Titan America LLC and Subsidiaries

Consolidated Financial Statements
(International Financial Reporting Standards Basis)

Years Ended December 31, 2017 and 2016

Contents

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Report of Independent Auditors

To the 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, 2017 and 2016, and the related consolidated income statement, consolidated statement of other 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 as issued with the IASB; 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 of Titan America LLC and its subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with IFRS as issued by IASB.

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 as issued by the IASB, 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 29, 2018

Titan America LLC and Subsidiaries
Consolidated Income Statement

(all amounts in thousands)	Notes	Year Ended December 31 2017	2016
Total sales	3	**$ 979,073**	$ 874,197
Cost of goods sold, excluding freight and distribution expenses	4	**673,600**	633,081
Freight expense		**37,202**	33,889
Distribution expense	5	**39,921**	33,135
Impairment of property, plant, and equipment		**700**	(17)
Cost of goods sold		**751,423**	700,088
Gross profit		**227,650**	174,109
Selling expense	6	**19,139**	16,525
General and administrative expense	7	**63,640**	59,812
Loss on sale of accounts receivable and related costs, net	8	**2,280**	1,602
Other operating expense/(income), net	9	**1,149**	(351)
Operating income		**141,442**	96,521
Finance income		**315**	222
Finance cost	10	**(24,219)**	(31,221)
Share of profit in associate	15	**1,217**	1,262
Foreign exchange (loss)/gain, net	11	**(52,601)**	10,656
Derivative financial instrument gain/(loss), net	11	**37,630**	(776)
Loss on early extinguishment of debt	21	**(11,576)**	(2,702)
Income before income taxes		**92,208**	73,962
Income tax expense/(benefit)	22	**23,323**	(77,484)
Net income		**$ 68,885**	$ 151,446

See accompanying notes.

Titan America LLC and Subsidiaries
Consolidated Statement of Other Comprehensive Income

(all amounts in thousands)	Notes	Year Ended December 31 2017	2016
Net income		**$ 68,885**	$ 151,446
Other comprehensive income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain on defined benefit plans	23	**747**	1,287
Income tax effect		**(452)**	(159)
Net gain on defined benefit plans		**295**	1,128
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**295**	1,128
Other comprehensive income, net of tax		**295**	1,128
Total comprehensive income, net of tax		**$ 69,180**	$ 152,574

See accompanying notes.

Titan America LLC and Subsidiaries
Consolidated Statement of Financial Position

(all amounts in thousands)

	Notes	December 31 2017	2016
Noncurrent assets:			
Property, plant, equipment and mineral deposits, net	12	**$ 733,072**	$ 721,477
Goodwill	14	**221,562**	221,562
Identifiable intangible assets, net	13	**16,629**	17,239
Deferred and other noncurrent income tax assets, net	22	**-**	20,788
Investment in associate	15	**3,462**	4,578
Derivative financial instruments	11	**1,720**	1,532
Other assets	16	**7,530**	6,815
Total noncurrent assets		**983,975**	993,991
Current assets:			
Inventories	17	**114,703**	94,756
Trade receivables, net	18	**31,786**	21,379
Other receivables, net	20	**23,559**	26,860
Related party receivables	26	**190**	66
Prepaid expenses and other current assets	19	**8,378**	6,352
Income taxes receivable		**392**	-
Derivative financial instruments	11	**2,413**	-
Cash restricted	1.11	**341**	363
Cash and cash equivalents	1.11	**28,928**	76,746
Total current assets		**210,690**	226,522
Total assets		**$ 1,194,665**	$ 1,220,513

See accompanying notes.

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

(all amounts in thousands)

	Notes	December 31 2017	December 31 2016
Member's equity:			
Capital contributions		**$ 549,866**	$ 649,160
Retained earnings/(deficit), before current period net income		**14,590**	(136,856)
Current period net income		**68,885**	151,446
Accumulated other comprehensive loss		**(888)**	(1,183)
Total member's equity		**632,453**	662,567
Noncurrent liabilities:			
Long-term borrowings	21	**425,861**	378,051
Deferred income tax liability	22	**350**	-
Retirement benefit obligations	23	**9,711**	9,910
Derivative financial instruments	11	**-**	70
Provisions	24	**10,952**	9,700
Deferred income		**419**	1,081
Other non-current liabilities		**1,820**	1,010
Total noncurrent liabilities		**449,113**	399,822
Current liabilities:			
Accounts payable		**68,092**	67,534
Accounts payable, related parties	26	**3,435**	3,022
Accrued expenses	25	**34,139**	33,442
Current portion of deferred income		**3,494**	2,217
Income taxes payable		**-**	347
Short-term borrowings	21	**3,022**	50,816
Provisions	24	**917**	746
Total current liabilities		**113,099**	158,124
Total liabilities		**562,212**	557,946
Total liabilities and member's equity		**$ 1,194,665**	$ 1,220,513

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/ (Deficit)	Accumulated Other Comprehensive Income/(Loss)	Total Member's Equity
January 1, 2016		$ 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	26	270	-	-	270
Stock compensation excess tax benefit		187	-	-	187
December 31, 2016		$ 649,160	$ 14,590	$ (1,183)	$ 662,567
Net income		**-**	**68,885**	**-**	**68,885**
Actuarial gain on defined benefit plans, net of tax		**-**	**-**	**295**	**295**
Return of capital	26	**(100,000)**	**-**	**-**	**(100,000)**
Stock compensation	26	**467**	**-**	**-**	**467**
Stock compensation excess tax benefit		**239**	**-**	**-**	**239**
December 31, 2017		**$ 549,866**	**$ 83,475**	**$ (888)**	**$ 632,453**

See accompanying notes.

Titan America LLC and Subsidiaries
Consolidated Cash Flow Statement

(all amounts in thousands)	Notes	Year Ended December 31 2017	2016
Cash flows from operating activities			
Income before income taxes		**$ 92,208**	$ 73,962
Adjustments for:			
Depreciation, depletion and amortization	12, 13	**64,290**	61,599
Impairment of property, plant, and equipment	12	**700**	(17)
Deferred income		**615**	841
Loss on disposal of assets, net	12	**1,145**	2,102
Equity earnings in associate	15	**(1,217)**	(1,262)
Finance cost	10	**24,219**	31,221
Finance income		**(333)**	(222)
Foreign exchange loss/(gain), net	11	**52,601**	(10,656)
Derivative financial instrument (gain)/loss, net	11	**(37,630)**	776
Stock compensation expense	26	**242**	270
Loss on extinguishment of debt	21	**11,576**	2,702
Bad debt expense	18	**(767)**	(150)
Change in net operating assets		**(23,195)**	(16,845)
Cash generated from operations before interest and income taxes		**184,454**	144,321
Income taxes paid		**(2,750)**	(363)
Net cash provided by operating activities		**181,704**	143,958
Cash flows from investing activities			
Investments in property, plant and equipment	12	**(77,363)**	(73,718)
Acquistion of business		**-**	(3,122)
Interest received		**315**	222
Distributions from associate	15	**2,333**	2,203
Proceeds from the sale of assets, net of disposition costs		**(433)**	(1,161)
Net cash used by investing activities		**(75,148)**	(75,576)

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

(all amounts in thousands)	Notes	Year Ended December 31 2017	2016
Cash flows from financing activities			
Net (repayments)/borrowings from affiliated party	21	**(49,306)**	33,868
Offering costs associated with borrowings	21	**(1,076)**	(2,181)
Principal payments on debt	21	**-**	(154)
Principal payments on finance lease obligations	21	**(3,043)**	(2,680)
Return of capital	26	**(103,814)**	-
Settlement of derivative financial instrument	11	**6,934**	-
Financial instrument credit support receipts/(payments)	11	**28,025**	(3,245)
Interest paid		**(23,244)**	(32,328)
Payments related to early retirement of debt		**(9,527)**	
Net cash used in financing activities		**(155,051)**	(6,720)
Net (decrease)/increase in cash and cash equivalents		**(48,495)**	61,662
Cash and cash equivalents at:			
Beginning of period		**77,109**	17,035
Effects of exchange rate changes		**655**	(1,588)
End of period		**$ 29,269**	$ 77,109
Changes in net operating assets			
Inventories		**$ (20,188)**	$ (4,948)
Trade receivables, net		**(9,641)**	(4,764)
Other receivables, net		**3,301**	(11,318)
Prepaid expenses and other current assets		**(1,193)**	854
Other assets		**(46)**	51
Accounts payable		**1,532**	6,198
Accrued expenses		**1,412**	(479)
Provisions		**1,265**	(286)
Other liabilities		**477**	(740)
Retirement benefit obligations		**(214)**	(163)
Operating related party activity		**100**	(1,250)
Change in net operating assets		**$ (23,195)**	$ (16,845)

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 12).

See accompanying notes.

(All amounts in thousands)

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(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, 2017 were authorized for issue by the management of Titan America LLC on March 29, 2018. Neither management nor any other body may amend the financial statements subsequent to their issuance.

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, 2017. Certain prior year figures have been reclassified to conform with their presentation in the current year.

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 will apply the standard retrospectively without restatement of the comparative information for prior years. The Company did not apply hedge accounting in 2017 and will not apply hedge accounting in 2018 under the new standard, therefore, the Company will continue to apply its current accounting policies for derivative financial instruments. The business model and cash flow characteristics test will not affect the classification and measurement of the Company's trade and other non-trade receivables, which will continue to be measured at amortized cost. The Company's trade receivables and other financial assets are generally short term and have low credit risk, therefore, implementation of the new expected loss model will not have a significant impact on the Company's 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 elected to apply IFRS 15 retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings in the 2018 financial statements. The Company will use the practical expedient that allows it to reflect the aggregate effect of all contract modifications that occurred prior the transition date when identifying performance obligations and determining transaction price. During 2017, the Company reviewed a representative sample of contracts with customers to identify changes in the timing or amount of revenue recognition. These assessments were performed for contracts that would not be completed on the date of initial application, involving examination of revenue streams from sales of cement, ready-mix concrete, aggregates, fly ash separators, building blocks and other cementitious materials. It was determined that the standard will not have material impact on the consolidated financial statements and that the Company will not record a transition-date adjustment to retained earnings.

(All amounts in thousands)

- **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. For lessees, 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.

- **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.

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

This IFRIC 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.

(All amounts in thousands)

- **IFRIC 23: Uncertainty Over Income Tax Treatments**

  This IFRIC is effective for annual periods beginning on or after January 1, 2019. The interpretation clarifies how the recognition and measurement requirements of IAS 12 are applied when there is uncertainty over income tax treatments. The Interpretations Committee had clarified previously that IAS 12, not IAS 37, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities when there is uncertainty over a tax treatment.

  An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the tax treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is in the process of assessing the impact of the improvements on its consolidated financial statements.

1.1.2. Changes in IFRS effective in 2017.

The Company adopted the following amendments to standards for the first time for the annual period beginning on January 1, 2017. The implementation of these changes had an insignificant impact on the consolidated financial position, net income, other comprehensive income and related disclosures of the Company. The Company has not early adopted any other standard, interpretation or amendment which has been issued, but is not yet effective.

- **Amendments to IAS 7, Statement of cash flows on disclosure initiative:** These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. This disclosure is contained in note 21.
- **Amendments to IAS 12, 'Income Taxes' on recognition of deferred tax assets for unrealized losses:** These amendments on the recognition of deferred tax assets for unrealized losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- **Annual improvements 2014-2016 – IFRS 12, 'Disclosure of interest in other entities' regarding clarification of the scope of the standard:** This amendment clarifies that the disclosure requirements of IFRS 12 are applicable to interests in entities classified as held-for-sale, except for summarized financial information.

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.

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 14).

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) Associates

Under IAS 28, IFRS 10 and IFRS 11, investees are classified as either subsidiaries, joint arrangements (joint operations or joint ventures) or associates. The classification depends primarily on which party controls the entity. The Company has assessed the nature of its investment and determined it to be an associate, as the Company does not control or jointly control the entity, but rather exerts significant influence over it. Associates are accounted for using the equity method.

Under the equity method of accounting, interests in associates 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 an associate equals or exceeds its interests in the associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

(All amounts in thousands)

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 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 and 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	7-15	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, which 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 the criteria for recognition are met (refer to note 1.24).

(All amounts in thousands)

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 testing is performed 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 economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and amortization method for an intangible asset with a finite useful life are reviewed 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. Amortization expense on intangible assets with finite useful lives is recognized in the income statement in the expense category that best reflects the assets’ function.

Intangible assets with indefinite useful lives are not amortized. They 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 it continues to be supportable. If not, a 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 in the carrying amount of the related quarry, under Property, plant and equipment. These costs are subsequently depreciated over the life of the quarry on a units-of-production basis.

1.7. Impairment of non-financial assets other than Goodwill

Assets that have an indefinite useful life (land not related to quarries) are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized immediately as an expense for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of testing for impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses recognized on non-financial assets other than goodwill are reviewed for possible reversal of the impairment at each reporting date. An asset's recoverable amount is the higher of the asset's or cash generating unit's (CGU) fair value less costs to sell and its value-in-use. Recoverable amount is determined for each asset individually, except for those that do 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 of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Company assumes 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 produce 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 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 products sold or services performed in the ordinary course of business. These receivables are non-interest bearing and are normally settled in accordance with the terms of the contracts. 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 initially recorded at fair value and subsequently measured at amortized cost using the effective interest method, less the provision for impairment.

1.11. Cash and cash equivalents

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

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 initially recorded at fair value net of transaction costs incurred. In subsequent periods, borrowings are carried at amortized cost in accordance with the effective interest method. Any difference between proceeds (net of transaction costs) and 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 is comprised of 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 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.

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 obligation to make additional contributions if the fund does not hold sufficient assets to pay all employee benefits related to the current and prior years. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans set the amount of pension benefits employees will receive upon 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 related to the defined benefit and other post-retirement benefit plan represents 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 similar 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, or
- The date 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 cost, past-service cost, gains and losses on curtailments and non-routine settlements under cost of goods sold, and
- Net interest expense or income under finance costs.

Remeasurements related to 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. Remeasurements 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 are included in payroll and related expenses in the Consolidated Income Statement as incurred.

(b) Termination benefits

Termination benefits are payable when an employee is terminated by the Company prior to the normal retirement date or when an employee accepts voluntary separation from the Company in exchange for these benefits.

The Company recognizes termination benefits when it has demonstrably committed to the termination and has a detailed formal plan to terminate the employment of current employees without the 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 prior to issuance of the financial statements; or

- Past practice has created a valid expectation by employees that they will receive a bonus or profit sharing payment and the amount can be determined prior to issuance of the financial statements.

(d) Share-based payments

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

Share options are granted to certain members of senior management and other employees of the Company at a discount to the market price of the shares on the respective dates of the grants and are exercisable at those prices. The options must be exercised within the year vested or within the first two months of the year following the vesting date. 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, the 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 Company over a specified time period); and

- Including the impact of any non-vesting conditions.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest and recognizes the impact of the revision to the original estimates, if any, in the Consolidated Income Statement under general and administrative expenses, 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 reimbursement is virtually certain. Expenses related to provisions are presented in the consolidated 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 are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax discount 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 cost.

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 productive lives to a condition acceptable for 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 (2.22% and 2.14% at December 31, 2017 and 2016, respectively) to reflect expected annual cost increases between the date of the estimate and the forecasted payment date. The estimates are 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 relates 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 it arises from changes in valuation assumptions. Each year, the provisions are increased to reflect accretion of the discount, with these charges recorded as a component of finance cost.

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 the remediation of sites. Inherent uncertainties exist in such evaluations primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, the length of the clean-up periods and evolving technologies. The environmental and remediation provisions 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 economic benefits will flow to the Company and the amount 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 (presented net of rebates and discounts).

Revenues from sales of goods are recognized at the point of transfer of risks and rewards of ownership of the goods, normally when the goods are shipped. If the Company agrees to transport goods to a specified location, revenue is recognized when the goods are transferred to the customer at the destination point.

Revenue arising from services is recognized in the accounting period in which the services are rendered by reference to the stage of completion of the underlying transaction. Revenue is recorded based on the actual level of services provided as a proportion of the total services to be provided.

(All amounts in thousands)

1.18. Financial assets

Financial assets are recognized in the Consolidated Statement of Financial Position when the Company becomes a party to the contractual provisions of the respective instrument. The Company's financial assets consist of loans and receivables and derivatives, which are carried at amortized cost and fair value, respectively. Management determines the classification of its financial assets at initial recognition. 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 when they have maturities greater than 12 months after the end of the reporting period. These amounts are classified as non-current assets. The carrying values of the loans and receivables approximate their fair values due to the short-term nature of the instruments.

1.19. Offsetting financial instruments

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

1.20. Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after 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 includes indications that the debtor or group of debtors is experiencing significant financial difficulty, is in default or delinquent on interest or principal payments, shows an increased probability that they will enter bankruptcy or other financial reorganization, and where observable data, such as changes in arrears or economic conditions that correlate with defaults, indicates that there is a measurable decrease in estimated future cash flows.

For the 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 asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the Consolidated Income Statement.

In subsequent periods, if the amount of the impairment loss decreases and such decrease relates directly to an event occurring after the impairment loss was initially recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the Consolidated Income Statement.

1.21. Derivative financial instruments

Derivatives are initially recognized at fair value on the date they are entered into and subsequently recorded at fair value. Derivatives are classified 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 attributable to a specific risk associated with a recognized asset or liability or a highly probable forecasted transaction, or the foreign currency risk of an unrecognized firm commitment.

The Company does not apply hedge accounting as of December 31, 2017 and 2016. Changes in the fair value of derivative financial instruments are included in profit or loss for the year.

At inception of a hedging relationship, the Company formally designates and documents the relationship between the hedging instrument and hedged item for which it wishes to apply hedge accounting, as well as 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 changes in the hedged item's fair value or cash flows attributable to the hedged risk. Accounting hedges must be expected to be highly effective in achieving offsetting changes in fair value or cash flows and are tested on an ongoing basis to ensure that they 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 related to both the effective and ineffective portion of interest rate swaps hedging fixed rate borrowings is recognized in profit or loss.

Cash flow hedges

The effective portion of gains or losses from measuring cash flow hedging instruments at fair value is recognized in OCI. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

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

1.22. Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or 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 transfer such cash flows 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 of 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 corresponding 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, 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 derecognition 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 valuation hierarchy for determining and disclosing the fair value of its financial assets and liabilities:

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 and liabilities in markets that are not actively traded.

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

At December 31, 2017 and 2016, the Company had derivative financial instruments that were recorded at fair value in the Consolidated Statement of Financial Position (Level 2). The Company also had long and short-term borrowings that were recorded in the Consolidated Statement of Financial Position at amortized cost. The fair value of these borrowings is disclosed in Note 21 (Level 3).

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 asset. All other borrowing costs are expensed in the profit of loss in the period in which they are incurred. Borrowing costs consist of finance 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 initially recorded 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 when it is necessary to do so to provide a better understanding of the Company's financial performance because of their materiality or significance of their nature. Examples of other non-operating items include restructuring costs and other unusual gains or losses.

2. Significant accounting estimates and critical judgments

The preparation of the financial statements requires management to make estimates and judgments that affect the reported amounts and disclosures. Management evaluates its significant accounting estimates on a continuous basis. Such estimates are described below in paragraph 2.1.

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

These management estimates and assumptions form the basis for making judgments to determine the carrying value of assets and liabilities not readily available from other sources. The resulting accounting estimates will, by definition, seldom equal the 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 $9,102. A one year decrease in the assumed asset lives would decrease income before income taxes by $16,967.

(b) *Valuation of financial instruments*

The valuation of derivative financial instruments is based on the market position at the reporting date. Further information on financial instruments is given in Note 11.

2.2. Critical judgments:

(a) Deferred tax assets

Deferred tax assets are recognized for net operating losses 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 generating tax losses, 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.

Based on the Company's financial performance in 2016 and management's expectations for taxable profit in future tax years, in 2016, the Company concluded it was no longer necessary to limit the amount of the deferred tax asset recognized from available net operating loss carryforwards.

Further details on income taxes are disclosed in Note 22.

(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 determined the most relevant activity of the SPE to be the management of impaired trade accounts receivable within the overall portfolio of trade accounts receivable owned by the SPE, as this activity has the greatest impact on credit losses incurred, and hence, the variability of the SPE's returns. 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 and substantive rights to replace the Company as servicer of the assets sold to the SPE. As a result, the Company does not consolidate the SPE.

(c) Derecognition of trade accounts receivable transferred to the SPE

As noted in Note 2.2(b) the Company does not consolidate the SPE, but rather sells it qualifying trade accounts receivable originated by certain of the Company's operating subsidiaries. As a result of the arrangement, the Company transfers its rights to receive the cash flows from the trade accounts receivable sold to the SPE. At the same time, the Company has not (i) retained substantially all of the risks and rewards of ownership of the assets, nor (ii) transferred substantially all of the risks and rewards of ownership. Because the SPE has the practical ability to sell these assets, the Company has determined that it does not control the trade accounts receivable sold to the SPE and derecognizes them at the time of sale.

Additional 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, 2017 are as follows:

	Total Sales	Less Internal Sales	External Sales
Sales of cement	**$ 415,954**	**$ 112,246**	**$ 303,708**
Sales of construction aggregates	**142,130**	**88,312**	**53,818**
Sales of ready-mixed concrete	**497,729**	**-**	**497,729**
Sales of concrete block and related products	**57,021**	**-**	**57,021**
Sales of ash and related products	**38,024**	**8,873**	**29,151**
Transportation services	**9,478**	**9,034**	**444**
Net sales	**1,160,336**	**218,465**	**941,871**
Freight revenues	**86,237**	**49,035**	**37,202**
Total sales	**$ 1,246,573**	**$ 267,500**	**$ 979,073**

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

(All amounts in thousands)

4. The components of cost of goods sold, excluding freight and distribution expenses, for the years ended December 31, 2017 and 2016, are as follows:

	2017	2016
Material and other variable costs	**$ 328,165**	$ 313,817
Payroll and employee related expenses	**176,341**	161,249
Depreciation, depletion, and amortization	**61,528**	58,628
Repairs and maintenance	**39,951**	38,871
Utilities	**24,621**	23,024
Rent and lease expense	**16,845**	15,543
Taxes other than income taxes	**11,124**	10,876
Risk insurance, including loss retention	**5,941**	4,694
Inventory change	**4,403**	1,319
Other	**2,406**	3,061
Travel, training, and other employee expense	**2,275**	1,999
Total cost of goods sold, excluding freight and distribution expenses	**$ 673,600**	$ 633,081

5. The components of distribution expense for the years ended December 31, 2017 and 2016, are as follows:

	2017	2016
Freight to distribution yards/terminals	**$ 30,611**	$ 25,470
Payroll and employee related expenses	**4,444**	3,580
Depreciation	**1,341**	1,376
Other variable costs	**1,054**	964
Equipment and contractor rental	**718**	389
Other fixed costs	**665**	380
Repairs and maintenance	**560**	548
Utilities	**528**	428
Total distribution expense	**$ 39,921**	$ 33,135

6. The components of selling expense for the years ended December 31, 2017 and 2016, are as follows:

	2017	2016
Payroll and employee related expenses	**$ 13,024**	$ 11,501
Overhead (dues, advertising, professional fees, etc.)	**4,312**	3,371
Travel, entertainment, and other employee expense	**1,636**	1,514
Other selling expenses	**167**	139
Total selling expense	**$ 19,139**	$ 16,525

(All amounts in thousands)

7. The components of general and administrative expense for the years ended December 31, 2017 and 2016, are as follows:

	2017	2016
Payroll and employee related expenses	**$ 40,692**	$ 37,270
Management fees	**5,799**	5,092
Office costs	**5,121**	5,287
Professional fees	**4,036**	4,279
Travel, entertainment, and auto expenses	**2,984**	3,226
Depreciation and amortization	**1,416**	1,116
Service contracts	**1,221**	1,219
Bank fees	**1,217**	1,173
Other	**1,154**	1,150
Total general and administrative expense	**$ 63,640**	$ 59,812

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 and 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 the note receivable and servicing and other fees paid to the Company, the Company recognized a loss on sale of receivables of $2,280 and $1,602 in 2017 and 2016, respectively.

   The notes receivable and miscellaneous receivables due from the SPE at December 31, 2017 and 2016 are $19,953 and $22,655, respectively (see Note 20).

(All amounts in thousands)

9. The components of other operating (expense)/income, net for the years ended December 31, 2017 and 2016, are as follows:

	2017	2016
Rental income	**$ 90**	$ 137
Import terminal wharfage and tonnage fees	**(610)**	(373)
Other	**(629)**	587
Total other operating income, net	**$ (1,149)**	$ 351

10. The components of finance cost for the years ended December 31, 2017 and 2016, are as follows:

	2017	2016
Interest expense on borrowings	**$ 19,228**	$ 24,456
Line of credit commitment fees	**2,978**	3,264
Amortization of debt issuance costs	**1,594**	3,081
Net interest costs on pension and OPEB benefits	**201**	220
Accretion expense/interest on provisions	**158**	153
Other	**60**	47
Total finance cost	**$ 24,219**	$ 31,221

(All amounts in thousands)

11. Foreign exchange and derivative financial instruments

Foreign exchange

Unrealized foreign exchange gains/(losses) are comprised of either the current year change in the foreign exchange rate on each respective obligation or the reversal of the cumulative life-to-date amounts when the obligation is repaid. Realized foreign exchange gains/(losses) represent amounts realized in the current year on each of the obligations. For the year ended December 31, 2017, the company recorded net foreign exchange losses of $52,601 on the remeasurement of its foreign currency denominated assets and liabilities. These amounts are comprised of the following:

	2017						
	€ 100,000 Fixed Rate Loan Jul-13	€ 150,000 Fixed Rate Loan Jun-16	€ 150,000 Fixed Rate Loan Dec-17	€ 177,000 Fixed Rate Loan Jul-14	Euro Denomiated Revolving Credit Facility	Other	Total
Change in unrealized foreign exchange gains/(losses) arising from:							
Remeasurements of Euro denominated loan obligations (principal)	$ (12,203)	$ (8,415)	$ (2,490)	$ (25,700)	$ -	$ -	$ (48,808)
Remeasurements of Euro denominated loan obligations (finance cost)	(83)	2	(3)	(1)	(27)	-	(112)
Other	-	-	-	-	-	655	655
Total change in unrealized foreign exchange gains/(losses)	$ (12,286)	$ (8,413)	$ (2,493)	$ (25,701)	$ (27)	$ 655	$ (48,265)
Realized foreign exchange gains/(losses) arising from:							
Settlement of Euro denominated loan obligations (principal)	$ 11,553	$ (10,875)	$ -	$ -	$ (727)	$ -	$ (49)
Settlement of Euro denominated loan obligations (finance cost)	52	(134)	-	1	(72)	-	(153)
Other	-	-	-	-	-	(4,134)	(4,134)
Total realized foreign exchange gains/(losses)	$ 11,605	$ (11,009)	$ -	$ 1	$ (799)	$ (4,134)	$ (4,336)
Total foreign exchange gains/(losses) in 2017	$ (681)	$ (19,422)	$ (2,493)	$ (25,700)	$ (826)	$ (3,479)	$ (52,601)
Balance of unrealized foreign exchange gains/(losses) on borrowings at 12/31/2017							
Remeasurements of Euro denominated loan obligations (principal)	$ -	$ -	$ (2,490)	$ 28,515	$ -	$ -	$ 26,025
Remeasurements of Euro denominated loan obligations (finance cost)	-	-	(3)	(78)	(27)	-	(108)
Other	-	-	-	-	-	(931)	(931)
Balance of unrealized foreign exchange gains/(losses) on borrowings at 12/31/2017	$ -	$ -	$ (2,493)	$ 28,437	$ (27)	$ (931)	$ 24,986

(All amounts in thousands)

11. Foreign exchange and derivative financial instruments (continued)

In 2016, the company recorded a net gain of $10,656 on the remeasurement of its foreign currency denominated assets and liabilities. These amounts are comprised of the following:

	2016					
	€ 100,000 Fixed Rate Loan Jul-13	€ 150,000 Fixed Rate Loan Jun-16	€ 177,000 Fixed Rate Loan Jul-14	Euro Denominated Revolving Credit Facility	Other	Total
Change in 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 change in 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
Total foreign exchange gains/(losses) in 2016	$ 513	$ 8,574	$ 6,124	$ (3,044)	$ (1,511)	$ 10,656
Balance of unrealized foreign exchange gains/(losses) on borrowings at 12/31/2016						
Remeasurements of Euro denominated loan obligations (principal)	$ (12,203)	$ 8,415	$ 54,215	$ -	$ -	$ 50,427
Remeasurements of Euro denominated loan obligations (finance cost)	(83)	(2)	140	(1)	-	54
Other	-	-	-	-	(1,577)	(1,577)
Balance of unrealized foreign exchange gains/(losses) on borrowings at 12/31/2016	$ (12,286)	$ 8,413	$ 54,355	$ (1)	$ (1,577)	$ 48,904

(All amounts in thousands)

11. Foreign exchange and derivative financial instruments (continued)

Derivative financial instruments

The Company has entered into derivative financial instruments to manage foreign currency, interest rate and fuel price exposures. It does not apply hedge accounting. For the year ended December 31, 2017, the Company recorded a net gain on its derivative financial instruments of $37,630. This amount is comprised of the following:

	2017				
	Cross Currency Interest Rate Swap	**Interest Rate Swap**	**FX Forward Exchange Contract**	**Diesel Fuel Forward Contract**	**Total**
Derivative financial instrument gains/(losses) arising from:					
Unrealized gains/(losses) due to changes in fair value	**$ 28,519**	**$ (234)**	**$ 16,209**	**$ 72**	**$ 44,566**
Realized (losses) on the settlement of financial instruments	**-**	**-**	**(6,934)**	**(2)**	**(6,936)**
Total unrealized and realized derivative financial instrument gains/(losses)	**$ 28,519**	**$ (234)**	**$ 9,275**	**$ 70**	**$ 37,630**

In 2016, the Company recorded a net loss on its derivative financial instruments of $776. This amount is comprised of the following:

	2016		
	Cross Currency Interest Rate Swap	**Diesel Fuel Forward Contract**	**Total**
Derivative financial instrument gains/(losses) arising from:			
Unrealized gains/(losses) due to changes in fair value	$ (2,148)	$ 1,372	$ (776)
Realized (losses) on the settlement of financial instruments	-	-	-
Total unrealized and realized derivative financial instrument gains/(losses)	$ (2,148)	$ 1,372	$ (776)

(All amounts in thousands)

11. Foreign exchange and derivative financial instruments (continued)

Activity within the Company's derivative financial instruments for the years ended December 31, 2017 and 2016 consists of the following:

	Derivative Financial Instruments - (Asset)/Liability						
	Cross Currency Interest Rate Swap	Interest Rate Swap	FX Forward Exchange Contract	Diesel Fuel Forward Contract	Subtotal	Credit Support Payments	Total
January 1, 2016	$ 46,691	$ -	$ -	$ 1,370	$ 48,061	$ (47,055)	$ 1,006
Loss on derivative financial instrument (income statement)	6,585	(4,439)	-	(1,370)	776	-	776
Credit support payments on derivative financial instrument	-	-	-	-	-	(3,244)	(3,244)
December 31, 2016	$ 53,276	$ (4,439)	$ -	$ -	$ 48,837	$ (50,299)	$ (1,462)
Loss/(Gain) on derivative financial instrument (income statement)	**(28,519)**	**234**	**(9,276)**	**(69)**	**(37,630)**	**-**	**(37,630)**
Settlement of derivative financial instrument	**-**	**-**	**6,934**	**-**	**6,934**	**-**	**6,934**
Credit support receipts on derivative financial instrument	**-**	**-**	**-**	**-**	**-**	**28,025**	**28,025**
December 31, 2017	**$ 24,757**	**$ (4,205)**	**$ (2,342)**	**$ (69)**	**$ 18,141**	**$ (22,274)**	**$ (4,133)**

(All amounts in thousands)

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

Activity within property, plant, equipment, and mineral deposits, net for the year ended December 31, 2017 consists of the following:

	Quarries	Land & Land Improvements	Buildings	Machinery & equipment	Motor vehicles	Furniture & fixtures	Assets under construction	Total
Owned assets:								
Opening balance	**$ 131,866**	**$ 150,301**	**$ 42,980**	**$ 267,305**	**$ 31,868**	**$ 1,567**	**$ 75,184**	**$ 701,071**
Additions	7,571	-	-	-	-	-	68,792	76,363
Disposals	-	(24)	(48)	(628)	(12)	-	-	(712)
Reclassification	1,812	14,617	4,896	50,096	18,782	1,743	(91,946)	-
Capitalization from inventory	-	-	-	241	83	-	-	324
Depreciation, depletion, & amortization (DD&A)	(7,879)	(3,470)	(3,639)	(34,007)	(10,032)	(998)	-	(60,025)
Impairment reserve	-	(700)	-		-	-	-	(700)
Ending balance	**$ 133,370**	**$ 160,724**	**$ 44,189**	**$ 283,007**	**$ 40,689**	**$ 2,312**	**$ 52,030**	**$ 716,321**
Leased assets under finance leases:								
Opening balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ 20,406**	**$ -**	**$ -**	**$ 20,406**
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	(3,655)	-	-	(3,655)
Ending balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ 16,751**	**$ -**	**$ -**	**$ 16,751**
As of December 31, 2017								
Cost	$ 211,010	$ 202,798	$ 115,811	$ 767,717	$ 204,842	$ 19,544	$ 52,030	$ 1,573,752
Accumulated DD&A	(77,640)	(39,374)	(71,622)	(484,710)	(147,402)	(17,232)	-	(837,980)
Impairment reserve	-	(2,700)	-	-	-	-	-	(2,700)
Net book value	**$ 133,370**	**$ 160,724**	**$ 44,189**	**$ 283,007**	**$ 57,440**	**$ 2,312**	**$ 52,030**	**$ 733,072**

(All amounts in thousands)

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

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
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**

At December 31, 2017 and 2016, the Company had accruals for capital projects totaling $1,552 and $2,552, respectively. For the years ended December 31, 2017 and 2016, the Company did not capitalize any interest.

(All amounts in thousands)

13. Identifiable intangible assets, net

Activity within identifiable intangible assets, net for the year ended December 31, 2017 consists of the following:

	Core technology	Customer relationships	Tradenames	Non-compete agreements	Other	Total
Opening balance	$ -	$ 2,025	$ 13,980	$ 304	$ 930	$ 17,239
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Amortization	-	(308)	-	(205)	(97)	(610)
Ending balance	**$ -**	**$ 1,717**	**$ 13,980**	**$ 99**	**$ 833**	**$ 16,629**
As of December 31, 2017						
Cost	9,700	60,673	13,980	510	1,370	86,233
Accumulated DD&A	(9,700)	(58,956)	-	(411)	(537)	(69,604)
Net book value	**$ -**	**$ 1,717**	**$ 13,980**	**$ 99**	**$ 833**	**$ 16,629**

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 Amortization	(9,700)	(61,829)	-	(5,951)	(614)	(440)	(78,534)
Net book value	**$ -**	**$ 2,025**	**$ 13,980**	**$ -**	**$ 304**	**$ 930**	**$ 17,239**

Tradenames comprise indefinite-lived intangible assets, which have been allocated to the Mid-Atlantic Business cash-generating unit for purposes of impairment testing. No impairment was recognized in 2017 or 2016 (see Note 14 for additional information regarding impairment testing).

(All amounts in thousands)

14. Goodwill

As of December 31, 2017, the Company has not recorded an impairment of goodwill or indefinite-lived intangible assets 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):

		2017		2016
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 2018-2022 period. At December 31, 2017, the date of the most recent impairment test, the Company assumed sales volume compound annual growth rates generally ranging from 2% to 7% among its core operating activities of Cement, Construction Aggregates, and Ready-mixed Concrete for the 2018-2022 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).

(All amounts in thousands)

14. Goodwill (continued)

Selling Prices

Selling prices in all markets improved during 2017 from 2016 levels. For the period 2018-2022, management expects selling prices to improve as supply and demand imbalances continue to improve. At December 31, 2017, 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 2018-2022 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, 2017, the date of the most recent impairment test, long-term growth rates have been estimated by management to be in the range of 2-3% 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. An average pre-tax discount rate of 5.7% was used in the value-in-use calculations at December 31, 2017, the date of the most recent impairment test.

Sensitivity of recoverable amounts

As at December 31, 2017, the Company analyzed the sensitivities of the recoverable amounts to a reasonably possible change in key assumptions. These analyses did not show a situation in which the carrying value of the CGUs would exceed their recoverable amount.

(All amounts in thousands)

15. Investment in associate

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 activities on January 1, 2014. In the consolidated financial statements, the Company incorporates the results of Ash Venture under the equity method of accounting. 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		**2017**		**2016**
Non-current assets	**$**	**20,813**	$	24,317
Current assets		**2,048**		2,562
Total assets	**$**	**22,861**	$	26,879
Non-current liabilities	**$**	**-**	$	-
Current liabilities		**450**		688
Total liabilities	**$**	**450**	$	688
Equity	**$**	**22,411**	$	26,191
Company's carrying amount of the investment	**$**	**3,462**	$	4,578
Summarized income statement for the year ended December 31				
Total sales	**$**	**11,609**	$	10,805
Net income	**$**	**3,289**	$	3,149
Reconciliation of investment in associate				
Carrying amount of the investment as at January 1	**$**	**4,578**	$	5,519
Profit/(loss) for the year		**1,217**		1,262
Investment in associate		**-**		-
Distributions from associate		**(2,333)**		(2,203)
Carrying amount of the investment as at December 31	**$**	**3,462**	$	4,578

(All amounts in thousands)

16. The components of other assets at December 31, 2017 and 2016 are as follows:

	2017	2016
Non-qualifed deferred compensation plans (see Note 23)	**$ 5,000**	$ 4,599
Long term incentive plan assets	**2,157**	1,282
Noncurrent portion of prepaid expenses	**232**	314
Deposits	**141**	136
Notes receivable - trade	**-**	484
Total other assets	**$ 7,530**	$ 6,815

17. The components of inventories at December 31, 2017 and 2016 are as follows:

	2017	2016
Spare parts	**$ 35,778**	$ 30,121
Finished goods	**32,323**	23,544
Work in process	**21,600**	16,023
Raw materials	**16,720**	16,423
Manufacturing supplies and other	**8,282**	8,645
Total inventories	**$ 114,703**	$ 94,756

18. The components of trade receivables, net at December 31, 2017 and 2016 are as follows:

	2017	2016
Trade receivables	**$ 38,928**	$ 29,272
Allowance for doubtful accounts	**(3,904)**	(5,111)
Allowance for cash discounts and rebates	**(2,730)**	(2,348)
Allowance for service fees	**(508)**	(434)
Total trade receivables, net	**$ 31,786**	$ 21,379

As at December 31, 2017 and 2016, the aging analysis of trade receivables before allowances is as follows:

	2017	2016
Current	**$ 24,154**	$ 19,452
<30 days	**8,987**	4,483
30-60 days	**1,218**	1,859
60-90 days	**1,304**	162
90-120 days	**665**	60
>120 days	**2,600**	3,256
	$ 38,928	$ 29,272

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

(All amounts in thousands)

18. Trade receivables, net (continued)

Activity within allowance for doubtful account for the year's ended December 31, 2017 and 2016 consists of the following:

	2017	2016
Balance at January 1	**$ (5,111)**	$ (5,742)
Charge for the year	**(767)**	(150)
Utilized	**1,974**	781
Balance at December 31	**$ (3,904)**	$ (5,111)

19. The components of prepaid expenses and other current assets at December 31, 2017 and 2016 are as follows:

	2017	2016
Prepaid insurance	**$ 2,117**	$ 2,145
Prepaid royalty	**1,810**	1,114
Prepaid overhead expenses (rent, software maintenance dues and subscriptions)	**1,525**	1,172
Prepaid licenses and permits	**1,172**	1,108
Credit facility issuance costs	**833**	-
Prepaid highway use tax	**204**	133
Other	**717**	680
Total prepaid expenses and other current assets	**$ 8,378**	$ 6,352

20. The components of other receivables, net at December 31, 2017 and 2016 are as follows:

	2017	2016
Receivables due from special purpose entity (see Note 8)	**$ 19,953**	$ 22,655
Reserve for receivable from special purpose entity	**(661)**	(864)
Receivables, non-trade	**2,515**	2,410
Reserve for receivables, non-trade	**(664)**	(70)
Rebates and refunds due	**982**	1,465
Escrow receivable	**750**	750
Deposits	**270**	261
Other	**414**	253
Total other receivables, net	**$ 23,559**	$ 26,860

As at December 31, 2017 and 2016, the aging analysis of other receivables before allowances is as follows:

	2017	2016
Neither past due nor impaired	**$ 22,395**	$ 25,857
<180 days	**1,077**	720
180-365 days	**663**	467
> 365 days	**750**	750
	$ 24,884	$ 27,794

(All amounts in thousands)

21. Credit facilities and long-term debt

As of December 31, 2017 and 2016, the carrying amount and the fair value of the Company's debt obligations were as follows:

	2017			
	Carrying Amount		Fair Value	
Current				
Finance lease liabilities		**3,022**		**3,022**
	$	**3,022**	**$**	**3,022**
Non-current				
Loans from related parties	**$**	**390,853**	**$**	**402,443**
Debentures		**21,794**		**21,794**
Finance lease liabilities		**13,214**		**13,214**
	$	**425,861**	**$**	**437,451**
Total borrowings	**$**	**428,883**	**$**	**440,473**

	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

At December 31, 2017 the Company maintained an uncommitted borrowing facility with a bank with a maturity date of August 31, 2018. 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, 2017 and 2016, the Company was in compliance with all of the covenants. The facility is guaranteed by Titan Cement.

(All amounts in thousands)

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

At December 31, 2017 the Company maintained a committed borrowing facility with a bank with a maturity date of September 30, 2018. The full value of this borrowing facility is $25,000 with $15,000 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. 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, 2017, the Company was in compliance with all of the covenants. The facility is guaranteed by Titan Cement.

The Company had a €100,000 unsecured Euro denominated note payable with an affiliated entity, bearing interest at 9.49% which matured on January 18, 2017. In June 2016, the Company prepaid €56,687 of the €100,000 facility, incurring $2,702 of loss on extinguishment of debt.

In April 2017, the Company cancelled a €314,500 revolving credit facility with an affiliated entity which was scheduled to mature on January 5, 2018, incurring a $485 loss on extinguishment of debt related to the write-off of unamortized borrowing costs. Concurrently, the Company entered into a new €250,000 revolving credit facility with the same affiliated entity, bearing interest at variable rates and maturing on January 30, 2022. At December 31, 2017, there were no outstanding borrowings associated with this facility.

In December 2017, the Company cancelled a €150,000 note payable with an affiliated entity which was scheduled to mature on June 17, 2021, incurring $11,091 of loss on extinguishment of debt of which $1,564 was related to the write-off of unamortized borrowing costs and $9,527 was a prepayment cost. Concurrently, the Company entered into a new €150,000 note payable with the same affiliated entity, bearing interest at 2.52% through July 16, 2021 and 2.60% through the maturity date of November 15, 2024.

Finally, the Company has an unsecured Euro denominated note payable with the same affiliated entity in the amount of €177,000, bearing an interest rate of 4.30%, maturing on July 10, 2019.

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

	2017	2016
Between 1 and 2 years	**$ 214,010**	$ 2,383
Between 2 and 3 years	**3,148**	187,480
Between 3 and 4 years	**5,311**	3,148
Between 4 and 5 years	**1,703**	161,454
Over 5 years	**201,689**	23,586
	$ 425,861	$ 378,051

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, 2017 and 2016:

	2017	2016
Within 6 months	**$ 1,520**	$ 71,405
Between 6 months and 1 year	**1,544**	1,499
Between 1 and 5 years	**225,447**	360,994
Later years	**201,895**	-
Total	**$ 430,406**	$ 433,898

(All amounts in thousands)

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

The weighted average effective interest rates at December 31, 2017 and 2016 are as follows:

	2017	2016
Variable rate loans from related parties	**N/A**	N/A
Fixed rate loans from related parties	**3.48%**	4.63%
Debentures	**1.40%**	0.72%
Finance lease liabilities	**2.92%**	3.12%

Borrowings by currency at December 31, 2017 and 2016 were as follows:

	2017	2016
US Dollar	**$ 38,030**	$ 41,059
Euro	**390,853**	387,808
Total	**$ 428,883**	$ 428,867

The Company has the following undrawn borrowing facilities at December 31, 2017 and 2016, respectively:

	2017	2016
Floating rate:		
Expiring within one year	**$ 35,000**	$ 25,000
Expiring beyond one year	**299,825**	331,514
Total	**$ 334,825**	$ 356,514

The Company maintains letter of credit facilities with banks, which are guaranteed by Titan Cement. No amounts were drawn against the letters of credit at December 31, 2017 and 2016. At December 31, 2017 and 2016, the banks had issued letters of credit on behalf of the Company totaling $33,481 and $32,131, respectively, as further described below:

	2017	2016
Facility amount	**$ 55,000**	$ 45,000
Less letters of credit issued in support of:		
Variable rate industrial revenue bonds	**(22,253)**	(22,253)
Casualty, liability, and workers' compensation insurance programs	**(10,293)**	(9,293)
Performance obligations	**(700)**	(350)
Other payment obligations	**(235)**	(235)
Available facility amount	**$ 21,519**	$ 12,869

In addition to the letter of credit facilities 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, 2017 and 2016. At December 31, 2017 and 2016, the insurance company had issued performance bonds on behalf of the Company totaling $19,702 and $21,940, respectively, as further described below:

(All amounts in thousands)

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

	2017	2016
Facility amount	**$ 40,000**	$ 40,000
Less performance bonds issued in support of:		
Supply obligations	**(12,887)**	(13,991)
Excavation and reclamation obligations	**(3,909)**	(3,909)
Surety bond	**(1,886)**	(1,886)
Other payment and performance obligations	**(1,020)**	(2,154)
Available facility amount	**$ 20,298**	$ 18,060

During the year ended December 31, 2017, the Company did not enter into any new finance leases. 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%.

The present value of the finance lease liabilities at December 31, 2017 and 2016 may be analyzed as follows:

	2017	2016
Amounts payable:		
Within one year	**$ 3,492**	$ 3,540
Between one and two years	**3,429**	3,492
Between two and three years	**3,429**	3,429
Between three and four years	**5,571**	3,429
Between four and five years	**1,887**	5,571
Later years	**-**	1,886
Total minimum lease payments	**17,808**	21,347
Future finance charges on finance leases	**(1,572)**	(2,069)
Present value of finance lease liabilities	**$ 16,236**	$ 19,278

Principal payments made under these leases for the years ended December 31, 2017 and 2016 totaled $3,043 and $2,680, respectively.

Changes in liabilities arising from financing activities during the year ended December 31, 2017 can be summarized as follows:

	2016	Cash Flows	Foreign Exchange	Issuance Cost Write-off/ Amortization	2017
Loans from related parties	387,808	(49,306)	48,858	3,493	390,853
Debentures	21,781			13	21,794
Finance lease liabilities	19,278	(3,043)		1	16,236
	$ 428,867	**$ (52,349)**	**$ 48,858**	**$ 3,507**	**$ 428,883**

(All amounts in thousands)

22. Income taxes

The components of income tax expense/(benefit) for the years ended December 31, 2017 and 2016 consist of:

	2017		2016	
U.S. Federal				
Current	**$**	**2,406**	$	891
Deferred		**14,526**		(67,397)
	$	**16,932**	$	(66,506)
State				
Current	**$**	**159**	$	139
Deferred		**6,232**		(11,117)
	$	**6,391**	$	(10,978)
Total income tax expense	**$**	**23,323**	$	(77,484)

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

	2017		2016	
Income before income taxes	**$**	**92,208**	$	73,962
Income tax expense at applicable statutory U.S. Federal tax rate		**32,273**		25,886
Differences resulting from:				
State income taxes, net of federal tax effect		**3,326**		2,408
Mineral deposit depletion in excess of cost basis		**(4,640)**		(4,874)
Nondeductible expenses		**283**		250
Change in recognition of net operating loss carryforwards		**1,339**		(100,743)
Effect of change in U.S. federal tax rate		**(9,357)**		-
Other		**99**		(411)
Income tax expense/(benefit)	**$**	**23,323**	$	(77,484)

(All amounts in thousands)

22. Income taxes (continued)

Net deferred tax assets/(liabilities) consist of the following components at December 31, 2017 and 2016, respectively:

	2017	2016
Deferred tax assets:		
Provisions and accrued expenses	**$ 10,260**	$ 13,668
Retirement benefit obligations	**2,421**	3,890
Deferred income	**1,039**	1,282
Identifiable intangible assets	**3,736**	8,562
Accounts receivable valuation	**1,849**	3,022
Inventory valuation and costing	**1,181**	859
Net operating loss and charitable contribution carryforwards	**68,808**	142,802
Tax credit carryforwards	**9,312**	6,906
Long-term debt / lease obligations	**4,124**	7,453
Other	**613**	540
Total deferred tax assets	**103,343**	188,984
Deferred tax liabilities:		
Property, plant and equipment	**44,096**	73,992
Mineral deposits	**23,748**	35,698
Goodwill	**32,538**	45,346
Investment in associate	**700**	1,467
Prepaid expenses	**1,031**	1,555
Unrealized net gains on foreign exchange and derivative financial instruments	**1,580**	10,138
Total deferred tax liabilities	**103,693**	168,196
Net deferred income tax (liabilities)/assets	**$ (350)**	$ 20,788

U.S. Federal taxable income was $0 for each of the years ended December 31, 2017 and 2016 after utilization of NOL carryforwards of $102,903 and $16,696, respectively.

At December 31, 2017, the Company had:

- U.S. Federal net operating loss (NOL) carryforwards of $251,893 expiring in the years 2030 through 2036; and

- U.S. Federal tax credit carryforwards in the amount of $9,312 which, subject to certain Internal Revenue Service (IRS) limitations, used to offset future U.S. Federal income taxes payable through 2021 and. if unused prior to 2022, refunded in whole.

Fiscal years 2014-2017 are currently unaudited by the tax authorities.

(All amounts in thousands)

22. Income taxes (continued)

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act law which is effective for years after 2017. Among the pertinent changes that will impact the Company are:

- Corporate federal tax rates were reduced from 35% to 21%.

- Current net operating loss carryforwards may be used to offset 100% of taxable income in future years until fully utilized. Any net operating losses generated after 2017 may be carried forward indefinitely, but are only able to offset subsequent years' federal taxable income up to 80% in any tax year.

- Alternative minimum tax has been repealed for all tax years after 2017. Any alternative minimum tax credit carryforwards are refundable beginning with the 2018 tax year, subject to certain limits.

- The new law allows for 100% expensing of qualified tangible personal property purchased through 2022. More limited expensing will be allowed for the four subsequent years before phasing out in 2027.

- The new law introduced more stringent limitations on deduction of interest with limitations now applying to both related party and third-party interest expense. In the years 2018 through 2021, interest deductions will be limited to 30% of tax-basis EBITDA (earnings before interest, taxes, depreciation and amortization). In subsequent years, interest deductions will be limited to 30% of tax-basis EBIT (earnings before interest and taxes). All disallowed interest as a result of these limits may be carried forward indefinitely and deducted in future taxable years.

- To combat base erosion, the new law implemented a Base Erosion and Anti-Abuse Tax ("BEAT"). BEAT is an incremental tax and is calculated by adding base erosion payments (generally related party expenses, excluding those classified as cost of goods sold) to net taxable income and applying the BEAT rate (5% in 2018, 10% in 2019-2025, 12.5% thereafter). The BEAT is then compared to the regular income tax liability and results in an incremental tax to the extent BEAT exceeds the "regular' tax liability for the period.

Based upon these tax law changes, the Company has recorded a deferred tax benefit of $9,357 and an adjustment of $387 to other comprehensive income from the revaluation of net deferred tax liabilities at the new deferred tax rate.

(All amounts in thousands)

23. Retirement Benefit Obligations

Retirement benefit obligations at December 31, 2017 and 2016, consist of the following:

	2017	2016
Nonqualified deferred compensation plan	**$ 5,000**	$ 4,599
Pension benefits	**3,156**	3,505
Other post-retirement benefits	**1,555**	1,806
Retirement benefit obligations	**$ 9,711**	$ 9,910

Defined benefit plans
The Company operates a defined benefit pension plan 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 the defined benefit pension plan.

The defined benefit pension plan and all but one of the other post-retirement benefit 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, 2017 the defined benefit pension 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 3.50%.

The Company expects to contribute $612 to its defined benefit pension plans in 2018. 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.

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 and after-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 $3,159 and $2,906, respectively, for the years ended December 31, 2017 and 2016.

The Company expects to contribute $612 to its defined benefit pension plans in 2018. 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. There were no costs for the plan for the year ended December 31, 2017 or 2016.

(All amounts in thousands)

23. 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, 2017 and 2016.

	Pension Benefits		**Other Post-retirement Benefits**	
	2017	**2016**	**2017**	**2016**
Benefit obligations	**$ 15,421**	$ 15,070	**$ 1,555**	$ 1,806
Fair value of plan assets	**12,265**	11,565	**-**	-
Accrued cost, December 31	**$ 3,156**	$ 3,505	**$ 1,555**	$ 1,806

Changes in the present value of the defined benefit obligations for the years ended December 31, 2017 and 2016 are as follows:

	Pension Benefits		**Other Post-retirement Benefits**	
	2017	**2016**	**2017**	**2016**
Benefit obligations, January 1	**$ 15,070**	$ 16,031	**$ 1,806**	$ 2,309
Service cost	**-**	-	**26**	6
Interest cost	**587**	608	**61**	70
Benefits paid	**(971)**	(961)	**(137)**	(143)
Actuarial (gain)/loss	**735**	(608)	**(201)**	(436)
Benefit obligations, December 31	**$ 15,421**	$ 15,070	**$ 1,555**	$ 1,806
Discount rate used in computing ending obligations	3.50%	4.00%	3.50%	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	
	2017	**2016**
Health care cost trend rate:		
2017	**N/A**	7.3%
2018	**7.3%**	7.0%
2019	**7.0%**	7.0%
2020	**7.0%**	6.8%
2021	**6.8%**	6.5%
2022	**6.5%**	6.3%
2023	**6.3%**	6.0%
2024	**6.0%**	5.5%
2025	**5.5%**	5.3%
2026	**5.3%**	4.8%
2027	**4.8%**	4.5%
2028 and thereafter	**4.5%**	4.5%

(All amounts in thousands)

23. Retirement Benefit Obligations (continued)

Changes in the fair value of plan assets for the years ended December 31, 2017 and 2016 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2017	**2016**	**2017**	**2016**
Fair value of plan assets, January 1	**$ 11,565**	$ 11,782	**$ -**	$ -
Return on plan assets	**1,728**	700	**-**	**-**
Contributions	**188**	302	**137**	143
Administrative expenses	**(245)**	(258)	**-**	-
Benefits paid	**(971)**	(961)	**(137)**	(143)
Fair value of plan assets, December 31	**$ 12,265**	$ 11,565	**$ -**	$ -

The estimated future benefit payments at December 31, 2017 and 2016 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2017	**2016**	**2017**	**2016**
Year 1	**$ 1,007**	$ 993	**$ 127**	$ 148
Year 2	**1,022**	997	**126**	150
Year 3	**1,019**	1,016	**123**	147
Year 4	**1,022**	1,017	**118**	130
Year 5	**1,011**	1,020	**90**	126
Years 6-10	**4,866**	4,976	**486**	533
Years 10+	**13,381**	14,434	**1,210**	1,432
	$ 23,328	$ 24,453	**$ 2,280**	$ 2,666

A reconciliation of the movements in the net pension and other post-retirement benefit liabilities during the years ended 2017 and 2016 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2017	**2016**	**2017**	**2016**
Accrued cost, January 1	**$ 3,505**	$ 4,249	**$ 1,806**	$ 2,309
Expense recognized in statement of income	**385**	409	**87**	76
Amount recognized as other comprehensive loss/(income)	**(546)**	(851)	**(201)**	(436)
Contributions	**(188)**	(302)	**(137)**	(143)
Accrued cost, December 31	**$ 3,156**	$ 3,505	**$ 1,555**	$ 1,806

(All amounts in thousands)

23. Retirement Benefit Obligations (continued)

The components of net periodic pension and other post-retirement benefit costs for the years ended December 31, 2017 and 2016 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2017	**2016**	**2017**	**2016**
Service cost	**$ -**	$ -	**$ 26**	$ 6
Administrative expenses	**245**	258	**-**	-
Net interest cost	**140**	151	**61**	70
Net periodic pension expense	**385**	409	**87**	76
Other comprehensive loss/(income)	**(546)**	(851)	**(201)**	(436)
Total comprehensive loss	**$ (161)**	$ (442)	**$ (114)**	$ (360)

The amounts recorded to total comprehensive (income)/loss for the years ended December 31, 2017 and 2016 are as follows:

	2017	**2016**
Cost of goods sold	**$ 271**	$ 264
Finance cost	**201**	221
Net periodic expense	**472**	485
Other comprehensive (income)/loss	**(747)**	(1,287)
Total comprehensive (income)/loss	**$ (275)**	$ (802)

The components of actuarial loss/ (gains) included in other comprehensive (income)/loss for the years ended December 31, 2017 and 2016 are as follows:

	2017	**2016**
Asset gain	**$ (1,282)**	$ (243)
Demographic gain	**(90)**	(325)
Assumption loss/(gain)	**625**	(719)
Total actuarial loss/(gain)	**$ (747)**	$ (1,287)

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

	Increase	**Decrease**
2017		
Effect on the aggregate current service cost and interest cost	**$ 4**	**$ (3)**
Effect on other post-retirement benefit obligation	**$ 109**	**$ (94)**
2016		
Effect on the aggregate current service cost and interest cost	$ 6	$ (5)
Effect on other post-retirement benefit obligation	$ 117	$ (101)

(All amounts in thousands)

23. Retirement Benefit Obligations (continued)

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

	Increase	Decrease
2017		
Effect on the aggregate current service cost and interest cost	**$ 79**	**$ (113)**
Effect on pension and other post-retirement benefit obligation	**$ (1,675)**	**$ 1,666**
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

24. Provisions

The components of provisions at December 31, 2017 are as follows:

Provision Description		**Balance at 1/1/17**	**Charges to Income Statement**	**Cash Payments**	**Balance at 12/31/17**
Restoration obligations	a	$ 9,070	$ 1,147	$ -	$ 10,217
Sales and use tax	b	649	121	(66)	704
Severance	c	667	677	(441)	903
Other	d	60	-	(15)	45
Total		$ 10,446	$ 1,945	$ (522)	$ 11,869

Analysis of Provisions	**2017**	**2016**
Current portion of provisions	**$ 917**	$ 746
Noncurrent portion of provisions	**10,952**	9,700
Total	**$ 11,869**	$ 10,446

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)

24. 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, 2017 and 2016, the Company increased provisions by the net amounts of $158 and $153, respectively, for the passage of time. This accretion of provisions is included in finance cost in the accompanying consolidated income statement.

25. The components of accrued expenses at December 31, 2017 and 2016 are as follows:

	2017	2016
Insurance reserves	**$ 12,326**	$ 10,319
Employee compensation and benefits	**8,828**	9,070
Interest payable	**7,439**	8,154
Taxes payable, other than income taxes	**2,958**	2,660
Accrued royalties and dues	**1,797**	2,253
Professional fees	**397**	532
Accrued liabilities related to acquisitions	**99**	212
Other	**295**	242
Total accrued expenses	**$ 34,139**	$ 33,442

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, 2017 and 2016 related to self-insured liability are recorded as insurance reserves in accrued expenses.

26. Related Party Transactions

The following is a summary of the transactions that were carried out with related parties during 2017:

	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	**$ -**	**$ 30,849**	**$ 395,882**	**$ -**
Titan Cement - purchase of cement	**-**	**62,875**	**3,378**	**-**
Titan Cement - management fee	**-**	**5,799**	**-**	**-**
Other	**257**	**-**	**15**	**370**
	$ 257	**$ 99,523**	**$ 399,275**	**$ 370**

(All amounts in thousands)

26. Related Party Transactions (continued)

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

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, 2017 and 2016 are as follows:

	2017	2016
Salaries and related payroll taxes	**$ 8,534**	$ 7,872
Short-term employee benefits	**486**	480
Retirement plan contributions	**158**	145
Long-term incentives, including share-based payments	**554**	990
Termination benefits	**396**	500
Other	**299**	363
Total key management compensation	**$ 10,427**	$ 10,350
Number of key management employees at December 31	**18**	20

Restricted Stock Incentive Plan

Titan Cement maintains a Restricted Stock Incentive Plan for certain members of senior management and other employees 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 indices. The options granted each year have a maturity period of three years and vested options 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:

(All amounts in thousands)

26. Related Party Transactions (continued)

- One-half based on the financial results of the Company during the three-year vesting period; and
- One-half based on Titan Cement's stock performance relative to a group of predefined international cement producing companies during the three-year period.

The fair value of the options granted under the plan were determined using the Binomial Method and the Monte Carlo Simulation valuation model. Key assumptions for each year's grants are as follows:

	2017	**2016**	**2015**	**2014**
Key assumptions at date of grant:				
Stock price	€ 25.80	€ 20.38	€ 19.55	€ 25.32
Exercise price	€ 10.00	€ 10.00	€ 10.00	€ 10.00
Dividend yield	0.90%	0.87%	0.59%	0.38%
Volatility	42.82%	42.80%	40.61%	47.20%
Risk-free rate	-0.13%	-0.15%	0.17%	0.08%
Option life	3 years	3 years	3 years	3 years
Fair value price	€ 6.60	€ 5.17	€ 4.14	€ 7.39

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, 2017 and 2016, $467 and $270 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, 2017 and 2016 are as follows:

	2017	**2016**
Shares under option, January 1	**142**	76
Granted	**95**	67
Transferred	**71**	-
Exercised	**(11)**	-
Expired/cancelled	**(38)**	(1)
Shares under option, December 31	**259**	142
Options exercisable, December 31	**3**	-

The stock price of Titan Cement common shares was €22.90 and €22.30 at December 31, 2017 and 2016, respectively.

Return of Capital

During 2017, the Company declared and paid, as a return of capital, the Euro equivalent of $100,000, to Titan Atlantic.

(All amounts in thousands)

27. Commitments and Contingencies

Litigation

On the basis of its own estimates (and both internal and external legal counsel), management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

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 2017 and 2016, the Company accepted delivery of approximately 525 tons and 675 tons of construction aggregates from the supplier, respectively. The remaining commitment under the supply agreement is approximately 8,230 tons at December 31, 2017.

Under the terms of the supply agreement, purchases are made at current market prices, subject to periodic adjustments. As of January 1, 2018, prices, excluding taxes and fees, are approximately $14.00 per ton.

Supply commitments

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

(All amounts in thousands)

27. 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, 2017 and 2016 were as follows:

	2017	2016
Within one year	**$ 11,544**	7,768
Between one and two years	**10,625**	6,563
Between two and three years	**8,849**	5,796
Between three and four years	**4,631**	4,853
Between four and five years	**2,659**	2,885
Later years	**10,493**	7,795
Total	**$ 48,801**	$ 35,660

Total rent expense under non-cancellable operating leases included in the accompanying consolidated income statement for the years ended December 31, 2017 and 2016, was $10,743 and $11,044, respectively.

In addition to rent expense, certain of the Company's lease agreements contain provisions which require the payment of other fees (e.g. wharfage and dockage at import facilities) which are dependent, in part, on the volume of material passed through the facilities. Furthermore, some of the Company's operating leases contain renewal options for additional periods and terms, with pre-determined formulas for calculating rent during the option periods.

28. 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 policy aims 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.

The table below summarizes the maturity profile of financial liabilities at December 31, 2017 based on contractual undiscounted payments.

(All amounts in thousands)

28. Financial risk management objectives and policies (continued)

		Less than 6 months		6 to 12 months		1 to 5 years
Borrowings	$	**9,622**	$	**9,828**	$	**257,680**
Other non-current liabilities		**-**		**-**		**1,820**
Trade and other payables		**71,527**		**-**		**-**
	$	**81,149**	**$**	**9,828**	**$**	**259,500**

The table below summarizes the maturity profile of financial liabilities at December 31, 2016 based on contractual undiscounted payments.

		Less than 6 months		6 to 12 months		1 to 5 years
Borrowings	$	60,642	$	10,841	$	401,620
Other non-current liabilities		-		-		1,010
Trade and other payables		64,092		-		-
	$	124,734	$	10,841	$	402,630

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.

(All amounts in thousands)

28. Financial risk management objectives and policies (continued)

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 based on 6-month LIBOR.

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

Further, each Counterparty is required to post weekly credit support payments for the difference between: (1) accumulated mark-to-market gains or 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.

€150,000 Fixed Rate Loan

On September 28, 2017, the Company entered into three 4-month foreign exchange derivatives with third party financial institutions (“Counterparties” or individually, a “Counterparty”) to manage the foreign currency exchange rate risk associated with its €150,000 fixed rate borrowing. Under the terms of those agreements, the Counterparties fixed the U.S. Dollar to Euro exchange rate at $1.1853 to €1.00 with a value date of January 31, 2018.

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 remeasurement of the related Euro-denominated loan to U.S. Dollars are included in the Income Statement.

Additional information on the Company’s derivatives and their impact on the Consolidated Income Statement and Consolidated Statement of Financial Position can be found in Note 11 while additional information regarding the Company’s fixed rate Euro-denominated borrowings can be found in Note 21.

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 with the same maturity date at the end of the period on profits) to reasonable changes in foreign exchange rates, with all other variables held constant:

Year Ended	Decrease in USD:Euro FX Rate	Effect on profit before tax (-/+)	Increase in USD:Euro FX Rate	Effect on profit before tax (+/-)
12/31/17	**5.0%**	**$ 8,995**	**(5.0)%**	**$ (8,995)**
12/31/16	5.0%	$ 10,302	(5.0)%	$ (10,302)

(All amounts in thousands)

28. Financial risk management objectives and policies (continued)

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 the Company in coordination with Titan Cement's group treasury function.

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

Year Ended	Interest Rate Increase	Effect on profit before tax (-/+)	Interest Rate Decrease	Effect on profit before tax (+/-)
12/31/17	**1.0%**	**$ (220)**	**(1.0)%**	**$ 220**
12/31/16	1.0%	$ (220)	(1.0)%	$ 220

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 its debtors on an ongoing basis.

Financial instruments by measurement category

The Company classifies its financial assets in the loans and receivables and fair value through profit and loss (FVPL) categories, as follows:

	2017		2016	
	Loans and receivables	Assets designated at FVPL	Loans and receivables	Assets designated at FVPL
Financial Assets				
Trade receivables, net	**$ 31,786**	**$ -**	$ 21,379	$ -
Other receivables, net	**23,559**	**-**	26,860	-
Related party receivables	**190**	**-**	66	-
Derivative financial instruments	-	**4,133**	-	1,532
	$ 55,535	**$ 4,133**	$ 48,305	$ 1,532

(All amounts in thousands)

28. Financial risk management objectives and policies (continued)

The Company classifies its financial liabilities as other financial liabilities and at fair value through profit and loss, as follows:

	2017		2016	
	Other financial liabilities	**Liabilities designated at FVPL**	**Other financial liabilities**	**Liabilities designated at FVPL**
Financial Liabilities				
Accounts payable	**$ 68,092**	**$ -**	$ 67,534	$ -
Accounts payable, related parties	**3,435**	**-**	3,022	-
Borrowings	**428,883**	**-**	428,867	-
Derivative financial instruments	-	**-**	-	70
	$ 500,410	**$ -**	$ 499,423	$ 70

Fair value of financial instruments

Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The Company's derivative financial instruments fall under this category, and under the fair value hierarchy, are measured based on Level 2 inputs.

Level 2 derivative financial instruments comprise cross currency interest rate swaps, interest rate swaps, foreign exchange forward contracts, and diesel fuel forward contracts. The Company uses a variety of valuation methods and makes assumptions that are based on market conditions existing at each reporting date. The recorded fair values of these contracts are based on: a) forward exchange rates that are quoted in an active market, b) forward interest rates extracted from observable yield curves, and c) diesel prices extracted from observable yield curves, which are quoted in an active market. There were no changes in valuation techniques for Level 2 recurring fair value measurements during the years ended December 31, 2017 and 2016.

Financial instruments for which fair value does not approximate carrying amount

The only financial instruments where fair value is not deemed to approximate their carrying amount in the statement of financial position are the Company's loans from related parties.

Under the fair value hierarchy, loans from related parties are measured based on Level 3 inputs. The valuation models for these loans incorporate parameters such as interest rates and price quotations at the reporting date. With respect to long-term borrowings, quoted market prices or dealer quotes for the specific or similar instruments are also used. The fair value of these loans is disclosed in Note 21.

(All amounts in thousands)

28. Financial risk management objectives and policies (continued)

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its members and to maintain a reasonable capital structure and related 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.

29. Events after the reporting period

Management has evaluated subsequent events through March 29, 2018, which is the date these financial statements were available to be issued. Other than as discussed below, no significant matters were identified impacting the Company's financial position or requiring further disclosure.

- On February 19, 2018, the Company submitted to The Bank of New York Mellon Trust Company, N.A. the required notification to call for redemption the Miami-Dade County Industrial Revenue Bonds, Series 2004 on April 2, 2018. These bonds are presented as debentures in note 21 and had an original maturity date of April 26, 2034.

- On March 8, 2018, the Company entered into an unsecured Euro denominated note payable in the amount of €75,000 with an affiliated entity, bearing interest at 2.60% and maturing on November 15, 2024.

- On March 9, 2018, the Company committed to pay, as a return of capital the Euro equivalent of $100,000 to Titan Atlantic no later than May 15, 2018.