



**CONSOLIDATED FINANCIAL STATEMENTS  
(INTERNATIONAL FINANCIAL REPORTING  
STANDARDS BASIS)**

**Titan America LLC and Subsidiaries  
Year Ended December 31, 2010 and 2009**

Ernst & Young LLP

 **ERNST & YOUNG**

**Titan America LLC and Subsidiaries**  
**Consolidated Financial Statements**  
**(International Financial Reporting Standards Basis)**

Years Ended December 31, 2010 and 2009

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## Report of Independent Auditors

To the Member of Titan America LLC

We have audited the accompanying consolidated statements of financial position of Titan America LLC as of December 31, 2010 and 2009, and the related consolidated statements of operations and comprehensive loss, changes in 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 the 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 as of December 31, 2010 and 2009, and the consolidated results of its operations, comprehensive loss, changes in equity and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

*Ernst & Young LLP*

April 20, 2011

## Titan America LLC and Subsidiaries

### Consolidated Statements of Financial Position

		December 31	
		2010	2009
Noncurrent assets:			
Property, plant, equipment and mineral deposits, net	Note 7	\$ 880,443,296	\$ 933,751,634
Goodwill, net	Note 8	221,866,942	221,866,942
Identifiable intangible assets, net	Note 9	53,028,621	66,254,688
Deferred stripping, net	Note 10	7,102,509	7,140,749
Other assets	Notes 12	6,473,572	6,066,000
<b>Total noncurrent assets</b>		<b>1,168,914,940</b>	<b>1,235,080,013</b>
Current assets:			
Inventories	Note 4	95,880,450	109,802,512
Trade receivables, net	Notes 2, 3	49,199,211	54,628,109
Prepaid expenses and other current assets	Note 6	17,658,043	19,536,607
Other receivables, net	Notes 2, 5	1,815,696	4,368,316
Related party receivables	Notes 2, 20	639,957	938,734
Income taxes receivable		57,038	17,486,559
Cash and cash equivalents	Note 2	13,610	15,430
Assets held for sale	Note 23	-	44,854,065
<b>Total current assets</b>		<b>165,264,005</b>	<b>251,630,332</b>
<b>Total assets</b>		<b>\$ 1,334,178,945</b>	<b>\$ 1,486,710,345</b>

	December 31	
	2010	2009
<b>Member's equity:</b>		
Capital contributions	\$ 647,267,432	\$ 646,654,781
Retained earnings, before current period net loss	189,692,164	239,665,422
Current period net loss	(70,341,340)	(49,973,258)
Other component of equity - cash flow hedge	(1,416,178)	(804,945)
<b>Total member's equity</b>	<b>765,202,078</b>	<b>835,542,000</b>
<b>Noncurrent liabilities:</b>		
Long-term debt, including obligations under capital leases, less current obligations	Notes 2, 15, 16 352,795,663	320,311,953
Deferred and other noncurrent income tax liabilities, net	Note 11 81,800,445	119,933,938
Retirement benefit obligations	Note 19 10,813,893	10,640,435
Derivative financial instrument	Note 17 12,711,800	542,400
Provisions, less current portion	Note 14 7,665,723	6,872,099
Deferred income, less current portion	Note 20 2,553,752	2,222,019
<b>Total noncurrent liabilities</b>	<b>468,341,276</b>	<b>460,522,844</b>
<b>Current liabilities:</b>		
Accounts payable	Note 2 37,922,973	43,859,503
Short-term borrowings	Notes 2, 15, 16 35,000,000	45,359,551
Accrued expenses	Note 13 17,734,071	18,070,775
Book overdraft	6,324,546	10,619,406
Current portion of deferred income	2,178,077	1,027,549
Current portion of long-term debt, including obligations under capital leases	Notes 2, 15, 16 1,116,248	65,887,230
Accounts payable, related parties	Notes 2, 20 215,745	1,948,591
Current portion of provisions	Note 14 143,931	3,557,069
Liabilities associated with assets held for sale	Note 23 -	315,827
<b>Total current liabilities</b>	<b>100,635,591</b>	<b>190,645,501</b>
<b>Total liabilities</b>	<b>568,976,867</b>	<b>651,168,345</b>
<b>Total liabilities and member's equity</b>	<b>\$ 1,334,178,945</b>	<b>\$ 1,486,710,345</b>

*See accompanying notes.*

Titan America LLC and Subsidiaries

Consolidated Statements of Operations and Comprehensive Loss

		Year Ended December 31	
		2010	2009
<b>Continuing operations:</b>			
Net sales	Note 24	\$ 391,279,072	\$ 461,520,402
Freight revenues		17,478,454	18,451,430
Total sales		<u>408,757,526</u>	<u>479,971,832</u>
<b>Cost of goods sold, excluding freight and distribution expenses</b>			
Freight expense	Note 25	385,870,461	418,283,813
Distribution expense	Note 26	22,309,974	23,542,359
Cost of goods sold		<u>425,658,889</u>	<u>460,277,602</u>
Gross (loss)/profit		<u>(16,901,363)</u>	<u>19,694,230</u>
Selling expense	Note 27	14,065,880	14,811,967
General and administrative expense	Note 28	46,271,545	50,972,270
Other operating income	Note 29	(2,980,246)	(646,983)
Operating loss		<u>(74,258,542)</u>	<u>(45,443,024)</u>
Finance income	Note 31	932,028	1,843,279
Finance cost	Note 30	(21,398,448)	(28,662,349)
Foreign exchange gain/(loss)		58,716	(1,635)
Loss on early extinguishment of debt	Note 15	(10,294,761)	(1,403,929)
Loss before income taxes from continuing operations		<u>(104,961,007)</u>	<u>(73,667,658)</u>
State income tax benefit	Note 11	(1,870,272)	(3,515,065)
Federal income tax benefit	Note 11	(34,486,322)	(24,076,080)
Net loss from continuing operations		<u>(68,604,413)</u>	<u>(46,076,513)</u>
<b>Discontinued operations:</b>			
Loss from discontinued operations, net of tax	Note 23	(1,736,927)	(3,896,745)
Net loss		<u>(70,341,340)</u>	<u>(49,973,258)</u>
<b>Other comprehensive loss:</b>			
Net movement on cash flow hedges		(1,002,019)	(1,319,582)
Income tax effect		390,786	514,637
Other comprehensive loss, net of tax		<u>(611,233)</u>	<u>(804,945)</u>
Total comprehensive loss, net of tax		<u>\$ (70,952,573)</u>	<u>\$ (50,778,203)</u>

See accompanying notes.

## Titan America LLC and Subsidiaries

### Consolidated Statements of Changes in Member's Equity

	Capital Contributions	Retained Earnings	Cash Flow Hedge	Total Member's Equity
January 1, 2009	\$ 644,984,920	\$ 239,665,422	\$ -	\$ 884,650,342
Net loss	-	(49,973,258)	-	(49,973,258)
Other comprehensive loss			(804,945)	(804,945)
Stock compensation	Note 20 1,460,939	-	-	1,460,939
Stock compensation excess tax benefit	208,922	-	-	208,922
December 31, 2009	<u>\$ 646,654,781</u>	<u>\$ 189,692,164</u>	<u>\$ (804,945)</u>	<u>\$ 835,542,000</u>
Net loss	-	(70,341,340)	-	(70,341,340)
Other comprehensive loss			(611,233)	(611,233)
Stock compensation	Note 20 672,020	-	-	672,020
Stock compensation excess tax benefit	(59,369)	-	-	(59,369)
December 31, 2010	<u>\$ 647,267,432</u>	<u>\$ 119,350,824</u>	<u>\$ (1,416,178)</u>	<u>\$ 765,202,078</u>

*See accompanying notes.*

## Titan America LLC and Subsidiaries

### Consolidated Statements of Cash Flows

		Year Ended December 31	
		2010	2009
<b>Cash flows from operating activities</b>			
Loss before income taxes from continuing operations		\$ (104,961,007)	\$ (73,667,658)
Loss before income taxes from discontinued operations	Note 23	(2,847,422)	(6,388,107)
Loss before income taxes		(107,808,429)	(80,055,765)
Adjustments for:			
Depreciation, depletion and amortization	Notes 7,9,10	80,758,611	86,826,517
Impairment reserve on assets held for sale	Note 23	-	2,600,000
Deferred income	Note 20	1,482,261	(2,310,464)
Gain on disposal of assets	Note 7	(1,120,184)	(1,183,189)
Finance cost	Note 30	21,398,992	28,669,534
Finance income	Note 31	(964,959)	(1,843,279)
Foreign exchange (gain)/loss		(58,716)	1,635
Stock compensation expense	Note 20	672,020	1,460,939
Loss on extinguishment of debt	Note 15	10,294,761	1,153,929
Bad debt expense	Note 3	4,223,666	3,226,765
Change in net operating assets		4,964,723	7,516,122
Cash generated from operations before interest and income taxes		13,842,746	46,062,744
Income taxes refunded		17,094,534	31,360,613
Net cash provided by operating activities		30,937,280	77,423,357
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	Note 7	(8,718,157)	(10,983,214)
Expenditures on deferred stripping	Note 10	(796,149)	(984,816)
Interest received		186,143	350,448
Proceeds from the sale of business, net of disposition costs	Note 23	43,081,860	-
Proceeds from the sale of assets, net of disposition costs		2,657,531	3,842,978
Contingent consideration paid in connection with business acquisition	Note 24	-	(456,000)
Net cash provided/(used) by investing activities		36,411,228	(8,230,604)



## Titan America LLC and Subsidiaries

### Consolidated Statements of Cash Flows (continued)

		Year Ended December 31	
		2010	2009
<b>Cash flows from financing activities</b>			
Borrowings from affiliated party	Note 20	44,000,000	183,853,201
Offering costs associated with borrowings	Note 15, 20	-	(2,928,006)
Increase/(decrease) in book overdraft		(4,294,860)	10,338,872
Principal payments on capital lease obligations	Note 16	(941,539)	(925,292)
Payments related to early retirement of debt	Note 15	(9,898,325)	-
Net payments under lines of credit	Note 15, 20	(10,359,551)	(6,123,382)
Interest paid		(18,903,850)	(25,263,161)
Principal payments on debt		(66,952,203)	(228,147,797)
Net cash used in financing activities		(67,350,328)	(69,195,565)
 Net increase in cash and cash equivalents		 (1,820)	 (2,812)
 Cash and cash equivalents at:			
Beginning of period		15,430	18,242
End of period		\$ 13,610	\$ 15,430
 Changes in net operating assets			
Inventories		\$ 12,436,073	\$ 14,155,767
Trade receivables, net		1,205,232	20,588,320
Other receivables, net		2,552,140	(1,471,439)
Prepaid expenses and other current assets		2,414,138	(11,347,679)
Other assets		(1,007,331)	(2,222,583)
Accounts payable		(7,848,841)	692,359
Accrued expenses		(594,065)	(15,565,133)
Provisions - Current		(3,413,137)	(1,034,992)
Provisions - Non-Current		569,656	(27,763)
Retirement benefit obligations		84,927	1,614,213
Operating related party activity		(1,434,069)	2,135,052
Change in net operating assets		\$ 4,964,723	\$ 7,516,122

Non-cash transactions: The principal non-cash transactions are accrued purchases or property, plant, and equipment, capitalized interest, derivative movements, and write off of financing costs (see Note 7).

*See accompanying notes.*

**Titan America LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

December 31, 2010

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

The consolidated financial statements for the years ended December 31, 2010 and 2009 were authorized for issue by the management of Titan America LLC on April 20, 2011.

**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 processed 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 ("RCC"), 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 ("Essex").

**Related Party Activity**

Related party activity is primarily comprised of an affiliated party loan, 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 and is further described in Note 15. In addition to the borrowing facility, the Company borrowed Euro 100,000,000 from TGF in 2009 at a fixed rate of 7.07% per annum (see Note 15).

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

In 2009 and 2010 the Company sold ash separators, spare parts, and technical and administrative support services to Separation Technologies Canada LTD (“STC”) and Separation Technologies UK LTD (“STUK”), both wholly-owned indirect subsidiaries of Titan Cement (see Note 20).

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.

#### **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.

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.

In accordance with International Accounting Standard (IAS) No. 36, *Impairment of Assets*, the Company tests annually, as of December 31<sup>st</sup>, or upon occurrence if indicators of impairment are present, 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.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

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

Insurance accruals include estimates of settlement for 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 Company has no significant concentrations of credit risk (see Note 22).

##### *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, each of which is guaranteed by Titan Cement (see Note 15).

##### *Borrowings Denominated in Foreign Currencies*

The Company is exposed to foreign currency exchange rate risk associated with borrowings denominated in foreign currencies. The Company has entered into a foreign currency forward contract to manage its exposure to fluctuations in currency values (see Note 17).

##### *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 not directly impacted by 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. Borrowings denominated in foreign currencies expose the Company to foreign exchange risk. The Company's policy for long term borrowings will vary and is managed by Titan Cement's group treasury function.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

The following table demonstrates the sensitivity of the Company's loss before income tax from continuing operations (through the impact of the outstanding floating rate borrowings at the end of the period on profits) to reasonable changes in interest rates, with all other variables held constant:

Year Ended	Interest Rate Variation	Increase in Loss before income taxes from continuing operations	Interest Rate Variation	Decrease in Loss before income taxes from continuing operations
12/31/10	1.0%	\$ 2,543,500	(1.0)%	\$ (2,543,500)
12/31/09	1.0%	\$ 2,207,096	(1.0)%	\$ (2,207,096)

#### 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).

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 finance cost 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 purchase 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 direct selling expenses.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

##### 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 carrying amount of the receivable and the estimated future cash flows. Changes to the allowance are recognized as cost of goods sold in the accompanying consolidated statements of operations and comprehensive loss.

##### 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:

	<u>Cement</u>	<u>Aggregates</u>	<u>Ready Mix</u>	<u>Block</u>	<u>Other</u>
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	7-25	7-8	7	7	7
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

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 operations and comprehensive loss.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

##### Capitalized Interest

The Company has applied the provisions of IAS No. 23(R), *Borrowing Costs*, 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 estimated useful life of the asset.

##### Goodwill

Goodwill related to acquisitions before April 1, 2004 is stated at acquisition value less accumulated amortization and accumulated impairment losses, if any. In accordance with IFRS No. 3, "Business Combinations," the Company ceased amortization of existing goodwill on January 1, 2005. Goodwill related to acquisitions on or after April 1, 2004 is carried at cost less accumulated impairment losses, if any. Goodwill is allocated to cash-generating units ("CGU"s) within a business segment for the purpose of impairment testing. A CGU is an identified business unit of the Company. A business unit can include interdependent activities (e.g., cement, aggregates, and ready-mixed concrete), typically within a contiguous market territory. The impairment of goodwill assets associated with the CGU is tested at least annually through assessment of the amount recoverable from future projected operations.

##### 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 operations and comprehensive loss. Acquired tradenames were recorded as indefinite-lived intangible assets, were measured at fair value at the date of acquisition, and are tested annually for impairment.

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

	<u>Years</u>
Core Technology - Processed Fly Ash	10
Non-Compete Agreements	3-5
Customer Relationships	5-7
Trademarks	10
Tradenames	Indefinite

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

##### **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 operations and comprehensive loss.

##### **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 statements of financial position.

##### **Income Taxes**

Titan America LLC is a nontaxable entity whose items of income, expense, gains, and losses are taxed to its member, Titan Atlantic. 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.

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 amount of assets and liabilities and their tax bases. Deferred tax assets are recognized only when it is probable that they will be realized. Further, the Company recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that the Company has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the Company. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws 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 statements of financial position.

##### **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



## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

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 statements of financial position.

#### **Impairment of Long-Lived Assets**

Property, plant, equipment, 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 by business unit, which may include interdependent business activities (e.g., cement, aggregates, and ready-mixed concrete), typically within a contiguous market territory.

#### **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. Leases in which a significant portion of the risks and rewards of ownership are held by the Company are classified as capital leases.

#### **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.

#### **Pension and Other Post-retirement Obligations**

All of the Company's defined benefit pension plans and all but one of the Company's other postretirement benefit plans were previously frozen as to new participants and credited service. One postretirement 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

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

sponsors defined contribution retirement (currently suspended – see Note 19) and 401(k) savings plans which cover substantially all employees of the Company.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation 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 U.S. corporate bonds 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 operations. Past-service costs are amortized over the remaining estimated services lives of plan beneficiaries in the consolidated statement of operations.

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

#### **Share-Based Payments**

Titan Cement operates an equity-settled, share-based compensation plan. The Company recognizes the fair value of the employee service received in exchange for the grant of Titan Cement stock 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 statement of financial position 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 statement of operations with a corresponding adjustment to equity.

#### **Recently Issued Accounting Pronouncements**

The financial statements have been prepared with the same accounting policies of the prior financial year, except the following new standards and interpretations that had to be adopted as of January 1, 2010,

#### ***IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)***

The amendment is effective for annual periods beginning on or after January 1, 2010. This amendment clarifies the accounting for cash-settled share-based payment transactions and how such transactions should be arranged in the individual financial statements of the subsidiary. The impact of this amendment was not significant in the financial statements.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

##### *IFRS 3, Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)*

The revision and amendment is effective for annual periods beginning on or after July 1, 2009. The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amendment) will be applied for business combinations after 1 January 2010 and will affect future acquisitions and transactions with non-controlling interests. There was no impact on existing goodwill values as a result of adopting this standard.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning January 1, 2010. They have not been early adopted and the Company is currently assessing possible impacts in the financial statements from their adaptation.

##### *IFRS 9, Financial Instruments – Phase 1 financial assets, classification and measurement*

The new standard is effective for annual periods beginning on or after January 1, 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. The Company is currently evaluating the impact of the new guidance on its consolidated financial position and results of operations.

##### *IFRIC 14, Prepayments of a Minimum Funding Requirement (Amended)*

The amendment is effective for annual periods beginning on or after January 1, 2011. The purpose of this amendment was to permit entities to recognize as an asset some voluntary prepayments for minimum funding contributions. Earlier application is permitted and must be applied retrospectively. The Company is currently evaluating the impact of the new guidance on its consolidated financial position and results of operations.

##### *IFRS 3 Business Combinations, effective for annual periods beginning on or after July 1, 2010*

This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

Moreover, this improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets.

Finally, it requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses.

The Company is currently evaluating the impact of the new guidance on its consolidated financial position and results of operations.

*IAS 1 Presentation of Financial Statements, effective for annual periods beginning on or after January 1, 2011*

This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The Company is currently evaluating the impact of the new guidance on its consolidated financial position and results of operations.

#### **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, 2010 and 2009, the carrying amounts approximate fair value based on the short maturity of these instruments.

##### **Long-term Debt**

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 statement of financial position date for instruments with comparable terms. The carrying amounts of short-term borrowings and capital lease obligations approximate their fair value.

##### **Derivative financial instruments**

The fair value of the Company's foreign exchange forward contract is determined by using level 1 measurements defined as quoted market prices for similar contracts in active markets.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 3. Trade Receivables, Net

Trade receivables at December 31, 2010 and 2009, consist of the following:

	December 31	
	2010	2009
Trade receivables	\$ 56,998,907	\$ 60,080,408
Allowance for doubtful accounts	(5,912,696)	(3,752,003)
Allowance for service fees	(898,830)	(860,430)
Allowance for cash discounts and rebates	(988,170)	(839,866)
Trade receivables, net	\$ 49,199,211	\$ 54,628,109

Trade receivables 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 operations and comprehensive loss. For the years ended December 31, 2010 and 2009, the Company recognized \$3,666,120 and \$3,162,915 of bad debt expense from continuing operations, respectively.

#### 4. Inventories

Inventories at December 31, 2010 and 2009, consist of the following:

	December 31	
	2010	2009
Work in process	\$ 30,041,631	\$ 33,189,918
Finished goods	22,839,150	25,765,523
Spare parts	21,872,950	25,834,849
Raw materials	16,141,357	20,926,223
Manufacturing supplies and other	4,985,362	4,085,999
Inventories	\$ 95,880,450	\$ 109,802,512

#### 5. Other Receivables, Net

Other receivables at December 31, 2010 and 2009, consist of the following:

	December 31	
	2010	2009
Receivables, non-trade, net	\$ 609,142	\$ 2,918,302
Rebates and refunds due	365,071	825,951
Deposits	360,323	92,579
Employee receivables	55,820	257,305
Other	425,340	274,179
Other receivables, net	\$ 1,815,696	\$ 4,368,316

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets at December 31, 2010 and 2009, consist of the following:

	December 31	
	2010	2009
Advance payment for inventory	\$ 14,000,000	\$ 15,622,759
Prepaid insurance	1,771,356	1,904,047
Prepaid overhead expenses (rent, software maintenance dues and subscriptions)	927,607	1,057,478
Prepaid licenses, permits and other taxes	742,907	779,878
Prepaid highway use tax	128,198	131,682
Other	87,975	40,763
Prepaid expenses and other current assets	<u>\$ 17,658,043</u>	<u>\$ 19,536,607</u>

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

Activity within property, plant, equipment, and mineral deposits for the year ended December 31, 2010 consists of the following:

	Balance at 1/1/10	Additions	Disposals	Other	Balance at 12/31/10
<b>Historical Cost:</b>					
Mineral reserves	\$ 154,394,841	\$ -	\$ -	\$ -	\$ 154,394,841
Land	138,951,631	159,375	(71,638)	-	139,039,368
Land improvements	48,119,255	712,019	-	-	48,831,274
Building & improvements	107,551,096	19,873	-	-	107,570,969
Machinery & equipment	653,065,710	5,127,932	(104,345)	2,644,375 <sup>(1)</sup>	660,733,672
Mobile equipment	65,573,338	222,638	(247,540)	-	65,548,436
Marine Equipment	8,835,120	-	-	-	8,835,120
Auto & truck	126,401,584	142,711	(14,593,371)	-	111,950,924
Furniture & fixtures	15,644,176	183,546	(220)	-	15,827,502
Construction and equipment installations in progress	50,965,815	5,046,314	(294,560)	-	55,717,569
<b>Total historical cost</b>	<b>\$ 1,369,502,566</b>	<b>\$ 11,614,408</b>	<b>\$ (15,311,674)</b>	<b>\$ 2,644,375</b>	<b>\$ 1,368,449,675</b>
<b>Accumulated depreciation:</b>					
Mineral reserves	\$ 26,192,510	\$ 1,774,484	\$ (24,260)	\$ -	\$ 27,942,734
Land improvements	14,821,406	3,153,623	-	-	17,975,029
Building & improvements	40,365,503	4,956,513	-	-	45,322,016
Machinery & equipment	236,630,499	34,284,119	(38,997)	13,334	270,888,955
Mobile equipment	36,011,011	5,551,821	(62,960)	(26,667)	41,473,205
Marine Equipment	3,393,974	382,610	-	13,333	3,789,917
Auto & truck	68,563,891	14,424,582	(13,629,307)	-	69,359,166
Furniture & fixtures	9,585,560	1,670,017	(220)	-	11,255,357
Other	186,578	-	(186,578)	-	-
<b>Total accumulated depreciation</b>	<b>\$ 435,750,932</b>	<b>\$ 66,197,769</b>	<b>\$ (13,942,322)</b>	<b>\$ -</b>	<b>\$ 488,006,379</b>
<b>Net book value:</b>					
Mineral reserves	\$ 128,202,331	\$ (1,774,484)	\$ 24,260	\$ -	\$ 126,452,107
Land	138,951,631	159,375	(71,638)	-	139,039,368
Land improvements	33,297,849	(2,441,604)	-	-	30,856,245
Building & improvements	67,185,593	(4,936,640)	-	-	62,248,953
Machinery & equipment	416,435,211	(29,156,187)	(65,348)	2,631,041	389,844,717
Mobile equipment	29,562,327	(5,329,183)	(184,580)	26,667	24,075,231
Marine Equipment	5,441,146	(382,610)	-	(13,333)	5,045,203
Auto & truck	57,837,693	(14,281,871)	(964,064)	-	42,591,758
Furniture & fixtures	6,058,616	(1,486,471)	-	-	4,572,145
Construction and equipment installations in progress	50,965,815	5,046,314	(294,560)	-	55,717,569
Other	(186,578)	-	186,578	-	-
<b>Total net book value</b>	<b>\$ 933,751,634</b>	<b>\$ (54,583,361)</b>	<b>\$ (1,369,352)</b>	<b>\$ 2,644,375</b>	<b>\$ 880,443,296</b>

<sup>(1)</sup>Machinery and equipment spare parts reclassified from inventory.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

Activity within property, plant, equipment, and mineral deposits for the year ended December 31, 2009 consists of the following:

	Balance at 1/1/09	Additions	Disposals	Other	Assets Held for Sale	Balance at 12/31/09
<b>Historical cost:</b>						
Mineral reserves	\$ 182,694,791	\$ 3,720,241	\$ -	\$ (4,600,000) <sup>(1)</sup>	\$ (27,420,191)	\$ 154,394,841
Land	120,271,306	18,955,927	(232,997)	-	(42,605)	138,951,631
Land improvements	50,495,486	513,620	(32,692)	-	(2,857,159)	48,119,255
Building & improvements	106,949,125	1,148,149	(165,858)	-	(380,320)	107,551,096
Machinery & equipment	642,350,001	16,428,993	(1,134,640)	22,500	(4,601,144)	653,065,710
Mobile equipment	72,413,900	192,702	(803,883)	(22,500)	(6,206,881)	65,573,338
Marine equipment	9,475,031	-	-	-	(639,911)	8,835,120
Auto & truck	134,542,422	887,831	(8,941,152)	-	(87,517)	126,401,584
Furniture & fixtures	15,594,672	182,525	(77,194)	-	(55,827)	15,644,176
Construction and equipment installations in progress	82,246,233	(31,076,089)	-	-	(204,329)	50,965,815
<b>Total historical cost</b>	<b>\$ 1,417,032,967</b>	<b>\$ 10,953,899</b>	<b>\$ (11,388,416)</b>	<b>\$ (4,600,000)</b>	<b>\$ (42,495,884)</b>	<b>\$ 1,369,502,566</b>
<b>Accumulated depreciation:</b>						
Mineral reserves	\$ 25,246,204	\$ 1,158,188	\$ -	\$ -	\$ (211,882)	\$ 26,192,510
Land improvements	11,784,912	3,342,943	(25,865)	-	(280,584)	14,821,406
Building & improvements	35,124,145	5,270,901	(21,882)	-	(7,661)	40,365,503
Machinery & equipment	202,868,566	35,644,287	(870,357)	-	(1,011,997)	236,630,499
Mobile equipment	32,452,228	6,807,462	(516,959)	13,333	(2,745,053)	36,011,011
Marine equipment	3,084,205	417,134	-	(13,333)	(94,032)	3,393,974
Auto & truck	59,822,477	16,623,551	(7,794,620)	-	(87,517)	68,563,891
Furniture & fixtures	7,678,671	2,015,709	(77,194)	-	(31,626)	9,585,560
Other	-	-	-	186,578	-	186,578
<b>Total accumulated depreciation</b>	<b>\$ 378,061,408</b>	<b>\$ 71,280,175</b>	<b>\$ (9,306,877)</b>	<b>\$ 186,578</b>	<b>\$ (4,470,352)</b>	<b>\$ 435,750,932</b>
<b>Net book value:</b>						
Mineral reserves	\$ 157,448,587	\$ 2,562,053	\$ -	\$ (4,600,000)	\$ (27,208,309)	\$ 128,202,331
Land	120,271,306	18,955,927	(232,997)	-	(42,605)	138,951,631
Land improvements	38,710,574	(2,829,323)	(6,827)	-	(2,576,575)	33,297,849
Building & improvements	71,824,980	(4,122,752)	(143,976)	-	(372,659)	67,185,593
Machinery & equipment	439,481,435	(19,215,294)	(264,283)	22,500	(3,589,147)	416,435,211
Mobile equipment	39,961,672	(6,614,760)	(286,924)	(35,833)	(3,461,828)	29,562,327
Marine equipment	6,390,826	(417,134)	-	13,333	(545,879)	5,441,146
Auto & truck	74,719,945	(15,735,720)	(1,146,532)	-	-	57,837,693
Furniture & fixtures	7,916,001	(1,833,184)	-	-	(24,201)	6,058,616
Construction and equipment installations in progress	82,246,233	(31,076,089)	-	-	(204,329)	50,965,815
Other	-	-	-	(186,578)	-	(186,578)
<b>Total net book value</b>	<b>\$ 1,038,971,559</b>	<b>\$ (60,326,276)</b>	<b>\$ (2,081,539)</b>	<b>\$ (4,786,578)</b>	<b>\$ (38,025,532)</b>	<b>\$ 933,751,634</b>

<sup>(1)</sup>Includes \$2,600,000 impairment charge that was recorded upon remeasurement of assets held for sale to fair value less cost to sell. See Note 23.



## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

At December 31, 2010 and 2009, property, plant, and equipment under capital leases consisted of mobile equipment, autos, and trucks with a cost basis of \$9,646,392 and \$9,380,400 and accumulated depreciation of \$2,700,554 and \$2,300,195, respectively. For the years ended December 31, 2010 and 2009, depreciation of property, plant, and equipment under capital leases totaled \$400,359 and \$375,071, respectively.

At December 31, 2010 and 2009, the Company had accruals for capital projects totaling \$2,272,032 and \$259,720, respectively.

For the years ended December 31, 2010 and 2009, the Company capitalized interest of \$617,944 and \$790,959, respectively, based on a weighted average borrowing rate that varies monthly. The weighted average borrowing rate for the years ended December 31, 2010 and 2009 was 3.69% and 4.99%, respectively. The capitalization of interest results from significant capital projects for the Company, specifically the development of a quarry operation in Florida.

For the year ended December 31, 2009, \$2,000,000 was recorded as a reduction to mineral reserves assets. This amount resulted from a change in estimate of future payments that the Company expected to occur related to contingent events associated with the Titan Cumberland Resources ("TCR") and Gulf Stone & Gravel LLC ("Gulf Stone") acquisitions. The business events associated with the original estimate, which were included in the preliminary purchase price allocation associated with the acquisitions, are unlikely to occur and were reversed during fiscal 2009.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 8. Goodwill, Net

Goodwill at December 31, 2010 and 2009 primarily results from the following acquisitions:

Acquisition	Activity	Geography	Year Acquired	Balance
Separation Technologies	Fly Ash	Eastern US	2002	\$ 15,259,141
Summit/Metro/Miami Valley/Supermix	Ready-mixed concrete and concrete block	Western Florida	2006	48,864,104
S&W Ready Mix	Ready-mixed concrete	Carolinas	2007	146,852,616
Mechanicsville Concrete	Ready-mixed concrete	Central Virginia	2007	8,200,653
Other Total				<u>2,690,428</u> <u>\$ 221,866,942</u>

#### Impairment testing of Goodwill

Goodwill acquired through business combinations has been allocated to the following cash generating units ("CGUs"):

	December 31	
	2010	2009
Mid Atlantic Business Unit	\$ 155,328,080	\$ 155,328,080
Florida Business Unit	48,864,104	48,864,104
Separation Technologies Business Unit	15,259,141	15,259,141
Essex Business Unit	2,415,617	2,415,617
Total	<u>\$ 221,866,942</u>	<u>\$ 221,866,942</u>

Management tests goodwill annually at December 31 or more frequently if indications of impairment exist. As of December 31, 2010, management concluded that impairment indicators were not present which would more likely than not result in an impairment of goodwill.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 8. Goodwill, Net (continued)

The recoverable amount of a CGU is determined based on the higher of its value-in-use and fair value less cost to sell. The value-in-use calculations use cash flow projections based on financial plans approved by management covering a five year period. The calculation of value-in-use for the Company's evaluated CGUs is most sensitive to the following assumptions:

- Sales volumes;
- Selling prices;
- Growth rate used to extrapolate cash flows beyond the specific projection period; and
- Discount rates

#### *Sales volumes*

Management estimates sales volumes utilizing independent industry forecasts taking into consideration its position in the market, relative to its competitors. Management expects construction spending in its key markets to remain constrained in 2011 with sales volumes beginning to recover during 2012. At December 31, 2010, the date of the most recent impairment test, the Company has assumed the following compound average annual growth rates in sales volumes for the period 2011-2015:

Florida - Cement	17.4%
Florida - Aggregates	22.8%
Florida - Readymix	18.1%
Florida - Block	21.7%
Mid-Atlantic - Cement	9.8%
Mid-Atlantic - Virginia Readymix	11.8%
Mid-Atlantic - Carolinas Readymix	11.5%
Separation Technologies - Processed Fly Ash	2.6%

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 8. Goodwill, Net (continued)

##### *Selling prices*

Since 2006, selling prices have deteriorated in all markets reflecting the severe contraction in demand for building materials. For the period 2011-2015, management expects selling prices to improve as demand recovers. While management expects pricing to continue to deteriorate in 2011, it expects pricing power to improve as supply and demand imbalances are corrected in the 2012-2015 period. At December 31, 2010, the date of the most recent impairment test, the Company has assumed the following compound annual growth rates in selling prices for the period 2011-2015:

Florida - Cement	2.4%
Florida - Aggregates	2.5%
Florida - Readymix	6.1%
Florida - Block	5.7%
Mid-Atlantic - Cement	3.0%
Mid-Atlantic - Virginia Readymix	2.9%
Mid-Atlantic - Carolinas Readymix	2.5%
Separation Technologies - Processed Fly Ash	2.3%

##### *Growth rate estimates*

Following the five year specific forecast period, management used a fading-growth-rate model in its value-in-use calculation. Under this approach, cash flows are assumed to increase at a higher rate following the specific projection period before settling into a long-term growth rate. Sales volume growth rates are based on published industry research and take into account demographic trends including population growth, household formation, and economic output (among other factors) in the states where the Company operates. In addition to demographic trends, long-term growth rates take into account cement/concrete intensity in construction which has historically varied from state to state based on building codes, availability of raw materials, and other factors. At December 31, 2010, the date of the most recent impairment test, growth rates have been estimated by management as follows:

	<b>Year 6 Cash Flow Growth Rate</b>	<b>Fading Growth Rate Period</b>	<b>Long-term Growth Rate</b>
Florida Business Unit	20.0%	5 years	4.0%
Mid-Atlantic Business Unit	8.0%	5 years	3.0%
Separation Technologies Business Unit	3.0%	N/A	3.0%

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 8. Goodwill, Net (continued)

##### *Discount rates*

A pre-tax discount rate of 9.1% was used in the value in use calculations at December 31, 2010, the date of the most recent impairment test.

As of December 31, 2010 no goodwill impairments have been recorded.

#### 9. Identifiable Intangible Assets, Net

Identifiable intangible assets are comprised principally of acquired customer relationships of Mechanicsville Concrete, Summit Ready Mix, Metro Redi Mix, and Miami Valley Concrete, core technology, patents, and trademarks of Separation Technologies, and acquired customer relationships and tradename of S&W Ready Mix.

Activity within net identifiable intangible assets for the years ended December 31, 2010 and 2009 consists of the following:

	Balance at 1/1/09	Additions/ Other	Assets Held for Sale	Balance at 12/31/09	Additions	Balance at 12/31/10
<b>Historical cost:</b>						
Core technology	\$ 9,700,000	\$ -	\$ -	\$ 9,700,000	\$ -	\$ 9,700,000
Customer relationships	91,033,006	(524,000)	(2,568,000)	87,941,006	-	87,941,006
Trademarks	400,000	-	-	400,000	-	400,000
Tradenames	13,980,000	-	-	13,980,000	-	13,980,000
Mining Permits	2,340,000	-	(2,340,000)	-	-	-
Non-compete agreements	2,707,527	-	(120,500)	2,587,027	408,054	2,995,081
<b>Total historical cost</b>	<b>\$ 120,160,533</b>	<b>\$ (524,000)</b>	<b>\$ (5,028,500)</b>	<b>\$ 114,608,033</b>	<b>\$ 408,054</b>	<b>\$ 115,016,087</b>
<b>Accumulated amortization:</b>						
Core technology	\$ 6,224,166	\$ 970,000	\$ -	\$ 7,194,166	\$ 970,000	\$ 8,164,166
Customer relationships	27,290,185	12,470,581	(655,500)	39,105,266	12,248,715	51,353,981
Trademarks	256,666	40,000	-	296,666	40,000	336,666
Tradenames	-	-	-	-	-	-
Mining Permits	682,500	390,000	(1,072,500)	-	-	-
Non-compete agreements	1,357,561	464,228	(64,542)	1,757,247	375,406	2,132,653
<b>Total accumulated amortization</b>	<b>\$ 35,811,078</b>	<b>\$ 14,334,809</b>	<b>\$ (1,792,542)</b>	<b>\$ 48,353,345</b>	<b>\$ 13,634,121</b>	<b>\$ 61,987,466</b>
<b>Net book value:</b>						
Core technology	\$ 3,475,834	\$ (970,000)	\$ -	\$ 2,505,834	\$ (970,000)	\$ 1,535,834
Customer relationships	63,742,821	(12,994,581)	(1,912,500)	48,835,740	(12,248,715)	36,587,025
Trademarks	143,334	(40,000)	-	103,334	(40,000)	63,334
Tradenames	13,980,000	-	-	13,980,000	-	13,980,000
Mining Permits	1,657,500	(390,000)	(1,267,500)	-	-	-
Non-compete agreements	1,349,966	(464,228)	(55,958)	829,780	32,648	862,428
<b>Total net book value</b>	<b>\$ 84,349,455</b>	<b>\$ (14,858,809)</b>	<b>\$ (3,235,958)</b>	<b>\$ 66,254,688</b>	<b>\$ (13,226,067)</b>	<b>\$ 53,028,621</b>

At December 31, 2010, core technology (processed fly ash) and trademarks had estimated remaining economic useful lives of one and a half years, while customer relationships had estimated remaining economic useful lives of between two years and four years, and non-compete agreements had estimated remaining economic useful lives between six months and five years.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 10. Deferred Stripping, Net

The activity within deferred stripping with respect to continuing operations for the years ended December 31, 2010 and 2009 consists of the following:

	Balance at January 1	Additions	Amortization	Assets Held for Sale	Balance at December 31
2010	\$ 7,140,749	\$ 779,510	\$ (817,750)	\$ -	\$ 7,102,509
2009	\$ 7,511,992	\$ 984,816	\$ (1,211,533)	\$ (144,526)	\$ 7,140,749

#### 11. Income Taxes

The components of income tax expense (benefit) from continuing operations for the year ended December 31, 2010 consist of:

	Current	Deferred	Other	Total
U.S. Federal	\$ (1,439)	\$ (34,801,858)	\$ 316,975	\$ (34,486,322)
State	336,426	(2,263,090)	56,392	(1,870,272)
Total	\$ 334,987	\$ (37,064,948)	\$ 373,367	\$ (36,356,594)

The components of income tax expense (benefit) from continuing operations for the year ended December 31, 2009 consist of:

	Current	Deferred	Other	Total
U.S. Federal	\$ (10,106,257)	\$ (13,956,368)	\$ (13,455)	\$ (24,076,080)
State	224,187	(3,648,542)	(90,710)	(3,515,065)
Total	\$ (9,882,070)	\$ (17,604,910)	\$ (104,165)	\$ (27,591,145)

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 11. Income Taxes (continued)

Income tax benefit 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, 2010 and 2009, as a result of the following:

	<b>Year Ended December 31</b>	
	<b>2010</b>	<b>2009</b>
Loss before income taxes from continuing operations	<b>\$ (104,961,007)</b>	\$ (73,667,658)
Loss before income taxes from discontinued operations	<b>(2,847,422)</b>	(6,388,107)
Loss before income taxes	<b><u>\$ (107,808,429)</u></b>	<u>\$ (80,055,765)</u>
Income tax expense/(benefit) at applicable statutory U.S. Federal tax rate	<b>\$ (37,732,950)</b>	\$ (28,019,520)
Differences resulting from:		
State income taxes, net of federal tax effect	<b>(3,725,910)</b>	(2,758,246)
Mineral deposit depletion in excess of cost basis	<b>(1,167,226)</b>	(1,180,958)
Valuation allowance - state net operating loss carryforwards	<b>3,985,920</b>	-
Provision for noncurrent income tax liabilities	<b>373,367</b>	(104,165)
Valuation allowance - federal tax credit carryforwards	<b>300,016</b>	-
Nondeductible expenses	<b>297,181</b>	286,386
Reduction of manufacturing income deduction due to carryback	<b>-</b>	1,298,916
Recognized tax benefit under stock option plan	<b>206,508</b>	475,165
Taxable income, not recognized for financial reporting	<b>-</b>	6,059
Other	<b>(3,995)</b>	(86,144)
Income tax expense/(benefit)	<b><u>\$ (37,467,089)</u></b>	<u>\$ (30,082,507)</u>
Income tax benefit from continuing operations	<b>\$ (36,356,594)</b>	\$ (27,591,145)
Income tax benefit attributable to discontinued operations	<b>(1,110,495)</b>	(2,491,362)
	<b><u>\$ (37,467,089)</u></b>	<u>\$ (30,082,507)</u>

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 11. Income Taxes (continued)

Net deferred tax liabilities consist of the following components as of December 31, 2010 and 2009:

	December 31	
	2010	2009
Deferred tax assets:		
Provisions and accrued expenses, not deductible for tax until paid	\$ 7,915,524	\$ 8,453,293
Retirement benefit obligations, not deductible for tax until paid	4,087,793	4,123,406
Deferred income, resulting from revenue recognition differences	1,845,414	1,267,332
Identifiable intangible assets, principally due to differences in amortization methods	11,107,557	9,233,316
Accounts receivable valuation	1,377,086	848,880
Inventory valuation and costing	1,992,690	1,071,391
Net operating loss and charitable contribution carryforwards	64,478,437	23,792,655
Tax credit carryforwards	5,565,469	5,565,469
Other	1,526,314	1,055,426
Total deferred tax assets	99,896,284	55,411,168
Less valuation allowance	(4,285,936)	-
Net deferred tax assets	95,610,348	55,411,168
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation methods	115,567,181	117,896,258
Mineral deposits, principally due to differences in depletion methods	39,106,899	38,920,733
Goodwill, principally due to differences in amortization methods	18,837,696	14,419,603
Deferred stripping costs, principally due to differences in amortization methods	2,412,094	2,252,044
Prepaid expenses, principally due to differences in amortization methods	1,113,556	1,256,407
Other	-	600,061
Total deferred tax liabilities	177,037,426	175,345,106
Net deferred income tax liabilities	\$ 81,427,078	\$ 119,933,938

The deferred tax amounts mentioned above have been classified on the accompanying consolidated balance sheets as of December 31, 2010 and 2009 as follows:

	December 31	
	2010	2009
Deferred tax liabilities, net	\$ 81,427,078	\$ 119,933,938
Other noncurrent income tax liabilities	373,367	-
Deferred and other noncurrent income tax liabilities, net	\$ 81,800,445	\$ 119,933,938



## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 11. Income Taxes (continued)

At December 31, 2010 the Company had charitable contribution carryforwards of \$1,220,544 expiring in years 2012 through 2015. These expenses will be carried forward to future periods and are expected to be fully utilized prior to expiration. The 2010 tax net operating loss was \$104,689,850. At December 31, 2010, the Company had net operating loss carryforwards of \$152,801,905 expiring in the years 2029 through 2030.

At December 31, 2010, the Company had tax credit carryforwards in the amount of \$5,565,469 of which \$5,265,453 may be carried forward indefinitely. These credits may be used to offset future U.S. federal income taxes payable subject to certain IRS limitations. A valuation allowance of \$300,016 has been placed against certain tax credit carryforwards, due to the likelihood they will expire prior to use.

The Company is currently undergoing an IRS audit of the 2008 tax year. All anticipated adjustments are to deferred tax and have been recorded in 2010.

#### 12. Other Assets

Other assets at December 31, 2010 and 2009 consist of the following:

	December 31	
	2010	2009
Excess benefit plan assets	\$ 4,978,000	\$ 4,434,000
Notes receivable - trade	996,635	551,588
Noncurrent portion of prepaid expenses	344,537	344,537
Deposits	138,801	735,875
Other	15,599	-
Other assets	\$ 6,473,572	\$ 6,066,000

#### 13. Accrued Expenses

Accrued expenses at December 31, 2010 and 2009 consist of the following:

	December 31	
	2010	2009
Insurance reserves	\$ 9,094,735	\$ 8,652,129
Interest payable	4,554,053	4,469,969
Employee benefits	1,642,105	1,565,550
Taxes payable, other than income taxes	1,299,623	2,092,210
Professional fees	426,407	576,647
Accrued royalties and dues	314,167	297,772
Accrued liabilities related to acquisitions	303,832	303,832
Other	99,149	112,666
Accrued expenses	\$ 17,734,071	\$ 18,070,775

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 14. Provisions and Other Noncurrent Liabilities

##### Provisions

The activity within the Company's provision accounts for the year ended December 31, 2010 is summarized as follows:

Provision Description	Balance at 1/1/10	Charges (Credits) to Income Statement	Cash Receipts (Payments)	Balance at 12/31/10
Restoration obligations	\$ 5,744,830	\$ 960,714	\$ -	\$ 6,705,544
Litigation	3,065,926	(2,749,383)	(316,543)	-
Sales and use tax	771,253	(368,602)	-	402,651
Environmental	376,584	80,538	(2,673)	454,449
Severance	296,564	423,306	(591,038)	128,832
Other	174,011	(45,491)	(10,342)	118,178
<b>Total</b>	<b>\$ 10,429,168</b>	<b>\$ (1,698,918)</b>	<b>\$ (920,596)</b>	<b>\$ 7,809,654</b>

Analysis of Provisions	December 31	
	2010	2009
Current portion of provisions	\$ 143,931	\$ 3,557,069
Noncurrent portion of provisions	7,665,723	6,872,099
<b>Total</b>	<b>\$ 7,809,654</b>	<b>\$ 10,429,168</b>

**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.

**Litigation:** This reserve was established for the costs of litigating or settling a claim arising from the Company's 2002 acquisition of its subsidiary, ST. An initial award was largely overturned on appeal and the 2010 settlement, including accrued interest and legal fees, was paid in the amount of \$316,543 with the remaining balance being credited to other operating income in the accompanying consolidated statement of operations and comprehensive loss.

**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 this amount will be used over the next 2 to 5 years.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 14. Provisions and Other Noncurrent Liabilities (continued)

**Environmental:** This provision represents the estimated cost for current and former Company operating facilities for various environmental clean-up and monitoring obligations and the expected future clean-up of cement kiln dust stock piles. It is expected that \$6,000 will be utilized in the next twelve months with the remaining amounts used over the next 2 to 35 years.

**Severance:** This provision is for specific employee reduction in force obligations. It is expected that the balance will be fully utilized in the next twelve months.

**Other:** These miscellaneous reserves are for various matters. It is expected that \$9,100 will be used in the next twelve months with the remaining amounts used over the next 2 to 14 years.

During the years ended December 31, 2010 and 2009, the Company increased provisions by the net amounts of \$223,968 and \$520,510, respectively, for the passage of time and changes in applicable discount rates. This accretion of provisions is included in finance cost in the accompanying consolidated statements of operations and comprehensive loss.

#### 15. Credit Facilities and Long-Term Debt

##### Bank Borrowing Facilities

At December 31, 2010 and 2009, the Company maintained borrowing facilities with banks as further described below:

Facility Description	Borrowing Facilities at December 31, 2010			
	Borrowing Facility	Outstanding Borrowings	Undrawn Facility	Maturity Date
Committed Revolving Credit Facility*	\$ 22,000,000	\$ -	\$ 22,000,000	7/31/11
Uncommitted Revolving Credit Facility	35,000,000	35,000,000	-	N/A
<b>Total</b>	<b>\$ 57,000,000</b>	<b>\$ 35,000,000</b>	<b>\$ 22,000,000</b>	

\* The full value of this borrowing facility is \$64,000,000 but it was reduced by \$42,000,000 for the letter of credit subfacility discussed below.

Facility Description	Borrowing Facilities at December 31, 2009			
	Borrowing Facility	Outstanding Borrowings	Undrawn Facility	Maturity Date
Committed Revolving Credit Facility*	\$ 29,000,000	\$ 10,359,551	\$ 18,640,449	7/31/10
Uncommitted Revolving Credit Facility	35,000,000	35,000,000	-	N/A
<b>Total</b>	<b>\$ 64,000,000</b>	<b>\$ 45,359,551</b>	<b>\$ 18,640,449</b>	

\* The full amount of this borrowing facility was \$75,000,000 but it was reduced by \$46,000,000 for the letter of credit subfacility discussed below.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

Each bank borrowing facility provides for loans at variable interest rates which are reset at daily, one-month, two-month, three-month, or six-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, 2010 and 2009, the Company maintained an affiliated party borrowing facility further described below:

Facility Description	Borrowing Facility at December 31, 2010			
	Borrowing Facility	Outstanding Borrowings	Undrawn Facility	Maturity Date
Committed Revolving Credit Facility	\$ 300,000,000	\$ 190,000,000	\$ 110,000,000	4/27/12

Facility Description	Borrowing Facility at December 31, 2009			
	Borrowing Facility	Outstanding Borrowings	Undrawn Facility	Maturity Date
Committed Revolving Credit Facility	\$ 300,000,000	\$ 146,000,000	\$ 154,000,000	4/27/12

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

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 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, 2010 and 2009. At December 31, 2010 and 2009, the bank had issued letters of credit on behalf of the Company totaling \$41,101,515, and \$44,488,777, respectively, as further described below:

	December 31	
	2010	2009
Facility Amount	\$ 42,000,000	\$ 46,000,000
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	(10,400,789)	(10,443,676)
Performance obligations	(105,000)	(979,375)
Other payment obligations	(908,000)	(3,378,000)
Available facility amount	\$ 898,485	\$ 1,511,223

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, 2010 and 2009. At December 31, 2010 and 2009, the insurance company had issued performance bonds on behalf of the Company totaling \$7,455,520 and \$14,657,696, respectively, as further described below:

	December 31	
	2010	2009
Facility Amount	\$ 40,000,000	\$ 40,000,000
Less performance bonds issued in support of:		
Supply obligations	(2,161,174)	(9,158,709)
Excavation and reclamation obligations	(2,467,965)	(2,489,330)
Other payment and performance obligations	(2,826,381)	(3,009,657)
Available facility amount	\$ 32,544,480	\$ 25,342,304

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

##### Borrowings

Borrowings at December 31, 2010 consisted of the following:

	December 31, 2010	
	Carrying Amount	Fair Value
Unsecured loans under uncommitted borrowing facility, bearing interest at variable interest rates (2.30% per annum at December 31, 2010).	35,000,000	35,000,000
Unsecured notes payable to affiliated party, under committed borrowing facility, bearing interest at variable interest rates (1.61% per annum at December 31, 2010), due on April 27, 2012.	190,000,000	190,000,000
Unsecured Euro denominated notes payable to affiliated party, bearing interest at 7.07%, due on July 26, 2013.	133,620,000	129,945,450
Industrial revenue bonds, bearing interest at variable rates (0.50% per annum at December 31, 2010), payable monthly, due on December 1, 2020.	7,350,000	7,350,000
Industrial revenue bonds, bearing interest at variable rates (0.41% per annum at December 31, 2010), payable monthly, due on April 26, 2034.	22,000,000	22,000,000
Capital lease obligations <i>(Note 16)</i>	3,189,209	3,189,209
Unsecured note payable	408,054	408,054
Subtotal	391,567,263	\$ 387,892,713
Less amounts classified as short-term borrowings	(35,000,000)	
Less amounts classified as current portion of long-term debt, including obligations under capital leases	(1,116,248)	
Less unamortized borrowing costs	(2,655,352)	
Long-term debt, including obligations under capital leases, less current obligations	\$ 352,795,663	

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

Borrowings at December 31, 2009 consisted of the following:

	December 31, 2009	
	Carrying Amount	Fair Value
Unsecured loans under committed borrowing facility, bearing interest at variable interest rates (2.23% per annum at December 31, 2009)	\$ 10,359,551	\$ 10,359,551
Unsecured loans under uncommitted borrowing facility, bearing interest at variable interest rates (1.75% per annum at December 31, 2009)	35,000,000	35,000,000
Unsecured notes payable to affiliated party, under committed borrowing facility, bearing interest at variable interest rates (1.58% per annum at December 31, 2009), due on April 27, 2012.	146,000,000	146,000,000
Unsecured Euro denominated notes payable to affiliated party, bearing interest at 7.07%, due on July 26, 2013.	144,060,000	146,872,329
Unsecured notes payable to insurance companies, bearing interest at 11.76% per annum at December 31, 2009 with a stated due date of December 19, 2011	27,966,102	30,457,971
Unsecured notes payable to insurance companies, bearing interest at 10.00% per annum at December 31, 2009 with a stated due date of October 10, 2014	6,338,983	6,602,756
Unsecured notes payable to insurance companies, bearing interest at 12.14% per annum at December 31, 2009 with a stated due date of December 19, 2016	23,305,085	25,231,301
Unsecured notes payable to insurance companies, bearing interest at 10.35% per annum at December 31, 2009 with a stated due date of October 10, 2019	9,322,034	9,238,691
Industrial revenue bonds, bearing interest at variable rates (0.35% per annum at December 31, 2009), payable monthly, due on December 1, 2020.	7,350,000	7,350,000
Industrial revenue bonds, bearing interest at variable rates (0.35% per annum at December 31, 2009), payable monthly, due on April 26, 2034.	22,000,000	22,000,000
Capital lease obligations (Note 16)	3,858,627	3,858,627
Other	13,333	13,333
Subtotal	<u>435,573,715</u>	<u>\$ 442,984,559</u>
Less amounts classified as short-term borrowings	(45,359,551)	
Less amounts classified as current portion of long-term debt, including obligations under capital leases	(65,887,230)	
Less unamortized borrowing costs	(4,014,981)	
Long-term debt, including obligations under capital leases, less current obligations	<u>\$ 320,311,953</u>	

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

On July 1, 2010, the Company prepaid and retired the remaining \$66,932,204 of unsecured notes payable to insurance companies. In conjunction with the prepayment of the Notes, a make-whole payment in the amount of \$9,668,697 was paid to the remaining noteholders representing the difference between the present value of the remaining scheduled interest and principal payments due under the notes (as if no prepayment was made) and the face amount of the Notes. Closing costs of \$229,628 were paid to third parties to arrange and document the prepayment agreement. When combined with unamortized borrowing costs of \$396,436 at the date of prepayment, the loss on extinguishment of the Notes totaled \$10,294,761.

In 2009, the Company entered into an agreement with TGF, to borrow Euro 100,000,000 (\$133,620,000 as of December 31, 2010). This loan bears interest at a rate of 7.07% per annum. Interest is due and payable semi-annually in January and July until the loan matures on July 26, 2013. Fees and original issue discount charged against the borrowing totaled Euro 2,023,365, or \$2,894,488 based on exchange rates at the time of issuance.

Simultaneous with the execution of the Euro 100,000,000 borrowing from TGF, the Company entered into three forward foreign exchange contracts with third party financial institutions to hedge the foreign currency risk associated with the Euro denominated borrowing. Under the terms of those agreements, the Company has fixed the July 26, 2013 Euro to US Dollar exchange rate for Euro 100,000,000 at \$1.46329 to €1.00.

The exposure of the Company's borrowings, including capital lease obligations, to interest rate changes and the periods in which the borrowings mature or re-price were as follows December 31, 2010 and 2009:

	<b>December 31</b>	
	<b>2010</b>	<b>2009</b>
<b>Within 6 months</b>	<b>\$ 254,932,935</b>	<b>\$ 221,160,776</b>
<b>Between 6 months and 1 year</b>	<b>530,215</b>	<b>65,436,006</b>
<b>Between 1 and 5 years</b>	<b>135,950,017</b>	<b>148,976,933</b>
Later years	<b>154,096</b>	<b>-</b>
<b>Total</b>	<b>\$ 391,567,263</b>	<b>\$ 435,573,715</b>



## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

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

The weighted average effective interest rates of the Company's borrowings at December 31, 2010 and 2009 were as follows:

	December 31	
	2010	2009
Unsecured notes payable to insurance companies	n/a	11.53%
Industrial revenue bonds	0.43%	0.35%
Capital lease obligations (Note 16)	5.19%	5.14%
Unsecured borrowings under affiliated party credit facility	1.61%	1.62%
Unsecured note payable to affiliated party	7.07%	7.07%
Unsecured borrowings under bank credit facility	2.30%	1.86%

Maturity of borrowings (including capital lease obligations) at December 31, 2010 and 2009 were as follows:

	December 31	
	2010	2009
Within one year	\$ 36,116,248	\$ 111,246,776
Between one and two years*	191,046,336	2,838,513
Between two and three years	1,072,571	146,954,040
Between three and four years	133,784,496	145,064,292
Between four and five years	197,612	120,094
Later years	29,350,000	29,350,000
Total	<u>\$ 391,567,263</u>	<u>\$ 435,573,715</u>

\* Includes \$190,000,000 at December 31, 2010 for the affiliated party borrowing facility. The terms of this facility were amended, restated and superseded in their entirety by a restated facility agreement on January 5, 2011. The outstanding borrowings at December 31, 2010 now mature on December 5, 2014 (see Note 33 – Subsequent Event).

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 16. Capital Leases

At December 31, 2010 and 2009, 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, 2010 and 2009 totaled \$941,539 and \$925,292, respectively.

The following is a schedule of the future minimum lease payments under capital lease obligations together with the present value of the future minimum lease payments at December 31, 2010:

Within one year	\$ 1,168,777
Between one and two years	1,095,935
Between two and three years	1,066,964
Between three and four years	120,856
Between four and five years	-
Later years	-
Total minimum lease payments	<u>3,452,532</u>
Less amount representing interest	<u>(263,323)</u>
Present value of minimum lease payments	<u>\$ 3,189,209</u>

The fair value of capital lease obligations at December 31, 2010 and 2009 approximate book value.

During the year ended December 31, 2010, the Company entered into new capital leases in the principal amount of \$265,992 with an average three year term and a weighted average interest rate of 7.00%. The Company did not enter into any new capital leases during the year ended December 31, 2009.

#### 17. Hedging Activities and Derivatives

##### Cash Flow Hedge

##### *Foreign Currency Risk*

Upon execution of the Company's Euro 100,000,000 borrowing from TGF during 2009 (Euro Loan) (see Note 15), the Company entered into a Euro 100,000,000 forward foreign currency exchange contract with three third party financial institutions to hedge the foreign currency risk associated with the Euro denominated borrowing. At the inception of the hedge relationship, the Company formally designated and documented the hedge as a cash flow hedge and the risk management objective and strategy for undertaking the hedge. The terms of the forward foreign currency exchange contract have been negotiated to match the terms of the Euro Loan and the hedge was assessed to be highly effective.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 17. Hedging Activities and Derivatives (continued)

The derivative financial instrument was initially recognized at fair value on the effective date of the contract, and is being subsequently remeasured at fair value. As of December 31, 2010, the fair value of the derivative contract was a liability of \$12,711,800. As this derivative instrument has been designated as a cash flow hedge, any gains or losses arising from changes in fair value of the derivative are recognized in other comprehensive income/loss as a separate component of equity. Amounts recognized as other comprehensive income/loss are transferred to the statement of operations to the extent that the hedged transaction affects profit or loss (i.e. upon remeasurement of the Euro Loan to U.S. dollars based on the current spot rate).

Activity within the Company's Euro denominated loan and related derivative financial instrument for the year ended December 31, 2010 and 2009 consists of the following:

	Derivative Financial Instrument	Euro Denominated Loan
Balance at 1/1/09	\$ -	\$ -
Proceeds from Euro loan	-	143,053,200
Amortization of forward points	-	229,618
Remeasurement of Euro loan and derivative financial instrument	542,400	777,182
Balance at 12/31/09	\$ 542,400	\$ 144,060,000
Amortization of forward points	-	727,381
Remeasurement of Euro loan and derivative financial instrument	12,169,400	(11,167,381)
Balance at 12/31/10	<u>\$ 12,711,800</u>	<u>\$ 133,620,000</u>

During the year, ended December 31, 2010 and 2009 the Company recorded the following amounts in other comprehensive income/(loss):

	Year Ended December 31	
	2010	2009
Amounts charged to other comprehensive loss:		
Unrealized loss on derivative financial instrument	\$ (12,169,400)	\$ (542,400)
Less tax effect	4,746,066	211,536
Unrealized loss on derivative financial instrument, net of tax	<u>\$ (7,423,334)</u>	<u>\$ (330,864)</u>
Amounts reclassified from other comprehensive loss to the statement of operations:		
Remeasurement of Euro loan to US Dollars	\$ 11,167,381	\$ (777,182)
Less tax effect	(4,355,280)	303,101
Remeasurement of Euro loan to US Dollars, net of tax	<u>\$ 6,812,101</u>	<u>\$ (474,081)</u>
Net movement on cash flow hedge	\$ (1,002,019)	\$ (1,319,582)
Less tax effect	390,786	514,637
Other comprehensive loss, net of tax	<u>\$ (611,233)</u>	<u>\$ (804,945)</u>

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 18. 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 for continuing operations under noncancellable operating leases as of December 31, 2010 are as follows:

Within one year	\$ 7,933,757
Between one and two years	5,818,275
Between two and three years	5,074,291
Between three and four years	4,665,058
Between four and five years	3,994,674
Later years	25,414,369
Subtotal	<u>52,900,424</u>
Sublease Income	(156,382)
Total	<u>\$ 52,744,043</u>

Total rent expense under noncancellable operating leases included in the accompanying consolidated statements of operations and comprehensive loss for the years ended December 31, 2010 and 2009 was \$7,203,475 and \$8,628,404, respectively. In addition to rent expense, certain of the Companies lease agreements contain provisions which require the payment of other fees (e.g., wharfage and dockage) which are dependent, in part, on the volume of material passed through the leased facilities. In some cases these leases require minimum payments regardless of the actual quantities passed through the facilities. These fees amounted to \$1,196,372 and \$1,416,616 for the years ended December 31, 2010 and 2009, respectively.

It is reasonably certain that the Company will exercise the option to renew contained within two operating lease commitments. The lease between the Company and Tampa Port Authority ("Authority"), which expires in 2021, contains a lease extension option which allows the Company to extend the lease for three consecutive option periods of ten years each with the following provisions:

- the rent for each of the three option terms shall be adjusted at the commencement of the option term to the fair market rent for the premises.
- Once the adjusted rent for the commencement of the option term is determined, it will be the rent for the first twelve months of that option term.
- Rent will be increased by three percent at the beginning of each succeeding two months during the option term.

Under this lease, the Company is required to pay dockage and wharfage fees related to their use of the Authority's berths based on prescribed rates and tonnage. Additionally the Company is required to pay the Authority an annual tonnage guarantee which represents a minimum tonnage that the Company would import through the port and in turn generate revenue.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 18. Operating Lease Commitments (continued)

The lease between the Company and The Port Authority of New York and New Jersey, which expires in 2030, contains a lease extension option which allows the Company to extend the lease for two consecutive option periods of five years each. The rent for each of these two option periods shall be a minimum of three percent and a maximum of five percent based on the rent prescribed during the final year of the initial lease term. Under the terms of the lease, the Company is required to pay an annual tonnage guarantee which represents a minimum tonnage that the Company would import through the port and in turn generate revenue.

#### 19. Retirement Benefit Obligations

Retirement benefit obligations at December 31, 2010 and 2009, consist of the following:

	December 31	
	2010	2009
Excess benefit plan benefits	\$ 4,978,000	\$ 4,434,000
Pension benefits	3,770,206	3,944,667
Other post-retirement benefits	2,065,687	2,261,768
Retirement benefit obligations	<u>\$ 10,813,893</u>	<u>\$ 10,640,435</u>

All of the Company's defined benefit pension plans and all but one of the Company's other postretirement benefit plans were previously frozen as to new participants and credited service. One postretirement 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. At December 31, 2010, defined benefit pension plan assets are invested approximately 62% in equity investments and 38% in fixed income investments.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 19. Retirement Benefit Obligations (continued)

Information relative to the Company's defined benefit pension and other postretirement benefit plans is presented below. Amounts reported below for these plans are as of the most recent measurement dates, December 31, 2010 and 2009.

	Pension Benefits		Other Post-retirement Benefits	
	2010	2009	2010	2009
Benefit obligations	\$ 13,508,006	\$ 13,179,016	\$ 2,104,006	\$ 2,325,580
Fair value of plan assets	9,737,800	9,234,349	-	-
Funded deficit, December 31	3,770,206	3,944,667	2,104,006	2,325,580
Unrecognized prior service cost	-	-	(38,320)	(63,812)
Accrued cost, December 31	<u>\$ 3,770,206</u>	<u>\$ 3,944,667</u>	<u>\$ 2,065,686</u>	<u>\$ 2,261,768</u>

Assumptions used in computations:

Discount rate used in computing ending obligations	5.50%	6.00%	5.50%	6.00%
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:

	Other Postretirement Benefits	
	2010	2009
Health care cost trend rate:		
Through 2010	N/A	9.00%
2011	7.00%	8.00%
2012	6.00%	7.00%
2013	5.00%	6.00%
2014	5.00%	5.00%
Later years	5.00%	5.00%

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

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 19. Retirement Benefit Obligations (continued)

A reconciliation of the movements during the years ended December 31, 2010 and 2009 in the net pension and other postretirement benefit liabilities follows:

	Pension Benefits		Other Postretirement Benefits	
	2010	2009	2010	2009
Accrued cost, January 1	\$ 3,944,667	\$ 4,272,686	\$ 2,261,768	\$ 2,111,749
Expense/(benefit) recognized	419,341	52,263	(40,254)	293,350
Contributions	(593,802)	(380,282)	(155,827)	(143,331)
Accrued cost, December 31	<u>\$ 3,770,206</u>	<u>\$ 3,944,667</u>	<u>\$ 2,065,687</u>	<u>\$ 2,261,768</u>

The components of net periodic pension and other postretirement benefit costs are as follows for the years ended December 31, 2010 and 2009:

	Pension Benefits		Other Postretirement Benefits	
	2010	2009	2010	2009
Service cost	\$ -	\$ -	\$ 4,483	\$ 4,736
Interest cost	748,761	767,919	119,065	133,586
Expected return on plan assets	(770,414)	(672,136)	-	-
Actuarial (gain)/loss	437,188	(43,520)	(189,295)	129,536
Amortization of prior service costs/other	3,806	-	25,493	25,492
Net periodic pension expense/(benefit)	<u>\$ 419,341</u>	<u>\$ 52,263</u>	<u>\$ (40,254)</u>	<u>\$ 293,350</u>

For the years ended December 31, 2010 and 2009, the Company recorded net periodic pension and other post retirement benefit costs totaling \$379,087 and \$345,613, respectively. These amounts have been included in the accompanying consolidated statements of operations and comprehensive loss as follows:

	December 31	
	2010	2009
Cost of goods sold	\$ 290,556	\$ 984,050
Finance cost	867,826	901,505
Finance income	(779,295)	(1,539,942)
Net periodic cost	<u>\$ 379,087</u>	<u>\$ 345,613</u>

The Company expects to contribute \$805,556 to its defined benefit pension benefit plan in 2011.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 19. Retirement Benefit Obligations (continued)

##### 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. Until February 15, 2009, the Company contributed 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. Contributions for periods after February 15, 2009 have been temporarily suspended for all employees except those covered by applicable collective bargaining agreements. Total costs for this element of the plan were \$39,045 and \$459,954 for the years ended December 31, 2010 and 2009, respectively. In addition, the plan allows a voluntary employer after-tax contribution of up to 2.0% of eligible compensation for eligible employees. Voluntary employee contributions were \$17,775 and \$17,769 for the years ended December 31, 2010 and 2009, respectively.

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 \$1,698,726 and \$1,828,251, respectively, for the years ended December 31, 2010 and 2009.

S&W sponsors a separate defined contribution 401(k) savings plan which covers substantially all employees of S&W. The plan provides for voluntary employee pre-tax contributions for eligible employees. S&W matches employee contributions at a rate of 50% up to 5% of the employee's total compensation. The total costs charged against income for this plan was \$154,143 and \$158,666, respectively, for the years ended December 31, 2010 and 2009.

For periods prior to December 7, 2009, Mechanicsville Concrete sponsored a separate defined contribution 401(k) savings plan which covered substantially all employees of Mechanicsville Concrete. The plan provided for voluntary employee pre-tax contributions for eligible employees. Mechanicsville Concrete matched 50% of eligible employees' contributions up to 6% of eligible compensation, subject to IRS limitations on maximum elective deferrals. Total costs charged against income for this plan were \$28,403 for the year ended December 31, 2009. For periods after December 7, 2009, eligible Mechanicsville Concrete employees became participants in the Titan America 401(k) savings plan.

##### 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.



## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 19. Retirement Benefit Obligations (continued)

Under this plan the participants are eligible to defer from 0% to 20% of eligible compensation for the applicable plan year. The Company matched 50% of the participant's contributions to the plan during 2008 and prior. Effective January 1, 2009, the Company matching formula is variable, ranging from 0% to 100% based on established business targets. At December 31, 2010 and 2009, plan assets totaled \$4,978,000 and \$4,434,000, respectively, and are classified as other assets in the accompanying consolidated balance sheets (see Note 12). There were no Company costs for the plan for the years ended December 31, 2010 and 2009.

#### 20. Related Party Transactions

The components of related party balances at December 31, 2010 and 2009 are as follows:

	December 31 2010	December 31 2009
<b>Current portion of related party receivables:</b>		
Iapetos, Ltd	-	666,000
Separation Technologies UK, Ltd	213,378	82,834
Titan Cement, SA	426,579	189,900
	<u>\$ 639,957</u>	<u>\$ 938,734</u>
<b>Non-current deferred income:</b>		
Iapetos, Ltd	\$ 1,850,000	\$ 2,096,666
<b>Current portion of deferred income:</b>		
Iapetos, Ltd	\$ 246,667	\$ 246,667
<b>Accounts payable, related parties:</b>		
Titan Cement, SA	\$ 215,745	\$ 1,948,591
<b>Accrued interest payable, related parties:</b>		
Titan Global Finance, PLC	\$ 4,209,932	\$ 3,892,912
<b>Variable rate non-current notes payable, related parties:</b>		
Titan Global Finance, PLC	\$ 190,000,000	\$ 146,000,000
<b>Fixed rate noncurrent note payable, related parties:</b>		
Titan Global Finance, PLC	\$ 133,620,000	\$ 144,060,000
<b>Unamortized offering costs on borrowings:</b>		
Titan Global Finance, PLC	\$ 2,275,366	\$ 3,159,096

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 20. Related Party Transactions (continued)

The components of related party activity for the years ended December 31, 2010 and 2009 are as follows:

	<b>2010</b>	<b>2009</b>
<b>Sales - products and services for fly ash separation:</b>		
Separation Technologies Canada, Ltd	\$ 805,158	\$ 427,604
Separation Technologies UK, Ltd	216,463	302,492
Iapetos, Ltd	246,667	246,667
	<b>\$ 1,268,288</b>	<b>\$ 976,763</b>
<b>Cost of sales - purchased cement:</b>		
Titan Cement, SA	\$ 12,715,744	\$ 12,515,820
<b>General and administrative support services provided:</b>		
Separation Technologies Canada, Ltd	\$ 52,574	\$ 47,393
<b>Finance costs:</b>		
Titan Global Finance, PLC	\$ 14,481,847	\$ 7,302,807

#### 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, 2010 and 2009 are as follows:

	<b>2010</b>	<b>2009</b>
Salaries and related payroll taxes	\$ 4,754,650	\$ 5,870,450
Short-term employee benefits	255,795	260,868
Retirement plan contributions	103,040	129,112
Share-based payments	521,359	1,231,543
Termination benefits	34,031	95,961
Total key management compensation	<b>\$ 5,668,875</b>	<b>\$ 7,587,934</b>
Number of key management employees at December 31	<b>20</b>	<b>20</b>

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 20. Related Party Transactions (continued)

##### Restricted Stock Incentive Plan

On May 29, 2007 Titan Cement approved the introduction of a 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 companies 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 an exercise price equal to the nominal value of the common stock of Titan Cement Company S.A., currently €4.00 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 Titan Cement's stock performance relative to three Athens Stock Exchange indices during the three year vesting period.
- One-third of options granted vest based on Titan Cement's stock performance relative to a group of predefined international cement producing companies during the three year period.

On June 3<sup>rd</sup>, 2010 the Board extended the program for another three-year period.

The fair value of the options granted under the Plan was determined using the Black Scholes valuation model for 2009 and 2008 and the Monte Carlo valuation model for 2010 and 2007. Key assumptions for each year's grants are as follows:

Key assumptions at date of grant:	2010	2009	2008	2007
Stock price	€ 15.90	€ 20.60	€ 26.92	€ 40.50
Exercise price at date of grant	€ 4.00	€ 4.00	€ 4.00	€ 2.00
Dividend yield	2.68%	2.07%	2.07%	2.10%
Volatility	39.42%	36.71%	32.28%	24.00%
Risk-free rate	2.25%	3.65%	3.76%	4.40%
Option life	3 years	3 years	3 years	3 years
Fair value price	€ 5.36	€ 8.41	€ 9.79	€ 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, 2010 and 2009, \$672,020 and \$1,460,939, respectively, related to this program has been recorded as general and administrative expense in the accompanying consolidated statement of operations and comprehensive loss.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 20. Related Party Transactions (continued)

Information related to stock options granted under this plan to employees of the Company during the years ended December 31, 2010 and 2009 follows:

	<u>2010</u>	<u>2009</u>
Shares under option, January 1	132,750	99,450
Granted	81,600	81,000
Exercised	(11,074)	(5,173)
Expired/cancelled	(48,326)	(42,527)
Shares under option, December 31	<u>154,950</u>	<u>132,750</u>
Options exercisable, December 31	<u>-</u>	<u>-</u>

The stock price of Titan Cement common shares was €16.42 and €20.32 at December 31, 2010 and 2009, respectively.

#### 21. 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 and its subsidiaries have 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.

##### *Florida Lake Belt Litigation*

In March 2006, the United States District Court for the Southern District of Florida (the "District 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 (the "USACE"). This ruling affected most of the 12 mining permits issued for this area, including the permits issued to the Company's Pennsuco quarry, Rinker Materials Corporation, 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 supplies a significant portion of the aggregates used within the Company's Florida ready-mix and concrete block operations.

As part of its ruling, the District Court remanded the permitting process to the USACE for further review and consideration. In July 2007, the District Court entered the Remedies Order, in which the District Court vacated all the Lake Belt permits, but stayed its ruling with respect to all but four of the permits (which were held by White Rock, Tarmac, and Florida Rock) until such

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 21. Commitments and Contingencies (continued)

time as the USACE completed its Supplemental Environmental Impact Statement (“SEIS”). Those three companies were ordered to cease all mining operations within a judicially-created zone around the Miami Dade County Northwest wellfield on the basis that mining might endanger the water quality.

The companies appealed these orders and the U.S. Court of Appeals for the 11<sup>th</sup> Circuit (the “Court of Appeals”) heard oral argument in November 2007. In May 2008, the Court of Appeals vacated the District Court’s March 2006 ruling and remanded for rehearing by the District Court. In January 2009, the District Court entered an “Order Pursuant to Remand” from the Eleventh Circuit, and a Final Judgment, granting the Plaintiffs Summary Judgment and setting aside all of the 2002 Lake Belt permits. The Company (Tarmac America LLC) and the other mining permittees appealed the January 2009 Order, but the Court of Appeals confirmed the District Court’s order.

The USACE issued its SEIS in May 2009. Following a period of public comment and intergovernmental agency review, in February 2010 the USACE issued its Record of Decision (ROD) and Statement of Findings on the May 2009 SEIS. After extensive study and coordination with the public and other state and federal agencies, the ROD found that mining in the Lake Belt area is not contrary to the public interest and is in compliance with the relevant sections of the Clean Water Act subject to certain permit conditions.

The ROD allows for new 20 year mining permits covering the areas remaining to be mined under the 2002 permits in addition to new acreage west of the current mining area. In March 2010, the Company received its permit from the USACE. However, in the context of the current depressed construction materials market, the new permit is not expected to have a significant near-term positive impact on operations or profitability. Nevertheless, its receipt removes a source of uncertainty and allows the Company a long term focus on efficient operating performance as market conditions improve.

#### *Florida class action litigation*

In October 2009, a class action lawsuit was filed in the United States District Court for the Southern District of Florida (the “District Court”) alleging certain antitrust violations (including price fixing and market allocations) by cement and ready mix concrete companies in the State of Florida. Thereafter, several additional similar lawsuits were filed. The District Court ordered that the class actions be consolidated, and that the plaintiff law firms file a consolidated complaint for each of two alleged classes, direct purchasers and indirect purchasers. In January 2010, these two consolidated complaints were filed with the District Court naming as defendants all companies selling cement in Florida, including the Company’s subsidiary, Tarmac America LLC. Other defendants included Cemex Corp., Holcim (US) Inc., Lafarge North America, Inc., Lehigh Cement Company, Oldcastle Materials, Suwannee American Cement LLC, and Votorantim Cimentos North America, Inc. The defendants entered into a joint defense agreement and filed an answer and motion to dismiss in March 2010. In June 2010, prior to the court hearings, the plaintiffs dismissed Lafarge North America, Inc. from its complaint.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 21. Commitments and Contingencies (continued)

At the court hearing on the motion to dismiss on June 22, 2010, the Judge expressed concern about the impact of the plaintiff's dismissing Lafarge as a defendant, and ordered the plaintiffs to file a new complaint detailing which allegations should remain in light of the dismissal. In the meantime the Judge stayed all discovery. The new complaint was filed July 12, 2010; and the defendants filed a new motion to dismiss August 9, 2010. The Judge granted in part and denied in part the defendants' motion to dismiss, limiting the case to antitrust allegations against ready mix concrete operations since 2008 of four companies in the State of Florida, Cemex Inc., Florida Rock Industries, Inc., Prestige AB Management Co. LLC, and Tarmac America LLC. Discovery, limited to ready-mix concrete operations, recommenced after the plaintiffs filed amended complaints in December 2010.

We have no reason to believe that Tarmac America LLC is liable for any of the matters alleged in the complaint, and we intend to defend the case vigorously. However, the impact of these two consolidated class action lawsuits, if the Company's subsidiary was found guilty, could have a significant impact on the Company's results of operations, cash flows, and financial position.

In October 2010, an antitrust civil investigative demand was received from the Department of Legal Affairs, Office of the Attorney General, for the Southern District of Florida pursuant to the Florida Antitrust Act of 1980. The civil investigative demand was served to all defendants in the class action litigation. The course of the investigation was to determine whether there is, has been or may be a violation of sections 1 or 2 of the Sherman Antitrust Act. This includes possible contracts, combinations, or conspiracies in restraint of trade or monopolization, relating to the cement or concrete industry. Documentary material and other tangible evidence was to be made available on or before November 22, 2010, at the Office of the Attorney General. Since then the Attorney General's office has agreed to several modifications, such as excluding cement and concrete block (due to the Judge dismissing that portion of the class action along with cement), and various aspects of the documents to be turned over. The final period for data and documents requested is from the beginning of 2006 to November 2009.

We are complying with the request for documents and have no reason to believe that any violations exist for Tarmac America LLC as a result of our investigation of documents so far.

#### **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:

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 21. Commitments and Contingencies (continued)

##### *Tarmac aggregates purchase commitment*

In 2004, the Company entered into a supply agreement with a third party for the purchase of construction aggregates in Florida. Under the terms of the 2004 agreement, the Company was obligated to accept, take, and pay for at least ninety percent of the contracted volume - 2,160,000 tons per year for the period from 2005 through 2014. If annual purchases fell below 2,160,000 tons, the Company had the right to pay the supplier for the shortfall amount and accept delivery of the material in the twelve month period following such payment.

In 2008 and 2009, the supply agreement was amended to extend the original contract term, reduce the guaranteed volumes in 2008 and 2009, and introduce a minimum annual volume (500,000 tons) that, if not achieved, will result in a payment to the supplier at current market prices without the corresponding right to take delivery of the material at a future date.

Under the terms of the amended agreement, the Company must also prepay the supplier annually for any guaranteed volume shortfall (capped at 1,400,000 tons), representing the difference between the guaranteed volume and the actual volume purchased from the supplier in that year (excluding those volumes purchased using a previous year's prepayment). Payment for the guaranteed volume shortfall may be used to offset future purchases from the supplier. In addition, any difference between the annual guaranteed volume and the actual purchased volume extends the life of the agreement by adding the amount of that shortfall to the last year of the contract or, in the event that the carryover would cause the guaranteed volume in the last year of the contract to exceed 2,160,000 tons, to a new contract year. The term of the agreement may not extend beyond the year 2024 unless mutually agreed.

In 2009, the Company accepted delivery of 405,618 tons of construction aggregates from the supplier (including 263,671 tons carried forward from the 2008 contract year) against an annual guaranteed commitment of 1,763,671 tons. As a result, at December 31, 2009, the Company was obligated to pre-pay for 1,358,053 tons of construction aggregates at a cost of approximately \$11.50 per ton. This amount has been included in the accompanying consolidated statements of financial position as prepaid expenses and other current assets (see Note 6) and accounts payable at December 31, 2009.

In 2010, the Company accepted delivery of 515,364 tons of construction aggregates from the supplier against an annual guaranteed commitment of 2,160,000 tons. As a result, at December 31, 2010, the Company was obligated to pre-pay for 1,400,000 tons of construction aggregates at a cost of approximately \$10.00 per ton. This amount has been included in the accompanying consolidated statements of financial position as prepaid expenses and other current assets (see Note 6) and accounts payable at December 31, 2010.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 21. Commitments and Contingencies (continued)

The remaining commitments as of December 31, 2010 and 2009, respectively, are as follows:

Year	12/31/2010		12/31/2009	
	Guaranteed Volume (Tons)	Minimum Volume (Tons)	Guaranteed Volume (Tons)	Minimum Volume (Tons)
2010	2,160,000	500,000	2,160,000	500,000
2011	2,160,000	500,000	2,160,000	500,000
2012	2,160,000	500,000	2,160,000	500,000
2013	2,160,000	500,000	2,160,000	500,000
2014	2,160,000	500,000	2,160,000	500,000
2015	2,160,000	500,000	2,160,000	500,000
2016	2,020,742	500,000	418,053	418,053
2017		500,000		
2018		500,000		
2019		500,000		
2020		20,742		

Under the terms of the supply agreement, purchases are made at current market prices, subject to periodic adjustments. As of January 1, 2011, prices are approximately \$10.00 per ton.

#### *RCC cement purchase commitment*

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 had planned to import up to 154,000 tons per year, though the Company now plans to import no tons. This amendment is satisfactory to the third party, which has also decided to eliminate imported volume and purchase their local requirements from the Company. This agreement expired on December 31, 2010.

#### **Supply commitments**

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

#### *ST separator package sales commitments*

The Company committed to supply a customer a minimum of six ash separator packages through 2016, 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. However, certain exclusivity right may be forfeited if minimum territory targets are not actively marketed. In 2008, two of the separator packages were delivered to the customer and the delivery of a third separator package is anticipated for 2012. During 2010, the Company received a \$750,000 deposit toward the purchase price of the third separator.



## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 21. Commitments and Contingencies (continued)

The Company committed to supply a second customer a minimum of six ash separator packages through 2018, including the separator unit and ancillary equipment, engineering review and commissioning service for a minimum price of \$2,600,000 per separator package. The timing of the sale of separators and services is at the discretion of the customer. However, certain exclusivity right may be forfeited if minimum territory targets are not actively marketed. In 2010 one separator package was delivered and successfully commissioned. A PO for a second separator is anticipated in 2012.

##### *Essex terminal facilities use and supply agreement*

In 2005, the Company entered into a five year agreement ( the "Agreement") to allow a third party to use the Company's New Jersey cement import terminal facilities. This agreement also permits an extension of up to an additional three years. As part of this Agreement, the Company is obligated to provide unloading, storage, and load out services for the third party. In return, the third party is obligated to 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.

During the Agreement period, the third party planned to import 350,000 to 400,000 tons for the first three years, and 100,000 to 300,000 tons for the fourth and fifth years. The third party purchased minimal volume during the second year, no volume during the third and fourth years, and now plans to purchase no volume during the fifth year. During these third, fourth and fifth years, the third party did not meet the minimum tonnage guarantee provision of the contract (175,000 tons), which resulted in a monthly payment of \$25,000 to the Company.

As 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. Notwithstanding the expiration of the Agreement, the unsettled balancing and purchase obligations survive the expiration of the Agreement until a 90% balance is restored.

#### 22. 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 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

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **22. Concentration of Credit Risk (continued)**

adverse change in these factors could affect the Company's estimate of its allowance for doubtful accounts.

#### **23. Assets Held for Sale / Discontinued Operations**

At December 31, 2009, the Company had entered into negotiations regarding the sale of its quarry operation located in Salem, Kentucky (Titan Cumberland Resources or "TCR"). TCR was a separate major line of business of the Company. As of December 31, 2009, TCR was available for immediate sale in its present condition, subject only to terms that are usual and customary for the sale of such assets, and therefore TCR was classified as a disposal group held for sale and as a discontinued operation. On April 2, 2010, TCR was sold for \$41,420,000 in cash, plus the assumption of certain obligations and other adjustments, including the value of construction aggregates inventories as of March 31, 2010.

Proceeds received through December 31, 2010 from the sale of TCR totaled \$43,081,860. The results of operations of TCR are reflected as discontinued operations in the consolidated statement of operations and comprehensive loss for all periods presented.

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 23. Assets Held for Sale / Discontinued Operations (continued)

The results of TCR for the years ended December 31, 2010 and 2009 are presented below:

	2010	2009
Net sales	\$ 2,160,681	\$ 12,576,335
Freight revenues	2,918,501	15,232,620
Total sales	<u>5,079,182</u>	<u>27,808,955</u>
Cost of goods sold, excluding freight and distribution expenses	3,927,220	12,504,056
Freight expense	2,918,501	15,232,620
Distribution expense	770,860	2,717,606
Cost of goods sold	<u>7,616,581</u>	<u>30,454,282</u>
Gross loss	<u>(2,537,399)</u>	<u>(2,645,327)</u>
Selling expense	119,185	480,044
General and administrative expense	106,388	655,551
Other operating income	(26,903)	-
Operating loss	<u>(2,736,069)</u>	<u>(3,780,922)</u>
Finance income	32,931	-
Finance cost	(544)	(7,185)
Impairment loss recognized on the remeasurement to fair value less costs to sell	<u>(143,740)</u>	<u>(2,600,000)</u>
Loss before tax from discontinued operations	<u>(2,847,422)</u>	<u>(6,388,107)</u>
Income tax benefit	<u>(1,110,495)</u>	<u>(2,491,362)</u>
Loss from discontinued operations, net of tax	<u>\$ (1,736,927)</u>	<u>\$ (3,896,745)</u>

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 23. Assets Held for Sale / Discontinued Operations (continued)

The major classes of assets and liabilities of TCR classified as held for sale as at December 31, 2009 are as follows:

	2009
<b>Noncurrent assets:</b>	
Property, plant, equipment and mineral deposits, net	\$ 38,025,532
Identifiable intangible assets, net	3,235,958
Deferred stripping, net	144,526
<b>Total noncurrent assets</b>	<b>41,406,016</b>
<b>Current assets:</b>	
Inventories	3,443,601
Prepaid expenses and other current assets	4,448
<b>Total current assets</b>	<b>3,448,049</b>
<b>Assets classified as held for sale</b>	<b>\$ 44,854,065</b>
<b>Noncurrent liabilities:</b>	
Long-term debt, including obligations under capital leases, less current obligations	\$ (160,000)
Other noncurrent liabilities	(76,000)
<b>Total noncurrent liabilities</b>	<b>(236,000)</b>
<b>Current liabilities:</b>	
Current portion of long-term debt, including obligations under capital leases	(79,827)
<b>Total current liabilities</b>	<b>(79,827)</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>(315,827)</b>
<b>Net assets directly associated with disposal group</b>	<b>\$ 44,538,238</b>

The net cash flows attributable to TCR (excluding disposal proceeds received in 2010) for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Net cash provided by (used by) operating activities	\$ 484,935	\$ 2,254,235
Net cash provided by (used by) investing activities	16,292	(1,247,419)
Net cash used by financing activities	(39,603)	(158,414)
<b>Net cash flows attributable to discontinued operations</b>	<b>\$ 461,624</b>	<b>\$ 848,402</b>

Titan America LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**23. Assets Held for Sale / Discontinued Operations (continued)**

**Impairment of Property, Plant and Equipment**

Following the classification of TCR in 2009 as a held for sale investment, an impairment loss of \$2,600,000 (with a related tax effect of \$1,014,000) was recognized to reduce the carrying amount of the assets in the disposal group to its estimated fair value less cost to sell. This was recognized in loss from discontinued operations, net of tax in the consolidated statement of operations and comprehensive loss. At the sale date, an additional loss of \$143,740 (with a related tax effect of \$56,059) was recognized to reduce the carrying amount of the assets to the final net sales price.

**24. Sales**

The components of sales from continuing operations for the year ended December 31, 2010 are as follows:

	<b>Total Sales</b>	<b>Less Internal Sales</b>	<b>External Sales</b>
Sales of cement	\$ 152,005,494	\$ 32,619,269	\$ 119,386,225
Sales of construction aggregates	46,488,220	21,953,918	24,534,302
Sales of ready-mixed concrete	204,848,385	26,865	204,821,520
Sales of concrete block and related products	15,882,739	-	15,882,739
Sales of ash and related products	28,343,884	3,003,665	25,340,219
Transportation services	5,433,009	4,118,942	1,314,067
Net sales	<u>453,001,731</u>	<u>61,722,659</u>	<u>391,279,072</u>
Freight revenues	31,567,648	14,089,194	17,478,454
Total sales	<u>\$ 484,569,379</u>	<u>\$ 75,811,853</u>	<u>\$ 408,757,526</u>

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 24. Sales (continued)

The components of sales from continuing operations for the year ended December 31, 2009 are as follows:

	<b>Total Sales</b>	<b>Less</b>	
		<b>Internal Sales</b>	<b>External Sales</b>
Sales of cement	\$ 182,754,282	\$ 37,606,065	\$ 145,148,217
Sales of construction aggregates	46,532,421	23,145,674	23,386,747
Sales of ready-mixed concrete	251,477,654	35,397	251,442,257
Sales of concrete block and related products	18,525,373	321	18,525,052
Sales of ash and related products	23,869,811	2,188,433	21,681,378
Transportation services	6,306,748	4,969,997	1,336,751
Net sales	<u>529,466,289</u>	<u>67,945,887</u>	<u>461,520,402</u>
Freight revenues	30,925,015	12,473,585	18,451,430
Total sales	<u><u>\$ 560,391,304</u></u>	<u><u>\$ 80,419,472</u></u>	<u><u>\$ 479,971,832</u></u>

#### 25. Cost of Goods Sold, excluding Freight and Distribution Expenses

The components of cost of goods sold, excluding freight and distribution expenses, from continuing operations for the years ended December 31, 2010 and 2009 are as follows:

	<b>2010</b>	<b>2009</b>
Material and other variable costs	<b>\$ 145,850,380</b>	<b>\$ 158,965,722</b>
Payroll and related expenses	<b>86,087,891</b>	<b>89,486,799</b>
Depreciation and depletion	<b>62,851,628</b>	<b>66,054,290</b>
Repairs and maintenance	<b>18,325,630</b>	<b>16,362,860</b>
Utilities	<b>18,150,586</b>	<b>21,336,073</b>
Amortization of identifiable intangible assets	<b>13,634,121</b>	<b>13,698,842</b>
Taxes other than income taxes	<b>12,160,212</b>	<b>10,807,592</b>
Rent and lease expense	<b>6,486,725</b>	<b>5,777,365</b>
Risk insurance	<b>3,101,541</b>	<b>3,405,897</b>
Travel, training, and other employee expense	<b>2,959,782</b>	<b>2,968,225</b>
Inventory change	<b>2,379,929</b>	<b>11,269,713</b>
Amortization of deferred stripping costs	<b>817,750</b>	<b>637,620</b>
Other	<b>13,064,286</b>	<b>17,512,815</b>
Cost of goods sold, excluding freight and distribution expenses	<u><u><b>\$ 385,870,461</b></u></u>	<u><u><b>\$ 418,283,813</b></u></u>

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 26. Distribution Expense

The components of distribution expense from continuing operations for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Freight to distribution yards/terminals	\$ 14,816,403	\$ 15,076,697
Payroll and related expenses	2,421,997	2,597,809
Depreciation	1,773,474	1,819,874
Utilities	426,998	487,702
Repairs and maintenance	406,852	402,406
Other variable costs	995,148	1,967,633
Other fixed costs	1,469,102	1,190,238
Distribution expense	<u>\$ 22,309,974</u>	<u>\$ 23,542,359</u>

#### 27. Selling Expense

The components of selling expense from continuing operations for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Payroll and related expenses	\$ 9,581,535	\$ 9,968,402
Travel, entertainment, and other employee expense	2,198,481	2,399,993
Overhead (dues, advertising, professional fees, etc.)	2,156,060	2,243,972
Depreciation	24,876	56,688
Risk insurance and taxes other than income taxes	104,928	142,912
Selling expense	<u>\$ 14,065,880</u>	<u>\$ 14,811,967</u>

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 28. General and Administrative Expense

The components of general and administrative expense from continuing operations for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Payroll and related expenses	\$ 28,671,928	\$ 31,241,109
Office costs	5,828,615	6,377,359
Professional fees	3,539,021	3,855,972
Travel, entertainment, and other employee expense	3,416,197	3,747,366
Depreciation	1,523,533	1,692,640
Other	3,292,251	4,057,824
General and administrative expense	\$ 46,271,545	\$ 50,972,270

#### 29. Other Operating, Net

The components of other operating income/(expense) from continuing operations for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Non-operating provision adjustments	\$ 2,802,722	\$ 868,040
Rental income	207,394	288,152
Operating expenses related to acquisitions	-	(500,000)
Other	(29,870)	(9,209)
Total other operating, net	\$ 2,980,246	\$ 646,983

#### 30. Finance Cost

The components of finance cost from continuing operations for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Interest expense on borrowings	\$ 17,707,860	\$ 25,411,099
Line of credit commitment fees	1,222,008	1,136,589
Debt issuance cost amortization	963,194	1,211,198
Interest costs on pension and OPEB benefits	867,826	901,505
Amortization of forward points on cash flow hedge	727,381	229,618
Accretion expense/interest on provisions	223,968	520,510
Capitalized interest	(617,944)	(790,959)
Other	304,155	42,789
Total finance cost	\$ 21,398,448	\$ 28,662,349



## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 31. Finance Income

The components of finance income from continuing operations for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Interest income	\$ (152,733)	\$ (303,337)
Net gain on pension assets	(779,295)	(1,539,942)
Total finance income	\$ (932,028)	\$ (1,843,279)

#### 32. Payroll and Related Expenses

The components of payroll and related expenses (also included in Notes 25 through 28) from continuing operations for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Wages	\$ 45,693,025	\$ 45,955,584
Salaries	48,831,154	50,793,912
Outsourced and temporary labor	541,499	758,485
Other payroll expenses	31,697,673	35,786,138
Total payroll and related expenses	\$ 126,763,351	\$ 133,294,119

Number of persons employed by the Company at December 31, 2010 and 2009:

	2010	2009
Full time	1,795	1,920
Part time	19	20
Total	1,814	1,940
Salary	690	764
Hourly	1,124	1,176
Total	1,814	1,940

## Titan America LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 33. Subsequent Event

The affiliated party borrowing facility (see Note 15) was amended, restated and superseded in its entirety by a restated facility agreement on January 5, 2011 described below:

Facility Description	Borrowing Facility at January 5, 2011			
	Borrowing Facility	Outstanding Borrowings	Undrawn Facility	Maturity Date
Committed Revolving Credit Facility	\$ 465,000,000	\$ 190,000,000	\$ 275,000,000	12/5/14

The restated facility agreement provides for loans at variable interest rates which are reset at one-month, two-month, three-month, or six-month intervals depending on the type of draw made thereunder. There are no covenants associated with this borrowing facility. Borrowing costs associated with the restated facility agreement totaled \$1,906,500.

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