

Titan America LLC and Subsidiaries

**Consolidated Financial Statements
December 31, 2015 and 2014**

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

Years Ended December 31, 2015 and 2014

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Independent Auditor's Report

To Management of Titan America LLC

We have audited the accompanying consolidated financial statements of Titan America LLC and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in member's equity and consolidated cash flow statement for the year then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 our 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, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated 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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 referred to above present fairly, in all material respects, the financial position of Titan America LLC and its subsidiaries at December 31, 2015, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of the Company as of December 31, 2014 and for the year then ended were audited by other auditors whose report, dated April 3, 2015, expressed an unmodified opinion on those statements.

PricewaterhouseCoopers LLP

March 24, 2016

Titan America LLC and Subsidiaries Consolidated Income Statement

(all amounts in thousands)

	Notes	Year Ended December 31	
		2015	2014
Total sales	3	\$ 750,260	\$ 623,793
Cost of goods sold, excluding freight and distribution expenses	4	565,152	508,667
Freight expense		31,612	29,246
Distribution expense	5	32,516	28,534
Impairment of property, plant, and equipment	13	13,746	418
Cost of goods sold		<u>643,026</u>	566,865
Gross profit		<u>107,234</u>	56,928
Selling expense	6	14,977	14,596
General and administrative expense	7	56,623	49,809
Loss on sale of accounts receivable and related costs, net	8	2,111	3,679
Other operating income, net	9	(710)	(6,106)
Operating income/(loss)		<u>34,233</u>	(5,050)
Finance income		108	221
Finance cost	10	(32,564)	(32,735)
Share of profit of an associate	16	1,432	1,373
Foreign exchange and financial instrument gain, net	12	16,690	17,216
Other non-operating income	11	3,050	1,285
Loss on early extinguishment of debt	22	(90)	(1,876)
Income/(Loss) before income taxes		<u>22,859</u>	(19,566)
Income tax expense/(benefit)	23	218	(3,396)
Net income/(loss)		<u>\$ 22,641</u>	\$ (16,170)

See accompanying notes.

Titan America LLC and Subsidiaries
Consolidated Statement of Comprehensive Income / (Loss)

(all amounts in thousands)

	Notes	Year Ended December 31	
		2015	2014
Net income/(loss)		\$ 22,641	\$ (16,170)
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement on cash flow hedge		-	-
Reclassification to income statement	12	-	504
Income tax effect		-	-
Net gain on cash flow hedge		-	504
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		-	504
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/(loss) on defined benefit plans	24	942	(3,038)
Income tax effect		(455)	926
Net gain/(loss) on defined benefit plans		487	(2,112)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		487	(2,112)
Other comprehensive income/(loss), net of tax		487	(1,608)
Total comprehensive income/(loss), net of tax		\$ 23,128	\$ (17,778)

See accompanying notes.

Titan America LLC and Subsidiaries Consolidated Statement of Financial Position

(all amounts in thousands)

		December 31	
	Notes	2015	2014
Noncurrent assets:			
Property, plant, equipment and mineral deposits, net	13	\$ 700,482	\$ 666,377
Goodwill	15	221,562	221,562
Identifiable intangible assets, net	14	14,106	15,327
Investment in associate	16	5,519	6,555
Other assets	17	6,866	8,310
Total noncurrent assets		948,535	918,131
Current assets:			
Inventories	18	90,003	97,146
Trade receivables, net	19	16,465	9,703
Other receivables, net	21	15,542	17,705
Related party receivables	27	-	1,158
Prepaid expenses and other current assets	20	7,206	6,248
Income taxes receivable		320	485
Cash restricted	1.11	363	1,809
Cash and cash equivalents	1.11	16,672	16,044
Total current assets		146,571	150,298
Total assets		\$ 1,095,106	\$ 1,068,429

See accompanying notes.

Titan America LLC and Subsidiaries
Consolidated Statement of Financial Position (continued)

(all amounts in thousands)

	Notes	December 31	
		2015	2014
Member's equity:			
Capital contributions		\$ 648,703	\$ 648,690
Retained earnings, before current period net income/(loss)		(159,497)	(143,630)
Current period net income/(loss)		22,641	(16,170)
Accumulated other comprehensive loss		(2,311)	(2,798)
Total member's equity		509,536	486,092
Noncurrent liabilities:			
Long-term borrowings	22	398,841	404,784
Deferred income tax liability	23	57,753	57,583
Retirement benefit obligations	24	11,542	13,407
Derivative financial instruments	12	1,006	2,960
Provisions	25	9,478	7,736
Deferred income		1,461	1,548
Other non-current liabilities		1,177	192
Total noncurrent liabilities		481,258	488,210
Current liabilities:			
Accounts payable		55,334	44,954
Accounts payable, related parties	27	4,207	2,607
Accrued expenses	26	35,897	30,284
Book overdraft		4,697	6,387
Current portion of deferred income		997	1,044
Short-term borrowings	22	2,078	7,641
Provisions	25	1,102	1,210
Total current liabilities		104,312	94,127
Total liabilities		585,570	582,337
Total liabilities and member's equity		\$ 1,095,106	\$ 1,068,429

See accompanying notes.

Titan America LLC and Subsidiaries
Consolidated Statement of Changes in Member's Equity

(all amounts in thousands)

	Notes	Capital Contributions	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)		Total Member's Equity
				Actuarial Gain / (Loss) On Defined Benefit Plans	Cash Flow Hedge	
January 1, 2014		\$ 648,678	\$ (143,770)	\$ (686)	\$ (504)	\$ 503,718
Net loss		-	(16,170)	-	-	(16,170)
Actuarial gain on defined benefit plans	24	-	-	(2,112)	-	(2,112)
Cash flow hedge	12	-	-	-	504	504
Stock compensation	27	152	-	-	-	152
Stock compensation excess tax benefit		(140)	140	-	-	-
December 31, 2014		\$ 648,690	\$ (159,800)	\$ (2,798)	\$ -	\$ 486,092
Net income		-	22,641	-	-	22,641
Actuarial loss on defined benefit plans	24	-	-	487	-	487
Stock compensation	27	148	-	-	-	148
Stock compensation excess tax benefit		(135)	303	-	-	168
December 31, 2015		\$ 648,703	\$ (136,856)	\$ (2,311)	\$ -	\$ 509,536

See accompanying notes.

Titan America LLC and Subsidiaries Consolidated Cash Flow Statement

(all amounts in thousands)

	Notes	Year Ended December 31	
		2015	2014
Cash flows from operating activities			
Income/(Loss) before income taxes		\$ 22,859	\$ (19,566)
Adjustments for:			
Depreciation, depletion and amortization	13, 15	57,540	61,640
Impairment of property, plant, and equipment	13	13,746	418
Deferred income		(135)	(107)
Loss on disposal of assets, net	13	2,774	1,846
Gain on contribution of assets to associate	16	-	(6,538)
Equity earnings in associate	16	(1,432)	(1,373)
Finance cost	10	32,564	32,735
Finance income		(108)	(221)
Foreign exchange and financial instrument gain	12	(16,690)	(17,216)
Stock compensation expense	27	148	152
Loss on extinguishment of debt	22	90	1,876
Bad debt expense	19	(98)	416
Change in net operating assets		17,745	16,444
Cash generated from operations before interest and income taxes		129,003	70,506
Income taxes paid		(163)	(178)
Net cash provided by operating activities		128,840	70,328
Cash flows from investing activities			
Purchases of property, plant and equipment	13	(85,542)	(45,714)
Interest received		108	221
Distributions from associate	16	2,468	1,749
Proceeds from the sale of assets, net of disposition costs	13	(1,031)	818
Net cash used by investing activities		(83,997)	(42,926)

Titan America LLC and Subsidiaries Consolidated Cash Flow Statement (continued)

(all amounts in thousands)

	Notes	Year Ended December 31	
		2015	2014
Cash flows from financing activities			
Net borrowings from affiliated party	22	21,598	27,201
Offering costs associated with borrowings	22	-	(7,784)
(Decrease)/Increase in book overdraft		(1,690)	1,260
Principal payments on debt	22	(7,397)	(44)
Principal payments on finance lease obligations	22	(1,193)	(112)
Settlement of derivative financial instrument	12	-	(3,153)
Financial instrument collateral payments	12	(27,455)	(19,600)
Interest paid		(28,077)	(24,519)
Other financing activities		(1)	(434)
Net cash used in financing activities		<u>(44,215)</u>	<u>(27,185)</u>
Net increase in cash and cash equivalents		628	217
Cash and cash equivalents at:			
Beginning of period		16,044	15,879
Effects of exchange rate changes		-	(52)
End of period		<u>\$ 16,672</u>	<u>\$ 16,044</u>
Changes in net operating assets			
Inventories		\$ 3,155	\$ (14,419)
Trade receivables, net		(6,664)	39,061
Other receivables, net		2,163	(2,067)
Prepaid expenses and other current assets		(958)	(1,731)
Other assets		1,446	(1,558)
Accounts payable		9,998	(7,798)
Other operating activities		1,375	(1,375)
Accrued expenses		5,653	5,236
Provisions		(885)	2,586
Other liabilities		861	(230)
Retirement benefit obligations		(1,156)	(688)
Operating related party activity		2,757	(573)
Change in net operating assets		<u>\$ 17,745</u>	<u>\$ 16,444</u>

Non-cash transactions: The principal non-cash investing and financing transactions are accrued purchases of property, plant, and equipment and acquisition of property, plant, and equipment under finance leases (see Note 13).

See accompanying notes.

Titan America LLC and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015

(All amounts in thousands)

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(All amounts in thousands)

1. *General information and summary of significant accounting policies*

Titan America LLC (the “Company”), a Delaware, US 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, 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. In accordance with the operating agreement of the Company, the member, Titan Atlantic, is not liable for the debts, liabilities, contracts, or any other obligation 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.

The consolidated financial statements for the year ended December 31, 2015 were authorized for issue by the management of Titan America LLC on March 24, 2016.

Summary of significant account policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1.1. *Basis of preparation*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments that have been measured at fair value.

The preparation of financial statements, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Significant Accounting Estimates and Critical Judgments in note 2.

The financial statements have been prepared with the same accounting policies of the prior financial year, except for the adoption of the new or revised standards, amendments and/or interpretations that are mandatory for the periods beginning on or after January 1, 2015.

1.1.1. *New Standards and Interpretations issued but not yet effective and not early adopted by the Company.*

- **IFRS 9 Financial Instruments: Classification and Measurement**

The standard is applied for annual periods beginning on or after 1 January 2018 with early adoption permitted. The key features are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortized cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity’s business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortized cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets’ cash flows and sells assets may be classified as FVOCI. Financial assets

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(All amounts in thousands)

that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Company is in the process of assessing the impact of the standard on its consolidated financial statements.

- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Company does not expect the adoption of this standard to have a material effect on its consolidated financial statements.

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard’s requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity’s ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Company is in the process of assessing the impact of the standard on its consolidated financial statements.

- **IFRS 16 Leases**

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). IFRS 16 is effective from January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for

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(All amounts in thousands)

those two types of leases differently. The Company is in the process of assessing the impact of the standard on its consolidated financial statements.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be effective from annual periods commencing on or after January 1, 2016. The Company is in the process of assessing the impact of the amendment on its consolidated financial statements.

- **The IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after February 1, 2015. The Company is in the process of assessing the impact of the improvements on its consolidated financial statements.

- **IFRS 2 Share-based Payment:** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
- **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- **IAS 16 Property Plant & Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- **IAS 38 Intangible Assets:** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- **The IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company is in the process of assessing the impact of the improvements on its consolidated financial statements.

- **IFRS 7 Financial Instruments: Disclosures:** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
- **IAS 19 Employee Benefits:** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

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- **IAS 1: Disclosure Initiative (Amendment)**

The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments.

Additionally, the amendments in Disclosure Initiative (Amendments to IAS 7) come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. The amendments state that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are mandatory for annual periods beginning on or after January 1, 2017.

The Company is in the process of assessing the impact of the amendment on its consolidated financial statements.

1.2. Consolidation

(a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Company uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in the income statement.

Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

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(All amounts in thousands)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss (note 15).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Joint ventures

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Company has assessed the nature of its joint arrangement and determined it to be a joint venture.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Company's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture), the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealized gains on transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint venture have been adjusted where necessary to ensure consistency with the policies adopted by the Company. The financial statements of the joint venture are prepared for the same reporting date with the Company.

The investment in joint ventures is stated at cost less impairment, if any.

1.3. Foreign currency translation

- (a) The consolidated financial statements are presented in Dollars, which is the functional and presentation currency of the Company.
- (b) Foreign currency transactions are translated into the functional currency using the exchange rates (i.e. spot rates) prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement

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1.4. *Property, plant and equipment*

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses, except for land (excluding quarries), which is shown at cost less impairment losses.

Cost includes expenditures directly attributable to the acquisition of the items and any environmental rehabilitation costs to the extent that they have been recognized as a provision (refer to note 1.16). Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement as incurred. Subsequent costs are depreciated over the remaining useful life of the related asset or to the date of the next major subsequent cost whichever is the sooner.

Depreciation, with the exception of quarries, is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

	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	7-15	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

Land on which quarries are located is depreciated on a depletion basis. This depletion is recorded as the material extraction process advances based on the unit-of-production method. Other land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (refer to note 1.7).

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in gross profit.

Interest costs on borrowings specifically used to finance the construction of property, plant and equipment are capitalized during the construction period if recognition criteria are met (refer to note 1.23).

1.5. *Intangible assets*

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognized in a business combination.

Goodwill is not amortized. After initial recognition, it is measured at cost less any accumulated impairment losses.

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For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination.

Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Impairment reviews are undertaken annually (even if there is no indication of impairment) or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the value-in-use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized on a straight line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

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

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

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1.6. Deferred stripping costs

Stripping costs comprise the removal of overburden and other waste products. Stripping costs incurred in the development of a quarry before production commences are included within the carrying amount of the related quarry, under Property, plant and equipment and subsequently depreciated over the life of the quarry on a units-of-production basis.

1.7. Impairment of non-financial assets other than Goodwill

Assets that have an indefinite useful life (land not related to quarries) are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized, as an expense immediately, for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. An asset's recoverable amount is the higher of an asset or cash generating units (CGU) fair value less costs of sell and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is impaired and is written down to its recoverable amount.

1.8. Leases

(a) Where the Company is the lessee

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

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset.

Leases are classified as finance leases or operating leases at the inception of the lease.

(b) Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Contingent rents are recognized as revenue in the period in which they are earned.

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1.9. 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.

1.10. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. These receivables are non-interest bearing and normally settled within the terms of the contract. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

1.11. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

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.

Restricted cash represents funds not available for general corporate purposes that secure specific operating and financing obligations expected to be settled within the next 12 months.

1.12. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are carried at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

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1.13. Current and deferred income taxes

Titan America LLC is a pass-through entity whose items of income, expense, gains, and losses are taxed to its member, Titan Atlantic. For financial reporting purposes, the Company reports Titan Atlantic's income tax expense and related income tax assets and liabilities as if the Company has filed separate Company income tax returns.

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss, it is not accounted for.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the related deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

1.14. Employee benefits

(a) Pension and other retirement obligations

The Company operates various pension and other retirement plans, including both defined benefit and defined contribution pension plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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The liability recognized in the statement of financial position in respect of defined benefit pension or other post-retirement benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating to the terms of the related pension or other post-retirement benefit obligation.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements under cost of goods sold, and
- Net interest expense or income under finance cost.

Re-measurements, comprised of the actuarial gains and losses and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding charge or credit to member's equity through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in payroll and related expenses in the Consolidated Income Statement as incurred.

(b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated by the Company, before the normal retirement date or whenever an employee accepts voluntary separation in exchange for these benefits.

The Company recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. The obligating event is the termination and not the service. In the case of an offer made to encourage voluntary separation, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

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(c) Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognized in accrued expenses when the following conditions are met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus/ profit sharing and the amount can be determined before the time of issuing the financial statements.

(d) Share-based payments

Titan Cement operates an equity-settled, share-based compensation plan. The Company recognized the fair value of the employee service received in exchange for the grant of Titan Cement stock options as an expense.

Share options are granted to certain members of senior management at a discount to the market price of the shares at par value on the respective dates of the grants and are exercisable at those prices. The options must be exercised within twelve months of their respective vesting period. The plan has a contractual option term of three years.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense during the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, specified by the date of grant:

- Including any market performance conditions (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions

At the end of each reporting date, the Company revises its estimates of the number of options that are expected to vest and recognizes the impact of the revision of original estimates, if any, in general and administrative expenses in the income statement, with a corresponding adjustment to equity.

1.15. Provisions

Provisions represent liabilities of uncertain timing or amount and are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are not recognized for future operating losses. The Company recognizes a provision for onerous contracts when the economic benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

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Where the effect of the time value of money is material, provisions is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due the passage of time is recognized as a finance expense.

1.16. Site restoration, quarry rehabilitation and environmental costs

The Company is required to restore the land used for quarries and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the Company's environmental policies. Provisions for environmental restoration are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Estimated costs associated with such rehabilitation activities represent management's best estimate of expenditures required to settle the present obligation at the balance sheet date and are measured at the present value of future cash outflows expected to be incurred. Such cost estimates, initially expressed at current price levels, are adjusted for inflation (2.18% and 3.00% at December 31, 2015 and 2014, respectively) to reflect expected annual costs increases between the date of estimate and the forecast date of payment, and then discounted to present value at a rate consistent with the duration of the liability. Where a closure and restoration obligation arises from quarry/mine development activities or relate to the decommissioning of property, plant and equipment, the provision can be capitalized as part of the cost of the associated asset (intangible or tangible). The capitalized cost is depreciated over the useful life of the asset and any change in the net present value of the expected liability is included in finance costs, unless they arise from changes in accounting estimates of valuation. Each year, the provisions are increased to reflect the accretion of discount, with the charges being recognized as a component of interest expense.

Provisions associated with environmental damage represent the estimated future cost of remediation. Estimating the future costs of these obligations is complex and requires management to use judgment. The estimation of these costs is based on an evaluation of currently available facts with respect to each individual site and considers factors such as existing technology, currently enacted laws and regulations and prior experience in remediation of sites. Inherent uncertainties exist in such evaluations primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, the protracted length of the clean-up periods and evolving technologies. The environmental and remediation liabilities provided for reflect the information available to management at the time of determination of the liability and are adjusted periodically as remediation efforts progress or as additional technical or legal information becomes available.

1.17. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods and services stated net of rebates and discounts.

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer (usually upon shipment) and the realization of the related receivable is reasonably assured.

Revenue arising from services is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

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1.18. Financial assets

The Company carries its financial assets at amortized cost. Management determines the classification of its financial assets at initial recognition. The Company's financial assets consist of loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The carrying values of financial assets and liabilities typically approximate their fair values due to short-term maturities of the instruments.

1.19. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset recognized amounts, and there is an intention to settle on the net basis the liability or realize the asset and settle the liability simultaneously.

1.20. Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

1.21. Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently periodically re-measured at their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or

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- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of the hedge relationship the Company formally designates and documents the hedge relationship between hedging instruments and hedged items, to which it wishes to apply hedge accounting, and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating both to the effective and ineffective portion of interest rate swaps hedging fixed rate borrowings is recognized in the income statement within "Finance income/expense".

Cash flow hedges

The effective portion of gains and losses from measuring cash flow hedging instruments is recognized in OCI. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within Foreign exchange and financial instrument gain, net.

Amounts accumulated in OCI are reclassified to profit or loss in the periods when the hedged transaction terminates.

1.22. Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. A respective liability is also recognized.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(b) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

1.23. Fair value measurement

The Company uses the following hierarchy for determining and disclosing the fair value of the assets and liabilities by valuation method:

Level 1: based on quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: based on valuation techniques whereby all inputs having a significant effect on the fair value are observable, either directly or indirectly and include quoted prices for identical or similar assets or liabilities in markets that are not so much actively traded.

Level 3: based on valuation techniques whereby all inputs having a significant effect on the fair value are not observable market data.

At December 31, 2015 and 2014, the Company had derivative financial instruments that were recorded at fair value in the consolidated balance sheets (Level 2). The Company also had long and short term borrowings that were recorded in the consolidated balance sheets at amortized cost and fair value of those borrowings is disclosed in Note 22 (Level 2).

1.24. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the profit or loss in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.25. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

1.26. Other non-operating income and expense

Other non-operating items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount. Examples of other non-operating items include restructuring costs and other unusual gains or losses.

1.27. Reclassifications

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

2. Significant accounting estimates and critical judgments

The preparation of the financial statements requires management to make estimations and judgments that affect the reported disclosures. On an ongoing basis, management evaluates its significant accounting estimates, which are presented below in paragraphs 2.1.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These management estimates and assumptions form the bases for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2.1. Significant estimates:

(a) Asset lives and residual values

Property, plant and equipment (PPE) are depreciated over their estimated useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product lifecycles, life-of-mine and maintenance programs are taken into account. A one year increase in the assumed asset lives would increase net income by \$3,345. A one year decrease in the assumed asset lives would decrease net income by \$4,581.

(b) Valuation of financial instruments

The valuation of derivative financial instruments is based on the market position at the reporting date. Gains or losses from the remeasurement of the €177,000 fixed rate loan and its associated derivative financial instrument would be expected to substantially offset. Further information on financial instruments is given in Note 12.

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2.2. *Critical judgments:*

(a) *Deferred tax assets*

Deferred tax assets are recognized for net operating loss and other tax carryforwards to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits or, if applicable, future tax planning strategies.

The Company limits the recognition of deferred tax assets for net operating loss carryforwards in circumstances where it has a recent history of generated tax losses. 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.

At December 31, 2015, the Company had unrecognized deferred tax assets totaling \$101,124 arising from its net operating loss carryforwards. The Company will reassess the amount of unrecognized deferred tax assets in future periods and make appropriate adjustments to the recorded amount of deferred tax assets as supported by profitability trends and available tax planning strategies.

Further details on taxes are disclosed in note 23.

(a) *Interest in unconsolidated entities*

In 2014, the Company entered into an agreement with a Special Purpose Entity ("SPE") under which trade accounts receivable, originated by certain of the Company's operating subsidiaries, are aggregated and sold to the SPE (which was established to house and manage the trade accounts receivable) in exchange for cash and interest bearing notes receivable.

Management has determined that the most relevant activity of the SPE is associated with the management of impaired trade accounts receivable within the overall portfolio of trade accounts receivable owned by the SPE, as this is the activity that most impacts the credit losses incurred and hence the variability of returns for the SPE. The entities most exposed to variable returns are (i) the Company which holds the most subordinated interest in the SPE as well as the third most subordinated interest, and (ii) an unrelated party (the "Control Party") which holds the second most subordinated interest and retains the right to manage the impaired accounts receivable.

Because the Control Party retains the right to manage the impaired accounts receivable, the Company has determined that it does not control the SPE. As a result, the Company does not consolidate the SPE but rather derecognizes its trade accounts receivable when they are sold to the SPE.

More details about the SPE can be found in note 8.

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3. Total sales

The components of sales for the year ended December 31, 2015 are as follows:

	Total Sales	Less Internal Sales	External Sales
Sales of cement	\$ 308,110	\$ 74,298	\$ 233,812
Sales of construction aggregates	107,941	60,985	46,956
Sales of ready-mixed concrete	360,496	1,045	359,451
Sales of concrete block and related products	43,530	-	43,530
Sales of ash and related products	38,727	4,286	34,441
Transportation services	7,199	6,741	458
Net sales	<u>866,003</u>	<u>147,355</u>	<u>718,648</u>
Freight revenues	62,978	31,366	31,612
Total sales	<u>\$ 928,981</u>	<u>\$ 178,721</u>	<u>\$ 750,260</u>

The components of sales for the year ended December 31, 2014 are as follows:

	Total Sales	Less Internal Sales	External Sales
Sales of cement	\$ 249,000	\$ 46,930	\$ 202,070
Sales of construction aggregates	90,700	40,053	50,647
Sales of ready-mixed concrete	276,477	477	276,000
Sales of concrete block and related products	32,106	1	32,105
Sales of ash and related products	38,180	5,075	33,105
Transportation services	5,992	5,372	620
Net sales	<u>692,455</u>	<u>97,908</u>	<u>594,547</u>
Freight revenues	53,109	23,863	29,246
Total sales	<u>\$ 745,564</u>	<u>\$ 121,771</u>	<u>\$ 623,793</u>

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4. The components of cost of goods sold, excluding freight and distribution expenses, for the years ended December 31, 2015 and 2014, are as follows:

	2015		2014
Material and other variable costs	\$ 263,341	\$	214,376
Payroll and employee related expenses	145,524		131,446
Depreciation, depletion, and amortization	55,394		58,582
Repairs and maintenance	36,690		35,818
Utilities	24,340		24,947
Inventory change	8,375		8,417
Rent and lease expense	13,786		14,110
Taxes other than income taxes	10,657		10,598
Risk insurance, including loss retention	4,958		3,354
Travel, training, and other employee expense	2,022		2,070
Other	65		4,949
Total cost of goods sold, excluding freight and distribution expenses	\$ 565,152	\$	508,667

5. The components of distribution expense for the years ended December 31, 2015 and 2014, are as follows:

	2015		2014
Freight to distribution yards/terminals	\$ 24,139	\$	21,505
Payroll and employee related expenses	3,086		2,737
Depreciation	1,322		1,378
Repairs and maintenance	426		392
Utilities	304		312
Other variable costs	1,221		1,130
Other fixed costs	2,018		1,080
Total distribution expense	\$ 32,516	\$	28,534

6. The components of selling expense for the years ended December 31, 2015 and 2014, are as follows:

	2015		2014
Payroll and employee related expenses	\$ 10,333	\$	9,956
Overhead (dues, advertising, professional fees, etc.)	2,888		3,002
Travel, entertainment, and other employee expense	1,629		1,548
Other selling expenses	127		90
Total selling expense	\$ 14,977	\$	14,596

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7. The components of general and administrative expense for the years ended December 31, 2015 and 2014, are as follows:

	<u>2015</u>		<u>2014</u>
Payroll and employee related expenses	\$ 36,399	\$	34,742
Office costs	5,461		5,193
Management fees	4,990		-
Travel, entertainment, and auto expenses	3,116		2,798
Professional fees	2,409		2,966
Depreciation	771		1,617
Other	3,477		2,493
Total general and administrative expense	<u>\$ 56,623</u>	\$	<u>49,809</u>

8. The components of loss on sale of accounts receivable and related costs, net for the years ended December 31, 2015 and 2014, are as follows:

	<u>2015</u>		<u>2014</u>
Loss on sale of accounts receivable	\$ 9,353	\$	5,373
Professional fees	531		1,382
Accounting fees	(78)		(39)
Interest earned on notes receivable	(934)		(481)
Servicing fee	(6,761)		(2,556)
Loss on sale of accounts receivable and related costs, net	<u>\$ 2,111</u>	\$	<u>3,679</u>

As discussed in note 2.2(b), in 2014, the Company entered into an accounts receivable (“AR”) sale agreement with an unrelated third party (the “Special Purpose Entity” or “SPE”) whereby trade accounts receivable, originated by certain of the Company’s operating subsidiaries (the “Originators”), are aggregated, sold to the Company, and on-sold by the Company to the SPE in exchange for cash and interest bearing notes receivable. Under the terms of the agreement, the sale of accounts receivable is made on a continuing, fair value, non-recourse basis (as to collectability) at a discount representing the time value of money and risk of collectability, among other factors. The SPE will, however, have recourse against the Company for any: 1) voluntary adjustments (e.g., quality allowances, etc.) of customer obligations by the Company or the Originators; 2) corrections of product quantity, pricing (including nominal short-pay auto tolerances), or other billing errors made by the Company or the Originators subsequent to the date of invoice; and 3) customer offsets against receivables sold to the SPE (e.g., back charges; volume rebates).

The Originators retained ownership of certain receivables at the inception of the program which include, for example, finance charges on delinquent receivables and named counterparty obligations. Further, the Company will continue to act as “Servicer” of the accounts receivable sold to the SPE. As Servicer, the Company will provide credit administration, billing, collections, cash application, and data reporting services. The SPE pays a servicing fee to the Company.

The notes receivable and miscellaneous receivables due from the SPE at December 31, 2015 and 2014 are \$12,500 and \$14,256, respectively (see Note 21).

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9. The components of other operating income, net for the years ended December 31, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
Rental income	\$ 139	\$ 205
Gain on contribution of assets to associate	-	6,538
Other	571	(637)
Total other operating income, net	<u>\$ 710</u>	<u>\$ 6,106</u>

10. The components of finance cost for the years ended December 31, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
Interest expense on borrowings	\$ 24,455	\$ 24,647
Line of credit commitment fees	3,517	4,889
Amortization of debt issuance costs	2,718	2,408
Net interest costs on pension and OPEB benefits	265	212
Accretion expense/interest on provisions	170	142
Amortization of forward points on cash flow hedge	-	308
Other	1,439	129
Total finance cost	<u>\$ 32,564</u>	<u>\$ 32,735</u>

11. Other non-operating income

Other non-operating income pertains to insurance recovery proceeds for property damage and business interruption costs incurred at the Company's Pennsuco Cement plant following the August, 2012 collapse of a cement silo roof structure (see note 28). 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 per occurrence. In 2015 and 2014, the Company recovered \$3,050 and \$1,285, respectively related to this claim. The payment received in 2015 represented full and final settlement of all amounts owing under the claim.

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12. Foreign exchange and financial instrument gain, net

For the years ended December 31, 2015 and 2014, the Company recorded net gains on derivative financial instruments and foreign exchange totaling \$16,690 and \$17,216, respectively, comprised of the following:

	2015				
	€ 100,000 Fixed Rate Loan	€ 177,000 Fixed Rate Loan	Euro Denominated Revolving Credit Facility	Other	Total
Unrealized foreign exchange gains/(losses) arising from:					
Remeasurements of Euro denominated loan obligations (principal)	\$ 12,540	\$ 22,196	\$ (110)	\$ -	\$ 34,626
Remeasurements of Euro denominated loan obligations (finance cost)	(196)	(250)	(4)	-	(450)
Other	-	-	-	69	69
Total unrealized foreign exchange gains/(losses)	\$ 12,344	\$ 21,946	\$ (114)	\$ 69	\$ 34,245
Realized foreign exchange gains/(losses) arising from:					
Settlement of Euro denominated loan obligations (principal)	\$ -	\$ -	\$ 6,080	\$ -	\$ 6,080
Settlement of Euro denominated loan obligations (finance cost)	499	80	25	-	604
Other	-	-	-	32	32
Total realized foreign exchange gains/(losses)	\$ 499	\$ 80	\$ 6,105	\$ 32	\$ 6,716
Unrealized and realized derivative financial instrument gains/(losses) arising from:					
Change in fair value financial instruments	\$ -	\$ (24,271)	\$ -	\$ -	\$ (24,271)
Total unrealized and realized derivative financial instrument gains/(losses)	\$ -	\$ (24,271)	\$ -	\$ -	\$ (24,271)
Net gains on foreign exchange and financial instruments	\$ 12,843	\$ (2,245)	\$ 5,991	\$ 101	\$ 16,690

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12. Foreign exchange and financial instrument gain, net (continued)

	2014				
	Euro				
	€ 100,000 Fixed Rate Loan	€ 177,000 Fixed Rate Loan	Denominated Revolving Credit Facility	Other	Total
Unrealized foreign exchange gains/(losses) arising from:					
Remeasurements of Euro denominated loan obligations (principal)	\$ 16,500	\$ 25,895	\$ 830	\$ -	\$ 43,225
Remeasurements of Euro denominated loan obligations (finance cost)	402	250	8	-	660
Total unrealized foreign exchange gains/(losses)	\$ 16,902	\$ 26,145	\$ 838	\$ -	\$ 43,885
Realized foreign exchange gains/(losses) arising from:					
Settlement of Euro denominated loan obligations (principal)	\$ -	\$ -	\$ (1,393)	\$ -	\$ (1,393)
Settlement of Euro denominated loan obligations (finance cost)	60	-	28	-	88
Other	-	-	-	208	208
Total realized foreign exchange gains/(losses)	\$ 60	\$ -	\$ (1,365)	\$ 208	\$ (1,097)
Unrealized and realized derivative financial instrument gains/(losses) arising from:					
Change in fair value financial instruments	\$ -	\$ (22,419)	\$ -	\$ -	\$ (22,419)
Settlement of financial instruments	-	-	(3,153)	-	(3,153)
Total unrealized and realized derivative financial instrument gains/(losses)	\$ -	\$ (22,419)	\$ (3,153)	\$ -	\$ (25,572)
Net gains on foreign exchange and financial instruments	\$ 16,962	\$ 3,726	\$ (3,680)	\$ 208	\$ 17,216

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12. Foreign exchange and financial instrument gain/(loss) (continued)

Activity within the Company's derivative financial instruments for the years ended December 31, 2015 and 2014 consist of the following:

	Derivative Financial Instruments - (Asset)/Liability						
	Cross Currency Interest Rate Swap on € 177,000 Fixed Rate Loan		Foreign Exchange Forward Contract on Euro Denominated Revolving Credit Facility		Forward Contract for Diesel Fuel		Total
	Fair Value	Collateral	Fair Value	Collateral	Fair Value	Collateral	
	Fair Value	Collateral	Fair Value	Collateral	Fair Value	Collateral	
January 1, 2014	\$ -	\$ -	\$ (2,159)	\$ -	\$ -	\$ -	\$ (2,159)
Loss on derivative financial instrument (income statement)	22,419	-	3,153	-	-	-	25,572
Loss on derivative financial instrument (OCI)	-	-	2,159	-	-	-	2,159
Settlement of derivative financial instrument	-	-	(3,153)	-	-	-	(3,153)
Collateral support payments on derivative financial instrument	-	(19,600)	-	-	-	-	(19,600)
Other	141	-	-	-	-	-	141
December 31, 2014	\$ 22,560	\$ (19,600)	\$ -	\$ -	\$ -	\$ -	\$ 2,960
Loss on derivative financial instrument (income statement)	24,271	-	-	1,371	-	-	25,642
Settlement of derivative financial instrument	-	-	-	-	-	-	-
Collateral support payments on derivative financial instrument	-	(26,259)	-	-	(1,196)	-	(27,455)
Other	(141)	-	-	-	-	-	(141)
December 31, 2015	\$ 46,690	\$ (45,859)	\$ -	\$ 1,371	\$ (1,196)	\$ -	\$ 1,006

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13. Property, plant, equipment, and mineral deposits, net

Activity within property, plant, equipment, and mineral deposits, net for the year ended December 31, 2015 consists of the following:

	Land & Land Quarries	Land & Land Improvements	Buildings	Machinery & equipment	Motor vehicles	Furniture & fixtures	Assets under construction	Total
Owned assets:								
Opening balance	\$ 123,996	\$ 151,591	\$ 46,359	\$ 277,531	\$ 15,317	\$ 1,337	\$ 48,344	\$ 664,475
Additions	12,954	-	-	-	-	-	75,786	88,740
Disposals	-	(40)	(165)	(822)	(424)	-	(340)	(1,791)
Reclassification	-	6,971	2,884	21,355	19,923	859	(51,992)	-
Capitalization from inventory	-	-	-	1,031	-	-	-	1,031
Depreciation, depletion, & amortization (DD&A)	(5,258)	(3,198)	(4,067)	(34,468)	(7,639)	(504)	-	(55,134)
Impairment reserve	-	(2,000)	-	39	-	-	(9,150)	(11,111)
Ending balance	\$ 131,692	\$ 153,324	\$ 45,011	\$ 264,666	\$ 27,177	\$ 1,692	\$ 62,648	\$ 686,210
Leased assets under finance leases:								
Opening balance	\$ -	\$ -	\$ -	\$ -	\$ 1,902	\$ -	\$ -	\$ 1,902
Additions	-	-	-	-	13,385	-	-	13,385
Disposals	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	(1,015)	-	-	(1,015)
Ending balance	\$ -	\$ -	\$ -	\$ -	\$ 14,272	\$ -	\$ -	\$ 14,272
As of December 31, 2015								
Cost	\$ 195,671	\$ 188,561	\$ 109,895	\$ 694,379	\$ 182,299	\$ 17,516	\$ 71,824	\$ 1,460,145
Accumulated DD&A	(63,979)	(33,237)	(64,884)	(429,334)	(140,850)	(15,824)	(26)	(748,134)
Impairment reserve	-	(2,000)	-	(379)	-	-	(9,150)	(11,529)
Net book value	\$ 131,692	\$ 153,324	\$ 45,011	\$ 264,666	\$ 41,449	\$ 1,692	\$ 62,648	\$ 700,482

Titan America LLC and Subsidiaries
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13. Property, plant, equipment, and mineral deposits, net (continued)

Activity within property, plant, equipment, and mineral deposits, net for the year ended December 31, 2014 consists of the following:

	Quarries	Land & Land Improvements	Buildings	Machinery & equipment	Motor vehicles	Furniture & fixtures	Assets under construction	Total
Owned assets:								
Opening balance	\$ 127,606	\$ 153,313	\$ 50,500	\$ 305,295	\$ 15,467	\$ 1,918	\$ 23,393	\$ 677,492
Additions	1,896	-	-	-	-	-	44,321	46,217
Disposals	-	(1,038)	(366)	(536)	(276)	(2)	-	(2,218)
Reclassification	-	2,306	259	6,520	9,614	671	(19,370)	-
Capitalization from inventory	-	-	-	673	-	-	-	673
Depreciation, depletion, & amortization (DD&A)	(5,506)	(2,990)	(4,034)	(34,003)	(9,488)	(1,250)	-	(57,271)
Impairment reserve	-	-	-	(418)	-	-	-	(418)
Ending balance	\$ 123,996	\$ 151,591	\$ 46,359	\$ 277,531	\$ 15,317	\$ 1,337	\$ 48,344	\$ 664,475
Leased assets under finance leases:								
Opening balance	\$ -	\$ -	\$ -	\$ -	\$ 137	\$ -	\$ -	\$ 137
Additions	-	-	-	-	1,939	-	-	1,939
Disposals	-	-	-	-	(87)	-	-	(87)
Depreciation	-	-	-	-	(87)	-	-	(87)
Ending balance	\$ -	\$ -	\$ -	\$ -	\$ 1,902	\$ -	\$ -	\$ 1,902
As of December 31, 2014								
Cost	\$ 182,717	\$ 181,650	\$ 107,292	\$ 678,833	\$ 162,777	\$ 16,904	\$ 48,401	\$ 1,378,574
Accumulated DD&A	(58,721)	(30,059)	(60,933)	(400,884)	(145,558)	(15,567)	(57)	(711,779)
Impairment reserve	-	-	-	(418)	-	-	-	(418)
Net book value	\$ 123,996	\$ 151,591	\$ 46,359	\$ 277,531	\$ 17,219	\$ 1,337	\$ 48,344	\$ 666,377

At December 31, 2015 and 2014, the Company had accruals for capital projects totaling \$1,168 and \$694, respectively. For the years ended December 31, 2015 and 2014, the Company did not capitalize any interest.

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13. Property, plant, equipment, and mineral deposits, net (continued)

Impairment of property, plant, and equipment

On March 10, 2016, the Company announced the suspension of development activities at the site of a proposed cement plant in eastern North Carolina (the “Castle Hayne” project). In reaching the decision to suspend development activities, the Company took into consideration a number of factors including:

- The evolution of supply and demand balances in the specific regional market to be served by the proposed plant;
- the relatively high cost of constructing and operating a new cement plant in the US environment (which have increased substantially in the past few years); and
- the increased risk profile of the coastal project in the context of excess low-cost global cement production capacity, low ocean freight rates, and a strengthening US Dollar.

As a result of its decision to suspend development activities at the Castle Hayne site, the Company recorded an impairment charge of \$13,500 within the Consolidated Income Statement for the year ended December 31, 2015 to bring the carrying value of the related net assets to their estimated recoverable value of \$1,150.

14. Identifiable intangible assets, net

Activity within identifiable intangible assets, net for the year ended December 31, 2015 consists of the following:

	Core technology	Customer relationships	Trademarks	Tradenames	Contract rights	Non-compete agreements	Total
Opening balance	\$ -	\$ -	\$ -	\$ 13,980	\$ 1,270	\$ 77	\$ 15,327
Additions	-	-	-	-	-	170	170
Amortization	-	-	-	-	(1,270)	(121)	(1,391)
Ending balance	\$ -	\$ -	\$ -	\$ 13,980	\$ -	\$ 126	\$ 14,106
As of December 31, 2015							
Cost	9,700	61,701	400	13,980	5,951	578	92,310
Accumulated DD&A	(9,700)	(61,701)	(400)	-	(5,951)	(452)	(78,204)
Net book value	\$ -	\$ -	\$ -	\$ 13,980	\$ -	\$ 126	\$ 14,106

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14. Identifiable intangible assets, net (continued)

Activity within identifiable intangible assets, net for the year ended December 31, 2014 consists of the following:

	Core technology	Customer relationships	Trademarks	Tradenames	Contract rights	Non-compete agreements	Total
Opening balance	\$ -	\$ 2,241	\$ -	\$ 13,980	\$ 3,174	\$ 214	\$ 19,609
Amortization	-	(2,241)	-	-	(1,904)	(137)	(4,282)
Ending balance	\$ -	\$ -	\$ -	\$ 13,980	\$ 1,270	\$ 77	\$ 15,327
As of December 31, 2014							
Cost	9,700	61,701	400	13,980	5,951	408	92,140
Accumulated Amortization	(9,700)	(61,701)	(400)	-	(4,681)	(331)	(76,813)
Net book value	\$ -	\$ -	\$ -	\$ 13,980	\$ 1,270	\$ 77	\$ 15,327

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15. Goodwill

As of December 31, 2015, the Company has not recorded an impairment of goodwill since the recoverable amounts of the Company's cash-generating units (CGUs) is estimated to exceed their respective carrying amounts.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the following (CGUs):

	<u>2015</u>	<u>2014</u>
Mid Atlantic Business Unit	\$ 155,328	\$ 155,328
Florida Business Unit	48,559	48,559
Separation Technologies Business Unit	15,259	15,259
Essex Business Unit	2,416	2,416
Total goodwill	<u>\$ 221,562</u>	<u>\$ 221,562</u>

Key assumptions

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rates described below.

The calculation of value-in-use for the Company's CGUs is most sensitive to the following assumptions:

- Sales volumes;
- Selling prices;
- Long-term growth rates; 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. Consistent with these independent industry forecasts, management expects construction spending and sales volumes in its key markets to continue to recover during the 2016-2020 period. At December 31, 2015, the date of the most recent impairment test, the Company assumed sales volume compound annual growth rates generally ranging from 3% to 9% among its core operating activities of Cement, Construction Aggregates, and Readymix for the 2016-2020 period. Lower growth rates were assumed where supply constraints or other limiting external factors are assumed to exist (e.g., fly ash production from Separation Technologies' host utility sites).

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15. Goodwill (continued)

Selling Prices

Selling prices in all markets improved during 2015 from 2014 levels as markets continue to recover from the severe contraction in demand for building materials that began in 2006. For the period 2016-2020, management expects selling prices to improve as supply and demand imbalances continue to be corrected. At December 31, 2015, the date of the most recent impairment test, the Company assumed net realized selling price compound annual growth rates generally ranging from 1.5% to 4.5% among its core operating activities of Cement, Construction Aggregates, and Readymix for the 2016-2020 period. Lower growth rates were assumed where new production capacity in relevant markets is expected to increase competitive supply while higher growth rates were assumed where structural supply constraints are present (e.g., fly ash).

Long-term Growth Rates

Long-term growth rates are used to extrapolate cash flows beyond the specific (5 year) projection period and are based on published industry research and take into account demographic trends including expected trends in 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, 2015, the date of the most recent impairment test, long-term growth rates have been estimated by management to be in the range of 3-4% depending on the market.

Discount Rates

Estimated CGU cash flows are discounted to present value using discount rates reflecting the current market assessment of the risks associated with each CGU. The discount rate calculation is derived from the Company's weighted average cost of capital and takes into account both debt and equity funding costs. The cost of equity is derived from the expected return on investment by the Company's investors while the cost of debt is based on the interest bearing borrowings the Company is obligated to service. A pre-tax discount rate of 7.9% was used in the value-in-use calculations at December 31, 2015, the date of the most recent impairment test.

Sensitivity of recoverable amounts

As at December 31, 2015, the Company analyzed the sensitivities of the recoverable amounts to a reasonably possible change of a key assumption (notably to a change of one point in the discount rate or the perpetual growth rate). These analyses did not show a situation in which the carrying value of the CGUs would exceed their recoverable amount.

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16. Investments in associates

Separation Technologies LLC and an unrelated third party founded the company Ash Venture LLC (Ash Venture) which beneficiaries, markets, and sells fly ash. Separation Technologies LLC participates in Ash Venture with an ownership percentage of 33%. The remaining 67% is owned by the unrelated third party, which also controls the activities of Ash Venture. Ash Venture began its commercial activity on January 1, 2014. In the consolidated financial statements, the Company incorporates the results of Ash Venture under the equity method of consolidation. Ash Venture is not listed on a public exchange market and there are no contingent liabilities related to the Company's interest in the associate.

Summarized financial information for associates

Set out below is the summarized financial information for Ash Venture LLC.

<i>Summarized statement of financial position as at December 31</i>	2015	2014
Non-current assets	\$ 27,831	\$ 31,346
Current assets	2,284	2,730
Total assets	\$ 30,115	\$ 34,076
Non-current liabilities	\$ -	\$ -
Current liabilities	398	540
Total liabilities	\$ 398	\$ 540
Equity	\$ 29,718	\$ 33,536
Company's carrying amount of the investment	\$ 5,519	\$ 6,555
 <i>Summarized income statement for the year ended December 31</i>		
Total sales	\$ 11,926	\$ 11,897
Net income	\$ 3,662	\$ 3,485
 <i>Reconciliation of investment in associate</i>		
Carrying amount of the investment as at January 1	\$ 6,555	\$ -
Profit/(loss) for the year	1,432	1,373
Investment in associate	-	6,931
Distributions from associate	(2,468)	(1,749)
Carrying amount of the investment as at December 31	\$ 5,519	\$ 6,555

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17. The components of other assets at December 31, 2015 and 2014 are as follows:

	<u>2015</u>		<u>2014</u>
Excess benefit plan assets (see Note 24)	\$ 4,984	\$	5,745
Notes receivable - trade	686		792
Deposits	350		338
Noncurrent portion of prepaid expenses	315		1,085
Other	531		350
Total other assets	<u>\$ 6,866</u>	\$	<u>8,310</u>

18. The components of inventories at December 31, 2015 and 2014 are as follows:

	<u>2015</u>		<u>2014</u>
Spare parts	\$ 28,056	\$	26,448
Finished goods	21,204		25,157
Work in process	18,579		21,350
Raw materials	16,044		15,904
Manufacturing supplies and other	6,120		8,287
Total inventories	<u>\$ 90,003</u>	\$	<u>97,146</u>

19. The components of trade receivables, net at December 31, 2015 and 2014 are as follows:

	<u>2015</u>		<u>2014</u>
Trade receivables	\$ 24,772	\$	20,445
Allowance for doubtful accounts	(5,742)		(6,467)
Allowance for cash discounts and rebates	(1,852)		(3,047)
Allowance for service fees	(713)		(1,228)
Total trade receivables, net	<u>\$ 16,465</u>	\$	<u>9,703</u>

As at December 31, 2015 and 2014, the ageing analysis of trade receivables before allowances is as follows:

	<u>2015</u>		<u>2014</u>
Neither past due nor impaired	\$ 9,067	\$	6,679
<30 days	6,172		3,673
30-60 days	2,864		2,299
60-90 days	595		480
90-120 days	107		170
>120 days	5,967		7,144
	<u>\$ 24,772</u>	\$	<u>20,445</u>

Trade receivables are non-interest bearing and are normally settled within the terms of the contract.

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19. Trade receivables, net (continued)

Activity within allowance for doubtful account for the year's ended December 31, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Balance at January 1	\$ (6,467)	\$ (7,129)
Charge for the year	(98)	(416)
Utilized	823	1,078
Balance at December 31	<u>\$ (5,742)</u>	<u>\$ (6,467)</u>

20. The components of prepaid expenses and other current assets at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Prepaid insurance	\$ 2,054	\$ 1,974
Prepaid licenses, permits and other taxes	2,036	1,604
Prepaid overhead expenses (rent, software maintenance dues and subscriptions)	1,527	1,591
Prepaid highway use tax	135	133
Other	1,454	946
Total prepaid expenses and other current assets	<u>\$ 7,206</u>	<u>\$ 6,248</u>

21. The components of other receivables, net at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Receivables due from special purpose entity (see Note 8)	\$ 12,500	\$ 14,256
Reserve for receivable from special purpose entity	(555)	(567)
Rebates and refunds due	946	661
Receivables, non-trade, net	842	1,767
Escrow receivable	750	750
Employee receivables	326	24
Deposits	274	320
Other	459	494
Total other receivables, net	<u>\$ 15,542</u>	<u>\$ 17,705</u>

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22. Credit facilities and long-term debt

As of December 31, 2015 and 2014, the carrying amount and the fair value of the Company's debt obligations were as follows:

	2015	
	Carrying Amount	Fair Value
Current		
Bank borrowings	\$ -	\$ -
Debentures	154	154
Finance lease liabilities	1,924	1,924
	\$ 2,078	\$ 2,078
Non-current		
Loans from related parties	\$ 364,932	\$ 366,006
Debentures	21,768	21,768
Finance lease liabilities	12,141	12,141
	\$ 398,841	\$ 399,915
Total borrowings	\$ 400,919	\$ 401,993
	2014	
	Carrying Amount	Fair Value
Current		
Bank borrowings	\$ -	\$ -
Debentures	7,291	7,291
Finance lease liabilities	350	350
	\$ 7,641	\$ 7,641
Non-current		
Loans from related parties	\$ 381,352	\$ 388,216
Debentures	21,909	21,909
Finance lease liabilities	1,523	1,523
	\$ 404,784	\$ 411,648
Total borrowings	\$ 412,425	\$ 419,289

At December 31, 2015 the Company maintained a borrowing facility with the bank with a maturity date of August 31, 2016. The full value of this borrowing facility is \$50,000 but it was reduced by \$40,000 for the letter of credit sub-facility discussed below. The facility provides for loans at variable interest rates which are reset periodically depending on the term and 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. As of December 31, 2015 and 2014, the Company was in compliance with all of the covenants. The facility is guaranteed by Titan Cement.

The Company has a €314,500 unsecured committed Euro denominated loan with an affiliated entity, bearing interest at variable rates and maturing on January 5, 2018. Additionally, there are two unsecured Euro denominated notes payable, €100,000 and €177,000 with the same affiliated entity, bearing interest rates of 9.49% and 4.30%, respectively, and maturing on January 18, 2017 and July 10, 2019, respectively.

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22. Credit facilities and long-term debt (continued)

Maturity of the Company's non-current borrowings is presented below:

	<u>2015</u>	<u>2014</u>
Between 1 and 2 years	\$ 109,329	\$ 445
Between 2 and 3 years	69,828	118,888
Between 3 and 4 years	191,708	51,936
Between 4 and 5 years	2,045	211,305
Over 5 years	25,931	22,210
	<u>\$ 398,841</u>	<u>\$ 404,784</u>

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 at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Within 6 months	\$ 92,161	\$ 82,958
Between 6 months and 1 year	962	174
Between 1 and 5 years	309,545	337,549
Later years	4,182	483
Total	<u>\$ 406,850</u>	<u>\$ 421,164</u>

The weighted average effective interest rates at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Variable rate loans from related parties	3.80%	3.58%
Fixed rate loans from related parties	6.17%	6.17%
Debentures	0.05%	0.06%
Finance lease liabilities	3.08%	3.61%

Borrowings by currency at December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
US Dollar	\$ 35,987	\$ 31,073
Euro	364,932	381,352
	<u>\$ 400,919</u>	<u>\$ 412,425</u>

The Company has the following undrawn borrowing facilities at December 31, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Floating rate:		
Expiring within one year	\$ 10,000	\$ 10,000
Expiring beyond one year	273,336	276,567
	<u>\$ 283,336</u>	<u>\$ 286,567</u>

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22. Credit facilities and long-term debt (continued)

In 2014, the Company's related party borrowing facility in the amount of €125,000 was cancelled. Accordingly, the Company recognized a \$1,876 loss on early extinguishment of debt for the write-off of the related unamortized borrowing costs.

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, 2015 and 2014. At December 31, 2015 and 2014, the bank had issued letters of credit on behalf of the Company totaling \$31,303 and \$37,452, respectively, as further described below:

	<u>2015</u>	<u>2014</u>
Facility amount	\$ 40,000	\$ 40,000
Less letters of credit issued in support of:		
Variable rate industrial revenue bonds	(22,253)	(29,688)
Casualty, liability, and workers' compensation insurance programs	(8,343)	(7,593)
Performance obligations	(472)	(100)
Other payment obligations	(235)	(71)
Available facility amount	<u>\$ 8,697</u>	<u>\$ 2,548</u>

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, 2015 and 2014. At December 31, 2015 and 2014, the insurance company had issued performance bonds on behalf of the Company totaling \$22,151 and \$17,755, respectively, as further described below:

	<u>2015</u>	<u>2014</u>
Facility amount	\$ 40,000	\$ 40,000
Less performance bonds issued in support of:		
Supply obligations	(14,341)	(9,262)
Excavation and reclamation obligations	(3,909)	(4,961)
Surety bond	(1,886)	(1,461)
Other payment and performance obligations	(2,015)	(2,071)
Available facility amount	<u>\$ 17,849</u>	<u>\$ 22,245</u>

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22. Credit facilities and long-term debt (continued)

During the year ended December 31, 2015, the Company entered into new finance leases in the principal amount of \$13,385 with terms of six years and an average interest rate of 3.08%. During the year ended December 31, 2014, the Company entered into new finance leases in the principal amount of \$1,939 with terms between four and six years and an average interest rate of 3.76%.

The present value of the finance lease liabilities at December 31, 2015 and 2014 may be analyzed as follows:

	<u>2015</u>	<u>2014</u>
Amounts payable:		
Within one year	\$ 2,321	\$ 363
Between one and two years	2,321	342
Between two and three years	2,273	342
Between three and four years	2,210	296
Between four and five years	2,210	231
Later years	4,353	515
Total minimum lease payments	<u>15,688</u>	2,089
Future finance charges on finance leases	<u>(1,623)</u>	(216)
Present value of finance lease liabilities	<u>\$ 14,065</u>	<u>\$ 1,873</u>

Principal payments made under these leases for the years ended December 31, 2015 and 2014 totaled \$1,193 and \$112, respectively.

23. Income taxes

The components of income tax expense for the years ended December 31, 2015 and 2014 consist of:

	<u>2015</u>	<u>2014</u>
U.S. Federal		
Current	\$ 171	\$ -
Deferred	(217)	(2,723)
Other	1	(89)
	<u>\$ (45)</u>	<u>\$ (2,812)</u>
State		
Current	\$ 158	\$ 160
Deferred	106	(737)
Other	(1)	(7)
	<u>\$ 263</u>	<u>\$ (584)</u>
Total income tax expense	<u>\$ 218</u>	<u>\$ (3,396)</u>

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23. Income taxes (continued)

Income tax expense/(benefit) differs from the amounts computed by applying the U.S. federal statutory income tax rate to income/(loss) before income taxes as a result of the following:

	2015	2014
Income/(Loss) before income taxes	\$ 22,859	\$ (19,566)
Income tax expense/(benefit) at applicable statutory		
U.S. Federal tax rate	8,001	(6,848)
Differences resulting from:		
State income taxes, net of federal tax effect	542	(979)
Mineral deposit depletion in excess of cost basis	(4,932)	(2,581)
Nondeductible expenses	268	263
Provision for noncurrent income tax liabilities	-	(96)
Change in recognition of net operating loss carryforwards	(3,515)	6,962
Other	(146)	(117)
Income tax (benefit)/expense	<u>\$ 218</u>	<u>\$ (3,396)</u>

Net deferred tax liabilities consist of the following components at December 31, 2015 and 2014, respectively:

	2015	2014
Deferred tax assets:		
Provisions and accrued expenses	\$ 14,373	\$ 11,417
Retirement benefit obligations	5,550	5,575
Deferred income	1,021	1,074
Lease obligations	5,380	579
Identifiable intangible assets	11,466	14,107
Accounts receivable valuation	3,317	3,715
Inventory valuation and costing	987	1,011
Net operating loss, interest, and charitable contribution carryforwards	60,192	57,937
Tax credit carryforwards	6,105	5,933
Total deferred tax assets	<u>108,391</u>	<u>101,348</u>
Deferred tax liabilities:		
Property, plant and equipment	75,269	75,158
Mineral deposits	36,567	37,474
Goodwill	40,928	36,510
Investment in associate	1,833	2,206
Prepaid expenses	1,488	1,334
Net unrealized foreign exchange gains and unrealized losses on derivative financial instruments	9,960	6,083
Other	99	166
Total deferred tax liabilities	<u>166,144</u>	<u>158,931</u>
Net deferred income tax liabilities	<u>\$ 57,753</u>	<u>\$ 57,583</u>

Titan America LLC and Subsidiaries
Notes to Consolidated Financial Statements
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23. Income taxes (continued)

The U.S. Federal tax net operating loss was \$2,853 and \$20,992 for the years ended December 31, 2015 and 2014, respectively.

At December 31, 2015, the Company had:

- Net operating loss (NOL) carryforwards of \$370,705 expiring in the years 2029 through 2035;
- Charitable contribution carryforwards of \$1,170 expiring in the years 2016 through 2020;
- Interest expense carryforwards of \$31,385 which may be carried forward indefinitely; and
- U.S. Federal tax credit carryforwards in the amount of \$6,105 which may be carried forward indefinitely and, subject to certain Internal Revenue Service (IRS) limitations, used to offset future U.S. Federal income taxes payable.

As described in Note 2.2. (a), the Company limits the recognition of deferred tax assets for NOL carryforwards in circumstances where it has a recent history of generated tax losses. 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 NOL carryforwards by \$101,124 at December 31, 2015. Similarly, no deferred tax asset has been recognized for the charitable contribution carryforward due to the shorter expiration periods associated with these carryforwards. The Company recognized deferred tax assets related to interest expense and U.S. Federal tax credits carryforwards at their full value.

Fiscal years 2011-2015 are currently unaudited by the tax authorities.

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24. Retirement Benefit Obligations

Retirement benefit obligations at December 31, 2015 and 2014, consist of the following:

	2015		2014
Excess benefit plan benefits	\$ 4,984	\$	5,745
Pension benefits	4,249		4,852
Other post-retirement benefits	2,309		2,810
Retirement benefit obligations	\$ 11,542	\$	13,407

The Company operates defined benefit plans and other post-retirement benefit plans. The method of accounting for the latter, as well as the valuation assumptions and the frequency of valuations are similar to those used for defined benefit plans.

All of the defined benefit pension plans and all but one of the other post-retirement plans have been frozen as to new participants and credited service. One post-retirement benefit plan exists (for certain active and former employees) whereby eligible retirees receive benefits consisting primarily of assistance with medical insurance costs between the dates of early retirement and Medicare eligibility.

At December 31, 2015 the plan assets are invested approximately 57% in equity investments and 43% in fixed income investments. The discount rate that has been adopted for the study of the pension plans was 4.00%.

Defined contribution plans

The Company sponsors a defined contribution retirement and 401(k) savings plan which covers substantially all employees of the Company.

The plan provides for voluntary employee pre-tax contributions for eligible employees. The Company matches 50% of eligible employees' contributions up to 6% of the employee's eligible wages, subject to IRS limitations on maximum elective deferrals. Total costs charged against income for this element of the plan were \$2,518 and \$2,235, respectively, for the years ended December 31, 2015 and 2014.

The Company expects to contribute \$339 to its defined benefit pension plans in 2016. This is the minimum requirement under the Employee Retirement Income Security Act of 1974 (ERISA). 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.

Excess benefit plan

This plan is intended to constitute an unfunded plan of deferred compensation for a selected group of highly compensated employees under the Employee Income Security Act of 1974 ("ERISA"). For this purpose the Company created an irrevocable trust to facilitate the payment of deferred compensation to participant under this plan. Under this plan the participants are eligible to defer from 0% to 20% of eligible compensation for the applicable plan year. At December 31, 2015 and 2014, plan assets totaled \$4,984 and \$5,745, respectively, and are classified as other non-current assets in the accompanying consolidated statement of financial position. There were no costs for the plan for the year ended December 31, 2015 or 2014.

Titan America LLC and Subsidiaries
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24. Retirement Benefit Obligations (continued)

Information relative to the Company's defined benefit pension and other post-retirement benefit plans is presented below. Amounts reported below for these plans are as of the most recent measurement dates, December 31, 2015 and 2014.

	Pension Benefits		Other Post-retirement Benefits	
	2015	2014	2015	2014
Benefit obligations	\$ 16,031	\$ 17,142	\$ 2,309	\$ 2,810
Fair value of plan assets	11,782	12,290	-	-
Accrued cost, December 31	<u>\$ 4,249</u>	<u>\$ 4,852</u>	<u>\$ 2,309</u>	<u>\$ 2,810</u>

Changes in the present value of the defined benefit obligations for the years ended December 31, 2015 and 2014 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2015	2014	2015	2014
Benefit obligation, January 1	\$ 17,142	\$ 14,892	\$ 2,810	\$ 2,496
Service cost	-	-	8	7
Interest cost	623	623	96	98
Benefits paid	(935)	(939)	(102)	(143)
Actuarial (gain)/loss	(799)	2,566	(503)	352
Benefit obligation, December 31	<u>\$ 16,031</u>	<u>\$ 17,142</u>	<u>\$ 2,309</u>	<u>\$ 2,810</u>
Discount rate used in computing ending obligations	4.00%	3.75%	4.00%	3.75%

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	
	2015	2014
Health care cost trend rate:		
2015	N/A	6.8% to 7.3%
2016	6.4% to 6.9%	6.4% to 6.9%
2017	6.0% to 6.5%	6.0% to 6.5%
2018	5.5% to 6.1%	5.5% to 6.1%
2019	5.0% to 5.7%	5.0% to 5.7%
2020	5.0% to 5.3%	5.0% to 5.3%
2021 and thereafter	5.0%	5.0%

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24. Retirement Benefit Obligations (continued)

Changes in the fair value of plan assets for the years ended December 31, 2015 and 2014 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2015	2014	2015	2014
Fair value of plan assets, January 1	\$ 12,290	\$ 12,060	\$ -	\$ -
Return on plan assets	88	389	-	-
Contributions	546	780	102	143
Administrative expenses	(207)	-	-	-
Benefits paid	(935)	(939)	(102)	(143)
Fair value of plan assets, December 31	<u>\$ 11,782</u>	<u>\$ 12,290</u>	<u>\$ -</u>	<u>\$ -</u>

The estimated future benefit payments at December 31, 2015 and 2014 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2015	2014	2015	2014
Year 1	\$ 982	\$ 965	\$ 190	\$ 199
Year 2	1,001	974	180	212
Year 3	1,010	1,003	171	208
Year 4	1,039	1,014	171	184
Year 5	1,047	1,046	160	179
Years 6-10	5,207	5,303	694	757
Years 10+	16,134	17,838	2,167	2,364
	<u>\$ 26,420</u>	<u>\$ 28,143</u>	<u>\$ 3,733</u>	<u>\$ 4,103</u>

A reconciliation of the movements in the net pension and other post-retirement benefit liabilities during the years ended 2015 and 2014 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2015	2014	2015	2014
Accrued cost, January 1	\$ 4,852	\$ 2,832	\$ 2,810	\$ 2,496
Expense recognized in statement of income	382	114	104	105
Amount recognized as other comprehensive loss/(income)	(439)	2,686	(503)	352
Contributions	(546)	(780)	(102)	(143)
Accrued cost, December 31	<u>\$ 4,249</u>	<u>\$ 4,852</u>	<u>\$ 2,309</u>	<u>\$ 2,810</u>

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24. Retirement Benefit Obligations (continued)

The components of net periodic pension and other post-retirement benefit costs for the years ended December 31, 2015 and 2014 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2015	2014	2015	2014
Service cost	\$ -	\$ -	\$ 8	\$ 7
Administrative expenses	207	-	-	-
Net interest cost	175	114	96	98
Net periodic pension expense	382	114	104	105
Other comprehensive loss/(income)	(439)	2,686	(503)	352
Total comprehensive loss	\$ (57)	\$ 2,800	\$ (399)	\$ 457

The amounts recorded to total comprehensive (income)/loss for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
Cost of goods sold	\$ 215	\$ 7
Finance cost	271	212
Net periodic expense	486	219
Other comprehensive (income)/loss	(942)	3,038
Total comprehensive (income)/loss	\$ (456)	\$ 3,257

The components of actuarial loss/ (gains) included in other comprehensive (income)/loss for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
Asset gain	\$ 359	\$ 121
Demographic gain	(159)	208
Assumption loss/(gain)	(1,142)	2,709
Total actuarial loss/(gain)	\$ (942)	\$ 3,038

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

	Increase	Decrease
2015		
Effect on the aggregate current service cost and interest cost	\$ 8	\$ (7)
Effect on other post-retirement benefit obligation	195	(165)
2014		
Effect on the aggregate current service cost and interest cost	\$ 7	\$ (6)
Effect on other post-retirement benefit obligation	242	(204)

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24. Retirement Benefit Obligations (continued)

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

		Increase		Decrease
2015				
Effect on the aggregate current service cost and interest cost	\$	97	\$	(104)
Effect on pension and other post-retirement benefit obligation	\$	(1,777)	\$	708
2014				
Effect on the aggregate current service cost and interest cost	\$	83	\$	(106)
Effect on pension and other post-retirement benefit obligation	\$	(2,006)	\$	2,426

25. Provisions

Provision Description		Balance at 1/1/15	Charges to Income Statement	Cash Payments		Balance at 12/31/15
Restoration obligations	a	\$ 6,908	\$ 2,027	\$ (3)	\$	8,932
Sales and use tax	b	453	144	-		597
Severance	c	1,501	571	(1,093)		979
Other	d	84	-	(12)		72
Total		\$ 8,946	\$ 2,742	\$ (1,108)	\$	10,580

Analysis of Provisions		2015		2014
Current portion of provisions		\$ 1,102	\$	1,210
Noncurrent portion of provisions		9,478		7,736
Total		\$ 10,580	\$	8,946

- a. 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.

- b. This provision has been established to cover the expected settlement of sales and use tax audits in states where the Company conducts business. It is expected that this amount will be utilized over the next 2 to 5 years.

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25. Provisions (continued)

- c. This provision is for specific employee separation obligations. It is expected that this amount will be utilized in the next twelve months.
- d. These miscellaneous reserves are for various matters. It is expected that \$13 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, 2015 and 2014, the Company increased provisions by the net amounts of \$170 and \$142, 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 income statement.

26. The components of accrued expenses at December 31, 2015 and 2014 are as follows:

	<u>2015</u>		<u>2014</u>
Interest payable	\$ 10,301	\$	10,417
Insurance reserves	9,922		8,941
Employee compensation and benefits	9,473		5,213
Taxes payable, other than income taxes	3,572		3,027
Accrued royalties and dues	1,954		1,806
Professional fees	304		458
Accrued liabilities related to acquisitions	85		82
Other	286		340
Total accrued expenses	<u>\$ 35,897</u>	\$	<u>30,284</u>

The Company is self-insured for workers' compensation and auto liability claims up to \$1,000 and \$500, respectively. Claims in excess of this amount are insured by national insurance carriers. The Company engages an outside actuarial firm to estimate the total retained obligations associated with workers' compensation and auto liability claims for both known and unreported claims. Total reserves recorded at December 31, 2015 and 2014 related to self-insured liability are recorded as insurance reserves in accrued expenses.

27. Related Party Transactions

The following is a summary of the transactions that were carried out with related parties during 2015:

	Sales of products and services for fly ash separation	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Deferred income
Titan Global Finance - financing costs	\$ -	\$ 27,776	\$ -	\$ 373,929	\$ -
Titan Cement - purchase of cement	-	40,847	-	4,155	-
Other	279	-	-	52	864
	<u>\$ 279</u>	<u>\$ 68,623</u>	<u>\$ -</u>	<u>\$ 378,136</u>	<u>\$ 864</u>

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27. Related Party Transactions (continued)

The following is a summary of the transactions that were carried out with related parties during 2014:

	Sales of products and services for fly ash separation	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Deferred income
Titan Global Finance - financing costs	\$ -	\$ 30,980	\$ 99	\$ 408,340	\$ -
Titan Cement - purchase of cement	-	24,601	889	2,384	-
Other	522	-	170	223	1,110
	<u>\$ 522</u>	<u>\$ 55,581</u>	<u>\$ 1,158</u>	<u>\$ 410,947</u>	<u>\$ 1,110</u>

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, 2015 and 2014 are as follows:

	2015	2014
Salaries and related payroll taxes	\$ 5,712	\$ 5,703
Short-term employee benefits	441	396
Retirement plan contributions	113	118
Long-term incentives, including share-based payments	859	762
Termination benefits	890	465
Other	313	316
Total key management compensation	<u>\$ 8,328</u>	<u>\$ 7,760</u>

Number of key management employees at December 31	18	19
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Restricted Stock Incentive Plan

In June 2010 Titan Cement approved the introduction of a three-year Restricted Stock Incentive Plan for certain executives and senior managers 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 based on the financial results of the Company during the three year vesting period;
- One-third based on Titan Cement's stock performance relative to three stock market indices (FSTE 20 – Athens Stock Exchange; FSTE 40 – Athens Stock Exchange; and FSTE – Eurofirst 300 during the three year vesting period; and,

One-third based on Titan Cement's stock performance relative to a group of predefined international cement producing companies during the three year period.

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27. Related Party Transactions (continued)

In June 2014, Titan Cement extended the program for another three-year period and modified certain terms of the plan. Under the new 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 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 of €10.00 per share. Each option must be exercised within the year vested or within the first two months of the year following the vesting date. If the deadline is exceeded then those particular options will irrevocably lapse. Except in certain limited cases (e.g., retirement, death, or permanent and total disability) 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-half based on the financial results of the Company during the three year vesting period; and
- One-half based on Titan Cement's stock performance relative to a group of predefined international cement producing companies during the three year period.

The fair value of the options granted in 2011 was determined using the Monte Carlo Simulation valuation model. No grants were issued in 2013. The fair value of the options granted in 2014 and 2015 were determined using the Binomial Method and the Monte Carlo Simulation valuation model. Key assumptions for each year's grants are as follows:

	<u>2015</u>	<u>2014</u>	<u>2012</u>	<u>2011</u>
Key assumptions at date of grant:				
Stock price	€ 19.55	€ 25.32	€ 14.72	€ 17.88
Exercise price at date of grant	€ 10.00	€ 10.00	€ 4.00	€ 4.00
Dividend yield	0.59%	0.38%	0.72%	2.74%
Volatility	40.61%	47.20%	37.40%	43.98%
Risk-free rate	0.17%	0.08%	0.32%	2.81%
Option life	3 years	3 years	3 years	3 years
Fair value price	€ 4.14	€ 7.39	€ 3.05	€ 6.86

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

For the years ended December 31, 2015 and 2014, \$148 and \$152 respectively, related to this program has been recorded as general and administrative expense in the accompanying consolidated income statement.

Movements in the number of share options outstanding for the years ended December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Shares under option, January 1	102	140
Granted	45	34
Exercised	(52)	(37)
Expired/cancelled	(18)	(35)
Shares under option, December 31	<u>76</u>	<u>102</u>
Options exercisable, December 31	<u>-</u>	<u>-</u>

The stock price of Titan Cement common shares was €17.61 and €19.17 at December 31, 2015 and 2014, respectively.

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28. 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.

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 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, Titan Florida LLC (formerly Tarmac America LLC).

As a result of the fatality, the deceased's estate commenced an action against multiple parties who have performed construction and/or maintenance work on the silo in the past several years. The deceased's estate also amended its complaint in order to bring a direct action also against Titan Florida LLC as a defendant in a wrongful death claim, notwithstanding a Florida workers' compensation statute providing employer tort immunity except in certain very narrow exceptions. The estate settled with Titan Florida LLC in January, 2016. This claim was covered by the Company's insurance.

Environmental remediation

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

Purchase commitments

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

Titan Florida aggregates purchase commitment

In 2004, the Company entered into a supply agreement with a third party for the purchase of construction aggregates in Florida. The supply agreement contained various provisions including minimum annual volume guarantees and, in certain circumstances, prepayment obligations.

Subsequent amendments modified the original agreement and a 2012 amendment replaced the annual volume guarantees with an overall purchase commitment of approximately 12,100 tons over a 20 year term commencing November 1, 2012. Provisions of the amended agreement include a 500 ton minimum annual volume and a maximum annual volume of no more than 2,400 tons. In addition, the 2012 amendment eliminated all future prepayment obligations.

In 2014 and 2015, the Company accepted delivery of approximately 900 tons and 500 tons of construction aggregates from the supplier, respectively. The remaining commitment under the supply agreement is approximately 10,030 tons at December 31, 2015.

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28. Commitments and Contingencies (continued)

Under the terms of the supply agreement, purchases are made at current market prices, subject to periodic adjustments. As of January 1, 2016, prices, excluding taxes and fees, are approximately \$13.31 per ton.

Supply commitments

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

Operating lease commitments

The Company leases motor vehicles, properties, and other equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses, and renewal rights. Future minimum lease payments under non-cancellable operating leases as of December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Within one year	\$ 10,259	9,986
Between one and two years	7,664	8,383
Between two and three years	6,458	6,142
Between three and four years	5,743	5,193
Between four and five years	4,852	5,038
Later years	10,714	14,820
Total	<u>\$ 45,690</u>	<u>\$ 49,562</u>

Total rent expense under non-cancellable operating leases included in the accompanying consolidated income statement for the years ended December 31, 2015 and 2014, was \$9,616 and \$10,406, respectively.

29. Financial risk management objectives and policies

Financial Risk Factors

The Company, by nature of its business and treasury policies, is exposed to financial risks. The Company's overall financial risk is managed by Titan Cement's Finance and Treasury units, aiming to minimize the potential unfavorable impact arising from the markets' fluctuations on the Company's financial performance. The Company does not engage in speculative transactions or transactions which are not related to its commercial, investing or borrowing activities.

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.

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29. Financial risk management objectives and policies (continued)

The table below summarizes the maturity profile of financial liabilities at December 31, 2015 based on contractual undiscounted payments.

	Less than 1 month	1 to 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	\$ 10,907	\$ 2,072	\$ 12,839	\$ 418,597	\$ 26,501	\$ 470,916
Derivative financial instruments	-	-	175	831	-	1,006
Other non-current liabilities	-	-	-	1,177	-	1,177
Trade and other payables	-	59,541	-	-	-	59,541
	<u>\$ 10,907</u>	<u>\$ 61,613</u>	<u>\$ 13,014</u>	<u>\$ 420,605</u>	<u>\$ 26,501</u>	<u>\$ 532,640</u>

The table below summarizes the maturity profile of financial liabilities at December 31, 2014 based on contractual undiscounted payments.

	Less than 1 month	1 to 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	\$ 10,389	\$ 981	\$ 11,940	\$ 453,814	\$ 22,706	\$ 499,830
Derivative financial instruments	-	-	-	2,960	-	2,960
Other non-current liabilities	-	-	-	192	-	192
Trade and other payables	-	47,561	-	-	-	47,561
	<u>\$ 10,389</u>	<u>\$ 48,542</u>	<u>\$ 11,940</u>	<u>\$ 456,966</u>	<u>\$ 22,706</u>	<u>\$ 550,543</u>

Foreign exchange risk

The majority of the Company's debt obligations are denominated in Euros. As a result, the Company is exposed to foreign currency exchange rate risk arising from the conversion of Euro loan proceeds to U.S. Dollars at the borrowing date and the related obligation to repay the loans in Euros at Maturity. To manage this exposure, the Company may enter into foreign exchange forward contracts (derivatives) to offset its exposure to fluctuations in the Euro/U.S. Dollar exchange rate over the life of the loans.

In addition to foreign exchange gains and losses arising from re-measurement of Euro denominated debt obligations to U.S. Dollars, the Company is exposed to foreign exchange gains and losses on Euro denominated interest obligations and other foreign currency denominated payables or receivables which are recorded in the Income Statement in one period and settled in another.

Derivatives

Euro Denominated Variable Rate Loans

During 2012, upon execution of a Euro denominated variable rate loan from TGF (see Note 22), the Company entered into four foreign exchange forward contracts ("derivatives" or "derivative financial instruments") with third party financial institutions (together with the Company, the "Counterparties") to manage the foreign currency risk associated with the borrowing. Under the terms of those agreements, the Counterparties fixed the December 5, 2014 U.S. Dollar to Euro exchange rate for the scheduled €52,295 repayment at \$1.33857 to €1.00.

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29. Financial risk management objectives and policies (continued)

At inception, the Company formally designated the foreign exchange forward contracts as a cash flow hedge and documented the risk management objective and strategy for undertaking the hedge.

These derivative financial instruments were initially recognized at fair value on the inception date and were subsequently re-measured at fair value at the end of each reporting period. During the period of hedge effectiveness, gains or losses arising from changes in fair value of the derivatives were recognized in Other Comprehensive Income/Loss, a separate component of Member's Equity. In addition, in accordance with IAS 39, during the period of hedge effectiveness, amounts recognized as Other Comprehensive Income/Loss were transferred to the Income Statement to the extent that the hedged item affected income or loss during the reporting period (i.e. upon re-measurement of the related Euro denominated loans to U.S. Dollars).

In July 2014, the variable rate Euro denominated loans from TGF were refinanced. As a result of the refinancing, the terms of the four derivative financial instruments no longer matched the terms of the associated Euro denominated loan and, at the date of refinancing, the hedge was assessed to be ineffective. At the date of ineffectiveness, the balance remaining in Accumulated Other Comprehensive Income was transferred to the Income Statement. Changes in the fair value of the derivative financial instruments after this date were recorded directly to the Income Statement. Likewise, gains or losses arising from the re-measurement of the related Euro-denominated loan to U.S. Dollars are included in the Income Statement at the date of ineffectiveness and afterward.

In December 2014, the derivatives were settled with a cash payment from the Company to the Counterparties in the total amount of \$3,153.

Additional information on the foreign exchange forward contract and its impact on the Company's Consolidated Income Statement, Consolidated Statement of Comprehensive Income/(Loss) and Consolidated Statement of Financial Position can be found in Note 12 while additional information regarding the Company's variable rate Euro-denominated borrowings can be found in Note 22.

€177,000 Fixed Rate Loan

Upon execution of the Company's €177,000 fixed rate borrowing from TGF in 2014, the Company entered into two 5-year cross-currency interest rate swap agreements ("derivatives" or "derivative financial instruments") with third party financial institutions (together with the Company, the "Counterparties" or individually, a "Counterparty") to manage both the foreign currency and interest rate risks associated with the fixed rate Euro denominated borrowing. Under the terms of those agreements, the Counterparties fixed the July 10, 2019, U.S. Dollar to Euro exchange rate for the scheduled €177,000 repayment at \$1.3379 to €1.00. In addition, during the period of the agreements, the Company will receive Euro denominated fixed rate interest on €177,000 and pay U.S. Dollar denominated variable rate interest on \$236,808 (i.e. €177,000 x 1.3379 = \$236,808). Through the cross currency interest rate swap, the Company has essentially converted the Euro denominated loan to a U.S. dollar-loan at a pre-agreed foreign exchange rate and swapped the Euro fixed rate loan to a U.S. dollar floating rate loan based on 6-month LIBOR.

These derivative financial instruments were initially recognized at fair value on the inception dates and are subsequently re-measured at fair value at the end of each reporting period. Gains or losses arising from changes in the fair value of the derivative financial instruments are recognized in the Income Statement. Likewise, gains or losses arising from the re-measurement of the related Euro-denominated loan to U.S. Dollars are included in the Income Statement.

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29. Financial risk management objectives and policies (continued)

Further, each Counterparty is required to post weekly cash collateral payments for the difference between: (1) accumulated mark-to-market losses on the derivative financial instruments and (2) the net accumulated cash collateral posted, provided that the difference is at least €1,000,000 when compared to the previous weekly calculation date.

Additional information on the cross currency interest rate swap and its impact on the Company's Consolidated Income Statement and Consolidated Statement of Financial Position can be found in Note 12 while additional information regarding the Company's fixed rate Euro-denominated borrowings can be found in Note 22.

Sensitivity analysis in foreign exchange rate differences

The following table demonstrates the sensitivity of the Company's profit/(loss) before income tax (through the impact of the outstanding Euro denominated borrowings without an associated derivative financial instrument at the end of the period on profits) to reasonable changes in foreign exchange rates, with all other variables held constant:

Year Ended	Foreign Exchange Rate Variation	Effect on profit/(loss) before tax (-/+)	Foreign Exchange Rate Variation	Effect on profit/(loss) before tax (+/-)
12/31/15	5.0%	\$ 9,203	(5.0)%	\$ (9,203)
12/31/14	5.0%	\$ 8,742	(5.0)%	\$ (8,742)

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. The Company's policy for long term borrowings will vary and is managed by Titan Cement's group treasury function.

The following table demonstrates the sensitivity of the Company's profit/(loss) before income tax (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	Effect on profit/(loss) before tax (-/+)	Interest Rate Variation	Effect on profit/(loss) before tax (+/-)
12/31/15	1.0%	\$ 911	(1.0)%	\$ (911)
12/31/14	1.0%	\$ 828	(1.0)%	\$ (828)

Credit risk

The Company has no significant concentrations of credit risk. Trade accounts receivable consist mainly of a large, widespread customer base. The Company monitors the financial position of their debtors on an ongoing basis.

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29. Financial risk management objectives and policies (continued)

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its members and to maintain an optimal capital structure to reduce the cost of capital. The Company is a subsidiary of Titan Cement and, as such, the capital management strategy of the Company is determined not in isolation but rather taking into consideration both local and parent funding alternatives, relative costs, and financial flexibility.

30. Events after the reporting period

Management has evaluated subsequent events through March 24, 2016 which is the date these financial statements were available to be issued. No significant matters were identified impacting the Company's financial position or requiring further disclosure.