UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): March 6, 2020

EAGLE MATERIALS INC.
(Exact name of registrant as specified in its charter)

DELAWARE	1-12984	75-2520779
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

5960 BERKSHIRE LANE, SUITE 900 DALLAS, TEXAS	75225
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (214) 432-2000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**EXP**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

EXPLANATORY NOTE

Eagle Materials Inc., a Delaware corporation (the "Company"), is filing this Current Report on Form 8-K/A (this "Amendment No. 1") in order to file the historical financial statements and pro forma financial information required by Items 9.01 (a) and (b) of Form 8-K, as well as the independent auditor consent, which were omitted as permitted in paragraphs (a)(4) and (b)(2) of such Item from its Current Report on Form 8-K, filed with the Securities and Exchange Commission (the "Commission") on March 6, 2020 (the "Original Form 8-K") in connection with the acquisition of certain assets (the "Acquisition") of Kosmos Cement Company, a Kentucky general partnership (the "Seller"). The financial statements and information filed with this Amendment No. 1 consist of the historical financial statements of the Seller specified in Rule 3-05(b) of Regulation S-X and the pro forma financial information required in connection with the Acquisition pursuant to Article 11 of Regulation S-X. The pro forma financial information included in this Amendment No. 1 has been presented for informational purposes only, as required by Form 8-K; it does not purport to represent the actual results of operations that the Company would have achieved had it completed the Acquisition prior to the periods presented in the pro forma financial information and it is not intended to project the future results of operations that the Company may achieve after the Acquisition.

Capitalized terms used in this Amendment No. 1 without definition have the respective meanings given to them in the Original Form 8-K. No other amendments are being made to the Original Form 8-K by this Amendment No. 1. This Amendment No. 1 should be read in connection with the Original Form 8-K, which provides a more complete description of the Acquisition.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The audited financial statements of the Seller and accompanying notes related thereto as of and for the years ended December 31, 2019 and 2018 are filed herewith as Exhibit 99.1

The unaudited financial statements of the Seller and accompanying notes related thereto as of and for the nine-months ended September 30, 2019 and 2018 are filed herewith as Exhibit 99.2

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined financial statements of the Company and accompanying notes related thereto as of December 31, 2019 and for the nine-months ended December 31, 2019 and the fiscal year ended March 31, 2019 are filed herewith as Exhibit 99.3.

(c) Exhibits

Exhibit Number	Description
23.1	Consent of KPMG LLP, independent registered public accounting firm.
99.1	The audited financial statements of the Seller and accompanying notes related thereto as of and for the years ended December 31, 2019 and 2018.
99.2	The unaudited financial statements of the Seller and accompanying notes related to the nine-month periods as of and for the nine months ended September 30, 2019 and 2018.
99.3	The unaudited pro forma condensed combined financial statements of Eagle Materials Inc. and accompanying notes related thereto as of December 31, 2019 and for the nine-months ended December 31, 2019 and the fiscal year ended March 31, 2019
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EAGLE MATERIALS INC.

By: /s/ James H. Graass

James H. Graass
Executive Vice President, General
Counsel and Secretary

Date: May 12, 2020

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the registration statement (No. 228205) on Form S-3 and the registration statements (Nos. 33-82820, 33-82928, 33-84394, 333-54102, 333-163061 and 333-190487) on Form S-8 of Eagle Materials Inc. of our report dated March 20, 2020, with respect to the balance sheets of Kosmos Cement Company as of December 31, 2019 and 2018, the related statements of income, changes in partners' capital and cash flows for each of the years in the two year period ended December 31, 2019, and the related notes, which report appears in the Form 8-K/A of Eagle Materials Inc. dated May 12, 2020.

/s/ KPMG LLP

Houston, Texas
May 12, 2020

Exhibit 99.1

KOSMOS CEMENT COMPANY

(A Partnership)

Financial Statements

December 31, 2019 and 2018

(With Independent Auditors’ Report Thereon)

KOSMOS CEMENT COMPANY
(A Partnership)

December 31, 2019 and 2018

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Independent Auditors' Report

The Partners
Kosmos Cement Company:

We have audited the accompanying financial statements of Kosmos Cement Company, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income, changes in partners' capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Kosmos Cement Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Houston, Texas
March 20, 2020

KOSMOS CEMENT COMPANY
(A Partnership)
Balance Sheets
December 31, 2019 and 2018
(In thousands of U.S. Dollars)

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 4,586	4,586
Accounts receivables, net (note 3)	9,979	11,478
Inventories (note 5)	18,101	15,966
Intercompany receivables, net (note 4)	29,773	42,928
Prepaid expenses and other current assets	71	51
Total current assets	62,510	75,009
Property, plant and equipment, net (notes 6)	130,551	132,448
Goodwill	18,059	18,059
Other long-term assets	1,957	2,132
Total assets	213,077	227,648
Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable	25,191	26,587
Accrued expenses and other current liabilities	2,477	3,666
Current installments of obligations under capital leases (note 10)	360	284
Total current liabilities	28,028	30,537
Asset retirement obligation (note 7)	2,482	4,612
Obligations under capital leases, excluding current installments (note 10)	565	683
Total liabilities	31,075	35,832
Partners' capital:		
CEMEX, Inc.	136,501	143,862
Buzzi Unicem USA	45,501	47,954
Total partners' capital	182,002	191,816
Commitments and contingencies (note 11)		
Total liabilities and partners' capital	$213,077	227,648

See accompanying notes to financial statements.

KOSMOS CEMENT COMPANY
(A Partnership)
Statements of Income
Years ended December 31, 2019 and 2018
(In thousands of U.S. Dollars)

	2019	2018
Trade revenues	$140,686	133,404
Revenues from affiliates (note 4)	24,460	27,692
Interest income	29	29
Other income (expense), net	18	46
Total revenues	165,193	161,171
Cost and expenses		
Operating	85,798	84,976
Depreciation and depletion	11,641	11,416
Selling and marketing	29,559	27,070
General and administrative	2,729	2,462
Interest expense	122	172
Total cost and expenses	129,849	126,096
Net income	$ 35,344	35,075

See accompanying notes to financial statements.

KOSMOS CEMENT COMPANY
(A Partnership)
Statements of Changes in Partners' Capital
Years ended December 31, 2019 and 2018
(In thousands of U.S. Dollars)

	CEMEX, Inc.	Buzzi Unicem USA	Total
Balance at December 31, 2017	$ 139,267	46,423	185,690
Partnership distributions	(21,749)	(7,251)	(29,000)
Share-based compensation	38	13	51
Net income	26,306	8,769	35,075
Balance at December 31, 2018	143,862	47,954	191,816
Partnership distributions	(33,900)	(11,300)	(45,200)
Share-based compensation	31	11	42
Net income	26,508	8,836	35,344
Balance at December 31, 2019	$ 136,501	45,501	182,002

See accompanying notes to financial statements.

KOSMOS CEMENT COMPANY
(A Partnership)
Statements of Cash Flows
Years ended December 31, 2019 and 2018
(In thousands of U.S. Dollars)

	2019	2018
Cash flows from operating activities:		
Net income	$ 35,344	35,075
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and depletion	11,641	11,416
Accretion	356	338
Loss on sale of assets	(12)	31
Share-based compensation	42	51
Changes in operating assets and liabilities:		
Increase in accounts receivable and other current assets	1,479	(1,418)
Decrease in inventories	(2,135)	3,090
Decrease (increase) in other long-term assets	175	328
Increase (decrease) in accounts payable	3,160	246
Increase (decrease) in accrued expenses and other current liabilities	(989)	1,300
(Increase) decrease in intercompany receivable	13,155	(14,910)
Net cash provided by operating activities	62,216	35,547
Cash flows from investing activities:		
Purchases of property, plant and equipment	(16,770)	(6,319)
Proceeds from sale of assets	40	42
Net cash used in investing activities	(16,730)	(6,277)
Cash flows from financing activities:		
Payments on capital lease obligations	(286)	(270)
Partnership distributions	(45,200)	(29,000)
Net cash used in financing activities	(45,486)	(29,270)
Net increase (decrease) in cash and cash equivalents	—	—
Cash and cash equivalents at the beginning of the year	4,586	4,586
Cash and cash equivalents at the end of the year	$ 4,586	4,586

Interest payments for the years ended December 31, 2019 and 2018 were $122 and $172, respectively.

Property and equipment in accounts payable and accrued expenses as of December 31, 2019 and 2018 were $3,311 and $7,943, respectively.

See accompanying notes to financial statements.

(1) Description of Business

Kosmos Cement Company (the Partnership or KOSMOS) was formed under the Uniform Kentucky Partnership Act on March 7, 1988, for the purpose of mining, manufacturing, purchasing, distributing, and/or selling any and all types of cement, clinker, other intermediary products, and/or aggregates, principally in the states of Kentucky, Indiana, Ohio, Pennsylvania, and West Virginia and engaging in all activities coincident thereto. The Partnership is presently owned 75% by CEMEX, Inc., a Louisiana corporation (CEMEX), which is an indirect wholly owned subsidiary of CEMEX S.A.B de C.V. (CEMEX Parent), and 25% by Buzzi Unicem USA, which stems from the merger, early in 2004, of RC Cement (Buzzi Unicem) and Lone Star Industries (Dyckerhoff). The term of the Partnership shall continue until December 31, 2030 unless sooner terminated in accordance with the terms of the Partnership agreement. In March 2020 the Partnership sold substantially all of its operating assets and certain liabilities to Eagle Materials Inc., including property, plant and equipment, inventory, asset retirement obligation, and leases, for an aggregate purchase price of $665,000, please refer to note 13 Subsequent Events.

Partners are obligated to make pro rata capital contributions to (a) meet the working capital requirements of the Partnership or to maintain the facilities and any other assets of the Partnership as may be deemed necessary from time to time, provided such amounts do not exceed $2 million per year in the aggregate, and (b) expand the productive capacity of the Kosmosdale plant. The Partnership may request voluntary pro rata capital contributions in excess of the obligatory amounts.

Each partner has a preferential right of purchase or right of first refusal if the other partner desires to dispose of its entire interest in the Partnership. Within 60 days of a change in control with respect to the ultimate parent of either partner, the other partner has the right to sell its interest in the Partnership for a stipulated price to the partner that has experienced the change in control.

(2) Significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, and goodwill; valuation allowances for receivables and inventories; asset retirement obligations and litigation and environmental liabilities; and lease classification and accounting.

(b) Partners' capital

Management evaluated the accounting and classification of the partners' interests and concluded it represents equity and should be presented as partners' capital in accordance with ASC 825, Financial Instruments.

The Partnership agreement provides that all Partnership items constituting, for federal tax purposes, income, gain, expense, loss, deduction, or tax credit for each taxable year shall be

(continued)

allocated among the partners in proportion to their initial sharing ratios of 75% for CEMEX, Inc and 25% for Buzzi Unicem USA or the respective sharing ratio in effect on the date such revenues, costs, and expenses are realized or incurred.

(c) Cash and cash equivalents

Cash and cash equivalents consist primarily of overnight funds and time deposits with an initial term of less than three months, which are not subject to significant risks of changes in value.

(d) Accounts Receivable

Accounts receivable are recorded at the invoiced amount, less allowance for doubtful accounts. Amounts collected on accounts receivable are included in net cash provided by operating activities in the Statements of Cash Flows. The allowance for doubtful accounts is the Partnership's best estimate of the amount of probable credit losses in the Partnerships' existing accounts receivable. Allowances for doubtful accounts are calculated based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable. The collectability of receivables is assessed monthly, where charge-offs are determined, the corresponding account balances are charged off against the allowance.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The value of inventory is derived by the weighted average cost method.

The Partnership analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Property, Plant and Equipment

Property, plant and equipment are recognized at their acquisition or construction cost, as applicable, less accumulated depreciation. Preproduction stripping costs, which represent costs of removing overburden to access mineral deposits during the development of a mine, are capitalized as mineral rights.

(continued)

(In thousands of U.S. Dollars)

Depreciation commences when the asset is ready for use. Depreciation of fixed assets is recognized as part of "Depreciation and depletion" in the Statements of Income and is calculated using the straight-line method over the estimated useful lives of the assets, with the exception of mineral rights, which are depleted using the units-of-production method. As of December 31, 2019, the range of average useful lives by category of fixed assets, were as follows:

	Years
Buildings and improvements	5 to 30
Machinery and equipment	3 to 50
Mobile equipment	3 to 10
Office equipment and other assets	3 to 10
Computer equipment	3 to 5

Costs of improvements that result in future economic benefits, such as an extension in the asset's useful life, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. The capitalized costs are depreciated over the remaining useful lives of such fixed assets. Other costs, including periodic maintenance on fixed assets, are expensed as incurred. Interest is expensed as incurred except where it relates to the financing of major projects constructed for internal use, where it is capitalized up to the date of completion. Following completion, the total capitalized cost including interest is depreciated over the expected useful life of the asset.

(g) Goodwill

Goodwill represents the excess purchase price over the estimated fair value of net assets acquired in a business combination. Goodwill acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) Topic 350 (ASC Topic 350) *Intangibles – Goodwill and Other*.

Under ASC Topic 350, an impairment loss is recognized to the extent that the carrying amount exceeds its fair value. The impairment determination is made at the reporting unit level. The Partnership performs its annual impairment review of goodwill at the beginning of the fourth quarter, and when a triggering event occurs between annual impairment tests. No impairments were recorded for the years ended December 31, 2019 and December 31, 2018.

(h) Impairment of Long-Lived Assets

Long-lived assets, which consists of property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Partnership first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined using methodologies generally accepted in the market to determine the value of an entity, such as multiples of operating earnings before interest, taxes, depreciation, and amortization (EBITDA) and by reference to other market transactions, among others.

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(i) Asset Retirement Obligation

The Partnership's liability for asset retirement obligations arises from regulatory and contractual requirements to perform certain asset retirement activities at the time that certain facilities cease to operate.

In accordance with FASB ASC Subtopic 410—20 (ASC Subtopic 410-20), *Asset Retirement and Environmental Obligations – Assets Retirement Obligations*, the Partnership records the fair value of an asset retirement obligation as a liability with a corresponding increase in the carrying amount of the tangible long-lived assets in the period in which it incurs a legal obligation associated with the retirement of its related long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. Subsequent to initial recognition, the liability is increased to reflect the passage of time and adjusted to reflect changes in the timing or the amount of the estimated future cash flows underlying the initial fair value measurement. If the obligation is settled for an amount other than the carrying amount of the liability, the Partnership recognizes a gain or loss on settlement. The changes in the measurement of an existing decommissioning, restoration and similar liability are accounted for in accordance with ASC Subtopic 410-20, *Asset Retirement and Environmental Obligations – Assets Retirement Obligations*.

Land and quarries associated with the extraction of aggregate materials, and machinery and equipment for cement and other operations, are subject to ASC Subtopic 410-20 due to compliance with governmental and contractual obligations. These obligations are related mainly to future costs of demolition, cleaning and reforestation, so that the sites are left in acceptable condition at the end of their operation.

(j) Income Taxes

The Partnership is not subject to federal and state income taxes. No provision is made in the accounts of the Partnership for federal and state income taxes since such taxes are the liability of the individual general partners, and the amounts thereof depend on the individual partner's respective tax situation. Some localities, cities and counties do charge the Partnership for business and license taxes and fees based on income of the Partnership, which are expensed under other operating expenses in the Statements of Income.

(k) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(l) Revenue Recognition

The Partnership recognizes revenue in accordance ASU 2014-09, "Revenue from Contracts with Customers" (ASC Topic 606). Under ASU 2014-09, "Revenue from Contracts with Customers" (ASC Topic 606), an entity recognizes revenue to depict the transfer of promised

(continued)

goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to the performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time (typically for the sale of good) or over time (typically for sale of services and construction contracts).

The Partnership recognizes revenue at a point in time in the amount of the price, before tax on sales, expected to be received by the Partnership for goods and services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by volume rebates granted to customers. The Partnership recognizes variable consideration using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the contract. Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues in the Statements of Income.

(m) Fair value Measurements

Under FASB ASC Topic 820 (ASC Topic 820), *Fair Value Measurements and Disclosures*, fair value is defined as price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follow:

- Level 1 - represent quoted prices (unadjusted) in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date. A quote price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.
- Level 2 - are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly and are used mainly to determine the fair value of securities, investments or loans that are not actively traded. Level 2 inputs included equity prices, certain interest rates and yield curves, implied volatility and credit spreads, among others, as well as inputs extrapolated from other observable inputs. In the absence of Level 1 inputs, the Partnership determined fair values by iteration of the applicable Level 2 inputs, the number of securities and/or the other relevant terms of the contract, as applicable.

(continued)

(In thousands of U.S. Dollars)

- Level 3 - are unobservable inputs for the asset or liability. The Partnership used unobservable inputs to determine fair values, to the extent there are no Level 1 or Level 2 inputs, in valuation models including risk assumptions consistent with what market participants would use to arrive at fair value.

(n) Recently Issued Accounting Standards

There are several Accounting Standards Updates issued as of the date of issuance of these financial statements which have not yet been adopted. The following standards are expected to have a significant impact on the financial statements in the period of initial application:

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. ASC Topic 842 (ASC 842) establishes a right of use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The Partnership will adopt Topic ASC 842 starting January 1, 2021 and is currently evaluating the potential impact the new lease guidance and the related disclosures will have on its financial statements.

(3) Accounts Receivable

A majority of the Partnership’s receivables are from users of Portland cement and construction materials, users such as ready mix concrete producers, manufacturers of concrete products, and consumers of block and building materials, such as constructors.

Accounts receivable balances as of December 31, for each year are as follows:

	2019	2018
Accounts receivable	$10,495	11,838
Allowance for doubtful accounts	(516)	(360)
	$ 9,979	11,478

Allowances for doubtful accounts are calculated based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable.

Revenue from a large customer represented approximately 26% and 25% of trade revenues for the years ended December 31, 2019 and 2018, respectively. There were no other sales to any single third-party customer which in total were in excess of 14% of trade revenues for the years ended December 31, 2019 and 2018. Also, out of several hundred customers, the five largest customers accounted for approximately 54% and 50% of the trade revenues and 46% and 51% of the accounts receivable balance as of and for the years ended December 31, 2019 and 2018, respectively.

(continued)

(In thousands of U.S. Dollars)

(4) Transactions with Related Parties

As managing general partner, CEMEX, from time to time incurs certain expenses on behalf of the Partnership, including costs related to lease agreements. These costs are then passed through to the Partnership by means of intercompany charges. The costs amounted to $521 and $605 for the years ended December 31, 2019 and 2018, respectively. The Partnership, with the approval of the management committee, has access to a cash management system, which provides for alternative investment options including the investment of excess cash balances directly with CEMEX.

The Partnership also sells and purchases cement and clinker to and from affiliate plants owned by CEMEX and subsidiaries. In 2019 and 2018, the Partnership purchased cement and clinker amounting to $1,214 and $293 respectively, and sold $24,460 and $27,692 respectively, to CEMEX affiliate plants. The Partnership had an intercompany receivable of $29,773 and $42,928 as of December 31, 2019 and December 31, 2018, respectively. Additionally, the Partnership incurred administrative fees of $1,441 and $1,450 in 2019 and 2018 respectively, which are included in operating expenses in the Statements of Income.

(5) Inventories

Inventory balance as of December 31 for each year is as follows:

	2019	2018
Finished goods	$ 9,345	8,761
Work in progress	1,386	636
Raw materials	1,947	1,114
Supplies and spare parts	5,423	5,455
	$18,101	15,966

(6) Property, Plant and Equipment

Property, plant and equipment as of December 31 each year is as follows:

	2019	2018
Land	$ 17,342	16,478
Mineral rights	5,120	4,994
Plant and equipment	291,409	287,464
Construction in progress	11,001	9,803
	$ 324,872	318,739
Accumulated depreciation and depletion	(194,321)	(186,291)
	130,551	132,448

Depreciation expense on property, plant and equipment was $11,494 and $11,379 for the years ended December 31, 2019 and 2018, respectively.

(continued)

(In thousands of U.S. Dollars)

(7) Asset Retirement Obligation

The reconciliation of the beginning and ending asset retirement obligation is as follows, for the years ended December 31, 2019 and 2018:

	2019	2018
Beginning balance	$ 4,812	4,578
Accretion expense	356	338
Payments	—	—
Changes in estimates	(2,686)	(104)
Ending balance	$ 2,482	4,812
Current liabilities	—	200
Noncurrent liabilities	2,482	4,612

Accretion expense is presented in the Statements of Income under operating expenses. Current liabilities are presented in the Balance Sheet as accrued expenses and other current liabilities and noncurrent liabilities are presented as asset retirement obligations. Changes in estimates during 2019 were primarily related to revisions in the expected retirement date of the related assets.

(8) Healthcare, Life Insurance and Other Benefits

The Partnership offers healthcare and life insurance benefits to active employees and their dependents through a benefit plan sponsored by CEMEX. Most of the Partnership's healthcare benefits are self-insured and administered on cost-plus fee arrangements with major insurance companies and health maintenance organizations. The Partnership was charged a proportionate share of the combined CEMEX benefit plans made available to their employees based on relative headcounts budgeted at the beginning of the year, which amounted to $1,605 and $1,576 for the years ended December 31, 2019 and 2018, respectively.

Additionally, certain retirees and their dependents are also offered healthcare and life benefits under benefit plans sponsored by CEMEX, which are essentially the same as benefits available to active employees, which requires participant contributions; however, benefit payments for covered retirees who are age 65 or older are reduced by benefits paid by Medicare. Also, life insurance coverage provided to certain retirees is reduced over time to the minimum specified by the applicable plan in effect. The Partnership was charged a proportionate share of the combined CEMEX benefits plan costs based on the relative headcount of retirees budgeted at the beginning of the year, of about $13 and $11 for the years ended December 31, 2019 and 2018, respectively.

Certain employees of the Partnership are covered under the CEMEX defined benefit pension plan. Benefits are based on years of service and employee's compensation and are integrated with expected social security. The Partnership's share of the annual cost is $121 and $108 for the years ended December 31, 2019 and 2018, respectively.

(continued)

(In thousands of U.S. Dollars)

(9) Executive Share-Based Compensation

Eligible executives and managers participate in the CEMEX Long Term Incentive Plan of restricted stock (the Plan). The number of units granted is a function of salary, level of management responsibility, and the volume weighted average share price of a Certificado de Participation Ordinario (CPO). Each unit awarded is equivalent to one CEMEX CPO as traded on the Mexican Bolsa stock market. Each award of units is subject to vesting over years of service in four tranches of 25%, of which the first tranche vests immediately on the grant date, and the remaining tranches vest on the following three anniversary dates of the grant (the "ordinary program"). Compensation expense is recorded over its vesting in a four-year period.

The compensation expense related to the ordinary program determined considering the fair value of the awards at the date of grant was recognized in general and administrative expenses and amounted to $42 and $51 in 2019 and 2018, respectively. The weighted average unit price per CPO at grant date was approximately $0.55 in 2019 and $0.71 in 2018.

(10) Leases

The Partnership is obligated under various non-cancelable leases, primarily for the lease of certain transportation and mobile equipment, which require annual rental payments, in addition to the payment of certain operating expenses related to the facilities.

(a) Assets under capital lease

Capital lease obligations and the related asset values were determined as the lower of the market value of the leased asset and the net present value of the future minimum payments. The assets under these capital leases include ready mix trucks and other mobile equipment like wheel loaders and whole trucks. The capital leases have maturities ranging from 2020 to 2023. Leased capital assets included in property, plant, and equipment as of December 31, 2019 and 2018 are as follows:

	2019	2018
Cost	$2,348	2,085
Accumulated depreciation	(538)	(349)
Leased PPE at December 31	$1,810	1,736

Depreciation of fixed assets under capital leases is included in depreciation expense.

(continued)

(In thousands of U.S. Dollars)

(b) Lease obligations

Future minimum capital lease payments as of December 31, 2019 are as follows:

	Present value of minimum lease payments	Interest	Future minimum lease payments
2020	$ 392	57	449
2021	492	10	502
2022	35	1	36
2023	6	—	6
Total minimum lease obligations	$ 925	68	993

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2019 are as follows:

	Operating leases
Year ending December 31:	
2020	$ 3,887
2021	1,920
2022	1,315
2023	1,105
2024	861
Thereafter	2,684
Total minimum lease obligations	$ 11,772

Expense under operating leases for the years ending December 31, 2019 and 2018 was approximately $5,742 and $4,684, respectively.

(11) Commitments and Contingencies

(a) Environmental matters

The Partnership is subject to a wide range of U.S. federal, state, and local laws, regulations, and ordinances dealing with the protection of human health and the environment. The Partnership believes that its current procedures and practices for handling and managing materials are generally consistent with the industry standards and legal and regulatory requirements, and that the Partnership takes appropriate precautions to protect employees and others from harmful exposure to hazardous materials.

(continued)

For purposes of recording the provision, the Partnership considers that it is probable that a liability has been incurred and the amount of the liability is reasonably estimable, whether or not claims have been asserted, and without giving effect to any possible future recoveries. The ultimate cost that might be incurred to resolve these environmental issues cannot be assured until all environmental studies, investigations, remediation work, and negotiations with or litigation against potential sources of recovery have been completed.

Environmental matters relate to (i) the disposal of various materials, in accordance with past industry practice, which might be categorized as hazardous substances or wastes, and (ii) the cleanup of sites used or operated by the Partnership, regarding the disposal of hazardous substances or wastes.

The Partnership had no provision relating to environmental matters as of December 31, 2019 and 2018.

(b) Litigation matters

The Partnership incurs, in the regular course of business, certain commitments and contingent liabilities including, among other things, (1) personal injury lawsuits, (2) indemnity and other hold harmless agreements, (3) environmental remediation liabilities, (4) product liability claims, (5) commercial disputes and litigation, and (6) claims by disgruntled employees.

Loss contingencies and legal provisions are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Loss contingencies and legal provisions are disclosed, but not recorded, if it is not probable that a liability has been incurred or the amount of assessment and/or remediation is not reasonably estimated. Other legal proceedings are disclosed when the resolution could have a material adverse effect on the Partnership’s financial results.

The Partnership has no provision for litigation matters as of December 31, 2019 and 2018.

In March 2018, the Department of Justice of the United States (“DOJ”) issued a grand jury subpoena to CEMEX Parent relating to its operations in Colombia and other jurisdictions. The Partnership is also subject to the subpoena. The Partnership intends to cooperate fully with the DOJ and any other investigatory entity. As of December 31, 2019, the Partnership is unable to predict the duration, scope, or outcome of the DOJ investigation or any other investigation that may arise, or, because of the preliminary nature of the DOJ investigation, the potential sanctions which could be borne by the Partnership, or if such sanctions, if any, would have a material adverse impact on the Partnership’s results of operations, liquidity and financial condition.

In addition to the above subpoena, in March 2018 CEMEX was served with a grand jury subpoena issued by the United States District Court for the Southern District of Georgia in connection with an investigation of possible antitrust law violations in connection with sales (and related sales practices) of grey Portland cement and slag in

(continued)

the United States and its territories. This subpoena does not mean that the DOJ has concluded that CEMEX or any of its affiliates, including the Partnership, or employees have violated the law. Rather, this grand jury subpoena was issued to gather facts necessary to make an informed decision about whether violations of U.S. law have occurred. As of December 31, 2019, the Partnership is cooperating with the DOJ and intends to comply with the subpoena. As of the date of the issuance of these financial statements, the Partnership is unable to assess if this investigation will lead to any fines, penalties or remedies against it, or if such fines, penalties or remedies, if any, would have a material adverse effect on the Partnership's results of operations, liquidity or financial condition.

(c) Guarantees

The Partnership has various performance guarantees outstanding at December 31, 2019 and 2018 totaling $1,126 and $1,125 respectively, which secure surety bonds and performance bonds.

(12) Fair Value of Financial Instruments

Financial instruments include cash equivalents, accounts receivables, accounts payable and accrued expenses and other current liabilities. The carrying amount of financial assets and liabilities approximates fair value due to the short maturity of these instruments. The Partnership's cash equivalents with creditworthy financial institutions have maturities of less than three months, due to the short maturity; its carrying value approximates fair value. Accounts receivable result from a large number of customers and its estimated fair value approximates its carrying value. The Partnership does not have long-term financial assets or liabilities.

(13) Subsequent Events

On November 25, 2019 KOSMOS entered into an Asset Purchase Agreement with Eagle Materials Inc. to sell its rights, title and interest in and to, the cement plant in Louisville, Kentucky, as well as related assets which include seven distribution terminals and raw material reserves, and in connection with this Agreement, Eagle Materials Inc. assumed the related liabilities, in each case subject to the terms and conditions of the Agreement. The aggregate purchase price was $665,000. The transaction has been completed on March 6, 2020 and the net proceeds of the sale were $642,560 distributed proportionally to the partners where CEMEX received $481,920 and Buzzi Unicem $160,640.

The Partnership is monitoring the potential impact of the coronavirus and potential effects on demand dynamics. The extent to which this event may impact the Partnership's business will depend on future developments, which are highly uncertain and cannot be predicted at this time. The duration and intensity of this impact and resulting disruption to the Partnership's operations is uncertain and the partnership will continue to assess the financial impact.

The Partnership has evaluated subsequent events from the balance sheet date through March 20, 2020, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

Exhibit 99.2

KOSMOS CEMENT COMPANY

(A Partnership)

(unaudited)

Financial Statements for the Nine Months Ended

September 30, 2019 and 2018

KOSMOS CEMENT COMPANY
(A Partnership)

September 30, 2019 and 2018

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KOSMOS CEMENT COMPANY
(A Partnership)
Balance Sheets
September 30, 2019 and 2018
(Unaudited - In thousands of U.S. Dollars)

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 4,586	4,586
Accounts receivables, net (note 3)	22,449	15,764
Inventories (note 5)	15,999	17,357
Intercompany receivables, net (note 4)	11,749	23,382
Prepaid expenses and other currents assets	50	89
Total current assets	54,833	61,178
Property, plant and equipment, net (note 6)	132,042	130,964
Goodwill	18,059	18,059
Other long-term assets	1,993	2,096
Total assets	206,927	212,297
Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable	3,832	2,941
Accrued expenses and other current liabilities	26,867	23,812
Current installments of obligations under capital leases (note 10)	162	277
Total current liabilities	30,861	27,030
Asset retirement obligation (note 7)	4,664	4,520
Obligations under capital leases, excluding current installments (note 10)	817	761
Total liabilities	36,342	32,311
Partners' capital :		
CEMEX, Inc.	127,939	134,989
Buzzi Unicem USA	42,646	44,997
Total partners' capital	170,585	179,986
Commitments and contingencies (note 11)		
Total liabilities and partners' capital	$206,927	212,297

See accompanying notes to unaudited financial statements.

KOSMOS CEMENT COMPANY
(A Partnership)
Statements of Income
Nine months ended September 30, 2019 and 2018
(Unaudited - In thousands of U.S. Dollars)

	2019	2018
Trade revenues	$107,165	97,558
Revenues from affiliates (note 4)	19,311	21,420
Interest income	16	22
Other income (expense), net	(29)	36
Total revenues	126,463	119,036
Costs and expenses		
Operating	68,744	64,775
Depreciation and depletion	8,640	8,715
Selling and marketing	23,049	20,310
General and administrative	2,085	1,842
Interest expense	8	136
Total cost and expenses	102,526	95,778
Net income	23,937	23,258

See accompanying notes to unaudited financial statements.

KOSMOS CEMENT COMPANY
(A Partnership)
Statements of Changes in Partners' Capital
Nine months ended September 30, 2019 and 2018
(Unaudited - In thousands of U.S. Dollars)

	CEMEX, Inc.	Buzzi Unicem USA	Total
Balance at December 31, 2017	$ 139,267	46,423	185,690
Partnership distributions	(21,749)	(7,251)	(29,000)
Share-based compensation	28	10	38
Net income	17,443	5,815	23,258
Balance at September 30, 2018	134,989	44,997	179,986
Balance at December 31, 2018	143,862	47,954	191,816
Partnership distributions	(33,900)	(11,300)	(45,200)
Share-based compensation	24	8	32
Net income	17,953	5,984	23,937
Balance at September 30, 2019	127,939	42,646	170,585

See accompanying notes to unaudited financial statements.

KOSMOS CEMENT COMPANY

(A Partnership)

Statements of Cash Flows

Nine months ended September 30, 2019 and 2018

(Unaudited - In thousands of U.S. Dollars)

	Nine months ended September 30, 2019	2018
Cash flows from operating activities:		
Net income	$ 23,937	23,258
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and depletion	8,640	8,715
Accretion	262	255
Share-based compensation	32	38
Changes in operating assets and liabilities:		
Increase in accounts receivable and other current assets	(10,970)	(5,742)
Decrease (increase) in inventories	(33)	1,699
Decrease in other long-term assets	140	363
Increase in accounts payable	5,819	1,333
Increase (decrease) in accrued expenses and other current liabilities	(27)	568
Decrease in intercompany receivable	31,179	4,636
Net cash provided by operating activities	58,979	35,123
Cash flows from investing activities:		
Purchases of property, plant and equipment	(13,717)	(5,924)
Proceeds from sale of assets	—	—
Net cash used in investing activities	(13,717)	(5,924)
Cash flows from financing activities:		
Payments on capital lease obligations	(62)	(199)
Partnership distributions	(45,200)	(29,000)
Net cash used in financing activities	(45,262)	(29,199)
Net increase (decrease) in cash and cash equivalents	—	—
Cash and cash equivalents at the beginning of the year	4,586	4,586
Cash and cash equivalents at the end of the year	$ 4,586	4,586

Interest payments for the nine months ended September 30, 2019 and 2018 were $88 and $136, respectively.

Property and equipment in accounts payable and accrued expenses as of September 30, 2019 and 2018 were $2,404 and $1,138, respectively.

See accompanying notes to unaudited financial statements.

(1) Description of Business

Kosmos Cement Company (the Partnership or KOSMOS) was formed under the Uniform Kentucky Partnership Act on March 7, 1988, for the purpose of mining, manufacturing, purchasing, distributing, and/or selling any and all types of cement, clinker, other intermediary products, and/or aggregates, principally in the states of Kentucky, Indiana, Ohio, Pennsylvania, and West Virginia and engaging in all activities coincident thereto. The Partnership is presently owned 75% by CEMEX, Inc., a Louisiana corporation (CEMEX), which is an indirect wholly owned subsidiary of CEMEX S.A.B de C.V. (CEMEX Parent), and 25% by Buzzi Unicem USA, which stems from the merger, early in 2004, of RC Cement (Buzzi Unicem) and Lone Star Industries (Dyckerhoff). The term of the Partnership shall continue until December 31, 2030 unless sooner terminated in accordance with the terms of the Partnership agreement. In March 2020 the Partnership sold substantially all of its operating assets and certain liabilities to Eagle Materials Inc., including property, plant and equipment, inventory, asset retirement obligation, and leases, for an aggregate purchase price of $665,000, please refer to note 13 Subsequent Events.

Partners are obligated to make pro rata capital contributions to (a) meet the working capital requirements of the Partnership or to maintain the facilities and any other assets of the Partnership as may be deemed necessary from time to time, provided such amounts do not exceed $2 million per year in the aggregate, and (b) expand the productive capacity of the Kosmosdale plant. The Partnership may request voluntary pro rata capital contributions in excess of the obligatory amounts.

Each partner has a preferential right of purchase or right of first refusal if the other partner desires to dispose of its entire interest in the Partnership. Within 60 days of a change in control with respect to the ultimate parent of either partner, the other partner has the right to sell its interest in the Partnership for a stipulated price to the partner that has experienced the change in control.

(2) Significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, and goodwill; valuation allowances for receivables and inventories; asset retirement obligations and litigation and environmental liabilities; and lease classification and accounting.

(b) Partners' capital

Management evaluated the accounting and classification of the partners' interests and concluded it represents equity and should be presented as partners' capital in accordance with ASC 825, Financial Instruments.

The Partnership agreement provides that all Partnership items constituting, for federal tax purposes, income, gain, expense, loss, deduction, or tax credit for each taxable year shall be allocated among the partners in proportion to their initial sharing ratios of 75% for CEMEX, Inc and 25% for Buzzi Unicem USA or the respective sharing ratio in effect on the date such revenues, costs, and expenses are realized or incurred.

(c) Cash and cash equivalents

Cash and cash equivalents consist primarily of overnight funds and time deposits with an initial term of less than three months, which are not subject to significant risks of changes in value.

(d) Accounts Receivable

Accounts receivable are recorded at the invoiced amount, less allowance for doubtful accounts. Amounts collected on accounts receivable are included in net cash provided by operating activities in the Statements of Cash Flows. The allowance for doubtful accounts is the Partnership's best estimate of the amount of probable credit losses in the Partnerships' existing accounts receivable. Allowances for doubtful accounts are calculated based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable. The collectability of receivables is assessed monthly, where charge-offs are determined, the corresponding account balances are charged off against the allowance.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The value of inventory is derived by the weighted average cost method.

The Partnership analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Property, Plant and Equipment

Property, plant and equipment are recognized at their acquisition or construction cost, as applicable, less accumulated depreciation. Preproduction stripping costs, which represent costs of removing overburden to access mineral deposits during the development of a mine, are capitalized as mineral rights.

(In thousands of U.S. Dollars)

Depreciation commences when the asset is ready for use. Depreciation of fixed assets is recognized as part of "Depreciation and depletion" in the Statements of Income and is calculated using the straight-line method over the estimated useful lives of the assets, with the exception of mineral rights, which are depleted using the units-of-production method. As of September 30, 2019, the range of average useful lives by category of fixed assets, were as follows:

	Years
Buildings and improvements	5 to 30
Machinery and equipment	3 to 50
Mobile equipment	3 to 10
Office equipment and other assets	3 to 10
Computer equipment	3 to 5

Costs of improvements that result in future economic benefits, such as an extension in the asset's useful life, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. The capitalized costs are depreciated over the remaining useful lives of such fixed assets. Other costs, including periodic maintenance on fixed assets, are expensed as incurred. Interest is expensed as incurred except where it relates to the financing of major projects constructed for internal use, where it is capitalized up to the date of completion. Following completion, the total capitalized cost including interest is depreciated over the expected useful life of the asset.

(g) Goodwill

Goodwill represents the excess purchase price over the estimated fair value of net assets acquired in a business combination. Goodwill acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) Topic 350 (ASC Topic 350) *Intangibles — Goodwill and Other*.

Under ASC Topic 350, an impairment loss is recognized to the extent that the carrying amount exceeds its fair value. The impairment determination is made at the reporting unit level. The Partnership performs its annual impairment review of goodwill at the beginning of the fourth quarter, and when a triggering event occurs between annual impairment tests. No impairments were recorded for the periods ended September 30, 2019 and September 30, 2018.

(h) Impairment of Long-Lived Assets

Long-lived assets, which consists of property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Partnership first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined using methodologies generally accepted in the market to determine the value of an entity, such as multiples of operating earnings before interest, taxes, depreciation, and amortization (EBITDA) and by reference to other market transactions, among others.

(i) Asset Retirement Obligation

The Partnership's liability for asset retirement obligations arises from regulatory and contractual requirements to perform certain asset retirement activities at the time that certain facilities cease to operate.

In accordance with FASB ASC Subtopic 410—20 (ASC Subtopic 410-20), *Asset Retirement and Environmental Obligations – Assets Retirement Obligations*, the Partnership records the fair value of an asset retirement obligation as a liability with a corresponding increase in the carrying amount of the tangible long-lived assets in the period in which it incurs a legal obligation associated with the retirement of its related long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. Subsequent to initial recognition, the liability is increased to reflect the passage of time and adjusted to reflect changes in the timing or the amount of the estimated future cash flows underlying the initial fair value measurement. If the obligation is settled for an amount other than the carrying amount of the liability, the Partnership recognizes a gain or loss on settlement. The changes in the measurement of an existing decommissioning, restoration and similar liability are accounted for in accordance with ASC Subtopic 410-20, *Asset Retirement and Environmental Obligations — Assets Retirement Obligations*.

Land and quarries associated with the extraction of aggregate materials, and machinery and equipment for cement and other operations, are subject to ASC Subtopic 410-20 due to compliance with governmental and contractual obligations. These obligations are related mainly to future costs of demolition, cleaning and reforestation, so that the sites are left in acceptable condition at the end of their operation.

(j) Income Taxes

The Partnership is not subject to federal and state income taxes. No provision is made in the accounts of the Partnership for federal and state income taxes since such taxes are the liability of the individual general partners, and the amounts thereof depend on the individual partner's respective tax situation. Some localities, cities and counties do charge the Partnership for business and license taxes and fees based on income of the Partnership, which are expensed under other operating expenses in the Statements of Income.

(k) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(l) Revenue Recognition

The Partnership recognizes revenue in accordance ASU 2014-09, "Revenue from Contracts with Customers" (ASC Topic 606). Under ASU 2014-09, "Revenue from Contracts with

Customers" (ASC Topic 606), an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to the performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time (typically for the sale of good) or over time (typically for sale of services and construction contracts).

The Partnership recognizes revenue at a point in time in the amount of the price, before tax on sales, expected to be received by the Partnership for goods and services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by volume rebates granted to customers. The Partnership recognizes variable consideration using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the contract. Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues in the Statements of Income.

(m) Fair value Measurements

Under FASB ASC Topic 820 (ASC Topic 820), *Fair Value Measurements and Disclosures*, fair value is defined as price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follow:

- Level 1 - represent quoted prices (unadjusted) in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date. A quote price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.
- Level 2 - are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly and are used mainly to determine the fair value of securities, investments or loans that are not actively traded. Level 2 inputs included equity prices, certain interest rates and yield curves, implied volatility and credit spreads, among others, as well as inputs extrapolated from other observable inputs. In the absence of Level 1 inputs, the Partnership determined fair values by iteration of the applicable Level 2 inputs, the number of securities and/or the other relevant terms of the contract, as applicable.

(In thousands of U.S. Dollars)

- Level 3 - are unobservable inputs for the asset or liability. The Partnership used unobservable inputs to determine fair values, to the extent there are no Level 1 or Level 2 inputs, in valuation models including risk assumptions consistent with what market participants would use to arrive at fair value.

(n) Recently Issued Accounting Standards

There are several Accounting Standards Updates issued as of the date of issuance of these financial statements which have not yet been adopted. The following standards are expected to have a significant impact on the financial statements in the period of initial application:

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. ASC Topic 842 (ASC 842) establishes a right of use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The Partnership will adopt Topic ASC 842 starting January 1, 2021 and is currently evaluating the potential impact the new lease guidance and the related disclosures will have on its financial statements.

(3) Accounts Receivable

A majority of the Partnership's receivables are from users of Portland cement and construction materials, users such as ready-mix concrete producers, manufacturers of concrete products, and consumers of block and building materials, such as constructors.

Accounts receivable balances as of September 30, for each year are as follows:

	2019	**2018**
Accounts receivable	$22,977	16,262
Allowance for doubtfull accounts	(528)	(498)
	$22,449	15,764

Allowances for doubtful accounts are calculated based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable.

Revenue from a large customer represented approximately 26% and 25% of trade revenues for the nine months ended September 30, 2019 and 2018, respectively. There were no other sales to any single third-party customer which in total were in excess of 14% and 8% of trade revenues for the nine months ended September 30, 2019 and 2018, respectively. Also, out of several hundred customers, the five largest customers accounted for approximately 54% and 49% of the trade revenues and 59% and 45% of the accounts receivable balance as of and for the nine months ended September 30, 2019 and 2018, respectively.

(In thousands of U.S. Dollars)

(4) Transactions with Related Parties

As managing general partner, CEMEX, from time to time incurs certain expenses on behalf of the Partnership, including costs related to lease agreements. These costs are then passed through to the Partnership by means of intercompany charges. These costs amounted to $388 and $445 for the periods ended September 30, 2019 and 2018, respectively. The Partnership, with the approval of the management committee, has access to a cash management system, which provides for alternative investment options including the investment of excess cash balances directly with CEMEX.

The Partnership also sells and purchases cement and clinker to and from affiliate plants owned by CEMEX and subsidiaries. In the first nine months of 2019 and 2018, the Partnership purchased cement and clinker amounting to $1,037 and $64 respectively, and sold $19,311 and $21,420 respectively, to CEMEX affiliate plants. The Partnership had an intercompany receivable of $11,749 and $23,382 as of September 30, 2019 and September 30, 2018, respectively. Additionally, the Partnership incurred administrative fees of $1,078 and $1,087 in the first nine months of 2019 and 2018 respectively, which are included in operating expenses in the Statements of Income.

(5) Inventories

Inventory balance as of September 30 for each year is as follows:

	2019	2018
Finished goods	$ 9,090	8,596
Work in progress	422	2,586
Raw materials	1,475	1,505
Supplies and spare parts	5,012	4,670
	$15,999	17,357

(In thousands of U.S. Dollars)

(6) Property, Plant and Equipment

Property, plant and equipment as of September 30 each year is as follows:

	2019	2018
Land	$ 17,311	16,478
Mineral rights	4,994	4,994
Plant and equipment	290,235	287,300
Construction in progress	11,818	5,700
	$ 324,358	314,472
Accumulated depreciation and depletion	(192,316)	(183,508)
	132,042	130,964

Depreciation expense on property, plant and equipment was $8,640 and $8,715 for the nine months ended September 30, 2019 and 2018, respectively.

(7) Asset Retirement Obligation

The reconciliation of the beginning and ending asset retirement obligation is as follows, for the nine months ended September 30, 2019 and 2018:

	2019	2018
Beginning balance (December 31)	$4,812	4,578
Accretion expense	262	255
Payments	—	—
Changes in estimates	(210)	(115)
Ending balance (September 30)	$4,864	4,720
Current liabilities	200	200
Noncurrent liabilities	4,664	4,520

Accretion expense is presented in the Statements of Income under operating expenses. Current liabilities are presented in the Balance Sheet as accrued expenses and other current liabilities and noncurrent liabilities are presented as asset retirement obligations. Changes in estimates during 2019 were primarily related to revisions in the expected retirement date of the related assets.

(8) Healthcare, Life Insurance and Other Benefits

The Partnership offers healthcare and life insurance benefits to active employees and their dependents through a benefit plan sponsored by CEMEX. Most of the Partnership's healthcare benefits are self-insured and administered on cost-plus fee arrangements with major insurance companies and health maintenance organizations. The Partnership was charged a proportionate share of the combined CEMEX benefit plans made available to their employees based on relative headcounts budgeted at the beginning of the year, which amounted to $1,215 and $1,193 for the nine months ended September 30, 2019 and 2018, respectively.

Additionally, certain retirees and their dependents are also offered healthcare and life benefits under benefit plans sponsored by CEMEX, which are essentially the same as benefits available to active employees, which requires participant contributions; however, benefit payments for covered retirees who are age 65 or older are reduced by benefits paid by Medicare. Also, life insurance coverage provided to certain retirees is reduced over time to the minimum specified by the applicable plan in effect. The Partnership was charged a proportionate share of the combined CEMEX benefits plan costs based on the relative headcount of retirees budgeted at the beginning of the year, of about $10 and $8 for the nine months ended September 30, 2019 and 2018, respectively.

Certain employees of the Partnership are covered under the CEMEX defined benefit pension plan. Benefits are based on years of service and employee's compensation and are integrated with expected social security. The Partnership's share of the annual cost is $91 and $81 for the periods ended September 30, 2019 and 2018, respectively.

(9) Executive Share-Based Compensation

Eligible executives and managers participate in the CEMEX Long Term Incentive Plan of restricted stock (the Plan). The number of units granted is a function of salary, level of management responsibility, and the volume weighted average share price of a Certificado de Participation Ordinario (CPO). Each unit awarded is equivalent to one CEMEX CPO as traded on the Mexican Bolsa stock market. Each award of units is subject to vesting over years of service in four tranches of 25%, of which the first tranche vests immediately on the grant date, and the remaining tranches vest on the following three anniversary dates of the grant (the "ordinary program"). Compensation expense is recorded over its vesting in a four-year period.

The compensation expense related to the ordinary program determined considering the fair value of the awards at the date of grant was recognized in general and administrative expenses and amounted to $31 and $38 in the first nine months of 2019 and 2018, respectively. The weighted average unit price per CPO at grant date was approximately $0.55 in 2019 and $0.71 in 2018.

(10) Leases

The Partnership is obligated under various non-cancelable leases, primarily for the lease of certain transportation and mobile equipment, which require annual rental payments, in addition to the payment of certain operating expenses related to the facilities.

(a) Assets under capital lease

Capital lease obligations and the related asset values were determined as the lower of the market value of the leased asset and the net present value of the future minimum payments. The assets under these capital leases include ready mix trucks and other mobile equipment like wheel loaders and whole trucks. The capital leases have maturities ranging from 2020 to 2023. Leased capital assets included in property, plant, and equipment as of September 30, 2019 and 2018 are as follows:

(In thousands of U.S. Dollars)

	2019	2018
Cost	$2,348	2,019
Accumulated depreciation	(487)	(254)
Leased PPE at September 30	$1,861	1,765

Depreciation of fixed assets under capital leases is included in depreciation expense.

(b) Lease obligations

Future minimum capital lease payments as of September 30, 2019 are as follows:

	Present value of minimum lease payments	Interest	Future minimum lease payments
2019	$ 79	17	96
2020	386	56	442
2021	486	10	492
2022	28	1	29
Total minimum lease obligations	$ 979	84	1,063

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of September 30, 2019 are as follows:

	Operating leases
Year ending December 31:	
2019	$ 910
2020	3,622
2021	1,655
2022	1,050
2023	947
2024	784
Thereafter	2,532
Total minimum lease obligations	$ 11,500

Expense under operating leases for the periods ending September 30, 2019 and 2018 was approximately $5,400 and $3,698, respectively.

(11) Commitments and Contingencies

(a) Environmental matters

The Partnership is subject to a wide range of U.S. federal, state, and local laws, regulations, and ordinances dealing with the protection of human health and the environment. The Partnership believes that its current procedures and practices for handling and managing materials are generally consistent with the industry standards and legal and regulatory requirements, and that the Partnership takes appropriate precautions to protect employees and others from harmful exposure to hazardous materials.

For purposes of recording the provision, the Partnership considers that it is probable that a liability has been incurred and the amount of the liability is reasonably estimable, whether or not claims have been asserted, and without giving effect to any possible future recoveries. The ultimate cost that might be incurred to resolve these environmental issues cannot be assured until all environmental studies, investigations, remediation work, and negotiations with or litigation against potential sources of recovery have been completed.

Environmental matters relate to (i) the disposal of various materials, in accordance with past industry practice, which might be categorized as hazardous substances or wastes, and (ii) the cleanup of sites used or operated by the Partnership, regarding the disposal of hazardous substances or wastes.

The Partnership had no provision relating to environmental matters as of September 30, 2019 and 2018.

(b) Litigation matters

The Partnership incurs, in the regular course of business, certain commitments and contingent liabilities including, among other things, (1) personal injury lawsuits, (2) indemnity and other hold harmless agreements, (3) environmental remediation liabilities, (4) product liability claims, (5) commercial disputes and litigation, and (6) claims by disgruntled employees.

Loss contingencies and legal provisions are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Loss contingencies and legal provisions are disclosed, but not recorded, if it is not probable that a liability has been incurred or the amount of assessment and/or remediation is not reasonably estimated. Other legal proceedings are disclosed when the resolution could have a material adverse effect on the Partnership’s financial results.

The Partnership has no provision for litigation matters as of September 30, 2019 and 2018.

In March 2018, the Department of Justice of the United States (“DOJ”) issued a grand jury subpoena to CEMEX Parent relating to its operations in Colombia and other jurisdictions. The Partnership is also subject to the subpoena. The Partnership intends to cooperate fully with the DOJ and any other investigatory entity. As of December 31, 2019, the Partnership is unable to predict the duration, scope, or outcome of the

DOJ investigation or any other investigation that may arise, or, because of the preliminary nature of the DOJ investigation, the potential sanctions which could be borne by the Partnership, or if such sanctions, if any, would have a material adverse impact on the Partnership's results of operations, liquidity and financial condition.

In addition to the above subpoena, in March 2018 CEMEX was served with a grand jury subpoena issued by the United States District Court for the Southern District of Georgia in connection with an investigation of possible antitrust law violations in connection with sales (and related sales practices) of grey Portland cement and slag in the United States and its territories. This subpoena does not mean that the DOJ has concluded that CEMEX or any of its affiliates, including the Partnership, or employees have violated the law. Rather, this grand jury subpoena was issued to gather facts necessary to make an informed decision about whether violations of U.S. law have occurred. As of September 30, 2019, the Partnership is cooperating with the DOJ and intends to comply with the subpoena. As of the date of the issuance of these financial statements, the Partnership is unable to assess if this investigation will lead to any fines, penalties or remedies against it, or if such fines, penalties or remedies, if any, would have a material adverse effect on the Partnership's results of operations, liquidity or financial condition.

(c) Guarantees

The Partnership has various performance guarantees outstanding totaling $1,052 at September 30, 2019 and 2018 respectively, which secure surety bonds and performance bonds.

(12) Fair Value of Financial Instruments

Financial instruments include cash equivalents, accounts receivables, accounts payable and accrued expenses and other current liabilities. The carrying amount of financial assets and liabilities approximates fair value due to the short maturity of these instruments. The Partnership's cash equivalents with creditworthy financial institutions have maturities of less than three months, due to the short maturity; its carrying value approximates fair value. Accounts receivable result from a large number of customers and its estimated fair value approximates its carrying value. The Partnership does not have long-term financial assets or liabilities.

(13) Subsequent Events

On November 25, 2019 KOSMOS entered into an Asset Purchase Agreement with Eagle Materials Inc. to sell its rights, title and interest in and to, the cement plant in Louisville, Kentucky, as well as related assets which include seven distribution terminals and raw material reserves, and in connection with this Agreement, Eagle Materials Inc. assumed the related liabilities, in each case subject to the terms and conditions of the Agreement. The aggregate purchase price was $665,000. The transaction has been completed on March 6, 2020 and the net proceeds of the sale were $642,560 distributed proportionally to the partners where CEMEX received $481,920 and Buzzi Unicem $160,640.

The Partnership has evaluated subsequent events from the balance sheet date through April 20, 2020, the date at which the financial statements were available to be issued and determined there are no other items to disclose.

Unaudited Pro Forma Condensed Combined Financial Information

The following unaudited pro forma condensed combined financial information gives effect to the acquisition (the “Acquisition”) by a wholly-owned subsidiary of Eagle Materials Inc. (the “Company”) of the Kosmos Cement Company (“Kosmos”), which was consummated on March 6, 2020. The assets acquired in the Acquisition include a cement manufacturing facility and seven cement terminals, including two that are leased, as well as certain related assets such as equipment and inventory. The following unaudited pro forma condensed combined financial information is based on the historical financial statements of the Company and the historical combined financial statements of Kosmos.

The unaudited pro forma condensed combined financial information of the Company gives effect to the Acquisition as if it had occurred (i) on December 31, 2019 for the purposes of the unaudited pro forma condensed combined balance sheet as of December 31, 2019, and (ii) on April 1, 2018 for the purposes of the unaudited pro forma condensed combined statements of earnings for the fiscal year ended March 31, 2019 and for the nine-month period ended December 31, 2019. The unaudited pro forma condensed combined statement of earnings for the fiscal year period ended March 31, 2019 is derived by combining the Company’s audited consolidated statement of earnings for the fiscal year ended March 31, 2019 with Kosmos’ audited statement of income for the fiscal year ended December 31, 2018. The unaudited pro forma condensed combined statement of earnings for the nine-month period ended December 31, 2019 is derived by combining the Company’s unaudited consolidated statement of earnings for the nine-month period ended December 31, 2019 with Kosmos’ unaudited consolidated statement of income for the nine months ended September 30, 2019. The Company’s consolidated statement of earnings is derived from our audited financial statements as of and for the year ended March 31, 2019 included in the Company’s annual report on Form 10-K filed with the Securities and Exchange Commission (the “Commission”) on May 23, 2019. The Kosmos audited and unaudited combined statements of income are part of the combined financial statements for Kosmos included in this Current Report on Form 8-K/A. Certain amounts from the historical combined financial statements of Kosmos have been reclassified to conform to the Company’s presentation.

The unaudited pro forma condensed combined financial information is provided for informational purposes only and does not purport to represent what the Company’s financial position or results of operations would actually have been had the Acquisition occurred on the assumed dates or to project the Company’s financial position or results of operations as of any future date or for any future period. This information should be read in conjunction with, and is qualified in its entirety by reference to:

- the Company’s historical audited consolidated financial statements and related notes and the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2019 and the Company’s unaudited interim financial statements as of and for the nine months ended December 31, 2019 and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s Quarterly Report on Form 10-Q for the quarter ended December 31, 2019;
- the Kosmos audited financial statements and the accompanying notes to the financial statements as of and for the years ended December 31, 2019 and 2018 included in Exhibit 99.1 to this Current Report on Form 8-K/A; and
- the Kosmos unaudited financial statements and the accompanying notes to the financial statements as of September 30, 2019 and 2018, and for the nine-month periods ended September 30, 2019 and 2018 included in Exhibit 99.2 to this Current Report on Form 8-K/A.

Eagle Materials Inc. and Subsidiaries
Unaudited Pro Forma Condensed Combined Statement of Earnings
For the Nine Month Period Ended December 31, 2019
(dollars in thousands, except per share data)

	Historical Eagle Materials Inc.	Historical Kosmos Cement Company	Pro Forma Adjustments	Ref.	Pro forma Combined
Revenue	$ 1,135,372	$126,476	—		$ 1,261,848
			2,085	g	
			6,223	a	
Cost of Goods Sold	868,023	100,433	1,775	a	978,539
Gross Profit	267,349	26,043	(10,083)		283,309
Equity in Earnings of Unconsolidated					
Joint Venture	32,489	—	—		32,489
Corporate General and Administrative Expenses	(48,506)	(2,085)	2,085	g	
			1,639	j	(46,867)
Impairment Losses	(224,267)	—	—		(224,267)
Other Income (Expense)	1,967	(29)	—		1,938
Interest Income (Expense), Net	(28,526)	8	(16,209)	b	(44,727)
Earnings Before Income Taxes	506	23,937	(22,568)		1,875
Income Taxes	(2,041)	—	(287)	c	(2,328)
Net Earnings	$ (1,535)	$ 23,937	$ (22,855)		(453)
Comprehensive Earnings	$ (1,434)	$ 23,937	$ (22,855)		(362)
EARNINGS PER SHARE					
Basic	$ (0.04)				$ (0.01)
Diluted	$ (0.04)				$ (0.01)
AVERAGE SHARES OUTSTANDING					
Basic	42,246,329				42,246,329
Diluted	42,246,329				42,246,329

See notes to the unaudited pro forma condensed combined financial statements.,

Eagle Materials Inc. and Subsidiaries

Unaudited Pro Forma Condensed Combined Statement of Earnings

For the Fiscal Year Ended March 31, 2019

(dollars in thousands, except per share data)

	Historical Eagle Materials Inc.	Historical Kosmos Cement Company	Pro Forma Adjustments	Ref.	Pro forma Combined
Revenue	$ 1,393,241	$161,096			$ 1,554,337
			5,980	h	
			8,401	a	
			2,367	a	
Cost of Goods Sold	1,066,673	123,462	2,462	g	1,209,345
Gross Profit	326,568	37,634	(19,210)		344,992
Equity in Earnings of Unconsolidated Joint Venture	38,565	—	—		38,565
Corporate General and Administrative Expenses	(37,371)	(2,462)	2,462	g	(37,371)
Impairment Losses	(220,265)	—	—		(220,265)
Litigation Settlements and Losses	(1,800)	—	—		(1,800)
Other Income (Expense)	2,412	46	—		2,458
Interest Expense, Net	(28,374)	(143)	(21,470)	b	(49,987)
Earnings Before Income Taxes	79,735	35,075	(38,218)		76,592
Income Taxes	(10,875)	—	660	c	(10,215)
Net Earnings	$ 68,860	$ 35,075	$ (37,558)		66,377
Comprehensive Earnings	$ 69,556	$ 35,075	$ (37,558)		67,073
EARNINGS PER SHARE					
Basic	$ 1.48				$ 1.42
Diluted	$ 1.47				$ 1.41
AVERAGE SHARES OUTSTANDING					
Basic	46,620,894				46,620,894
Diluted	46,932,380				46,932,380

See notes to the unaudited pro forma condensed combined financial statements.

Eagle Materials Inc. and Subsidiaries
Unaudited Pro Forma Condensed Combined Balance Sheet
At December 31, 2019
(dollars in thousands, except per share data)

	Historical Eagle Materials Inc.	Historical Kosmos Cement Company	Purchase Adjustments	Ref.	Pro Forma Adjustments	Ref.	Pro forma Combined
Current Assets -							
Cash and Cash Equivalents	$ 126,255	$ 4,586	$ (4,586)	d	$ (3,937)	b	$ 122,318
Accounts and Note Receivable	140,283	39,752	(39,752)	d	—		140,283
Inventories	234,264	18,101	10,312	f	—		262,677
Prepaid and Other Assets	6,997	71	(71)	d	—		6,997
Total Current Assets	507,799	62,510	(34,097)		(3,937)		532,275
Property, Plant and Equipment, net -	1,269,733	130,551	346,891	f	—		1,747,175
Notes Receivable	9,192	—	—		—		9,192
Investment in Joint Venture	71,862	—	—		—		71,862
Operating Lease Right of Use Assets	29,346	—	3,858	f	—		33,204
Goodwill and Intangible Assets	230,099	18,059	(18,059)	d	—		230,099
		—	167,082	f	—		167,082
Other Assets	12,194	1,957	(1,957)	d	—		12,194
	$2,130,225	$213,077	$ 463,718		$ (3,937)		2,803,083
Current Liabilities -							
Accounts Payable	$ 65,035	$ 25,191	$ (25,191)	d	$ —		$ 65,035
Accrued Liabilities	67,670	2,477	(2,477)	d	—		67,670
Income Tax Payable	20,020	—	—		—		20,020
Capital Lease Obligations	—	360	(360)	i	—		—
Operating Lease Liabilities	10,601	—	324	f	—		10,925
Total Current Liabilities	163,326	28,028	(27,704)		—		163,650
Long-Term Debt	930,594	—	—		665,000	b	1,595,594
Capital Lease Obligations	—	565	(565)	i	—		—
Noncurrent Operating Lease Liabilities	51,939	—	3,534	f	—		55,473
Other Long-Term Liabilities	36,648	2,482	1,518	f	—		40,648
Deferred Income Taxes	50,391	—	—		—		50,391
Total Liabilities	1,232,898	31,075	(23,217)		665,000		1,905,756
Shareholders' Equity -							
Preferred Stock	—		—		—		—
Partners' Capital	—	182,002	(182,002)	e	—		—
Common Stock	416	—	—		—		419
Capital in Excess of Par Value	8,325	—	—		—		8,325
Accumulated Other Comprehensive Losses	(3,215)	—	—		—		(3,215)
Retained Earnings	891,801	—	—		—		891,801
Total Stockholders' Equity	897,327	182,002	(182,002)		—		897,327
	$2,130,225	$213,077	$ (205,219)		$ 665,000		$2,803,083

See notes to the unaudited pro forma condensed combined financial statements.

(A) Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information of the Company gives effect to the Acquisition as if it had occurred (i) on December 31, 2019 for the purposes of the unaudited pro forma condensed combined balance sheet as of December 31, 2019; and (ii) on April 1, 2018 for the purposes of the unaudited pro forma condensed combined statements of earnings for the fiscal year ended March 31, 2019 and for the nine months ended December 31, 2019. The unaudited pro forma condensed combined statement of earnings for the fiscal year period ended March 31, 2019 gives effect to the Acquisition as if it had occurred on April 1, 2018 and is derived by combining the Company's audited consolidated statement of earnings for the fiscal year ended March 31, 2019 and the unaudited consolidated statement of earnings for nine month period ended December 31, 2019 with Kosmos Cement Company's audited combined statement of income for the fiscal year ended December 31, 2018 and the unaudited combined statement of income for the nine month period ending September 30, 2019. Certain amounts from the historical combined financial statements of Kosmos Cement Company have been reclassified to conform to the Company's presentation.

General

The pro forma adjustments reflecting the Acquisition are based on certain estimates and assumptions which may not prove to be correct in light of information that becomes available in the future. The accuracy of these estimates and assumptions will depend on a number of factors, including future events and uncertainties that are or may be outside of the control of the Company. Therefore, actual results will differ from the estimates and assumptions underlying the pro forma adjustments, and it is possible that the differences may be material. The Company's management believes that its estimates and assumptions provide a reasonable basis for presenting all of the significant effects of the Acquisition and that the pro forma adjustments give appropriate effect to those estimates and assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information does not reflect any cost savings or other financial benefits that may result from operating expense efficiencies or revenue enhancements arising from the Acquisition. Additionally, the Company estimates that it incurred transaction costs of approximately $1.6 million associated with the Acquisition through December 31, 2019, which are not reflected in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information does not purport to reflect what the Company's results of operations or financial position would actually have been if the Acquisition had been affected on the assumed dates and if the Company and Kosmos Cement Company had been managed as one entity during the periods presented. The unaudited pro forma condensed combined financial information should be read in conjunction with the historical consolidated financial statements of the Company included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2019 and Quarterly Report on Form 10-Q for the nine months ended December 31, 2019 and the historical combined financial statements of Kosmos Cement Company included in this Current Report on Form 8-K/A.

(B) Purchase Price and Allocation Thereof

On March 6, 2020, the Company completed its previously announced Acquisition of Kosmos Cement Company for a purchase price of approximately $668.9 million in cash. Assets acquired in the Acquisition included all property, plant and equipment, permits, mineral reserves and inventory held at the plant site and in the terminals. The purchase price is subject to further adjustment after the closing to reflect the inventory acquired in the Acquisition. The Acquisition was financed primarily through a Term Loan facility, which was disclosed in a Form 8-K dated December 19, 2019.

The Acquisition has been accounted for under the acquisition method of accounting. The Company has engaged a third-party valuation firm to perform a valuation of the assets acquired and the liabilities assumed at the closing date of the Acquisition, and the firm used various methodologies to estimate the fair value of acquired assets and liabilities including discounted cash flow analysis. The Company's allocation of the purchase price to the assets acquired and liabilities assumed in the Acquisition is preliminary. The third-party valuation firm's work has been used by the Company to prepare the unaudited pro forma condensed combined statement of earnings and balance sheet; however, this valuation may change subsequent to the filing of this Current Report on Form 8-K/A.

The preparation of the valuation of the assets acquired and liabilities assumed in the Acquisition requires the use of significant assumptions and estimates. Critical estimates include, but are not limited to, future expected cash flows, including projected revenues and expenses; estimated replacement cost and age adjustment of property, plant and equipment; and applicable discount rates. These estimates are based on assumptions that the Company believes to be reasonable. However, actual results may significantly differ from these estimates.

Under the acquisition method of accounting, the total estimated purchase price was allocated to the net tangible and intangible assets and assumed liabilities based on their estimated fair values at December 31, 2019. Based on the Company's current estimate of the fair value of tangible and intangible assets acquired and liabilities assumed, which is based on estimates and assumptions and is subject to change, the expected purchase price is allocated as follows:

Estimated purchase price allocation at acquisition date (in thousands)	**As of December 31, 2019**
Cash and cash equivalents	$ —
Inventories	28,413
Property and Equipment	477,442
Intangible Assets (primarily customer relationships)	35,500
Lease Right of Use Assets	3,858
Lease Obligations	(3,858)
Other Long-term Liabilities	(4,000)
Total Net Assets	537,355
Goodwill	131,582
Total Estimated Purchase Price	$ 668,937

(C) Reclassifications

The Company classifies all expenses of its operating subsidiaries as cost of goods sold in its statement of earnings. Accordingly, all general and administrative expenses of Kosmos have been reclassified to cost of goods sold in the pro forma presentation.

(D) Purchase Accounting and Pro Forma Adjustments

a) To record the net increase in depreciation and amortization expense resulting from purchase price accounting adjustments. The increase is based on depreciation of the estimated fair market value of the plant and equipment purchased over the new estimated useful life, less historical depreciation incurred over these periods, plus the amortization of the fair value of intangible assets acquired over those periods, as calculated below:

	Nine Months ended December 31, 2019	
	Property, Plant and Equipment	Intangible Assets
	(dollars in thousands)	
Estimated fair value	$ 477,442	$ 35,500
Estimated fair value of land	(21,650)	—
Depreciable/Amortizable value	455,792	35,500
Average estimated life (in years)	23	15
Estimated annual depreciation/amortization	19,817	2,367
	x.75	x.75
Estimated nine-month depreciation/amortization	14,863	1,775
Less historical depreciation/amortization	(8,640)	—
	$ 6,223	$ 1,775

	Fiscal Year ended March 31, 2019	
	Property, Plant and Equipment	Intangible Assets
	(dollars in thousands)	
Estimated fair value	$ 477,442	$ 35,500
Estimated fair value of land	(21,650)	—
Depreciable/Amortizable value	455,792	35,500
Average estimated life (in years)	23	15
Estimated annual depreciation/amortization	19,817	2,367
Less historical depreciation/amortization	(11,416)	—
	$ 8,401	$ 2,367

Identifiable intangible assets include permits and customer relationships.

b) Assuming the deal closed on December 31, 2019, we estimate that we would have borrowed approximately $665.0 million to fund the Acquisition, with the remaining amount paid from cash on hand. The estimated interest rate on these borrowings is calculated at 3.25%, which is based on the 90-day LIBO rate plus 1.75%. A one-eighth percent hypothetical change in the interest rate would have increased or decreased pro forma interest expense by $0.6 million and $0.8 million during the nine months ended December 31, 2019 and fiscal year ended March 31, 2019, respectively.

The interest that the Company will ultimately pay on the borrowings could vary greatly from what is assumed in the unaudited pro forma condensed combined financial information and will depend on the actual timing and amount of borrowings and repayments, and changes in the variable interest rate, among other factors.

c) To adjust the tax provision to reflect the aggregate of Kosmos Cement Company earnings and pro forma adjustments to earnings before income taxes at the statutory tax rate of 21%.

d) To eliminate cash, accounts receivable, prepaid and other assets, accounts payable and accrued liabilities of Kosmos that were not assumed in the Acquisition.

e) To eliminate Kosmos Cement Company's historical partners' equity.

f) To reflect the net impact of the increase in inventories ($10.3 million), property, plant and equipment ($346.9 million), operating lease right of use assets ($3.9 million), intangible assets ($35.5 million) and goodwill ($131.6 million), the increase in capitalized operating lease obligations ($3.9 million), the decrease of other long-term liabilities ($1.5 million) to fair value, and the elimination of historical goodwill and intangible assets ($18.1 million).

g) General and administrative expenses have been reclassified to cost of goods sold to conform to the Company's presentation. See Note (C) for more information.

h) To reflect the additional cost of sales of due to the $5.9 million increase in fair value of inventory acquired and sold during the first year.

i) We purchased all assets under capital lease at the time of closing. These assets are included in the property, plant and equipment category.

j) To add back costs associated with the Acquisition that were incurred by the Company during the nine-month period ended December 31, 2019.