TITAN AMERICA LLC AND SUBSIDIARIES

Consolidated Financial Statements
(International Financial Reporting Standards Basis)
December 31, 2007 and 2006
(All Amounts in U.S. Dollars)

CONTENTS

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Report of Independent Auditors

To the Member of Titan America LLC

We have audited the accompanying consolidated balance sheets of Titan America LLC as of December 31, 2007 and 2006, and the related consolidated statements of income, member's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Titan America LLC at December 31, 2007 and 2006, and the consolidated results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards.

Ernst & Young LLP

March 28, 2008

TITAN AMERICA LLC
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2007 AND 2006

		December 31, 2007	December 31, 2006
Noncurrent assets:			
Property, plant, equipment and mineral deposits, net	Note 7	$ 1,052,151,509	$ 852,509,699
Goodwill, net	Note 8	221,636,991	66,813,673
Identifiable intangible assets, net	Note 9	97,894,192	28,183,294
Deferred stripping, net	Note 10	6,361,272	6,299,762
Related party receivables, less current portion	Note 19	666,000	1,332,000
Other assets	Note 12	5,461,561	7,488,928
Investment in associate		-	1,250,000
Total noncurrent assets		1,384,171,525	963,877,356
Current assets:			
Inventories	Note 4	120,100,192	108,460,439
Trade receivables, net	Notes 2, 3	87,272,975	88,684,887
Income taxes receivable		15,312,025	7,975,530
Other receivables, net	Notes 2, 5	2,757,225	5,007,211
Current portion of related party receivables	Note 19	1,385,308	1,595,995
Prepaid expenses and other current assets	Note 6	4,225,215	5,619,695
Cash and cash equivalents	Note 2	1,102,607	4,235,431
Total current assets		232,155,547	221,579,188
Total assets		$ 1,616,327,072	$ 1,185,456,544
Member's equity:			
Capital contributions		$ 243,102,690	$ 241,578,244
Retained earnings, before current period net income		262,002,893	167,159,351
Current period net income		18,937,921	94,843,542
Total member's equity		524,043,504	503,581,137
Noncurrent liabilities:			
Long-term debt, including obligations under capital leases, less current obligations	Notes 2, 15, 16	803,708,762	357,911,120
Deferred and other noncurrent income tax liabilities, net	Note 11	131,525,627	133,809,866
Provisions, less current portion	Note 14	6,850,890	6,767,056
Retirement benefit obligations	Note 18	6,847,946	7,585,025
Other noncurrent liabilities	Note 14	5,704,000	-
Deferred income, less current portion	Note 19	2,590,000	2,836,667
Total noncurrent liabilities		957,227,225	508,909,734
Current liabilities:			
Accounts payable	Note 2	37,839,443	41,931,938
Accounts payable, related parties	Notes 2, 19	2,444,876	320,184
Book overdraft		5,191,469	5,645,988
Accrued expenses	Note 13	28,260,043	24,206,829
Current portion of provisions	Note 14	3,855,648	4,504,730
Current portion of long-term debt, including obligations under capital leases	Notes 2, 15, 16	30,921,461	743,946
Short-term borrowings	Notes 2, 15	25,000,000	93,918,654
Current portion of deferred income	Note 19	1,543,403	1,693,404
Total current liabilities		135,056,343	172,965,673
Total liabilities		1,092,283,568	681,875,407
Total liabilities and member's equity		$ 1,616,327,072	$ 1,185,456,544

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

TITAN AMERICA LLC
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CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2007 AND 2006

		2007	2006
Net sales	Note 23	$ 787,368,410	$ 857,429,604
Freight revenues		25,959,908	38,593,306
Total sales		813,328,318	896,022,910
Cost of goods sold, excluding freight and distribution expenses	Note 24	620,444,809	598,894,683
Freight expense		25,959,908	38,593,306
Distribution expense	Note 25	26,969,924	29,677,158
Cost of goods sold		673,374,641	667,165,147
Gross profit		139,953,677	228,857,763
Selling expense	Note 26	18,117,933	15,128,490
General and administrative expense	Note 27	57,758,988	49,400,646
Other operating income, net	Note 28	(694,560)	(6,916,690)
Operating income		64,771,316	171,245,317
Interest income		737,274	691,056
Interest expense		(45,691,395)	(27,117,954)
Income before income taxes		19,817,195	144,818,419
State income tax expense	Note 11	625,086	7,316,678
Federal income tax expense	Note 11	254,188	42,658,199
Net income		$ 18,937,921	$ 94,843,542

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

TITAN AMERICA LLC
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CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY
YEARS ENDED DECEMBER 31, 2007 AND 2006

		Capital Contributions	Retained Earnings	Total Member's Equity
January 1, 2006		$ 240,363,192	$ 166,708,360	$ 407,071,552
Net income		-	94,843,542	94,843,542
Stock compensation expense	Note 19	1,127,191	-	1,127,191
Stock compensation excess tax benefit		87,861	450,991	538,852
December 31, 2006		$ 241,578,244	$ 262,002,893	$ 503,581,137
Net income		-	18,937,921	18,937,921
Stock compensation expense	Note 19	1,612,307	-	1,612,307
Stock compensation excess tax benefit		(87,861)	-	(87,861)
December 31, 2007		$ 243,102,690	$ 280,940,814	$ 524,043,504

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

TITAN AMERICA LLC
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CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006

		2007	2006
Cash flows from operating activities:			
Income before income taxes		$ 19,817,195	$ 144,818,419
Adjustments for:			
Depreciation, depletion and amortization	Notes 7,9,10	80,992,093	60,475,546
Deferred income	Note 19	(396,668)	1,155,070
Loss on disposal of assets	Note 7	733,809	1,655,198
Interest expense		45,691,395	27,117,954
Interest income		(737,274)	(691,056)
Stock option expense	Note 19	1,612,307	1,127,191
Change in net operating assets, net of acquisitions		8,375,236	(32,116,743)
Cash generated from operations before interest and income taxes		156,088,092	203,541,579
Income taxes paid, net		(33,233,587)	(65,278,822)
Net cash provided by operating activities		122,854,505	138,262,757
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired and contingent consideration	Note 22	(301,685,011)	(96,429,067)
Purchases of property, plant and equipment	Note 7	(183,987,703)	(113,951,048)
Expenditures on deferred stripping	Note 10	(1,678,941)	(4,431,848)
Investment in associate		-	(1,250,000)
Interest received		277,494	215,266
Net advances from related parties	Note 19	666,000	5,602,448
Proceeds from the sale of assets, net of disposition costs		1,551,159	(130,217)
Net cash used by investing activities		(484,857,002)	(210,374,466)
Cash flows from financing activities:			
Borrowings from affiliated party	Note 19	477,000,000	-
Borrowing under short-term debt		300,000,000	-
Principal payments on short-term debt		(300,000,000)	-
Increase/(decrease) in book overdraft		(454,519)	5,645,988
Offering costs associated with borrowings	Note 15, 19	(1,700,000)	-
Principal payments on capital lease obligations	Note 16	(1,581,166)	(706,721)
Interest paid		(45,388,001)	(26,725,260)
Net (payments)/borrowings under lines of credit	Note 15, 19	(69,006,641)	93,918,654
Net cash provided by/(used in) financing activities		358,869,673	72,132,661
Net increase (decrease) in cash and cash equivalents		(3,132,824)	20,952
Cash and cash equivalents at:			
Beginning of period		4,235,431	4,214,479
End of period		$ 1,102,607	$ 4,235,431

(Continued)

TITAN AMERICA LLC
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CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006

Changes in net operating assets (net of acquisitions):		
Inventories	$ (6,258,705)	$ (31,637,839)
Trade receivables, net	21,125,740	6,124,811
Other receivables, net	2,903,494	(3,122,883)
Prepaid expenses and other current assets	2,632,679	(1,762,514)
Other assets	2,228,523	(4,077,252)
Accounts payable	(13,403,359)	2,321,463
Accrued expenses	(1,100,202)	2,145,253
Provisions	(1,351,234)	1,305,394
Retirement benefit obligations	(737,079)	(130,163)
Operating related party activity	2,335,379	(3,283,013)
Change in net operating assets, net of acquisitions	$ 8,375,236	$ (32,116,743)

Non-cash transactions: The principal non-cash transactions are accrued purchases of property, plant and equipment, capitalized interest (see Note 7) and the recognition of accrued contingent considerations from business acquisitions (see Note14 and Note 22).

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

TITAN AMERICA LLC
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization, Nature of Business and Summary of Significant Accounting Policies

The consolidated financial statements for the years ended December 31, 2007 and 2006 were authorized for issue by the management of Titan America LLC on February 26, 2008.

Basis of Presentation: The consolidated financial statements are prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board ("IASB"), including International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee of the IASB, collectively "IFRS."

Organization and Nature of Business: Titan America LLC (the "Company"), a Delaware limited liability company, is wholly-owned by Titan Atlantic Cement Industrial and Commercial S.A. ("Titan Atlantic"), which is wholly-owned by Titan Cement Company S.A. ("Titan Cement"), both of which are Greek corporations. The Company primarily operates in the manufacture, distribution, and sale of cement, cement substitutes (including fly ash), construction aggregates, ready-mixed concrete, and concrete blocks to resellers and construction contractors in the Eastern region of the United States. The Company's principal offices are located in Norfolk, Virginia.

The Company's significant operating subsidiaries include Roanoke Cement Company LLC, Titan Virginia Ready-Mix LLC, Mechanicsville Concrete LLC ("Mechanicsville Concrete"), S&W Ready Mix Concrete Company LLC ("S&W"), Tarmac America LLC ("Tarmac"), Separation Technologies LLC ("ST") and Essex Cement Company LLC.

Related Party Activity: Related party activity is primarily comprised of an affiliated party borrowing facility and cement purchases from Titan Cement and its operating subsidiaries. The affiliated party borrowing facility with Titan Global Finance , PlC ("TGF"), was established in August 2007. The affiliated party borrowing facility bears interest at variable rates that are reset upon mutual agreement between the Company and TGF and is further described in Note 15. In 2004, the Company sold the international territory development rights for its patented ash separation technology to Iapetos Limited ("Iapetos"), a wholly-owned subsidiary of Titan Cement, and provided short-term funding to Separation Technologies Canada LTD ("STC"), a wholly-owned subsidiary of Iapetos. In 2006 and 2007, the Company sold ash separators and related spare parts and technical and administrative support services to STC and Separation Technologies UK LTD ("STUK"), a wholly-owned subsidiary of Titan Cement UK LTD, which is wholly-owned by Titan Cement. See Note 19.

A summary of the Company's significant accounting policies follows:

Limited Liability Company operating agreement, personal assets and liabilities: In accordance with the operating agreement of the Company, the member, Titan Atlantic, is not liable for the debts, liabilities, contracts, or any other obligations of the Company solely by reason of being a member of the Company. In addition, the member is not required to lend any funds to the Company.

Principles of Consolidation: The consolidated financial statements include the accounts of Titan America LLC and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Reclassification: Certain prior year amounts have been reclassified to conform to the current year presentation.

Critical Accounting Estimates and Judgments: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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. The principal estimates are related to provisions, retirement benefit obligations, goodwill, identifiable intangible assets, deferred and other noncurrent income taxes, and insurance accruals.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization, Nature of Business and Summary of Significant Accounting Policies (continued)

Provisions and retirement benefit obligations include estimates of discounted expected future cash outflows. The retirement benefit obligations include actuarial assumptions on medical costs increases and life expectancy, which could differ from actual experience.

The Company tests annually, in the fourth quarter, whether goodwill and identifiable intangible assets have suffered any impairment. The recoverable amounts of related cash generating units have been determined based on discounted cash flow calculations. These calculations require the use of estimates.

The Company's calculation of deferred and other noncurrent income taxes includes many transactions and calculations for which the ultimate tax determination is uncertain.

Insurance accruals include estimates of settlement or claims against the company based on loss development factors and estimates of incurred but not reported healthcare costs, which could differ from actual results.

Financial Risk Management: The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

- Credit risk: The Group has no significant concentrations of credit risk. See Note 21.
- Liquidity risk: Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available. See Note 15.
- Cash flow and fair value interest rate risk: As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's policy for long term borrowings will vary and is managed by Titan Cement's group treasury function. The following table demonstrates the sensitivity of the Company's profit before tax (through the impact of the outstanding floating rate borrowings at the end of he period on profits) to reasonable changes in interest rates, will all other variables held constant:

Year Ended	Interest Rate Variation	Effect on Profit before Tax	Interest Rate Variation	Effect on Profit before Tax
12/31/07	1.0%	$(5,313,500)	-1.0%	$5,313,500
12/31/06	1.0%	$(1,232,687)	-1.0%	$1,232,687

Cash and Cash Equivalents: The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of overnight repurchase agreements and a bank money market fund (investing primarily in obligations of U.S. banks, commercial paper and other high quality, short-term obligations of U.S. companies and securities of the U.S. Government).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization, Nature of Business and Summary of Significant Accounting Policies (continued)

The Company excludes outstanding checks in excess of funds on deposit with a bank from the reported amounts of cash and cash equivalents. When applicable, this net liability is classified as a book overdraft in the accompanying consolidated balance sheets.

Borrowings: The Company recognizes borrowings initially at fair value, net of transaction costs. Transaction costs are amortized on an interest to maturity basis over the term of the borrowings. Amortization is included in interest expense in the accompanying consolidated statements of income.

Inventories: Inventories are stated at the lower of cost or market (estimated net realizable value). Cost is determined as follows:

- Finished goods and work in process – Purchase cost or average production cost for the most recent 12 month period.
- Spare parts and raw materials – Moving average or standard cost method.
- Manufacturing supplies and other – Moving average method.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Trade Receivables: Trade receivables are recognized initially at fair value and subsequently at amortized cost, less a provision for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the related sale. The amount of the allowance is the difference between the receivable's carrying amount and the estimated future cash flows. Changes to the allowance are recognized as cost of goods sold in the accompanying consolidated statements of income.

Property, Plant, Equipment and Mineral Deposits: Property, plant, equipment and mineral deposits are stated at historical cost, less accumulated depreciation and depletion.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Amortization expense on assets under capital leases is included with depreciation expense on Company owned assets. Mineral deposits are depleted using the units-of-production method on the basis of the relationship of quantities mined to total estimated recoverable quantities.

Expenditures incurred to replace or overhaul a component of an item of property, plant and equipment are accounted for separately and, if the future economic benefits are probable and extend the useful life or increase capacity, the items are capitalized. Repair and maintenance expenditures are expensed as incurred.

The estimated useful lives (in years) for the major components of property, plant and equipment are:

	Cement	**Aggregates**	**Ready Mix**	**Block**	**Other**
Land improvements	15-30	15	15	15	15
Building and improvements	25	25	25	25	25
Machinery and equipment	15-30	10-15	10-15	15-30	5-15
Mobile equipment	10-25	10	8	8	8
Marine equipment	20	20	n/a	n/a	n/a
Auto and truck	8	8	8	8	8
Furniture and fixtures	3-5	3-5	3-5	3-5	3-5

Note 1. Organization, Nature of Business and Summary of Significant Accounting Policies (continued)

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. When assets are retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the accompanying consolidated statements of income.

Capitalized Interest: The Company has elected the allowed alternative treatment to capitalize interest costs for qualifying capital projects. The amount of capitalized interest is based on the Company's weighted average borrowing rate and the average outstanding capital spending for a project. The capitalized interest is recorded as part of the asset to which it relates and is depreciated over the asset's estimated useful life.

Goodwill: Goodwill related to acquisitions before April 1, 2004 is stated at acquisition value less accumulated amortization and accumulated impairment losses, if any. Goodwill related to acquisitions on or after March 31, 2004 is carried at cost less accumulated impairment losses, if any. The Company annually tests all goodwill at the appropriate cash-generating unit level for impairment in accordance with IAS No. 36, "Impairment of Assets." In accordance with IFRS No. 3, "Business Combinations," the Company ceased amortization of existing goodwill on January 1, 2005.

Identifiable Intangible Assets: Identifiable intangible assets are stated at acquisition value less accumulated amortization and accumulated impairment losses, if any, and are amortized over their expected period of benefit on a straight line basis. The Company annually reviews the methods of amortization and estimated useful lives of its identifiable intangible assets. Amortization of identifiable intangible assets is included in cost of goods sold in the accompanying consolidated statements of income. The Company acquired the use of Tradenames as part of its acquisition of S&W. These assets were recorded as indefinite-lived Intangible Assets, were measured at fair value at the date of acquisition, and will be tested annually for impairment.

The estimated useful lives for the major components of identifiable intangible assets are:

	Years
Core Technology	10
Non-Compete Agreements	3-5
Mining Permits	6
Customer Relationships	7-10
Trademarks	10
Tradenames	Indefinite

Deferred Stripping: Costs associated with removing overburden from mineral deposits are deferred and amortized on the units-of-production method proportionate to the extraction of the related mineral deposits. Amortization of deferred stripping is included in costs of goods sold in the accompanying consolidated statements of income.

Insurance: The Company maintains insurance to cover property, casualty, liability, and workers' compensation losses above certain retained limits. The Company provides accruals for estimates of the retained portion of probable settlement amounts, net of deposits held by insurance companies. This liability is included in accrued expenses in the accompanying consolidated balance sheets.

Income Taxes: Titan America LLC is a non-taxable entity whose items of income, expense, gains and losses are taxed to its member, Titan Atlantic, except for the earnings of its domestic subsidiaries S&W through October 31, 2007 and Mechanicsville Concrete through May 9, 2007. Prior to its acquisition in 2007, S&W was organized under Subchapter S of the Internal Revenue Code and, accordingly, the former shareholder's were responsible for federal and state income taxes on its earnings through that date. From acquisition through

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization, Nature of Business and Summary of Significant Accounting Policies (continued)

October 31, 2007, S&W was organized under Subchapter C of the Internal Revenue Code and, accordingly, was responsible for federal state income taxes on its earnings for that period. Prior to May 9, 2007, Mechanicsville

Concrete was organized under Subchapter C of the Internal Revenue Code and, accordingly, was responsible for federal and state income taxes on its earnings through that date. On October 31, 2007 and May 9, 2007, respectively, S&W and Mechanicsville Concrete were converted to limited liability companies and their items of income, expense, gains and losses are therefore included in the Titan Atlantic income tax returns subsequent to that date. For financial reporting purposes, the Company reports its proportionate share of Titan Atlantic's income tax expense and related income tax assets and liabilities as if the Company had filed separate company income tax returns together with the separate company income tax expense of S&W and Mechanicsville for periods prior to October 31, 2007 and May 9, 2007, respectively.

The Company accounts for income taxes using the liability method. Under the liability method, deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the financial statement reported amounts of assets and liabilities and their tax bases. Deferred tax assets are recognized only when, in the opinion of management, it is probable that they will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company is subject to compliance reviews by the Internal Revenue Service ("IRS") and other taxing authorities on various tax matters, including challenges to various positions the Company asserts. The Company believes it has adequately accrued for tax contingencies that have met both the probable and reasonably estimable criteria. These amounts are reflected in other noncurrent income tax liabilities in the accompanying consolidated balance sheets.

Commitments, Contingencies, and Provisions: Liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Such provisions are adjusted as further information develops or circumstances change. Provisions for environmental remediation costs are determined by forecasting future costs and discounting these costs using risk free rates for periods that approximate the expected timing of the obligation and are included in provisions in the accompanying consolidated balance sheets.

Impairment of Long-Lived Assets: Property, plant, equipment and mineral deposits and other noncurrent assets, including goodwill, deferred stripping and identifiable intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In addition, assets with indefinite lives, such as goodwill, are reviewed annually for impairment. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell or value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Leases: Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Revenue Recognition: Revenue from product sales is recognized upon shipment to customers. Revenue for services is recognized when the service is provided. Provisions for discounts, returns, and other adjustments are provided for in the same period the related sales are recorded as a reduction of revenue.

Deferred income represents payments received or receivables established prior to the delivery of products, services or rights.

Note 1. Organization, Nature of Business and Summary of Significant Accounting Policies (continued)

Pension and Other Post-retirement Obligations: All of the Company's defined benefit pension plans and all but one of the Company's other post-retirement benefit plans were previously frozen as to new participants and credited service. One post-retirement benefit plan exists for certain active and former employees of the Company. Under this plan, eligible retirees receive a benefit consisting primarily of assistance with medical insurance costs between the dates of early retirement and Medicare eligibility. The Company sponsors defined contribution retirement and 401(k) savings plans which cover substantially all employees of the Company.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are immediately charged or credited to the consolidated statement of income. Past-service costs are also recognized immediately in the consolidated statement of income.

For defined contribution plans, the Company makes contributions in accordance with established plan provisions for both union and non-union employees and has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Share based payments:

Titan Cement operates an equity-settled, share-based compensation plan. The Company recognizes the fair value of the employee services received in exchange for the grant of Titan Cement options as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In accordance with IFRS 2 "Share Based Payment", no expense is recognized for options granted prior to November 7, 2002 that had vested prior to January 1, 2005.

Recent Accounting Pronouncements:

In August 2005, the IASB issued IFRS No. 7, "Financial Instruments: Disclosures," which require entities to provide disclosures in their financial statements that enable users to evaluate (i) the significance of financial instruments for the entity's financial position and performance, (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages those risks. The statement was effective for the Company beginning January 1, 2007. See "Financial Risk Management" contained elsewhere in Note 1.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Financial Instruments and Other Financial Assets and Liabilities

The following methods and assumptions were used to estimate the fair value of financial instruments:

Cash and cash equivalents, trade receivables, related party receivables, other receivables, accounts payable, and accounts payable-related parties: At December 31, 2007 and 2006, the carrying amounts approximate fair value based on the short maturity of these instruments.

Long-term debt and short-term borrowings: The fair values of the Company's long-term debt obligations (other than capital lease obligations) are based on discounted cash flows using a discount rate which management expects would be available to the Company at the balance sheet date. The carrying amounts of short-term borrowings and capital lease obligations approximate their fair value.

Note 3. Trade Receivables, Net

Trade receivables at December 31, 2007 and 2006, consist of the following:

	December 31, 2007	December 31, 2006
Trade receivables	$ 91,182,902	$ 93,122,675
Allowance for doubtful accounts	(2,078,337)	(2,052,951)
Allowance for cash discounts and rebates	(1,228,226)	(1,826,856)
Allowance for service fees	(603,364)	(557,981)
Trade receivables, net	$ 87,272,975	$ 88,684,887

Trade receivables are unimpaired, and are non interest bearing and normally settled within the terms of the contract. Bad debt expense is included in cost of goods sold in the accompanying consolidated statements of income. For the years ended December 31, 2007 and 2006, the Company recognized $910,342 and $120,832 of bad debt expense, respectively.

Note 4. Inventories

Inventories at December 31, 2007 and 2006, consist of the following:

	December 31, 2007	December 31, 2006
Finished goods	$ 34,413,440	$ 34,674,245
Work in process	34,902,892	29,824,159
Raw materials	17,253,856	13,377,625
Spare parts	27,076,694	24,991,820
Manufacturing supplies and other	6,453,310	5,592,590
Inventories	$ 120,100,192	$ 108,460,439

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Other Receivables, Net

Other receivables at December 31, 2007 and 2006, consist of the following:

	December 31, 2007	December 31, 2006
Accounts receivable, non-trade, net	$ 854,697	$ 1,579,905
Deposits	594,055	744,150
Employee receivables	415,537	1,015,048
Property and fuel tax refunds	6,734	172,400
Vendor rebates and receivables	407,500	1,284,194
Investment interest receivables	315,595	-
Other	163,107	211,514
Other receivables, net	$ 2,757,225	$ 5,007,211

Note 6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets at December 31, 2007 and 2006, consist of the following:

	December 31, 2007	December 31, 2006
Prepaid insurance	$ 2,170,323	$ 2,348,232
Prepaid licenses, permits and other taxes	906,044	713,349
Prepaid overhead expenses (rent, software maintenance, dues and subscriptions)	783,956	687,239
Prepaid highway use tax	178,406	206,409
Prepaid royalty	-	148,787
Advance payment for inventory	-	1,418,906
Other	186,487	96,773
Prepaid expenses and other current assets	$ 4,225,215	$ 5,619,695

Note 7. Property, Plant, Equipment and Mineral Deposits, Net

Activity within property, plant, equipment and mineral deposits for the year ended December 31, 2007 consists of the following:

	Balance at 1/1/07	Additions	Disposals	Acquisition	Other	Balance at 12/31/07
Historical Cost:						
Mineral reserves	$ 128,216,832	$ 30,518,464	$ -	$ 27,378,064	$ -	$ 186,113,360
Land	89,362,660	28,807,672	(288,781)	336,375	-	118,217,926
Land improvements	29,135,241	7,865,058	(17,999)	4,042,341	(28,133)	40,996,508
Building & improvements	82,830,292	10,730,314	(415,992)	2,724,460	5,094	95,874,168
Machinery & equipment	529,435,923	50,911,476	(3,798,326)	13,952,188	20,667	590,521,928
Mobile equipment	53,503,936	10,992,953	(781,553)	3,959,041	(160,546)	67,513,831
Marine Equipment	6,319,688	2,527,897	-	627,446	-	9,475,031
Auto & truck	95,799,221	21,842,495	(5,355,002)	28,485,436	160,546	140,932,696
Furniture & fixtures	8,393,096	970,227	(1,237,729)	213,092	2,372	8,341,058
Construction and equipment installations in progress	85,892,495	22,197,949	-	45,667	-	108,136,111
Other	-	(104,000)	104,000	-	-	-
Total historical cost	$ 1,108,889,384	$ 187,260,505	$ (11,791,382)	$ 81,764,110	$ -	$ 1,366,122,617
Accumulated depreciation:						
Mineral reserves	$ 19,831,006	$ 3,416,902	$ -	$ -	$ -	$ 23,247,908
Land improvements	6,379,537	2,368,862	(12,600)	-	(5,818)	8,729,981
Building & improvements	25,650,952	4,619,702	(260,572)	-	(2,220)	30,007,862
Machinery & equipment	140,192,259	31,555,462	(3,140,384)	-	(8,495)	168,598,842
Mobile equipment	21,091,293	6,335,010	(744,256)	-	(134,508)	26,547,539
Marine Equipment	2,353,233	313,838	-	-	-	2,667,071
Auto & truck	35,376,422	17,168,507	(4,114,128)	-	148,669	48,579,470
Furniture & fixtures	5,504,983	1,316,744	(1,231,664)	-	2,372	5,592,435
Total accumulated depreciation	$ 256,379,685	$ 67,095,027	$ (9,503,604)	$ -	-	$ 313,971,108
Net book value:						
Mineral reserves	$ 108,385,826	$ 27,101,562	$ -	$ 27,378,064	$ -	$ 162,865,452
Land	89,362,660	28,807,672	(288,781)	336,375	-	118,217,926
Land improvements	22,755,704	5,496,196	(5,399)	4,042,341	(22,315)	32,266,527
Building & improvements	57,179,340	6,110,612	(155,420)	2,724,460	7,314	65,866,306
Machinery & equipment	389,243,664	19,356,014	(657,942)	13,952,188	29,162	421,923,086
Mobile equipment	32,412,643	4,657,943	(37,297)	3,959,041	(26,038)	40,966,292
Marine Equipment	3,966,455	2,214,059	-	627,446	-	6,807,960
Auto & truck	60,422,799	4,673,988	(1,240,874)	28,485,436	11,877	92,353,226
Furniture & fixtures	2,888,113	(346,517)	(6,065)	213,092	-	2,748,623
Construction and equipment installations in progress	85,892,495	22,197,949	-	45,667	-	108,136,111
Other	-	(104,000)	104,000	-	-	-
Total net book value	$ 852,509,699	$ 120,165,478	$ (2,287,778)	$ 81,764,110	$ -	$ 1,052,151,509

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Note 7. Property, Plant, and Equipment and Mineral Deposits, Net (continued)

Activity within property, plant, equipment and mineral deposits for the year ended December 31, 2006 consists of the following:

	Balance at 1/1/06	Additions	Disposals	Acquisition	Other	Balance at 12/31/06
Historical cost:						
Mineral reserves	$ 128,216,832	$ -	$ -	$ -	$ -	$ 128,216,832
Land	81,471,080	518,259	(326,679)	7,700,000	-	89,362,660
Land improvements	17,431,036	10,585,520	(199,165)	1,399,488	(81,638)	29,135,241
Building & improvements	77,538,044	5,092,373	(397,697)	597,572	-	82,830,292
Machinery & equipment	459,623,854	68,588,688	(2,294,362)	3,451,137	66,606	529,435,923
Mobile equipment	44,185,756	9,890,165	(2,123,459)	1,179,110	372,364	53,503,936
Marine equipment	6,397,170	(77,482)	-	-	-	6,319,688
Auto & truck	63,151,419	26,480,514	(2,202,648)	8,742,300	(372,364)	95,799,221
Furniture & fixtures	6,271,138	1,874,842	(92,623)	324,707	15,032	8,393,096
Construction and equipment installations in progress	89,682,047	(6,706,648)	-	2,917,096	-	85,892,495
Total historical cost	$ 973,968,376	$ 116,246,231	$ (7,636,633)	$ 26,311,410	$ -	$ 1,108,889,384
Accumulated depreciation:						
Mineral reserves	$ 16,397,609	$ 3,433,397	$ -	$ -	$ -	$ 19,831,006
Land improvements	4,768,651	1,676,610	(61,173)	-	(4,551)	6,379,537
Building & improvements	21,773,902	4,264,227	(387,177)	-	-	25,650,952
Machinery & equipment	113,488,551	28,734,370	(2,020,181)	-	(10,481)	140,192,259
Mobile equipment	18,031,157	4,825,135	(1,964,220)	-	199,221	21,091,293
Marine equipment	2,092,199	261,034	-	-	-	2,353,233
Auto & truck	26,733,932	10,427,989	(1,586,278)	-	(199,221)	35,376,422
Furniture & fixtures	4,320,651	1,261,923	(92,623)	-	15,032	5,504,983
Accrued depreciation	87,321	(87,321)	-	-		-
Other	82,972	(82,972)	-	-		-
Total accumulated depreciation	$ 207,776,945	$ 54,714,392	$ (6,111,652)	$ -	$ -	$ 256,379,685
Net book value:						
Mineral reserves	$ 111,819,223	$ (3,433,397)	$ -	$ -	$ -	$ 108,385,826
Land	81,471,080	518,259	(326,679)	7,700,000	-	89,362,660
Land improvements	12,662,385	8,908,910	(137,992)	1,399,488	(77,087)	22,755,704
Building & improvements	55,764,142	828,146	(10,520)	597,572	-	57,179,340
Machinery & equipment	346,135,303	39,854,318	(274,181)	3,451,137	77,087	389,243,664
Mobile equipment	26,154,599	5,065,030	(159,239)	1,179,110	173,143	32,412,643
Marine equipment	4,304,971	(338,516)	-	-	-	3,966,455
Auto & truck	36,417,487	16,052,525	(616,370)	8,742,300	(173,143)	60,422,799
Furniture & fixtures	1,950,487	612,919	-	324,707	-	2,888,113
Construction and equipment installations in progress	89,682,047	(6,706,648)	-	2,917,096	-	85,892,495
Accrued depreciation	(87,321)	87,321	-	-	-	-
Other	(82,972)	82,972	-	-	-	-
Total net book value	$ 766,191,431	$ 61,531,839	$ (1,524,981)	$ 26,311,410	$ -	$ 852,509,699

Note 7. Property, Plant, and Equipment and Mineral Deposits, Net (continued)

At December 31, 2007 and 2006, property, plant, and equipment under capital leases consisted of mobile equipment, autos and trucks with a cost basis of $9,928,766 and $9,744,965 and accumulated amortization of $1,575,034 and $1,387,260, respectively. For the years ended December 31, 2007 and 2006, amortization of property, plant, and equipment under capital leases totaled $394,342 and $420,566, respectively.

At December 31, 2007 and 2006, the Company had accruals for capital projects totaling $9,062,033 and $7,138,489, respectively.

For the years ended December 31, 2007 and 2006, the Company capitalized interest of $1,346,145 and $801,842, respectively, based on a weighted average borrowing rate that varies monthly. The weighted average borrowing rate for the years ended December 31, 2007 and 2006 was 5.77% and 6.47%, respectively. The capitalization of interest results from significant capital projects for the Company, specifically a quarry in Florida and the implementation of an enterprise resource planning computer system.

Note 8. Goodwill, Net

Goodwill at December 31, 2007 primarily results from the following acquisitions:

Acquisition	Activity	Geography	Year Acquired	Balance 1/1/07	Additions	Balance 12/31/07
Separation Technologies	Fly Ash	Eastern US	2002	$ 15,259,141	$ -	$ 15,259,141
Summit/Metro/Miami Valley/Supermix	Ready-mixed concrete and concrete block	Western Florida	2006	48,864,104	-	48,864,104
S&W Ready Mix	Ready -mixed concrete	Carolinas	2007	-	146,612,665	146,612,665
Mechanicsville Concrete	Ready-mixed concrete	Central Virginia	2007	-	8,210,653	8,210,653
Other				2,690,428		2,690,428
Total				$ 66,813,673	$ 154,823,318	$ 221,636,991

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Note 8. Goodwill, Net (continued)

Goodwill at December 31, 2006 primarily results from the following acquisitions:

Acquisition	Activity	Geography	Year Acquired	Balance 1/1/06	Additions	Balance 12/31/06
Separation Technologies	Fly Ash	Eastern US	2002	$ 15,259,141	$ -	$ 15,259,141
Summit/Metro/Miami Valley/Supermix	Ready-mixed concrete and concrete block	Western Florida	2006	-	48,864,104	48,864,104
Other				2,690,428		2,690,428
Total				$ 17,949,569	$ 48,864,104	$ 66,813,673

Impairment testing of Goodwill: Goodwill acquired through business combinations has been allocated to the following cash-generating units ("CGUs") per region of operation and business segment:

Carrying amount of goodwill (by geographical segment):

	2007	2006
Mid Atlantic	$ 155,098,129	$ 274,811
Florida	48,864,104	48,864,104
Other	17,674,758	17,674,758
Total	$ 221,636,991	$ 66,813,673

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

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Note 9. Identifiable Intangible Assets, Net

Identifiable intangible assets are comprised principally of acquired customer relationships of Mechanicsville Concrete, Cumberland Resources ("Cumberland Quarry"), Summit Ready Mix, Metro Redi Mix, and Miami Valley Concrete (see Note 22), acquired customer relationships, patents and trademarks of Separation Technologies, and acquired customer relationships and tradename of S&W Ready Mix (See Note 22).

Activity within net identifiable intangible assets for the years ended December 31, 2007 and 2006 consists of the following:

	Balance at 1/1/06	Additions	Balance at 12/31/06	Additions	Balance at 12/31/07
Historical cost:					
Core technology	$ 9,700,000	$ -	$ 9,700,000	$ -	$ 9,700,000
Customer relationships	2,200,000	24,040,000	26,240,000	63,801,006	90,041,006
Trademarks	400,000	-	400,000	-	400,000
Tradenames	-	-	-	13,980,000	13,980,000
Mining Permits	-	-	-	2,340,000	2,340,000
Non-compete agreements	-	830,000	830,000	1,869,527	2,699,527
Total historical cost	$ 12,300,000	$ 24,870,000	$ 37,170,000	$ 81,990,533	$ 119,160,533
Accumulated amortization:					
Core technology	$ 3,314,166	$ 970,000	$ 4,284,166	$ 970,000	$ 5,254,166
Customer relationships	1,503,333	2,840,597	4,343,930	10,437,156	14,781,086
Trademarks	136,667	39,999	176,666	40,000	216,666
Tradenames	-	-	-	-	-
Mining Permits	-	-	-	292,500	292,500
Non-compete agreements	-	181,944	181,944	539,979	721,923
Total accumulated amortization	$ 4,954,166	$ 4,032,540	$ 8,986,706	$ 12,279,635	$ 21,266,341
Net book value:					
Core technology	$ 6,385,834	$ (970,000)	$ 5,415,834	$ (970,000)	$ 4,445,834
Customer relationships	696,667	21,199,403	21,896,070	53,363,850	75,259,920
Trademarks	263,333	(39,999)	223,334	(40,000)	183,334
Tradenames	-	-	-	13,980,000	13,980,000
Mining Permits	-	-	-	2,047,500	2,047,500
Non-compete agreements	-	648,056	648,056	1,329,548	1,977,604
Total net book value	$ 7,345,834	$ 20,837,460	$ 28,183,294	$ 69,710,898	$ 97,894,192

At December 31, 2007, core technology and trademarks had estimated remaining economic useful lives of between four years and five years, while customer relationships had estimated remaining economic useful lives of between one year and ten years, non-compete agreements had estimated remaining economic useful lives between one year and five years, and mining permits had estimated remaining economic useful lives between five years and six years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Deferred Stripping, Net

The activity within deferred stripping for the years ended December 31, 2007 and 2006 consists of the following:

	Balance at January 1	Additions	Amortization	Balance at December 31
2007	$ 6,299,762	$ 1,678,941	$ (1,617,431)	$ 6,361,272
2006	$ 3,596,529	$ 4,431,848	$ (1,728,615)	$ 6,299,762

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Income Taxes

The components of income tax expense/ (benefit) for the year ended December 31, 2007 consist of:

	Current	Deferred	Other	Total
U.S. Federal	$ 4,309,326	$ (1,107,002)	$ (2,948,136)	$ 254,188
State	963,723	32,696	(371,333)	625,086
Total	$ 5,273,049	$ (1,074,306)	$ (3,319,469)	$ 879,274

The components of income tax expense for the year ended December 31, 2006 consist of:

	Current	Deferred	Other	Total
U.S. Federal	$ 44,655,380	$ (2,443,752)	$ 446,571	$ 42,658,199
State	7,809,988	(401,083)	(92,227)	7,316,678
Total	$ 52,465,368	$ (2,844,835)	$ 354,344	$ 49,974,877

Income tax expense differs from the amounts computed by applying the U.S. federal statutory income tax rate to income before income taxes for the years ended December 31, 2007 and 2006, as a result of the following:

	2007	2006
Income before income taxes	$ 19,817,195	$ 144,818,419
Income tax expense at applicable statutory U.S. Federal tax rate	$ 6,936,018	$ 50,686,447
Differences resulting from:		
State income taxes, net of federal tax benefit	677,494	4,804,913
Mineral deposit depletion in excess of cost basis	(4,138,898)	(4,919,200)
Nondeductible expenses	495,301	389,765
Provision for noncurrent income tax liabilities	(3,319,468)	354,344
Manufacturing deduction in excess of cost	(163,280)	(1,003,289)
Stock options deduction in excess of cost	-	(248,458)
Taxable income, not recognized for financial reporting	185,373	-
Other	206,733	(89,645)
Income tax expense	$ 879,274	$ 49,974,877

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Income Taxes (continued)

Net deferred tax liabilities consist of the following components as of December 31, 2007 and 2006:

	December 31, 2007	December 31, 2006
Deferred tax assets:		
Provisions and accrued expenses, not deductible for tax until paid	$ 11,161,581	$ 10,728,552
Retirement benefit obligations, not deductible for tax until paid	1,237,954	1,814,828
Deferred income, resulting from revenue recognition differences	1,612,027	1,766,727
Identifiable intangible assets, principally due to differences in amortization methods	4,214,422	1,689,589
Accounts receivable valuation	689,055	1,311,432
Inventory valuation & costing	1,411,290	1,045,981
Net operating loss and charitable contribution carryforwards	4,809,311	-
Tax credit carryforwards	818,201	-
Other	459,990	446,797
Total deferred tax assets	26,413,831	18,803,907
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation methods	107,431,574	102,467,624
Mineral deposits, principally due to differences in depletion methods	41,104,635	42,270,472
Goodwill, principally due to differences in amortization methods	5,538,596	848,914
Deferred stripping costs, principally due to differences in amortization methods	1,762,988	1,681,774
Prepaid expenses, principally due to differences in amortization methods	1,426,837	1,354,439
Other	66,249	62,504
Total deferred tax liabilities	157,330,878	148,685,728
Net deferred income tax liabilities	$ 130,917,047	$ 129,881,821

The deferred tax amounts mentioned above have been classified on the accompanying consolidated balance sheets as of December 31, 2007 and 2006 as follows:

	December 31, 2007	December 31, 2006
Deferred tax liabilities, net	$ 130,917,047	$ 129,881,821
Other noncurrent income tax liabilities	608,580	3,928,045
Deferred and other noncurrent income tax liabilities, net	$ 131,525,627	$ 133,809,866

At December 31, 2007, the Company had net operating loss and charitable contribution carryforwards of $12,331,567 expiring in 2027. These losses will be carried forward to future periods and are expected to be fully utilized prior to expiration.

At December 31, 2007, the Company had tax credit carryforwards of $818,201, which may be carried forward indefinitely. These credits may be used to offset future U.S. federal income taxes payable subject to certain IRS limitations.

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Note 12. Other Assets

Other assets at December 31, 2007 and 2006 consist of the following:

	December 31, 2007	December 31, 2006
Quarry development costs	$ 1,452,622	$ 4,082,011
Excess benefit plan assets	3,526,000	2,860,525
Deposits	213,582	207,273
Noncurrent portion of prepaid expenses	215,223	16,820
Other	54,134	322,299
Other assets	$ 5,461,561	$ 7,488,928

Note 13. Accrued Expenses

Accrued expenses at December 31, 2007 and 2006 consist of the following:

	December 31, 2007	December 31, 2006
Insurance	$ 11,556,407	$ 11,579,976
Contingent consideration related to acquisitions	480,000	-
Employee benefits	5,661,037	5,311,676
Interest payable	3,324,526	3,202,386
Taxes payable, other than income taxes	3,007,392	2,028,122
Accrued liabilities related to acquisitions	2,896,767	1,073,274
Accrued royalties and dues	584,340	447,595
Professional fees	514,510	276,720
Other	235,063	287,080
Accrued expenses	$ 28,260,043	$ 24,206,829

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Provisions and Other Noncurrent Liabilities

Provisions

The activity within the Company's provision accounts for the year ended December 31, 2007 is summarized as follows:

Provision Description	Balance at 1/1/07	Charges (Credits) to Income Statement	Cash Receipts (Payments)	Balance at 12/31/07
Restoration obligations	$ 5,500,462	$ 402,505	$ -	$ 5,902,967
Environmental	1,138,000	(350,000)	(289,073)	498,927
Sales and use tax provision	967,020	273,100	(232,400)	1,007,720
Early retirement provision	792,580	-	(407,575)	385,005
Litigation	2,683,731	223,151	(181,581)	2,725,301
Plant closure	-	200,136	(193,136)	7,000
Other	189,993	-	(10,375)	179,618
Total	$ 11,271,786	$ 748,892	$ (1,314,140)	$ 10,706,538

Analysis of Provisions	2006	2007
Current portion of provisions	$ 4,504,730	$ 3,855,648
Non-current portion of provisions	6,767,056	6,850,890
Total	$ 11,271,786	$ 10,706,538

Restoration: This provision represents the present value of the estimated costs to reclaim quarry sites and other similar post-closure obligations. It is expected that this amount will be used over the next 2 to 50 years.

Environmental: This provision represents the estimated cost for current and former Company operating facilities for various legacy environmental clean-up and monitoring obligations and the expected future clean-up of cement kiln dust stock piles. It is expected that $134,000 will be utilized in the next twelve months with the remaining amounts used over the next 2 to 40 years.

Sales and use tax: This provision has been established to cover the expected settlement of sales and use tax audits in states where the Company conducts business. It is expected that $564,000 will be used in the next twelve months with the remaining amount used over the next 2 to 5 years.

Early retirement: This provision is for an early retirement program offered to employees eligible and expected to participate. It is expected that this amount will be fully utilized in the next twelve months.

Litigation: This reserve has been established primarily for the costs of settling certain claims asserted against the Company. It is expected that this amount will be fully utilized in the next twelve months.

Plant closure: This reserve has been established for the costs of severance and related unavoidable costs for the Company in reorganizing its central Virginia ready mix concrete operations. It is expected that this amount will be fully utilized in the next twelve months.

Other: These miscellaneous reserves are for various matters. It is expected that $40,342 will be used in the next twelve months with the remaining amounts used over the next 2 to 20 years.

Note 14. Provisions and Other Noncurrent Liabilities (continued)

During the year ended December 31, 2007, the Company decreased provisions by a net amount of $67,042 for the passage of time and changes in applicable discount rates. During the year ended December 31, 2006, the Company decreased provisions by $25,049 for the passage of time and changes in applicable discount rates. This accretion of provisions is included in interest expense or interest income in the accompanying consolidated statements of income.

Noncurrent Liabilities

Other noncurrent liabilities at December 31, 2007 consisted of an estimate of future payments that the Company expects to occur related to contingent events associated with the Cumberland Quarry acquisition. These estimated future payments will become payable if certain favorable business events occur and are included in the preliminary purchase price allocation associated with the Cumberland Quarry (see Note 22).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Credit Facilities and Long-Term Debt

Bank Borrowing Facilities: At December 31, 2007 and 2006, the Company maintained borrowing facilities with banks as further described below:

Borrowing Facilities at December 31, 2007

Facility Description	Borrowing Facility	Outstanding Borrowings	Undrawn Facility	Maturity Date
Committed Revolving Credit Facility*	$ 25,000,000	$ -	$ 25,000,000	7/31/08
Uncommitted Revolving Credit Facilities	100,000,000	25,000,000	75,000,000	N/A
Total	$ 125,000,000	$ 25,000,000	$ 100,000,000	

* The full value of this borrowing facility is $75,000,000 but it was reduced by $50,000,000 for the letter of credit subfacility discussed below.

Borrowing Facilities at December 31, 2006

Facility Description	Borrowing Facility	Outstanding Borrowings	Undrawn Facility	Maturity Date
Committed Revolving Credit Facility*	$ 61,000,000	$ 28,918,654	$ 32,081,346	6/30/07
Uncommitted Revolving Credit Facility	65,000,000	65,000,000	-	N/A
Total	$ 126,000,000	$ 93,918,654	$ 32,081,346	

* The full value of this borrowing facility was $110,000,000 but it was reduced by $49,000,000 for the letter of credit subfacility discussed below.

Each bank borrowing facility provides for loans at variable interest rates which are reset at daily, 1-month, 2-month, 3-month, or 6-month intervals depending on the facility and the type of draw made thereunder. In connection with each borrowing facility, the Company has agreed to certain covenants including restrictions on incurring certain liens on or disposing of certain existing assets without notification to the lender. Each of the borrowing facilities is guaranteed by Titan Cement.

Affiliated Party Borrowing Facility: At December 31, 2007, the Company maintained an affiliated party borrowing facility further described below:

Borrowing Facility at December 31, 2007

Facility Description	Borrowing Facility	Outstanding Borrowings	Undrawn Facility	Maturity Date
Committed Revolving Credit Facility	$ 1,000,000,000	$ 477,000,000	$ 523,000,000	8/23/10

The affiliated party borrowing facility provides for loans at variable interest rates which are reset at 1-month, 2-month, 3-month, or 6-month intervals depending on the type of draw made thereunder. There are no covenants associated with this borrowing facility.

Note 15. Credit Facilities and Long-Term Debt (continued)

Letter of Credit and Performance Bond Facilities: The Company maintains a letter of credit facility with a bank which is guaranteed by Titan Cement. No amounts were drawn against the letters of credit at December 31, 2007, and 2006. At December 31, 2007 and 2006, the bank had issued letters of credit on behalf of the Company totaling $49,301,844 and $48,301,344, respectively, as further described below:

	December 31, 2007	December 31, 2006
Facility Amount	$ 50,000,000	$ 49,000,000
Less letters of credit issued in support of:		
Variable rate industrial revenue bonds	(29,687,726)	(29,687,726)
Casualty, liability and workers' compensation insurance programs	(11,926,131)	(13,776,131)
Performance obligations	(1,329,875)	(979,375)
Other payment obligations	(6,358,112)	(3,858,112)
Available Facility Amount	$ 698,156	$ 698,656

In addition to the letter of credit facility described above, the Company maintains a performance bond facility with an insurance company which is guaranteed by Titan Cement. No amounts were drawn against the performance bonds at December 31, 2007 and 2006. At December 31, 2007 and 2006, the insurance company had issued performance bonds on behalf of the Company totaling $9,737,961 and $11,039,797, respectively, as further described below:

	December 31, 2007	December 31, 2006
Facility Amount	$ 40,000,000	$ 25,000,000
Less performance bonds issued in support of:		
Supply obligations	(6,023,924)	(7,513,661)
Excavation and reclamation obligations	(2,856,600)	(3,025,510)
Other payment and performance obligations	(857,437)	(500,626)
Available Facility Amount	$ 30,262,039	$ 13,960,203

Note 15. Credit Facilities and Long-Term Debt (continued)

Borrowings: Borrowings at December 31, 2007 and 2006 consisted of the following:

	December 31, 2007		December 31, 2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Unsecured loans under committed borrowing facility, bearing interest at variable interest rates.	$ -	$ -	$ 28,918,654	$ 28,918,654
Unsecured loans under uncommitted borrowing facilities, bearing interest at variable interest rates.	25,000,000	25,000,000	65,000,000	65,000,000
Unsecured notes payable to affiliated party, under committed borrowing facility, bearing interest at variable interest rates, due on August 23, 2010.	477,000,000	477,000,000		
Unsecured notes payable to insurance companies, bearing interest at 7.01% per annum, payable semi-annually, due on December 19, 2008 (A)	30,000,000	30,510,000	30,000,000	30,634,177
Unsecured notes payable to insurance companies, bearing interest at 7.51% per annum, payable semi-annually, due on December 19, 2011 (A)	105,000,000	112,371,000	105,000,000	112,461,155
Unsecured notes payable to insurance companies, bearing interest at 5.75% per annum, payable semi-annually, due on October 10, 2014 (A)	140,000,000	137,648,000	140,000,000	138,710,950
Unsecured notes payable to insurance companies, bearing interest at 7.89% per annum, payable semi-annually, due on December 19, 2016 (A)	25,000,000	27,582,500	25,000,000	28,603,940
Unsecured notes payable to insurance companies, bearing interest at 6.10% per annum, payable semi-annually, due on October 10, 2019 (A)	25,000,000	24,052,500	25,000,000	25,069,564
Industrial revenue bonds, bearing interest at variable rates, payable monthly, due on December 1, 2020	7,350,000	7,350,000	7,350,000	7,350,000
Industrial revenue bonds, bearing interest at variable rates, payable monthly, due on April 26, 2034	22,000,000	22,000,000	22,000,000	22,000,000
Capital lease obligations (Note 16)	6,304,866	6,304,866	6,226,838	6,226,838
Subtotal	862,654,866	$ 869,818,866	454,495,492	$ 464,975,278
Less amounts classified as short-term borrowings	(25,000,000)		(93,918,654)	
Less amounts classified as current portion of long-term debt, including obligations under capital leases	(30,921,461)		(743,946)	
Less unamortized debt issuance costs	(3,024,643)		(1,921,772)	
Long-term debt, including obligations under capital leases, less current obligations	$ 803,708,762		$ 357,911,120	

(A) The unsecured notes payable to insurance companies are subject to make-whole provisions in the event of pre-payment and are guaranteed by Titan Cement. Under the terms of the note agreements, the Company is required to maintain compliance with certain covenants including restrictions on incurring certain liens on or disposing of certain existing assets without notification to the note holders, the maintenance by the Company and Titan Cement of certain financial ratios, and in the case of Titan Cement, a minimum equity position.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Credit Facilities and Long-Term Debt (continued)

The exposure of the borrowings, including capital lease obligations, of the Company to interest rate changes and the periods in which the borrowings mature or re-price were as follows at December 31, 2007 and 2006:

	December 31, 2007	December 31, 2006
Within 6 months	$ 531,869,024	$ 123,635,853
Between 6 months and 1 year	30,533,794	376,747
Between 1 and 5 years	109,119,651	138,388,850
Later years	191,132,397	192,094,042
Total	$ 862,654,866	$ 454,495,492

The weighted average effective interest rates of the Company's borrowings at December 31, 2007 and 2006 were as follows:

	2007	2006
Unsecured notes payable to insurance companies	6.63%	6.63%
Industrial revenue bonds	3.53%	3.95%
Capital lease obligations (Note 16)	5.35%	5.14%
Unsecured borrowings under affiliated party credit facility	5.23%	-
Unsecured borrowings under bank credit facilities	5.30%	5.78%

Maturity of borrowings (including capital lease obligations) at December 31, 2007 and 2006 were as follows:

	December 31, 2007	December 31, 2006
Within 1 year	$ 55,921,461	$ 94,662,600
Between 1 and 2 years	1,246,762	30,783,133
Between 2 and 3 years	478,015,433	824,384
Between 3 and 4 years	106,003,700	867,810
Between 4 and 5 years	985,113	105,913,523
Later years	220,482,397	221,444,042
Total	$ 862,654,866	$ 454,495,492

Note 16. Capital Leases

At December 31, 2007 and 2006, the Company leased certain equipment under agreements classified as capital leases. The equipment and the related liabilities under the capital leases were recorded at the present value of the future payments due under the leases, using the weighted average discount rates disclosed in Note 15. Principal payments made under these leases for the years ended December 31, 2007 and 2006 totaled $1,581,166 and $706,721, respectively.

Note 16. Capital Leases (continued)

The following is a schedule, by year, of the future minimum lease payments under capital lease obligations together with the present value of the future minimum lease payments at December 31, 2007 and 2006:

	December 31, 2007	December 31, 2006
Within 1 year	$ 1,371,088	$ 1,046,836
Between 1 and 2 years	1,371,042	1,046,837
Between 2 and 3 years	1,206,702	1,046,837
Between 3 and 4 years	1,142,107	1,046,837
Between 4 and 5 years	1,070,579	1,046,837
Later years	1,167,693	2,214,530
Total minimum lease payments	7,329,210	7,448,714
Less amount representing interest	(1,024,344)	(1,221,876)
Present value of minimum lease payments	$ 6,304,866	$ 6,226,838

The fair value of capital lease obligations, at December 31, 2007 and 2006 approximate book value.

The Company did not enter into any new capital leases during the years ended December 31, 2007 or 2006. In association with the acquisition of Mechanicsville Concrete (Note 22), the Company assumed capital leases obligations during the year ended December 31, 2007 in the principal amount of $1,659,193 with an average three year remaining term and a weighted average interest rate of 7.17%.

Note 17. Operating Lease Commitments

The Company leases certain facilities and equipment under operating lease agreements, which expire at various dates through 2034. Future minimum lease payments under noncancellable operating leases are as follows:

	December 31, 2007	December 31, 2006
Within 1 year	$ 8,099,902	$ 5,083,742
Between 1 and 2 years	6,307,806	3,960,952
Between 2 and 3 years	4,632,891	2,715,992
Between 3 and 4 years	3,695,647	1,687,234
Between 4 and 5 years	2,124,127	1,307,127
Later years	15,037,499	14,784,802
Total	$ 39,897,873	$ 29,539,849

Total rent expense under noncancellable operating leases included in the accompanying consolidated statements of income for the years ended December 31, 2007 and 2006 was $8,690,021 and $6,854,610, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Retirement Benefit Obligations

Retirement benefit obligations at December 31, 2007 and 2006, consist of the following:

	December 31, 2007		December 31, 2006	
Excess benefit plan benefits	$	3,526,000	$	2,860,525
Other post-retirement benefits		2,301,049		2,660,298
Pension benefits		1,020,897		2,064,202
Retirement benefit obligations	$	6,847,946	$	7,585,025

All of the Company's defined benefit pension plans and all but one of the Company's other post-retirement benefit plans were previously frozen as to new participants and credited service. One post-retirement benefit plan exists for certain active and former employees of the Company. Under this plan, eligible retirees receive a benefit consisting primarily of assistance with medical insurance costs between the dates of early retirement and Medicare eligibility. Plan assets are invested approximately 55% in equity investments and 45% in fixed investments.

Information relative to the Company's defined benefit pension and other post-retirement benefit plans is presented below. Amounts reported below for these plans are as of the most recent measurement dates, December 31, 2007 and 2006.

	Pension Benefits				Other Post-retirement Benefits			
	2007		2006		2007		2006	
Benefit obligations	$	13,084,932	$	13,514,615	$	2,437,696	$	2,823,353
Fair value of plan assets		12,064,035		11,450,413		-		-
Funded deficit, December 31		1,020,897		2,064,202		2,437,696		2,823,353
Unrecognized prior service cost		-		-		(119,029)		(144,536)
Other		-		-		(17,618)		(18,519)
Accrued cost, December 31	$	1,020,897	$	2,064,202	$	2,301,049	$	2,660,298
Assumptions used in computations:								
Discount rate used in computing ending obligations		6.00%		5.75%		6.00%		5.75%
Expected return on plan assets		8.50%		8.50%		*		*

* This plan is not funded, so there is no expected return on plan assets.

For measurement purposes, at the end of the year included in the foregoing tables, the following rates of increase in the cost of covered health care benefits was assumed:

Note 18. Retirement Benefit Obligations (continued)

	Other Post-retirement Benefits	
	2007	2006
Health care cost trend rate:		
Through 2007	n/a	8.00%
2008	7.00%	8.00%
2009	7.00%	8.00%
2010	7.00%	7.00%
2011	6.00%	7.00%
2012	6.00%	7.00%
2013	6.00%	6.00%
2014	5.00%	6.00%
2015	5.00%	6.00%
Later years	5.00%	5.00%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

A reconciliation of the movements during the years ended December 31, 2007 and 2006 in the net pension and other post-retirement benefit liabilities follows:

	Pension Benefits		Other Post-retirement Benefits	
	2007	2006	2007	2006
Accrued cost, January 1	$ 2,064,202	$ 2,851,504	$ 2,660,298	$ 2,967,666
Expense/(benefit) recognized	(758,615)	(470,508)	(247,979)	(209,814)
Contributions	(284,690)	(316,794)	(111,270)	(97,554)
Accrued cost, December 31	$ 1,020,897	$ 2,064,202	$ 2,301,049	$ 2,660,298

The components of net periodic pension and other post-retirement benefit costs are as follows for the years ended December 31, 2007 and 2006:

	Pension Benefits		Other Post-retirement Benefits	
	2007	2006	2007	2006
Service cost	$ 60,278	$ 60,278	$ 5,469	$ 5,564
Interest cost	754,653	757,769	137,786	155,889
Expected return on plan assets	(935,750)	(909,496)	-	-
Actuarial (gain)/loss	(637,796)	(379,059)	25,492	(396,759)
Amortization of prior service costs/other	-	-	(416,726)	25,492
Net periodic pension expense/(benefit)	$ (758,615)	$ (470,508)	$ (247,979)	$ (209,814)

Of the total cost for the year ended December 31, 2007, $1,406,514 was included as a reduction to cost of goods sold and $399,920 was included in general and administrative expense in the accompanying consolidated statements of income. Of the total cost for the year ended December 31, 2006, $1,080,242 was included in cost

Note 18. Retirement Benefit Obligations (continued)

of goods sold and $399,920 was included in general and administrative expense in the accompanying consolidated statements of income.

The Company expects to contribute $456,204 to its Pension Benefit plan in 2008.

Defined Contribution Plans: The Company sponsors a defined contribution retirement and 401(k) savings plan which covers substantially all employees of the Company, excluding S&W and Mechanicsville Concrete. The Company contributes an amount equal to 3.5% of each participant's eligible compensation up to the Social Security Integration Level and 7.0% of eligible compensation in excess of that level. Total costs for this element of the plan were $3,232,053 and $3,156,841, respectively, for the years ended December 31, 2007 and 2006. In addition, the plan allows a voluntary employer after-tax contribution of up to 2.0% of eligible compensation for eligible employees. No voluntary employer contribution was made in either 2007 or 2006.

The plan also provides for voluntary employee pre-tax contributions for eligible employees. The Company matches 50% of eligible employees' contributions up to 6% of the employee's eligible wages, subject to IRS limitations on maximum elective deferrals. Total costs charged against income for this element of the plan were $2,030,880 and $1,936,316, respectively, for the years ended December 31, 2007 and 2006.

S&W and Mechanicsville Concrete sponsor separate defined contribution 401(k) savings plans which cover substantially all employees of S&W and Mechanicsville Concrete. The plans provide for voluntary employee pre-tax contributions for eligible employees. In the case of S&W, the sponsor matches employee contributions at a rate of 25% up to 6 % of the employee's total compensation. The total costs charged against income for this plan was $146,166 in 2007. In the case of Mechanicsville Concrete, the sponsor matches employee contribution at 50% up to 6% of the employee's total compensation. The total costs charged against income for this plan was $21,073 in 2007.

Multiemployer Plan: Approximately 100 of the Company's employees have participated in a union sponsored, defined benefit multi-employer pension plan. During 2007, this plan was replaced with the defined contribution retirement and 401(k) savings plan described above. The multi-employer pension plan is not administered by the Company and contributions are determined in accordance with the provisions of the negotiated labor contract. Company costs for this plan were $192,287 and $392,564 for the years ended December 31, 2007 and 2006, respectively.

Excess Benefit Plan: The Company sponsors an Excess Benefit Plan that is intended to constitute an unfunded plan of deferred compensation for a select group of highly compensated employees under the Employee Retirement Income Security Act of 1974 (ERISA). The Company has created an irrevocable trust to facilitate the payment of deferred compensation to participants under this plan.

Under this plan the participants are eligible to defer from 0% to 20% of eligible compensation for the applicable plan year. The Company matches 50% of the participant's contributions to the plan. At December 31, 2007 and 2006, plan assets totaled $3,526,000 and $2,860,525, respectively, and are classified as other assets in the accompanying consolidated balance sheets (see Note 12). Company costs for the plan for the years ended December 31, 2007 and 2006 were $228,361 and $240,558, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 19. Related Party Transactions

The components of related party balances at December 31, 2007, and 2006 are as follows:

	December 31, 2007	December 31, 2006
Related party receivables, less current portion		
Iapetos, Ltd	$ 666,000	$ 1,332,000
Current portion of related party receivables		
Separation Technologies Canada, Ltd	$ 28,373	$ 198,931
Iapetos, Ltd	666,000	674,329
Separation Technologies UK, Ltd	15,900	47,700
Titan Cement, SA	675,035	675,035
	$ 1,385,308	$ 1,595,995
Non-current deferred income		
Iapetos, Ltd	$ 2,590,000	$ 2,836,667
Current portion of deferred income		
Iapetos, Ltd	$ 246,667	$ 246,667
Accounts payable, related parties		
Titan Cement, SA	$ 2,444,876	$ 320,184
Notes payable, related parties		
Titan Global Finance, PLC	$ 477,000,000	$ -
Unamortized offering costs on borrowings,		
Titan Global Finance, PLC	$ 1,319,711	$ -

	2007	2006
Sales - products and services for fly ash separation		
Separation Technologies Canada, Ltd	$ 450,428	$ 240,644
Separation Technologies UK, Ltd	325,784	304,409
Iapetos, Ltd	271,699	246,667
	$ 1,047,911	$ 791,720
Cost of sales - purchased cement		
Titan Cement, SA	$ 25,449,826	$ 36,384,619
General and administrative support services provided		
Separation Technologies Canada, Ltd	$ 54,199	$ 58,131
Interest Expense		
Titan Global Finance, Ltd	$ 16,594,782	$ -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 19. Related Party Transactions (continued)

The components of related party activity for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Sales - products and services for fly ash separation		
Separation Technologies Canada, Ltd	$ 450,428	$ 240,644
Separation Technologies UK, Ltd	325,784	304,409
Iapetos, Ltd	271,699	246,667
	$ 1,047,911	$ 791,720
Cost of sales - purchased cement		
Titan Cement, SA	$ 25,449,826	$ 36,384,619
General and administrative support services provided		
Separation Technologies Canada, Ltd	$ 54,199	$ 58,131
Interest Expense		
Titan Global Finance, Ltd	$ 16,594,782	$ -

During 2004, the Company sold the international territory development rights for its patented ash separation technology to Iapetos in exchange for a non-interest bearing receivable of $3,700,000. The next two equal installments in the amount of $666,000 are due annually on December 31, 2008 through 2009.

Key Management Compensation: Key management compensation expenses, which include all payroll-related expenses for vice-president level positions and higher, for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Salaries and related payroll taxes	$ 5,344,824	$ 4,580,215
Short-term employee benefits	218,238	172,385
Retirement plan contributions	421,343	413,153
Share-based payments	1,612,307	1,127,191
Termination Benefits	385,004	566,519
Total key management compensation	$ 7,981,716	$ 6,859,463
Number of key management employees at year end	17	17

Note 19. Related Party Transactions (continued)

Stock Option Program: Prior to 2007, Titan Cement sponsored a stock option program for certain executives of Titan Cement and its subsidiaries, including the Company. Under this plan, all options granted were exercised, cancelled or expired by November 30, 2006. Options were granted in 2002 and 2003 to Company executives at a fixed exercise price of €14.68 per share. No expense related to this program has been recorded in the accompanying consolidated statements of income as it was determined to be immaterial.

Information related to stock options granted under this plan related to employees of the Company during the years ended December 31, 2007 and 2006 follows:

	2007	2006
Shares under option, January 1	-	25,800
Exercised	-	(25,800)
Shares under option, December 31	-	-
Options exercisable, December 31	-	-

Time/Performance Stock Incentive Plan: Titan Cement sponsors a stock incentive plan for certain executives of Titan Cement and its subsidiaries, including the Company. Under this plan, vesting is determined the third year following the grant date as follows:

- One-third of options granted vest automatically at the completion of the three year period.
- One-third of options granted vest based on Titan Cement's stock performance relative to three Athens Stock Exchange indices during the three year period.
- One-third of options granted vest based on Titan Cement's stock performance relative to that of 12 predefined cement producing companies during the three year period.

All vesting is conditional on the employee's continued employment throughout the vesting period. Once vested, options expire in December of the year vested. The exercise price is fixed at €2.00 per share. The Company used the Black-Scholes-Merten valuation model to determine the fair value of the options granted under this program. Key assumptions for each year's grants are as follows:

	2006 Grants	2005 Grants	2004 Grants
Key assumptions:			
Stock price	€ 40.74	€ 34.50	€ 21.80
Exercise price	€ 2.00	€ 2.00	€ 2.00
Dividend yield	1.56%	1.89%	2.37%
Volatility	22.03%	21.94%	22.48%
Risk-free rate	3.67%	2.83%	2.28%
Option life	3 years	3 years	3 years
Fair value price	€ 37.27	€ 30.76	€ 18.44

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

For the years ended December 31, 2007 and 2006, $1,150,846 and $1,127,191, respectively, related to this program has been recorded as general and administrative expense in the accompanying consolidated statement of income.

Note 19. Related Party Transactions (continued)

Information related to stock options granted under this plan related to employees of the Company during the years ended December 31, 2007 and 2006 follows:

	2007	2006
Shares under option, January 1	82,500	76,200
Granted	-	47,550
Exercised	(11,800)	(32,400)
Expired/cancelled	(28,100)	(8,850)
Shares under option, December 31	42,600	82,500
Options exercisable, December 31	-	-

Restricted Stock Incentive Plan: On May 29, 2007 Titan Cement approved the introduction of a new, three-year Restricted Stock Incentive Plan for certain executives of Titan Cement and its subsidiaries, including the Company. Under this plan, participants are granted options, the exercise of which is subject to the financial results of Titan Cement and the performance of its ordinary share, relative to peer company and stock market indices. The options granted each year have a maturity period of three years and can be exercised after the completion of the three year period at a fixed price of €2.00 per share. Each option must be exercised within the year vested. If the deadline is exceeded then those particular options will irrevocably lapse. All vesting is conditional on the employee's continued employment throughout the vesting period. The number of options vested will be determined as follows:

- One-third of options granted vest based on the financial results of the Company during the three year vesting period.
- One-third of options granted vest based on the Titan Cement's stock performance relative to three Athens Stock Exchange indices during the three year period, during the three year vesting period.
- One-third of options granted vest based on the Titan Cement's stock performance relative to that of twelve predefined international cement producing companies during the three year period.

The fair value of the options granted under the Plan was determined using the Monte Carlo valuation model. Key assumptions for the 2007 grants are as follows:

	2007
Key assumptions:	
Stock price	€ 40.50
Exercise price	€ 2.00
Dividend yield	2.10%
Volatility	24.00%
Risk-free rate	4.40%
Option life	3 years
Fair value price	€ 37.64

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

For the years ended December 31, 2007 and 2006 $461,461 and $0, respectively, related to this program has been recorded as general and administrative expense in the accompanying consolidated statement of income.

Note 19. Related Party Transactions (continued)

Information related to stock options granted under this plan to employees of the Company during the years ended December 31, 2007 and 2006 follows:

	2007	2006
Shares under option, January 1	-	-
Granted	46,500	-
Shares under option, December 31	46,500	-
Options exercisable, December 31	-	-

The stock price of Titan Cement common shares was €31.20 and €41.30 at December 31, 2007 and 2006, respectively.

Note 20. Commitments and Contingencies

Litigation: Management is aware of certain asserted claims that have arisen in the ordinary course of business. Management believes that the Company has meritorious defenses against these claims but has provided for costs associated with settling or litigating such claims whenever such costs are determined to be probable and reasonably estimable.

On March 22, 2006, the United States District Court for the Southern District of Florida (the "Court") ruled that the 2002 mining permits for the "Lake Belt" area in south Florida had been improperly issued by the U.S. Army Corps of Engineers. This ruling affects most of the 12 mining permits issued for this area, including the permits issued to the Company's Pennsuco quarry, Cemex Inc., Florida Rock Industries, Inc., and White Rock Quarries who, together with the Company, produce substantially all of the construction aggregates mined in the Lake Belt area. The Company estimates that the Lake Belt mining area supplies a majority of all sized and washed construction aggregates consumed in the State of Florida. In addition to supplying construction aggregates to external customers, the Pennsuco quarry also supplies raw material to the Company's Florida cement mill and has historically supplied a significant portion of the aggregates used within the Company's Florida ready-mix and concrete block operations.

As part of its ruling, the Court remanded the permitting process to the U.S. Army Corps of Engineers for preparation of a Supplemental Environmental Impact Statement ("SEIS") to support the Corps permitting analysis. The Corps was in that process, when on July 13, 2007 the Court also entered a Remedies Order supplementing its earlier Order and vacated the 2002 Lakebelt permits, enjoining mining within an area designated by the Court, but staying the vacatur for all areas not within the Court's injunction zone until issuance by the Corps of the SEIS. This injunction zone, among other areas, covers almost all of the area subject to the Company's 2002 Corps permit. The Company and others appealed the March 22, 2006 and July 13, 2007 Orders to the United States 11th Circuit Court of Appeals, though there are jurisdictional issues on whether the appeal may be prosecuted at this time. A motion to stay the Orders was denied, briefing was expedited, oral argument was heard on November 28, 2007, and the appellate panel has the matter under consideration. The Corps also continues its preparation of the SEIS ordered in the March 22, 2006 Order, and the Corps website currently indicates that "the Final SEIS is expected to be released in May 2008." When the SEIS will actually be issued, and more importantly, when a new Record of Decision and the Corps' issuance of new permits will occur, is not known (upon issuance of the SEIS, all of the 2002 Lakebelt permits are vacated and there can be no mining by any company unless and until new permits are issued). Either the outcome of the appeal, or the issuance of new permits after the Record of Decision following the issuance of the SEIS, may substantially affect the Company's

Note 20. Commitments and Contingencies (continued)

ability to conduct Pennsuco mining operations, as compared to the Company's operations prior to the 2006 and 2007 Court orders.

Following the July 13, 2007 Remedies Order, the Company was able to obtain a temporary extension of another Corps permit not subject to this litigation through June 30, 2008. This temporary extension will permit limited mining production, but will not replace the production that would have continued under the 2002 permit absent the injunction. While the Company cannot yet assess the ultimate impact of these Orders and the appeal from them, an unfavorable outcome would have a significant impact on the Company's results of operations, cash flows, and financial position. The Company strongly believes that the Lake Belt Plan previously approved by the U.S. Army Corps of Engineers and other relevant agencies properly protects both the environmental and economic interests of Miami-Dade County and the State of Florida and is working together with the other potentially affected producers to assert its position regarding this matter.

Environmental remediation: The Company is subject to certain environmental regulations and normal business operations may cause conditions requiring remedial action. Management has provided for all known, probable and estimable costs related to such occurrences.

Purchase commitments: The Company has contracted to purchase raw materials and manufacturing supplies as part of its ongoing operations as follows:

Contracts for the purchase of 2,400,000 tons of construction aggregates in Florida per year through 2013. The Company has guaranteed that it will accept, take and pay for at least ninety percent of this contracted volume. Purchases will be made at current market prices, subject to adjustment every January 1st and July 1st. As of January 1, 2008, prices ranged from $20.90 to$21.40 per ton .

In 2006, the Company entered into a five-year agreement to use a third-party Virginia cement import terminal facility. As part of the agreement, the third party will provide unloading, storage and reloading services to the Company. In return, the Company will pay a proportionate share of the operating costs of these services. During the agreement period, the Company plans to import up to 154,000 tons per year.

Contracts for the purchase and rail delivery of coal in Florida amount to 120,000 tons per year through 2008. The Company has guaranteed that it will accept, take and pay for this contracted volume. Purchases will be made at contracted prices, subject to annual stated rate adjustments and other conditions that might result in temporary rate adjustments. Prices, including the cost of delivery to the Florida cement plant, range from $80 to $85 per ton.

Supply commitments: The Company has contacted to supply and intends to fully comply with the following supply commitments:

In 2004, the Company committed to supply a customer a minimum of six ash separator packages through 2010, including the separator unit and ancillary equipment, engineering review and commissioning service for a minimum price of $2,500,000 per separator package. The timing of the sale of separators and services is at the discretion of the customer. A deposit on the first separator purchase was received in May 2006 with delivery in 2008. During 2007, three additional separator packages were contracted with a customer for a minimum price of $2,800,000 per separator package.

In 2005, the Company entered into a five year agreement to allow a third party to use the Company's New Jersey cement import terminal facilities. This agreement also permits for an extension of up to an additional three years. As part of this agreement, the Company will provide unloading, storage, and load out services for the third party. In return, the third party will pay a proportionate share of the operating costs for these services as well as a capital charge based on the actual cost of the Company's terminal modernization, completed in June 2006. As

Note 20. Commitments and Contingencies (continued)

part of this agreement, the Company has agreed to purchase Cement from an affiliate of the third party at a minimum of 90% of the third parties' volume passed through the New Jersey terminal.

Starting in 2005, the Company committed to supply a customer with 90% of the customer's cement requirements through 2010. The Company expects sales during this period to range from 75,000 to 250,000 tons annually. In
2006 and 2007, prices were set at an agreed upon price per ton FOB mill. In the years 2008 to 2010, prices will be adjusted annually for the lesser of the percentage change in the "Producer Price Index" or $5 per ton. Prices are subject to a $1 per ton rebate in years when sales exceed 100,000 tons.

Note 21. Concentration of Credit Risk

Cash and Cash Equivalents: The Company maintains demand deposits with one financial institution, the balances of which from time-to-time exceed the federally insured amount.

Trade Receivables: The Company grants credit to its customers, most of who are in the construction business, resulting in a concentration of credit risk. However, management believes that trade receivables are well diversified with no single customer or group of customers comprising a significant portion of total trade receivables. Further, a significant portion of the trade receivables is collateralized by mechanic's lien rights and payment bonds, thereby reducing potential credit risk to the Company. The Company estimates an allowance for doubtful accounts based on the creditworthiness of its customers, as well as general economic conditions. Consequently, any adverse change in these factors could affect the Company's estimate of its allowance for doubtful accounts.

Note 22. Business Acquisitions

2007 Acquisitions:
During March 2007, the Company purchased all of the issued and outstanding stock of S&W Ready Mix, Inc., a North Carolina-based multi-plant ready-mix company for a total purchase price of $255,153,583, including $900,000 in closing costs, plus subsequent adjustments for working capital and other items. The effective date of this acquisition was March 23, 2007. Additionally, during March 2007, the Company purchased all of the assets of Cumberland Quarry, a mining operation in Kentucky, for a total purchase price of $43,280,056, including closing costs of $272,000 plus subsequent adjustments for working capital and other items. The effective date of this acquisition was March 30, 2007. Finally, during May 2007, the Company purchased all the issued and outstanding stock of Mechanicville Concrete, a Virginia multi-plant ready-mix company, for a total purchase price of $13,446,715, including closing costs of $47,000. The effective date of this acquisition was May 9, 2007. The Company financed these acquisitions with debt. The acquisitions were accounted for under the purchase method of accounting. The preliminary aggregate purchase price of the acquisitions was allocated to the fair value of the net assets of the business as follows:

Note 22. Business Acquisitions (continued)

	Preliminary Purchase Price Allocation			
	S&W	**Mechanicsville Concrete**	**Cumberland**	**Total**
Current assets	$ 22,212,988	$ 2,380,423	$ 2,247,398	$ 26,840,809
Property, plant, equipment and mineral deposits	40,970,417	4,314,691	36,479,002	81,764,109
Identifiable intangible assets	74,190,000	3,248,033	4,552,500	81,990,533
Goodwill	146,612,665	8,210,653	-	154,823,319
Other non-current assets, net			201,156	201,156
Total assets	283,986,070	18,153,800	43,480,056	345,619,926
Current liabilities	(28,832,487)	(1,948,034)	-	(30,780,521)
Non-current liabilities, net	-	(2,759,051)	(200,000)	(2,959,051)
Gross purchase price	255,153,583	13,446,715	43,280,056	311,880,354
Less: Cash acquired	(17,695)	(152,125)	-	(169,820)
Purchase price, net of cash acquired	$ 255,135,888	$ 13,294,590	$ 43,280,056	$ 311,710,534

The results of operations subsequent to the effective dates of acquisition are included in the results of operations of the Company. Of the above, the only significant acquisition was S&W. The unaudited proforma Total Sales and Operating Income amounts of for the Company for the years ended December 31, 2007 and 2006, as if the S&W acquisition took place on January 1, 2006 is as follows:

	2007	**2006**
Total Sales	$ 844,370,306	$ 1,041,059,117
Operating Income	$ 25,263,395	$ 115,593,002

2006 Acquisitions:

During March and April 2006, the Company purchased all of the issued and outstanding stock of three Florida ready-mix companies for a total purchase price of $92,624,638, including $854,000 in closing costs, plus subsequent adjustments for working capital and other items. The acquisition of Elbrecht Concrete, Inc. (“Summit Ready Mix”) was effective March 29, 2006, the acquisition of Metro Redi-Mix Company (“Metro Redi-Mix”) was effective March 30, 2006 and the acquisition of Miami Valley Ready Mix, Inc. and Miami Valley Ready Mix of Florida, Inc. (collectively “Miami Valley Concrete”) was effective April 30, 2006. Additionally, during July 2006, the Company purchased certain assets from Central Concrete Supermix, Inc. (“Supermix”) for a total purchase price of $6,371,592, including $314,000 in closing costs, plus subsequent adjustments for working capital and other items. The effective date of this acquisition was July 31, 2006. The Company financed these acquisitions with debt. The acquisitions were accounted for under the purchase method of accounting. The final aggregate purchase price of the acquisitions was allocated to the fair value of the net assets of the business as follows:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 22. Business Acquisitions (continued)

	Purchase Price Allocation				
	Stock Acquisitions	Asset Acquisition	As Reported Total at 12/31/06	Purchase Price Adjustments	As Adjusted Total
Current assets	$ 10,171,636	$ 57,497	$ 10,229,133	$ (36,000)	$ 10,193,133
Property, plant & equipment	22,078,410	4,233,000	26,311,410	36,000	26,347,410
Identifiable intangible assets	23,490,000	1,380,000	24,870,000	-	24,870,000
Goodwill	48,163,009	701,095	48,864,104	-	48,864,104
Total assets	103,903,055	6,371,592	110,274,647		110,274,647
Current liabilities	(6,200,806)	-	(6,200,806)	-	(6,200,806)
Non-current liabilities, net	(5,077,611)	-	(5,077,611)	-	(5,077,611)
Gross purchase price	92,624,638	6,371,592	98,996,230	-	98,996,230
Less: Cash acquired	(2,567,163)	-	(2,567,163)	-	(2,567,163)
Purchase price, net of cash acquired	$ 90,057,475	$ 6,371,592	$ 96,429,067	$ -	$ 96,429,067

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 23. Sales

The components of sales for the years ended December 31, 2007 are as follows:

	Total Sales	Less Internal Sales	External Sales
Sales of cement	$ 314,423,901	$ 81,725,323	$ 232,698,578
Sales of construction aggregates	113,344,073	53,731,140	59,612,933
Sales of ready-mixed concrete	423,586,115	2,645,521	420,940,594
Sales of concrete block and related products	49,554,703	8,316	49,546,387
Sales of ash and related products	23,489,199	2,866,855	20,622,344
Transportation services	9,604,537	5,656,963	3,947,574
Net sales	934,002,528	146,634,118	787,368,410
Freight revenues	47,833,650	21,873,742	25,959,908
Total sales	$ 981,836,178	$ 168,507,860	$ 813,328,318

The components of sales for the years ended December 31, 2006 are as follows:

	Total Sales	Less Internal Sales	External Sales
Sales of cement	$ 378,076,004	$ 104,134,198	$ 273,941,806
Sales of construction aggregates	135,064,444	69,355,158	65,709,286
Sales of ready-mixed concrete	411,656,366	1,319,712	410,336,654
Sales of concrete block and related products	81,818,391	2,149	81,816,242
Sales of ash and related products	22,118,410	2,989,905	19,128,505
Transportation services	13,459,763	6,962,652	6,497,111
Net sales	1,042,193,378	184,763,774	857,429,604
Freight revenues	67,853,389	29,260,083	38,593,306
Total sales	$ 1,110,046,767	$ 214,023,857	$ 896,022,910

Note 24. Cost of Goods Sold, excluding Freight and Distribution Expenses

The components of cost of goods sold, excluding freight and distribution expenses, for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Material and other variable costs	$ 302,844,770	$ 294,168,723
Payroll and related expenses	127,728,331	129,408,122
Depreciation and depletion	64,238,332	52,198,203
Repairs and maintenance	31,977,505	42,941,550
Utilities	25,672,181	31,093,019
Risk insurance	6,805,291	6,971,377
Taxes other than income taxes	14,823,317	14,374,288
Rent and lease expense	11,007,713	11,577,516
Travel, training, and other employee expense	6,114,930	6,011,970
Amortization of identifiable intangible assets	12,279,635	4,032,540
Amortization of deferred stripping costs	1,617,431	1,728,615
Inventory change	179,445	(11,485,195)
Other	15,155,928	15,873,955
Cost of goods sold, excluding freight and distribution expenses	$ 620,444,809	$ 598,894,683

Note 25. Distribution Expense

The components of distribution expense for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Freight to distribution yards/terminals	$ 17,702,855	$ 19,911,739
Payroll and related expenses	3,592,126	4,338,056
Other variable costs	1,088,208	1,137,426
Repairs and maintenance	554,314	698,072
Depreciation	1,939,495	1,841,408
Utilities	544,357	487,260
Other fixed costs	1,548,569	1,263,197
Distribution expense	$ 26,969,924	$ 29,677,158

Note 26. Selling Expense

The components of selling expense for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Payroll and related expenses	$ 10,486,396	$ 9,022,042
Travel, entertainment, and other employee expense	4,030,377	3,283,356
Overhead (dues, advertising, professional fees, etc.)	3,331,817	2,575,009
Depreciation	58,578	6,557
Risk insurance	210,765	241,526
Selling expense	$ 18,117,933	$ 15,128,490

Note 27. General and Administrative Expense

The components of general and administrative expense for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Payroll and related expenses	$ 33,165,396	$ 27,385,499
Travel, entertainment, and other employee expense	8,786,526	7,051,558
Depreciation	858,621	668,223
Professional fees	5,923,709	5,620,808
Office costs	7,053,167	6,868,310
Other	1,971,569	1,806,248
General and administrative expense	$ 57,758,988	$ 49,400,646

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 28. Other Operating, Net

The components of other operating income/ (expense) for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Non-operating provision adjustments	$ 763,000	$ (63,539)
Rental income	409,695	266,149
Anti-dumping tariff receipts, net of costs	9,107	6,613,931
Operating expenses related to acquisitions	(475,506)	-
Other	(11,736)	100,149
Total other operating, net	$ 694,560	$ 6,916,690

On March 6, 2006, an Agreement between the Office of the United State Trade Representative and the Department of Commerce of the United States of America and the Ministry of Economy of the United Mexican States on Trade in Cement (the “Agreement”) was signed. This Agreement addresses an anti-dumping settlement ordered on gray Portland cement from Mexico, and was brought in part by the Southern Tier Cement Committee (the “STCC”). Per the Agreement, as a member of the STCC, the Company received distribution amounts of $9,107 and $6,613,931 in 2007 and 2006, respectively. Future distribution amounts cannot be measured at this time, but are expected to be immaterial.

Note 29. Payroll and Related Expenses

Payroll and related expenses (also included in Notes 25 through 28) for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Wages	$ 61,763,644	$ 61,060,989
Salaries	55,898,075	49,472,636
Outsourced and temporary labor	17,454,091	22,659,601
Other payroll expenses	40,424,441	36,960,493
Total payroll and related expenses	$ 175,540,251	$ 170,153,719

Number of persons employed by the Company at December 31, 2007 and 2006:

	2007	2006
Full time	2,502	2,165
Part time	45	22
Total	2,547	2,187
Salary	764	756
Hourly	1,783	1,431
Total	2,547	2,187