Titan America LLC and Subsidiaries

Consolidated Financial Statements
(International Financial Reporting Standards Basis)

Years Ended December 31, 2018 and 2017

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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 statements of financial position as of December 31, 2018 and 2017, and the related consolidated income statements, consolidated statements of other comprehensive income, consolidated statements of changes in member's equity and consolidated cash flow statements 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 by 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, 2018 and 2017, 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 adopted by 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

April 3, 2019

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Titan America LLC and Subsidiaries
Consolidated Income Statement

(all amounts in thousands)

	Notes	Year Ended December 31 2018	2017
Revenue from contracts with customers	3	**$ 1,010,672**	$ 979,073
Cost of goods sold, excluding freight and distribution expenses	4	**700,261**	673,600
Freight expense		**41,538**	37,202
Distribution expense	5	**45,599**	39,921
Impairment of property, plant, and equipment		**750**	700
Cost of goods sold		**788,148**	751,423
Gross profit		**222,524**	227,650
Selling expense	6	**19,347**	19,139
General and administrative expense	7	**66,587**	63,640
Fair value loss on sale of accounts receivable, net	8	**3,257**	2,280
Other operating expense, net	9	**435**	1,149
Operating income		**132,898**	141,442
Finance income		**900**	315
Finance cost	10	**(26,020)**	(24,219)
Share of profit in associate	15	**1,458**	1,217
Foreign exchange gain/(loss), net	11	**28,386**	(52,601)
Derivative financial instrument (loss)/gain, net	11	**(32,829)**	37,630
Other non-operating income		**1,050**	-
Loss on early extinguishment of debt	20	**(202)**	(11,576)
Income before income taxes		**105,641**	92,208
Income tax expense	21	**27,359**	23,323
Net income		**$ 78,282**	$ 68,885

See accompanying notes.

Titan America LLC and Subsidiaries
Consolidated Statement of Other Comprehensive Income

(all amounts in thousands)

	Notes	Year Ended December 31 2018	2017
Net income		**$ 78,282**	$ 68,885
Other comprehensive income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain on defined benefit plans	22	**54**	747
Income tax effect		**(14)**	(452)
Net gain on defined benefit plans		**40**	295
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**40**	295
Other comprehensive income, net of tax		**40**	295
Total comprehensive income, net of tax		**$ 78,322**	$ 69,180

See accompanying notes.

Titan America LLC and Subsidiaries
Consolidated Statement of Financial Position

(all amounts in thousands)

	Notes	December 31 2018	December 31 2017
Noncurrent assets:			
Property, plant, equipment and mineral deposits, net	12	**$ 730,328**	$ 733,072
Goodwill	14	**221,562**	221,562
Identifiable intangible assets, net	13	**16,125**	16,629
Investment in associate	15	**2,641**	3,462
Derivative financial instruments	11	**108**	1,720
Other assets		**8,249**	7,530
Total noncurrent assets		**979,013**	983,975
Current assets:			
Inventories	16	**128,038**	114,703
Trade receivables, net	17	**25,878**	31,786
Other receivables, net	19	**31,914**	23,559
Related party receivables	25	**2,936**	190
Prepaid expenses and other current assets	18	**8,259**	8,378
Income taxes receivable		**4,537**	392
Derivative financial instruments	11	**912**	2,413
Cash restricted	1.11	**-**	341
Cash and cash equivalents	1.11	**28,360**	28,928
Total current assets		**230,834**	210,690
Total assets		**$ 1,209,847**	$ 1,194,665

See accompanying notes.

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

(all amounts in thousands)	Notes	December 31 2018	December 31 2017
Member's equity:			
Capital contributions		**$ 403,957**	$ 549,866
Retained earnings, before current net income		**83,475**	14,590
Current period net income		**78,282**	68,885
Accumulated other comprehensive loss		**(848)**	(888)
Total member's equity		**564,866**	632,453
Noncurrent liabilities:			
Long-term borrowings	20	**267,076**	425,861
Deferred income tax liability	21	**30,893**	350
Retirement benefit obligations	22	**8,487**	9,711
Provisions	23	**10,774**	10,952
Contract liabilities		**144**	419
Other non-current liabilities		**1,234**	1,820
Total noncurrent liabilities		**318,608**	449,113
Current liabilities:			
Accounts payable		**81,817**	68,092
Accounts payable, related parties	25	**3,094**	3,435
Accrued expenses	24	**32,211**	34,139
Current portion of contract liabilities		**3,085**	3,494
Derivative financial instruments	11	**2**	-
Short-term borrowings	20	**205,399**	3,022
Provisions	23	**765**	917
Total current liabilities		**326,373**	113,099
Total liabilities		**644,981**	562,212
Total liabilities and member's equity		**$ 1,209,847**	$ 1,194,665

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, 2017		$ 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	25	(100,000)	-	-	(100,000)
Stock compensation	25	467	-	-	467
Stock compensation excess tax benefit		239	-	-	239
December 31, 2017		$ 549,866	$ 83,475	$ (888)	$ 632,453
Net income		**-**	**78,282**	**-**	**78,282**
Actuarial gain on defined benefit plans, net of tax		**-**	**-**	**40**	**40**
Return of capital	25	**(146,455)**	**-**	**-**	**(146,455)**
Stock compensation	25	**688**	**-**	**-**	**688**
Stock compensation excess tax benefit		**(142)**	**-**	**-**	**(142)**
December 31, 2018		**$ 403,957**	**$ 161,757**	**$ (848)**	**$ 564,866**

See accompanying notes.

Titan America LLC and Subsidiaries
Consolidated Cash Flow Statement

(all amounts in thousands)

	Notes	Year Ended December 31 2018	2017
Cash flows from operating activities			
Income before income taxes		**$ 105,641**	$ 92,208
Adjustments for:			
Depreciation, depletion and amortization	12, 13	**70,418**	64,290
Impairment of property, plant, and equipment	12	**750**	700
Deferred income		**(685)**	615
Loss on disposal of assets, net	12	**418**	1,145
Equity earnings in associate	15	**(1,458)**	(1,217)
Finance cost	10	**26,020**	24,219
Finance income		**(900)**	(333)
Foreign exchange (gain)/loss, net	11	**(28,386)**	52,601
Derivative financial instrument loss/(gain), net	11	**32,829**	(37,630)
Stock compensation expense	25	**688**	242
Loss on extinguishment of debt	20	**202**	11,576
Bad debt expense	17	**413**	(767)
Change in net operating assets		**(13,522)**	(23,195)
Cash generated from operations before income taxes		**192,428**	184,454
Income taxes paid		**(1,116)**	(2,750)
Net cash provided by operating activities		**191,312**	181,704
Cash flows from investing activities			
Investments in property, plant and equipment	12	**(66,663)**	(77,363)
Interest received		**897**	315
Distributions from associate	15	**2,279**	2,333
Proceeds from the sale of assets, net of disposition costs		**352**	(433)
Net cash used by investing activities		**(63,135)**	(75,148)

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

(all amounts in thousands)		Year Ended December 31	
	Notes	**2018**	**2017**
Cash flows from financing activities			
Net borrowings/(repayments) from affiliated party	20	**93,158**	(49,306)
Offering costs associated with borrowings	20	**(745)**	(1,076)
Principal payments on debt	20	**(22,000)**	-
Principal payments on finance lease obligations	20	**(3,065)**	(3,043)
Return of capital	25	**(143,400)**	(103,814)
Settlement of derivative financial instrument	11	**(12,952)**	6,934
Financial instrument credit support (payments)/receipts	11	**(16,762)**	28,025
Interest paid		**(23,320)**	(23,244)
Payments related to early retirement of debt		**-**	(9,527)
Net cash used in financing activities		**(129,086)**	(155,051)
Net decrease in cash and cash equivalents		**(909)**	(48,495)
Cash and cash equivalents at:			
Beginning of period		**29,269**	77,109
Effects of exchange rate changes		**-**	655
End of period		**$ 28,360**	$ 29,269
Changes in net operating assets			
Inventories		**$ (13,335)**	$ (20,188)
Trade receivables, net		**5,495**	(9,641)
Other receivables, net		**(8,354)**	3,301
Prepaid expenses and other current assets		**(714)**	(1,193)
Other assets		**(1,070)**	(46)
Accounts payable		**11,861**	1,532
Accrued expenses		**(3,063)**	1,412
Provisions		**(428)**	1,265
Other liabilities		**(586)**	477
Retirement benefit obligations		**(341)**	(214)
Operating related party activity		**(2,987)**	100
Change in net operating assets		**$ (13,522)**	$ (23,195)

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.

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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, 2018 were authorized for issue by the management of Titan America LLC on April 3, 2019. 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, except for certain financial assets and liabilities (including derivative instruments) and defined benefit pension plans 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, 2018.

1.1.1. New standard, amendments to standards and interpretations issued by not yet effective nor early adopted by the Company

- **IFRS 16: Leases** (effective for annual periods beginning on or after January 1, 2019)

IFRS 16 was issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets is of low value. 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.

As at the reporting date, the Company have non-cancellable operating lease commitments of $44,120 (see Note 27). Of these commitments, $268 relate to short-term leases and $373 to low value leases, which will both be recognized on a straight-line basis as expense in net income or loss.

For the remaining lease commitments, the Company expects to recognize right-of-use assets of $48,796 on January 1, 2019, lease liabilities of $55,327 (after adjustments for prepayments and accrued lease payments recognized as of December 31, 2018) and deferred tax liabilities of $1,665. Overall net assets will be $8,196 lower.

The Company expects income before income taxes to increase by approximately $448 for 2019 as a result of adopting the new rules.

Operating cash flows of the Company will increase, and financing cash flows will decrease by approximately $11,724 and $14,164 respectively as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Company's activities as a lessor are not material and hence they do not expect any significant impact on the financial statements. However, some additional disclosure will be required from beginning next year.

The Company will apply the standard from its mandatory adoption date of January 1, 2019 and intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to adoption.

- **IFRS 9 (Amendments): Prepayment Features with Negative Compensation** (effective for annual periods beginning on or after January 1, 2019)

  The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met – instead of at fair value through profit or loss.

- **IFRS 17: Insurance contracts** (effective for annual periods beginning on or after January 1, 2021)

  IFRS 17 was issued in May 2017 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems crated by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost.

- **IAS 28 (Amendments): Long term interests in associates and joint ventures** (effective for annual periods beginning on or after January 1, 2019)
  The amendments clarify that companies account for long-term interests in associates or joint ventures – to which the equity method is not applied – using IFRS 9.

- **IFRIC 23: Uncertainty Over Income Tax Treatments** (effective for annual periods beginning on or after January 1, 2019)

  The interpretation explains how to recognize, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

- **IAS 19 (Amendments): Plan amendment, curtailment or settlement** (effective for annual periods beginning on or after January 1, 2019)

  The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur.

- **IFRS 3 (Amendments): Definition of a business** (effective for annual periods beginning on or after January 1, 2020)

  The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to the investors and others.

- **IAS 1 and IAS 8 (Amendments): Definition of a material** (effective for annual periods beginning on or after January 1, 2020)

  The amendments clarify the definition of a material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS.

- **Annual Improvements to IFRS (2015 – 2017 Cycle)** (effective for annual periods beginning on or after January 1, 2019)

  The amendments set out below include changes to four IFRSs.

  - *IFRS 3: Business combinations*
    The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - *IFRS 11: Joint arrangements*
    The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - *IAS 12: Income taxes*
    The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

  - *IAS 23: Borrowing costs*
    The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

1.1.2. New standards, amendments to standards and interpretations issued and effective for the current financial year

The Company adopted the following Standards and Amendments to standards for the first time for the annual period beginning on January 1, 2018. The implementation of these changes had an insignificant impact on the consolidated financial position, net income and, other comprehensive income of the Company. However, certain captions within the basic financial statements and footnote disclosures have been renamed to confirm to the presentation requirements of the new Standards (IFRS 9 and IFRS 15), and the additional disclosures required by such Standards have also been included in these financial statements. The Company

has not early adopted any other standard, interpretation or amendment which has been issued, but is not yet effective.

- **IFRS 9: Financial Instruments**

IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Company applied the standard retrospectively without restatement of the comparative information for prior years on January 1, 2018, except for hedge accounting. In 2017, the Company neither had applied hedge accounting, nor did they choose application of hedge accounting on January 1, 2018 under the new standard. Therefore, the Company will continue to apply their current accounting policy for hedge accounting, even though they will examine the commencement of hedge accounting requirements under IFRS 9, whenever a new hedge relationship arises.

IFRS 9 was adopted without restating comparative information and therefore the adjustments arising from the new classification and impairment rules are not reflected in the statement of financial position on December 31, 2017 but are recognized in the opening statement of financial position on January 1, 2018.

On January 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial assets into the appropriate IFRS 9 categories. There was no impact from the classification and measurement of the financial assets of the Company.

On January 1, 2018, the Company applied the IFRS 9 simplified approach to measure expected credit losses (ECLs) on the trade and other receivables balances at the date of initial application. The result of the new requirements provided no impact in the Company's impairment allowances or retained earnings.

The impact resulting from its classification and measurement of the financial liabilities of the Company is the re-presentation of both short term and long term deferred income as short term and long term contract liabilities.

The Company has changed its accounting policy in order to adjust it to the requirement of the new standard (see note 1.18 and 1.20).

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

IFRS 15 supersedes IAS 11 "Construction Contracts", Ias 18 "Revenue" and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

On January 1, 2018, the Company adopted IFRS 15 by using the modified retrospective approach, meaning that the cumulative impact of the adoption was recognized in retained earnings and comparatives were not restated. However, the implementation had no impact on the Company's profitability, liquidity, or financial

position by applying IFRS 15 for the first time. Therefore, opening retained earnings for 2018 was not adjusted.

Moreover, the Company has changed its accounting policy in order to adjust it to the requirement of the new standard (see note 1.17)

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

  The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. This amendment did not impact the Company's consolidated financial statements.

- **IFRS 2 (Amendments): Classification and measurement of Share-based Payment transactions**

  The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obligated to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. This amendment did not impact the Company's consolidated financial statements.

- **Annual Improvements to IFRS 2014 (2014 – 2016 Cycle)**

  - **IAS 28 Investments in Associates and Joint Ventures:** The amendments clarified that when venture capital organizations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVPL), this election should be made separately for each associate or joint venture at initial recognition.

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 IFRS 9 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.

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 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).

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. The Company maintains two different portfolios of trade receivables. Portfolio one consists of receivables in a hold to collect model. 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 at amortized cost. If not, they are presented as non-current assets. Portfolio two consists of receivables in a hold to sell model as further described in note 2.2(b) and 7.

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 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 Other Comprehensive Income (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, when an employee accepts voluntary separation from the Company in exchange for these benefits, or when the Company is no longer able to withdrawal the offer of 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 (which are limited to non-market vesting conditions) 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.

(All amounts in thousands)

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 (2.35% and 2.22% at December 31, 2018 and 2017, 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 the amount of consideration expected to be received in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (value-added tax, other sales taxes, etc.). Variable considerations are included in the transaction price and they are estimated using either the expected value method, or the most likely amount method.

Revenue is recognized when (or as) a performance obligation is satisfied by transferring the control of a promised good or service to the customer. A customer obtains control of a good or service if it has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. Control is transferred over time or at a point in time.

Revenue from the sale of goods is recognized when control of the good is transferred to the customer, usually upon delivery and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The main products of the Company are cement, ready-mix, fly ash, and other cementitious products.

Revenue arising from services is recognized in the accounting period in which the services are rendered, and it is measured using either output methods or input methods, depending on the nature of service provided.

A receivable is recognized when there is an unconditional right to consideration for the performance obligations to the customer that are satisfied.

A contract asset is recognized when the performance obligation to the customer is satisfied before the customer pays or before payment is due, usually when goods or services are transferred to the customer before the Company has a right to invoice.

A contract liability is recognized when there is an obligation to transfer goods or services to a customer for which the Company has received consideration before he Company transfers a good or a service (deferred income). The contract liability is derecognized when the promise is fulfilled, and revenue is recorded in the profit or loss statement.

Revenue from rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

Interest income is recognized using the effective interest method. If there is an impairment of loans or receivables, their carrying value is reduced to their recoverable amount, which is the present value of the future cash flows discounting with the initial effective interest rate. Afterwards, the interest income is recognized with the same interest rate (the initial effective interest rate) multiplied with the impaired carrying value.

1.18. Financial assets

Classification and measurement

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expenses. Trade receivables are initially measured at their transaction price.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Under IFRS 9, debt financial instruments are subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). The classification is based on two criteria: a) the business model for managing the assets and b) whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Company's debt financial asset are as follows:

I. Debt instruments at amortized cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in the income statement.

II. Debt instruments at FVOCI, with gains or losses recycled to profit or loss on de-recognition. Financial assets in this category are debt instruments that meet the SPPI criterion and are held within a business model both to collect cash flows and to sell. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognized in profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method.

III. Financial assets at FVPL comprise derivative instruments and equity instruments which the Company had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual

cash flows and sell. A gain or loss on financial assets that subsequently measures at FVPL is recognized in the income statement.

Other financial assets are classified and subsequently measured as follows:

IV. Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on de-recognition. This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. Equity instruments at FVOCI are not subject to any impairment accounting. Dividends from such investments continue to be recognized in profit or loss, unless they represent a recovery of part of the cost of the investment.

V. Financial assets designated as measured at FVPL at initial recognition that would otherwise be measured subsequently at amortized cost or at FVOCI. Such a designation can only be made, if it eliminates or significantly reduces an “accounting mismatch” that would otherwise arise.

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. The legally enforceable right to offset should not depend on future events but it should apply in the ordinary course of business. However, it should be allowed for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

1.20. Impairment of financial assets

The Company records an allowance for expected credit losses (ECLs) for all financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate.

For contract assets, trade receivables and lease receivables, the Company has applied the standard’s simplified approach and have calculated ECLs based on lifetime expected credit losses.

For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

1.21. Derivative financial instruments and hedging activities

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income (OCI) and later is reclassified to profit or loss when the hedge item affects profit or loss.

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

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

- Hedges of a net investment in a foreign operation

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

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

Fair value hedges

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

Cash flow hedges

The effective portion of gains or losses from measuring cash flow hedging instruments is recognized in OCI and accumulated in reserves, in the account "translation differences on derivate hedging position". The gain or loss relating to the ineffective portion is recognized immediately in the income statement within "Derivative financial instrument gain/loss".

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative transactions do not qualify for hedge accounting under rules in IFRS. Any gains or losses arising from changes in the fair value of financial instruments that are not part of a hedging relationship are included in “Derivative financial instrument gain/loss”, or “Foreign exchange gain/loss” in the income statement for the period in which they arise, depending on their nature.

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, 2018 and 2017, 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 $14,548. A one year decrease in the assumed asset lives would decrease income before income taxes by $12,619.

(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.

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.

3. Revenue from contracts with customers

The majority of the Company's revenue from contracts with customers is derived from sales of cement, ready-mix concrete, aggregates, building blocks and other cementitious materials. The different product lines generally enter into master purchase orders to supply customers with specific products, up to a maximum quantity, for pre-determined prices over an established time period. The purchase orders generally pertain to a specific project and are merely indicative in nature. Once a purchase order is in place, the customer requests the delivery of specific products and volumes under the general terms and conditions contained therein.

Products remain the property of the Company until received by the customer, and the business provides a warranty that the materials comply with the specifications contained in the purchase order. The contracts can generally be cancelled with or without cause at any time, with each party having responsibility for any rights and obligations accrued up to the time of termination. Each request by a customer under a master purchase order produces a sales contract for the goods specified in such request. The master purchase orders do not create enforceable rights or obligations on their own (an additional purchasing decision is required on the part of the customer). The warranties provided are assurance-type warranties and do not create separate performance obligations.

Control over the goods subject to each sales contract transfers at a point in time. For standard products, customer acceptance is generally considered a formality, and control transfers (and revenue is recognized) upon shipment or delivery. For any non-standard products or unusual customer-specific circumstances, revenue is not recognized until acceptance by the customer.

Promised goods may be subject to bill-and-hold arrangements; however, this is very rare. Given the nature of the products (not separately identifiable and ability of the business to direct the inventory to another customer), customers do not obtain control under bill-and-hold arrangements prior to shipment, and since the businesses do not bill customers prior to shipment, these arrangements do not impact revenue recognition.

Transaction price for each sales contract is determined by reference to the quantity requested and price established in the master purchase order. Some of the contracts offer discounts for advance payment. In these cases, revenue is recorded in the amount the business expects to be entitled to.

Some contracts may involve the payment of sales incentives. When paid in connection with the acquisition of a master purchase order, which does not create a performance obligation at inception, commissions are expensed as incurred. In all cases, the amounts are insignificant and pertain to short-term sales contracts. Additional contract fulfillment costs may include insurance, on-site labor, shipping costs and the removal / replacement of materials under warranty. Given the short-term nature of the sales contracts, the Company does not capitalize such amounts. However, estimated removal / replacement costs of materials under warranty are included in the obligation for accrued warranty costs.

The Company derives all of its revenue from the transfer of goods and services at a point in time.

Long-term contracts which create contract liabilities are comprised of sales of equipment and related services to domestic and foreign entities. The arrangements involve the design, build, testing, and on-site installation of the equipment. The contracts contain multiple performance obligations for which revenue is recognized either at the moment of shipment or customer acceptance. Periodic fixed payments are made over the life of the contracts in accordance with the achievement of different milestones. Contract liabilities recognized at

(All amounts in thousands)

3. Revenue from contracts with customers (continued)

December 31,2018 and 2017 are comprised primarily of unsatisfied performance obligations with respect to these contracts.

The components of revenue from contracts with customers for the year ended December 31, 2018 are as follows:

	Total Sales	Less Internal Sales	External Sales
Sales of cement	**$ 484,974**	**$ 142,962**	**$ 342,012**
Sales of construction aggregates	**186,102**	**126,732**	**59,370**
Sales of ready-mixed concrete	**502,728**	**-**	**502,728**
Sales of concrete block and related products	**73,919**	**-**	**73,919**
Sales of ash	**37,463**	**11,042**	**26,421**
Sales of equipment and related services	**9,730**	**3,881**	**5,849**
Transportation services	**11,629**	**11,256**	**373**
Revenue from contracts with customers	**$ 1,306,545**	**$ 295,873**	**$ 1,010,672**

The components of revenue from contracts with customers for the year ended December 31, 2017 are as follows:

	Total Sales	Less Internal Sales	External Sales
Sales of cement	$ 450,104	$ 126,921	$ 323,183
Sales of construction aggregates	177,388	118,149	59,239
Sales of ready-mixed concrete	497,732	-	497,732
Sales of concrete block and related products	66,023	-	66,023
Sales of ash	38,106	10,297	27,809
Sales of equipment and related services	7,741	3,099	4,642
Transportation services	9,479	9,034	445
Revenue from contracts with customers	$ 1,246,573	$ 267,500	$ 979,073

In connection with the adoption of IFRS 15, management has re-assessed the presentation of revenue from contracts with customers to include freight revenue within the appropriate product line segment, given that freight is not considered to be a separate performance obligation of the Company.

(All amounts in thousands)

4. The components of cost of goods sold, excluding freight and distribution expenses, for the years ended December 31, 2018 and 2017, are as follows:

	2018	2017
Material and other variable costs	**$ 350,627**	$ 328,165
Payroll and employee related expenses	**182,671**	176,341
Depreciation, depletion, and amortization	**67,487**	61,528
Repairs and maintenance	**42,473**	39,951
Utilities	**23,564**	24,621
Rent and lease expense	**18,624**	16,845
Inventory change	**(7,303)**	4,403
Taxes other than income taxes	**12,128**	11,124
Risk insurance, including loss retention	**4,437**	5,941
Other	**3,009**	2,406
Travel, training, and other employee expense	**2,544**	2,275
Total cost of goods sold, excluding freight and distribution expenses	**$ 700,261**	$ 673,600

5. The components of distribution expense for the years ended December 31, 2018 and 2017, are as follows:

	2018	2017
Freight to distribution yards/terminals	**$ 34,795**	$ 30,611
Payroll and employee related expenses	**5,023**	4,444
Depreciation	**1,402**	1,341
Other variable costs	**1,218**	1,054
Equipment and contractor rental	**1,150**	718
Other fixed costs	**775**	665
Repairs and maintenance	**661**	560
Utilities	**575**	528
Total distribution expense	**$ 45,599**	$ 39,921

6. The components of selling expense for the years ended December 31, 2018 and 2017, are as follows:

	2018	2017
Payroll and employee related expenses	**$ 12,968**	$ 13,024
Overhead (dues, advertising, professional fees, etc.)	**4,594**	4,312
Travel, entertainment, and other employee expense	**1,658**	1,636
Other selling expenses	**127**	167
Total selling expense	**$ 19,347**	$ 19,139

(All amounts in thousands)

7. The components of general and administrative expense for the years ended December 31, 2018 and 2017, are as follows:

	2018	2017
Payroll and employee related expenses	**$ 38,725**	$ 40,692
Professional fees	**6,364**	4,036
Management fees	**6,322**	5,799
Office costs	**5,946**	5,121
Travel, entertainment, and auto expenses	**3,211**	2,984
Service contracts	**1,830**	1,221
Depreciation and amortization	**1,521**	1,416
Bank fees	**1,512**	1,217
Other	**1,156**	1,154
Total general and administrative expense	**$ 66,587**	$ 63,640

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 fair value loss on sale of receivables of $3,257 and $2,280 in 2018 and 2017, respectively.

   The notes receivable and miscellaneous receivables due from the SPE at December 31, 2018 and 2017 are $28,008 and $19,953, respectively (see Note 19).

(All amounts in thousands)

9. The components of other operating (expense)/income, net for the years ended December 31, 2018 and 2017, are as follows:

	2018	2017
Rental income	**$ 125**	$ 90
Import terminal wharfage and tonnage fees	**(352)**	(610)
Other	**(208)**	(629)
Total other operating expense, net	**$ (435)**	$ (1,149)

10. The components of finance cost for the years ended December 31, 2018 and 2017, are as follows:

	2018	2017
Interest expense on borrowings	**$ 21,780**	$ 19,228
Line of credit commitment fees	**2,822**	2,978
Amortization of debt issuance costs	**1,123**	1,594
Net interest costs on pension and OPEB benefits	**151**	201
Accretion expense/interest on provisions	**98**	158
Other	**46**	60
Total finance cost	**$ 26,020**	$ 24,219

(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, 2018, the company recorded net foreign exchange gains of $28,386 on the remeasurement of its foreign currency denominated assets and liabilities. These amounts are comprised of the following:

	2018					
	€ 75,000 Fixed Rate Loan Jun-18	**€ 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)	$ 7,283	$ 8,145	$ 9,611	$ -	$ -	$ 25,039
Remeasurements of Euro denominated loan obligations (finance cost)	(2)	3	78	54	-	133
Other	-	-	-	-	1,012	1,012
Total change in unrealized foreign exchange gains/(losses)	$ 7,281	$ 8,148	$ 9,689	$ 54	$ 1,012	$ 26,184
Realized foreign exchange gains/(losses) arising from:						
Settlement of Euro denominated loan obligations (principal)	$ -	$ -	$ -	$ -	$ -	$ -
Settlement of Euro denominated loan obligations (finance cost)	39	54	(88)	47	-	52
Other	-	-	-	-	2,150	2,150
Total realized foreign exchange gains/(losses)	$ 39	$ 54	$ (88)	$ 47	$ 2,150	$ 2,202
Total foreign exchange gains/(losses) in 2018	$ 7,320	$ 8,202	$ 9,601	$ 101	$ 3,162	$ 28,386
Balance of unrealized foreign exchange gains/(losses) on borrowings at 12/31/2018						
Remeasurements of Euro denominated loan obligations (principal)	$ 7,283	$ 5,655	$ 38,126	$ -	$ -	$ 51,064
Remeasurements of Euro denominated loan obligations (finance cost)	(2)		-	27	-	25
Other	-	-	-	-	81	81
Balance of unrealized foreign exchange gains/(losses) on borrowings at 12/31/2018	$ 7,281	$ 5,655	$ 38,126	$ 27	$ 81	$ 51,170

(All amounts in thousands)

11. Foreign exchange and derivative financial instruments (continued)

In 2017, the company recorded a net loss 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)

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, 2018, the Company recorded a net loss on its derivative financial instruments of $32,829. This amount is comprised of the following:

	2018				
	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 losses due to changes in fair value	**$ (17,387)**	**$ (281)**	**$ (28,042)**	**$ -**	**$ (45,710)**
Realized gains/(losses) on the settlement of financial instruments	**-**	**-**	**12,951**	**(70)**	**12,881**
Total unrealized and realized derivative financial instrument losses	**$ (17,387)**	**$ (281)**	**$ (15,091)**	**$ (70)**	**$ (32,829)**

In 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	**Diesel Fuel Forward Contract**	**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

(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, 2018 and 2017 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, 2017	$ 53,276	$ (4,439)	$ -	$ -	$ 48,837	$ (50,299)	$ (1,462)
Loss/(Gain) on derivative financial instrument (income statement)	(28,519)	234	(9,275)	(70)	(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)	$ (2,341)	$ (70)	$ 18,141	$ (22,274)	$ (4,133)
Loss/(Gain) on derivative financial instrument (income statement)	**17,387**	**281**	**15,091**	**70**	**32,829**	**-**	**32,829**
Settlement of derivative financial instrument	**-**	**-**	**(12,952)**		**(12,952)**	**-**	**(12,952)**
Credit support payments on derivative financial instrument	**-**	**-**	**-**	**-**	**-**	**(16,762)**	**(16,762)**
December 31, 2018	**$ 42,144**	**$ (3,924)**	**$ (202)**	**$ -**	**$ 38,018**	**$ (39,036)**	**$ (1,018)**

(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, 2018 consists of the following:

	Quarries	Land & Land Improvements	Buildings	Machinery & equipment	Motor vehicles	Furniture & fixtures	Assets under construction	Total
Owned assets:								
Opening balance	**$ 133,370**	**$ 160,724**	**$ 44,189**	**$ 283,007**	**$ 40,689**	**$ 2,312**	**$ 52,030**	**$ 716,321**
Additions	5,335	-	-	-	-	-	65,403	70,738
Disposals	-	(194)	(8)	(567)	-	-	-	(769)
Reclassification	-	2,611	1,425	25,950	21,417	1,800	(53,203)	-
Capitalization from inventory	-	-	-	-	-	-	-	-
Depreciation, depletion, & amortization (DD&A)	(8,638)	(3,892)	(3,864)	(36,998)	(11,407)	(1,309)	-	(66,108)
Impairment reserve	-	(750)	-		-	-	-	(750)
Ending balance	**$ 130,067**	**$ 158,499**	**$ 41,742**	**$ 271,392**	**$ 50,699**	**$ 2,803**	**$ 64,230**	**$ 719,432**
Leased assets under finance leases:								
Opening balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ 16,751**	**$ -**	**$ -**	**$ 16,751**
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(2,050)	-	-	(2,050)
Depreciation	-	-	-	-	(3,805)	-	-	(3,805)
Ending balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ 10,896**	**$ -**	**$ -**	**$ 10,896**
As of December 31, 2018								
Cost	$ 216,345	$ 205,197	$ 117,034	$ 791,227	$ 221,404	$ 21,321	$ 64,230	$ 1,636,758
Accumulated DD&A	(86,278)	(43,248)	(75,292)	(519,835)	(159,809)	(18,518)	-	(902,980)
Impairment reserve	-	(3,450)	-	-	-	-	-	(3,450)
Net book value	**$ 130,067**	**$ 158,499**	**$ 41,742**	**$ 271,392**	**$ 61,595**	**$ 2,803**	**$ 64,230**	**$ 730,328**

(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, 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
Transfer to intangibles	-	-	-		-	-	-	-
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	-	-	-	-	-	-	-	-
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**

At December 31, 2018 and 2017, the Company had accruals for capital projects totaling $3,417 and $1,552, respectively. For the years ended December 31, 2018 and 2017, 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, 2018 consists of the following:

	Core technology	Customer relationships	Tradenames	Non-compete agreements	Other	Total
Opening balance	**$ -**	**$ 1,717**	**$ 13,980**	**$ 99**	**$ 833**	**$ 16,629**
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Amortization	-	(308)	-	(99)	(97)	(504)
Ending balance	**$ -**	**$ 1,409**	**$ 13,980**	**$ -**	**$ 736**	**$ 16,125**
As of December 31, 2018						
Cost	9,700	60,673	13,980	510	1,370	86,233
Accumulated DD&A	(9,700)	(59,264)	-	(510)	(634)	(70,108)
Net book value	**$ -**	**$ 1,409**	**$ 13,980**	**$ -**	**$ 736**	**$ 16,125**

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	-	-	-	-	-	-
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**

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 2018 or 2017 (see Note 14 for additional information regarding impairment testing).

14. Goodwill

As of December 31, 2018, 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):

		2018		**2017**
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 2019-2023 period. At December 31, 2018, the date of the most recent impairment test, the Company assumed sales volume compound annual growth rates generally ranging from -1.4% to 1.7% among its core operating activities of Cement, Construction Aggregates, and Ready-mixed Concrete for the 2019-2023 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

At December 31, 2018, the date of the most recent impairment test, the Company assumed net realized selling price compound annual growth rates generally ranging from 0.8% to 3.5% among its core operating activities of Cement, Construction Aggregates, and Ready-mixed Concrete for the 2019-2023 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, 2018, 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 post-tax discount rate of 5.7% was used in the value-in-use calculations at December 31, 2018, the date of the most recent impairment test.

Sensitivity of recoverable amounts

As at December 31, 2018, 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	**2018**	**2017**
Non-current assets	**$ 17,321**	$ 20,813
Current assets	**2,612**	2,048
Total assets	**$ 19,933**	$ 22,861
Non-current liabilities	**$ -**	$ -
Current liabilities	**406**	450
Total liabilities	**$ 406**	$ 450
Equity	**$ 19,527**	$ 22,411
Company's carrying amount of the investment	**$ 2,641**	$ 3,462
Summarized income statement for the year ended December 31		
Total sales	**$ 11,801**	$ 11,609
Net income	**$ 4,022**	$ 3,289
Reconciliation of investment in associate		
Carrying amount of the investment as at January 1	**$ 3,462**	$ 4,578
Profit/(loss) for the year	**1,458**	1,217
Investment in associate	**-**	-
Distributions from associate	**(2,279)**	(2,333)
Carrying amount of the investment as at December 31	**$ 2,641**	$ 3,462

(All amounts in thousands)

16. The components of inventories at December 31, 2018 and 2017 are as follows:

	2018	2017
Spare parts	**$ 40,708**	$ 35,778
Finished goods	**37,234**	32,323
Work in process	**22,372**	21,600
Raw materials	**19,646**	16,720
Manufacturing supplies and other	**8,078**	8,282
Total inventories	**$ 128,038**	$ 114,703

17. The components of trade receivables, net at December 31, 2018 and 2017 are as follows:

	2018	2017
Trade receivables	**$ 32,666**	$ 38,928
Allowance for doubtful accounts	**(2,759)**	(3,904)
Allowance for cash discounts and rebates	**(3,225)**	(2,730)
Allowance for service fees	**(804)**	(508)
Total trade receivables, net	**$ 25,878**	$ 31,786

As at December 31, 2018 , the aging analysis of total trade receivables is as follows:

	Trade Receivables	Impairments	Total trade receivables, net
Current	**$ 19,078**	**$ (4,922)**	**$ 14,156**
<30 days	**8,140**	**(1,302)**	**6,838**
30-60 days	**1,155**	**(179)**	**976**
60-90 days	**888**	**(64)**	**824**
90-120 days	**664**	**(71)**	**593**
>120 days	**2,741**	**(250)**	**2,491**
	$ 32,666	**$ (6,788)**	**$ 25,878**

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

After the adoption of IFRS 9 on January 1, 2018 the Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

On that basis, an impairment analysis was performed on December 31, 2018 using provision rates that are based on days past due for groupings of various customer segments with similar characteristics. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, forecasts of future economic conditions (primarily GDP and the unemployment rate), in addition with specific information for individual receivables.

(All amounts in thousands)

17. Trade receivables, net (continued)

Prior to the adoption of IFRS 9, the impairment of trade receivables was assessed based on the incurred loss model. As at December 31, 2017, the aging analysis of total trade receivables is as follows:

	Trade Receivables	Impairments	Total trade receivables, net
Current	$ 24,154	$ (5,078)	$ 19,076
<30 days	8,987	(1,307)	7,680
30-60 days	1,218	(315)	903
60-90 days	1,304	(86)	1,218
90-120 days	665	(56)	609
>120 days	2,600	(300)	2,300
	$ 38,928	$ (7,142)	$ 31,786

Activity within allowance for doubtful account for the year's ended December 31, 2018 and 2017 consists of the following:

	2018	**2017**
Balance at January 1	**$ (3,904)**	$ (5,111)
Charge for the year	**413**	(767)
Utilized	**732**	1,974
Balance at December 31	**$ (2,759)**	$ (3,904)

18. The components of prepaid expenses and other current assets at December 31, 2018 and 2017 are as follows:

	2018	**2017**
Prepaid insurance	**$ 2,503**	$ 2,117
Prepaid royalty	**1,914**	1,810
Prepaid overhead expenses (rent, software maintenance dues and subscriptions)	**1,710**	1,525
Prepaid licenses and permits	**1,404**	1,172
Credit facility issuance costs	**-**	833
Prepaid highway use tax	**204**	204
Other	**524**	717
Total prepaid expenses and other current assets	**$ 8,259**	$ 8,378

(All amounts in thousands)

19. The components of other receivables, net at December 31, 2018 and 2017 are as follows:

	2018	2017
Receivables due from special purpose entity (see Note 8)	**$ 28,008**	$ 19,953
Reserve for receivable from special purpose entity	**(784)**	(661)
Legal settlement	**3,000**	-
Receivables, non-trade	**1,142**	2,515
Reserve for receivables, non-trade	**(367)**	(664)
Rebates and refunds due	**169**	982
Escrow receivable	**-**	750
Deposits	**283**	270
Other	**463**	414
Total other receivables, net	**$ 31,914**	$ 23,559

As at December 31, 2018 and 2017, the aging analysis of other receivables before allowances is as follows:

	2018	2017
Neither past due nor impaired	**$ 31,451**	$ 22,395
<180 days	**1,038**	1,077
180-365 days	**576**	662
> 365 days	**-**	750
	$ 33,065	$ 24,884

20. Credit facilities and long-term debt

As of December 31, 2018 and 2017, the carrying amount and the fair value of the Company's debt obligations were as follows:

	2018	
	Carrying Amount	**Fair Value**
Current		
Loans from related parties	**$ 202,191**	**$ 205,008**
Debentures	**-**	**-**
Finance lease liabilities	**3,208**	**3,208**
	$ 205,399	**$ 208,216**
Non-current		
Loans from related parties	**$ 256,952**	**$ 243,333**
Debentures	**-**	**-**
Finance lease liabilities	**10,124**	**10,124**
	$ 267,076	**$ 253,457**
Total borrowings	**$ 472,475**	**$ 461,673**

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

(All amounts in thousands)

	2017			
	Carrying Amount		Fair Value	
Current				
Loans from related parties		-		-
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

Interest payable on loans is recorded in Accrued Expenses (Note 24).

At December 31, 2018 the Company maintained an uncommitted borrowing facility with a bank with a maturity date of December 20, 2019. The full value of this borrowing facility is $50,000 with the full amount available 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, 2018 and 2017, the Company was in compliance with all of the covenants. The facility is guaranteed by Titan Cement.

At December 31, 2018 the Company maintained a committed borrowing facility with a bank with a maturity date of November 15, 2019. 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, 2018, the Company was in compliance with all of the covenants. The facility is guaranteed by Titan Cement.

The Company had a €43,313 unsecured Euro denominated note payable with an affiliated entity, bearing interest at 9.49% which matured on January 18, 2017.

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, 2018, 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.

In March 2018, the Company entered into a new €75,000 note payable with an affiliated entity, bearing interest at 2.60% and maturing on 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:

	2018	2017
Between 1 and 2 years	**$ 3,137**	$ 214,010
Between 2 and 3 years	**5,307**	3,148
Between 3 and 4 years	**1,669**	5,311
Between 4 and 5 years	**-**	1,703
Over 5 years	**256,963**	201,689
	$ 267,076	$ 425,861

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, 2018 and 2017:

	2018	2017
Within 6 months	**$ 1,595**	$ 1,520
Between 6 months and 1 year	**204,283**	1,544
Between 1 and 5 years	**267,744**	225,447
Later years	**-**	201,895
Total	**$ 473,622**	$ 430,406

The weighted average effective interest rates at December 31, 2018 and 2017 are as follows:

	2018	2017
Variable rate loans from related parties	**N/A**	N/A
Fixed rate loans from related parties	**3.32%**	3.48%
Debentures	**N/A**	1.40%
Finance lease liabilities	**2.91%**	2.92%

Borrowings by currency at December 31, 2018 and 2017 were as follows:

	2018	2017
US Dollar	**$ 13,332**	$ 38,030
Euro	**459,143**	390,853
Total	**$ 472,475**	$ 428,883

The Company has the following undrawn borrowing facilities at December 31, 2018 and 2017, respectively:

	2018	2017
Floating rate:		
Expiring within one year	**$ 75,000**	$ 75,000
Expiring beyond one year	**286,250**	299,825
Total	**$ 361,250**	$ 374,825

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, 2018 and 2017. At December 31, 2018 and 2017, the banks had issued letters of credit on behalf of the Company totaling $10,628 and $33,481, respectively, as further described below:

	2018	2017
Facility amount	**$ 65,000**	$ 55,000
Less letters of credit issued in support of:		
Variable rate industrial revenue bonds	**-**	(22,253)
Casualty, liability, and workers' compensation insurance programs	**(10,293)**	(10,293)
Performance obligations	**(100)**	(700)
Other payment obligations	**(235)**	(235)
Available facility amount	**$ 54,372**	$ 21,519

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, 2018 and 2017. At December 31, 2018 and 2017, the insurance company had issued performance bonds on behalf of the Company totaling $10,428 and $19,702, respectively, as further described below:

	2018	2017
Facility amount	**$ 40,000**	$ 40,000
Less performance bonds issued in support of:		
Supply obligations	**(1,694)**	(12,887)
Excavation and reclamation obligations	**(3,928)**	(3,909)
Surety bond	**(1,886)**	(1,886)
Other payment and performance obligations	**(2,920)**	(1,020)
Available facility amount	**$ 29,572**	$ 20,298

During the years ended December 31, 2018, the Company entered into two new finance leases in the principal amount of $301 with a term of one year and an average interest rate of 4.5%. During the year ended December 31, 2017, the Company did not enter into any new finance leases.

(All amounts in thousands)

The present value of the finance lease liabilities at December 31, 2018 and 2017 may be analyzed as follows:

	2018	2017
Amounts payable:		
Within one year	**$ 3,599**	$ 3,492
Between one and two years	**3,429**	3,429
Between two and three years	**5,571**	3,429
Between three and four years	**1,887**	5,571
Between four and five years	**-**	1,887
Total minimum lease payments	**14,486**	17,808
Future finance charges on finance leases	**(1,154)**	(1,572)
Present value of finance lease liabilities	**$ 13,332**	$ 16,236

Principal payments made under these leases for the years ended December 31, 2018 and 2017 totaled $3,065 and $3,043, respectively.

Changes in liabilities arising from financing activities during the year ended December 31, 2018 can be summarized as follows:

	2017	Cash Flows	Finance Lease Issuance	Foreign Exchange	Issuance Cost Write-off/ Amortization	2018
Loans from related parties	390,853	92,413	-	(25,039)	916	459,143
Debentures	21,794	(22,000)	-	-	206	-
Finance lease liabilities	16,236	(3,065)	161	-	-	13,332
	$ 428,883	**$ 67,348**	**$ 161**	**$ (25,039)**	**$ 1,122**	**$ 472,475**

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

	2016	Cash Flows	Finance Lease Issuance	Foreign Exchange	Issuance Cost Write-off/ Amortization	2017
Loans from related parties	387,808	(50,382)	-	48,858	4,569	390,853
Debentures	21,781		-		13	21,794
Finance lease liabilities	19,278	(3,043)	-		1	16,236
	$ 428,867	**$ (53,425)**	**$ -**	**$ 48,858**	**$ 4,583**	**$ 428,883**

21. Income taxes

(All amounts in thousands)

The components of income tax expense/(benefit) for the years ended December 31, 2018 and 2017 consist of:

	2018	2017
U.S. Federal		
Current	$ **(3,362)**	$ 2,406
Deferred	**22,879**	14,526
Other	**692**	-
	$ **20,209**	$ 16,932
State		
Current	$ **334**	$ 159
Deferred	**6,658**	6,232
Other	**158**	-
	$ **7,150**	$ 6,391
Total income tax expense	$ **27,359**	$ 23,323

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:

	2018	2017
Income before income taxes	$ **105,641**	$ 92,208
Income tax expense at applicable statutory U.S. Federal tax rate	**22,184**	32,273
Differences resulting from:		
State income taxes, net of federal tax effect	**4,886**	3,326
Mineral deposit depletion in excess of cost basis	**(2,669)**	(4,640)
Nondeductible expenses	**201**	283
Change in recognition of net operating loss carryforwards	**862**	1,339
Base Erosion and Anti-Abuse Tax	**1,263**	
Effect of change in U.S. federal tax rate	**-**	(9,357)
Other	**632**	99
Income tax expense	$ **27,359**	$ 23,323

21. Income taxes (continued)

Net deferred tax assets/(liabilities) consist of the following components at December 31, 2018 and 2017, respectively:

	2018	2017
Deferred tax assets:		
Provisions and accrued expenses	**$ 9,610**	$ 10,260
Retirement benefit obligations	**2,425**	2,421
Deferred income	**857**	1,039
Identifiable intangible assets	**1,966**	3,736
Accounts receivable valuation	**1,811**	1,849
Inventory valuation and costing	**1,380**	1,181
Net operating loss and charitable contribution carryforwards	**48,045**	68,808
Tax credit carryforwards	**4,656**	9,312
Long-term debt / lease obligations	**3,358**	4,124
Other	**595**	613
Total deferred tax assets	**74,703**	103,343
Deferred tax liabilities:		
Property, plant and equipment	**40,636**	44,096
Mineral deposits	**23,728**	23,748
Goodwill	**35,427**	32,538
Investment in associate	**434**	700
Prepaid expenses	**1,195**	1,031
Unrealized net gains on foreign exchange and derivative financial instruments	**3,326**	1,580
Total deferred tax liabilities	**104,746**	103,693
Other noncurrent income tax liabilities	**850**	0
Net deferred income tax (liabilities)/assets	**$ (30,893)**	$ (350)

U.S. Federal taxable income was $0 for each of the years ended December 31, 2018 and 2017 after utilization of NOL carryforwards of $78,025 and $102,903, respectively.

At December 31, 2018, the Company had:

- U.S. Federal net operating loss (NOL) carryforwards of $173,869 expiring in the years 2031 through 2036; and

- U.S. Federal tax credit carryforwards in the amount of $4,656 which, subject to certain Internal Revenue Service (IRS) limitations, will be used to offset future U.S. Federal income taxes payable through 2021 and if unused prior to 2022, refunded in whole.

Fiscal years 2014-2018 are currently unaudited by the tax authorities. In addition, there are current no federal or state income tax audits in process.

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%.

- Net operating loss carryforwards generated prior to 2018 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 recorded a deferred tax benefit of $9,357 and an adjustment of $387 to other comprehensive income in 2017 from the revaluation of net deferred tax liabilities at the new deferred tax rate.

(All amounts in thousands)

22. Retirement Benefit Obligations

Retirement benefit obligations at December 31, 2018 and 2017, consist of the following:

	2018	2017
Nonqualified deferred compensation plan	**$ 4,020**	$ 5,000
Pension benefits	**3,048**	3,156
Other post-retirement benefits	**1,419**	1,555
Retirement benefit obligations	**$ 8,487**	$ 9,711

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, 2018 the defined benefit pension plan assets are invested approximately 54% in equity investments and 46% in fixed income investments. The discount rate that has been adopted for the study of the pension plans was 4.00%.

The Company expects to contribute $251 to its defined benefit pension plans in 2019. 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 $3,575 and $3,159, respectively, for the years ended December 31, 2018 and 2017.

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, 2018 or 2017.

(All amounts in thousands)

22. 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, 2018 and 2017.

	Pension Benefits		Other Post-retirement Benefits	
	2018	**2017**	**2018**	**2017**
Benefit obligations	**$ 14,099**	$ 15,421	**$ 1,419**	$ 1,555
Fair value of plan assets	**11,051**	12,265	**-**	-
Accrued cost, December 31	**$ 3,048**	$ 3,156	**$ 1,419**	$ 1,555

Changes in the present value of the defined benefit obligations for the years ended December 31, 2018 and 2017 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2018	**2017**	**2018**	**2017**
Benefit obligations, January 1	**$ 15,421**	$ 15,070	**$ 1,555**	$ 1,806
Service cost	**-**	-	**5**	26
Interest cost	**520**	587	**52**	61
Benefits paid	**(1,008)**	(971)	**(87)**	(137)
Actuarial (gain)/loss	**(834)**	735	**(106)**	(201)
Benefit obligations, December 31	**$ 14,099**	$ 15,421	**$ 1,419**	$ 1,555
Discount rate used in computing ending obligations	4.00%	3.50%	4.00%	3.50%

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	
	2018	**2017**
Health care cost trend rate:		
2018	**N/A**	7.3%
2019	**7.0%**	7.0%
2020	**7.0%**	7.0%
2021	**6.8%**	6.8%
2022	**6.5%**	6.5%
2023	**6.3%**	6.3%
2024	**6.0%**	6.0%
2025	**5.5%**	5.5%
2026	**5.3%**	5.3%
2027	**4.8%**	4.8%
2028 and thereafter	**4.5%**	4.5%

(All amounts in thousands)

22. Retirement Benefit Obligations (continued)

Changes in the fair value of plan assets for the years ended December 31, 2018 and 2017 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2018	**2017**	**2018**	**2017**
Fair value of plan assets, January 1	**$ 12,265**	$ 11,565	**$ -**	$ -
Return on plan assets	**(465)**	1,728	**-**	-
Contributions	**493**	188	**87**	137
Administrative expenses	**(234)**	(245)	**-**	-
Benefits paid	**(1,008)**	(971)	**(87)**	(137)
Fair value of plan assets, December 31	**$ 11,051**	$ 12,265	**$ -**	$ -

The estimated future benefit payments at December 31, 2018 and 2017 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2018	**2017**	**2018**	**2017**
Year 1	**$ 1,024**	$ 1,007	**$ 124**	$ 127
Year 2	**1,021**	1,022	**121**	126
Year 3	**1,019**	1,019	**118**	123
Year 4	**1,008**	1,022	**89**	118
Year 5	**989**	1,011	**97**	90
Years 6-10	**4,739**	4,866	**482**	486
Years 10+	**12,385**	13,381	**1,123**	1,210
	$ 22,185	$ 23,328	**$ 2,154**	$ 2,280

A reconciliation of the movements in the net pension and other post-retirement benefit liabilities during the years ended 2018 and 2017 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2018	**2017**	**2018**	**2017**
Accrued cost, January 1	**$ 3,156**	$ 3,505	**$ 1,555**	$ 1,806
Expense recognized in statement of income	**333**	385	**57**	87
Amount recognized as other comprehensive loss/(income)	**52**	(546)	**(106)**	(201)
Contributions	**(493)**	(188)	**(87)**	(137)
Accrued cost, December 31	**$ 3,048**	$ 3,156	**$ 1,419**	$ 1,555

22. Retirement Benefit Obligations (continued)

The components of net periodic pension and other post-retirement benefit costs for the years ended December 31, 2018 and 2017 are as follows:

	Pension Benefits		**Other Post-retirement Benefits**	
	2018	**2017**	**2018**	**2017**
Service cost	**$ -**	$ -	**$ 5**	$ 26
Administrative expenses	**234**	245	**-**	-
Net interest cost	**99**	140	**52**	61
Net periodic pension expense	**333**	385	**57**	87
Other comprehensive loss/(income)	**52**	(546)	**(106)**	(201)
Total comprehensive loss/(income)	**$ 385**	$ (161)	**$ (49)**	$ (114)

The amounts recorded to total comprehensive (income)/loss for the years ended December 31, 2018 and 2017 are as follows:

	2018	**2017**
Cost of goods sold	**$ 239**	$ 271
Finance cost	**151**	201
Net periodic expense	**390**	472
Other comprehensive income	**(54)**	(747)
Total comprehensive loss/(income)	**$ 336**	$ (275)

The components of actuarial loss/ (gains) included in other comprehensive (income)/loss for the years ended December 31, 2018 and 2017 are as follows:

	2018	**2017**
Asset loss/(gain)	**$ 887**	$ (1,282)
Demographic gain	**(85)**	(90)
Assumption (gain)/loss	**(856)**	625
Total actuarial gain	**$ (54)**	$ (747)

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

	Increase	**Decrease**
2018		
Effect on the aggregate current service cost and interest cost	**$ 4**	**$ (3)**
Effect on other post-retirement benefit obligation	**$ 103**	**$ (90)**
2017		
Effect on the aggregate current service cost and interest cost	$ 4	$ (3)
Effect on other post-retirement benefit obligation	$ 109	$ (94)

22. Retirement Benefit Obligations (continued)

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

	Increase	Decrease
2018		
Effect on the aggregate current service cost and interest cost	**$ 9**	**$ (11)**
Effect on pension and other post-retirement benefit obligation	**$ (1,377)**	**$ 1,631**
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

23. Provisions

The components of provisions at December 31, 2018 are as follows:

Provision Description		**Balance at 1/1/18**	**Charges to Income Statement**	**Cash Payments**	**Balance at 12/31/18**
Restoration obligations	a	$ 10,217	$ (96)	$ -	$ 10,121
Sales and use tax	b	704	(76)	-	628
Severance	c	903	7	(188)	722
Other	d	45	29	(6)	68
Total		$ 11,869	$ (136)	$ (194)	$ 11,539

Analysis of Provisions	**2018**	**2017**
Current portion of provisions	**$ 765**	$ 917
Noncurrent portion of provisions	**10,774**	10,952
Total	**$ 11,539**	$ 11,869

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)

23. 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 $38 will be utilized in the next twelve months with the remaining amounts utilized over the next 2 to 11 years.

During the years ended December 31, 2018 and 2017, the Company increased provisions by the net amounts of $98 and $158, respectively, for the passage of time. This accretion of provisions is included in finance cost in the accompanying consolidated income statement.

24. The components of accrued expenses at December 31, 2018 and 2017 are as follows:

	2018	2017
Insurance reserves	**$ 12,439**	$ 12,326
Interest payable	**8,581**	7,439
Employee compensation and benefits	**7,515**	8,828
Taxes payable, other than income taxes	**2,116**	2,958
Accrued royalties and dues	**852**	1,797
Professional fees	**400**	397
Accrued liabilities related to acquisitions	**-**	99
Other	**308**	295
Total accrued expenses	**$ 32,211**	$ 34,139

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, 2018 and 2017 related to self-insured liability are recorded as insurance reserves in accrued expenses.

25. Related Party Transactions

The following is a summary of the transactions that were carried out with related parties during 2018:

	Sales of products and services for fly ash separation	**Purchases and charges from related parties**	**Amounts owed to/(from) related parties, net**	**Deferred income**
Titan Global Finance - financing costs	**$ -**	**$ 19,230**	**$ 465,013**	**$ -**
Titan Cement - purchase of cement	**-**	**68,853**	**(2,321)**	**-**
Titan Cement - management fee	**-**	**6,322**	**1,384**	**-**
Other	**412**	**-**	**972**	**123**
	$ 412	**$ 94,405**	**$ 465,048**	**$ 123**

(All amounts in thousands)

25. Related Party Transactions (continued)

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

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, 2018 and 2017 are as follows:

	2018	2017
Salaries and related payroll taxes	**$ 8,257**	$ 8,534
Short-term employee benefits	**468**	486
Retirement plan contributions	**138**	158
Long-term incentives, including share-based payments	**972**	554
Termination benefits	**378**	396
Other	**230**	299
Total key management compensation	**$ 10,443**	$ 10,427
Number of key management employees at December 31	**18**	18

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. After the completion of the three-year vesting period, the final option rights number shall be determined within the first four months of the year following the abovementioned maturity period of three years and shall depend:

- By 50% on the average three-year Return on Average Capital Employed (ROACE) compared to the target of each year period; and

- By 50% on the overall performance of the Company's common share compared to the average overall performance of the shares of predefined international cement producing companies.

(All amounts in thousands)

25. Related Party Transactions (continued)

The Beneficiaries shall be entitled to exercise their stock option rights, either in whole or in part, within the first five working days of each month, paying the Company the relevant amounts until the expiration date of their stock options.

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:

	2018	2017	2016	2015
Key assumptions at date of grant:				
Stock price	€ 21.00	€ 25.80	€ 20.38	€ 19.55
Exercise price	€ 10.00	€ 10.00	€ 10.00	€ 10.00
Dividend yield	0.86%	0.90%	0.87%	0.59%
Volatility	42.71%	42.82%	42.80%	40.61%
Risk-free rate	-0.18%	-0.13%	-0.15%	0.17%
Option life	3 years	3 years	3 years	3 years
Fair value price	€ 5.99	€ 6.60	€ 5.17	€ 4.14

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, 2018 and 2017, $688 and $467 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, 2018 and 2017 are as follows:

	2018	2017
Shares under option, January 1	**259**	142
Granted	**129**	95
Transferred	**-**	71
Exercised	**(13)**	(11)
Expired/cancelled	**(41)**	(38)
Shares under option, December 31	**334**	259
Options exercisable, December 31	**23**	3

The stock price of Titan Cement common shares was €19.38 and €22.90 at December 31, 2018 and 2017, 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.

During 2018, the Company declared and paid, as a return of capital, the Euro equivalent of $146,455, to Titan Atlantic.

26. 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 2018 and 2017, the Company accepted delivery of approximately 502 tons and 525 tons of construction aggregates from the supplier, respectively. The remaining commitment under the supply agreement is approximately 8,324 tons at December 31, 2018.

Under the terms of the supply agreement, purchases are made at current market prices, subject to periodic adjustments. As of January 1, 2019, 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)

26. 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, 2018 and 2017 were as follows:

		2018		**2017**
Within one year	**$**	**12,377**		11,544
Between one and two years		**10,439**		10,625
Between two and three years		**6,053**		8,849
Between three and four years		**3,517**		4,631
Between four and five years		**2,384**		2,659
Later years		**9,350**		10,493
Total	**$**	**44,120**	$	48,801

Total rent expense under non-cancellable operating leases included in the accompanying consolidated income statement for the years ended December 31, 2018 and 2017, was $12,559 and $10,743, 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.

27. 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, 2018 based on contractual undiscounted payments.

27. Financial risk management objectives and policies (continued)

	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	**$ 15,386**	**$ 215,602**	**$ 58,173**	**$ 269,520**	**$ 558,681**
Other non-current liabilities	**-**	**-**	**1,234**	**-**	**1,234**
Trade and other payables	**84,911**	**-**	**-**	**-**	**84,911**
	$ 100,297	**$ 215,602**	**$ 59,407**	**$ 269,520**	**$ 644,826**

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

	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	$ 9,622	$ 9,828	$ 257,680	$ 214,786	$ 491,916
Other non-current liabilities	-	-	1,820	-	1,820
Trade and other payables	71,527	-	-	-	71,527
	$ 81,149	$ 9,828	$ 259,500	$ 214,786	$ 565,263

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)

27. 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

In August 2018, the Company entered into three 6-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 November 16, 2024, U.S. Dollar to Euro exchange rate for the scheduled €150,000 repayment at $1.158867 to €1.00. In addition, during the period of the agreements, the Company will receive Euro denominated fixed rate interest on €150,000 and pay U.S. Dollar denominated fixed rate interest on $173,830 (i.e. €150,000 x 1.158867 = $173,830). 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 fixed rate loan.

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.

€75,000 Fixed Rate Loan

On December 21, 2018, the Company entered into two 3-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 €75,000 fixed rate borrowing. Under the terms of those agreements, the Counterparties fixed the U.S. Dollar to Euro exchange rate at $1.1509 to €1.00 with a value date of March 29, 2019.

(All amounts in thousands)

27. Financial risk management objectives and policies (continued)

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 (+/-)
12/31/18	**5.0%**	**$ 4,294**	**(5.0)%**	**$ (4,294)**
12/31/17	5.0%	$ 8,995	(5.0)%	$ (8,995)

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 (+/-)
12/31/18	**1.0%**	**$ -**	**(1.0)%**	**$ -**
12/31/17	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.

(All amounts in thousands)

27. Financial risk management objectives and policies (continued)

Financial instruments by measurement category

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

	2018		**2017**	
	Assets at amortized cost	**Assets at FVPL**	**Assets at amortized cost**	**Assets at FVPL**
Financial Assets				
Trade receivables, net	**$ 25,878**	**$ -**	$ 31,786	$ -
Other receivables, net	**31,914**	**-**	23,559	-
Related party receivables	**2,936**	**-**	190	-
Derivative financial instruments	-	**1,020**	-	4,133
	$ 60,728	**$ 1,020**	$ 55,535	$ 4,133

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

	2018		**2017**	
	Liabilities at amortized cost	**Liabilities designated at FVPL**	**Liabilities at amortized cost**	**Liabilities designated at FVPL**
Financial Liabilities				
Accounts payable	**$ 81,817**	**$ -**	$ 68,092	$ -
Accounts payable, related parties	**3,094**	**-**	3,435	-
Borrowings	**472,475**	**-**	428,883	-
Derivative financial instruments	-	**-**	-	-
	$ 557,386	**$ -**	$ 500,410	$ -

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, 2018 and 2017.

(All amounts in thousands)

27. Financial risk management objectives and policies (continued)

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.

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.

28. Events after the reporting period

Management has evaluated subsequent events through April 3, 2019, which is the date these financial statements were available to be issued. No significant matters were identified impacting the Company's financial position or requiring further disclosure.