standard was recently adopted by the Company:

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, "*Fair Value Measurement – Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*", which updated the guidance in ASC Topic 820. The amendments in this ASU result in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS). The amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to ensure that U.S. GAAP and IFRS fair value measurement and disclosure requirements are described in the same way. The ASU also provides for certain changes in current GAAP disclosure requirements, for example with respect to the measurement of Level 3 assets and for measuring the fair value of an instrument classified in a reporting entity's shareholders' equity. The amendments in this update were effective for the Company beginning January 1, 2012 and they did not have a material impact on our disclosures or our consolidated financial statements.

See Note 12, Future Change in Accounting Principles, of Notes to Consolidated Financial Statements for information concerning the accounting pronouncements issued by the Financial Accounting Standards Board that will be effective in future periods.

Accounting and Disclosure Rules Impact--Generally accepted accounting principles and accompanying accounting pronouncements, implementation guidelines and interpretations for many areas of our business, such as revenue recognition, accounting for investments, fair value estimates and accounting for pension and postretirement, are very complex and involve significant and sometimes subjective judgments. Changes in these rules or their interpretation could significantly impact our reported earnings and operating income and could add significant volatility to those measurements in the future, without a corresponding change in cash flows.

Market Risks--Market risks relating to the Company's operations result primarily from changes in demand for our products. Construction activity has been adversely impacted by the global financial crisis even though interest rates are at historically low levels. A continuation of the financial crisis, including a scarcity of credit, or a significant increase in interest rates could lead to a further reduction in construction activities in both the residential and commercial market. 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, concrete products 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. See Note 7, Significant Estimates and Certain Concentrations, of Notes to Consolidated Financial Statements for further discussion.

The Company invests in equity investments which are subject to market fluctuations. The Company had $27.4 million of equity securities, primarily of publicly traded entities, as of December 31, 2012. The aggregate amount of securities carried at cost, for which the Company has not elected the fair value option, was $2.6 million as of December 31, 2012. The remaining $24.8 million in equity investments, which are

stated at fair value, are not hedged and are exposed to the risk of changing market prices. The Company classifies all securities as "available-for-sale" for accounting purposes and marks them to market on the balance sheet at the end of each period unless they are securities for which the Company has not elected the fair value option. Securities carried at cost are adjusted for impairment, if conditions warrant. Management estimates that its publicly traded 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 carried at fair value would have a $1.5 million effect, net of deferred tax, on comprehensive income. At December 31, 2012, the Company evaluated all of its equity investments for impairment. The results of those evaluations are discussed in Note 2, Investments, of Notes to Consolidated Financial Statements.

Interest rates on the Company's term loan and line of credit for 2012 were variable, subject to interest rate minimums or floors and were based on the lender's national prime rate less 0.75% and lender's national prime rate less 0.50%, respectively. After entering into the new credit agreement with its current lender on December 31, 2012, the interest rates on the Company's advancing term loan, revolving loan and term loan are all variable, subject to interest rate minimums or floors and based on the rate of interest regularly published by the Wall Street Journal and designated as the U.S. Prime Rate (hereto referred to as the WSJ prime rate) less 1.50%, the WSJ prime rate less 1.50% and the WSJ prime rate less 1.25%, respectively. See Note 4, Line of Credit and Long-Term Debt, of Notes to Consolidated Financial Statements for further discussion.

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 and to a lesser extent natural gas, in its kilns. Increases above the rate of inflation in the cost of these solid fuels, natural gas, or in the electricity required to operate our cement manufacturing equipment could adversely affect our operating profits. Prices of the specialized replacement parts and equipment the Company must continually purchase tend to increase directly with the rate of inflation with the exception of equipment and replacement parts containing large amounts of steel. In recent years, steel prices have tended not to follow inflationary trends, but rather have been influenced by worldwide demand. Prices for diesel fuel used in the transportation of our raw materials and finished products also vary based on supply and demand and in some years exceed the rate of inflation adversely affecting our operating profits.

Environmental Regulations--The Company's cement plant emissions are regulated by the Kansas Department of Health and Environment (KDHE) and the EPA. KDHE is responsible for the administration and enforcement of Kansas environmental regulations, which typically mirror national regulations.

A ruling promulgated by the EPA in 2009 required us to install carbon dioxide (CO_2) Continuous Emission Monitors (CEMs) to track various aspects of the production process to effectively establish a Greenhouse Gas (GHG) inventory for our cement manufacturing facility.

The EPA Administrator has made two important findings clearing the way for EPA to regulate greenhouse gases under the Clean Air Act. The "Endangerment Finding" clarifies EPA's belief that current and projected concentrations of six key greenhouse gases in the atmosphere pose a threat to human health and welfare. Further, the "Cause or Contribute Finding", associates the emissions of the six named GHGs with the threat to public health and welfare. In July 2012 the Court of Appeals for the D.C. Circuit affirmed EPA's findings on these two rules. At this time it is difficult to determine if the EPA will act on the "Endangerment Finding", what that action may involve and when it might be put into place.

We are currently not aware of any other final GHG or climate change regulations or legislation. There are many variables making it difficult to predict the overall cost of GHG controls. It is equally difficult to determine when those costs will be realized, or even the feasibility of any additional regulations or legislation being enacted or finalized. We believe there is consensus in the industry that the costs of CO_2

limits required through regulation or legislation could be substantial enough to fundamentally adversely change the cement manufacturing business.

On December 20, 2012, the EPA issued a final rule amending NESHAP for the Portland Cement Manufacturing Industry and the New Source Performance Standards (NSPS) for Portland Cement Plants. The final rule, which extends the compliance date by two years to September 9, 2015 and relaxes particulate matter emission standards for existing and new sources, is the culmination of over two years of reconsideration and litigation surrounding these regulations. The final version adopts the less stringent limits and requirements that were sought by the cement industry. Both the initial rule and the final rule require more stringent emission limitations on mercury (Hg), total hydrocarbons (THC) and hydrochloric acid (HCL). Particulate matter less than 10 microns in diameter (PM 10) limitations were raised from 0.04 lbs./ton of clinker to 0.07 lbs./ton. Our current emission levels are below the limitations for mercury and THC so additional control equipment will not be required for these pollutants; however, we expect to incur increased costs for control equipment for PM 10 and HCL. There will also be additional costs for monitoring, testing and increased maintenance labor. As a result of these rule revisions, the Company will reassess its NESHAP strategy and planned capital expenditures, but major modifications to our approach appear unlikely at this time. Initial estimated costs to comply are discussed above under "Capital Resources".

On September 9, 2010 the EPA published New Source Performance Standards (NSPS) for nitrous oxide (NO_x), sulphur dioxide (SO_2) and particulate matter (PM 10). The rule applies to new or modified sources. At this time, management does not anticipate that modifications necessitated to comply with NESHAP will trigger application of NSPS.

Although we are not aware of any proposed or pending climate change regulations apart from the GHG controls noted above, climate change regulation could result in (1) increased energy costs, (2) a shift toward carbon neutral fuels or carbon neutral offset strategies and (3) increased labor costs to acquire the specialized technical expertise needed to comply with the environmental regulations. Demand for our products could decrease due to increased pollution control costs reflected in the price of our products. Conversely, demand could increase as others try to meet their government environmental mandates by using concrete products known for their sustainability benefits and energy efficiency.

In management's opinion, the physical impact of a warmer climate in our market area would increase the number of days with weather conducive for work to proceed on construction projects which in turn would create the potential for greater profitability. Conversely, legislation and regulatory attempts to interfere with a natural warming cycle will, if successful, have an adverse effect on profitability. In addition, differences in environmental regulations in the United States from those of other cement producing countries could affect our ability to continue to compete with the cost of cement imported from other countries.

STOCK MARKET AND DIVIDEND DATA

On February 19, 2013, Monarch's Capital Stock and Class B Capital Stock was held by approximately 560 and 380 record holders, respectively. Monarch is the transfer agent for Monarch's stock which is traded on the over-the-counter market under the trading symbol "MCEM". Over-the-counter market quotations reflect interdealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. Following is a schedule of the range of the low and high bid quotations for Monarch's stock as reported by Ameriprise, who ascertained this information through a subscription service through Bloomberg and of the dividends declared on Monarch's stock, for each quarter of our two latest fiscal years:

Quarter	2012 Price Low	2012 Price High	2012 Dividends Declared	2011 Price Low	2011 Price High	2011 Dividends Declared
First	$23.25	$28.25	$ -	$22.00	$25.00	$ -
Second	$21.50	$26.20	$0.23	$22.00	$25.25	$0.23
Third	$21.76	$23.59	$0.23	$15.00	$24.80	$0.23
Fourth	$19.85	$22.71	$0.46*	$20.01	$20.01	$0.46**

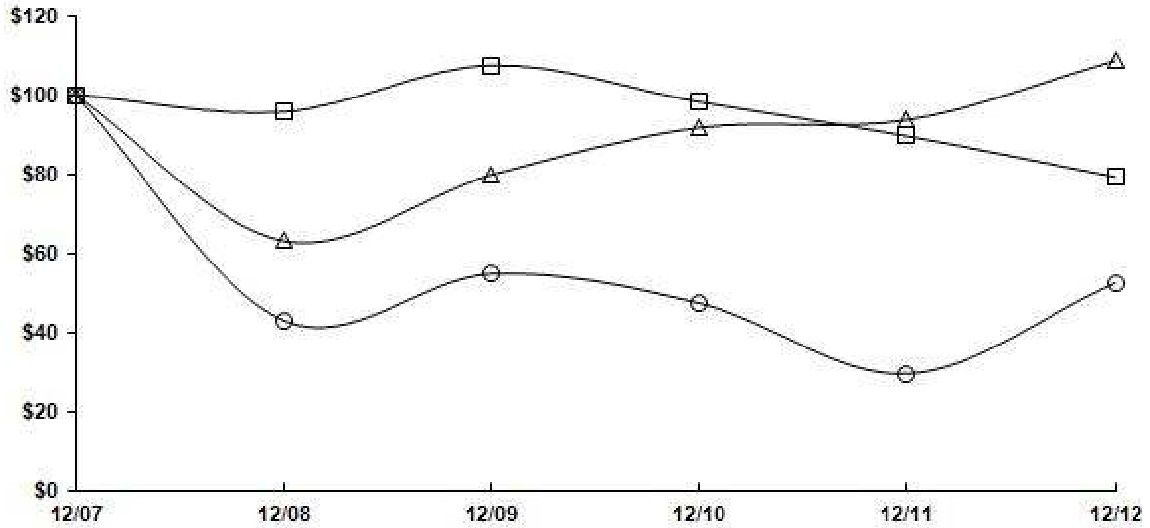
*Reflects declaration of two $0.23 dividends - one payable in the fourth quarter of 2012, one payable in the first quarter of 2013.
**Reflects declaration of two $0.23 dividends payable in the first quarter of 2012.

For additional information concerning the Company's payment of dividends, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity". The Company's loan agreement contains a financial covenant that requires the Company to maintain a minimum net worth which it was in compliance with at year end. See Note 4, Line of Credit and Long-Term Debt, of Notes to Consolidated Financial Statements.

The following performance graph and table show a five-year comparison of cumulative total returns for the Company, the S&P 500 composite index and an index of a peer group of companies selected by the Company.

The cumulative total return on investment for each of the periods for the Company, the S&P 500 and the peer group is based on the stock price or composite index at December 31, 2007. The performance graph assumes that the value of an investment in the Company's capital stock and each index was $100 at December 31, 2007 and that all dividends were reinvested. The information presented in the performance graph is historical in nature and is not intended to represent or guarantee future returns.

The performance graph compares the performance of the Company with that of the S&P 500 composite index and an index of a peer group of companies in the Company's industry in which the returns are weighted according to each company's market capitalization. The peer group consists of Cemex Sab De CV, Eagle Materials, Inc., Lafarge S.A., Texas Industries, Inc. and Vulcan Materials Company.



	12/07	12/08	12/09	12/10	12/11	12/12
Monarch Cement Company (The)	$100.00	$95.66	$107.46	$98.20	$89.55	$79.20
S&P 500	100.00	63.00	79.67	91.67	93.61	108.59
Peer Group	100.00	42.84	54.68	47.29	29.40	52.35

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (GAAP). Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. No evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002, management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012. In making this assessment, management used the framework and criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework.*

Based on our assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2012.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2012 has been audited by BKD, LLP, an independent registered public accounting firm, as stated in their report which is included herein.

THE MONARCH CEMENT COMPANY

BKD LLP
CPAs & Advisors

1201 Walnut Street, Suite 1700
Kansas City, MO 64106-2246
816.221.6300 Fax 816.221.6380 www.bkd.com

Report of Independent Registered Public Accounting Firm

Audit Committee, Board of Directors and Stockholders
The Monarch Cement Company
Humboldt, Kansas

We have audited the internal control over financial reporting of The Monarch Cement Company and subsidiaries (the Company) as of December 31, 2012, based on criteria established in *Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)*. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)*.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company and our report dated March 15, 2013, expressed an unqualified opinion thereon.

BKD, LLP

Kansas City, Missouri
March 15, 2013

BKD LLP
CPAs & Advisors

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Report of Independent Registered Public Accounting Firm

Audit Committee, Board of Directors and Stockholders
The Monarch Cement Company
Humboldt, Kansas

We have audited the accompanying consolidated balance sheets of The Monarch Cement Company and subsidiaries (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2012. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)* and our report dated March 15, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

BKD, LLP

Kansas City, Missouri
March 15, 2013

experience BKD

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2012 AND 2011

ASSETS	2012	2011
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,440,959	$ 1,123,870
Receivables, less allowances of $636,000 in 2012 and $670,000 in 2011 for doubtful accounts	17,235,220	15,970,034
Inventories, priced at cost which is not in excess of market-		
Finished cement	$ 5,385,586	$ 3,963,233
Work in process	3,040,112	1,353,361
Building products	4,324,133	4,236,266
Fuel, gypsum, paper sacks and other	6,760,554	6,416,618
Operating and maintenance supplies	13,244,419	11,892,887
Total inventories	$ 32,754,804	$ 27,862,365
Refundable federal and state income taxes	1,441,206	353,199
Deferred income taxes	750,000	750,000
Prepaid expenses	658,369	631,461
Total current assets	**$ 54,280,558**	**$ 46,690,929**
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and depletion of $193,109,379 in 2012 and $182,427,598 in 2011	83,179,004	86,719,411
DEFERRED INCOME TAXES	14,964,458	18,416,410
INVESTMENTS	27,380,650	20,026,704
OTHER ASSETS	1,483,475	1,801,356
	$ 181,288,145	**$ 173,654,810**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 11,186,677	$ 5,451,853
Line of credit payable	-	4,844,469
Current portion of term loan	1,237,816	2,920,023
Current portion of other long-term debt	175,000	175,000
Accrued liabilities-		
Dividends	923,136	1,846,272
Compensation and benefits	3,284,587	3,232,168
Miscellaneous taxes	1,050,419	594,715
Other	1,883,211	2,210,549
Total current liabilities	**$ 19,740,846**	**$ 21,275,049**
LONG-TERM DEBT	9,683,965	7,303,137
ACCRUED POSTRETIREMENT BENEFITS	36,262,992	33,327,243
ACCRUED PENSION EXPENSE	13,241,529	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 2,596,047 shares at 12/31/2012 and 2,569,831 shares at 12/31/2011	$ 6,490,117	$ 6,424,578
Class B Capital Stock, par value $2.50 per share, supervoting rights of ten votes per share, restricted transferability, convertible at all times into Capital Stock on a share-for-share basis - Authorized 10,000,000 shares, Issued and Outstanding 1,417,587 shares at 12/31/2012 and 1,443,803 shares at 12/31/2011	3,543,968	3,609,507
Additional paid-in-capital	2,485,125	2,485,125
Retained earnings	97,214,376	97,751,202
Accumulated other comprehensive loss	(7,374,773)	(12,197,034)
TOTAL STOCKHOLDERS' EQUITY	**$ 102,358,813**	**$ 98,073,378**
	$ 181,288,145	**$ 173,654,810**

See accompanying Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	2012	2011	2010
NET SALES	$151,773,984	$122,064,884	$121,184,834
COST OF SALES	135,142,366	108,962,580	104,977,712
Gross profit from operations	**$ 16,631,618**	**$ 13,102,304**	**$ 16,207,122**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	16,329,267	16,078,118	16,064,990
Income (loss) from operations	**$ 302,351**	**$ (2,975,814)**	**$ 142,132**
OTHER INCOME (EXPENSE):			
Interest income	$ 38,829	$ 90,716	$ 120,071
Interest expense	(450,422)	(502,546)	(540,439)
Loss on impairment of equity investments	-	(415,287)	(858,787)
Gain (loss) on sale of equity investments	4,173,141	5,051,406	(79,793)
Dividend income	71,177	285,283	249,929
Other, net	250,641	258,550	890,809
	$ 4,083,366	$ 4,768,122	$ (218,210)
INCOME (LOSS) BEFORE PROVISION FOR (BENEFIT FROM) INCOME TAXES	**$ 4,385,717**	**$ 1,792,308**	**$ (76,078)**
PROVISION FOR (BENEFIT FROM) INCOME TAXES	1,230,000	240,000	(300,000)
NET INCOME	**$ 3,155,717**	**$ 1,552,308**	**$ 223,922**
Basic earnings per share	**$ 0.79**	**$ 0.38**	**$ 0.06**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	2012	2011	2010
NET INCOME	**$ 3,155,717**	**$ 1,552,308**	**$ 223,922**
UNREALIZED APPRECIATION ON AVAILABLE-FOR-SALE SECURITIES (Net of deferred tax expense of $5,660,000, $352,000, and $1,972,000 for 2012, 2011 and 2010, respectively)	8,493,141	524,119	2,959,420
RECLASSIFICATION ADJUSTMENT FOR SALE OF SECURITIES INCLUDED IN NET INCOME (Net of deferred tax (benefit) expense of $1,668,000, $2,024,000 and $(32,000) for 2012, 2011 and 2010, respectively)	(2,505,141)	(3,027,406)	47,793
RECLASSIFICATION ADJUSTMENT FOR WRITE-DOWN OF SECURITIES INCLUDED IN NET INCOME (Net of deferred tax (benefit) expense of $-0-, $(168,000) and $(344,000) for 2012, 2011 and 2010, respectively)	-	247,287	514,787
MINIMUM PENSION LIABILITY (Net of deferred tax benefit of $(400,000), $(910,000) and $(300,000) for 2012, 2011 and 2010, respectively)	(601,778)	(1,366,399)	(453,765)
POSTRETIREMENT LIABILITY (Net of deferred tax (benefit) expense of $(375,000), $1,400,000 and $(1,050,000) for 2012, 2011 and 2010, respectively)	(563,961)	2,099,783	(908,310)
COMPREHENSIVE INCOME	**$ 7,977,978**	**$ 29,692**	**$ 2,383,847**

See accompanying Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	Company Stockholders						
	Capital Stock	Class B Capital Stock	Additional Paid-In-Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total
BALANCE JANUARY 1, 2010	**$ 6,331,158**	**$ 3,729,337**	**$ -**	**$ 105,989,712**	**$ -**	**$ (12,834,343)**	**$ 103,215,864**
Net income	-	-	-	223,922	-	-	223,922
Dividends declared ($0.92 per share)	-	-	-	(3,697,119)	-	-	(3,697,119)
Transfer of shares	27,612	(27,612)	-	-	-	-	-
Purchase of capital stock	-	-	-	-	(273,901)	-	(273,901)
Retirement of treasury stock	(27,950)	-	-	(245,951)	273,901	-	-
Change in unrealized appreciation on available-for-sale securities	-	-	-	-	-	3,522,000	3,522,000
Adjustment to recognize minimum pension liability	-	-	-	-	-	(453,765)	(453,765)
Adjustment to recognize postretirement liability	-	-	-	-	-	(908,310)	(908,310)
BALANCE DECEMBER 31, 2010	**$ 6,330,820**	**$ 3,701,725**	**$ -**	**$ 102,270,564**	**$ -**	**$ (10,674,418)**	**$ 101,628,691**
Net income	-	-	-	1,552,308	-	-	1,552,308
Dividends declared ($0.92 per share)	-	-	-	(3,720,573)	-	-	(3,720,573)
Transfer of shares	92,218	(92,218)	-	-	-	-	-
Purchase of capital stock	-	-	-	-	(2,613,932)	-	(2,613,932)
Retirement of treasury stock	(262,835)	-	-	(2,351,097)	2,613,932	-	-
Issuance of 105,750 shares with market value $23.50 per share over par	264,375	-	2,485,125	-	-	-	2,749,500
Change in unrealized appreciation on available-for-sale securities	-	-	-	-	-	(2,256,000)	(2,256,000)
Adjustment to recognize minimum pension liability	-	-	-	-	-	(1,366,399)	(1,366,399)
Adjustment to recognize postretirement liability	-	-	-	-	-	2,099,783	2,099,783
BALANCE DECEMBER 31, 2011	**$ 6,424,578**	**$ 3,609,507**	**$ 2,485,125**	**$ 97,751,202**	**$ -**	**$ (12,197,034)**	**$ 98,073,378**
Net income	-	-	-	3,155,717	-	-	3,155,717
Dividends declared ($0.92 per share)	-	-	-	(3,692,543)	-	-	(3,692,543)
Transfer of shares	65,539	(65,539)	-	-	-	-	-
Change in unrealized appreciation on available-for-sale securities	-	-	-	-	-	5,988,000	5,988,000
Adjustment to recognize minimum pension liability	-	-	-	-	-	(601,778)	(601,778)
Adjustment to recognize postretirement liability	-	-	-	-	-	(563,961)	(563,961)
BALANCE DECEMBER 31, 2012	**$ 6,490,117**	**$ 3,543,968**	**$ 2,485,125**	**$ 97,214,376**	**$ -**	**$ (7,374,773)**	**$ 102,358,813**

See accompanying Notes to the Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	2012	2011	2010
OPERATING ACTIVITIES:			
Net income	$ 3,155,717	$ 1,552,308	$ 223,922
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	12,000,952	11,677,640	11,742,667
Deferred income taxes	234,952	1,983	(1,118,615)
Gain on disposal of assets	(46,601)	(279,562)	(58,335)
Realized (gain) loss on sale of equity investments	(4,173,141)	(5,051,406)	79,793
Realized loss on impairment of equity investments	-	415,287	858,787
Gain on disposal of other assets	-	-	(700,000)
Postretirement benefits and pension expense	590,536	545,579	2,362,328
Change in assets and liabilities:			
Receivables, net	(1,265,186)	(3,589,869)	541,937
Inventories	(4,892,439)	2,470,155	1,741,560
Refundable income taxes	(1,088,007)	(353,199)	310,795
Prepaid expenses	(26,908)	(505,674)	199,057
Other assets	43,896	(7,406)	2,442
Accounts payable and accrued liabilities	5,814,747	105,027	(2,281,418)
Net cash provided by operating activities	$ 10,348,518	$ 6,980,863	$ 13,904,920
INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	$ (8,137,693)	$ (7,909,389)	$ (6,205,837)
Proceeds from disposals of property, plant and equipment	68,596	317,102	120,176
Proceeds from disposals of other assets	-	-	700,000
Payment for acquisition of business, net of cash acquired	-	(534,392)	-
Payment for purchases of equity investments	-	(3,453,447)	(1,046,224)
Proceeds from disposals of equity investments	6,799,194	8,287,182	412,532
Net cash used for investing activities	$ (1,269,903)	$ (3,292,944)	$ (6,019,353)
FINANCING ACTIVITIES:			
Increase (decrease) in line of credit, net	$ (4,734,331)	$ 4,844,469	$ (511,944)
Proceeds from bank loans	3,134,565	-	-
Payments on bank loans	(2,178,255)	(2,952,328)	(2,731,213)
Payments on other long-term debt	(367,826)	(817,236)	(120,377)
Cash dividends paid	(4,615,679)	(3,720,289)	(3,702,262)
Purchases of capital stock	-	(2,613,932)	(273,901)
Net cash used for financing activities	$ (8,761,526)	$ (5,259,316)	$ (7,339,697)
Net increase (decrease) in cash and cash equivalents	**$ 317,089**	**$ (1,571,397)**	**$ 545,870**
Cash and Cash Equivalents, beginning of year	**1,123,870**	**2,695,267**	**2,149,397**
Cash and Cash Equivalents, end of year	**$ 1,440,959**	**$ 1,123,870**	**$ 2,695,267**
Supplemental disclosures:			
Interest paid, net of amount capitalized	$ 450,422	$ 502,546	$ 545,034
Income taxes paid, net of refunds	2,083,677	721,938	(303,996)
Capital equipment additions included in accounts payable	157,126	86,264	12,495
Non-cash investing activities:			
Issuance of 105,750 shares of capital stock related to acquisition of business	$ -	$ 2,749,500	$ -
Note payable related to acquisition of business	-	927,443	-

See accompanying Notes to the Consolidated Financial Statements

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Nature of Operations**--The Monarch Cement Company (Monarch) is principally engaged in the manufacture and sale of portland cement. The marketing area for Monarch's products consists primarily of the State of Kansas, the State of Iowa, southeast Nebraska, western Missouri, northwest Arkansas and northern Oklahoma. Sales are made primarily to contractors, ready-mixed concrete plants, concrete products plants, building materials dealers and governmental agencies. Subsidiaries of Monarch (which together with Monarch are referred to herein as the "Company") sell ready-mixed concrete, concrete products and sundry building materials within Monarch's marketing area.

(b) **Principles of Consolidation**--Monarch has direct control of certain operating companies that have been deemed to be subsidiaries within the meaning of accounting principles generally accepted in the United States of America and the rules and regulations of the Securities and Exchange Commission. Accordingly, the financial statements of such companies have been consolidated with Monarch's financial statements. All significant intercompany transactions have been eliminated in consolidation.

Pursuant to a Stock Purchase Agreement between Monarch and the owners of Kay Concrete Materials Co. (Kay Concrete) on April 15, 2011, Monarch acquired all of the issued and outstanding shares of common stock of Kay Concrete, a ready-mixed concrete company located in southwest Missouri. The purpose of the acquisition was to expand our ready-mixed concrete business in the region. The aggregate consideration paid by Monarch at closing was approximately $5.0 million consisting of $1.4 million cash, 105,750 shares of Monarch's capital stock valued at $2.7 million based on the April 15, 2011 price per share of $26.00 and a note payable of $0.9 million. The amount of Kay Concrete's revenue and earnings included in the Company's consolidated income statement for the year ended December 31, 2011 is $3.0 million and $(0.5) million, respectively.

(c) **Use of Estimates**--The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) **Reclassifications**--Certain reclassifications have been made to the 2011 and 2010 financial statements to conform to the current year presentation. These reclassifications had no material effect on net earnings.

(e) **Cash Equivalents**--The Company considers all liquid investments with original maturities of three months or less which we do not intend to roll over beyond three months to be cash equivalents. At December 31, 2012 and 2011, cash equivalents consisted primarily of money market investments and repurchase agreements with various banks.

The FDIC, through the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), has permanently raised the standard maximum deposit insurance amount (SMDIA) to fully guarantee all deposit accounts up to $250,000. In addition, the FDIC has adopted Section 343 of the Dodd-Frank Act, effective December 31, 2010, which provides for unlimited deposit insurance for noninterest-bearing transaction accounts for two years starting December 31, 2010. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least $250,000 available to depositors under the FDIC's general deposit insurance rules.

At December 31, 2012, the Company had $1.3 million in sweep arrangement accounts that were not covered by FDIC's general deposit insurance.

(f) **Investments**--Equity securities for which the Company has no immediate plan to sell but that may be sold in the future are classified as available for sale. If the fair value of the equity security is readily determinable, it is carried at fair value and unrealized gains and losses are recorded, net of related income tax effects, in stockholders' equity. Realized gains and losses, based on the specifically identified cost of the security, are included in net income. Equity securities whose fair value is not readily determinable are carried at cost unless the Company is aware of significant adverse effects which have impaired the investments.

The Company does not participate in hedging activities and does not use derivative instruments.

(g) **Receivables**--Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

(h) **Inventories**--Inventories of finished cement and work in process are recorded at the lower of cost or market on a last-in, first-out (LIFO) basis. Total inventories reported under LIFO amounted to $8.4 million and $5.3 million as of December 31, 2012 and 2011, respectively. Under the average cost method of accounting (which approximates current cost), these inventories would have been $3.2 million, $3.8 million and $4.4 million higher than those reported at December 31, 2012, 2011 and 2010, respectively. The cost of manufactured items includes all material, labor, factory overhead and production-related administrative overhead required in their production.

We incurred a permanent reduction in the LIFO layers of work in process and cement inventories resulting in liquidation gains of $0.5 million for the year 2011. The liquidation gains were recognized as reductions of cost of sales. We did not incur any material liquidation gains in the LIFO layers for the years 2012 and 2010.

Other inventories are purchased from outside suppliers. Fuel and other materials are priced by the first-in, first-out (FIFO) method while operating and maintenance supplies are recorded using the average cost method.

Inventories of fuel, gypsum, paper sacks and other are used in the manufacture of cement. The operating and maintenance supplies consist primarily of spare parts for our cement manufacturing equipment.

(i) **Property, Plant and Equipment**--Property, plant and equipment are stated at cost of acquisition or construction. The Company capitalizes the cost of interest on borrowed funds used to finance the construction of property, plant and equipment. During 2012, 2011 and 2010, the Company capitalized approximately $117,900, $86,500 and $121,700, respectively, of interest expense related to current construction projects.

As of December 31, 2012 and 2011, the amount of accounts payable related to property, plant and equipment was $157,126 and $86,264, respectively.

The Company records depreciation, depletion and amortization related to manufacturing operations in Cost of Sales; those related to general operations are recorded in Selling, General and Administrative Expenses; and those related to non-operational activities are in Other, net on the Consolidated Statements of

Income. The approximate amounts included in each line item as of December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Cost of Sales	$ 11,300,000	$ 11,000,000	$ 10,900,000
Selling, General and Administrative Expenses	400,000	300,000	300,000
Other, net	300,000	400,000	500,000
Total	$ 12,000,000	$ 11,700,000	$ 11,700,000

Depreciation of property, plant and equipment is provided by charges to operations over the estimated useful lives of the assets using accelerated methods. The majority of the Company's buildings, machinery and equipment are depreciated using 200% (double) declining balance depreciation. Some of the assets used in the Cement Business manufacturing process are depreciated using 150% declining balance depreciation. The Company switches to straight line depreciation once it exceeds the amount computed under the declining balance method being used until the asset is fully depreciated. The Company does not depreciate construction in process. Depletion rates for quarry lands are designed to amortize the cost over the estimated recoverable reserves. Expenditures for improvements that significantly increase the assets' useful lives are capitalized while maintenance and repairs are charged to expense as incurred.

The Company continually evaluates whether events or changes in circumstances have occurred that would indicate that the carrying amount of long-lived assets may not be recoverable. An impairment loss would be recognized and the asset cost would be adjusted to fair value when undiscounted estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. The impairment loss would be the amount by which the carrying amount of a long-lived asset exceeds its fair value. Various factors that the Company considers in its review include changes in expected use of the assets, changes in technology, changes in operating performance and changes in expected future cash flows. No asset impairment was recognized during the years ended December 31, 2012 and 2011.

(j) **Other Current Liabilities**--Accrued liabilities-Other contains approximately $0.5 million and $1.2 million related to prepayments held on account in 2012 and 2011, respectively.

(k) **Income Taxes**--Deferred tax assets and liabilities are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

(l) **Revenue Recognition**--The Company records revenue from the sale of cement, ready-mixed concrete, concrete products and sundry building materials following delivery of the products to customers. In the event the Company receives advance payment on orders, we defer revenue recognition until the product is delivered.

Our Ready-Mixed Concrete Business includes precast concrete construction which involves short-term and long-term contracts. Short-term contracts for specific projects are generally of three to six months in duration. Long-term contracts relate to specific projects with terms in excess of one year from the contract date. Revenues for these contracts are recognized on the percentage-of-completion method based on the ratio of contract costs incurred to date to total estimated costs. Full provision is made for any anticipated losses. The majority of the long-term contracts will allow only scheduled billings and contain retainage provisions under which 5% to 10% of the contract invoicing may be withheld by the customer pending project completion. As of December 31, 2012, the amount of billed retainage which is included in accounts receivable was approximately $170,000, all of which is expected to be collected within one year. The amount of billed retainage which was included in accounts receivable at December 31, 2011 was approximately

$129,000. The amount of unbilled revenue in accounts receivable was approximately $1,231,000 and $802,000 at December 31, 2012 and 2011, respectively. Unbilled revenue contained approximately $526,000 and $125,000 of not-currently-billable retainage at December 31, 2012 and 2011, respectively, which is expected to be collected within one year.

(m) **Cost of Sales**--The Company considers all production and shipping costs, (gain) loss on disposal of operating assets, inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs and internal transfer costs as cost of sales.

(n) **Selling, General and Administrative Expenses**--Selling, general and administrative expenses consist of sales personnel salaries and expenses, promotional costs, accounting personnel salaries and expenses, director and administrative officer salaries and expenses, legal and professional expenses and other expenses related to overall corporate costs.

(o) **Other, net**--Other, net contains miscellaneous nonoperating income (expense) items excluding interest income, interest expense, gains (losses) on sale of equity investments, realized loss on impairment of equity investments and dividend income. Significant items in Other, net for 2012 include farm income of approximately $149,000. Significant items in Other, net for 2011 include proceeds from scrap sales of approximately $150,000. Significant items in Other, net for 2010 include farm income of approximately $154,500, a gain of $700,000 related to the sale of a nonoperating asset and proceeds from scrap sales of approximately $51,000.

(p) **Earnings per Share**--Basic earnings per share is based on the weighted average common shares outstanding during each year. Diluted earnings per share are based on the weighted average common and common equivalent shares outstanding each year. Monarch has no common stock equivalents and therefore does not report diluted earnings per share. The weighted average number of shares outstanding was 4,013,634 in 2012, 4,033,817 in 2011 and 4,020,411 in 2010.

(q) **Taxes Collected from Customers and Remitted to Governmental Authorities**--Taxes collected from customers and remitted to governmental authorities are presented in the accompanying consolidated statements of income on a net basis.

(r) **Self Insurance**--The Company has elected to self-insure certain costs related to employee and retiree health and accident benefits programs. Costs resulting from self-insured losses are charged to income when incurred. Health benefits provided to employees in the Ready-Mixed Concrete Business and health and accident benefits provided to employees and retirees in the Cement Business are totally self-insured but are subject to an individual stop loss of $100,000 and $200,000 for the Ready-Mixed Concrete Business and the Cement Business, respectively, with an aggregate stop loss of 120% for both lines of business.

(s) **Disclosure about Fair Value of Financial Instruments**--Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Cash and cash equivalents, receivables, accounts payable and short and long-term debt have carrying values that approximate fair values. Investment fair values equal quoted market prices, if available. If quoted market prices are not available, fair value is estimated based on quoted market prices of similar securities. If it is not practicable to estimate the fair value of an investment, the investment is recorded at cost and evaluated quarterly for events that may adversely impact its fair value.

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, "*Fair Value Measurement – Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*", which updated the guidance in ASC

Topic 820. The amendments in this ASU result in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards (IFRS). The amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to ensure that U.S. GAAP and IFRS fair value measurements and disclosure requirements are described in the same way. The ASU also provides for certain changes in current GAAP disclosure requirements, for example with respect to the measurement of Level 3 assets and for measuring the fair value of an instrument classified in a reporting entity's shareholders' equity. The amendments in this update became effective for the Company beginning January 1, 2012 and did not have a material impact on our disclosures or our consolidated financial statements.

(t) **Intangibles - Goodwill and Other**--In September 2011, the FASB issued ASU No. 2011-08, *"Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment"* which was effective for fiscal years beginning after December 15, 2011. This ASU allows entities to first assess qualitative factors to determine whether events and circumstances lead to the conclusion that it is necessary to perform the two-step goodwill impairment test required under Topic 350, Intangible - Goodwill and Other. Topic 350 requires entities to test goodwill on an annual basis by comparing the fair value of a reporting unit to its carrying value including goodwill (Step 1). The second part of the test must be performed to measure the amount of impairment. Entities are not required to calculate the fair value of a reporting unit unless they conclude that it is more likely than not that the unit's carrying value is greater than its fair value based on an assessment of events and circumstances. Entities may bypass the qualitative assessment during any reporting period. The Company performed a qualitative assessment of its goodwill during the fourth quarter of 2012 and the results of that assessment led to the conclusion that it was not necessary to perform the two-step goodwill impairment test.

(2) INVESTMENTS

Realized gains (losses) on equity investments are computed using the specific identification method. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The aggregate amount of equity securities carried at cost, for which the Company has not elected the fair value option, was $2.6 million at December 31, 2012 and 2011. The remaining $24.8 million and $17.4 million in equity security investments at December 31, 2012 and 2011, respectively, are stated at fair value. The following table summarizes the bases used to measure certain assets at fair value on a recurring basis in the balance sheet at December 31, 2012 and 2011:

December 31, 2012:	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available-for-sale equity securities				
Cement industry	$ 12,477,760	$ 12,477,760	$ -	$ -
General building materials industry	5,751,005	5,751,005	-	-
Oil and gas refining and marketing industry	6,532,981	6,532,981	-	-
Total assets measured at fair value	$ 24,761,746	$ 24,761,746	$ -	$ -
December 31, 2011:				
Assets:				
Available-for-sale equity securities				
Cement industry	$ 8,750,156	$ 8,750,156	$ -	$ -
General building materials industry	4,583,882	4,583,882	-	-
Oil and gas refining and marketing industry	3,631,747	3,631,747	-	-
Residential construction industry	442,015	442,015	-	-
Total assets measured at fair value	$ 17,407,800	$ 17,407,800	$ -	$ -

Cash and cash equivalents have carrying values that approximate fair value using Level 1 prices. Receivables, accounts payable and long-term debt have carrying values that approximate fair values using Level 2 inputs. The Company's valuation techniques used to measure the fair value of its marketable equity securities were derived from quoted prices in active markets for identical assets (Level 1 inputs). Investments that are recorded at cost are evaluated quarterly for events that may adversely impact their carrying value.

There were no transfers between levels and there were no significant changes in the valuation techniques during the period ended December 31, 2012. No reconciliation (roll forward) of the beginning and ending balances for Level 3 is presented since the Company does not have any assets or liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) at either of the dates reported in the table above. The Company has no liabilities at either date requiring remeasurement to fair value on a recurring basis in the balance sheet. The Company has no additional assets or liabilities at either date requiring remeasurement to fair value on a non-recurring basis in the balance sheet.

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual trade lots of securities have been in a continuous unrealized loss position at December 31, 2012 and 2011:

Available-for-sale equity securities	Less than 12 Months		12 Months or Greater		Total	
December 31, 2012	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Cement industry	$ -	$ -	$ 15,379	$ 2,737	$ 15,379	$ 2,737
Total	$ -	$ -	$ 15,379	$ 2,737	$ 15,379	$ 2,737
December 31, 2011						
Cement industry	$ 517,188	$ 53,352	$ 12,900	$ 5,216	$ 530,088	$ 58,568
Residential construction industry	-	-	6,310	4,413	6,310	4,413
Total	$ 517,188	$ 53,352	$ 19,210	$ 9,629	$ 536,398	$ 62,981

Impairment Analysis

The Company owns stock in two privately-owned companies accounted for by the cost method; one in the brick industry and the other in the ethanol production industry. These investments were evaluated at December 31, 2012 and 2011 for impairment. The evaluations of the ethanol production industry investment for each period's impairment analysis were based on the specific identification of shares held and quoted prices in markets that are not active (Level 2) and no impairments were identified. Since there is not an active market for the brick industry investment, the Company relied on a discounted future net cash flow valuation (Level 3 inputs) of the issuer for each period's impairment analysis to determine if the average cost of shares were impaired and no impairment was identified. As a result of those evaluations, the Company does not consider these cost-method investments to be impaired at December 31, 2012 or 2011.

December 31, 2012--The Company's investments in marketable equity securities carried at fair value were evaluated every quarter for impairment by comparing the specifically identified cost of each investment to market price. As a result of these evaluations, the Company did not identify any other-than-temporary impairments in investments which would have resulted in a recognized loss in earnings of equity investments. The Company did identify some specific investments in available-for-sale equity securities that were not other-than-temporarily impaired resulting in the recognition of unrealized losses (see table above). These unrealized losses relate to investments in the common stock of one company in the cement industry. When the Company evaluated the impairment by comparing the specifically identified cost of each investment to market price as of January 25, 2013, the cement industry securities slightly recovered their temporary impairments. The Company evaluated the near-term prospects in relation to the severity of the impairments and the duration of the impairments. Based on that evaluation, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2012.

December 31, 2011--The Company's investments in marketable equity securities carried at fair value were evaluated every quarter for impairment by comparing the specifically identified cost of each investment to market price. As a result of these evaluations, the Company identified a $0.4 million other-than-temporary impairment for the third quarter in its general building materials industry investments resulting in a recognized loss on equity investments. The fair value of those investments then became the new cost basis.

In its fourth quarter evaluation, the Company identified some specific investments in available-for-sale equity securities it believed were temporarily impaired resulting in unrealized losses (see 2011 information in table above). These unrealized losses relate to investments in the common stock of four companies, one in the residential construction industry and three in the cement industry. When the Company evaluated the impairments by comparing the specifically identified cost of each investment to market price as of January 17, 2012, the residential construction industry securities had recovered approximately 34% of their December 31, 2011 temporary impairment. The investments in one company in the cement industry remained virtually unchanged while the equity securities of the other two cement industry companies recovered approximately 93% and 60% of their December 31, 2011 temporary impairments. Based on those evaluations, the Company did not consider the investments to be other-than-temporarily impaired at December 31, 2011.

Investment Results--The investment results for the years ended December 31, 2012 and 2011 are as follows for available-for-sale equity securities carried at fair value:

December 31, 2012	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Available-for-sale equity securities				
Cement industry	$ 4,190,000	$ 8,290,000	$ -	$ 12,480,000
General building materials industry	3,600,000	2,150,000	-	5,750,000
Oil and gas refining and marketing industry	470,000	6,060,000	-	6,530,000
Total available-for-sale equity securities	$ 8,260,000	$ 16,500,000	$ -	$ 24,760,000
Less: Deferred taxes on unrealized holding gains		6,600,000		
Unrealized gains recorded in equity, net of deferred tax		$ 9,900,000		
December 31, 2011				
Available-for-sale equity securities				
Cement industry	$ 5,985,000	$ 2,765,000	$ -	$ 8,750,000
General building materials industry	3,819,000	765,000	-	4,584,000
Oil and gas refining and marketing industry	782,000	2,850,000	-	3,632,000
Residential construction industry	302,000	140,000	-	442,000
Total available-for-sale equity securities	$ 10,888,000	$ 6,520,000	$ -	$ 17,408,000
Less: Deferred taxes on unrealized holding gains		2,608,000		
Unrealized gains recorded in equity, net of deferred tax		$ 3,912,000		

Investment-related cash flow information for December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Proceeds from sale of equity securities	$ 6,799,194	$ 8,287,182	$ 412,532
Realized gain (loss) on equity securities	4,173,141	5,051,406	(79,793)
Realized losses due to other-than-temporary impairment of equity securities	-	(415,287)	(858,787)

(3) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and their estimated useful lives at December 31, 2012 and 2011 consisted of:

	Lives (Years)	2012	2011
Quarry land		$ 2,004,549	$ 2,004,549
Other land		8,659,314	8,611,090
Buildings and improvements	15 – 39	32,438,770	32,308,167
Cement manufacturing equipment	15 – 25	128,656,859	125,998,453
Ancillary equipment	5 – 10	13,371,257	13,279,851
Ready-mix and concrete production machinery and equipment	5 – 15	36,169,037	35,550,946
Transportation and mobile equipment	3 – 7	44,353,311	43,355,665
Office machinery, equipment, furniture and fixtures	3 – 10	3,051,858	2,897,792
Construction in process		7,583,428	5,140,496
		$ 276,288,383	$ 269,147,009
Less: Accumulated depreciation and depletion		193,109,379	182,427,598
		$ 83,179,004	$ 86,719,411

(4) LINE OF CREDIT AND LONG-TERM DEBT

On December 31, 2012, the Company entered into a new credit agreement with its current lender, BOKF, NA dba Bank of Oklahoma (Bank of Oklahoma), which amended and restated its existing credit agreement. The new agreement provides for a secured credit commitment consisting of a $10.0 million advancing term loan maturing December 31, 2015, a $10.0 million term loan maturing December 31, 2017 and a $15.0 million revolving loan maturing December 31, 2015. Interest rates on the Company's advancing term loan and revolving loan are both variable and based on the rate of interest regularly published by the Wall Street Journal and designated as the U.S. Prime Rate (hereto referred to as the WSJ prime rate) less 1.50% with a 1.50% interest rate minimum or floor. Interest rates on the Company's term loan are variable and based on the WSJ prime rate less 1.25% with a 1.75% interest rate minimum or floor. The new agreement requires the Company to pledge its investment account, receivable accounts and inventory to Bank of Oklahoma as collateral for the advancing term loan, the term loan and revolving loan. The Company is obligated to maintain at least $12.0 million in its pledged investment account. The carrying value of receivables, inventory and the investment account pledged as collateral was $17.2 million, $32.8 million and $24.7 million, respectively as of December 31, 2012. The agreement also contains financial covenants requiring the Company, as of the end of any fiscal quarter, to maintain a minimum tangible net worth before accumulated other comprehensive income (loss) of $95.0 million and a minimum tangible net worth after accumulated other comprehensive income (loss) of $85.0 million. The Company was in compliance with these requirements at year end. After entering into the new agreement, as of December 31, 2012, the Company owed $10.0 million on its term loan, $0.1 million on its revolving loan and $-0- on its advancing term loan.

The average outstanding balance on the revolving loan during 2012 and 2011 was approximately $5.6 million and $4.3 million, respectively. At December 31, 2012 and 2011, there was approximately $0.1 million and $4.8 million, respectively, borrowed against the revolving loan. Interest on the revolving loan varied with the lender's national prime rate less 0.50% with a 3.50% interest rate minimum or floor for 2012 and 2011. The annual weighted average interest rate we paid on the revolving loan during 2012 and 2011 was 3.50%. Interest was payable quarterly and the applicable interest rate was 3.50% at December 31, 2011 and prior to the agreement on December 31, 2012. The interest rate after the agreement on December 31, 2012 was 1.75%.

As of December 31, 2012 and 2011, there was approximately $10.0 million and $9.0 million, respectively, borrowed on the term loan. Interest on the Company's term loan was variable and was based on the lender's national prime rate less 0.75% with a 3.00% interest rate minimum or floor for 2012 and 2011. The annual weighted average interest rate we paid on the term loan during 2012 and 2011 was 3.25%. Principal and interest was payable quarterly and the applicable interest rate was 3.25% at December 31, 2011 and prior to the agreement on December 31, 2012. The interest rate after the agreement on December 31, 2012 was 2.00%.

At December 31, 2012 the $10.1 million in Note payable, bank in the table below is comprised of a $10.0 million term loan and $0.1 million revolving loan. The $0.8 million in Other long-term debt is comprised of a $0.3 million note related to the acquisition of Kay Concrete Materials Co. (Kay Concrete) and $0.5 million of noncompete payment obligations. At December 31, 2011 the $1.2 million in Other long-term debt is comprised of a $0.5 million note related to the acquisition of Kay Concrete and $0.7 million of noncompete payment obligations.

	2012	2011
Note payable, bank [(a)]	$ 10,110,137	$ 9,043,690
Other	811,644	1,179,470
	$ 10,921,781	$ 10,223,160
Less current maturity of bank note payable	1,237,816	2,920,023
Total long-term debt	$ 9,683,965	$ 7,303,137

(a) Term loan due December 31, 2017; payable $357,143 quarterly including interest.
Revolving loan due December 31, 2015.

Aggregate annual maturities of long-term debt as of December 31, 2012 are:

2013	$ 1,237,816
2014	1,629,047
2015	1,774,413
2016	1,383,447
2017	4,897,058
Thereafter	-
	$ 10,921,781

(5) INCOME TAXES

The components of the provision for federal and state income taxes in the accompanying consolidated statements of income are as follows:

	2012	2011	2010
Taxes currently payable	$ 995,000	$ 238,000	$ 134,000
Deferred income taxes	235,000	2,000	(434,000)
Provision for (benefit from) income taxes	$ 1,230,000	$ 240,000	$ (300,000)

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense (benefit) is as follows:

	2012	2011	2010
Computed at statutory rate (34%; over $10 million-35%)	$ 1,491,000	$ 609,000	$ (25,000)
Increase (decrease) resulting from:			
State income taxes, net of federal tax benefit (expense)	195,000	(90,000)	(244,000)
Percentage depletion	(794,000)	(271,000)	(552,000)
Valuation allowance	438,000	15,000	-
Domestic production activities deduction	-	(28,000)	(26,000)
Adjustment for Medicare drug subsidy	-	-	685,000
Dividends received deduction	(17,000)	(40,000)	(43,000)
Other	(83,000)	45,000	(95,000)
Provision for (benefit from) income taxes	$ 1,230,000	$ 240,000	$ (300,000)

The tax effects of significant temporary differences relating to deferred taxes, net of valuation allowances, on the balance sheets were:

	2012	2011
Current:		
Allowance for doubtful accounts	$ 255,000	$ 265,000
Accrued vacation	495,000	485,000
Net current deferred tax assets	$ 750,000	$ 750,000
Noncurrent:		
Depreciation	$ (1,345,000)	$ (1,659,000)
Postretirement benefits	14,594,000	13,439,000
Pension liability	5,354,000	5,517,000
Unrealized holding gains	(6,600,000)	(2,608,000)
Tax carryforwards	978,000	1,435,000
Alternative minimum tax credit	352,000	470,000
Impairment on investments	719,000	941,000
Other, net	912,458	881,410
Net long-term deferred tax assets*	$ 14,964,458	$ 18,416,410

*Net of valuation allowances of $2,052,000 and $1,415,000 for 2012 and 2011, respectively.

Some of the Company's subsidiaries file separate state income tax returns resulting in net operating loss carryforwards. In addition, some subsidiaries separately filed federal income tax returns in prior years which also resulted in net operating loss carryforwards. The provision (benefit) for income taxes and income tax liabilities recorded in the financial statements include those separate calculations. The deferred taxes resulting from these and other tax carryforwards are included in the above table net of valuation allowances. The valuation allowance has been used to reduce the tax benefit associated with the tax carryforwards. The following table presents the expiration dates of the Company's carryforwards, net of valuation allowances, for tax purposes as of December 31, 2012:

Expiration Date	Tax Carryforwards
2015	$ 11,000
2016	50,000
2023	137,000
2024	263,000
2025	214,000
2026	131,000
2027	18,000
2028	40,000
2029	114,000
	$ 978,000

The Company uses a recognition threshold of "more likely than not" that a tax position would be sustained upon examination before any part of the benefit of that position is recognized in the Company's financial statements.

The Company or one of its subsidiaries files income tax returns in the U.S. Federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal income tax examinations for years before 2010 or state income tax examinations for years before 2009. The Company believes it is not subject to any significant tax risk. The Company does not have any accrued interest or penalties associated with any unrecognized tax benefits, nor were any significant interest expenses recognized during the years ended December 31, 2012, 2011 and 2010.

(6) PENSION AND OTHER POSTRETIREMENT BENEFITS

Postretirement Benefits

Monarch provides certain postretirement health care and life insurance benefits to all retired employees in the Cement Business who, as of their retirement date, meet the eligibility requirements. These benefits are self-insured by Monarch and are paid out of Monarch's general assets. Monarch expects 2013 cash expenditures for this plan to be approximately $1,630,000 which is equal to the net expected benefit payments for the year.

Monarch uses a December 31 measurement date for the plans. At December 31, 2012 and 2011, the current portion of the accrued benefit cost of approximately $1,630,000 and $1,600,000, respectively, is recorded in compensation and benefits. Information about the plans' funded status and postretirement cost follows:

	2012	2011
Change in benefit obligation:		
Beginning of year	$ 34,927,243	$ 36,557,978
Service cost	693,729	614,264
Interest cost	1,720,183	1,744,912
Actuarial (gain)/loss	1,658,462	(2,869,661)
Benefits paid*	(1,106,625)	(1,120,250)
Benefit obligation at end of year	$ 37,892,992	$ 34,927,243
Change in fair value of plan assets:		
Beginning of year	$ -	$ -
Employer contributions*	1,106,625	1,120,250
Benefits paid*	(1,106,625)	(1,120,250)
Fair value of plan asset at end of year	$ -	$ -
Weighted Average Assumptions used to determine benefit obligations:		
Discount rate	4.50%	5.00%
Trend rate	8% for fiscal 2012 decreasing 1%/yr to 5%	9% for fiscal 2011 decreasing 1%/yr to 5%
Funded status = year-end benefit liability	$ (37,892,992)	$ (34,927,243)

*Amounts are net of retiree prescription drug subsidy received during the fiscal year.

Accrued Postretirement Benefits represents the accumulated difference between actual contributions and actual expenses from past years. It is updated from the prior year as follows:

	2012	2011
A. Accrued postretirement benefits at beginning of year	$ (23,429,049)	$ (21,560,001)
B. Net periodic postretirement benefit cost	3,133,413	2,989,298
C. Employer contributions	1,167,785	1,186,222
D. Retiree drug subsidy	61,160	65,972
E. Accrued postretirement benefits at end of year (A) - (B) + (C) - (D)	$ (25,455,837)	$ (23,429,049)

Following are the components of net periodic benefit cost:

	2012	2011	2010
Components of net periodic benefit cost:			
Service cost	$ 693,729	$ 614,264	$ 545,569
Interest cost	1,720,183	1,744,912	1,868,486
Amortization of prior service cost	(50,752)	(50,752)	(50,752)
Unrecognized net loss	770,253	680,874	771,660
Net periodic benefit cost	$ 3,133,413	$ 2,989,298	$ 3,134,963

	2012	2011	2010
Weighted Average Assumptions used to determine net periodic postretirement benefit cost:			
Discount rate	5.00%	5.50%	6.00%
Trend rate	8% for fiscal 2012 decreasing 1%/yr to 5%	9% for fiscal 2011 decreasing 1%/yr to 5%	9% for fiscal 2010 decreasing 1%/yr to 5%

Amounts recognized in the balance sheets consist of:

	2012	2011
Current liability	$ (1,630,000)	$ (1,600,000)
Noncurrent liability	(36,262,992)	(33,327,243)
Net amount recognized	$ (37,892,992)	$ (34,927,243)

Amounts recognized in accumulated other comprehensive income consist of:

	2012	2011
Net actuarial loss	$ 12,553,882	$ 11,665,673
Prior service credit	(116,727)	(167,479)
	$ 12,437,155	$ 11,498,194

Other changes in benefit obligations recognized in other comprehensive income:

	2012	2011	2010
Current year actuarial (gain)/loss	$ 1,658,462	$ (2,869,661)	$ 3,364,218
Amortization of actuarial loss	(770,253)	(680,874)	(771,660)
Amortization of prior service credit	50,752	50,752	50,752
Total recognized in other comprehensive income	$ 938,961	$ (3,499,783)	$ 2,643,310

Estimated amounts that will be amortized from accumulated other comprehensive income into net periodic postretirement benefit cost in 2013:

Actuarial loss	$ 865,723
Prior service credit	(50,752)
Total	$ 814,971

The amortization schedule for prior service costs is as follows:

Description	Date Established	Initial Amount	Initial Period	12/31/2012 Outstanding Balance	Annual Amortization
Lifetime Maximums	12/31/2009	$ (268,983)	5.3 years	$ (116,727)	$ (50,752)

ASC Topic 715 requires the disclosure of the impact on certain items of a percentage point increase and decrease in the medical trend rates. These amounts are illustrated as follows:

	1% Increase	1% Decrease
Interest cost and service cost for 2012		
Amount prior to change	$ 2,413,912	$ 2,413,912
Amount after 1 percentage point change	2,855,717	2,061,612
Increase (decrease)	441,805	(352,300)
Accumulated postretirement benefit obligation at December 31, 2012		
Amount prior to change	37,892,992	37,892,992
Amount after 1 percentage point change	43,406,649	32,592,525
Increase (decrease)	5,513,657	(5,300,467)

On December 8, 2003, the Medicare Prescription Drug Improvement Modernization Act of 2003 (the Act) was signed into law. The Act introduces a prescription drug benefit under Medicare Part D, as well as a federal subsidy of sponsors of retiree health care benefit plans that provide benefits at least actuarially equivalent to Medicare Part D. The Company has concluded that the benefits provided to most of our retirees are actuarially equivalent to Medicare Part D under the Act.

The accumulated postretirement benefit obligation as of December 31, 2012 is shown below:

Assuming Medicare Part D Subsidy receipts	$ 37,892,992
Assuming no Medicare Part D Subsidy receipts	40,234,367

Expected benefit payments and expenses (net of employee contributions), shown separately for the next five fiscal years, and in the aggregate for the subsequent five-year period are presented below:

December 31, 2013	$ 1,627,819
December 31, 2014	1,783,550
December 31, 2015	1,897,785
December 31, 2016	1,940,507
December 31, 2017	1,994,800
Five fiscal years ending December 31, 2022	10,529,561

Pension Plans

Monarch has noncontributory defined benefit pension plans covering substantially all employees in the Cement Business who meet the eligibility requirements. Monarch's funding policy is to contribute annually an amount within the minimum/maximum range of tax deductible contributions. Monarch expects to contribute approximately $2,470,000 to the plans in 2013.

Monarch uses a December 31 measurement date for the plans. Information about the Plans' funded status and pension cost follows:

Change in benefit obligation:	2012	2011
Benefit obligation at beginning of year	$ 39,759,449	$ 37,258,642
Service cost	799,030	751,666
Interest cost	1,976,494	2,020,706
Actuarial loss	2,403,021	1,605,833
Benefits paid	(1,917,482)	(1,877,398)
Benefit obligation at end of year	$ 43,020,512	$ 39,759,449

Change in plan assets:	2012	2011
Fair value of plan assets at beginning of year	$ 26,083,446	$ 24,535,569
Actual return on plan assets	2,139,059	243,568
Employer contributions	3,473,960	3,181,707
Benefits paid	(1,917,482)	(1,877,398)
Fair value of plan assets at end of year	$ 29,778,983	$ 26,083,446
Funded status, end of year:		
Fair value of plan assets	$ 29,778,983	$ 26,083,446
Benefit obligation	43,020,512	39,759,449
Funded status = pension liability, end of year	$ (13,241,529)	$ (13,676,003)

The actuarial formula used to calculate the projected benefit obligation takes into account future increases in pension contributions that would take place as the employee's salary increases. The accumulated benefit obligation uses an actuarial formula to calculate the projected benefit obligation which assumes that the employees cease to work for the Company at the time the estimation is made. The Plans' accumulated benefit obligation follows:

	2012	2011
Accumulated benefit obligation, end of year	$ 41,447,396	$ 38,228,400

Amounts recognized in the balance sheets consist of:

	2012	2011
Current liability	$ -	$ -
Noncurrent liability	(13,241,529)	(13,676,003)
Net amount recognized	$ (13,241,529)	$ (13,676,003)

Amounts recognized in accumulated other comprehensive income not yet recognized as components of net periodic benefit cost consist of:

	2012	2011
Net actuarial loss	$ 16,767,679	$ 15,657,138
Prior service cost	729,939	838,702
	$ 17,497,618	$ 16,495,840
Less: Deferred tax	7,000,000	6,600,000
Additional pension liability, net of deferred tax	$ 10,497,618	$ 9,895,840

Other changes in plan assets and benefit obligations recognized in other comprehensive income:

	2012	2011	2010
Current year actuarial loss	$ 2,345,135	$ 3,299,366	$ 1,732,397
Amortization of actuarial loss	(1,234,594)	(912,989)	(868,654)
Amortization of prior service cost	(108,763)	(109,978)	(109,978)
	$ 1,001,778	$ 2,276,399	$ 753,765
Less: Deferred tax	400,000	910,000	300,000
Minimum pension liability, net of deferred tax	$ 601,778	$ 1,366,399	$ 453,765

Estimated amounts that will be amortized from accumulated other comprehensive income into net periodic pension cost in 2013:

Actuarial loss	$ 1,380,000
Prior service cost	101,000
Total to be amortized	$ 1,481,000

The amortization schedule for prior service costs is as follows:

Description	Established Dec. 31 of:	Initial Amount	Initial Period	12/31/2012 Outstanding Balance	2012 Amortization Amount
Unrecognized Prior Service Cost	1996	$ 162,785	15.881 Years	$ -	$ 9,035
	1999	37,715	16.530 Years	8,049	2,282
	2001	409,804	15.745 Years	123,496	26,028
	2003	22,267	13.230 Years	7,120	1,683
	2007	876,119	13.410 Years	549,454	65,333
	2009	55,026	12.500 Years	41,820	4,402
				$ 729,939	$ 108,763

Cumulative employer contributions in excess of net periodic pension cost are as follows:

	2012	2011
A. Cumulative balance at beginning of year	$ 2,819,837	$ 1,496,368
B. Net periodic pension cost	2,037,708	1,858,238
C. Contributions	3,473,960	3,181,707
D. Cumulative balance at end of year (A) - (B) + (C)	$ 4,256,089	$ 2,819,837

The weighted average assumptions used to determine net pension cost and benefit obligations as of December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Benefit obligation:			
Discount rate	4.50%	5.00%	5.50%
Expected return on plan assets	8.00%	8.00%	8.00%
Rate of compensation increase (Staff plan only)	3.50%	3.50%	4.00%
Pension cost:			
Discount rate	5.00%	5.50%	6.00%
Expected return on plan assets	8.00%	8.00%	8.00%
Rate of compensation increase (Staff plan only)	3.50%	4.00%	4.50%

The following table presents the components of net periodic pension cost as of December 31, 2012, 2011 and 2010:

	2012	2011	2010
Service cost	$ 799,030	$ 751,666	$ 668,980
Interest cost	1,976,494	2,020,706	2,063,316
Expected return on plan assets	(2,081,173)	(1,937,101)	(1,725,336)
Amortization of prior service cost	108,763	109,978	109,978
Recognized net actuarial loss	1,234,594	912,989	868,654
Net periodic pension expense	$ 2,037,708	$ 1,858,238	$ 1,985,592

The Company has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets as well as current facts and circumstances.

Plan assets are held by a trustee bank. A fund manager has been retained to make investment decisions within guidelines specified by Monarch. The guidelines permit investment in both equities and fixed income securities including common stocks, corporate bonds and debentures and U.S. Government securities. An investment committee appointed by the Board also invests a portion of the funds in equity securities. Asset allocation is primarily based on a strategy to provide stable earnings through investing in

interest-generating or fixed income investments while still permitting the plan to recognize potentially higher returns through investment in equity securities. Focusing on balancing the risks and rewards of each broad asset class, the percentage of allocation between fixed income and equity investments for 2012 and 2011 are as follows:

Equities	60%
Fixed Income	40%

The pension investment guidelines strive for diversification of equity securities among the various market sectors and do not permit participation in higher risk investment strategies involving hedging activities and the use of derivative instruments.

The Plan allows a 5% fluctuation before assets are rebalanced. During periods of extreme market volatility, the fluctuation may exceed 5% before rebalancing is complete. At December 31, 2012 and 2011, plan assets by category were as follows:

	2012	2011
Equities	60%	59%
Debt Securities	28%	33%
Other	12%	8%

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Fair value prices for all securities in the pension plan portfolio are provided by our trustee bank which utilizes an internationally recognized independent pricing service. Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include equity securities which were priced at the market close. Level 2 assets have observable inputs other than Level 1 prices. We maintain documentation as to the methodology and summary of inputs used by the pricing service for the various types of securities, and note that the servicer maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. We do not have access to all of the individual specific assumptions and inputs used for each security. Based on our review of the methodology and summary of inputs used, we have concluded these assets are properly classified as Level 2 assets. The market inputs (Standard Inputs) that the pricing service may use for evaluations of securities include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. For certain security types, additional inputs may be used, or some of the Standard Inputs may not be applicable. Not all inputs listed are available for use in the evaluation process for each security evaluation on any given day. The pricing service also monitors market indicators, industry and economic events, which might trigger them to acquire further corroborating market data. The pricing service will discontinue evaluating a security if they do not have sufficient objectively verifiable information to continue to support a security's valuation. We do not hold any securities in which the evaluation was discontinued. Level 2 plan assets include fixed income securities such as corporate bonds, U.S. Government obligations and government issues. Plan assets are classified within Level 3 of the hierarchy when relevant observable inputs for a security are not available. The Plan was not invested in any Level 3 securities at December 31, 2012 or 2011.

We have established control procedures in which we independently assess the pricing obtained from the trustee bank which utilizes the pricing service. These internal processes include obtaining and reviewing available reports on controls at the trustee bank and pricing service, evaluating the prices for reasonableness

given market changes, investigating anomalies and confirming determinations through discussions with the trustee bank.

The fair value of Monarch's pension plan assets by asset category at December 31, 2012 and 2011 are as follows:

		Fair Value Measurements Using:		
2012	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 3,614,499	$ 3,614,499	$ -	$ -
Equity securities:				
Materials	1,886,542	1,886,542	-	-
Industrials	1,872,477	1,872,477	-	-
Telecommunication	610,250	610,250	-	-
Consumer discretion	2,111,021	2,111,021	-	-
Consumer staples	1,331,728	1,331,728	-	-
Energy	2,107,767	2,107,767	-	-
Financials	3,908,829	3,908,829	-	-
Healthcare	1,417,891	1,417,891	-	-
Information technology	1,078,180	1,078,180	-	-
Utilities	1,178,734	1,178,734	-	-
Miscellaneous	227,115	227,115	-	-
Fixed income securities:				
Corporate bonds	2,855,861	-	2,855,861	-
Foreign obligations	542,869	-	542,869	-
U.S. Government obligations	5,035,220	-	5,035,220	-
Total	$ 29,778,983	$ 21,345,033	$ 8,433,950	$ -

2011	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 2,178,779	$ 2,178,779	$ -	$ -
Equity securities:				
Materials	968,780	968,780	-	-
Industrials	1,337,053	1,337,053	-	-
Telecommunication	1,047,271	1,047,271	-	-
Consumer discretion	1,586,710	1,586,710	-	-
Consumer staples	1,243,017	1,243,017	-	-
Energy	2,193,419	2,193,419	-	-
Financials	2,531,761	2,531,761	-	-
Healthcare	2,291,527	2,291,527	-	-
Information technology	1,012,703	1,012,703	-	-
Utilities	1,230,939	1,230,939	-	-
Fixed income securities:				
Corporate bonds	2,018,801	-	2,018,801	-
Foreign obligations	349,143	-	349,143	-
U.S. Government obligations	6,093,543	-	6,093,543	-
Total	$ 26,083,446	$ 17,621,959	$ 8,461,487	$ -

The Plans' expected benefit payments as of December 31, 2012, shown separately for the next five fiscal years and in the aggregate for the subsequent five-year period, are presented below:

2013	$ 2,320,384
2014	2,361,828
2015	2,467,854
2016	2,650,762
2017	2,649,221
Five fiscal years ending December 31, 2022	14,202,296

The Company has defined contribution plans covering substantially all permanent employees of the Ready-Mixed Concrete Business. These plans allow the Company, at its discretion, to match the employee's contributions. For the 2012, 2011 and 2010 plan years, the Company matched 25% of the first 6% of the employee's compensation up to a maximum match of $2,500. The Company contributed $69,083, $64,533 and $61,361 to these plans for the years 2012, 2011 and 2010, respectively. The Company expects to contribute approximately $70,000 to these plans in 2013.

The Company contributes to multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

a) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c) If the Company chooses to stop participating in one of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in these plans for the annual period ended December 31, 2012, is outlined in the table below. The Company considers only one plan it contributes to under collective bargaining agreements to be significant. The "EIN/Pension Plan Number" column provides the plan's Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2012 and 2011 is for the plan's year-end at December 31, 2011 and 2010, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective bargaining agreements to which the plan is subject. There have been no significant changes that affect the comparability of 2012, 2011 and 2010 contributions.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2012	Pension Protection Act Zone Status 2011	FIP/RP Status Pending/ Implemented	Contributions by Company 2012	Contributions by Company 2011	Contributions by Company 2010	Sur-charge Imposed	Expiration Date of Collective Bargaining Agreement
Central States, Southeast & Southwest Areas Pension Plan	36-6044243/001	Red	Red	Yes	$ 261,694	$ 222,748	$ 241,585	Yes	3/31/2015 & 4/30/2014 (a)
Other funds					37,382	30,656	34,018		
				Total contributions:	$ 299,076	$ 253,404	$ 275,603		

(a) The Company is party to two collective bargaining agreements that require contributions to Central States, Southeast & Southwest Areas Pension Plan. In 2012, 35% of the Company's contributions were required by a collective bargaining agreement that expires 3/31/2015 and 65% were required by an agreement that expires 4/30/2014.

The Company was not listed in any of its multiemployer plans' Forms 5500 as providing more than 5% of the total contributions. Forms 5500 were not available for the plan years ending in 2012.

(7) SIGNIFICANT ESTIMATES AND CERTAIN CONCENTRATIONS

Twenty eight percent (28%) of the Company's employees are covered by various collective bargaining agreements. Approximately 57% of those union employees (16% of our total employees) are covered by a contract that expires in 2013. The Company believes it has a good working relationship with its employees and has been successful in negotiating multi-year union contracts without work stoppages.

The Company has a noncontributory defined benefit pension plan and a postretirement health care plan that provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to services rendered prior to the valuation date based on the Entry Age Actuarial Cost Method and the Projected Unit Credit Actuarial Cost Method, respectively. It is reasonably possible that events could occur that would change the estimated amount of these liabilities materially in the near term.

The current protracted economic decline continues to present companies with challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in the volume of business, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Company.

Current economic and financial market conditions could adversely affect our results of operations in future periods. The current instability in the financial markets may make it difficult for certain of our customers to obtain financing, which may significantly impact the volume of future sales and adversely impact the Company's future operating results.

Our Ready-Mixed Concrete Business includes precast concrete construction which involves short-term and long-term contracts. Revenues for these contracts are recognized on the percentage-of-completion method based on the ratio of contract costs incurred to date to total estimated costs. Full provision is made for any anticipated losses. However, because of the inherent uncertainties in estimating costs and revenues, it is at least reasonably possible that the estimates used could change in the near term.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values (including defined benefit pension plan investments), allowances for accounts, net

realizable value of inventory and realization of deferred tax assets that could negatively impact the Company's ability to meet debt covenants or maintain sufficient liquidity.

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

The Company invests in various equity securities which are exposed to market risks. Due to the level of risk associated with certain equity securities, it is at least reasonably possible that changes in the values of equity securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheet.

At the annual meeting to be held on April 10, 2013, shareholders will be voting on a proposed amendment to our Articles of Incorporation to provide for the Company's perpetual term of existence. If the proposal is not approved, our corporate existence will cease by operation of law on July 28, 2013 and our Company would be dissolved and liquidated. If the proposal is approved, the Company's existence would be extended in perpetuity beyond July 28, 2013 and the rights of our Company shareholders after that date would be unchanged from what they are immediately prior to that date. The Company believes it is extremely likely that shareholders will approve the proposed amendment.

(8) STOCKHOLDERS' EQUITY

Capital Stock and Class B Capital Stock have the same rights except as follows: Class B Capital Stock has voting rights of ten votes per share and restricted transferability; Class B Capital Stock is convertible at all times into Capital Stock on a share-for-share basis; and Capital Stock has one vote per share and is freely transferable.

(9) LINES OF BUSINESS

The Company groups its operations into two lines of business - Cement Business and Ready-Mixed Concrete Business. The Company's business lines are separate business units that offer different products. The accounting policies for each line are the same as those described in the summary of significant accounting policies. Corporate assets include cash and cash equivalents, deferred income taxes, investments and other assets for 2012, 2011 and 2010. Corporate assets also include refundable federal and state income taxes for 2012 and 2011.

Following is information for each line for the years ended December 31, 2012, 2011 and 2010:

	Cement Business	Ready-Mixed Concrete Business	Adjustments and Eliminations	Consolidated
For the Year Ended December 31, 2012				
Sales to unaffiliated customers	$53,616,941	$ 98,157,043	$ -	$151,773,984
Intersegment sales	20,027,870	4,563	(20,032,433)	-
Total net sales	$73,644,811	$ 98,161,606	$(20,032,433)	$151,773,984
Income (loss) from operations	$10,243,708	$ (9,941,357)		$ 302,351
Other income, net				4,083,366
Income before income taxes				$ 4,385,717
Identifiable assets at December 31, 2012	$88,491,938	$ 45,335,459		$133,827,397
Corporate assets				47,460,748
Total assets at December 31, 2012				$181,288,145
For the Year Ended December 31, 2011				
Sales to unaffiliated customers	$46,801,814	$ 75,263,070	$ -	$122,064,884
Intersegment sales	15,342,831	42,383	(15,385,214)	-
Total net sales	$62,144,645	$ 75,305,453	$(15,385,214)	$122,064,884
Income (loss) from operations	$ 1,502,909	$ (4,478,723)		$ (2,975,814)
Other income, net				4,768,122
Income before income taxes				$ 1,792,308
Identifiable assets at December 31, 2011	$84,843,017	$ 46,340,254		$131,183,271
Corporate assets				42,471,539
Total assets at December 31, 2011				$173,654,810
For the Year Ended December 31, 2010				
Sales to unaffiliated customers	$49,436,170	$ 71,748,664	$ -	$121,184,834
Intersegment sales	14,846,799	14,667	(14,861,466)	-
Total net sales	$64,282,969	$ 71,763,331	$(14,861,466)	$121,184,834
Income (loss) from operations	$ 6,147,514	$ (6,005,382)		$ 142,132
Other expense, net				(218,210)
Loss before income taxes				$ (76,078)
Identifiable assets at December 31, 2010	$89,992,392	$ 37,106,313		$127,098,705
Corporate assets				47,000,123
Total assets at December 31, 2010				$174,098,828

Total sales by line of business before adjustments and eliminations include both sales to unaffiliated customers (as reported in the Company's consolidated statements of income, comprehensive income and stockholders' equity) and intersegment sales. Intersegment sales are accounted for by the same method as sales to unaffiliated customers.

Income from operations is total net sales less operating expenses. In computing income from operations, none of the following items have been added or deducted: general corporate income and expenses; interest expense; and income taxes. Depreciation and depletion for the Cement Business and Ready-Mixed Concrete Business, respectively, was approximately: $7,160,000 and $4,560,000 in 2012; $7,150,000 and $4,250,000 in 2011; and $7,400,000 and $3,900,000 in 2010. Capital expenditures for the Cement Business and Ready-Mixed Concrete Business, respectively, were: $6,005,443 and $2,203,112 in 2012; $4,162,430 and $3,820,728 in 2011; and $2,549,023 and $2,920,830 in 2010. Identifiable assets by line of business are those assets that are used in the Company's operations in each industry.

During 2012, 2011 and 2010, there were no sales to any one customer in excess of 10% of consolidated net sales.

(10) QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

2012	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$ 27,998,094	$ 41,165,502	$ 42,261,929	$ 40,348,459
Gross profit from operations	509,968	8,464,391	3,621,328	4,035,931
Income (loss) from operations	(3,524,458)	4,567,050	(472,598)	(267,643)
Net income (loss)	(2,239,335)	3,336,857	2,260,374	(202,179)
Basic earnings (loss) per share	$(0.56)	$0.83	$0.56	$(0.04)
2011				
Net sales	$ 17,410,715	$ 31,384,137	$ 38,565,133	$ 34,704,899
Gross profit (loss) from operations	(3,653,415)	4,155,964	5,859,620	6,740,135
Income (loss) from operations	(7,484,719)	132,568	1,994,572	2,381,765
Net income (loss)	(4,065,777)	2,675,264	1,068,656	1,874,165
Basic earnings (loss) per share	$(1.01)	$0.66	$0.26	$0.47
Loss on impairment of equity investments	$ -	$ -	$ (415,287)	$ -

The loss from operations during the fourth quarter of 2012 is primarily the result of the construction activities in the Ready-Mix Concrete Business. In 2012 we significantly increased the number of construction contracts we were awarded and found it necessary to increase our workforce in addition to contracting out work we intended to perform in house in an attempt to meet construction deadlines. These factors resulted in cost overruns and losses on these contracts which have been fully recognized based on our current estimated costs to complete. As a result of the change in estimate in construction contracts, a loss of $4.9 million was recorded during the fourth quarter of 2012. The losses were primarily related to three contracts, one which was virtually completed and two which were approximately three-fourths completed by December 31, 2012.

(11) OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income (loss) included in the balance sheet at December 31 is as follows:

	2011	Change	2012
Unrealized appreciation on available-for-sale securities	$ 3,912,000	$ 5,988,000	$ 9,900,000
Pension liability adjustment	(9,895,840)	(601,778)	(10,497,618)
Postretirement liability adjustment	(6,213,194)	(563,961)	(6,777,155)
	$(12,197,034)	$ 4,822,261	$ (7,374,773)

	2010	Change	2011
Unrealized appreciation on available-for-sale securities	$ 6,168,000	$ (2,256,000)	$ 3,912,000
Pension liability adjustment	(8,529,441)	(1,366,399)	(9,895,840)
Postretirement liability adjustment	(8,312,977)	2,099,783	(6,213,194)
	$(10,674,418)	$ (1,522,616)	$(12,197,034)

(12) FUTURE CHANGE IN ACCOUNTING PRINCIPLES

In February 2013, the FASB issued ASU No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The amendments require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The amendments are effective prospectively for reporting periods beginning after December 15, 2012. Early adoption is permitted. This guidance will become effective for the Company beginning January 1, 2013 and is not anticipated to have a material impact on our disclosures or our consolidated financial statements.

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AUDITORS
BKD, LLP
Kansas City, Missouri

ANNUAL MEETING
The annual meeting of the stockholders of The Monarch Cement Company is held the second Wednesday in April of each year at the Company's corporate offices.

TRANSFER AGENT AND REGISTRAR
The Monarch Cement Company
P.O. Box 1000
Humboldt, KS 66748-0900
shareholder.relations@monarchcement.com

STOCK TRADING INFORMATION
Trading Symbol: MCEM
Over-the-Counter Market

INVESTOR RELATIONS
Inquiries may be directed to Debra P. Roe, Chief Financial Officer and Assistant Secretary-Treasurer, at the corporate address shown above.

FORM 10-K
The Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is available upon request by writing to Debra P. Roe at the corporate address shown above. The Form 10-K, without exhibits, will be provided at no charge, and also is available on the Company's website, http://www.monarchcement.com.

The Company's financial information is also available from the SEC at their EDGAR internet address, http://www.sec.gov.

ETHICS POLICY
The Company's ethics policy is available on the About Us link of the Company's website, **http://www.monarchcement.com**.

DIRECTORS

Jack R. Callahan
Retired President, The Monarch Cement Company

Ronald E. Callaway
Retired feed yard manager

David L. Deffner
Director of Music, Davis Community Church

Robert M. Kissick
Chairman, Hydraulic Power Systems, Inc.

Gayle C. McMillen
Adjunct Professor, Kansas Wesleyan University

Byron J. Radcliff
Rancher

Byron K. Radcliff
Owner/Manager, Radcliff Ranch

Steve W. Sloan
President and CEO of Midwest Minerals, Inc.

Michael R. Wachter
Vice President, Civil Engineer and Director of Operations, Concrete Technology Corp.

Walter H. Wulf, Jr.
President and Chairman of the Board

Walter H. Wulf, III
District Sales Manager, General Motors Corporation

OFFICERS

Walter H. Wulf, Jr.
President and Chairman of the Board

*Byron K. Radcliff
Vice Chairman of the Board, Secretary and Treasurer

*Robert M. Kissick
Vice President

Rick E. Rush
Vice President

Debra P. Roe
Chief Financial Officer and
Assistant Secretary-Treasurer

Lisa J. Fontaine
Assistant Secretary

Harvey D. Buckley
Vice President - Cement Manufacturing

N. Joan Perez
Vice President - Sales

*Not actively involved in the daily affairs of the Company

THE MONARCH CEMENT COMPANY
P.O. Box 1000
Humboldt, KS 66748-0900

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiaries	State of Incorporation	Names Under Which They do Business
Beaver Lake Concrete, Inc.	Arkansas	Beaver Lake Concrete, Inc.
Capitol Concrete Products Co., Inc.	Kansas	Capitol Concrete Products Co., Inc.
City Wide Construction Products Co.	Missouri	City Wide Construction Products Co.
Concrete Enterprises, Inc.	Kansas	Concrete Enterprises, Inc.
		Concrete Enterprises South
Concrete Materials, Inc.	Kansas	Concrete Materials, Inc.
Dodge City Concrete, Inc.	Kansas	Dodge City Concrete, Inc.
		Concrete Industries
Joplin Concrete Company, Inc.	Missouri	Joplin Concrete Company, Inc.
Kay Concrete Materials Co.	Missouri	Kay Concrete Materials Co.
Kansas Sand and Concrete, Inc.	Kansas	Kansas Sand and Concrete, Inc.
Monarch Cement of Iowa, Inc.	Iowa	Monarch Cement of Iowa, Inc.
Salina Concrete Products, Inc.	Kansas	Kansas Building Products
		Salina Concrete Products, Inc.
Springfield Ready Mix Co.	Missouri	Springfield Ready Mix Co.
Tulsa Dynaspan, Inc.	Oklahoma	Arrow Concrete Company
		Tulsa Dynaspan, Inc.

Exhibit 31.1

THE MONARCH CEMENT COMPANY
SECTION 13a-14(a)/15d-14(a) CERTIFICATIONS

I, Walter H. Wulf, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K of The Monarch Cement Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2013

/s/ Walter H. Wulf, Jr.
Walter H. Wulf, Jr.
President and Chairman of the Board
(principal executive officer)

Exhibit 31.2

THE MONARCH CEMENT COMPANY
SECTION 13a-14(a)/15d-14(a) CERTIFICATIONS

I, Debra P. Roe., certify that:

1. I have reviewed this Annual Report on Form 10-K of The Monarch Cement Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2013

/s/ Debra P. Roe
Debra P. Roe, CPA
Chief Financial Officer and
Assistant Secretary-Treasurer
(principal financial officer and
principal accounting officer)

Exhibit 32.1

THE MONARCH CEMENT COMPANY
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of The Monarch Cement Company (the "Company") on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to The Monarch Cement Company and will be retained by The Monarch Cement Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: March 15, 2013

/s/ Walter H. Wulf, Jr.
Walter H. Wulf, Jr.
President and
Chairman of the Board
(principal executive officer)

Exhibit 32.2

THE MONARCH CEMENT COMPANY
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of The Monarch Cement Company (the "Company") on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to The Monarch Cement Company and will be retained by The Monarch Cement Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: March 15, 2013

/s/ Debra P. Roe
Debra P. Roe, CPA
Chief Financial Officer and
Assistant Secretary-Treasurer
(principal financial officer and
principal accounting officer)

Exhibit 95

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

MINE SAFETY DISCLOSURES

The following disclosures are provided pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and under the Securities and Exchange Commission's Item 104 of Regulation S-K, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). The operations of The Monarch Cement Company and two of its subsidiaries (herein referred to as the "Company") are subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Mine Act.

Whenever the MSHA believes that a violation of the Mine Act, any health or safety standard, or any regulation has occurred, it may issue a citation or order which describes the violation and fixes a time within which the operator must abate the violation. In some situations, such as when the MSHA believes that conditions pose a hazard to miners, MSHA may issue an order requiring cessation of operations, or removal of miners from the area of the mine, affected by the condition until the hazards are corrected. Whenever MSHA issues a citation or order, it has authority to propose a civil penalty or fine, as a result of the violation, that the operator is ordered to pay.

The table that follows reflects citations, orders, violations and proposed assessments issued to the Company by MSHA during the year ended December 31, 2012 for each of the three mines subject to the Mine Act that are operated by the Company and all pending legal actions as of December 31, 2012. Due to timing and other factors, the data may not agree with the mine data retrieval system maintained by MSHA at www.MSHA.gov.

	For the year ended December 31, 2012		
Mine or operating name (MSHA ID)	The Monarch Cement Company (1400124)	Valencia Sand Pit #1 (1400503)	Pratt Sand (1401712)
Total number of significant and substantial violations under Mine Act §104	3	0	0
Total number of orders under Mine Act §104(b)	0	0	0
Total number of unwarrantable compliance failure citations and orders under Mine Act §104(d)	0	0	0
Total number of flagrant violations under Mine Act §110(b)(2)	0	0	0
Total number of imminent danger orders under Mine Act §107(a)	0	0	0
Total dollar value of MSHA assessments proposed	$4,995	$-0-	$100
Total number of mining related fatalities	0	0	0
Received notice of Pattern of Violations under §104(e) (yes/no)?	no	no	no
Received notice of Potential to Have Pattern under §104(e) (yes/no)?	no	no	no
Number of legal actions pending as of last day of period	2	0	0
Number of legal actions initiated during period	2	0	0
Number of legal actions resolved during period	6	0	0

Citations and orders can be contested before the Federal Mine Safety and Health Review Commission (the "Commission"), and as part of that process, are often reduced in severity and amount, and are sometimes dismissed. The Commission is an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Mine Act. These cases may involve, among other questions, challenges by operators to citations, orders and penalties they have received from MSHA. The Company's 2 legal actions pending as of December 31, 2012 were contests of citations or orders issued under section 104 of the Mine Act.