TRINIDAD NITROGEN CO. LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019
(Expressed in Trinidad and Tobago Dollars)

Building a better
working world

TRINIDAD NITROGEN CO. LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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Ernst & Young Services Limited
P.O. Box 158
5-7 Sweet Briar Road
St. Clair, Port of Spain

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

TRINIDAD NITROGEN CO. LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Trinidad Nitrogen Co. Limited. ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to Going Concern

We draw attention to Note 17 in the financial statements, which indicates that as at 31 December 2019, the Company had a contract dated 17 June 2014 with The National Gas Company of Trinidad and Tobago Limited ("NGC") for the supply of natural gas for five (5) years, commencing on 1 January 2015. Upon the end of the contract period (31 December 2019), the Company was able to obtain an interim Gas Supply Contract with the NGC for a period of three (3) months ending 31 March 2020. Subsequent to expiration, the Company was able to obtain a further interim Gas Supply Contract with the NGC for a period of one (1) month ending 1 May 2020. Accordingly, as at 31 December 2019, the Company has not secured an executed gas supply contract for a period which exceeded at least one year from the Company's year-end.

The Company is currently in negotiations with the National Gas Company of Trinidad and Tobago, the sole downstream supplier of natural gas in Trinidad and Tobago, to secure a long-term gas supply contract. The Company's operations are heavily dependent on the supply of natural gas. As further explained in Note 17 to the financial statements, these circumstances indicate a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern. Our opinion is not qualified in relation to this matter.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TRINIDAD NITROGEN CO. LIMITED

Report on the Audit of the Financial Statements
(Continued)

Responsibilities of Management and Board of Directors for the Financial Statements

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TRINIDAD NITROGEN CO. LIMITED

Report on the Audit of the Financial Statements
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements
(Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

EY

Port of Spain
TRINIDAD:
8 April 2020

TRINIDAD NITROGEN CO. LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019
(Expressed in Trinidad and Tobago Dollars)

	Notes	2019 $'000	2018 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,055,842	1,093,807
Pension asset	6 (a)	340	318
Deferred tax asset	13 (a)	66,758	75,521
		1,122,940	1,169,646
Current assets			
Inventories	7	175,288	168,820
Prepayments and other receivables	8	48,044	144,032
Amounts due from related companies	9 (a)		
Trade		84,069	99,929
Other		91,247	88,967
Income tax recoverable		121,198	175,552
Cash and cash equivalents	11	1,259	7,526
		521,105	684,826
Total assets		1,644,045	1,854,472

The accompanying notes form an integral part of these financial statements.

TRINIDAD NITROGEN CO. LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019
(Expressed in Trinidad and Tobago Dollars)
(Continued)

	Notes	2019 $'000	2018 $'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	12	156,150	156,150
Retained earnings		544,950	528,051
Translation difference reserves		57,144	61,221
		758,244	745,422
Non-current liabilities			
Pension liability	6 (a)	105,309	116,349
Post retirement healthcare liability	6 (a)	48,148	61,717
Long term loan	10 (a) & (d)	111,464	139,966
Deferred tax liability	13 (a)	164,218	184,407
		429,139	502,439
Current liabilities			
Trade and other payables	10 (a)	96,040	69,648
Short term loan	10 (a) & (d)	223,058	366,287
Amounts due to related companies			
Trade	9 (b)	108,811	131,545
Other	9 (a)	28,753	12,082
Dividends payable	9 (c)	-	27,049
		456,662	606,611
Total liabilities		885,801	1,109,050
Total equity and liabilities		1,644,045	1,854,472

The accompanying notes form an integral part of these financial statements.

On 8 April 2020, the Company's Board of Directors authorised these financial statements for issue.

Director ____________________ Director ____________________

TRINIDAD NITROGEN CO. LIMITED

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Trinidad and Tobago Dollars)

	Notes	2019 \$'000	2018 \$'000
Revenue from contracts with customers	9 (a)	1,133,138	1,309,264
Direct selling costs		(47,469)	(52,154)
Net sales revenue		1,085,669	1,257,110
Cost of products sold and operating expenses	14	(1,038,447)	(1,165,093)
Operating profit		47,222	92,017
Finance cost -net	15	(17,793)	(11,386)
Profit before tax		29,429	80,631
Income tax expense	13 (b) & (c)	(11,841)	(36,954)
Profit for the year		17,588	43,677

The accompanying notes form an integral part of these financial statements.

TRINIDAD NITROGEN CO. LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Trinidad and Tobago Dollars)

	Notes	2019 $'000	2018 $'000
Profit for the year		17,588	43,677
Other comprehensive income			
Items that will not be re-classified subsequently to profit or loss			
Translation difference		(4,077)	215
Actuarial gain	6 (a)	19,635	6,668
Deferred tax charge	13 (a)	(6,872)	(2,334)
Other comprehensive income for the year, net of tax		8,686	4,549
Total comprehensive income for the year, net of tax		26,274	48,226

The accompanying notes form an integral part of these financial statements.

TRINIDAD NITROGEN CO. LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Trinidad and Tobago Dollars)

	Share capital $'000	Retained earnings $'000	Translation difference reserve $'000	Total $'000
At 1 January 2018	156,150	507,089	61,006	724,245
Profit for the year	–	43,677	–	43,677
Other comprehensive income for the year	–	4,334	215	4,549
Net comprehensive income for the year	–	48,011	215	48,226
Dividends ($45.08 per share) (note 9(c))	–	(27,049)	–	(27,049)
At 31 December 2018	156,150	528,051	61,221	745,422
At 1 January 2019	156,150	528,051	61,221	745,422
Profit for the year	–	17,588	–	17,588
Other comprehensive income for the year	–	12,763	(4,077)	8,686
Net comprehensive income for the year	–	30,351	(4,077)	26,274
Dividends ($22.42 per share) (note 9(c))	–	(13,452)	–	(13,452)
At 31 December 2019	156,150	544,950	57,144	758,244

The accompanying notes form an integral part of these financial statements.

TRINIDAD NITROGEN CO. LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Trinidad and Tobago Dollars)

	Notes	2019 $'000	2018 $'000
Operating activities			
Profit before tax		29,429	80,631
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation	5	187,231	181,145
Loss on disposal of property, plant and equipment		5,955	26
Movement in the pension and post retirement liabilities		(4,974)	(3,395)
		217,641	258,407
Net changes in operating assets and liabilities:			
Increase in inventory		(7,387)	(6,581)
Decrease/(increase) in trade receivables and prepayments		95,198	(65,507)
Decrease/(increase) in amounts due from related companies		12,551	(19,905)
Increase/(decrease) in trade and other payables		26,797	(38,716)
Decrease in amounts due to related companies		(5,288)	(37,569)
Net cash flows generated from operations		339,512	90,129
Net income tax refund/(paid)		24,209	(11,536)
Net cash flows generated from operating activities		363,721	78,593
Investing activity			
Purchase of property, plant and equipment	5	(161,170)	(243,149)
Net cash flows used in investing activity		(161,170)	(243,149)
Financing activities			
Dividends paid	9 (c)	(40,354)	–
(Payments)/proceeds from short term loan		(168,978)	169,058
Net cash flows (used in)/generated from financing activities		(209,332)	169,058
(Decrease)/increase in cash and cash equivalents		(6,781)	4,502
Net foreign exchange difference		514	174
Cash and cash equivalents at 1 January		7,526	2,850
Cash and cash equivalents at 31 December	11	1,259	7,526

The accompanying notes form an integral part of these financial statements.

1. Incorporation and principal activity

Trinidad Nitrogen Co. Limited (the Company) is a limited liability company domiciled and incorporated in the Republic of Trinidad and Tobago on 28 June 1974. The registered office is located at Savonetta, Trinidad.

The Company was continued under the provisions of The Companies Act, 1995 on 9 October 1998. It is owned by National Enterprises Limited (51%) and Yara Caribbean (2002) Ltd (49%), both of which are incorporated in the Republic of Trinidad and Tobago. Yara Caribbean (2002) Ltd's ultimate parent company is Yara International ASA (incorporated in Oslo), which was established as a result of the demerger of the Agri Division of Norsk Hydro ASA in 2004.

The Company manufactures anhydrous ammonia in two independent production plants known as Tringen I and Tringen II. All production from Tringen I and II are sold through Sales Agency Agreements, with a related party, on the open market.

The Company is managed and operated by Yara Trinidad Ltd., a wholly owned subsidiary of Yara Caribbean (2002) Ltd under the terms of a Management and Operating Agreement dated 6 May 1976, as amended. The Agreement was expired on 31 December 2018 and renewed for a further five (5) year period beginning on 1 January 2019. Under the terms of the Agreement, the Company reimburses Yara Trinidad Ltd. for all direct costs and 66.67% of the total indirect costs incurred in carrying out its obligations. This Agreement also allows Yara Trinidad Ltd. to provide the services of its employees as it deems necessary for the management and operations of the Company. The net reimbursements amounted to approximately $142,341,000 in 2019 (2018: $173,563,000) (Note 9 a).

The Company has also entered into agreements with various agencies of the Government of the Republic of Trinidad and Tobago for the supply of natural gas, electricity and water.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 Foreign currency translation

(a) Functional and presentation currency

The Company's functional currency is the United States dollar, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company. The financial statements prepared in the Company's functional currency have been authorised for issue on ………………..

These financial statements are presented in Trinidad and Tobago dollars (the presentation currency) on the following basis:

(i) Assets and liabilities have been translated at the rate prevailing at the end of the reporting period of US$1.00 = TT$6.7255 (2018 = TT$6.7623).

(ii) Income and expense items have been translated at US$1.00 = TT$6.7305 (2018 = TT$6.7356). This rate approximates the actual exchange rates at the dates of the transactions.

(iii) Exchange differences arising from translation have been recognized in other comprehensive income and are shown as a separate component of equity.

The amounts in the financial statements have been rounded off to the nearest thousand ($'000) except when otherwise indicated

(b) Transactions and balances

Transactions in foreign currencies are initially translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising on the settlement of such transactions and on translating monetary assets and liabilities denominated in foreign currencies at the rates prevailing at the end of the reporting period are recognised in the statement of income.

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment

(a) Property, plant and equipment in service

All property, plant and equipment are stated at historical cost less accumulated depreciation, with the exception of land. Historical cost includes expenditure that is directly attributable to the acquisition of the items of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of income during the financial period in which they are incurred.

Property, plant and equipment are depreciated on the straight-line basis at rates estimated to write-off the costs of the assets over their useful lives.

Turnaround costs comprise costs incurred on planned major maintenance projects. These are currently performed every five years in Tringen I and every five years in Tringen II. These costs are capitalised when incurred and are amortised over the anticipated period until the next scheduled turnaround.

The estimated useful lives of the assets are as follows:

Buildings	-	20 years
Plant and machinery	-	5 to 15 years
Catalysts	-	2 to 9 years
Turnaround costs	-	5 years

Land is measured at cost and not depreciated as it is deemed to have an indefinite useful life.

The assets' residual value, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to be gained from its continued use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

(b) Projects under construction

Property, plant and equipment under construction are recorded as projects under construction (PUC) until they are ready for their intended use. Thereafter they are transferred to the related category of property, plant and equipment and depreciated over their estimated useful lives. The cost of PUC includes allocation of labour and overhead which are directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management in accordance with IAS 16 *Property, Plant and Equipment*. The total additions to PUC for the year amounted to $105,066,000 (2018: $31,236,000) (Note 5).

2.4 Inventories

i) Finished goods

Finished goods are stated at the lower of cost and net realisable value. Cost of finished goods comprises direct production costs and a proportion of attributable production overheads. Cost is determined using the first in, first out (FIFO) method.

ii) Consumable spares and supplies

Consumable spares and supplies are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method.

iii) Catalysts

Catalysts not yet installed are valued at the lower of cost and net realisable value.

2.5 Cash and cash equivalents

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

2. Summary of significant accounting policies (continued)

2.6 Trade receivables

Trade receivables are carried at the original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of sale. The carrying amount of the asset is reduced through an allowance account and the amount of the loss is recognised in the statement of income. When an account receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the statement of income.

2.7 Trade and other payables

Liabilities for trade and other amounts which are normally settled on 30 - 90 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.8 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can been reliably estimated.

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

2.9 Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

2. **Summary of significant accounting policies** (continued)

2.9 **Taxation** (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The principal temporary differences arise from depreciation on property, plant and equipment and other provisions including those for pension and other post-retirement benefits.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax relating to items recognized directly in other comprehensive income is recognized directly in other comprehensive income.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

2. Summary of significant accounting policies (continued)

2.10 Employee benefits

The Company shares with Yara Trinidad Ltd. the costs associated with operating a defined benefit pension plan (The Hydro Agri Trinidad Ltd. Pension Plan), and a post-retirement healthcare plan (Yara Trinidad Ltd. Post-Retirement Healthcare Plan).

The allocation of costs, liabilities and benefits between the Company and Yara Trinidad Ltd. is based on the following:

1. Retirees and deferred pensioners before 31 December 2000: Amounts were allocated equally between the companies.
2. After 31 December 2000: Actual costs are allocated for individual active members, retirees and deferred pensioners.

Contributions to the plan were allocated in the ratio of salaries between the Company and Yara Trinidad Ltd.

The pension plan is administered by independent Trustees and the post-retirement healthcare plan by an independent insurance company.

A defined benefit pension plan is a plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation upon retirement.

The pension plan is funded by payments from employees and the Company, taking account of the recommendations of independent qualified actuaries. The post-retirement healthcare plan is unfunded.

The costs of providing benefits under the plans are determined separately for each plan using the projected unit credit actuarial valuation method. Under this method, the cost of providing benefits is charged to the statement of income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of the plans every three years. Roll forward valuations, which are less detailed than full valuations, are performed annually.

2. Summary of significant accounting policies (continued)

2.10 Employee benefits (continued)

The benefit obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

Vested past service cost is recognized immediately in the statement of income.

2.11 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for goods. The Company has concluded that is the principal in its revenue arrangement, because it typically controls the goods before transferring to the customer.

All sales are made to a related party. Revenue is recognised on a Free On Board (F.O.B.) basis on all sales upon completion of loading of the shipping vessel as evidenced by the bill of lading, with a subsequent adjustment based on the actual prices realised by the related party on sales to the final customers, in accordance with contractual obligations.

2.12 Dividends

Dividends are recorded in the Company's financial statements in the period in which they are declared by the Board of Directors.

2.13 Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade and other receivables, amounts due from/to related companies, trade and other payables and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2. Summary of significant accounting policies (continued)

2.14 Share capital

Ordinary shares with discretionary dividends are classified as equity.

2.15 Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.16 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. Summary of significant accounting policies (continued)

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the separate statement of comprehensive income, over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.18 Borrowing costs

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

2.19 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. Summary of significant accounting policies (continued)

2.19 Impairment of financial assets (continued)

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cashflows.

2.20 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. **Summary of significant accounting policies** (continued)

2.20 Leases (continued)

Company as a lessee (continued)

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office equipment	3-4 years
Vehicles	3-4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to note 2.15 for details of the Company's impairment accounting policy.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the remaining lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

2. Summary of significant accounting policies (continued)

2.20 Leases (continued)

Company as a lessee (continued)

ii) Lease liabilities (continued)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of all office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.21 Changes in accounting policies and disclosures

(a) New and amended standards and interpretations

The Company applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

2. Summary of significant accounting policies (continued)

2.21 Changes in accounting policies and disclosures (continued)

(a) New and amended standards and interpretations (continued)

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Company did not have any long-term leases at the end of 31 December 2019 therefore the effect of adoption of IFRS 16 as at 1 January 2019 is nil.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low value assets.

2. Summary of significant accounting policies (continued)

2.21 Changes in accounting policies and disclosures (continued)

(a) New and amended standards and interpretations (continued)

IFRS 16 Leases (continued)

Leases previously classified as finance leases
The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

Leases previously accounted for as operating leases
The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. **Summary of significant accounting policies** (continued)

2.21 **Changes in accounting policies and disclosures** (continued)

(a) **New and amended standards and interpretations** (continued)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

i. Whether an entity considers uncertain tax treatments separately
ii. The assumptions an entity makes about the examination of tax treatments by taxation authorities
iii. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
iv. How an entity considers changes in facts and circumstances
v. The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

2. Summary of significant accounting policies (continued)

2.21 Changes in accounting policies and disclosures (continued)

(a) New and amended standards and interpretations (continued)

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

2. Summary of significant accounting policies (continued)

2.21 Changes in accounting policies and disclosures (continued)

(a) New and amended standards and interpretations (continued)

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the financial statements as the Company does not have long term interests in its associate and joint venture.

Annual Improvements 2015-2017 Cycle

IFRS 3 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the financial statements of the Company as there is no transaction where joint control is obtained.

2. Summary of significant accounting policies (continued)

2.21 Changes in accounting policies and disclosures (continued)

(a) New and amended standards and interpretations (continued)

Annual Improvements 2015-2017 Cycle (continued)

IFRS 11 Joint Arrangements
An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends on profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

2. Summary of significant accounting policies (continued)

2.21 Changes in accounting policies and disclosures (continued)

(a) New and amended standards and interpretations (continued)

IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

(b) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Definition of a Business - Amendments to IFRS 3 – Effective 1 January 2020
- Definition of Material - Amendments to IAS 1 and IAS 8 – Effective 1 January 2020
- The Conceptual Framework for Financial Reporting – Effective 1 January 2020
- IFRS 17 Insurance Contracts – Effective 1 January 2021

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3. Financial risk management policies and objectives

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, commodity price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potentially adverse effects on the Company's financial performance while maintaining the liquidity needs of the Company.

Risk management is carried out by management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. This comprises currency risk and interest rate risk. Financial instruments affected by market risk include trade and other receivables, amounts due from/to related parties, trade and other payables and accruals.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Company's exposure to foreign exchange risk arises primarily from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the Company's functional currency. The Company believes that this risk has no material impact to the financial performance or position of the Company as most of the transactions are denominated in US dollars.

(ii) Commodity price risk

The Company manufactures and sells ammonia and is therefore exposed to the volatility of ammonia prices as it is traded on the international market.

3. Financial risk management policies and objectives (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk

The interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company does not have a material exposure to the risk of changes in market interest rates.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Company's credit risk arises from trade receivables and cash and cash equivalents.

The majority of the Company's sales are made to a related party. The related party settles its obligation to the Company timely. At year end, the Company's trade receivables are current.

Cash and cash equivalents are placed with reputable financial institutions. Credit risk from balances with banks and financial institutions is managed in accordance with the Company's investment policy. Investment of surplus funds is made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by Management on an annual basis. The limits are set to minimise the concentrations of risks and therefore mitigate the financial loss through potential counterparty's failure.

The maximum exposure on these financial instruments is equivalent to their carrying amounts at year end.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and short-term investments, and/or the availability of funding from an adequate amount of credit facilities in order to meet operational needs.

3. Financial risk management policies and objectives (continued)

3.2 Capital risk management

Capital includes equity attributable to the owners of the Company.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

4. Significant accounting estimates, judgements and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. These estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting policies applied by the Company in which judgements, estimates and assumptions may significantly differ from actual results are discussed below:

a) Income taxes

Some judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

b) Provision for spares inventory obsolescence

Some judgement is required in determining the Company's provision for obsolescence on its spares inventories. A combination of factors are considered such as the aging and movement of the underlying inventories, the results of technical reviews conducted by in-house personnel, the expected replacement of items based on planned maintenance programmes and industry/market conditions.

4. **Significant accounting estimates, judgements and assumptions** (continued)

c) **Employee benefits**

The cost of providing benefits under the defined benefit pension plan and the post-retirement healthcare plan are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at the end of each reporting period.

d) **Useful life of property, plant and equipment**

Management exercises judgment in determining the useful lives of all categories of property, plant and equipment and the appropriate method of depreciation.

e) **Impairment of property, plant and equipment**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

f) **Determining the lease term of contracts with renewal and termination options - Company as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

4. Significant accounting estimates, judgements and assumptions (continued)

g) Leases - Estimating the incremental borrowing rate

Where the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

5. Property, plant and equipment

	Land and buildings $'000	Plant and machinery $'000	Catalysts $'000	Turnaround costs $'000	Projects under construction $'000	Total $'000
Net book value						
At 1 January 2019	4,984	768,908	33,100	186,747	100,068	1,093,807
Translation adjustment	(26)	(4,185)	(179)	(1,017)	(545)	(5,952)
Additions	–	27,958	28,146	–	105,066	161,170
Transfers	–	7,344	–	–	(7,344)	–
Cost of disposed assets	(1,433)	(11,951)	(16,330)	(18,260)	–	(47,974)
Depreciation (Note 14)	(908)	(121,994)	(12,388)	(51,941)	–	(187,231)
Accumulated depreciation of disposed assets	1,433	11,158	15,798	13,633	–	42,022
At 31 December 2019	4,050	677,238	48,147	129,162	197,245	1,055,842
At 31 December 2019						
Cost	78,945	3,475,951	106,909	312,809	197,245	4,171,859
Accumulated depreciation	(74,895)	(2,798,713)	(58,762)	(183,647)	–	(3,116,017)
Net book value	4,050	677,238	48,147	129,162	197,245	1,055,842
Net book value						
At 1 January 2018	5,903	757,606	26,738	53,420	188,101	1,031,768
Translation adjustment	1	45	1	3	11	61
Additions	–	62,507	17,778	131,628	31,236	243,149
Transfers	–	70,132	426	48,722	(119,280)	–
Cost of disposed assets	–	(121,504)	(11,036)	(83,846)	–	(216,386)
Depreciation (Note 14)	(920)	(121,356)	(11,843)	(47,026)	–	(181,145)
Accumulated depreciation of disposed assets	–	121,478	11,036	83,846	–	216,360
At 31 December 2018	4,984	768,908	33,100	186,747	100,068	1,093,807
At 31 December 2018						
Cost	80,404	3,456,785	95,272	332,086	100,068	4,064,615
Accumulated depreciation	(75,420)	(2,687,877)	(62,172)	(145,339)	–	(2,970,808)
Net book value	4,984	768,908	33,100	186,747	100,068	1,093,807

6. Employee benefits

As discussed in Note 2.10, the Company accounts for its share of the assets, liabilities, benefits and expenses of the Hydro Agri Trinidad Ltd. Pension Plan and Yara Trinidad Ltd. Post-Retirement Healthcare Plan. The Company's involvement in these plans is disclosed in Note 6(a) and the results of the entire plans are shown in Note 6(b). This arrangement is considered a related party transaction.

The Company also recognised in 2018 a Trinidad Nitrogen Co. Limited (Tringen) define benefit pension plan with plan assets of $318,000. This plan is separate from the Hydro Agri Trinidad Ltd Pension Plan. This pension plan is specific to the six (6) employees, employed directly with Tringen. The Company's involvement in this plan is disclosed in Note 6(a).

An independent actuarial valuation of this plan as at 31 December 2017 revealed an ongoing deficit of $104.7 million in respect of the Company and Yara Trinidad Ltd. at the valuation date. It was recommended that the employer's contributions be at the rate of 20% of pensionable salary until the next valuation date.

(a) Pension plan/post-retirement healthcare plan

	2019			2018		
Amounts recognised in the statement of financial position	**Hydro Pension plan $'000**	**Tringen Pension plan $'000**	**Yara Post retirement healthcare plan $'000**	**Hydro Pension plan $'000**	**Tringen Pension plan $'000**	**Yara Post retirement healthcare plan $'000**
Present value of defined benefit obligation	501,935	8,832	–	488,449	8,232	–
Fair value of plan assets	(396,626)	(9,172)	–	(372,100)	(8,550)	–
Present value of unfunded obligation	–	–	48,148	–	–	61,717
Benefit (asset)/liability in the statement of financial position	105,309	(340)	48,148	116,349	(318)	61,717

6. Employee benefits (continued)

(a) Pension plan/post-retirement healthcare plan (continued)

	2019			2018		
Movement in the present value of the defined benefit obligation during the year	**Hydro Pension plan $'000**	**Tringen Pension plan $'000**	**Yara Post-retirement healthcare plan $'000**	**Hydro Pension plan $'000**	**Tringen Pension plan $'000**	**Yara Post-retirement healthcare plan $'000**
Defined benefit obligation at 1 January	488,449	8,232	61,717	498,352	8,735	48,930
Interest cost	24,394	422	3,097	24,920	449	2,450
Current service cost – employer	6,948	254	1,130	8,170	284	1,528
Current service cost – employee	3,642	67	–	2,249	63	–
Benefit payments	(22,325)	(224)	–	(23,296)	(224)	(2,179)
Actuarial gains on obligation:						
- financial assumption changes	(3,886)	(181)	(1,820)	(19,630)	(845)	–
- obligation – experience	4,713	262	(15,976)	(2,316)	(230)	10,988
Defined benefit obligation at 31 December	501,935	8,832	48,148	488,449	8,232	61,717

6. Employee benefits (continued)

(a) Pension plan/post-retirement healthcare plan (continued)

	2019			2018		
	Hydro Pension plan $'000	Tringen Pension plan $'000	Yara Post-retirement healthcare plan $'000	Hydro Pension plan $'000	Tringen Pension plan $'000	Yara Post-retirement healthcare plan $'000
Movements in the fair value of plan assets during the year						
Fair value of plan assets at 1 January	372,100	8,550	–	359,153	7,503	–
Expected return on plan assets	18,634	432	–	17,966	326	–
Actuarial gain/(loss) on assets	4,540	23	–	(5,365)	–	–
Employer contributions	20,035	324	–	20,111	882	–
Employee contributions	3,642	67	–	3,531	63	–
Benefit payments	(22,325)	(224)	–	(23,296)	(224)	–
Fair value of plan assets at 31 December	396,626	9,172	–	372,100	8,550	–

6. **Employee benefits** (continued)

(a) **Pension plan/post-retirement healthcare plan** (continued)

	2019			2018		
	Hydro Pension plan $'000	**Tringen Pension plan $'000**	**Yara Post-retirement healthcare plan $'000**	**Hydro Pension plan $'000**	**Tringen Pension plan $'000**	**Yara Post-retirement healthcare plan $'000**
Amounts recognised in the statement of income						
Current service cost	6,948	254	1,130	8,170	284	1,528
Interest cost on benefit obligation	5,756	(10)	3,097	6,954	123	2,450
Net benefit expense	12,704	244	4,227	15,124	407	3,978
Actual return on plan assets	23,178	455	-	12,601	-	-

The total net charge to the statement of income of $17,175,000(2018: $19,102,000) was included in the cost of products sold and operating expenses as labour cost.

6. Employee benefits (continued)

(a) Pension plan/post-retirement healthcare plan (continued)

As mentioned in Note 2.10, actuarial gains or losses are recognized in full in the period in which they occur through the statement of other comprehensive income. They are recognized immediately in retained earnings as they are not permitted to be reclassified to profit or loss in a subsequent period. The cumulative actuarial losses recognized in equity (net of tax) as at 31 December 2019 amounted to $111,802,000 (2018: $124,565,000).

The principal actuarial assumptions used in determining the pension and post-retirement healthcare benefit obligation for the Company's plans were:

	2019	2018
Discount rate – pension plan	5.00%	5.00%
Future salary increases	4.80%	5.00%
Discount rate – post-retirement healthcare plan	5.20%	5.00%
Healthcare costs increases	5.00%	5.00%

The overall expected rate of return on the plan assets is determined based on the market expectations prevailing, applicable to the period over which the obligation is to be settled. This is reflected on the assumptions above.

The major categories of pension plan assets, as a percentage of the fair value of the total pension plan assets are as follows:

	2019		2018	
	$'000	%	$'000	%
Bank deposits	24,516	6	4,420	1
Equity instruments	106,021	27	95,205	25
Debt instruments	260,304	66	266,618	72
Other assets	5,785	1	5,857	2
	396,626	100	372,100	100

The plan assets do not include any of the Company's financial instruments, nor any property controlled, or other assets used by the Company. The above relates to the Hydro Agri Pension Plan.

6. Employee benefits (continued)

(a) Pension plan/post-retirement healthcare plan (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2019 is as shown below:

		Impact on		
Assumptions	**Sensitivity level**	**Hydro Pension plan \$'000**	**Tringen Pension plan \$'000**	**Yara Post retirement healthcare plan \$'000**
Discount rate	+.5%/-.5%	30,675/(34,312)	757/(872)	4,199/(3,692)
Future salary rate	+.5%/-.5%	(9,895)/9,319	(467)/426	–
Healthcare cost	+.5%/-.5%	–	–	(4,186)/3,719
Pension rate	+.5%/-.5%	(23,471)/–	(365)/–	–

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The best estimate of expected pension plan contributions and post-retirement healthcare premiums to be paid by the Company for the period 1 January 2020 to 31 December 2020 amounts to approximately \$20,269,000 and \$2,006,000 respectively.

The weighted average duration of the pension liability at 31 December 2019 is 15 years (2018: 15 years) and 15 years (2018: 15 years) for other post-retirement healthcare plan.

6. **Employee benefits** (continued)

(b) Pension plan/post-retirement healthcare plan – combined plan

As discussed in Note 2.10, the Company accounts for its share of the assets, liabilities, benefits and expenses of the Hydro Agri Trinidad Ltd. Pension Plan and Yara Trinidad Ltd. Post-Retirement Healthcare Plan the results of the entire plans are shown in Note 6 (b) and the Company's involvement in these plans is disclosed in Note 6 (a).

	2019		2018	
	Hydro Pension plan $'000	**Yara Post-retirement healthcare plan $'000**	**Hydro Pension plan $'000**	**Yara Post-retirement healthcare plan $'000**
Present value of defined benefit obligation	803,996	–	783,338	–
Fair value of plan assets	(635,318)	–	(596,745)	–
Present value of unfunded obligation	–	75,159	–	98,996
	168,678	75,159	186,593	98,996

6. Employee benefits (continued)

(b) Pension plan/post-retirement healthcare plan – combined plan (continued)

	2019		2018	
	Hydro Pension plan $'000	**Yara Post-retirement healthcare plan $'000**	**Hydro Pension plan $'000**	**Yara Post-retirement healthcare plan $'000**
Movement in the present value defined benefit obligation during the year				
Defined benefit obligation at 1 January	783,338	98,996	801,534	77,949
Interest cost	39,103	4,971	40,045	3,907
Current service cost – employer	11,168	1,788	12,669	2,422
Current service cost – employee	5,464	–	5,559	–
Benefit payments	(35,827)	(2,730)	(37,909)	(3,269)
Actuarial loss on obligation:				
- financial assumption changes	(6,134)	–	(32,803)	–
- obligation experience	6,884	(27,866)	(5,757)	17,987
Defined benefit obligation at 31 December	803,996	75,159	783,338	98,996
Movements in the fair value of plan assets during the year				
Fair value of plan assets at 1 January	596,745	–	577,652	–
Expected return on plan assets	29,829	–	28,837	–
Actuarial losses on assets	9,054	–	(7,938)	–
Employer contributions	30,053	–	30,544	–
Employee contributions	5,464	–	5,559	–
Benefit payments	(35,827)	–	(37,909)	–
Fair value of plan assets at 31 December	635,318	–	596,745	–

6. **Employee benefits** (continued)

(b) **Pension plan/post-retirement healthcare plan – combined plan** (continued)

	2019		2018	
	Hydro Pension plan $'000	**Yara Post-retirement healthcare plan $'000**	**Hydro Pension plan $'000**	**Yara Post-retirement healthcare plan $'000**
Amounts recognised in the statement of income				
Current service cost	11,168	1,788	12,669	2,422
Net interest cost on benefit obligation	9,274	4,971	11,204	3,907
Net benefit expense	20,442	6,759	23,873	6,329
Actual return on plan assets	38,883	–	20,899	–

The major categories of plan assets, as a percentage of the fair value of the total plan assets are as follows:

	2019		2018	
	$'000	**%**	**$'000**	**%**
Bank deposits	39,270	6	7,089	1
Equity instruments	169,823	27	152,683	26
Debt instruments	416,952	66	427,583	72
Other assets	9,273	1	9,390	1
	635,318	100	596,745	100

The plan assets do not include any of the financial instruments of the Company and Yara Trinidad Ltd., nor any property controlled, or other assets used by the Company and Yara Trinidad Ltd.

The overall expected rate of return on the plan assets is determined based on the market expectations prevailing, applicable to the period over which the obligation is to be settled. This is reflected on the assumptions above.

6. Employee benefits (continued)

(b) Pension plan/post-retirement healthcare plan – combined plan (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2019 is as shown below:

		Impact on	
Assumptions	**Sensitivity level**	**Hydro Pension plan $'000**	**Yara Post-retirement healthcare plan $'000**
Discount rate	+.5%/-.5%	48,993/(54,775)	5,721/(6,499)
Future salary rate	+.5%/-.5%	(15,695)/14,789	–
Healthcare costs increases	+.5%/-.5%	–	(6,478)/5,754
Pension rate	+.5%/-.5%	(52,401)/–	–

The best estimate of expected pension plan contributions and post-retirement healthcare premiums to be paid by the Company and Yara Trinidad Ltd. for the period 1 January 2020 to 31 December 2020 amounts to approximately $31,615,000 and $3,009,000. respectively.

7. Inventories

	2019 $'000	2018 $'000
Finished products	39,140	25,612
Spare parts and supplies	163,705	170,787
Less: provision for obsolescence on spare parts	(27,557)	(27,579)
	175,288	168,820

8. Prepayment and other receivables

VAT recoverable	34,043	129,130
Prepayments	13,941	14,828
Trade and other receivables	60	74
	48,044	144,032

9. Related party disclosures

Transactions with related parties are conducted at terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties nor has a provision been established (2018: Nil).

(a) Transactions with entities under Yara International ASA

	Sales to related parties $'000	Purchases from related parties $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
Yara Switzerland (Note i)*				
2019	1,133,023	–	84,069	–
2018	1,308,757	1,494	99,929	–
Yara Trinidad Ltd. (Note ii)				
2019	–	–	976	23,830
2018	–	–	7,312	10,784
Yara Belgium SA				
2019	–	–	–	50
2018	–	132	–	50
Yara International ASA (Note iii)				
2019	–	5,048	90,271	4,873
2018	–	4,747	81,645	1,248
Yara Belle Plaine				
2019	–	–	–	–
2018	–	–	–	–
Yara Caribbean				
2019	115	19,788	–	–
2018	507	–	10	–
Other				
2019	–	–	–	–
2018	–	–	–	–
Total				
2019	1,133,138	24,836	175,316	28,753
2018	1,309,264	6,373	188,896	12,082

* Represents transactions of a trade nature.

9. Related party disclosures (continued)

(a) Transactions with entities under Yara International ASA (continued)

Note (i)
The amounts due from this related party are due one month after the invoice date and are unsecured, interest free and settlement occurs in cash. The direct selling costs are not offset against revenue because the transactions are treated separate and distinct and the amounts are not offset upon settlement.

Note (ii)
Amounts due to Yara Trinidad Ltd., mainly arose from reimbursable costs paid by Yara Trinidad Ltd. on behalf of the Company and for services provided by Yara Trinidad Ltd.'s employees. Amounts due from Yara Trinidad Ltd. arose from reimbursable costs paid by the Company on behalf of Yara Trinidad Ltd. The net reimbursements amounted to $142,341,000 in 2019 (2018: $173,563,000).

Note (iii)
The amount due from a related party represents funds in a treasury system operated by the related company.

The Company does not have an overdraft facility with related party.

(b) Transactions with Government-owned entities

The National Enterprises Limited (NEL), the majority shareholder of the Company, is owned by the Government of the Republic of Trinidad and Tobago and as such, NEL, and its related subsidiaries, are related to other government-owned entities. The Company has entered into agreements with various agencies of the Government for the supply of natural gas, electricity and water.

	Sales to related parties $'000	Purchases from related parties $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago *				
2019	–	575,777	–	105,263
2018	–	715,745	–	127,284

9. Related party disclosures (continued)

(b) Transactions with Government-owned entities (continued)

	Sales to related parties $'000	Purchases from related parties $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The Water and Sewerage Authority*				
2019	–	40,828	–	2,631
2018	–	33,695	–	3,394
Trinidad and Tobago Electricity Commission *				
2019	–	15,238	–	917
2018	–	15,400	–	867
Total				
2019	–	631,843	–	108,811
2018	–	764,840	–	131,545

* Represents transactions of a trade nature.

(c) Transaction with owners

There were no transactions with the shareholders of the Company except for the declaration and payment of dividends as follows:

	2019 $'000	2018 $'000
Dividends payable to shareholders at 1 January	27,049	–
Exchange difference on beginning balance	(147)	–
Dividend proposed and approved:		
In respect of prior year	–	27,049
In respect of current year	13,452	–
Total dividend declared	40,354	27,049
Dividend paid to shareholders during the year	(40,354)	–
Dividends payable to shareholders at 31 December	–	27,049

9. Related party disclosures (continued)

(d) Key management compensation

Compensation of key management personnel of the Company:

	2019 $'000	2018 $'000
Short-term employee benefits	11,863	11,801
Post-employment benefits	1,344	1,496
	13,207	13,297

10. Financial instruments

(a) Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Financial assets	2019 $'000	2018 $'000
Amounts due from related companies		
Trade	84,069	99,929
Other	91,247	88,967
Cash and cash equivalents	1,259	7,526
Total	176,575	196,422

Financial liabilities		
Long term loan	111,464	139,966
Trade payable	80,246	42,098
Accrued liabilities	15,794	27,550
Short term loan	223,058	366,287
Amounts due to related parties		
Trade	108,811	131,545
Other	28,753	12,082
Dividend payable	-	27,049
Total	568,126	746,577

10. Financial instruments (continued)

(b) Fair values of financial instruments

The carrying amounts of the aforementioned financial instruments other than the long term loan approximate their fair values due to the short-term nature of the instruments. The carrying value of the long term loan approximates its fair value as it attracts a variable interest rate.

(c) Credit quality of financial assets

Trade and other receivables

Trade receivables comprise of amounts due from related parties – trade and other trade receivables. Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2019, there was Nil trade receivables past due (2018: Nil). There has been no history of default from related parties.

The other receivables are due from related parties Yara Trinidad Ltd and other Yara companies (Note 9). There has been no history of default.

The aging analysis of trade receivables is as follows:	**2019 $'000**	**2018 $'000**
Up to 3 months	84,069	99,929
The aging analysis of other receivables is as follows:		
Up to 3 months	91,244	88,967
Over 3 months	3	–
	91,247	88,967
Cash and cash equivalents		
Group 1	1,056	1,059
Group 2	203	6,467
Total	1,259	7,526

Group 1 – Trinidad and Tobago based banking institutions. There has been no history of default.

Group 2 – Regional and international banking institutions. There has been no history of default.

10. Financial instruments (continued)

(d) **Borrowings**	**2019 $'000**	**2018 $'000**
Long term loan		
Scotia Bank of (T&T) (SBTT) Non revolving (i)	140,119	169,058
Less: Short-term portion of Non revolving	(28,018)	(28,172)
	112,101	140,886
Less: Unamortised cost of borrowing	(637)	(920)
Net long term loan	111,464	139,966
Short term loan		
ANSA Merchant Bank Limited (ii)	168,138	169,058
SBTT No Revolving (i)	28,018	28,171
SBTT Revolving (i)	26,902	169,058
Total	223,058	366,287

i) In November 2016, SBTT made available to the Company US$50,000,000 (TT$336,275,000) loan to be apportioned between a non-revolver loan (US$25,000,000 or TT$168,137,500) and a revolving loan (US$25,000,000 or TT$168,137,500). No collateral is provided for this loan but interest is charged at a rate linked to LIBOR + margin (currently at 4.57%). The non-revolver loan is due to be repaid in six equal semi-annual instalments beginning 30 months after the first draw down. US$4,000,000 (TT$26,902,000) was withdrawn for the Revolving Facility as at 31 December 2019.

The Company incurred US$461,012 (TT$3,118,610) to secure this loan facility, 50% relating to the revolving portion was written off immediately. However the other 50% is being written off over the life of the non-revolving portion. The long term loan balance reflects the long term portion of the loan less the unamortised portion of the cost of borrowing.

The loan agreements require the Company to comply with certain financial covenants. Breaches in meeting the financial covenants would permit the bank to immediately call the loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing as at 31 December 2019.

ii) In April 2015, the Company issued a one year revolving commercial paper facility in the amount of US$25,000,000 (TT$168,137,500) which attracts interest at a rate linked to three (3) months US$ LIBOR. In 2019 the loan was renewed for one year to April 2020 with the possibility of extending to April 2021.

	2019	2018
11. Cash and cash equivalents	**$'000**	**$'000**
Cash on hand and at banks	1,259	7,526

Cash at banks earns interest at floating rates based on daily bank deposit rates.

		$'000
12. Share capital		
The authorised, issued and fully paid capital of the Company consists of:		
Class "A" shares –no par value held by National Enterprises Limited		
At 1 January 2019	306,000 shares	79,636
At 31 December 2019	306,000 shares	79,636
Class "B" shares –no par value held by Yara Caribbean (2002) Ltd.		
At 1 January 2019	294,000 shares	76,514
At 31 December 2019	294,000 shares	76,514
At 1 January 2019		156,150
At 31 December 2019		156,150

There were no movements issued and/or fully paid share capital during the year.

TRINIDAD NITROGEN CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Trinidad and Tobago Dollars)
(Continued)

13. Taxation

a) Deferred tax

	At 1 January 2019 $'000	Recognized in other translation adjustment $'000	(Charge)/ credit to comprehensive income $'000	(Charge)/ income statement $'000	At 31 December 2019 $'000
Deferred tax asset					
Pension liability	40,722	(220)	(1,298)	(2,354)	36,850
Provision for vacation	3,489	(19)	–	(114)	3,356
Provision for inventory obsolescence	9,649	(52)	–	47	9,644
Accrued severance	60	1	–	–	61
Post retirement healthcare plan	21,601	(120)	(5,589)	955	16,847
	75,521	(410)	(6,887)	(1,466)	66,758
Deferred tax liability					
Accelerated tax depreciation	(184,300)	1,002	–	19,194	(164,104)
Pension Asset	(107)	–	15	(20)	(114)
	(184,407)	1,002	15	19,174	164,218
Total charge	–	–	6,872	17,708	–

13. Taxation (continued)

a) Deferred tax (continued)

	At 1 January 2018 $'000	Recognized in other translation adjustment $'000	(Charge)/ credit to comprehensive income $'000	(Charge)/ income statement $'000	At 31 December 2018 $'000
Deferred tax asset					
Pension liability	48,719	2	(1,784)	(6,215)	40,722
Provision for property taxes	818	–	–	(818)	–
Provision for vacation	3,577	–	–	(88)	3,489
Provision for inventory obsolescence	7,046	–	–	2,603	9,649
Accrued severance	60	–	–	–	60
Post retirement healthcare plan	17,128	4	(630)	5,099	21,601
	77,348	6	(2,414)	581	75,521
Deferred tax liability					
Accelerated tax depreciation	(154,650)	(123)	–	(29,527)	(184,300)
Pension Asset	–	–	80	(187)	(107)
	(154,650)	(123)	80	(29,714)	(184,407)
Total charge	–	–	(2,334)	(29,133)	–

b) Details of income tax (credit)/expense are as follows:

	2019 $'000	2018 $'000
Current tax charge	29,549	7,821
Deferred tax (credit)/charge	(17,708)	29,133
Income tax expense	11,841	36,954

13. Taxation (continued)

c) The effective tax rate varies from the statutory rate as a result of the differences shown below:	2019 $'000	2018 $'000
Profit before tax	29,428	80,631
Corporation tax at statutory rate @ 35%	10,300	28,220
Business levy	–	7,820
Effect of disallowable expenses and tax allowances	968	81
Prior years adjustment to corporation tax	175	(169)
Other differences	398	1,002
Income tax expense	11,841	36,954

14. Cost of products sold and operating expenses

	2019 $'000	2018 $'000
Changes in inventory of finished goods	(12,861)	56
Raw materials and consumables used	631,258	750,141
Repairs and maintenance	29,795	34,131
Labour expenses (excluding storage and shipping and president's office expenses)	120,001	135,259
Depreciation (Note 5)	187,231	181,145
Insurance costs	3,143	4,920
Other operating expenses	74,996	44,244
Cost of sales - ammonia	1,033,563	1,149,896
Storage and shipping expenses	462	11,926
President's office expenses	4,422	3,271
Total production costs and operating expenses	1,038,447	1,165,093

15. Finance cost - net

	2019 $'000	2018 $'000
Interest income	4,610	7,679
Interest expense	(22,403)	(19,065)
Total finance cost - net	(17,793)	(11,386)

16. Commitments and contingencies

a) Purchasing commitments

The Company has purchase commitments for electricity, water, nitrogen and natural gas in accordance with contractual obligations, for varying periods ranging up to 15 years.

b) Capital commitments

Amounts committed relating to projects under construction at 31 December 2019 was approximately $59.3 million (2018: $31.1 million).

c) Contingent liabilities

i. Under the terms of the supply contract with the National Gas Company (NGC) of Trinidad and Tobago Limited, there are certain minimum purchase obligations for natural gas. If these quantities are not taken, the Company is obligated to pay NGC for the undrawn quantities at specified prices, which can be utilised in subsequent periods. At the end of the reporting period, there are no circumstances which indicate that minimum quantities will not be consumed in 2019.

ii. In respect of a dispute against NGC for various breaches of the gas supply agreement, Notice of Arbitration was given to NGC on 27th March 2017. However TNC intends to resolve the matter amicably through negotiation. No further steps have been taken to appoint an arbitrator, nor has any specific relief been demanded or damages quantified.

iii. The Board of Inland Revenue has conducted audits in respect of fiscal years 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013 and has raised assessments on withholding tax totalling TT$165.4 million. The 2012 and 2013 tax assessments are under objection. Until the matters are determined, the assessments raised are not considered final.

No material unrecorded additional liabilities are expected to crystallise.

The Company has various legal matters pending in the Industrial Court of the Republic of Trinidad and Tobago. Though the Company is defendant in a number of these cases, no provision was recorded in the financial statements as a realistic probable outcome cannot be determined at present.

17. Going concern

At 31 December 2019, the Company had a contract dated 17 June 2014 with The National Gas Company of Trinidad and Tobago Limited ("NGC") for the supply of natural gas for five (5) years, commencing on 1 January 2015. At the end of the contract period (31 December 2019), the Company was able to obtain an interim Gas Supply Contract with the NGC for a period of three (3) months ending 31 March 2020. Subsequent to expiration, the Company was able to obtain a further interim Gas Supply Contract with the NGC for a period of one (1) month ending 1 May 2020. The Company is currently in negotiations with NGC to obtain a new contract for a period of five (5) years. Natural gas is a key component in the manufacture and production of ammonia. Therefore, the Company's operations are heavily dependent on the supply of natural gas.

The Directors have recognized that the combination of the above circumstances represent a material uncertainty that may impact the ability of the Company to continue as a going concern. Based on current plans and strategies being pursued, the Directors have an expectation that the Company will obtain a long-term contract with the NGC in the near future. Once obtained, the Company will generate adequate cash flows which would allow the Company to continue in operational existence in the foreseeable future. On this basis, the Directors have maintained the going concern assumption in the preparation of these financial statements. This basis of preparation presumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business.

18. Events after the reporting period

The Company has separate contracts with NGC for the provision of gas for its Tringen 1 & 2 plants both contracts commenced on 1 January 2015 and expired on 31 December 2019. Subsequent to year end, the Company was able to obtain two (2) interim Gas Supply Contracts with the NGC for a period of three (3) months ending 31 March 2020 and a period of one (1) month ending 1 May 2020 respectively, while it negotiates with NGC on the renewal of a long term contract.