Titan America LLC and Subsidiaries

Consolidated Financial Statements
(International Financial Reporting Standards Basis)

Years Ended December 31, 2016 and 2015

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Report of Independent Auditors

To Management of Titan America LLC

We have audited the accompanying consolidated financial statements of Titan America LLC (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2016 and 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 years then ended, which, as described in Note 1 "Basis of Preparation" to the consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

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 IFRS; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits 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 Titan America LLC and its subsidiaries as of December 31, 2016 and December 31, 2015, and the results of their operations and their cash flows for the years then ended in accordance with IFRS.

Basis of Accounting

As discussed in Note 1 "Basis of Preparation" to the consolidated financial statements, the Company prepares its consolidated financial statements in accordance with IFRS, which differs from accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

March 31, 2016

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Titan America LLC and Subsidiaries
Consolidated Income Statement

(all amounts in thousands)	Notes	Year Ended December 31 2016	2015
Total sales	3	**$ 874,197**	$ 750,260
Cost of goods sold, excluding freight and distribution expenses	4	**633,081**	565,152
Freight expense		**33,889**	31,612
Distribution expense	5	**33,135**	32,516
Impairment of property, plant, and equipment	13	**(17)**	13,746
Cost of goods sold		**700,088**	643,026
Gross profit		**174,109**	107,234
Selling expense	6	**16,525**	14,977
General and administrative expense	7	**59,812**	56,623
Loss on sale of accounts receivable and related costs, net	8	**1,602**	2,111
Other operating income, net	9	**(351)**	(710)
Operating income		**96,521**	34,233
Finance income		**222**	108
Finance cost	10	**(31,221)**	(32,564)
Share of profit of an associate	16	**1,262**	1,432
Foreign exchange and financial instrument gain, net	12	**9,880**	16,690
Other non-operating income	11	**-**	3,050
Loss on early extinguishment of debt	22	**(2,702)**	(90)
Income before income taxes		**73,962**	22,859
Income tax expense/(benefit)	23	**(77,484)**	218
Net income		**$ 151,446**	$ 22,641

See accompanying notes.

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

(all amounts in thousands)

	Notes	Year Ended December 31 2016	2015
Net income		**$ 151,446**	$ 22,641
Other comprehensive income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain on defined benefit plans	24	**1,287**	942
Income tax effect		**(159)**	(455)
Net gain on defined benefit plans		**1,128**	487
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**1,128**	487
Other comprehensive income, net of tax		**1,128**	487
Total comprehensive income, net of tax		**$ 152,574**	$ 23,128

See accompanying notes.

Titan America LLC and Subsidiaries
Consolidated Statement of Financial Position

(all amounts in thousands)	Notes	December 31 2016	December 31 2015
Noncurrent assets:			
Property, plant, equipment and mineral deposits, net	13	**$ 721,477**	$ 700,481
Goodwill	15	**221,562**	221,562
Identifiable intangible assets, net	14	**17,239**	14,106
Deferred and other noncurrent income tax assets, net	23	**20,788**	-
Investment in associate	16	**4,578**	5,519
Derivative financial instruments	12	**1,532**	-
Other assets	17	**6,815**	6,866
Total noncurrent assets		**993,991**	948,534
Current assets:			
Inventories	18	**94,756**	90,003
Trade receivables, net	19	**21,379**	16,465
Other receivables, net	21	**26,860**	15,542
Related party receivables	27	**66**	-
Prepaid expenses and other current assets	20	**6,352**	7,206
Income taxes receivable		**-**	320
Cash restricted	1.11	**363**	363
Cash and cash equivalents	1.11	**76,746**	16,672
Total current assets		**226,522**	146,571
Total assets		**$ 1,220,513**	$ 1,095,105

See accompanying notes.

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

(all amounts in thousands)

	Notes	December 31 2016	December 31 2015
Member's equity:			
Capital contributions		**$ 649,160**	$ 648,703
Retained earnings, before current period net income		**(136,856)**	(159,497)
Current period net income		**151,446**	22,641
Accumulated other comprehensive loss		**(1,183)**	(2,311)
Total member's equity		**662,567**	509,536
Noncurrent liabilities:			
Long-term borrowings	22	**378,051**	398,841
Deferred income tax liability	23	**-**	57,753
Retirement benefit obligations	24	**9,910**	11,542
Derivative financial instruments	12	**70**	1,006
Provisions	25	**9,700**	9,478
Deferred income		**1,081**	1,461
Other non-current liabilities		**1,010**	1,177
Total noncurrent liabilities		**399,822**	481,258
Current liabilities:			
Accounts payable		**61,070**	55,334
Accounts payable, related parties	27	**3,022**	4,207
Accrued expenses	26	**33,442**	35,897
Book overdraft		**6,464**	4,697
Current portion of deferred income		**2,217**	996
Income taxes payable		**347**	-
Short-term borrowings	22	**50,816**	2,078
Provisions	25	**746**	1,102
Total current liabilities		**158,124**	104,311
Total liabilities		**557,946**	585,569
Total liabilities and member's equity		**$ 1,220,513**	$ 1,095,105

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
January 1, 2015		$ 648,690	$ (159,800)	$ (2,798)	$ 486,092
Net income		-	22,641	-	22,641
Actuarial gain on defined benefit plans, net of tax		-	-	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
Net income		**-**	**151,446**	**-**	**151,446**
Actuarial gain on defined benefit plans, net of tax		**-**	**-**	**1,128**	**1,128**
Stock compensation	27	**270**	**-**	**-**	**270**
Stock compensation excess tax benefit		**187**	**-**	**-**	**187**
December 31, 2016		**$ 649,160**	**$ 14,590**	**$ (1,183)**	**$ 662,567**

See accompanying notes.

Titan America LLC and Subsidiaries
Consolidated Cash Flow Statement

(all amounts in thousands)

	Notes	Year Ended December 31 2016	2015
Cash flows from operating activities			
Income before income taxes		**$ 73,962**	$ 22,859
Adjustments for:			
Depreciation, depletion and amortization	13, 15	**61,599**	57,540
Impairment of property, plant, and equipment	13	**(17)**	13,746
Deferred income		**841**	(135)
Loss on disposal of assets, net	13	**2,102**	2,774
Equity earnings in associate	16	**(1,262)**	(1,432)
Finance cost	10	**31,221**	32,564
Finance income		**(222)**	(108)
Foreign exchange and financial instrument gain, net	12	**(9,880)**	(16,690)
Stock compensation expense	27	**270**	148
Loss on extinguishment of debt	22	**2,702**	90
Bad debt expense	19	**(150)**	(98)
Change in net operating assets		**(18,612)**	17,745
Cash generated from operations before interest and income taxes		**142,554**	129,003
Income taxes paid		**(363)**	(163)
Net cash provided by operating activities		**142,191**	128,840
Cash flows from investing activities			
Investments in property, plant and equipment	13	**(73,718)**	(85,542)
Acquistion of business		**(3,122)**	-
Interest received		**222**	108
Distributions from associate	16	**2,203**	2,468
Proceeds from the sale of assets, net of disposition costs		**(1,161)**	(1,031)
Net cash used by investing activities		**(75,576)**	(83,997)

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

(all amounts in thousands)	Notes	Year Ended December 31 2016		Year Ended December 31 2015
Cash flows from financing activities				
Net borrowings from affiliated party	22	**33,868**		21,598
Offering costs associated with borrowings	22	**(2,181)**		-
Increase/(Decrease) in book overdraft		**1,767**		(1,690)
Principal payments on debt	22	**(154)**		(7,397)
Principal payments on finance lease obligations	22	**(2,680)**		(1,193)
Financial instrument credit support payments	12	**(3,245)**		(27,455)
Interest paid		**(32,328)**		(28,077)
Other financing activities		**-**		(1)
Net cash used in financing activities		**(4,953)**		(44,215)
Net increase in cash and cash equivalents		**61,662**		628
Cash and cash equivalents at:				
Beginning of period		**16,672**		16,044
Effects of exchange rate changes		**(1,588)**		-
End of period		**$ 76,746**	$	16,672
Changes in net operating assets				
Inventories		**$ (4,948)**	$	3,155
Trade receivables, net		**(4,764)**		(6,664)
Other receivables, net		**(11,318)**		2,163
Prepaid expenses and other current assets		**854**		(958)
Other assets		**51**		1,446
Accounts payable		**4,431**		9,998
Cash restricted		**-**		1,375
Accrued expenses		**(479)**		5,653
Provisions		**(286)**		(885)
Other liabilities		**(740)**		861
Retirement benefit obligations		**(163)**		(1,156)
Operating related party activity		**(1,250)**		2,757
Change in net operating assets		**$ (18,612)**	$	17,745

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.

(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, 2016 were authorized for issue by the management of Titan America LLC on March 31, 2017.

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, 2016.

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 January 1, 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

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 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after January 1, 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 those two types of leases differently. The Company is in the process of assessing the impact of the standard on its consolidated financial statements.

- **IAS 12: Income Taxes (Amendment)**

The amendment is effective for annual periods beginning on or after January 1, 2017. The amendment has clarified the requirements on recognition of deferred tax assets for unrealized losses on debt instruments. The entity will have to recognize deferred tax asset for unrealized losses that arise as a result of discounting cash

flows of debt instruments at market interest rates, even if it expects to hold the instrument to maturity and no tax will be payable upon collecting the principal amount. The economic benefit embodied in the deferred tax asset arises from the ability of the holder of the debt instrument to achieve future gains (unwinding of the effects of discounting) without paying taxes on those gains. The adoption of this amendment is not expected to impact the Company's consolidated financial statements.

- **IAS 7: Disclosure Initiative (Amendment)**

  The amendment is effective for annual periods beginning on or after January 1, 2017. The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities.

- **IFRS 2: Share-based Payment (Amendment)**

  The amendment is effective for annual periods beginning on or after January 1, 2018. The amendments mean that non-market performance vesting conditions will impact measurement of cash-settled share-based payment transactions in the same manner as equity-settled awards. The amendments also clarify classification of a transaction with a net settlement feature in which the entity withholds a specified portion of the equity instruments, that would otherwise be issued to the counterparty upon exercise (or vesting), in return for settling the counterparty's tax obligation that is associated with the share-based payment. Such arrangements will be classified as equity-settled in their entirety.

  Finally, the amendments also clarify accounting for cash-settled share based payments that are modified to become equity-settled, as follows (a) the share-based payment is measured by reference to the modification-date fair value of the equity instruments granted as a result of the modification; (b) the liability is derecognized upon the modification, (c) the equity-settled share-based payment is recognized to the extent that the services have been rendered up to the modification date, and (d) the difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date is recorded in profit or loss immediately.

  The adoption of this amendment is not expected to impact the Company's consolidated financial statements.

- **The IASB has issued the Annual Improvements to IFRSs 2014-2016 cycle,** which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after January 1, 2018. The Company is in the process of assessing the impact of the improvements on its consolidated financial statements.

  - **IFRS 12 Disclosure of Interest in Other Entities:** This amendment clarifies the scope of the disclosure requirements in IFRS 12 by specifying that the disclosure requirements in IFRS 12, other than those relating to summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with IFRS 5.
  - **IAS 28 Investment in Associates:** The amendments clarify that an entity has an investment-by-investment choice for measuring investees at fair value in accordance with IAS 28 by a venture capital organization, or a mutual fund, unit trust, or similar entities including investment linked insurance funds. Additionally, an entity that is not an investment entity may have an associate or joint venture that is an investment entity. IAS 28 permits such an entity to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method. The amendments clarify that this choice is also available on an investment-by-investment basis.

- **IFRIC 22: Foreign Currency Transactions and Advance Consideration**

  The standard is effective for annual periods beginning on or after January 1, 2018. The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability arising from an advance consideration in a foreign currency. Under IAS 21, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. IFRIC 22 only applies in circumstances in which an entity recognizes a non-monetary asset or non-monetary liability arising from an advance consideration. IFRIC 22 does not provide application guidance on the definition of monetary and non-monetary items. An advance payment or receipt of consideration generally gives rise to the recognition of a non-monetary asset or non-monetary liability, however, it may also give rise to a monetary asset or liability. An entity may need to apply judgment in determining whether an item is monetary or non-monetary. The Company is in the process of assessing the impact of the improvements 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.

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 U.S. 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

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.

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:

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

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 and as new areas of mining are developed, 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.

(All amounts in thousands)

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.

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, 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.

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. Additionally, STET Trading Company LLC ("Trading Co"), a Company subsidiary, has elected to be treated as a corporation for income tax purposes. As such, Trading Co will file a separate tax return; however, its activity is included in the Company's results.

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, 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.

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 privately administered 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.

(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.

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 (2.14% and 2.18% at December 31, 2016 and 2015, 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.

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

- 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.

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, 2016 and 2015, 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 of 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.

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.

(All amounts in thousands)

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 income before income taxes by $7,358. A one year decrease in the assumed asset lives would decrease income before income taxes by $2,535.

(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 instruments would be expected to substantially offset. Further information on financial instruments is given in Note 12.

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 recognizes deferred tax assets for net operating loss carryforwards only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilized. In circumstances where a company has a recent history of generated tax losses 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 had an unrecognized deferred tax asset arising from the Company's net operating loss carryforwards of $101,124 at December 31, 2015.

Based on the Company's financial performance in 2016 and management's expectations for taxable profit in future tax years, the Company, in 2016, concluded it is no longer necessary to limit the amount of the deferred tax asset recognized from available net operating loss carryforwards. Accordingly, the Company has recognized deferred tax assets totaling $142,736 arising from all of its available net operating loss carryforwards at December 31, 2016.

Further details on taxes are disclosed in note 23.

(b) 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.

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

(All amounts in thousands)

3. Total sales

The components of sales for the year ended December 31, 2016 are as follows:

	Total Sales	Less Internal Sales	External Sales
Sales of cement	**$ 366,329**	**$ 91,910**	**$ 274,419**
Sales of construction aggregates	**124,681**	**74,164**	**50,517**
Sales of ready-mixed concrete	**433,842**	**-**	**433,842**
Sales of concrete block and related products	**52,941**	**-**	**52,941**
Sales of ash and related products	**37,163**	**8,829**	**28,334**
Transportation services	**8,145**	**7,890**	**255**
Net sales	**1,023,101**	**182,793**	**840,308**
Freight revenues	**73,934**	**40,045**	**33,889**
Total sales	**$ 1,097,035**	**$ 222,838**	**$ 874,197**

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	866,003	147,355	718,648
Freight revenues	62,978	31,366	31,612
Total sales	$ 928,981	$ 178,721	$ 750,260

(All amounts in thousands)

4. The components of cost of goods sold, excluding freight and distribution expenses, for the years ended December 31, 2016 and 2015, are as follows:

	2016	2015
Material and other variable costs	**$ 313,817**	$ 263,341
Payroll and employee related expenses	**161,249**	145,524
Depreciation, depletion, and amortization	**58,628**	55,394
Repairs and maintenance	**38,871**	36,690
Utilities	**23,024**	24,340
Inventory change	**1,319**	8,375
Rent and lease expense	**15,543**	13,786
Taxes other than income taxes	**10,876**	10,657
Risk insurance, including loss retention	**4,694**	4,958
Travel, training, and other employee expense	**1,999**	2,022
Other	**3,061**	65
Total cost of goods sold, excluding freight and distribution expenses	**$ 633,081**	$ 565,152

5. The components of distribution expense for the years ended December 31, 2016 and 2015, are as follows:

	2016	2015
Freight to distribution yards/terminals	**$ 25,470**	$ 24,139
Payroll and employee related expenses	**3,580**	3,086
Depreciation	**1,376**	1,322
Repairs and maintenance	**548**	426
Utilities	**329**	304
Other variable costs	**964**	1,221
Other fixed costs	**868**	2,018
Total distribution expense	**$ 33,135**	$ 32,516

6. The components of selling expense for the years ended December 31, 2016 and 2015, are as follows:

	2016	2015
Payroll and employee related expenses	**$ 11,501**	$ 10,333
Overhead (dues, advertising, professional fees, etc.)	**3,371**	2,888
Travel, entertainment, and other employee expense	**1,514**	1,629
Other selling expenses	**139**	127
Total selling expense	**$ 16,525**	$ 14,977

(All amounts in thousands)

7. The components of general and administrative expense for the years ended December 31, 2016 and 2015, are as follows:

	2016	2015
Payroll and employee related expenses	**$ 37,270**	$ 36,399
Office costs	**5,287**	5,461
Management fees	**5,092**	4,990
Professional fees	**4,279**	2,409
Travel, entertainment, and auto expenses	**3,226**	3,116
Depreciation	**792**	771
Other	**3,866**	3,477
Total general and administrative expense	**$ 59,812**	$ 56,623

8. 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).

   By agreement among the parties, the Company acts as "Servicer" of the accounts receivable sold to the SPE. As Servicer, the Company provides credit administration, billing, collections, cash application, and data reporting services. The SPE pays a servicing fee to the Company. However, as discussed in note 2.2 (b), an unrelated party retains the right to manage the impaired accounts receivable of the SPE and can replace the Company as servicer of such receivables at its sole discretion.

   Net of interest earned on note receivable, and servicing and other fees paid to the Company, the Company recognized a loss on sale of receivables of $1,602 and $2,111 in 2016 and 2015, respectively.

   The notes receivable and miscellaneous receivables due from the SPE at December 31, 2016 and 2015 are $22,655 and $12,500, respectively (see Note 21).

9. The components of other operating income, net for the years ended December 31, 2016 and 2015, are as follows:

	2016	2015
Rental income	**$ 137**	$ 139
Other	**214**	571
Total other operating income, net	**$ 351**	$ 710

(All amounts in thousands)

10. The components of finance cost for the years ended December 31, 2016 and 2015, are as follows:

	2016	2015
Interest expense on borrowings	**$ 24,456**	$ 24,455
Line of credit commitment fees	**3,264**	3,517
Amortization of debt issuance costs	**3,081**	2,718
Net interest costs on pension and OPEB benefits	**220**	265
Accretion expense/interest on provisions	**153**	170
Other	**47**	1,439
Total finance cost	**$ 31,221**	$ 32,564

11. Other non-operating income

Other non-operating income in 2015 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. In 2015, the Company recovered $3,050 related to this claim. The payment received in 2015 represented full and final settlement of all amounts owing under the claim.

(All amounts in thousands)

12. Foreign exchange and financial instrument gain, net

For the years ended December 31, 2016 and 2015, the Company recorded net gains on derivative financial instruments and foreign exchange totaling $9,880 and $16,690, respectively, comprised of the following:

	2016					
	€ 100,000 Fixed Rate Loan	€ 150,000 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)	$ (11,175)	$ 8,415	$ 6,124	$ (660)	$ -	$ 2,704
Remeasurements of Euro denominated loan obligations (finance cost)	30	(2)	262	2	-	292
Other	-	-	-	-	(1,577)	(1,577)
Total unrealized foreign exchange gains/(losses)	$ (11,145)	$ 8,413	$ 6,386	$ (658)	$ (1,577)	$ 1,419
Realized foreign exchange gains/(losses) arising from:						
Settlement of Euro denominated loan obligations (principal)	$ 11,576	$ -	$ -	$ (2,401)	$ -	$ 9,175
Settlement of Euro denominated loan obligations (finance cost)	82	161	(262)	15	-	(4)
Other	-	-	-	-	66	66
Total realized foreign exchange gains/(losses)	$ 11,658	$ 161	$ (262)	$ (2,386)	$ 66	$ 9,237
Unrealized and realized derivative financial instrument gains/(losses) arising from:						
Change in fair value financial instruments	$ -	$ -	$ (2,148)	$ -	$ 1,372	$ (776)
Total unrealized and realized derivative financial instrument gains/(losses)	$ -	$ -	$ (2,148)	$ -	$ 1,372	$ (776)
Net gains on foreign exchange and financial instruments	$ 513	$ 8,574	$ 3,976	$ (3,044)	$ (139)	$ 9,880

(All amounts in thousands)

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

	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

(All amounts in thousands)

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

Activity within the Company's derivative financial instruments for the years ended December 31, 2016 and 2015 consist of the following:

	Derivative Financial Instruments - (Asset)/Liability					
	Cross Currency Interest Rate Swap	**Interest Rate Swap**	**Diesel Fuel Forward Contract**	**Subtotal**	**Credit Support Payments**	**Total**
January 1, 2015	$ 22,560	$ -	$ -	$ 22,560	$ (19,600)	$ 2,960
Loss on derivative financial instrument (income statement)	24,271		1,370	25,641		25,641
Credit support payments on derivative financial instrument				-	(27,455)	(27,455)
Other	(140)			(140)		(140)
December 31, 2015	$ 46,691	$ -	$ 1,370	$ 48,061	$ (47,055)	$ 1,006
Loss/(Gain) on derivative financial instrument (income statement)	**6,585**	**(4,438)**	**(1,370)**	**777**		**777**
Credit support payments on derivative financial instrument				**-**	**(3,245)**	**(3,245)**
Other				**-**		**-**
December 31, 2016	**$ 53,276**	**$ (4,438)**	**$ -**	**$ 48,838**	**$ (50,300)**	**$ (1,462)**

(All amounts in thousands)

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

Activity within property, plant, equipment, and mineral deposits, net for the year ended December 31, 2016 consists of the following:

	Quarries	Land & Land Improvements	Buildings	Machinery & equipment	Motor vehicles	Furniture & fixtures	Assets under construction	Total
Owned assets:								
Opening balance	**$ 131,692**	**$ 153,324**	**$ 45,011**	**$ 264,666**	**$ 27,177**	**$ 1,692**	**$ 62,647**	**$ 686,209**
Additions	5,369	-	-		-	-	71,041	76,410
Disposals	-	(56)	(382)	(741)	(112)	-	-	(1,291)
Reclassification	1,566	313	2,558	38,261	12,074	610	(55,382)	-
Capitalization from inventory	-	-	-	336	-	-	-	336
Transfer to intangibles	-	-	-	-	-	-	(3,122)	(3,122)
Depreciation, depletion, & amortization (DD&A)	(6,761)	(3,280)	(4,207)	(35,581)	(7,271)	(735)	-	(57,835)
Impairment reserve	-	-	-	364	-	-	-	364
Ending balance	**$ 131,866**	**$ 150,301**	**$ 42,980**	**$ 267,305**	**$ 31,868**	**$ 1,567**	**$ 75,184**	**$ 701,071**
Leased assets under finance leases:								
Opening balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ 14,272**	**$ -**	**$ -**	**$ 14,272**
Additions	-	-	-	-	9,568	-	-	9,568
Disposals	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	(3,434)	-	-	(3,434)
Ending balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ 20,406**	**$ -**	**$ -**	**$ 20,406**
As of December 31, 2016								
Cost	$ 201,627	$ 188,268	$ 111,274	$ 724,610	$ 194,383	$ 17,981	$ 75,184	$ 1,513,327
Accumulated DD&A	(69,761)	(35,967)	(68,294)	(457,305)	(142,109)	(16,414)	-	(789,850)
Impairment reserve	-	(2,000)	-	-	-	-	-	(2,000)
Net book value	**$ 131,866**	**$ 150,301**	**$ 42,980**	**$ 267,305**	**$ 52,274**	**$ 1,567**	**$ 75,184**	**$ 721,477**

(All amounts in thousands)

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

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

	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)	-	(341)	(1,792)
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**	**$ 62,647**	**$ 686,209**
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	$ 71,823	$ 1,460,144
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**	**$ 62,647**	**$ 700,481**

At December 31, 2016 and 2015, the Company had accruals for capital projects totaling $2,552 and $1,168, respectively. For the years ended December 31, 2016 and 2015, the Company did not capitalize any interest.

(All amounts in thousands)

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, 2016 consists of the following:

	Core technology	Customer relationships	Tradenames	Contract rights	Non-compete agreements	Other	Total
Opening balance	**$ -**	**$ -**	**$ 13,980**	**$ -**	**$ 126**	**$ -**	**$ 14,106**
Additions	-	2,153	-	-	340	970	3,463
Amortization	-	(128)	-	-	(162)	(40)	(330)
Ending balance	**$ -**	**$ 2,025**	**$ 13,980**	**$ -**	**$ 304**	**$ 930**	**$ 17,239**
As of December 31, 2016							
Cost	9,700	63,854	13,980	5,951	918	1,370	95,773
Accumulated DD&A	(9,700)	(61,829)	-	(5,951)	(614)	(440)	(78,534)
Net book value	**$ -**	**$ 2,025**	**$ 13,980**	**$ -**	**$ 304**	**$ 930**	**$ 17,239**

(All amounts in thousands)

14. Identifiable intangible assets, net (continued)

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

	Core technology	Customer relationships	Tradenames	Contract rights	Non-compete agreements	Other	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	13,980	5,951	578	400	92,310
Accumulated Amortization	(9,700)	(61,701)	-	(5,951)	(452)	(400)	(78,204)
Net book value	**$ -**	**$ -**	**$ 13,980**	**$ -**	**$ 126**	**$ -**	**$ 14,106**

(All amounts in thousands)

15. Goodwill

As of December 31, 2016, 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):

	2016	**2015**
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	**$ 221,562**	$ 221,562

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 further improve during the 2017-2021 period. At December 31, 2016, the date of the most recent impairment test, the Company assumed sales volume compound annual growth rates generally ranging from 2% to 5% among its core operating activities of Cement, Construction Aggregates, and Ready-mixed Concrete for the 2017-2021 period. Lower growth rates were assumed where supply constraints or other limiting external factors are assumed to exist (e.g., fly ash production from host utility sites).

15. Goodwill (continued)

Selling Prices

Selling prices in all markets improved during 2016 from 2015 levels. For the period 2017-2021, management expects selling prices to improve as supply and demand imbalances improve. At December 31, 2016, the date of the most recent impairment test, the Company assumed net realized selling price compound annual growth rates generally ranging from 2.2% to 3.7% among its core operating activities of Cement, Construction Aggregates, and Ready-mixed Concrete for the 2017-2021 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, 2016, the date of the most recent impairment test, long-term growth rates have been estimated by management to be in the range of 2-4% 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 5.6% was used in the value-in-use calculations at December 31, 2016, the date of the most recent impairment test.

Sensitivity of recoverable amounts

As at December 31, 2016, 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.

(All amounts in thousands)

16. Investments in associates

Separation Technologies LLC and an unrelated third party formed Ash Venture LLC (Ash Venture) which beneficiates, 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.

Summarized statement of financial position as at December 31		**2016**		**2015**
Non-current assets	**$**	**24,317**	$	27,831
Current assets		**2,562**		2,284
Total assets	**$**	**26,879**	$	34,076
Non-current liabilities	**$**	**-**	$	-
Current liabilities		**688**		398
Total liabilities	**$**	**688**	$	540
Equity	**$**	**26,191**	$	29,718
Company's carrying amount of the investment	**$**	**4,578**	$	5,519
Summarized income statement for the year ended December 31				
Total sales	**$**	**10,805**	$	11,926
Net income	**$**	**3,149**	$	3,662
Reconciliation of investment in associate				
Carrying amount of the investment as at January 1	**$**	**5,519**	$	6,555
Profit/(loss) for the year		**1,262**		1,432
Investment in associate		**-**		-
Distributions from associate		**(2,203)**		(2,468)
Carrying amount of the investment as at December 31	**$**	**4,578**	$	5,519

(All amounts in thousands)

17. The components of other assets at December 31, 2016 and 2015 are as follows:

	2016	2015
Non-qualifed deferred compensation plans (see Note 24)	**$ 4,599**	$ 4,984
Notes receivable - trade	**484**	686
Noncurrent portion of prepaid expenses	**314**	315
Deposits	**136**	350
Other	**1,282**	531
Total other assets	**$ 6,815**	$ 6,866

18. The components of inventories at December 31, 2016 and 2015 are as follows:

	2016	2015
Spare parts	**$ 30,121**	$ 28,056
Finished goods	**23,544**	21,204
Raw materials	**16,423**	16,044
Work in process	**16,023**	18,579
Manufacturing supplies and other	**8,645**	6,120
Total inventories	**$ 94,756**	$ 90,003

19. The components of trade receivables, net at December 31, 2016 and 2015 are as follows:

	2016	2015
Trade receivables	**$ 29,272**	$ 24,772
Allowance for doubtful accounts	**(5,111)**	(5,742)
Allowance for cash discounts and rebates	**(2,348)**	(1,852)
Allowance for service fees	**(434)**	(713)
Total trade receivables, net	**$ 21,379**	$ 16,465

As at December 31, 2016 and 2015, the ageing analysis of trade receivables before allowances is as follows:

	2016	2015
Neither past due nor impaired	**$ 19,452**	$ 9,067
<30 days	**4,483**	6,172
30-60 days	**1,859**	2,864
60-90 days	**162**	595
90-120 days	**60**	107
>120 days	**3,255**	5,967
	$ 29,271	$ 24,772

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

(All amounts in thousands)

19. Trade receivables, net (continued)

Activity within allowance for doubtful account for the year's ended December 31, 2016 and 2015 consists of the following:

	2016	2015
Balance at January 1	**$ (5,742)**	$ (6,467)
Charge for the year	**(150)**	(98)
Utilized	**781**	823
Balance at December 31	**$ (5,111)**	$ (5,742)

20. The components of prepaid expenses and other current assets at December 31, 2016 and 2015 are as follows:

	2016	2015
Prepaid insurance	**$ 2,145**	$ 2,054
Prepaid overhead expenses (rent, software maintenance dues and subscriptions)	**1,172**	1,527
Prepaid licenses, permits and other taxes	**1,108**	2,036
Prepaid highway use tax	**133**	135
Other	**1,794**	1,454
Total prepaid expenses and other current assets	**$ 6,352**	$ 7,206

21. The components of other receivables, net at December 31, 2016 and 2015 are as follows:

	2016	2015
Receivables due from special purpose entity (see Note 8)	**$ 22,655**	$ 12,500
Reserve for receivable from special purpose entity	**(864)**	(555)
Receivables, non-trade, net	**2,340**	842
Rebates and refunds due	**1,465**	946
Escrow receivable	**750**	750
Deposits	**261**	274
Employee receivables	**2**	326
Other	**251**	459
Total other receivables, net	**$ 26,860**	$ 15,542

22. Credit facilities and long-term debt

As of December 31, 2016 and 2015, the carrying amount and the fair value of the Company's debt obligations were as follows:

	2016	
	Carrying Amount	**Fair Value**
Current		
Loans from related parties	**$ 47,859**	$ 48,080
Finance lease liabilities	**2,957**	2,957
	$ 50,816	$ 51,037
Non-current		
Loans from related parties	**$ 339,949**	$ 352,362
Debentures	**21,781**	21,781
Finance lease liabilities	**16,321**	16,321
	$ 378,051	$ 390,464
Total borrowings	**$ 428,867**	$ 441,501

	2015	
	Carrying Amount	Fair Value
Current		
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

At December 31, 2016 the Company maintained a borrowing facility with a bank with a maturity date of August 31, 2017. 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, 2016 and 2015, the Company was in compliance with all of the covenants. The facility is guaranteed by Titan Cement.

At December 31, 2016 the Company maintained a borrowing facility with a bank with a maturity date of September 30, 2017. The full value of this borrowing facility is $15,000 with $5,000 available for the issuance of letters of credit. 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, 2016, the Company was in compliance with all of the covenants. The facility is guaranteed by Titan Cement.

(All amounts in thousands)

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

In June, 2016 the Company prepaid €56,687 of the €100,000 facility, incurring $2,702 of loss on extinguishment of debt.

At December 31, 2016 the Company has a €314,500 unsecured committed Euro denominated revolving credit facility with an affiliated entity, bearing interest at variable rates and maturing on January 5, 2018. At December 31, 2016, there were no outstanding borrowings associated with this facility. Additionally, there are three unsecured Euro denominated notes payable in the amounts of €45,469, €177,000, and €150,000 with the same affiliated entity, bearing interest rates of 9.49%, 4.30%, and 3.55%, respectively, and maturing on January 18, 2017, July 10, 2019, and June 17, 2021, respectively.

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

	2016	2015
Between 1 and 2 years	**$ 2,383**	$ 109,329
Between 2 and 3 years	**187,480**	69,828
Between 3 and 4 years	**3,148**	191,708
Between 4 and 5 years	**161,454**	2,045
Over 5 years	**23,586**	25,931
	$ 378,051	$ 398,841

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, 2016 and 2015:

	2016	2015
Within 6 months	**$ 71,405**	$ 92,161
Between 6 months and 1 year	**1,499**	962
Between 1 and 5 years	**360,994**	309,545
Later years	**-**	4,181
Total	**$ 433,898**	$ 406,850

The weighted average effective interest rates at December 31, 2016 and 2015 are as follows:

	2016	2015
Variable rate loans from related parties	**N/A**	3.80%
Fixed rate loans from related parties	**4.63%**	6.17%
Debentures	**0.72%**	0.05%
Finance lease liabilities	**3.12%**	3.08%

Borrowings by currency at December 31, 2016 and 2015 were as follows:

	2016	2015
US Dollar	**$ 41,059**	$ 35,987
Euro	**387,808**	364,932
Total	**$ 428,867**	$ 400,919

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

The Company has the following undrawn borrowing facilities at December 31, 2016 and 2015, respectively:

	2016	2015
Floating rate:		
Expiring within one year	**$ 25,000**	$ 10,000
Expiring beyond one year	**331,514**	273,336
Total	**$ 356,514**	$ 283,336

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, 2016 and 2015. At December 31, 2016 and 2015, the bank had issued letters of credit on behalf of the Company totaling $32,131 and $31,303, respectively, as further described below:

	2016	2015
Facility amount	**$ 40,000**	$ 40,000
Less letters of credit issued in support of:		
Variable rate industrial revenue bonds	**(22,253)**	(22,253)
Casualty, liability, and workers' compensation insurance programs	**(9,293)**	(8,343)
Performance obligations	**(350)**	(472)
Other payment obligations	**(235)**	(235)
Available facility amount	**$ 7,869**	$ 8,697

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, 2016 and 2015. At December 31, 2016 and 2015, the insurance company had issued performance bonds on behalf of the Company totaling $21,939 and $22,151, respectively, as further described below:

	2016	2015
Facility amount	**$ 40,000**	$ 40,000
Less performance bonds issued in support of:		
Supply obligations	**(13,991)**	(14,341)
Excavation and reclamation obligations	**(3,909)**	(3,909)
Surety bond	**(1,886)**	(1,886)
Other payment and performance obligations	**(2,154)**	(2,015)
Available facility amount	**$ 18,060**	$ 17,849

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

During the year ended December 31, 2016, the Company entered into new finance leases in the principal amount of $9,568 with terms of six years and an average interest rate of 3.19%. 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%.

The present value of the finance lease liabilities at December 31, 2016 and 2015 may be analyzed as follows:

	2016	2015
Amounts payable:		
Within one year	**$ 3,540**	$ 2,321
Between one and two years	**3,492**	2,321
Between two and three years	**3,429**	2,273
Between three and four years	**3,429**	2,210
Between four and five years	**5,571**	2,210
Later years	**1,886**	4,353
Total minimum lease payments	**21,347**	15,688
Future finance charges on finance leases	**(2,069)**	(1,623)
Present value of finance lease liabilities	**$ 19,278**	$ 14,065

Principal payments made under these leases for the years ended December 31, 2016 and 2015 totaled $2,680 and $1,193, respectively.

23. Income taxes

The components of income tax (benefit)/expense for the years ended December 31, 2016 and 2015 consist of:

	2016	2015
U.S. Federal		
Current	**$ 891**	$ 171
Deferred	**(67,397)**	(217)
Other	**-**	1
	$ (66,506)	$ (45)
State		
Current	**$ 139**	$ 158
Deferred	**(11,117)**	106
Other	**-**	(1)
	$ (10,978)	$ 263
Total income tax expense	**$ (77,484)**	$ 218

(All amounts in thousands)

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:

	2016	2015
Income/(Loss) before income taxes	**$ 73,962**	$ 22,859
Income tax expense/(benefit) at applicable statutory U.S. Federal tax rate	**25,886**	8,001
Differences resulting from:		
State income taxes, net of federal tax effect	**2,408**	542
Mineral deposit depletion in excess of cost basis	**(4,874)**	(4,932)
Nondeductible expenses	**250**	268
Change in recognition of net operating loss carryforwards	**(100,743)**	(3,515)
Other	**(411)**	(146)
Income tax (benefit)/expense	**$ (77,484)**	$ 218

Net deferred tax assets/(liabilities) consist of the following components at December 31, 2016 and 2015, respectively:

	2016	2015
Deferred tax assets:		
Provisions and accrued expenses	**$ 13,442**	$ 14,373
Retirement benefit obligations	**4,182**	5,550
Deferred income	**1,282**	1,021
Lease obligations	**7,453**	5,380
Identifiable intangible assets	**8,562**	11,466
Accounts receivable valuation	**3,022**	3,317
Inventory valuation and costing	**859**	987
Net operating loss, interest, and charitable contribution carryforwards	**142,736**	60,192
Tax credit carryforwards	**6,906**	6,105
Other	**540**	-
Total deferred tax assets	**188,984**	108,391
Deferred tax liabilities:		
Property, plant and equipment	**73,992**	75,269
Mineral deposits	**35,698**	36,567
Goodwill	**45,346**	40,928
Investment in associate	**1,467**	1,833
Prepaid expenses	**1,555**	1,488
Net unrealized foreign exchange gains and unrealized losses on derivative financial instruments	**10,138**	9,960
Other	**-**	99
Total deferred tax liabilities	**168,196**	166,144
Net deferred income tax assets/(liabilities)	**$ 20,788**	$ (57,753)

(All amounts in thousands)

23. Income taxes (continued)

U.S. Federal tax net operating income was $16,696 for the year ended December 31, 2016 and U.S. Federal net operating loss was $2,853 for the year ended December 31, 2015.

At December 31, 2016, the Company had:

- Net operating loss (NOL) carryforwards of $354,797 expiring in the years 2029 through 2035; and

- U.S. Federal tax credit carryforwards in the amount of $6,906 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 recognizes deferred tax assets for net operating loss carryforwards only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilized. In circumstances where a company has a recent history of generated tax losses 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 had an unrecognized deferred tax asset arising from the Company's net operating loss carryforwards of $101,124 at December 31, 2015.

Based on the Company's financial performance in 2016 and management's expectations for taxable profit in future tax years, the Company, in 2016, concluded it is no longer necessary to limit the amount of the deferred tax asset recognized from available net operating loss carryforwards. Accordingly, the Company has recognized deferred tax assets totaling $142,736 arising from all of its available net operating loss carryforwards at December 31, 2016.

Fiscal years 2013-2016 are currently unaudited by the tax authorities.

24. Retirement Benefit Obligations

Retirement benefit obligations at December 31, 2016 and 2015, consist of the following:

	2016	2015
Nonqualified deferred compensation plans	**$ 4,599**	$ 4,984
Pension benefits	**3,505**	4,249
Other post-retirement benefits	**1,806**	2,309
Retirement benefit obligations	**$ 9,910**	$ 11,542

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, 2016 the plan assets are invested approximately 58% in equity investments and 42% 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 $2,906 and $2,518, respectively, for the years ended December 31, 2016 and 2015.

The Company expects to contribute $250 to its defined benefit pension plans in 2017. 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.

Non-qualified deferred compensation 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 participants under the plan. Participants are eligible to defer from 0% to 20% of eligible compensation for the applicable plan year. At December 31, 2016 and 2015, plan assets totaled $4,599 and $4,984, 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, 2016 or 2015.

(All amounts in thousands)

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, 2016 and 2015.

	Pension Benefits		Other Post-retirement Benefits	
	2016	**2015**	**2016**	**2015**
Benefit obligations	**$ 15,070**	$ 16,031	**$ 1,806**	$ 2,309
Fair value of plan assets	**11,565**	11,782	**-**	-
Accrued cost, December 31	**$ 3,505**	$ 4,249	**$ 1,806**	$ 2,309

Changes in the present value of the defined benefit obligations for the years ended December 31, 2016 and 2015 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2016	**2015**	**2016**	**2015**
Benefit obligation, January 1	**$ 16,031**	$ 17,142	**$ 2,309**	$ 2,810
Service cost	**-**	-	**6**	8
Interest cost	**608**	623	**70**	96
Benefits paid	**(961)**	(935)	**(143)**	(102)
Actuarial (gain)/loss	**(608)**	(799)	**(436)**	(503)
Benefit obligation, December 31	**$ 15,070**	$ 16,031	**$ 1,806**	$ 2,309
Discount rate used in computing ending obligations	4.00%	4.00%	4.00%	4.00%

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	
	2016	**2015**
Health care cost trend rate:		
2016	**N/A**	6.4% to 6.9%
2017	**7.3%**	6.0% to 6.5%
2018	**7.0%**	5.5% to 6.1%
2019	**7.0%**	5.0% to 5.7%
2020	**6.8%**	5.0% to 5.3%
2021	**6.5%**	5.0%
2022	**6.3%**	5.0%
2023	**6.0%**	5.0%
2024	**5.5%**	5.0%
2025	**5.3%**	5.0%
2026	**4.8%**	5.0%
2027 and thereafter	**4.5%**	5.0%

(All amounts in thousands)

24. Retirement Benefit Obligations (continued)

Changes in the fair value of plan assets for the years ended December 31, 2016 and 2015 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2016	**2015**	**2016**	**2015**
Fair value of plan assets, January 1	**$ 11,782**	$ 12,290	**$ -**	$ -
Return on plan assets	**700**	88	**-**	**-**
Contributions	**302**	546	**143**	102
Administrative expenses	**(258)**	(207)	**-**	-
Benefits paid	**(961)**	(935)	**(143)**	(102)
Fair value of plan assets, December 31	**$ 11,565**	$ 11,782	**$ -**	$ -

The estimated future benefit payments at December 31, 2016 and 2015 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2016	**2015**	**2016**	**2015**
Year 1	**$ 993**	$ 982	**$ 148**	$ 190
Year 2	**997**	1,001	**150**	180
Year 3	**1,016**	1,010	**147**	171
Year 4	**1,017**	1,039	**130**	171
Year 5	**1,020**	1,047	**126**	160
Years 6-10	**4,976**	5,207	**533**	694
Years 10+	**14,434**	16,134	**1,432**	2,167
	$ 24,453	$ 26,420	**$ 2,666**	$ 3,733

A reconciliation of the movements in the net pension and other post-retirement benefit liabilities during the years ended 2016 and 2015 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2016	**2015**	**2016**	**2015**
Accrued cost, January 1	**$ 4,249**	$ 4,852	**$ 2,309**	$ 2,810
Expense recognized in statement of income	**409**	382	**76**	104
Amount recognized as other comprehensive loss/(income)	**(851)**	(439)	**(436)**	(503)
Contributions	**(302)**	(546)	**(143)**	(102)
Accrued cost, December 31	**$ 3,505**	$ 4,249	**$ 1,806**	$ 2,309

(All amounts in thousands)

24. Retirement Benefit Obligations (continued)

The components of net periodic pension and other post-retirement benefit costs for the years ended December 31, 2016 and 2015 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2016	**2015**	**2016**	**2015**
Service cost	**$ -**	$ -	**$ 6**	$ 8
Administrative expenses	**258**	207	**-**	-
Net interest cost	**151**	175	**70**	96
Net periodic pension expense	**409**	382	**76**	104
Other comprehensive loss/(income)	**(851)**	(439)	**(436)**	(503)
Total comprehensive loss	**$ (442)**	$ (57)	**$ (360)**	$ (399)

The amounts recorded to total comprehensive (income)/loss for the years ended December 31, 2016 and 2015 are as follows:

	2016	**2015**
Cost of goods sold	**$ 264**	$ 215
Finance cost	**221**	271
Net periodic expense	**485**	486
Other comprehensive (income)/loss	**(1,287)**	(942)
Total comprehensive (income)/loss	**$ (802)**	$ (456)

The components of actuarial loss/ (gains) included in other comprehensive (income)/loss for the years ended December 31, 2016 and 2015 are as follows:

	2016	**2015**
Asset gain	**$ (243)**	$ 359
Demographic gain	**(325)**	(159)
Assumption loss/(gain)	**(719)**	(1,142)
Total actuarial loss/(gain)	**$ (1,287)**	$ (942)

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

	Increase	**Decrease**
2016		
Effect on the aggregate current service cost and interest cost	**$ 6**	**$ (5)**
Effect on other post-retirement benefit obligation	**$ 117**	**$ (101)**
2015		
Effect on the aggregate current service cost and interest cost	$ 8	$ (7)
Effect on other post-retirement benefit obligation	$ 195	$ (165)

24. Retirement Benefit Obligations (continued)

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

	Increase	Decrease
2016		
Effect on the aggregate current service cost and interest cost	**$ 89**	**$ (111)**
Effect on pension and other post-retirement benefit obligation	**$ (1,587)**	**$ 1,893**
2015		
Effect on the aggregate current service cost and interest cost	$ 97	$ (104)
Effect on pension and other post-retirement benefit obligation	$ (1,777)	$ 2,132

25. Provisions

The components of provisions at December 31, 2016 are as follows:

Provision Description		Balance at 1/1/16	Charges to Income Statement	Cash Payments	Balance at 12/31/16
Restoration obligations	a	$ 8,932	$ 138	$ -	$ 9,070
Sales and use tax	b	597	57	(5)	649
Severance	c	979	841	(1,153)	667
Other	d	72	-	(12)	60
Total		$ 10,580	$ 1,036	$ (1,170)	$ 10,446

Analysis of Provisions	2016	2015
Current portion of provisions	**$ 746**	$ 1,102
Noncurrent portion of provisions	**9,700**	9,478
Total	**$ 10,446**	$ 10,580

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.

(All amounts in thousands)

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. Other provisions are for various matters. It is expected that $8 will be utilized in the next twelve months with the remaining amounts utilized over the next 2 to 12 years.

During the years ended December 31, 2016 and 2015, the Company increased provisions by the net amounts of $153 and $170, 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, 2016 and 2015 are as follows:

		2016		**2015**
Insurance reserves	**$**	**10,319**	$	9,922
Employee compensation and benefits		**9,070**		9,473
Interest payable		**8,154**		10,301
Taxes payable, other than income taxes		**2,660**		3,572
Accrued royalties and dues		**2,253**		1,954
Professional fees		**532**		304
Accrued liabilities related to acquisitions		**212**		85
Other		**242**		286
Total accrued expenses	**$**	**33,442**	$	35,897

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, 2016 and 2015 related to self-insured liability are recorded as insurance reserves in accrued expenses.

(All amounts in thousands)

27. Related Party Transactions

The following is a summary of the transactions that were carried out with related parties during 2016:

	Sales of products and services for fly ash separation	Purchases and charges from related parties	Amounts owed to related parties	Deferred income
Titan Global Finance - financing costs	**$ -**	**$ 26,482**	**$ 394,131**	**$ -**
Titan Cement - purchase of cement	**-**	**49,211**	**2,956**	**-**
Titan Cement - management fee		**5,092**		
Other	**369**	**-**	**16**	**617**
	$ 369	**$ 80,785**	**$ 397,103**	**$ 617**

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 and charges from 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	-
Titan Cement - management fee		4,990		
Other	279	-	52	864
	$ 279	$ 73,613	$ 378,136	$ 864

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, 2016 and 2015 are as follows:

	2016	2015
Salaries and related payroll taxes	**$ 7,872**	$ 5,712
Short-term employee benefits	**480**	441
Retirement plan contributions	**145**	113
Long-term incentives, including share-based payments	**990**	859
Termination benefits	**500**	890
Other	**363**	313
Total key management compensation	**$ 10,350**	$ 8,328
Number of key management employees at December 31	**20**	18

27. Related Party Transactions (continued)

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 had a maturity period of three years and could be exercised after the completion of the three year period at an exercise price of €4.00 per share. Each option vested under this plan was required to be exercised within the year vested. If the deadline was exceeded then those particular options irrevocably lapsed. All vesting was conditional on the employee's continued employment throughout the vesting period and the number of options vested was 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 300during 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.

In 2015, the remaining options issued under this program were released or cancelled (see table on next page) and at December 31, 2015 all unexercised options under the 2010 Restricted Stock Incentive Plan had expired.

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.

27. Related Party Transactions (continued)

The fair value of the options granted in 2012 was determined using the Monte Carlo Simulation valuation model. No grants were issued in 2013. The fair value of the options granted in 2014, 2015 and 2016 were determined using the Binomial Method and the Monte Carlo Simulation valuation model. Key assumptions for each year's grants are as follows:

	2016	**2015**	**2014**	**2012**
Key assumptions at date of grant:				
Stock price	€ 20.38	€ 19.55	€ 25.32	€ 14.72
Exercise price	€ 10.00	€ 10.00	€ 10.00	€ 4.00
Dividend yield	0.87%	0.59%	0.38%	0.72%
Volatility	42.80%	40.61%	47.20%	37.40%
Risk-free rate	-0.15%	0.17%	0.08%	0.32%
Option life	3 years	3 years	3 years	3 years
Fair value price	€ 5.17	€ 4.14	€ 7.39	€ 3.05

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, 2016 and 2015, $270 and $148 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, 2016 and 2015 are as follows:

	2016	**2015**
Shares under option, January 1	**76**	102
Granted	**66**	45
Exercised	**-**	(52)
Expired/cancelled	**(1)**	(18)
Shares under option, December 31	**142**	76
Options exercisable, December 31	**-**	-

The stock price of Titan Cement common shares was €22.30 and €17.61 at December 31, 2016 and 2015, respectively.

(All amounts in thousands)

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.

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 2015 and 2016, the Company accepted delivery of approximately 600 tons and 675 tons of construction aggregates from the supplier, respectively. The remaining commitment under the supply agreement is approximately 9,350 tons at December 31, 2016.

Under the terms of the supply agreement, purchases are made at current market prices, subject to periodic adjustments. As of January 1, 2017, prices, excluding taxes and fees, are approximately $14.21 per ton.

Supply commitments

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

(All amounts in thousands)

28. Commitments and Contingencies (continued)

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, 2016 and 2015 were as follows:

		2016		**2015**
Within one year	**$**	**7,768**		10,259
Between one and two years		**6,563**		7,664
Between two and three years		**5,796**		6,458
Between three and four years		**4,853**		5,743
Between four and five years		**2,885**		4,852
Later years		**7,795**		10,714
Total	**$**	**35,660**	$	45,690

Total rent expense under non-cancellable operating leases included in the accompanying consolidated income statement for the years ended December 31, 2016 and 2015, was $11,044 and $9,616, 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.

The table below summarizes the maturity profile of financial liabilities at December 31, 2016 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	**$ 56,295**	**$ 4,347**	**$ 10,841**	**$ 401,620**	**$ 25,866**	**$ 498,969**
Derivative financial instruments	**-**	**-**	**-**	**(1,462)**	**-**	**(1,462)**
Other non-current liabilities	**-**	**-**	**-**	**1,010**	**-**	**1,010**
Trade and other payables	**-**	**64,092**	**-**	**-**	**-**	**64,092**
	$ 56,295	**$ 68,439**	**$ 10,841**	**$ 401,168**	**$ 25,866**	**$ 562,609**

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
	$ 10,907	$ 61,613	$ 13,014	$ 420,605	$ 26,501	$ 532,640

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

€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 effectively 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.

In July, 2016 the Company entered into two 3-year 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 the interest rate risk associated with the fixed rate Euro denominated borrowing. When combined with the previously executed cross currency interest rate swap agreements referenced above, these interest rate swap agreements have the effect of converting the €177,000 fixed rate borrowing from TGF into a $236,808 fixed rate borrowing bearing interest at an effective interest rate of 4.91% per annum. Under the terms of those agreements, the Counterparties fixed the interest

rate on the €177,000 borrowing from TGF. Under these agreements, the Company will pay 1.038% and will receive the floating LIBOR rate loan based on 6-month LIBOR.

29. Financial risk management objectives and policies (continued)

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.

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

Additional information on the 2014 cross currency interest rate swap and the 2016 interest rate swap and their 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 (+/-)
12/31/16	**5.0%**	**$ 10,302**	**(5.0)%**	**$ (10,302)**
12/31/15	5.0%	$ 9,203	(5.0)%	$ (9,203)

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:

(All amounts in thousands)

Year Ended	Interest Rate Variation	Effect on profit/(loss) before tax (-/+)	Interest Rate Variation	Effect on profit/(loss) before tax (+/-)
12/31/16	**1.0%**	**$ 220**	**(1.0)%**	**$ (220)**
12/31/15	1.0%	$ 911	(1.0)%	$ (911)

(All amounts in thousands)

29. Financial risk management objectives and policies (continued)

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.

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

In March, 2017 the Company committed to pay, as a return of capital, $100,000 to Titan Atlantic no later than June 8, 2017.

Management has evaluated subsequent events through March 31, 2017 which is the date these financial statements were available to be issued. Other than the return of capital described above, no significant matters were identified impacting the Company's financial position or requiring further disclosure.