Consolidated Financial Statements (International Financial Reporting Standards Basis)

Titan America LLC and Subsidiaries
Year Ended December 31, 2012 and 2011

Ernst & Young LLP

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(International Financial Reporting Standards Basis)

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Contents

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Report of Independent Auditors

To the Members of Titan America LLC

We have audited the accompanying consolidated financial statements of Titan America LLC and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2012 and 2011, and the related consolidated statements of operations and comprehensive loss, changes in member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group at December 31, 2012 and 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

April 10, 2013

Titan America LLC and Subsidiaries

Consolidated Statements of Financial Position

		December 31	
		2012	**2011**
Noncurrent assets:			
Property, plant, equipment and mineral deposits, net	Note 7	**$ 713,340,695**	$ 798,092,088
Goodwill, net	Note 8	**221,866,942**	221,866,942
Identifiable intangible assets, net	Note 9	**31,385,596**	39,323,579
Deferred stripping, net	Note 10	**6,585,617**	7,059,185
Other assets	Note 12	**7,040,979**	7,355,002
Total noncurrent assets		**980,219,829**	1,073,696,796
Current assets:			
Inventories	Note 4	**83,791,915**	86,749,817
Trade receivables, net	Notes 2, 3	**59,353,599**	53,589,274
Prepaid expenses and other current assets	Note 6	**6,894,540**	18,662,879
Other receivables, net	Notes 2, 5	**2,333,496**	3,638,716
Related party receivables	Notes 2, 20	**950,441**	807,522
Income taxes receivable		**1,746,830**	101,202
Cash and cash equivalents	Note 2	**15,386,007**	25,513,610
Total current assets		**170,456,828**	189,063,020
Total assets		**$ 1,150,676,657**	$ 1,262,759,816

See accompanying notes.

Titan America LLC and Subsidiaries

Consolidated Statements of Financial Position (continued)

		December 31	
		2012	**2011**
Member's equity:			
Capital contributions		**$ 648,713,157**	$ 647,919,733
Retained earnings, before current period net loss		**11,205,666**	119,278,823
Current period net loss		**(89,627,594)**	(108,073,157)
Other comprehensive loss		**(2,888,984)**	(1,528,943)
Total member's equity		**567,402,245**	657,596,456
Noncurrent liabilities:			
Long-term debt, including obligations under capital leases, less current obligations	Notes 2, 15, 16	**276,882,517**	422,114,028
Deferred and other noncurrent income tax liabilities, net	Note 11	**58,063,197**	62,472,213
Retirement benefit obligations	Note 19	**13,578,413**	12,819,184
Derivative financial instruments	Note 17	**14,393,588**	15,530,050
Provisions, less current portion	Note 14	**9,854,060**	6,267,691
Deferred income, less current portion	Note 20	**2,102,829**	2,620,336
Other noncurrent liabilities		**1,301,805**	-
Total noncurrent liabilities		**376,176,409**	521,823,502
Current liabilities:			
Accounts payable	Note 2	**49,536,348**	47,681,631
Short-term borrowings	Notes 2, 15, 16	**133,833,703**	1,523,936
Accrued expenses	Note 13	**18,507,672**	21,856,668
Book overdraft		**3,126,840**	6,351,141
Current portion of deferred income		**1,131,282**	1,614,287
Current portion of long-term debt, including obligations under capital leases	Notes 2, 15, 16	**67,078**	1,046,111
Accounts payable, related parties	Notes 2, 20	**503,739**	2,860,159
Current portion of provisions	Note 14	**391,341**	405,925
Total current liabilities		**207,098,003**	83,339,858
Total liabilities		**583,274,412**	605,163,360
Total liabilities and member's equity		**$ 1,150,676,657**	$ 1,262,759,816

See accompanying notes.

Titan America LLC and Subsidiaries

Consolidated Statements of Operations

		Year Ended December 31	
		2012	**2011**
Continuing operations:			
Net sales	Note 24	**$ 448,742,632**	$ 397,297,269
Freight revenues		**25,177,588**	22,031,452
Total sales		**473,920,220**	419,328,721
Cost of goods sold, excluding freight and distribution expenses	Note 25	**430,616,483**	390,621,707
Freight expense		**25,177,588**	22,031,452
Distribution expense	Note 26	**27,940,453**	25,461,869
Cost of goods sold		**483,734,524**	438,115,028
Gross loss		**(9,814,304)**	(18,786,307)
Selling expense	Note 27	**13,164,788**	14,189,700
General and administrative expense	Note 28	**41,304,275**	49,819,540
Other operating expense	Note 29	**248,944**	883,728
Operating loss		**(64,532,311)**	(83,679,275)
Finance income		**121,358**	175,315
Finance cost	Note 30	**(23,582,202)**	(23,113,898)
Foreign exchange gain/(loss)		**62,391**	(8,718)
Other non-operating expense	Note 32	**(4,715,730)**	-
Loss on early extinguishment of debt	Note 15	**-**	(289,968)
Impairment of property, plant, and equipment	Note 7	**-**	(19,146,624)
Loss before income taxes from continuing operations		**(92,646,494)**	(126,063,168)
Federal income tax benefit	Note 11	**(242,588)**	(15,711,630)
State income tax benefit	Note 11	**(2,776,312)**	(2,644,986)
Net loss from continuing operations		**(89,627,594)**	(107,706,552)
Discontinued operations:			
Loss from discontinued operations, net of tax	Note 23	**-**	(366,605)
Net loss		**$ (89,627,594)**	$ (108,073,157)

See accompanying notes.

Titan America LLC and Subsidiaries

Consolidated Statements of Comprehensive Loss

		Year Ended December 31	
		2012	**2011**
Net loss		**$ (89,627,594)**	$ (108,073,157)
Other comprehensive loss:			
Net movement on cash flow hedge	Note 17	**(685,772)**	2,200,705
Income tax effect		**267,451**	(858,276)
Net (loss)/gain on cash flow hedge		**(418,321)**	1,342,429
Actuarial losses on defined benefit plans	Note 19	**(1,543,802)**	(2,465,280)
Income tax effect		**602,082**	961,460
Net losses on defined benefit plans		**(941,720)**	(1,503,820)
Other comprehensive loss, net of tax		**(1,360,041)**	(161,391)
Total comprehensive loss, net of tax		**$ (90,987,635)**	$ (108,234,548)

See accompanying notes.

Titan America LLC and Subsidiaries

Consolidated Statements of Changes in Member's Equity

		Capital Contributions	Retained Earnings	Other Comprehensive Income/(Loss)	Total Member's Equity
January 1, 2011		$ 647,267,432	$ 119,278,823	$ (1,367,552)	$ 765,178,703
Net loss		-	(108,073,157)	-	(108,073,157)
Actuarial losses on defined benefit plans	Note 19	-	-	(1,503,820)	(1,503,820)
Cash flow hedge	Note 17	-	-	1,342,429	1,342,429
Stock compensation	Note 20	752,574	-	-	752,574
Stock compensation excess tax benefit		(100,273)	-	-	(100,273)
December 31, 2011		$ 647,919,733	$ 11,205,666	$ (1,528,943)	$ 657,596,456
Net loss		**-**	**(89,627,594)**	**-**	**(89,627,594)**
Actuarial losses on defined benefit plans	Note 19	**-**	**-**	**(941,720)**	**(941,720)**
Cash flow hedge	Note 17	**-**	**-**	**(418,321)**	**(418,321)**
Stock compensation	Note 20	**531,546**	**-**	**-**	**531,546**
Stock compensation excess tax benefit		**261,878**	**-**	**-**	**261,878**
December 31, 2012		**$ 648,713,157**	**$ (78,421,928)**	**$ (2,888,984)**	**$ 567,402,245**

See accompanying notes.

Titan America LLC and Subsidiaries

Consolidated Statements of Cash Flows

		Year Ended December 31	
		2012	**2011**
Cash flows from operating activities			
Loss before income taxes from continuing operations		**$ (92,646,494)**	$ (126,063,168)
Loss before income taxes from discontinued operations	Note 23	**-**	(600,991)
Loss before income taxes		**(92,646,494)**	(126,664,159)
Adjustments for:			
Depreciation, depletion and amortization	Notes 7,9,10	**75,050,786**	77,236,979
Impairment of property, plant, and equipment	Note 7	**-**	19,146,624
Deferred income	Note 20	**(1,000,512)**	(497,206)
Gain on disposal of assets, net	Note 7	**(4,376,328)**	(7,701,137)
Finance cost	Note 30	**23,582,202**	23,113,898
Finance income		**(121,358)**	(175,315)
Foreign exchange (gain)/loss		**(62,391)**	8,718
Stock compensation expense	Note 20	**531,546**	752,574
Loss on extinguishment of debt	Note 15	**-**	289,968
Bad debt expense	Note 3	**2,488,059**	2,064,078
Change in net operating assets		**3,809,768**	15,032,730
Other		**(26,049)**	-
Cash generated from operations before interest and income taxes		**7,229,229**	2,607,752
Income taxes (paid)/refunded		**(1,904,335)**	(763,538)
Net cash provided by operating activities		**5,324,894**	1,844,214
Cash flows from investing activities			
Purchases of property, plant and equipment	Note 7	**(7,759,913)**	(9,331,654)
Expenditures on deferred stripping	Note 10	**(770,842)**	(890,928)
Interest received		**121,358**	178,484
Proceeds from the sale of assets, net of disposition costs	Note 7	**35,602,721**	15,131,843
Net cash provided by investing activities		**27,193,324**	5,087,745

Titan America LLC and Subsidiaries

Consolidated Statements of Cash Flows (continued)

		Year Ended December 31	
		2012	**2011**
Cash flows from financing activities			
(Repayments)/borrowings from affiliated party	Note 20	**(17,000,000)**	75,000,000
Offering costs associated with borrowings	Note 15, 20	**-**	(1,906,500)
(Decrease)/increase in book overdraft		**(3,224,301)**	26,595
Principal payments on capital lease obligations	Note 16	**(2,132,178)**	(1,030,235)
Net borrowings/(payments) under lines of credit	Note 15, 20	**853,393**	(33,476,064)
Interest paid		**(21,104,342)**	(19,962,839)
Principal payments on debt		**(38,393)**	(82,916)
Net cash (used in)/provided by financing activities		**(42,645,821)**	18,568,041
Net (decrease)/increase in cash and cash equivalents		**(10,127,603)**	25,500,000
Cash and cash equivalents at:			
Beginning of period		**25,513,610**	13,610
End of period		**$ 15,386,007**	$ 25,513,610
Changes in net operating assets			
Inventories		**$ 3,627,306**	$ 9,130,633
Trade receivables, net		**(8,252,384)**	(6,454,141)
Other receivables, net		**1,305,220**	(98,020)
Prepaid expenses and other current assets		**11,768,339**	(1,004,836)
Other assets		**314,023**	(884,598)
Accounts payable		**2,899,349**	10,541,509
Accrued expenses		**(4,094,492)**	3,446,359
Provisions - current		**(14,584)**	261,993
Provisions - non-current		**356,913**	(1,615,194)
Other liabilities		**(511,247)**	-
Retirement benefit obligations		**(1,089,336)**	(767,824)
Operating related party activity		**(2,499,339)**	2,476,849
Change in net operating assets		**$ 3,809,768**	$ 15,032,730

Non-cash transactions: The principal non-cash investing and financing transactions are accrued purchases of property, plant, and equipment, derivative movements, and write off of unamortized borrowing costs (see Notes 7, 15, and 17).

See accompanying notes.

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

The consolidated financial statements for the years ended December 31, 2012 and 2011 were authorized for issue by the management of Titan America LLC on April 10, 2013.

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).

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

In 2011 and 2012 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, Assets and Liabilities

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

Principles of Consolidation

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

Reclassification

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

Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The principal estimates are related to provisions, retirement benefit obligations, goodwill, identifiable intangible assets, deferred and other noncurrent income taxes, and insurance accruals.

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, 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.

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 foreign currency forward contracts 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.

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
12/31/12	**1.0%**	**$ 2,803,017**	**(1.0)%**	**$ (2,803,017)**
12/31/11	1.0%	$ 2,958,739	(1.0)%	$ (2,958,739)

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.

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.

Property, Plant, Equipment and Mineral Deposits

Property, plant, equipment, and mineral deposits are stated at historical cost, less accumulated depreciation and depletion.

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

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

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

	Cement	Aggregates	Ready Mix	Block	Other
Land improvements	15-30	15	15	15	15
Building and improvements	25	25	25	25	25
Machinery and equipment	15-30	10-15	10-15	15-30	5-15
Mobile equipment	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.

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) 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. 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:

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

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.

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 future 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

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 statements of operations 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.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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.

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

Pension and Other Post-retirement Obligations

All of the Company's defined benefit pension plans and all but one of the Company's other postretirement benefit plans were previously frozen 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 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.

During 2011, the Company elected to early adopt the provisions of IAS 19R, *Employee Benefits*. As a result of the early adoption, actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately as they occur within other comprehensive income. In addition, all past service costs are recognized in the consolidated statements of operations as they occur. Finally, under the new standard, the Company recognizes net interest cost (as a single item) within the consolidated statements 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 on the date of grant, 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 statements of operations with a corresponding adjustment to equity.

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

Recently Issued Accounting Pronouncements

The financial statements have been prepared with the same accounting policies of the prior financial year, except with respect to the following new standards and interpretations that had to be adopted as of January 1, 2012.

IAS 12, *Income Taxes – Recovery of Underlying Assets (Amendment)*

The amendment clarifies the determination of deferred tax on investment property measured at fair value. The amendment is effective for annual periods beginning on or after January 1, 2012. The adoption of this standard resulted in no impact on the financial position of the Company.

IFRS 7, *Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements (Amendment)*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Company's financial statements to understand the relationship with their associated liabilities. The amendment is effective for annual periods beginning on or after July 1, 2011. The adoption of this standard resulted in no impact on the financial position of the Company.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning January 1, 2012. They have not been early adopted and the Company is currently assessing possible impacts in the financial statements from their adoption.

IAS 1, *Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The new standard is effective for annual periods beginning on or after July 1, 2012, and will therefore be applied in the Company's first annual report after becoming effective. The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance.

IFRS 9, *Financial Instruments: Classification and Measurement*

This standard applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but amendments have moved the mandatory effective date to January 1, 2015. The Company will determine the effect on reporting once the final standard is issued.

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

IAS 32, *Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous These amendments are not expected to impact the Company's financial position performance and become effective for annual periods beginning on or after January 1, 2014.

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation requires costs to be capitalized if certain criteria are met and amortized on a units of production basis unless another method is more appropriate. The interpretation is effective for annual periods beginning on or after January 1, 2013. The Company is still assessing any possible impacts on the adoption of this standard.

Subsequent Events

The Company has evaluated subsequent events through the date the financial statements were available to be issued, April 10, 2013.

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, 2012 and 2011, 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.

2. Financial Instruments and Other Financial Assets and Liabilities (continued)

Derivative financial instruments

The fair values of the Company's foreign exchange forward contracts are determined by using level two measurements defined as inputs other than quoted prices that are observable for similar contracts in active markets.

3. Trade Receivables, Net

Trade receivables at December 31, 2012 and 2011, consist of the following:

	December 31 2012	December 31 2011
Trade receivables	**$ 69,529,823**	$ 62,395,033
Allowance for doubtful accounts	**(7,288,268)**	(6,532,857)
Allowance for cash discounts and rebates	**(1,692,319)**	(1,268,817)
Allowance for service fees	**(1,195,637)**	(1,004,085)
Total trade receivables, net	**$ 59,353,599**	$ 53,589,274

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. For the years ended December 31, 2012 and 2011, the Company recognized $2,488,059 and $2,064,078 of bad debt expense from continuing operations, respectively.

4. Inventories

Inventories at December 31, 2012 and 2011, consist of the following:

	December 31 2012	December 31 2011
Work in process	**$ 24,677,779**	$ 25,564,303
Spare parts	**22,272,567**	21,258,676
Finished goods	**17,945,198**	22,369,004
Raw materials	**12,783,948**	11,929,166
Manufacturing supplies and other	**6,112,423**	5,628,668
Total inventories	**$ 83,791,915**	$ 86,749,817

5. Other Receivables, Net

Other receivables at December 31, 2012 and 2011, consist of the following:

	December 31	
	2012	**2011**
Receivables, non-trade, net	**$ 662,765**	$ 385,810
Mineral tax refund	**510,770**	516,534
Rebates and refunds due	**408,669**	300,061
Deposits	**312,989**	300,199
Employee receivables	**172,808**	175,861
Witholding taxes on asset sale (see Note 7)	**-**	1,725,000
Other	**265,495**	235,251
Total other receivables, net	**$ 2,333,496**	$ 3,638,716

6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets at December 31, 2012 and 2011, consist of the following:

	December 31	
	2012	**2011**
Advance payment for inventory (see Note 21)	**$ 2,634,205**	$ 14,000,000
Prepaid insurance	**1,679,557**	1,795,048
Prepaid overhead expenses (rent, software maintenance dues and subscriptions)	**1,282,208**	1,335,765
Prepaid licenses, permits and other taxes	**1,037,606**	728,688
Prepaid highway use tax	**125,020**	138,209
Purchase deposit	**-**	586,190
Other	**135,944**	78,979
Total prepaid expenses and other current assets	**$ 6,894,540**	$ 18,662,879

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

Activity within property, plant, equipment, and mineral deposits for the year ended December 31, 2012 consists of the following:

	Balance at 1/1/12	Additions	Disposals	Other	Balance at 12/31/12
Historical Cost:					
Mineral reserves	$ 154,394,841	$ -	$ -	$ -	$ 154,394,841
Land	131,578,297	50,000	-	-	131,628,297
Land improvements	49,686,813	321,025	(17,000)	-	49,990,838
Building & improvements	107,452,768	4,500	-	-	107,457,268
Machinery & equipment	663,146,710	3,643,233	(839,074)	(669,403) (1)	665,281,466
Mobile equipment	65,798,719	701,204	(13,453,159)	51,020	53,097,784
Marine equipment	9,552,557	-	-	-	9,552,557
Auto & truck	107,920,297	51,020	(2,070,353)	(51,020)	105,849,944
Furniture & fixtures	17,106,219	119,682	(7,641)	-	17,218,260
Construction and equipment installations in progress	37,847,889	1,974,812	(22,888,804)	-	16,933,897
Total historical cost	$ 1,344,485,110	$ 6,865,476	$ (39,276,031)	$ (669,403)	$ 1,311,405,152
Accumulated depreciation:					
Mineral reserves	$ 29,709,684	$ 1,931,953	$ -	$ -	$ 31,641,637
Land improvements	21,185,212	3,031,066	(5,289)	(404)	24,210,585
Building & improvements	49,133,800	4,004,062	-	(3,795)	53,134,067
Machinery & equipment	303,920,485	33,624,331	(801,548)	(21,814)	336,721,454
Mobile equipment	46,282,551	3,850,368	(5,275,468)	(9)	44,857,442
Marine equipment	4,441,681	408,226	-	(26)	4,849,881
Auto & truck	78,867,091	11,544,404	(1,959,693)	(1)	88,451,801
Furniture & fixtures	12,852,518	1,352,713	(7,641)	-	14,197,590
Total accumulated depreciation	$ 546,393,022	$ 59,747,123	$ (8,049,639)	$ (26,049)	$ 598,064,457
Net book value:					
Mineral reserves	$ 124,685,157	$ (1,931,953)	$ -	$ -	$ 122,753,204
Land	131,578,297	50,000	-	-	131,628,297
Land improvements	28,501,601	(2,710,041)	(11,711)	404	25,780,253
Building & improvements	58,318,968	(3,999,562)	-	3,795	54,323,201
Machinery & equipment	359,226,225	(29,981,098)	(37,526)	(647,589)	328,560,012
Mobile equipment	19,516,168	(3,149,164)	(8,177,691)	51,029	8,240,342
Marine equipment	5,110,876	(408,226)	-	26	4,702,676
Auto & truck	29,053,206	(11,493,384)	(110,660)	(51,019)	17,398,143
Furniture & fixtures	4,253,701	(1,233,031)	-	-	3,020,670
Construction and equipment installations in progress	37,847,889	1,974,812	(22,888,804)	-	16,933,897
Other	-	-	-	-	-
Total net book value	$ 798,092,088	$ (52,881,647)	$ (31,226,392)	$ (643,354)	$ 713,340,695

(1) Machinery and equipment separator sale reclassified to inventory.

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

Activity within property, plant, equipment, and mineral deposits for the year ended December 31, 2011 consists of the following:

	Balance at 1/1/11	Additions	Disposals	Other		Balance at 12/31/11
Historical cost:						
Mineral reserves	$ 154,394,841	$ -	$ -	$ -		$ 154,394,841
Land	139,039,368	15,773	(7,476,844)	-		131,578,297
Land improvements	48,831,274	834,579	-	20,960		49,686,813
Building & improvements	107,570,969	68,370	-	(186,571)		107,452,768
Machinery & equipment	660,733,672	3,946,398	(388,358)	(1,145,002)		663,146,710
Mobile equipment	65,548,436	400,971	(539,534)	388,846		65,798,719
Marine equipment	8,835,120	-	-	717,437		9,552,557
Auto & truck	111,950,924	61,759	(4,092,386)	-		107,920,297
Furniture & fixtures	15,827,502	1,300,652	(21,935)	-		17,106,219
Construction and equipment installations in progress	55,717,569	1,570,302	(497,688)	(18,942,294)	(1)	37,847,889
Total historical cost	$ 1,368,449,675	$ 8,198,804	$ (13,016,745)	$ (19,146,624)		$ 1,344,485,110
Accumulated depreciation:						
Mineral reserves	$ 27,942,734	$ 1,766,950	$ -	$ -		$ 29,709,684
Land improvements	17,975,029	3,013,224	-	196,959		21,185,212
Building & improvements	45,322,016	4,019,025	-	(207,241)		49,133,800
Machinery & equipment	270,888,955	33,498,599	(104,434)	(362,635)		303,920,485
Mobile equipment	41,473,205	5,193,197	(516,954)	133,103		46,282,551
Marine equipment	3,789,917	411,950	-	239,814		4,441,681
Auto & truck	69,359,166	13,077,115	(3,569,190)	-		78,867,091
Furniture & fixtures	11,255,357	1,617,624	(20,463)	-		12,852,518
Other	186,578	-	(186,578)	-		-
Total accumulated depreciation	$ 488,192,957	$ 62,597,684	$ (4,397,619)	$ -		$ 546,393,022
Net book value:						
Mineral reserves	$ 126,452,107	$ (1,766,950)	$ -	$ -		$ 124,685,157
Land	139,039,368	15,773	(7,476,844)	-		131,578,297
Land improvements	30,856,245	(2,178,645)	-	(175,999)		28,501,601
Building & improvements	62,248,953	(3,950,655)	-	20,670		58,318,968
Machinery & equipment	389,844,717	(29,552,201)	(283,924)	(782,367)		359,226,225
Mobile equipment	24,075,231	(4,792,226)	(22,580)	255,743		19,516,168
Marine equipment	5,045,203	(411,950)	-	477,623		5,110,876
Auto & truck	42,591,758	(13,015,356)	(523,196)	-		29,053,206
Furniture & fixtures	4,572,145	(316,972)	(1,472)	-		4,253,701
Construction and equipment installations in progress	55,717,569	1,570,302	(497,688)	(18,942,294)		37,847,889
Other	-	-	-	-		-
Total net book value	$ 880,443,296	$ (54,398,880)	$ (8,805,704)	$ (19,146,624)		$ 798,092,088

(1)Includes $19,146,624 impairment charge as further described below.

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

At December 31, 2012 and 2011, property, plant, and equipment under capital leases consisted of mobile equipment, autos, and trucks with a cost basis of $265,992 and $9,646,392, respectively and accumulated depreciation of $127,502 and $3,126,732, respectively. For the years ended December 31, 2012 and 2011, depreciation of property, plant, and equipment under capital leases totaled $207,384 and $426,178, respectively.

The gross carrying amount of fully depreciated property, plant, and equipment as of December 31, 2012 and 2011 was $144,836,640 and $124,581,396, respectively.

At December 31, 2012 and 2011, the Company had accruals for capital projects totaling $94,549 and $1,139,180, respectively.

For the years ended December 31, 2012 and 2011, the Company did not capitalize any interest.

Asset Impairment

In 2004, the Company entered in to an Aggregate Lease Agreement (the "Aggregate Lease") with a third party ("Third Party") for the purpose of investigating the feasibility of a construction aggregates grade quarry in Northwest Florida.

From 2005-2011, the company completed a review of the physical characteristics of the proposed mining site and undertook the necessary administrative procedures required to secure land-use, wetlands, and other permits from local, state and federal authorities. As of December 31, 2012, the Company lacks three permits that would be required to begin mining – the US Army Corps of Engineers ("USACOE") Section 404 (Wetlands) permit; the Florida Department of Transportation ("FDOT") Road construction permit; and the Levy County Excavation and Fill Permit.

While testing of the site ultimately determined the quality of the materials and yield to be less than originally projected, a plan for a smaller mining operation was developed and considered in 2011. That plan, however, required the following:

- a modification of the Aggregate Lease with the Third Party;
- a pay as you go approach to securing required mitigation property from the Third Party (vs. up-front purchase); and
- capital investment not significantly different from that required for a larger scale operation.

In light of the above, the Company approached the Third Party in 2011 with a proposal to participate in the risks and opportunities of bringing the mine on-line. These discussions failed and the Company delivered a termination notice pursuant to the Aggregate Lease to the Third Party in September 2011. Additional discussions followed and the parties ultimately agreed to amend the Aggregate Lease as follows (pertinent terms only) in January 2012:

(1) The Company will be granted a period of three years to sell or assign its interest in the Aggregate Lease to a non-affiliated third party acceptable to the Third Party;

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

(2) The Third Party will abate the minimum royalty requirements of the Aggregate Lease for 2012, 2013, and 2014, subject to reimbursement in the event the project is sold or joint ventured in accordance with the terms of the amendment;
(3) The Third Party will reimburse the Company's costs of securing the USACOE Wetlands and other permits (estimated at $300,000), subject to reimbursement in the event the project is sold or joint ventured in accordance with the terms of the amendment;
(4) If by December 31, 2014 the project is not sold or joint ventured, the Company will convey and assign all the permits and other rights to the Third Party at no additional cost.

The Company cannot predict the success of the marketing effort or sales value of the permits and engineering work completed to date. Using currently available information and under the existing Aggregate Lease, as amended, any joint venture opportunity will be subject to the market and execution risks identified above. In addition, the timing of any potential for positive cash flows is expected to be at least 5 years into the future but with significant capital requirements. For this reason, in 2011, the Company recognized an impairment charge in the amount of $19,146,624, representing the accumulated project costs incurred to date.

Gain on Sale of Assets

In June 2012, the Company completed a sale/leaseback of 170 railcars used in its cement and fly ash businesses. The Company received $12,072,500 at closing and repaid capital lease obligations in the amount of $1,607,853. The net book value of the assets disposed was $8,089,121. Consequently, the Company recognized a gain on disposal of $3,983,379 in 2012. The gain recognized is included in cost of goods sold, excluding freight and distribution expense in the accompanying consolidated statements of operations. The leaseback is over a term of 10 years and is further described in Note 18.

In May 2012, the Company sold a dragline and related assets that was originally purchased for installation at the proposed quarry in Northwest Florida described above. The book value of the assets disposed was $22,835,775 and was previously included in construction and equipment installation in progress. The Company received $22,800,000 at closing. Consequently, the Company recognized a loss on disposal of $35,775.

In 2012, the Company completed other ordinary course asset retirements which, in the aggregate, generated net proceeds of $730,220 and a recognized gain on sale of assets of $428,725. Substantially all of the gain recognized is included in cost of goods sold, excluding freight and distribution expense in the accompanying consolidated statement of comprehensive loss.

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

In December 2011, the Company sold a parcel of surplus property adjacent to its Florida cement plant for $17,250,000. Net of transaction and other costs, the Company received $14,167,476 at closing with another $1,725,000 withheld in accordance with U.S. tax law applicable to foreign land owners in the United States. At December 31, 2012, the remaining proceeds receivable of $1,725,000 has been classified as income taxes receivable (other receivable at December 31, 2011) in the accompanying consolidated statement of financial position. In addition, the Company had a contractual obligation with the buyer to remove certain materials stored on the parcel by December 2012, but has been granted an extension until June 2013. The expected cost associated with this obligation is $1,100,000 of which $750,000 was withheld from the closing proceeds. The remaining $350,000 was recorded in accrued expenses in the accompanying consolidated statement of financial position at December 31, 2011. As of December 31, 2012 the Company has incurred $394,560 related to this obligation. The book value of the parcel disposed was $7,394,540. Consequently, the Company recognized a gain on disposal of $8,147,936 in 2011. The gain recognized is included in cost of goods sold, excluding freight and distribution expense in the accompanying consolidated statements of operations.

In addition to the above, the Company completed other ordinary course asset retirements in 2011 which, in the aggregate, generated net proceeds of $964,367 and a recognized loss on sale of assets of $446,799. Substantially all of the loss recognized is included in cost of goods sold, excluding freight and distribution expense in the accompanying consolidated statements of operations.

8. Goodwill, Net

Goodwill at December 31, 2012 and 2011 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				**2,690,428**
Total goodwill				**$ 221,866,942**

8. Goodwill, Net (continued)

Impairment testing of Goodwill

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

	December 31	
	2012	**2011**
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 goodwill	**$ 221,866,942**	$ 221,866,942

Management tests goodwill annually at December 31 or more frequently if indications of impairment exist.

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 and sales volumes in key markets to continue to recover during 2013. At December 31, 2012, 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 2013-2017:

8. Goodwill, Net (continued)

Florida - Cement	8.3%
Florida - Aggregates	12.9%
Florida - Readymix	15.6%
Florida - Block	15.5%
Mid-Atlantic - Cement	6.3%
Mid-Atlantic - Virginia Readymix	10.4%
Mid-Atlantic - Carolinas Readymix	10.1%
Separation Technologies - Processed Fly Ash	5.3%
Essex - Cement	5.8%

Selling prices

Since 2006, selling prices have deteriorated in all markets reflecting the severe contraction in demand for building materials. For the period 2013-2017, management expects selling prices to improve as supply and demand imbalances continue to be corrected. At December 31, 2012, the date of the most recent impairment test, the Company has assumed the following compound annual growth rates in external net realized selling prices for the period 2013-2017:

Florida - Cement	5.7%
Florida - Aggregates	3.1%
Florida - Readymix	5.3%
Florida - Block	6.0%
Mid-Atlantic - Cement	4.3%
Mid-Atlantic - Virginia Readymix	2.9%
Mid-Atlantic - Carolinas Readymix	3.6%
Separation Technologies - Processed Fly Ash	3.3%
Essex - Cement	4.8%

Growth rate estimates

Following the five year specific forecast period, management used a fading-growth-rate model in its value-in-use calculations. 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, 2012, the date of the most recent impairment test, growth rates have been estimated by management as follows:

8. Goodwill, Net (continued)

	Year 6 Cash Flow Growth Rate	Fading Growth Rate Period	Long-term Growth Rate
Florida Business Unit	15.0%	4 years	4.0%
Mid-Atlantic Business Unit	6.0%	3 years	3.0%
Separation Technologies Business Unit	3.0%	N/A	3.0%
Essex Business Unit	10.0%	2 years	3.0%

Discount rates

A pre-tax discount rate of 8.13% was used in the value in use calculations at December 31, 2012, the date of the most recent impairment test.

As of December 31, 2012 no goodwill impairments have been recorded.

9. Identifiable Intangible Assets, Net

Identifiable intangible assets are comprised principally of:

(1) acquired customer relationships of Mechanicsville Concrete, Summit Ready Mix, Metro Redi Mix, and Miami Valley Concrete;

(2) core technology, patents, and trademarks of Separation Technologies;

(3) acquired customer relationships and tradename of S&W Ready Mix; and

(4) acquired rights (contract rights) to market fly ash produced by a public utility in Florida.

Activity within net identifiable intangible assets for the years ended December 31, 2012 and 2011 consists of the following:

	Balance at 1/1/11	Additions/ Other	Balance at 12/31/11	Additions	Balance at 12/31/12
Historical cost:					
Core technology	$ 9,700,000	$ -	$ 9,700,000	**$ -**	**$ 9,700,000**
Customer relationships	87,941,006	-	87,941,006	**-**	**87,941,006**
Trademarks	400,000	-	400,000	**-**	**400,000**
Tradenames	13,980,000	-	13,980,000	**-**	**13,980,000**
Contract rights	-	-	-	**5,951,270**	**5,951,270**
Non-compete agreements	2,995,081	-	2,995,081	**170,000**	**3,165,081**
Total historical cost	$ 115,016,087	$ -	$ 115,016,087	**$ 6,121,270**	**$ 121,137,357**
Accumulated amortization:					
Core technology	$ 8,164,166	$ 970,000	$ 9,134,166	**$ 565,834**	**$ 9,700,000**
Customer relationships	51,353,981	12,248,716	63,602,697	**12,248,713**	**75,851,410**
Trademarks	336,666	40,000	376,666	**23,334**	**400,000**
Contract rights	-	-	-	**1,022,875**	**1,022,875**
Non-compete agreements	2,132,653	446,326	2,578,979	**198,497**	**2,777,476**
Total accumulated amortization	$ 61,987,466	$ 13,705,042	$ 75,692,508	**$ 14,059,253**	**$ 89,751,761**
Net book value:					
Core technology	$ 1,535,834	$ (970,000)	$ 565,834	**$ (565,834)**	**$ -**
Customer relationships	36,587,025	(12,248,716)	24,338,309	**(12,248,713)**	**12,089,596**
Trademarks	63,334	(40,000)	23,334	**(23,334)**	**-**
Tradenames	13,980,000	-	13,980,000	**-**	**13,980,000**
Contract rights	-	-	-	**4,928,395**	**4,928,395**
Non-compete agreements	862,428	(446,326)	416,102	**(28,497)**	**387,605**
Total net book value	$ 53,028,621	$ (13,705,042)	$ 39,323,579	**$ (7,937,983)**	**$ 31,385,596**

At December 31, 2012, customer relationships had estimated remaining economic useful lives of between three months and two years, non-compete agreements had estimated remaining economic useful lives between one year and three years, and contract rights had an estimated remaining economic useful life of two years and three months.

10. Deferred Stripping, Net

The activity within deferred stripping with respect to continuing operations for the years ended December 31, 2012 and 2011 consists of the following:

	Balance at January 1	Additions	Amortization	Balance at December 31
2012	**$ 7,059,185**	**$ 770,842**	**$ (1,244,410)**	**$ 6,585,617**
2011	$ 7,102,509	$ 890,928	$ (934,252)	$ 7,059,185

11. Income Taxes

The components of income tax expense (benefit) from continuing operations for the year ended December 31, 2012 consist of:

	Current	Deferred	Other	Total
U.S. Federal	**$ -**	**$ (308,028)**	**$ 65,440**	**$ (242,588)**
State	**258,707**	**(3,036,568)**	**1,549**	**(2,776,312)**
Total	**$ 258,707**	**$ (3,344,596)**	**$ 66,989**	**$ (3,018,900)**

The components of income tax expense (benefit) from continuing operations for the year ended December 31, 2011 consist of:

	Current	Deferred	Other	Total
U.S. Federal	$ 636,025	$ (16,043,687)	$ (303,968)	$ (15,711,630)
State	83,347	(2,674,230)	(54,103)	(2,644,986)
Total	$ 719,372	$ (18,717,917)	$ (358,071)	$ (18,356,616)

11. Income Taxes (continued)

Income tax benefit differs from the amounts computed by applying the U.S. federal statutory income tax rate to loss before income taxes for the years ended December 31, 2012 and 2011, as a result of the following:

	Year Ended December 31	
	2012	**2011**
Loss before income taxes from continuing operations	**$ (92,646,494)**	$ (126,063,168)
Loss before income taxes from discontinued operations	**-**	(600,991)
Loss before income taxes	**$ (92,646,494)**	$ (126,664,159)
Income tax benefit at applicable statutory U.S. Federal tax rate	**$ (32,426,273)**	$ (44,332,456)
Differences resulting from:		
State income taxes, net of federal tax effect	**(3,520,225)**	(4,835,360)
Mineral deposit depletion in excess of cost basis	**(1,580,119)**	(1,276,795)
Nondeductible expenses	**428,286**	325,104
Recognized tax benefit under stock option program	**-**	283,964
Provision for noncurrent income tax liabilities	**66,989**	(358,070)
Federal net operating loss carryforwards	**31,294,183**	26,760,761
State net operating loss carryforwards	**2,662,867**	4,911,634
Other	**55,392**	(69,784)
Income tax benefit	**$ (3,018,900)**	$ (18,591,002)
Income tax benefit from continuing operations	**$ (3,018,900)**	$ (18,356,616)
Income tax benefit attributable to discontinued operations	**-**	(234,386)
Income tax benefit	**$ (3,018,900)**	$ (18,591,002)

11. Income Taxes (continued)

Net deferred tax liabilities consist of the following components as of December 31, 2012 and 2011:

	December 31 2012	December 31 2011
Deferred tax assets:		
Provisions and accrued expenses, not deductible for tax until paid	**$ 8,750,841**	$ 8,409,512
Retirement benefit obligations, not deductible for tax until paid	**5,269,563**	4,821,295
Deferred income, resulting from revenue recognition differences	**1,261,303**	1,651,503
Identifiable intangible assets, principally due to differences in amortization methods	**14,584,318**	13,462,797
Accounts receivable valuation	**1,802,598**	1,751,162
Derivative financial instruments	**1,497,940**	728,072
Inventory valuation and costing	**1,374,082**	2,049,718
Net operating loss and charitable contribution carryforwards	**60,497,588**	66,402,605
Tax credit carryforwards	**5,933,413**	5,933,413
Other	**759,580**	55,711
Total deferred tax assets	**101,731,226**	105,265,788
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation methods	**90,852,602**	102,381,729
Mineral deposits, principally due to differences in depletion methods	**37,664,326**	38,417,788
Goodwill, principally due to differences in amortization methods	**27,673,880**	23,255,788
Deferred stripping costs, principally due to differences in amortization methods	**2,320,934**	2,467,621
Prepaid expenses, principally due to differences in amortization methods	**1,200,396**	1,199,776
Total deferred tax liabilities	**159,712,138**	167,722,702
Net deferred income tax liabilities	**$ 57,980,912**	$ 62,456,914

11. Income Taxes (continued)

The deferred tax amounts mentioned above have been classified on the accompanying consolidated balance sheets as of December 31, 2012 and 2011 as follows:

	December 31	
	2012	**2011**
Deferred tax liabilities, net	**$ 57,980,912**	$ 62,456,914
Other noncurrent income tax liabilities	**82,285**	15,299
Deferred and other noncurrent income tax liabilities, net	**$ 58,063,197**	$ 62,472,213

At December 31, 2012, the Company had charitable contribution carryforwards of $1,256,110 expiring in years 2013 through 2017. These expenses will be carried forward to future periods. The deferred tax asset has been reduced by $168,423 due to the likelihood of partial expiration prior to use. Additionally, at December 31, 2012, the Company had an interest expense carryforward of $17,111,029 which may be carried forward indefinitely. The 2012 tax net operating loss was $55,079,967. At December 31, 2012, the Company had net operating loss carryforwards of $304,368,791 expiring in the years 2029 through 2032. The Company limits the recognition of deferred tax assets for interest expense and net operating loss carryforwards in circumstances where it has a recent history of tax losses in more than one year. In these circumstances, the deferred tax asset recognition is generally limited to an amount equivalent to the net deferred tax liabilities scheduled to be realized within the net operating loss carryforward period. Accordingly, the Company has reduced the deferred tax asset arising from the Company's federal and state net operating loss carryforwards by $64,125,030 and from the interest expense carryforward by $6,673,301.

At December 31, 2012, the Company had tax credit carryforwards in the amount of $5,933,413 which may be carried forward indefinitely. These credits may be used to offset future U.S. federal income taxes payable subject to certain IRS limitations.

The Company is currently undergoing IRS audits of the 2008 through 2010 tax years. All anticipated adjustments are to deferred tax and were recorded in 2011.

12. Other Assets

Other assets at December 31, 2012 and 2011 consist of the following:

	December 31 2012	December 31 2011
Excess benefit plan assets (see Note 19)	**$ 5,257,806**	$ 5,122,000
Notes receivable - trade	**1,024,349**	1,705,979
Noncurrent portion of prepaid expenses	**576,587**	344,537
Deposits	**164,242**	166,856
Other	**17,995**	15,630
Total other assets	**$ 7,040,979**	$ 7,355,002

13. Accrued Expenses

Accrued expenses at December 31, 2012 and 2011 consist of the following:

	December 31 2012	December 31 2011
Insurance reserves	**$ 9,191,955**	$ 9,272,828
Interest payable	**4,515,687**	5,191,965
Taxes payable, other than income taxes	**1,739,336**	1,728,873
Accrued liabilities related to acquisitions	**1,586,149**	303,832
Employee compensation and benefits	**686,268**	3,851,574
Accrued royalties and dues	**456,078**	590,328
Professional fees	**230,554**	513,546
Other	**101,645**	403,722
Total accrued expenses	**$ 18,507,672**	$ 21,856,668

14. Provisions and Other Noncurrent Liabilities

Provisions

The activity within the Company's provision accounts for the year ended December 31, 2012 is summarized as follows:

Provision Description	Balance at 1/1/12	Charges (Credits) to Income Statement	Acquisiton of Business	Cash Receipts (Payments)	Balance at 12/31/12
Restoration obligations	$ 5,437,049	$ 796,000	$ -	$ (16,698)	$ 6,216,351
Contract obligations	-	-	3,036,637	-	3,036,637
Sales and use tax	338,651	3,872	-	(4,868)	337,655
Environmental	425,415	(421,179)	-	(2,759)	1,477
Restructuring	366,587	684,717	-	(493,240)	558,064
Other	105,914	-	-	(10,697)	95,217
Total	$ 6,673,616	$ 1,063,410	$ 3,036,637	$ (528,262)	$ 10,245,401

Analysis of Provisions	December 31 2012	2011
Current portion of provisions	**$ 391,341**	$ 405,925
Noncurrent portion of provisions	**9,854,060**	6,267,691
Total	**$ 10,245,401**	$ 6,673,616

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. The Company estimates its ultimate restoration liability using detailed engineering calculations which takes into account the amount and timing of the future cash flows. Future cash flows are determined by applying inflation factors to the estimated current cost of reclamation. The present value of these future cash flows is determined by applying discount rates consistent with the time horizons of the expected future cash flow. Discount rates under IFRS are required to be at the risk free rate. Accordingly, the Company selects discount rates using U.S. treasury bonds with maturities similar to the duration of the obligation.

Contract: This provision represents estimated costs to install permanent cover to 27 acres at a landfill site owned by a Florida utility. The Company assumed the obligation to install permanent cover as part of an ash management contract acquired in July 2012 from a third party. It is expected that this amount will be used in increments ranging from $500,000 to $1,200,000 over the next 33 months. The opening liability estimate of $3,036,637 was based upon the utility's closure plan and schedule, current contractor estimates for installation of permanent cover and an April 2012 aerial survey estimating consumed and available landfill space at contract acquisition.

14. Provisions and Other Noncurrent Liabilities (continued)

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 $188,000 will be utilized in the next twelve months with the remaining amounts used over the next 2 to 5 years.

Environmental: This provision represents the estimated cost for current and former Company operating facilities for various environmental clean-up and monitoring obligations. It is expected that $1,477 will be utilized in the next twelve months.

Restructuring: This provision represents the remaining estimated costs associated with a reduction in force program implemented in 2011. It is expected that $193,065 will be utilized in the next twelve months with the remaining amounts used over the next 2 to 3 years.

Other: These miscellaneous reserves are for various matters. It is expected that $8,798 will be used in the next twelve months with the remaining amounts used over the next 2 to 12 years.

During the years ended December 31, 2012 and 2011, the Company increased provisions by the net amounts of $192,817 and $217,163, 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.

15. Credit Facilities and Long-Term Debt

Bank Borrowing Facilities

At December 31, 2012 and 2011, the Company maintained a borrowing facility with a bank as further described below:

	Borrowing Facilities at December 31, 2012			
Facility Description	**Borrowing Facility**	**Outstanding Borrowings**	**Undrawn Facility**	**Maturity Date**
Committed Revolving Credit Facility*	**$ 10,000,000**	**$ 2,377,329**	**$ 7,622,671**	4/30/13

* The full value of this borrowing facility is $50,000,000 but it was reduced by $40,000,000 for the letter of credit subfacility discussed below.

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

	Borrowing Facilities at December 31, 2011			
Facility Description	**Borrowing Facility**	**Outstanding Borrowings**	**Undrawn Facility**	**Maturity Date**
Committed Revolving Credit Facility*	**$ 11,000,000**	**$ 1,523,936**	**$ 9,476,064**	3/31/12

* The full amount of this borrowing facility was $50,000,000 but it was reduced by $39,000,000 for the letter of credit sub-facility discussed below.

The 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 type of draw made thereunder. In connection with the 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. The borrowing facility is guaranteed by Titan Cement.

Affiliated Party Borrowing Facility

At December 31, 2012 and 2011, the Company maintained an affiliated party borrowing facility further described below:

	Borrowing Facility at December 31, 2012			
Facility Description	**Borrowing Facility**	**Outstanding Borrowings**	**Undrawn Facility**	**Maturity Date**
Committed Revolving Credit Facility	**$ 330,000,000**	**$ 248,574,377**	**$ 81,425,623**	12/5/14

	Borrowing Facility at December 31, 2011			
Facility Description	**Borrowing Facility**	**Outstanding Borrowings**	**Undrawn Facility**	**Maturity Date**
Committed Revolving Credit Facility	$ 465,000,000	$ 265,000,000	$ 200,000,000	12/5/14

On January 5, 2011 the affiliated party borrowing facility was amended, restated, and superseded in its entirety. The restated facility provided 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. Unamortized borrowing costs of $289,968 associated with the old facility were recognized in expense as a loss on extinguishment of debt upon execution of the new facility agreement in 2011.

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

On February 24, 2012, the affiliated party borrowing facility was further amended to replace the existing facility and to provide the Company with a multi-currency committed credit facility in a total amount of up to $330,000,000 or its equivalent in Euros. Like the old facility, the amended 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.

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, 2012 and 2011. At December 31, 2012 and 2011, the bank had issued letters of credit on behalf of the Company totaling $39,846,868, and $38,712,768, respectively, as further described below:

	December 31	
	2012	**2011**
Facility Amount	**$ 40,000,000**	$ 39,000,000
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	**(8,747,742)**	(8,672,042)
Performance obligations	**(105,000)**	(105,000)
Other payment obligations	**(1,306,400)**	(248,000)
Available facility amount	**$ 153,132**	$ 287,232

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

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, 2012 and 2011. At December 31, 2012 and 2011, the insurance company had issued performance bonds on behalf of the Company totaling $13,185,410 and $10,059,519, respectively, as further described below:

	December 31	
	2012	**2011**
Facility Amount	**$ 40,000,000**	$ 40,000,000
Less performance bonds issued in support of:		
Supply obligations	**(7,886,460)**	(4,790,083)
Excavation and reclamation obligations	**(2,466,889)**	(2,437,375)
Surety bond	**(2,402,590)**	(2,402,590)
Other payment and performance obligations	**(429,471)**	(429,471)
Available facility amount	**$ 26,814,590**	$ 29,940,481

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

Borrowings

Borrowings at December 31, 2012 consisted of the following:

	December 31, 2012	
	Carrying Amount	**Fair Value**
Unsecured loans under committed borrowing facility, bearing interest at variable interest rates (2.21% per annum at December 31, 2012)	**$ 2,377,329**	**$ 2,377,329**
Unsecured notes payable to affiliated party, under committed borrowing facility, bearing interest at variable interest rates (3.26% per annum at December 31, 2012), due on December 5, 2014.	**178,000,000**	**178,000,000**
Unsecured Euro denominated notes payable to affiliated party, under committed borrowing facility, bearing interest at variable interest rates (3.16% per annum at December 31, 2012), due on December 5, 2014.	**70,574,377**	**70,574,377**
Unsecured Euro denominated notes payable to affiliated party, bearing interest at 7.07%, due on July 26, 2013.	**131,940,000**	**137,351,556**
Industrial revenue bonds, bearing interest at variable rates (0.29% per annum at December 31, 2012), payable monthly, due on December 1, 2020.	**7,350,000**	**7,350,000**
Industrial revenue bonds, bearing interest at variable rates (0.18% per annum at December 31, 2012), payable monthly, due on April 26, 2034.	**22,000,000**	**22,000,000**
Capital lease obligations *(Note 16)*	**26,797**	**26,797**
Unsecured note payable	**286,745**	**286,745**
Subtotal	**412,555,248**	**$ 417,966,804**
Less amounts classified as short-term borrowings	**(133,833,703)**	
Less amounts classified as current portion of long-term debt, including obligations under capital leases	**(67,078)**	
Less unamortized borrowing costs	**(1,771,950)**	
Long-term debt, including obligations under capital leases, less current obligations	**$ 276,882,517**	

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

Borrowings at December 31, 2011 consisted of the following:

	December 31, 2011	
	Carrying Amount	Fair Value
Unsecured loans under committed borrowing facility, bearing interest at variable interest rates (2.30% per annum at December 31, 2011)	$ 1,523,936	$ 1,523,936
Unsecured notes payable to affiliated party, under committed borrowing facility, bearing interest at variable interest rates (3.43% per annum at December 31, 2011), due on December 5, 2014.	265,000,000	265,000,000
Unsecured Euro denominated notes payable to affiliated party, bearing interest at 7.07%, due on July 26, 2013.	129,390,000	125,269,246
Industrial revenue bonds, bearing interest at variable rates (0.40% per annum at December 31, 2011), payable monthly, due on December 1, 2020.	7,350,000	7,350,000
Industrial revenue bonds, bearing interest at variable rates (0.20% per annum at December 31, 2011), payable monthly, due on April 26, 2034.	22,000,000	22,000,000
Capital lease obligations (Note 16)	2,158,974	2,158,974
Unsecured note payable	325,138	325,138
Subtotal	427,748,048	$ 423,627,294
Less amounts classified as short-term borrowings	(1,523,936)	
Less amounts classified as current portion of long-term debt, including obligations under capital leases	(1,046,111)	
Less unamortized borrowing costs	(3,063,973)	
Long-term debt, including obligations under capital leases, less current obligations	$ 422,114,028	

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

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, 2012 and 2011:

	December 31	
	2012	**2011**
Within 6 months	**$ 280,345,215**	$ 296,394,285
Between 6 months and 1 year	**131,963,569**	525,763
Between 1 and 5 years	**246,464**	130,828,000
Later years	**-**	-
Total	**$ 412,555,248**	$ 427,748,048

The weighted average effective interest rates of the Company's borrowings at December 31, 2012 and 2011 were as follows:

	December 31	
	2012	**2011**
Industrial revenue bonds	**0.21%**	0.25%
Capital lease obligations *(Note 16)*	**6.98%**	5.21%
Unsecured borrowings under affiliated party credit facility	**3.23%**	3.43%
Unsecured note payable to affiliated party	**7.07%**	7.07%
Unsecured borrowings under bank credit facility	**2.21%**	2.30%

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

Maturity of borrowings (including capital lease obligations) at December 31, 2012 and 2011 were as follows:

	December 31 2012	December 31 2011
Within one year	**$ 134,384,408**	$ 2,570,047
Between one and two years	**248,619,666**	130,462,570
Between two and three years	**201,174**	265,164,495
Between three and four years	**-**	200,936
Later years	**29,350,000**	29,350,000
Total	**$ 412,555,248**	$ 427,748,048

16. Capital Leases

At December 31, 2012 and 2011, 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, 2012 and 2011 totaled $2,132,177 (including $1,607,853 associated with the sale/leaseback described in Note 7) and $1,030,235, 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, 2012:

Within one year	**$ 27,473**
Between one and two years	**887**
Total minimum lease payments	**28,360**
Less amount representing interest	**(1,563)**
Present value of minimum lease payments	**$ 26,797**

The fair value of capital lease obligations at December 31, 2012 and 2011 approximate book value.

16. Capital Leases (continued)

The Company did not enter into any new capital leases during the years ended December 31, 2012 or 2011.

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 (fixed rate Euro Loan) (see Note 15), the Company entered into three forward foreign currency 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 US Dollar to Euro exchange rate for the scheduled Euro 100,000,000 repayment at $1.46329 to €1.00.

During March and April of 2012, upon execution of the Company's Euro 53,489,751 borrowing from TGF (variable rate Euro Loan) (see Note 15), the Company entered into four forward foreign exchange contracts with third party financial institutions to hedge the foreign currency risk associated with Euro 52,294,550 of the total borrowings. Under the terms of those agreements, the Company has fixed the December 5, 2014 US Dollar to Euro exchange rate for the scheduled Euro 52,294,550 repayment at $1.33857 to €1.00. The Company remains exposed to foreign currency exchange rate risk associated with the Euro 1,195,200 unhedged portion of the loan.

At the inception of each 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. Since the terms of the derivative financial instruments have been negotiated to match the terms of the associated Euro Loan, each hedge was assessed to be highly effective.

These derivative financial instruments were initially recognized at fair value on the effective dates of the contracts, and are being subsequently remeasured at fair value. As of December 31, 2012, the fair value of the derivative financial instruments was a liability of $14,393,588. As these derivative financial instruments have been designated as cash flow hedges, any gains or losses arising from changes in fair value of the derivatives 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 income to the extent that the hedged transactions affect profit or loss (i.e. upon remeasurement of the Euro Loans to U.S. dollars based on the current spot rate).

17. Hedging Activities and Derivatives (continued)

Activity within the Company's Euro denominated loans and related derivative financial instruments for the years ended December 31, 2012 and 2011 consist of the following:

	Derivative Financial Instruments	Euro Denominated Loans
Balance at 1/1/11	$ 12,711,800	$ 133,620,000
Amortization of forward points	-	788,955
Remeasurement of Euro loan and derivative financial instrument	2,818,250	(5,018,955)
Balance at 12/31/11	$ 15,530,050	$ 129,390,000
Additional borrowing	**-**	**70,000,000**
Amortization of forward points	**-**	**1,288,249**
Unrealized foreign exchange loss	**-**	**13,894**
Remeasurement of Euro loan and derivative financial instrument	**(1,136,462)**	**1,822,234**
Balance at 12/31/12	**$ 14,393,588**	**$ 202,514,377**

During the years ended December 31, 2012 and 2011 the Company recorded the following amounts in other comprehensive income/(loss):

	December 31 2012	December 31 2011
Amounts charged to other comprehensive loss:		
Unrealized loss on derivative financial instruments	**$ 1,136,462**	$ (2,818,250)
Less tax effect	**(443,220)**	1,099,118
Unrealized loss on derivative financial instruments, net of tax	**$ 693,242**	$ (1,719,132)
Remeasurement of Euro loans to US Dollars	**$ (1,822,234)**	$ 5,018,955
Less tax effect	**710,671**	(1,957,394)
Remeasurement of Euro loans to US Dollars, net of tax	**$ (1,111,563)**	$ 3,061,561
Net movement on cash flow hedges	**$ (685,772)**	$ 2,200,705
Net tax effect	**267,451**	(858,276)
Other comprehensive income/(loss), net of tax	**$ (418,321)**	$ 1,342,429

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 under noncancellable operating leases as of December 31, 2012 are as follows:

Within one year	**$ 8,082,646**
Between one and two years	**7,470,049**
Between two and three years	**6,418,871**
Between three and four years	**5,503,831**
Between four and five years	**4,022,789**
Later years	**24,528,907**
Subtotal	**56,027,093**
Sublease Income	**(28,590)**
Total	**$ 55,998,503**

Total rent expense under noncancellable operating leases included in the accompanying consolidated statements of operations for the years ended December 31, 2012 and 2011 was $8,950,469 and $7,231,369, respectively. In addition to rent expense, certain of the Company's lease agreements contain provisions which require the payment of other fees (e.g., wharfage and dockage at import facilities) 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 $1,160,550 and $1,134,575 for the years ended December 31, 2012 and 2011, respectively.

It is reasonably certain that the Company will exercise the renewal options 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 twelve months during the option term.

Under this lease, the Company is required to pay dockage and wharfage fees related to its 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 charge calculated on the minimum tonnage that the Company is expected to import through the port.

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 higher than 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 charge calculated on the minimum tonnage that the Company is expected to import through the port.

As described in Note 7, during 2012 the Company completed a sale / leaseback of 170 railcars used in its cement and fly-ash business. The lease term is for 120 months expiring June 2022. Rent under the lease agreement is straight-line in the aggregate amount of $77,450 per month ($929,400 per year). The lease contains a purchase option exercisable by the Company that allows for the purchase of all, but not less than all, of railcars within three groups of railcars subject to the lease at the expiration of the lease. The fixed purchase option groups are as follows:

Group	Quantity	Description
Group A	81	2003-built railcars
Group B	66	2003-built railcars
Group C	23	2005-built railcars

Under the terms of the lease, the Company is responsible for all maintenance and other operating costs (including taxes) of the railcars during the lease term. In the event the Company does not exercise its purchase option at the end of the lease term, the Company is obligated to pay all reasonable costs associated with remarking each railcar and returning the cars to the lessor.

19. Retirement Benefit Obligations

Retirement benefit obligations at December 31, 2012 and 2011, consist of the following:

	December 31	
	2012	**2011**
Excess benefit plan benefits	**$ 5,257,806**	$ 5,122,000
Pension benefits	**5,797,531**	5,660,068
Other post-retirement benefits	**2,523,076**	2,037,116
Retirement benefit obligations	**$ 13,578,413**	$ 12,819,184

All of the Company's defined benefit pension plans and all but one of the Company's other postretirement benefit plans were previously frozen 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,

19. Retirement Benefit Obligations (continued)

2012, defined benefit pension plan assets are invested approximately 54% in equity investments and 46% in fixed income investments. 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, 2012 and 2011.

	Pension Benefits		Other Post-retirement Benefits	
	2012	**2011**	**2012**	**2011**
Benefit obligations	**$ 16,623,189**	$ 15,214,407	**$ 2,523,077**	$ 2,037,117
Fair value of plan assets	**10,825,658**	9,554,339	**-**	-
Accrued cost, December 31	**$ 5,797,531**	$ 5,660,068	**$ 2,523,077**	$ 2,037,117

Changes in the present value of the defined benefit obligations for the years ended December 31, 2012 and 2011 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2012	**2011**	**2012**	**2011**
Benefit obligation, January 1	**$ 15,214,407**	$ 13,508,006	**$ 2,037,117**	$ 2,104,007
Service cost	**-**	-	**4,775**	4,390
Interest cost	**621,104**	716,963	**94,944**	100,378
Benefits paid	**(855,619)**	(855,913)	**(116,901)**	(148,978)
Actuarial (gains)/loss	**1,643,297**	1,845,351	**503,142**	(22,680)
Benefit obligation, December 31	**$ 16,623,189**	$ 15,214,407	**$ 2,523,077**	$ 2,037,117
Discount rate used in computing ending obligations	3.50%	4.25%	3.50%	4.25%

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 Post-retirement Benefits	
	2012	**2011**
Health care cost trend rate:		
2012	**N/A**	6.00%
2013	**5.00%**	5.00%
2014 and thereafter	**5.00%**	5.00%

19. Retirement Benefit Obligations (continued)

Changes in the fair value of plan assets for the years ended December 31, 2012 and 2011 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2012	**2011**	**2012**	**2011**
Fair value of plan assets, January 1	**$ 9,554,339**	$ 9,737,800	**$ -**	$ -
Return on plan assets	**1,013,920**	(133,104)	**-**	-
Contributions	**1,113,018**	805,556	**116,901**	148,978
Benefits paid	**(855,619)**	(855,913)	**(116,901)**	(148,978)
Other	**-**	-	**-**	-
Fair value of plan assets, December 31	**$ 10,825,658**	$ 9,554,339	**$ -**	$ -

The Company expects to contribute $575,900, which is the minimum ERISA requirement, to its defined benefit pension plans in 2013. The Company's other post-retirement benefit plans are unfunded obligations and will be funded, consistent with past practice, on a pay-as-you go basis.

A reconciliation of the movements during the years ended December 31, 2012 and 2011 in the net pension and other postretirement benefit liabilities follows:

	Pension Benefits		Other Post-retirement Benefits	
	2012	**2011**	**2012**	**2011**
Accrued cost, January 1	**$ 5,660,068**	$ 3,770,206	**$ 2,037,117**	$ 2,104,007
Expense recognized in statement of income	**209,821**	207,458	**99,719**	104,768
Amount recognized as other comprehensive loss/(income)	**1,040,660**	2,487,960	**503,142**	(22,680)
Contributions	**(1,113,018)**	(805,556)	**(116,901)**	(148,978)
Accrued cost, December 31	**$ 5,797,531**	$ 5,660,068	**$ 2,523,077**	$ 2,037,117

19. Retirement Benefit Obligations (continued)

The components of net periodic pension and other post-retirement benefit costs are as follows for the years ended December 31, 2012 and 2011:

	Pension Benefits		Other Post-retirement Benefits	
	2012	**2011**	**2012**	**2011**
Service cost	**$ -**	$ -	**$ 4,775**	$ 4,390
Net interest cost	**209,821**	207,458	**94,944**	100,378
Net periodic pension expense	**209,821**	207,458	**99,719**	104,768
Other comprehensive (income)/loss	**1,040,660**	2,487,960	**503,142**	(22,680)
Total comprehensive loss	**$ 1,250,481**	$ 2,695,418	**$ 602,861**	$ 82,088

For the years ended December 31, 2012 and 2011, the Company recorded total comprehensive loss of $1,853,342 and $2,777,506, respectively, related to its pension and other post-retirement benefit plans. These amounts have been included in the accompanying consolidated statements of operations and comprehensive loss as follows:

	December 31	
	2012	**2011**
Cost of goods sold	**$ 4,775**	$ 4,390
Finance cost	**304,765**	307,836
Net periodic expense	**309,540**	312,226
Other comprehensive loss	**1,543,802**	2,465,280
Total comprehensive loss	**$ 1,853,342**	$ 2,777,506

19. Retirement Benefit Obligations (continued)

The components of actuarial (gains)/losses included in other comprehensive loss for the years ended December 31, 2012 and 2011 are as follows:

	December 31 2012	December 31 2011
Asset (gain)/loss	**$ (602,637)**	$ 642,609
Demographic gain	**(269,960)**	(202,692)
Assumption loss	**2,416,399**	2,025,363
Total actuarial loss	**$ 1,543,802**	$ 2,465,280

A one percentage point change in the assumed rate of increase in healthcare costs would have the following effects:

	Increase	Decrease
2012		
Effect on the aggregate current service cost and interest cost	**$ 7,102**	**$ (6,140)**
Effect on other post-retirement benefit obligation	**$ 207,583**	**$ (177,884)**
2011		
Effect on the aggregate current service cost and interest cost	$ 6,714	$ (5,862)
Effect on other post-retirement benefit obligation	$ 154,462	$ (133,512)

A one percentage point change in the assumed discount rate would have the following effects:

	Increase	Decrease
2012		
Effect on the aggregate current service cost and interest cost	**$ 80,291**	**$ (103,082)**
Effect on pension and other post-retirement benefit obligation	**$ (1,900,805)**	**$ 2,282,301**
2011		
Effect on the aggregate current service cost and interest cost	$ 57,248	$ 73,534
Effect on pension and other post-retirement benefit obligation	$ (1,653,524)	$ 1,973,467

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. 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. 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 $17,087 and $17,069 for the years ended December 31, 2012 and 2011, 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 $1,775,896 and $1,755,894, respectively, for the years ended December 31, 2012 and 2011.

Prior to October 1, 2011, S&W sponsored a separate defined contribution 401(k) savings plan which covered substantially all employees of S&W. The plan provided for voluntary employee pre-tax contributions for eligible employees. S&W matched 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 $112,047 for the years ended December 31, 2011. Effective October 1, 2011 eligible S&W 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.

Under this plan the participants are eligible to defer from 0% to 20% of eligible compensation for the applicable plan year. In 2011, the Company matching formula included both a fixed and variable component. The fixed matching component was 35% of the corresponding employee deferral amount. The variable matching component ranged from 0% to 35% of the corresponding employee deferral amount and was based on established business targets. In 2012, the Company suspended its matching amounts for all contributions.

At December 31, 2012 and 2011, plan assets totaled $5,257,806 and $5,122,000, 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 year ended December 31, 2012. For the year ended December 31, 2011, total costs charged against income for this plan was $131,488.

20. Related Party Transactions

The components of related party balances at December 31, 2012 and 2011 are as follows:

		December 31 2012		December 31 2011
Current portion of related party receivables:				
Separation Technologies Canada, Ltd	**$**	**61,399**	$	27,332
Separation Technologies UK, Ltd		**29,028**		17,299
Titan Cement, SA		**860,014**		762,891
	$	**950,441**	$	807,522
Non-current deferred income:				
Iapetos, Ltd	**$**	**1,356,666**	$	1,603,333
Current portion of deferred income:				
Iapetos, Ltd	**$**	**246,667**	$	246,667
Accounts payable, related parties:				
Titan Cement, SA	**$**	**503,739**	$	2,860,159
Accrued interest payable, related parties:				
Titan Global Finance, PLC	**$**	**4,510,086**	$	5,016,078
Variable rate Euro denominated notes payable, related parties:				
Titan Global Finance, PLC	**$**	**70,574,377**	$	-
Variable rate US Dollar notes payable, related parties:				
Titan Global Finance, PLC	**$**	**178,000,000**	$	265,000,000
Fixed rate Euro denominated note payable, related parties:				
Titan Global Finance, PLC	**$**	**131,940,000**	$	129,390,000
Unamortized offering costs on borrowings:				
Titan Global Finance, PLC	**$**	**1,436,876**	$	2,706,443

20. Related Party Transactions (continued)

The components of related party activity for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Sales - products and services for fly ash separation:		
Separation Technologies Canada, Ltd	**$ 264,955**	$ 415,187
Separation Technologies UK, Ltd	**285,870**	224,082
Iapetos, Ltd	**246,667**	246,667
	$ 797,492	$ 885,936
Cost of sales - purchased cement:		
Titan Cement, SA	**$ 14,800,075**	$ 2,432,768
General and administrative support services provided:		
Separation Technologies Canada, Ltd	**$ 105,374**	$ 119,053
Interest expense on borrowings		
Titan Global Finance, PLC	**$ 18,412,266**	$ 16,640,354
Line of credit commitment fees		
Titan Global Finance, PLC	**$ 1,029,737**	$ 2,179,977
Amortization of debt issuance costs		
Titan Global Finance, PLC	**$ 1,269,597**	$ 1,185,455

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, 2012 and 2011 are as follows:

	2012	2011
Salaries and related payroll taxes	**$ 5,793,838**	$ 5,386,550
Short-term employee benefits	**264,847**	257,883
Retirement plan contributions	**112,892**	223,129
Share-based payments	**424,740**	586,567
Total key management compensation	**$ 6,596,316**	$ 6,454,129
Number of key management employees at December 31	**20**	20

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, 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 through 2012. Key assumptions for each year's grants are as follows:

	2012	**2011**	**2010**	**2009**
Key assumptions at date of grant:				
Stock price	**€ 14.72**	€ 17.88	€ 15.90	€ 20.60
Exercise price at date of grant	**€ 4.00**	€ 4.00	€ 4.00	€ 4.00
Dividend yield	**0.72%**	2.74%	2.68%	2.07%
Volatility	**37.40%**	43.98%	39.42%	36.71%
Risk-free rate	**0.32%**	2.81%	2.25%	3.65%
Option life	**3 years**	3 years	3 years	3 years
Fair value price	**€ 3.05**	€ 6.86	€ 5.36	€ 8.41

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

20. Related Party Transactions (continued)

For the years ended December 31, 2012 and 2011, $531,546 and $752,574, respectively, related to this program has been recorded as general and administrative expense in the accompanying consolidated statement of comprehensive loss.

Information related to stock options granted under this plan to employees of the Company during the years ended December 31, 2012 and 2011 follows:

	2012	2011
Shares under option, January 1	**160,050**	154,950
Granted	**81,750**	82,050
Exercised	-	(14,813)
Expired/cancelled	**(11,400)**	(62,137)
Shares under option, December 31	**230,400**	160,050
Options exercisable, December 31	-	-

The stock price of Titan Cement common shares was €13.96 and €11.59 at December 31, 2012 and 2011, 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 a policy to provide for costs associated with settling or litigating such claims whenever such costs are determined to be probable and reasonably estimable.

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. The defendants entered into a joint defense agreement and filed an answer and motion to dismiss in March 2010.

21. Commitments and Contingencies (continued)

In response to the District Court's comments made during the motion to dismiss, the plaintiff's filed a revised complaint in July 2010; and the defendants filed a new motion to dismiss in August 2010. The District Court granted in part and denied in part the defendants' motion to dismiss, limiting the case to antitrust allegations against four companies' ready mix concrete operations since 2008 including those of the Company's subsidiary, Tarmac America LLC. Discovery, limited to ready-mix concrete operations, recommenced after the plaintiffs filed amended complaints in December 2010.

During 2011, the plaintiffs and defendants engaged in discovery, including corporate depositions and individual depositions, and both sides filed their economic expert reports. In September 2011 the plaintiffs filed their motions to certify their classes of plaintiffs. These motions were fully briefed and oral argument was held before the District Court in December 2011. In January 2012, the District Court denied Plaintiffs' motions to certify both a class of direct and a class of indirect concrete purchasers. Upon application of the parties, the Court ordered both the direct and the indirect purchasers' cases stayed to give the parties time to discuss settlement.

Both the indirect and direct plaintiffs settled and the parties negotiated the wording of the stipulations of dismissal. Defendants did not admit any liability or fault by entering into the settlements, and in fact wholly denied any such liability, and vigorously defended against the allegations in these lawsuits. The District Court signed the order dismissing the indirect plaintiffs' lawsuit on March 9, 2012, and signed the order dismissing the direct plaintiffs' lawsuit on March 13, 2012. The impact of the settlement was not material.

Florida antitrust civil investigative demand

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 described above. The purpose 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 by November 2010, at the Office of the Attorney General. Since then the Attorney General's office agreed to several modifications, such as excluding cement and concrete block (due to the District Court's dismissing that portion of the associated class action lawsuit). The final period for data and documents requested was from the beginning of 2006 to November 2009.

21. Commitments and Contingencies (continued)

The Company complied with the request for documents and has no reason to believe that any violations exist for Tarmac America LLC. To date, no further requests for information have been received from the Florida Office of the Attorney General. In mid-2012, the Company's attorneys received notice from the Florida Office of the Attorney General that Tarmac America LLC could return to its normal document retention and destruction policy. The Company's attorneys have concluded that the Civil Investigative Demand is no longer active or operative.

Pennsuco Silo Roof Collapse

The roof of a concrete silo collapsed at the Company's Pennsuco Cement Plant on August 17, 2012, resulting in the fatality of one employee. The U.S. Department of Labor, Mine Safety and Health Administration ("MSHA") immediately started an investigation into the cause of the incident. While the Company has complied with all of MSHA's demands for information and documents, MSHA has not yet issued any determinations. The Company's internal investigation has indicated that the collapse occurred due to a latent construction defect when the silo was built approximately 30 years prior by a contractor when the facility was owned by a company unrelated to Titan America and its Florida subsidiary, Tarmac America LLC. The decedent's family has hired an attorney to represent the estate in an attempt to pursue a potential claim in the judicial tort system. It is premature to give an opinion as to the outcome of this situation both with respect to the MSHA investigation and any actions by the decedent's estate. (See Note 32 for additional information.)

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:

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, would 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. These

21. Commitments and Contingencies (continued)

amendments also provided for annual prepayments to be made to the supplier 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). Payments for the guaranteed volume shortfall were used to offset future purchases from the supplier.

In 2011, the Company accepted delivery of 534,699 tons of construction aggregates from the supplier against an annual guaranteed commitment of 2,160,000 tons. As a result, at December 31, 2011, the Company was obligated to replenish the prepayment amount to 1,400,000 tons of construction aggregates at a cost of $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) at December 31, 2011. The corresponding payable of $5,636,099 has been included in accounts payable at December 31, 2011.

A 2012 amendment replaced the annual volume guarantees with an overall purchase commitment of 12,138,584 tons over a 20 year term commencing November 1, 2012. Provisions of the amended agreement include the 500,000 ton minimum annual volume and a maximum annual quantity of no more than 2,400,000 tons. In addition, the amendment eliminated the previous requirement to replenish the prepayment amount annually and, as a result, the prepayment balance at December 31, 2012 was reduced to $2,634,205 (see Note 6) and the payable of $5,636,099 from December 31, 2011 was eliminated.

Under the terms of the supply agreement, purchases are made at current market prices, subject to periodic adjustments. As of January 1, 2013, prices, excluding taxes and fees, are approximately $10.00 per ton.

Supply commitments

The Company does not currently have any significant contracted supply commitments.

22. Concentration of Credit Risk

Cash and Cash Equivalents

The Company maintains demand deposits with financial institutions, 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 adverse change in these factors could affect the Company's estimate of its allowance for doubtful accounts.

23. Discontinued Operations

In 2010, the Company completed negotiations regarding the sale of its quarry operation located in Salem, Kentucky (Titan Cumberland Resources or "TCR"). TCR was a separate significant line of business of the Company. On April 2, 2010, TCR was sold for $43,081,860 in cash, plus the assumption of certain obligations.

The results of operations of TCR are reflected as discontinued operations in the consolidated statements of operations for all periods presented.

23. Discontinued Operations (continued)

The results of TCR for the years ended December 31, 2011 are presented below:

	2011
Total sales	$ -
Cost of goods sold, excluding freight and distribution expenses	600,991
Operating loss	(600,991)
Income tax benefit	(234,386)
Loss from discontinued operations, net of tax	$ (366,605)

The net cash flows attributable to TCR (excluding disposal proceeds received in 2011) for the years ended December 31, 2011 are as follows:

	2011
Net cash provided by (used by) operating activities	$ (1,059,711)
Net cash provided by (used by) investing activities	-
Net cash used by financing activities	-
Net cash flows attributable to discontinued operations	$ (1,059,711)

24. Sales

The components of sales from continuing operations for the year ended December 31, 2012 are as follows:

	Total Sales	Less Internal Sales	External Sales
Sales of cement	**$ 177,267,292**	**$ 36,898,227**	**$ 140,369,065**
Sales of construction aggregates	**66,876,865**	**28,026,052**	**38,850,813**
Sales of ready-mixed concrete	**217,060,515**	**29,093**	**217,031,422**
Sales of concrete block and related products	**21,555,375**	**1,311**	**21,554,064**
Sales of ash and related products	**33,181,582**	**3,054,278**	**30,127,304**
Transportation services	**5,860,739**	**5,050,775**	**809,964**
Net sales	**521,802,368**	**73,059,736**	**448,742,632**
Freight revenues	**45,182,833**	**20,005,245**	**25,177,588**
Total sales	**$ 566,985,201**	**$ 93,064,981**	**$ 473,920,220**

The components of sales from continuing operations for the year ended December 31, 2011 are as follows:

	Total Sales	Less Internal Sales	External Sales
Sales of cement	$ 152,579,459	$ 40,542,682	$ 112,036,777
Sales of construction aggregates	55,076,763	24,269,451	30,807,312
Sales of ready-mixed concrete	207,925,881	26,914	207,898,967
Sales of concrete block and related products	18,492,911	-	18,492,911
Sales of ash and related products	30,605,508	3,680,745	26,924,763
Transportation services	6,346,029	5,209,490	1,136,539
Net sales	471,026,551	73,729,282	397,297,269
Freight revenues	43,304,809	21,273,357	22,031,452
Total sales	$ 514,331,360	$ 95,002,639	$ 419,328,721

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, 2012 and 2011 are as follows:

	2012	2011
Material and other variable costs	**$ 179,423,157**	$ 149,592,288
Payroll and employee related expenses	**98,116,211**	90,348,010
Depreciation and depletion	**56,767,491**	59,332,013
Repairs and maintenance	**26,012,400**	21,219,656
Utilities	**20,975,899**	18,813,759
Amortization of identifiable intangible assets	**14,038,003**	13,080,061
Taxes other than income taxes	**10,275,807**	9,834,573
Rent and lease expense	**9,570,657**	7,155,748
Travel, training, and other employee expense	**1,674,212**	1,925,652
Risk insurance	**2,750,956**	2,448,024
Inventory change	**2,351,721**	8,256,760
Amortization of deferred stripping costs	**1,244,410**	934,252
Restructuring expense	**(16,049)**	1,364,377
Other	**7,431,608**	6,316,534
Total cost of goods sold, excluding freight and distribution expenses	**$ 430,616,483**	$ 390,621,707

26. Distribution Expense

The components of distribution expense from continuing operations for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Freight to distribution yards/terminals	**$ 19,555,700**	$ 16,967,312
Payroll and employee related expenses	**3,554,729**	3,439,348
Depreciation	**1,428,276**	1,650,389
Repairs and maintenance	**642,194**	536,676
Utilities	**375,888**	333,495
Other variable costs	**1,580,112**	1,553,656
Other fixed costs	**803,554**	980,993
Total distribution expense	**$ 27,940,453**	$ 25,461,869

27. Selling Expense

The components of selling expense from continuing operations for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Payroll and employee related expenses	**$ 9,221,388**	$ 9,872,180
Overhead (dues, advertising, professional fees, etc.)	**2,255,185**	2,314,003
Travel, entertainment, and other employee expense	**1,570,251**	1,894,679
Risk insurance and taxes other than income taxes	**107,967**	89,761
Depreciation	**9,997**	19,077
Total selling expense	**$ 13,164,788**	$ 14,189,700

28. General and Administrative Expense

The components of general and administrative expense from continuing operations for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Payroll and employee related expenses	**$ 26,122,123**	$ 32,455,411
Office costs	**5,209,367**	5,690,592
Professional fees	**3,292,745**	3,841,074
Travel, entertainment, and auto expenses	**2,223,428**	2,981,496
Depreciation	**1,541,360**	1,596,207
Restructuring expense	**550,849**	186,899
Amortization of identifiable intangible assets	**21,250**	624,981
Other	**2,343,153**	2,442,880
Total general and administrative expense	**$ 41,304,275**	$ 49,819,540

29. Other Operating (Expense)/Income

The components of other operating (expense)/income from continuing operations for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Rental income	**$ 303,914**	$ 350,355
Import terminal wharfage and tonnage fees	**(803,489)**	(1,450,254)
Other	**250,631**	216,171
Total other operating (expense)/income, net	**$ (248,944)**	$ (883,728)

30. Finance Cost

The components of finance cost from continuing operations for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Interest expense on borrowings	**$ 18,545,261**	$ 17,726,317
Line of credit commitment fees	**1,700,408**	2,638,363
Amortization of debt issuance costs	**1,292,054**	1,207,912
Amortization of forward points on cash flow hedge	**1,288,249**	788,955
Net interest costs on pension and OPEB benefits	**304,765**	307,836
Accretion expense/interest on provisions	**192,817**	217,163
Other	**258,648**	227,352
Total finance cost	**$ 23,582,202**	$ 23,113,898

31. 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, 2012 and 2011 are as follows:

	2012	2011
Wages	**$ 49,262,626**	$ 47,210,242
Salaries	**45,719,167**	50,946,658
Payroll taxes and benefits	**29,958,143**	31,569,582
Outsourced and temporary labor	**9,098,567**	2,938,542
Other payroll expenses	**2,975,948**	3,449,925
Total payroll and related expenses	**$ 137,014,451**	$ 136,114,949

Number of persons employed by the Company at December 31, 2012 and 2011 (unaudited):

	2012	2011
Full time	**1,685**	1,702
Part time	**18**	15
Total	**1,703**	1,717
Salary	**609**	630
Hourly	**1,094**	1,087
Total	**1,703**	1,717

32. Other Non-operating Expense

Other non-operating expenses of $ 4,715,730 pertain to the silo roof collapse at the Company's Pennsuco Cement Plant in August 2012, as described in Note 21. Costs consisted primarily of inventory losses, repair and maintenance of affected plant and equipment, and professional services including engineering and legal fees. As described in Note 1, the Company maintains insurance to cover property damage and business interruption costs above certain retained limits. In the case of the Pennsuco Cement Plant, the aggregate retained limit is $1,000,000 per occurrence. While some of the costs incurred in excess of the deductible are covered by the Company's insurance policy, it is too early to estimate the amount and timing of the recovery proceeds. As such, no amounts of insurance proceeds have been recorded at December 31, 2012.

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