

**TITAN AMERICA LLC  
AND SUBSIDIARIES**

**Report of Independent Accountants**

To the Member of Titan America LLC:

We have reviewed the accompanying consolidated balance sheets of Titan America LLC (a wholly-owned subsidiary of Titan Atlantic Cement Industrial and Commercial S.A.) and its subsidiaries (the "Company") as of June 30, 2004 and 2003, and the related consolidated statements of income, of member's equity, and of cash flows for each of the six-month periods ended June 30, 2004 and 2003. These consolidated interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2004, and the related consolidated statements of income, of member's equity, and of cash flows for the year then ended (not presented herein), and in our report dated February 27, 2004, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2004, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board. The supplemental information on pages 34-40 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements, and based on these procedures we did not become aware of any material modifications that should be made to such information.

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**CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2004 AND 2003**

		<u>December 31, 2004</u>	<u>December 31, 2003</u> <b>Restated</b> <b>(see Note 1)</b>
Noncurrent assets:			
Property, plant, equipment and mineral deposits, net	Note 7	\$ 709,931,278	\$ 624,728,941
Non-appropriated funds	Note 15	-	525,965
Affiliate advance receivable	Note 19	2,664,000	346,937
Deferred stripping, net	Note 10	3,433,710	3,053,312
Goodwill, net	Note 8	17,949,570	18,964,667
Identifiable intangible assets, net	Note 9	8,795,834	10,245,834
Other assets	Notes 12, 18	199,598	151,387
<b>Total noncurrent assets</b>		<u>742,973,990</u>	<u>658,017,043</u>
Current assets:			
Inventories, net	Note 4	57,192,817	43,059,808
Trade receivables, net	Notes 2, 3	68,120,373	60,207,777
Affiliate advance receivable	Note 19	7,010,132	-
Other receivables, net	Notes 2, 5	2,168,098	1,253,733
Income taxes receivable		39,822	1,667,488
Prepaid expenses and other current assets	Note 6	4,693,401	3,866,496
Cash and cash equivalents	Note 2	66,913	56,982
<b>Total current assets</b>		<u>139,291,556</u>	<u>110,112,284</u>
<b>Total assets</b>		<u>\$ 882,265,546</u>	<u>\$ 768,129,327</u>
Member's equity:			
Capital contributions		\$ 239,750,834	\$ 199,897,771
Retained earnings, beginning of period		65,776,586	64,571,916
Current period net income		33,634,817	18,935,068
<b>Total member's equity</b>		<u>339,162,237</u>	<u>283,404,755</u>
Noncurrent liabilities:			
Long-term debt, including obligations under capital leases, less current obligations	Notes 2, 15, 16	358,966,334	295,922,315
Provisions	Notes 14	9,325,739	9,389,596
Retirement benefit obligations	Note 18	5,969,589	5,616,171
Deferred income, less current portion		3,621,666	455,076
Deferred and other noncurrent income tax liabilities, net	Note 11	105,055,344	97,971,819
<b>Total noncurrent liabilities</b>		<u>482,938,672</u>	<u>409,354,977</u>
Current liabilities:			
Accounts payable	Note 2	31,337,630	37,308,881
Accounts payable, affiliates	Notes 2, 19	1,313,207	1,818,331
Book overdraft		5,276,239	4,275,159
Accrued expenses	Note 13	21,136,371	17,630,896
Short-term borrowings	Notes 2, 15	-	11,640,748
Current portion of long-term debt, including obligations under capital leases	Notes 2, 15, 16	698,523	2,545,580
Current portion of deferred income		402,667	150,000
<b>Total current liabilities</b>		<u>60,164,637</u>	<u>75,369,595</u>
<b>Total liabilities</b>		<u>543,103,309</u>	<u>484,724,572</u>
<b>Total liabilities and member's equity</b>		<u>\$ 882,265,546</u>	<u>\$ 768,129,327</u>

*The accompanying notes are an integral part of the consolidated financial statements.*

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**CONSOLIDATED STATEMENTS OF INCOME  
YEARS ENDED DECEMBER 31, 2004 AND 2003**

		<u>2004</u>	<u>2003</u> <b>Restated</b> <b>(see Note 1)</b>
Net sales	Note 23	\$ 517,789,290	\$ 462,534,620
Freight revenues		<u>26,881,404</u>	<u>23,644,542</u>
Total sales		<u>544,670,694</u>	<u>486,179,162</u>
Cost of goods sold, excluding freight and distribution expenses	Note 24	388,963,340	352,981,055
Freight expense		26,881,404	23,644,542
Distribution expense	Note 25	<u>26,152,230</u>	<u>25,397,821</u>
Cost of goods sold		<u>441,996,974</u>	<u>402,023,418</u>
<b>Gross profit</b>		<u>102,673,720</u>	<u>84,155,744</u>
Selling expense	Note 26	11,768,093	10,932,291
General and administrative expense	Note 27	37,692,966	36,853,559
Other operating, net		<u>(704,776)</u>	<u>-</u>
<b>Operating income</b>		<u>53,917,437</u>	<u>36,369,894</u>
Interest income		397,301	486,643
Interest expense		(13,749,178)	(9,299,933)
Other, net	Note 28	<u>827,024</u>	<u>553,853</u>
<b>Income before income taxes</b>		<u>41,392,584</u>	<u>28,110,457</u>
State income tax expense	Note 11	1,036,450	2,296,379
Federal income tax expense	Note 11	<u>6,721,317</u>	<u>6,879,010</u>
<b>Net income</b>		<u>\$ 33,634,817</u>	<u>\$ 18,935,068</u>

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**CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u> Restated (see Note 1)
Cash flows from operating activities:		
Income before income taxes	\$ 41,392,584	\$ 28,110,457
Adjustments for:		
Depreciation, depletion and amortization	44,828,665	38,201,097
Loss on disposal of assets	487,926	550,967
Interest expense	13,749,178	9,299,933
Interest income	(397,301)	(486,643)
Change in net operating assets	(12,637,794)	(12,398,714)
Other operating activities	(71,335)	-
Cash generated from operations before interest and income taxes	<u>87,351,923</u>	<u>63,277,097</u>
Interest paid	(15,745,905)	(14,407,736)
Income taxes received/(paid), net	1,024,759	(3,085,134)
Interest received	178,922	81,565
<b>Net cash provided by operating activities</b>	<u>72,809,699</u>	<u>45,865,792</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment, exclusive of capitalized interest	(129,814,793)	(174,271,098)
Acquisition of business, net of cash acquired	(5,248,500)	(953,850)
Expenditures on deferred stripping	(1,558,434)	(1,366,995)
Decrease in non-appropriated funds	525,965	6,675,535
Proceeds from the sale of assets	585,208	617,697
<b>Net cash used by investing activities</b>	<u>(135,510,554)</u>	<u>(169,298,711)</u>
Cash flows from financing activities:		
Principal payments on capital lease obligations	(14,536,380)	(2,426,396)
Borrowing under capital leases	5,676,300	3,768,050
Net (payments)/borrowings under lines of credit	(127,640,748)	112,640,748
Borrowing under long-term debt	187,000,000	-
Principal payments on short-term debt	(3,728)	(23,729)
Offering costs associated with borrowings under long-term debt	(1,076,084)	(25,894)
Decrease in book overdraft	1,001,080	162,905
Net advances (to)/from affiliates	(9,832,319)	1,691,865
Dividends paid to member	(17,730,398)	(60,000)
Contributions by member	39,853,063	7,500,000
<b>Net cash provided by financing activities</b>	<u>62,710,786</u>	<u>123,227,549</u>
Net increase/(decrease) in cash and cash equivalents	9,931	(205,370)
Cash and cash equivalents at:		
Beginning of period	56,982	262,352
End of period	<u>\$ 66,913</u>	<u>\$ 56,982</u>

(Continued)

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**NOTE EXPLANATIONS (UNAUDITED)**

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**CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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	<u>2004</u>	<u>2003</u>
		Restated (see Note 1)
Changes in net operating assets:		
Inventories, net	\$ (14,133,009)	\$ 2,534,950
Trade receivables, net	(7,912,596)	(11,828,161)
Other receivables, net	(914,365)	261,033
Prepaid expenses and other current assets	(826,905)	61,952
Other assets	(48,211)	(25,687)
Accounts payable	6,067,940	463,312
Accrued expenses	1,502,572	(1,561,268)
Provisions	207,523	(2,095,283)
Deferred income	3,419,257	(209,562)
Change in net operating assets	<u>\$ (12,637,794)</u>	<u>\$ (12,398,714)</u>