Consolidated Energy Finance S.A.
Company Report

April 30, 2018

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In this Company Report, the terms the "Group," "we," "our" and "us" with regard to the historical financial and operating information as of and for the fiscal year ended December 31, 2017 and as of and for the fiscal year ended December 31, 2016 refers to CEL and its consolidated subsidiaries, and the historical financial and operating information as of and for the fiscal year ended December 31, 2015 refers to OPAG (Barbados) Ltd. ("OPAG") and its consolidated subsidiaries.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

CEL was incorporated on April 6, 2016 as a stock corporation (*Aktiengesellschaft*) under the laws of Switzerland. Through a contribution-in-kind of 100% of its shares, OPAG became a wholly owned direct subsidiary of CEL. CEL was, among other reasons, established to facilitate the acquisition and financing of a 50% equity interest in Firewater LLC ("Firewater") by CEL's indirect subsidiary G2X Energy (Beaumont) LLC ("G2X Energy") (the "Natgas Acquisition"). Since the Natgas Acquisition, Firewater is a consolidated subsidiary of CEL. Firewater holds all of the membership interests in Natgasoline LLC, a Delaware limited liability company ("Natgas"). The Acquisition was completed on May 4, 2016. Prior to the completion of the Natgas Acquisition, CEL did not conduct any business operations and did not have any material assets or liabilities other than those incurred in connection with its incorporation and the Natgas Acquisition, therefore limited historical information relating to CEL is available. CEL's financial information represents a continuation of OPAG's financial information as the underlying business did not change. The shareholders of CEL are Proman Holding AG ("Proman"), which owns 75%, and Helm AG ("Helm"), which indirectly owns 25%. Prior to the formation of CEL and the reorganization of the shareholding in OPAG, OPAG owned 75% of CEL (Barbados), while Helm AG indirectly held 25%.

As a result, the historical financial and operating information as of and for the fiscal year ended December 31, 2017 and as of and for the fiscal year ended December 31, 2016 refers to CEL and its consolidated subsidiaries and the historical financial and operating information as of and for the fiscal year ended December 31, 2015 refers to OPAG and its consolidated subsidiaries, unless the context otherwise requires.

CEF is a wholly owned, indirect subsidiary of CEL and was incorporated on July 3, 2014 as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg. CEF is a special purpose vehicle established for the purpose of financing transactions. The audited financial statements of CEF as of and for the year ended December 31, 2017 are included elsewhere in this company report.

Financial Information

In this company report historical financial information has therefore been derived from:

- the audited consolidated financial statements of CEL as of and for the fiscal year ended December 31, 2017, with comparable information as of and for the fiscal year ended December 31, 2016 and the notes thereto, which are consistent with the International Financial Reporting Standards ("IFRS") (the "CEL 2017 Consolidated Financial Statements");
- the audited consolidated financial statements of CEL as of and for the fiscal year ended December 31, 2016, with comparable information as of and for the fiscal year ended December 31, 2015 and the notes thereto, which are consistent with IFRS (the "CEL 2016 Consolidated Financial Statements" and, together with the CEL 2017 Consolidated Financial Statements, the "CEL Consolidated Financial Statements"); and
- the audited consolidated financial statements of OPAG as of and for the fiscal year ended December 31, 2015, with comparable information for the fiscal year ended December 31, 2014 and

the notes thereto, which have been prepared in accordance with IFRS (the "OPAG 2015 Consolidated Financial Statements").

The CEL Consolidated Financial Statements were audited by Ernst & Young, Switzerland ("EY Switzerland"). The OPAG 2015 Consolidated Financial Statements have been audited by Ernst & Young, St. Thomas, Barbados ("EY Barbados"). The accounting policies set forth in the CEL Consolidated Financial Statements and OPAG 2015 Consolidated Financial Statements included elsewhere in this company report have been consistently applied to all periods presented unless otherwise indicated.

In addition, we have included certain non-IFRS financial measures and ratios in this company report. See "—Non-IFRS Financial Measures.".

Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between IFRS and generally accepted accounting principles in the United States ("US GAAP") and other systems of generally accepted accounting principles and how those differences might affect the financial information included in this company report and (ii) the impact that future additions to, or amendments of, IFRS may have on our results of operations or financial condition, as well as on the comparability of the prior periods.

IFRS differs in certain material respects from US GAAP. As a result, the results of operations and financial condition derived from the financial statements that are included in this company report may differ substantially from the results of operations and financial condition derived from financial statements prepared in accordance with US GAAP. We have not prepared a reconciliation of our financial information to US GAAP or a summary of significant accounting differences in the accounting and valuation methods of IFRS and US GAAP, nor have we otherwise reviewed the impact that the application of US GAAP would have on our financial reporting. Accordingly, in making an investment decision, investors must rely on their own examination of our financial information.

Certain numerical figures set out in this company report, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this company report may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" are calculated using the numerical data in the CEL 2017 Consolidated Financial Statements, the CEL 2016 Consolidated Financial Statements and the OPAG 2015 Consolidated Financial Statements or the tabular presentation of other data (subject to rounding) contained in this company report, as applicable and not using the numerical data in the narrative description thereof.

Non-IFRS Financial Measures

We have presented in this company report certain supplemental measures of our performance and liquidity, such as net debt, EBITDA and Adjusted EBITDA (each as defined below under notes 1 and 2, respectively, to the tables under "Summary—Summary Historical, Financial and Other Information—Other Financial Information"), which we believe are measures commonly reported and widely used by investors and other interested parties as a measure of a company's operating performance and debt servicing ability. EBITDA is defined as profit/loss before taxation, finance costs, depreciation, impairment and amortization and share of results of associates. EBITDA is not a measurement of performance under IFRS and you should not consider EBITDA as an alternative to (a) profit for the period (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under IFRS.

We believe that EBITDA and Adjusted EBITDA are useful indicators of our ability to incur and service our indebtedness and can assist analysts, investors and other parties to evaluate us. EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing our EBITDA or Adjusted EBITDA to EBITDA or Adjusted EBITDA of other companies.

EBITDA and Adjusted EBITDA are measures that are not required by, or presented in accordance with, IFRS and have limitations as analytical tools and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations as reported under IFRS.

We present EBITDA and Adjusted EBITDA as additional information because we believe these measures are useful for certain investors to determine our operating performance. Because of the limitations listed above, however, the non-IFRS measures presented throughout this company report should not be considered as measures of discretionary cash available to invest in business growth or reduce indebtedness, as alternatives to profit before taxation, as indicators of our operating performance or as any other measure of performance derived in accordance with IFRS.

Furthermore, these measures may not be comparable to similar measures presented by other companies in our industry. In particular, EBITDA or Adjusted EBITDA as presented in this company report may differ from similarly titled measures used by other companies.

Volatility and Seasonality of Quarterly Results

Our quarterly results may be volatile and may vary significantly due to a number of factors, such as volatile prices and sales volumes of our products, as well as cycles in the industry caused by idling capacities, shortages, overproduction and other events.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this company report are not statements of historical facts but statements of future expectations and other forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as "aim to," "anticipate," "believe," "consider," "could," "estimate," "expect," "intend," "may," "plan," "seek," "should," "target," "think," "will," "will continue," "wish," "would be" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. Examples of forward-looking statements include the following:

- statements regarding contingencies inherent in all business activities, including companies' and customers' expenditures, debt and capital market conditions and the competitive and regulatory environment;
- statements regarding the expected level of capital expenditures; and
- statements regarding the amount we will be required to pay in the future pursuant to our existing contractual obligations and off-balance sheet contingent commitments.

Certain information in this company report relating to Natgas (as defined below) including, among other things, the potential financial impact of Natgas on our historical and future results of operations and financial condition, is presented on the basis that production has begun and the Natgas Facility is operating at maximum production capacity and that its actual revenues and operating costs approximate our budget. Such information relating to Natgas is forward-looking and subject to a number of assumptions and estimates that are, in turn, based on our analysis of the various factors which currently, and could in the future, impact our business. These assumptions and estimates are inherently uncertain and subject to significant business, operational, regulatory, economic and competitive uncertainties and contingencies. Certain of the assumptions relate to business decisions that are subject to change, including, but not limited to, our anticipated business strategies, changes in the competitive landscape, our ability to anticipate and react to business trends, our ability to continue developing market opportunities and our ability to execute on our current plans for Natgas. Other assumptions relate to risks and uncertainties beyond our control, including, but not limited to, the global macroeconomic environment, the general market conditions (including prices and availability) for natural gas and methanol, levels of consumer and business spending and developments in the industries of end-users of our products. Our actual market share and financial results, once our Natgas Facility (as defined below) is complete and operating, may differ materially from the information set out in this company report if any of these assumptions prove incorrect. There can be no assurance as to when our Natgas Facility will generate the performance described in this company report, or at all. Prospective investors are cautioned not to rely on the information herein relating to the future operating and financial results of Natgas and should make their own independent assessment of our future operations. For more information, including about factors that may affect the performance of Natgas, see "Risk Factors—Risks Related to Our Business and Industry," including "Risk Factors—Risks Related to Our Business and Industry—The Natgas Facility will be subject to significant operational risks which may impact our ability to achieve our intended results from this facility."

These and similar statements are based on management's current views, estimates and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those anticipated by such statements. We caution readers not to place undue influence on these forward-looking statements, which speak only as of the date of this company report, as applicable. Factors that could cause such differences in actual results include:

- inability to continue successfully as a cash generative business;
- our failure to align our strategic plans with the direction of our end-customers' investments, including by failing to properly manage our capacity and deliveries;
- fluctuations in demand in the methanol, UAN or melamine industries;
- our inability to procure financing for our operations at an affordable cost or at all;
- our exposure to the credit and commercial risk of end-customers;
- our inability to reduce market and currency exchange risk;
- impairment of goodwill or other intangible assets;
- our inability to operate effectively in a highly competitive industry and to correctly identify and invest in the technologies that become commercially accepted;
- our reliance on a limited number of suppliers for the components we need;

- our inability to efficiently co-source or outsource certain business processes and more generally control our costs and expenses;
- the risks and uncertainties in the construction of our future facilities;
- the subsequent risks to the operation of our Natgas Facility and subsequent facilities;
- our failure to detect defects, errors, failures and quality issues that could affect end-customer satisfaction and any resulting reputational harm;
- rapid changes to existing regulations or technical standards;
- our reliance on a limited number of end-customers and the risks inherent in long-term sales agreements;
- the social and political risks we may encounter in our regions of operations;
- existing and future litigation;
- risks inherent to joint venture management; and
- compliance with environmental, health and safety laws.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks, uncertainties and assumptions, the forward-looking events discussed in this company report might not occur. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements included in this company report, including those described in the "Risk Factors" section of this company report.

MARKET AND INDUSTRY DATA

When we make statements in this company report about our position in the industries in which we are active, any sector of those industries or about our market share, we are making those statements based on our belief as to their accuracy. This belief is based on data regarding the industries in which we engage, including trends in such markets and our position and the position of our competitors within those industries, derived from a variety of sources, including independent industry publications, government publications and other published independent sources, information obtained from customers, distributors, suppliers, trade and business organizations and publicly available information (including the reports and other information our competitors file with the SEC, which we did not participate in preparing and as to which we make no representation), as well as our good faith estimates, which have been derived from management's knowledge and experience in the areas in which our business operates. Estimates of market size and relative positions in a market are difficult to develop and inherently uncertain. Accordingly, investors should not place undue weight on the industry and market share data presented in this company report.

We do not have any knowledge that the market and industry data and forecasts provided to us from third-party sources are inaccurate in any material respect. However, we believe that certain information provided to us from third-party sources is derived from estimates or subjective judgments and while we believe them to be accurate and correct, data compilation is subject to limited audit and validation procedures. We believe that, notwithstanding such qualification by such third-party sources, the market and industry data provided in this company report is accurate in all material respects.

We believe that the market share information contained in this company report provides fair and adequate estimates of the size of our markets and fairly reflects our competitive position within these markets. However, our internal company surveys and management estimates have not been verified by an independent expert and we cannot guarantee that a third-party using different methods to assemble, analyze or compute market data would obtain or generate the same results. In addition, our competitors may define their markets differently than we do.

Our estimates, in particular as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under the section entitled "Risk Factors".

TRADEMARKS, SERVICE MARKS AND TRADE NAMES

This company report contains our trademarks, service marks and trade names, including our proprietary logos and the domain name for our website and also contains the trademarks, service marks and trade names of other companies.

CERTAIN DEFINITIONS

As used in this company report and unless otherwise specified or the context requires otherwise in this company report:

- "AG" or "Aktiengesellschaft" refers to a German or Swiss stock corporation.
- "Angelin project" refers to a project for a new offshore natural gas production platform on the southeast coast of Trinidad sanctioned by BP Trinidad and Tobago LLC in June 2017 with first gas production expected to commence in the first quarter of 2019.
- "AUM" refers to the Ammonia-Urea Ammonium Nitrate-Melamine complex of the Group.
- "CEF" refers to Consolidated Energy Finance S.A., a public limited liability company (*société anonyme*) organized under the laws of Luxembourg, registered with the Luxembourg trade and companies register under number B 188543 and having its registered office at 163, Rue du Kiem, L–8030 Strassen, Grand Duchy of Luxembourg.
- "CEL" refers to Consolidated Energy AG, also known as Consolidated Energy Ltd, a subsidiary of Proman and associate of Helm.
- "CEL (Barbados)" refers to Consolidated Energy Limited, a 100% wholly owned subsidiary of OPAG and parent company of Consolidated Energy Finance S.A., MHTL and FS Petrochemicals.
- "Clearstream" refers to Clearstream Banking, *société anonyme*.
- "CNC" refers to the Caribbean Nitrogen Company Limited, a Trinidadian company in which CEL holds an indirect 30% stake.
- "Distributors" refers to the Offtakers together with Koch Nitrogen International S.à r.l.
- "DTC" refers to The Depositary Trust Company.
- "DWT" refers to deadweight tonnage, the maximum deadweight of a cargo vessel expressed in tonnes.
- "Euroclear" refers to Euroclear Bank SA/NV.
- "Existing 2014 Fixed Rate Notes" refers CEF's outstanding US$498.8 million aggregate principal amount of its 6.750% senior fixed rate notes due 2019.
- "Existing 2017 Fixed Rate Notes" refers to CEF's outstanding US$500 million aggregate principal amount of its 6 7/8% senior fixed rate notes due 2025.
- "Existing 2017 Floating Rate Notes" refers to CEF's outstanding US$300 million aggregate principal amount of its senior floating rate notes due 2022.
- "Existing JVs" refers to, collectively, MHIL, CNC, N2000 and OMC.
- "Existing Notes" refers to the Existing 2014 Fixed Rate Notes, the Existing 2017 Fixed Rate Notes and the Existing 2017 Floating Rate Notes.
- "Existing Promissory Note" refers to the US$279,233,253.25 third amended and restated promissory note dated August 30, 2016.
- "EY Barbados" refers to Ernst and Young, St. Thomas, Barbados, the independent auditor of OPAG for the fiscal year ended December 31, 2015.
- "EY Switzerland" refers to Ernst and Young, Switzerland, the independent auditor of CEL for the fiscal years ended December 31, 2016 and 2017.
- "Firewater" refers to Firewater LLC, a Delaware limited liability company in which G2X Energy holds a 50% stake.
- "FS Petrochemicals" refers to FS Petrochemicals (St. Kitts) Limited, a limited liability company organized in Saint Christopher and Nevis, a wholly owned indirect subsidiary of CEL.
- "G2X" refers to G2X Energy, Inc., a Delaware corporation and a subsidiary of CEL.
- "G2X Energy" refers to G2X Energy (Beaumont) LLC, a Delaware limited liability company and a 100% wholly owned subsidiary of G2X.
- "Group," "we," "our" and "us" with regard to the historical financial and operating information as of and for the fiscal year ended December 31, 2017 and as of and for the fiscal year ended December 31, 2016 refers to CEL and its consolidated subsidiaries, and with regard to the historical financial and operating information as of and for the fiscal year ended December 31, 2015 refers to OPAG and its consolidated subsidiaries, unless the context otherwise requires.

- "Helm" refers to Helm AG, an indirect shareholder of CEL.
- "IASB" refers to the International Accounting Standards Board.
- "IFRS" refers to the International Financial Reporting Standards as issued by the IASB.
- "IMPCA" refers to the International Methanol Producers and Consumers Association.
- "Juniper gas field" refers to a project for a new offshore natural gas production platform on the southeast coast of Trinidad by BP Trinidad and Tobago LLC which commenced production in the second quarter of 2017.
- "Luxembourg" means the Grand Duchy of Luxembourg.
- "MHIL" refers to Methanol Holdings International Limited, a limited liability company organized in Saint Christopher and Nevis in which CEL holds 43.47% and which owns 60% of OMC's equity interests.
- "MHTL" refers to Methanol Holdings (Trinidad) Limited, a subsidiary of CEL.
- "MHTL (Delaware)" refers to Methanol Holdings (Delaware) LLC, a wholly owned subsidiary of MHTL.
- "MHTL Existing Facilities Agreement" refers to the amendment and restatement agreement dated June 30, 2015, between, amongst others, MHTL, Methanol (Delaware) as borrowers, JPMorgan Chase Bank, N.A. as lender, administrative agent and collateral agent, J.P. Morgan Securities LLC, Morgan Stanley Senior Funding, Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Sumitomo Mitsui Banking Corporation (all as joint lead arrangers and joint bookrunners), J.P. Morgan Securities LLC and Morgan Stanley Senior Funding, Inc. (both as joint global coordinators) under which the MHTL Existing Initial Term Loan and the MHTL Existing Revolving Credit Facility were provided, as amended from time to time.
- "MHTL Existing Facilities" refers to the MHTL Existing Initial Term Loan and the MHTL Existing Revolving Credit Facility.
- "MHTL Existing Initial Term Loan" refers to the US$300 million term loan available under the MHTL Existing Facilities Agreement.
- "MHTL Existing Revolving Credit Facility" refers to the US$290 million revolving credit facility available under the MHTL Existing Facilities Agreement.
- "MMBTU" refers to one Million British Thermal Units (BTU). One standard cubic foot of natural gas equals approximately 1030 BTU.
- "MMSCF" refers to Million Standard Cubic Feet.
- "MTBE" refers to methyl tert-butyl ether.
- "N2000" refers to Nitrogen (2000) Unlimited, a Trinidadian company in which CEL indirectly holds a 30% stake.
- "Natgas" refers to Natgasoline LLC, a Delaware corporation and wholly owned subsidiary of Firewater.
- "Natgas Acquisition" refers to the acquisition of a 50% equity interest in Firewater by G2X Energy.
- "Natgas Facility" refers to a 1.75 million tonne per year methanol production facility in Beaumont, Texas at which production is expected to start by the end of the second quarter of 2018.
- "New Promissory Notes" refers to the US$330.8 million promissory notes as further described under "Principal Shareholders and Related Party Transactions."
- "OCI Contingency Promissory Note" refers to the promissory note of up to an aggregate principal amount of US$50 million, as further described under "Principal Shareholders and Related Party Transactions."
- "Offtakers" means Helm, N2000 and SCC.
- "OMC" refers to the Oman Methanol Company LLC, a company in Oman in which CEL indirectly holds a 26.08% stake.
- "OPAG" refers to OPAG (Barbados) Ltd., a company incorporated and licensed as an international business company in Barbados and a 100% wholly owned subsidiary of CEL.

- "PGCF" refers to PG Clean Fuels LLC, a Delaware corporation in which Proman holds 95% of the shares.
- "Proman" refers to the Proman Holding AG, a shareholder of CEL.
- "SCC" refers to Southern Chemical Corporation, a Proman affiliate.
- "Starfish project" refers to the offshore project by Chevron Trinidad and Tobago Resources Srl, which is located offshore Trinidad and which started production in December 2014.
- "Tax-Exempt Bonds" refers to the US$50.0 million Senior Lien Revenue Bonds (Natgasoline Project) Series 2016A and the US$202.9 million Senior Lien Revenue Bonds (Natgasoline Project) Series 2016B, together.
- "Tonnes" refers to metric tons.
- "Trinidad" refers to the Republic of Trinidad and Tobago.
- "UAN" refers to urea ammonium nitrate.
- "United States" or "US" refers to the United States of America.
- "US dollar," "US$," "$" or "dollars" refers to the currency of the United States.
- "US GAAP" refers to the United States generally accepted accounting principles.

SUMMARY

This summary highlights selected information about us contained in greater detail elsewhere in this company report. This summary may not contain all of the information that you should consider before investing in the Notes. The following summary should be read in conjunction with and the summary is qualified in its entirety by, the more detailed information included in this company report, including the CEL Consolidated Financial Statements. You should carefully read the entire company report to understand our business, including "Risk Factors" and the financial statements. This company report includes forward-looking statements that involve risks and uncertainties. In particular, such forward-looking statements include certain information relating to Natgas (as defined below), including as to the potential financial impact of Natgas on our historical and future results of operations and financial condition. Prospective investors are cautioned not to rely on such forward-looking information and should make their own independent assessment of our future results of operations and financial condition. See "Forward-Looking Statements" and "Risk Factors."

Business Overview

We estimate we are the world's second-largest merchant producer of methanol based on capacity in 2017 and a leading producer of UAN and melamine. As of December 31, 2017, we estimate we had a 9.8% market share of the worldwide methanol market (including full consolidation of Oman Methanol Company ("OMC") and excluding the Chinese market). As of December 31, 2017, based on our size and capacity, we supplied methanol, UAN and melamine to approximately 200 end-customers, which included Fortune 500 companies. Additionally, in 2017, we were the largest importer of methanol by volume into the United States.

We own and operate five methanol plants near MHTL's headquarters in the Point Lisas Industrial Estate in Trinidad, providing us with a low-cost production location and global distribution capabilities. We also operate an additional natural-gas-to-methanol plant located in Pampa, Texas. Our M5000 plant is the world's largest stand-alone methanol plant with a design capacity of 1.9 million tonnes per year. We have a total installed methanol capacity of 4.1 million tonnes per year, including our operative facility in Pampa, Texas and we believe that our increasing production capacity has helped us become the world's largest importer of methanol into the United States by volume. Our main shareholder, Proman, constructed five of the six facilities and continues to operate and provide turnaround services to each of these facilities. In addition to producing methanol, in 2010, we diversified our business to also produce urea ammonium nitrate ("UAN"). Of our UAN worldwide sales, 68% of our production was sold to North America and 32% to Europe in the fiscal year ended December 31, 2017. We further diversified our business into melamine, of which 49% of our production was sold into the North American market and 51% was sold into the European market in the fiscal year ended December 31, 2017. Our Ammonia-Urea Ammonium Nitrate-Melamine ("AUM") complex provides for a capacity of 60,000 tonnes of melamine, 1.5 million tonnes of UAN and 647,500 tonnes of ammonia per year.

Methanol is a liquid petrochemical that is an essential building block for numerous industrial and energy-related applications. Methanol is primarily produced using natural gas or, particularly in China, coal feedstock and is a commodity chemical used to make other chemicals. Primary end uses for methanol include formaldehyde, which is used to produce adhesives for the manufacture of construction-related products, direct fuel applications including gasoline blending, dimethyl ether (DME), biodiesel and methyl tert-butyl ether (MTBE, an octane-boosting gasoline additive) and increasingly methanol-to-olefins and methanol-to-propylene applications in China. UAN is a nitrogen-based liquid fertilizer product that helps to improve crop yields. UAN is produced by combining urea and ammonium nitrate (produced from nitric acid and ammonia) and typically has a nitrogen content that ranges between 28% and 32%. Melamine is a white, organic, crystalline compound widely used in the manufacture of plastics, adhesives, countertops, dishware and whiteboards. Melamine is manufactured from urea and, therefore, is rich in nitrogen.

In addition to our methanol, UAN and melamine businesses, we also own equity interests in other companies, providing us with an additional income stream through dividends. As of December 31, 2017, we (i) had 43.47% of the equity interest of Methanol Holdings International Limited ("MHIL"), which in turn owns 60.00% of the equity interests of OMC, (ii) had 30.00% of the equity interests of Caribbean Nitrogen Company Limited ("CNC"), and (iii) are the sole shareholder of FS Petrochemicals (St. Kitts) Limited ("FS Petrochemicals"), whose sole investment is a 30.00% shareholding in N2000. We are also the sole shareholder in MHTL and majority shareholder (67.72%) in G2X, which owns 50.0% of the equity interests in Firewater, which in turn owns 100% of the equity interests in Natgasoline LLC ("Natgas"). Natgas is nearing final completion of a greenfield methanol production facility in Beaumont, Texas. The plant is expected to have a capacity of up to 1.75 million tonnes per annum and is expected to be the United States' largest methanol production facility (the "Natgas Facility"). The Natgas Facility is strategically located on the Gulf Coast of the United States to take advantage of the expected growing demand for methanol in the United States and other international markets in Europe and Asia. G2X has full control and

operational leadership of the Natgas Facility and has the ability to supply cost-advantageous natural gas. An experienced Proman team is supporting the construction and operations activities and transferring their extensive knowledge gained from previous Engineering, Procurement and Construction ("EPC") projects. On April 18, 2018, mechanical completion was confirmed in respect of the construction phase of our Natgas Facility. Production at the Natgas Facility is expected to start by the end of the second quarter of 2018. Assuming full facility capacity (5,000 tonnes/day or 1.75 million tonnes/year), a methanol price (US contract price) of US$420/tonne, an EBITDA margin of approximately 40% and excluding any non-recurring costs and expenses related to the construction of the Natgas Facility, we estimate the potential incremental EBITDA contribution of the Natgas Facility to amount to US$300 million p.a.

Our global distribution and supply infrastructure enables us to provide end-customers in the United States as well as in Europe with a reliable and recurring supply of methanol, UAN and melamine. To distribute methanol and UAN, we have contracted pursuant to long-term time charter contracts a dedicated fleet of 14 ocean-going vessels with a total capacity of 564,126 DWT as of December 31, 2017. Of these, Natgas has chartered two methanol vessels, the "Noble Spirit" and the "Ambassador Norris", which were sub-chartered to Koch Shipping PTE Ltd. and Norstar Shipping and Trading Ltd. respectively in 2017 and which are scheduled to return to Natgas in the second quarter of 2018. The "Noble Spirit" and "Ambassador Norris" vessels have a combined capacity of 90,572 DWT. Bringing these two vessels back into our methanol vessel fleet will increase our total methanol fleet to eleven vessels with a combined capacity of 433,193 DWT. Furthermore, we operate methanol storage facilities at our main facilities in Trinidad, which we own, as well as in North America, Latin America and in Europe, which are leased by SCC and Helm, one of our main shareholders, which together totals 649,000 tonnes. To distribute our other products, UAN and melamine, we also rely on international third-party freight providers. In addition, we have chartered three dedicated UAN vessels with a total shipping capacity of 130,933 DWT under long-term charter contracts, of which none is due to expire until 2029. We further own UAN storage facilities in Trinidad and Helm leases storage facilities in the United States and in Europe for our exclusive use – taken altogether, they have a total storage capacity of 341,000 tonnes.

Through strategic partnerships with various distribution companies, we seek to benefit from specific market knowledge for each regional market. Our shareholder Helm, a chemical distribution company located in Germany, is our main distributor for most of our products globally, while in the Americas, we sell methanol and melamine through SCC, in which Helm and Proman hold strategic stakes. In addition, through our end-customer distribution program and our indirect 26.08% ownership interest in OMC, we have expanded our global presence to have better access to the Asian as well as Latin American markets.

In the fiscal year ended December 31, 2017, we generated net sales of US$1.1 billion, EBITDA of US$218.5 million and Adjusted EBITDA of US$324.6 million.

Our Strengths

The following are our key strengths that we believe will allow us to achieve our goals:

Leading Market Share and Capabilities. We estimate we are the world's second-largest merchant producer of methanol based on capacity in 2017 and a leading producer of UAN and melamine. As of December 31, 2017, we estimate we had a 9.8% market share of the worldwide methanol market (including full consolidation of OMC and excluding the Chinese market) based on capacity. As of December 31, 2017, based on our size and capacity, we supplied methanol, UAN and melamine to approximately 200 end-customers, which include Fortune 500 companies. Additionally, in 2017, we were the largest importer of methanol by volume into the United States. When we commenced operations at our M5000 plant in 2005, which, as of December 31, 2017, was the world's largest stand-alone methanol plant with a design capacity of 5,400 tonnes per day, we significantly increased our methanol production capacity. We believe this has helped us to become the world's largest methanol importer into the United States by volume.

Global Distribution Capabilities. The industries in which we compete are global in nature and our strategic location in the Caribbean coupled with our dedicated fleet of shipping vessels allows us to serve end-customers around the world. Through our direct port access, we are able to provide our products via our vessels to most major seaports in the world. While our proximity to North America and the number of end-customers we serve in North America establishes us as a key supplier in that region, we also easily reach many end-customers on the main methanol markets in Europe. Furthermore, because our vessels have easy access to the Pacific through the Panama Canal, our vessels can also efficiently reach Asia.

Strategic Shareholders and Management Team Focusing on our Industry. Our shareholder Proman has been a part of developing Trinidad's methanol and fertilizer industries for the past three decades. Proman has designed and built many of our facilities and continues to maintain them. In addition, through its subsidiary Industrial Plant

Services Limited ("IPSL"), Proman also indirectly operates and manages our facilities in Trinidad. Through our other shareholder, Helm, a major chemical distribution company based in Germany, we have access to a global distribution network and the related expertise. Helm acts directly as our local distributor for methanol, UAN and melamine in Europe and also distributes UAN in the United States. In the United States and Latin America, Helm distributes our methanol and melamine through SCC, in which both Helm and Proman hold strategic stakes. Since 2007, we have also gained valuable experience and established a customer base in South-East Asia and China, which we access directly and through our indirect 26.08% stake in OMC, which sells our products through Helm in Asia.

Because our shareholders know the industry in which we operate and have been actively engaged in our business since operational inception, we believe that they are best suited to improve the efficiency and effectiveness of our management, operations and sales. Through strategic investments in other companies in the industry, both we and our shareholders are furthermore part of a strong international and integrated network that provides us with expertise, support and access to end-customers around the world, which we believe will enhance our operational performance. In addition, our operations in Trinidad are managed by IPSL managers with an average of more than 25 years of experience. We believe that the strategic stakes we and our shareholders hold, as well as our shareholders and management's experience and expertise provide us with key benefits and synergies.

Expertise in Engineering and Construction of Plants. We own and operate five methanol plants near MHTL's headquarters in the Point Lisas Industrial Estate in Trinidad and operate a natural-gas-to-methanol plant located in Pampa, Texas. Our M5000 plant is the world's largest stand-alone methanol plant with a design capacity of 1.9 million tonnes per year. Our main shareholder, Proman, constructed five of the six facilities and together with its subsidiaries, manages and executes large EPC contracts in the petrochemical and power industry sectors, provides shipping logistics for its products, operates storage facilities and provides plant operation services. An experienced Proman team is supporting the construction and operations activities of our Natgas Facility. The extensive EPC expertise that our main shareholder, Proman, has ensures the stable and successful engineering, procurement and construction of plants and the ongoing operation and turnaround activities associated with our plants.

Our Strategy

Transform the Group into a Multi-Asset, Multi-Regional Diversified Energy Producer. With the final completion of the Natgas Facility, we will have transformed the Group into a multi-asset, multi-regional and diversified energy producer of more than 10.5 million tonnes of annual methanol, fertilizer and ammonia capacity. In order to expand our presence in the United States, we acquired a 50% equity interest in Natgas in 2016. Production at the Natgas Facility is expected to start by the end of the second quarter of 2018. The Natgas Facility is expected to produce 1.75 million tonnes of methanol per year and also provide us with additional storage, transportation and other logistics support for our existing petrochemical businesses.

G2X, now a subsidiary of CEL, began operating its first methanol plant in Pampa, Texas in the spring of 2015. The Pampa facility, which at full capacity produces 65,000 tonnes of methanol annually, was built to meet growing regional demand for methanol in North Texas and Oklahoma. Moreover, G2X is also developing and constructing a new natural-gas-to-methanol facility in Lake Charles, Louisiana ("Big Lake Fuels"). Big Lake Fuels is being designed to have a daily capacity of 4,100 tonnes of IMPCA-specification methanol or 1.44 million tonnes of methanol per year. At the date of this company report, all critical construction permits have been received in respect of Big Lake Fuels. Basic site clearing for the construction was completed as of February 2016 and basic engineering for the plant was completed in the fourth quarter of 2016.

Through our long-term engagements with a variety of end-customers in North America and Europe, we generate recurring income streams. Nevertheless, we strive to diversify our end-customer base and gain new end-customers, thereby reducing our dependency on a few large customers and allowing us to reassign our capacities to enhance our profitability. Furthermore, we seek new end-customers not only in markets in which we already are market leaders, but also in new geographic markets to reduce our dependency on our existing markets. Through our international and integrated network, including our strategic stakes in OMC and other companies, we are focused on developing our presence in Latin America, Brazil in particular, and on gaining better access to the Chinese market.

In the future, we will continue to evaluate methods of expanding our production capabilities and product offerings through organic growth and further strategic acquisitions. We also intend to pursue strategic acquisitions that offer attractive synergies. Additionally, we may seek to optimize our logistical capabilities by leasing additional vessels or storage facilities. In addition, we further intend to evaluate and pursue acquisition and development opportunities that will enhance our operating platform and increase our ability to provide our products to more end-customers in more markets.

Continue Focus on Achieving Operational Excellence. We strive to further improve our operations at our facilities to achieve operational excellence by implementing our rigorous Group-wide maintenance program, which is executed by a skilled, experienced and well-trained workforce at regular intervals to ensure reliable and stable operations at our facilities. We believe that our adherence to proactive maintenance programs, including regular maintenance turnarounds every three to four years, and the experience of our workforce will minimize unplanned downtime, maintain our facilities' longevity, improve our on-stream factors and efficiencies and let us achieve operational excellence.

Maintain a Conservative Capital Structure and Financial Policy. We are committed to maintaining a conservative capital structure with a short-term leverage ratio of net debt to Adjusted EBITDA of 3.0x upon start of production of the Natgas Facility and a prudent target leverage ratio of net debt to Adjusted EBITDA of 1.5x that affords us the financial flexibility to execute our business strategy. The Group has historically maintained and expects to maintain a conservative debt structure and finance most of its expenditures from internally generated cash flow. In addition, CEL maintains a strong invested capital base with US$3.7 billion invested in property, plant and equipment, as of December 31, 2017.

Alleviate our Reliance on External Gas Supply in Trinidad. Proman, through its subsidiary De Novo Energy (Barbados) Ltd., is developing an offshore natural gas field with the objective of supplying an average of 80 MMSCF per day of natural gas to MHTL via the National Gas Company of Trinidad and Tobago Limited ("NGC") as strategic partner holding a 20% non-operating interest. We expect production at the De Novo gas field to start during 2018. This quantity will meet approximately 19% of MHTL's natural gas demand and, in addition to the gas supply expected to be available via the Juniper gas field, the Starfish project, the Angelin project and other exploration fields in Trinidad that are expected to come online in 2018-2019, will help alleviate the curtailments that have been experienced by MHTL in Trinidad. We expect that our two methanol facilities which have been idle since the beginning of 2017 will be restarted within the next twelve months and would have stable production thereafter.

Our History

Proman and Helm, along with Ferrostaal, acquired an ownership interest in methanol facilities in Trinidad in 1994 with the purchase of a stake in the Trinidad and Tobago Methanol Company Limited ("TTMC"). In 1997, the three companies, together with CL Financial Limited ("CL Financial"), purchased the remaining stakes in TTMC from the Government of Trinidad. In addition, CL Financial, Ferrostaal and Proman built the CMC plant which commenced production in 1993. In 1997, MHTL was formed to consolidate the shareholdings and overall management of the existing methanol companies in Trinidad and in 2003, CEL (Barbados) was formed to amalgamate the interest in MHTL. In 2009, CL Financial collapsed and the Government of Trinidad gained control over the stakes of CL Financial and Colonial Life Insurance Company (Trinidad) Limited ("Clico") in MHTL. Three years later, in 2012, Ferrostaal sold its share in CEL (Barbados) to Proman and Helm. Also in 2012, G2X was formed as a spin-off from Accelergy Corporation. G2X began operations with an initial investment from PG Clean Fuels LLC ("PGCF"), a subsidiary of Proman. On October 9, 2014, CEL (Barbados) acquired the remaining 56.53% stake in MHTL from Clico and CL Financial and became 100% shareholder of MHTL.

On May 4, 2016, G2X Energy, a subsidiary of G2X, acquired a 50% equity interest in Firewater. As of December 31, 2017, CEL held 67.72 % of the shares in the G2X.

CEF

Consolidated Energy Finance S.A., is a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg, registered with the Luxembourg trade and companies register under number B 188543 and having its registered office at 163, Rue du Kiem, L–8030 Strassen, Grand Duchy of Luxembourg. The telephone number of CEF is (+352) 27 40 92 10. CEF is a wholly owned subsidiary of CEL (Barbados).

Principal Shareholders

The ultimate shareholders of the Group are Proman (75%) and Helm (25%). The following is a brief description of each of our principal shareholders.

Proman is a leading engineering, procurement and construction group operating in various industries (gas processing, petrochemicals). Proman was founded in 1984 by a small group of engineers and operates through more than 50 subsidiaries in 13 countries as of December 31, 2017. The key competencies of Proman are in engineering, feasibility studies, construction, project execution, marketing and management services. Proman has been active in the methanol industry in Trinidad since 1988.

Proman has, via its subsidiary IPSL and IPSL's predecessor, Process Plant Services Limited, contracted with MHTL to provide the overall management, operations and maintenance of the AUM and methanol plants and has

overseen MHTL's operations since 1993. IPSL is also contracted to provide the same services to the CNC and N2000 in respect of their ammonia facilities.

Helm is a multifunctional distribution company that specializes in chemicals, fertilizers, nutrition, pharmaceutical products and crop protection. Helm was founded in 1900 in Hamburg, Germany and has been family-owned since 1950. As of December 31, 2017, Helm is active globally via more than 100 subsidiaries and sales offices in more than 30 countries worldwide. Helm has been active in the methanol industry in Trinidad since 1984.

Recent Developments

The price of methanol has been increasing since April 2016 and the current contract prices are almost US$500/tonne as of the date of this company report based on FOB US Gulf Coast Swaps rates. Based on independent third-party reports, we believe that methanol prices should remain at these levels throughout the rest of 2018. There can be no assurance that such expectations will be met. See "Risk Factors—Risk Related to Our Business and Industry—Prices we receive for our products are determined by market conditions, which could be subject to significant variations."

MHTL produced 721,000 tonnes of methanol in the three-month period ended December 31, 2017, which was 237,576 tonnes more than in the same three-month period ended December 31, 2016, being 483,242 tonnes. In the three-month period ended March 31, 2018, we experienced continued recovery in our methanol production with 723,053 tonnes of methanol having produced in that three-month period based on preliminary figures.

On January 16, 2018, Terra Energy Partners LLC agreed to terminate an agreement that required us to carry out certain future drilling activities in respect of approximately 100 wells per year. In return Terra Energy Partners LLC received a total consideration of US$70.0 million, which comprised US$35.0 million cash and the assignment of certain of our existing wellbore interests. As a result, we now have obligations to drill 16 wells between 2019 and 2021, which we estimate will cost approximately US$14.1 million. Other than drilling these 16 wells, we do not anticipate that G2X will have any further drilling and/or capex obligations until 2023.

In March 2018, Proman Shipping AG ("PSAG"), a new wholly owned subsidiary of Proman, was founded for the purpose of providing freight services, including freight services required by the Group in respect of the transport of the Group's UAN and methanol production. Such freight services were previously provided by MHTL. On March 31, 2018, MHTL and PSAG entered into an agreement for the transfer of the majority of MHTL's charter agreements existing at that date to PSAG, so that PSAG would become the Group's main supplier of freight services. As a result of this transfer, the long-term lease commitments associated with the charter agreements were transferred from MHTL and CEL to PSAG. Through the founding of PSAG, the Group will be able to reduce its freight costs by improving the utilization of the fleet via increasing the use of sub-charters. PSAG will enter into short-term charter contracts (less than twelve months) on arms-length terms with members of the Group, including MHTL. Consequently, approximately US$894 million of operating lease commitments will be removed from CEL's financial statements, which will lead to an improvement in our credit position.

The undersupply of natural gas that has been experienced in Trinidad over recent years is currently in recovery. In particular, on April 2, 2018, CNC, in which CEL holds an indirect 30.0% stake, announced that it had entered into a long-term gas supply agreement with the NGC securing gas supply to CNC. In addition, the production at the De Novo gas field is expected to start during 2018, and additional gas supply is expected via other ongoing projects and new exploration fields that are expected to come online in 2018-2019.

As of February 28, 2018, US$1.7 billion of investment costs had been funded in respect of our Natgas Facility and on April 18, 2018, mechanical completion in respect of the construction of the Natgas Facility was confirmed. Production at the Natgas Facility is expected to start by the end of the second quarter of 2018. Assuming full facility capacity (5,000 tonnes/day or 1.75 million tonnes/year), a methanol price (US contract price) of US$420/tonne, an EBITDA margin of approximately 40% and excluding any non-recurring costs and expenses related to the construction of the Natgas Facility, we estimate the potential incremental EBITDA contribution of the Natgas Facility to amount to US$300 million p.a.

In mid-2018, Brent Gwaltney will take up the newly-introduced CEO position at CEL. Mr. Gwaltney is currently the COO and acting CEO of G2X and is responsible for the implementation of the Natgas project. He has more than 25 years' experience in management, construction, operation and financing of international petrochemical facilities. Mr. Gwaltney was previously the Senior Vice President of International Investments of Koch Fertilizer Company, CFO of FertiNitro C.E.C. in Venezuela and CFO of Koch Nitrogen Company.

SUMMARY HISTORICAL, FINANCIAL AND OTHER INFORMATION

The following tables present summary historical consolidated financial and other information.

Historical Financial Information

The summary historical consolidated financial information as of and for the fiscal years ended December 31, 2015 and 2016 is derived from the audited CEL 2016 Consolidated Financial Statements, which have been prepared in accordance with IFRS as issued by IASB and are included elsewhere in this company report.

The summary historical consolidated financial information as of and for the fiscal year ended December 31, 2017 is derived from the audited CEL 2017 Consolidated Financial Statements, which have been prepared in accordance with IFRS as issued by IASB and are included elsewhere in this company report.

The summary historical consolidated financial information should be read in conjunction with the management's discussion and analysis of results for the fiscal years ended December 31, 2015, 2016 and 2017, the CEL Consolidated Financial Statements and the OPAG 2015 Consolidated Financial Statements included elsewhere in this company report.

	Fiscal Year Ended December 31,		
	2015	**2016**	**2017**
	(audited) *(US$ in thousands)*		
Consolidated Statement of Comprehensive Income/ (Loss)			
Net Sales	**1,188,879**	**711,592**	**1,077,252**
Other operating income	14,905	23,983	13,717
Purchase of materials, goods and services	(749,598)	(363,380)	(679,517)
Change in finished goods	(13,756)	(16,591)	(5,333)
Employee benefits expense	(2,225)	(8,878)	(22,784)
Other operating expense	(97,765)	(141,950)	(206,648)
Share of profit from associates	39,821	10,517	31,165
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**380,261**	**215,293**	**218,518**
Depreciation, amortization and impairment	(189,760)	(202,990)	(261,030)
Earnings before interest and taxes (EBIT)	**190,501**	**12,303**	**(42,512)**
Financial income	1,763	2,370	3,810
Financial expense	(123,181)	(134,130)	(172,942)
Financial result, net	**(121,418)**	**(131,760)**	**(169,132)**
Profit (loss) before taxes (EBT)	**69,083**	**(119,457)**	**(211,644)**
Income tax	(43,125)	(24,266)	(18,984)
Net profit (loss) for the period	**25,958**	**(143,723)**	**(230,628)**
Net profit (loss) attributable to			
Equity holders of the parent	19,422	(127,126)	(177,978)
Non-controlling interests	6,536	(16,597)	(52,650)

	As of December 31,		
	2015	2016	2017
	(audited) (US$ in thousands)		
Balance Sheet (at period end)			
Assets			
Non-current assets			
Property, plant and equipment	2,007,968	3,566,407	3,718,116
Intangible assets	577,194	569,019	550,827
Investment property	-	46,348	46,348
Investment in associates	464,847	457,222	446,966
Non-financial assets	-	3,972	629
Net employee defined benefit assets	11,853	11,398	7,201
Deferred tax assets	133,274	102,550	85,780
Total non-current assets	**3,195,136**	**4,756,916**	**4,855,867**
Current Assets			
Inventories	125,100	127,585	125,294
Trade and other receivables	454,124	223,931	321,421
Assets held for sale	-	-	35,000
Income tax receivables	5,244	5,244	4,677
Restricted cash and securities	-	57,349(1)	18,807
Cash and cash equivalents	213,920	258,012	171,543
Total current assets	**798,388**	**672,121**	**676,742**
TOTAL ASSETS	**3,993,524**	**5,429,037**	**5,532,609**
Liabilities and Equity			
Share capital	54,075	20,877	20,877
Capital reserves	-	305,198	305,285
Retained earnings	1,024,008	1,082,611	931,136
Equity attributable to equity holders of the parent	**1,078,083**	**1,408,686**	**1,257,298**
Non-controlling interests	385,762	764,892	861,027
Total Equity	**1,463,845**	**2,173,578**	**2,118,325**
Non-current liabilities			
Borrowings and loans	1,475,825	2,310,870(2)	2,371,885
Derivatives	-	2,247	2,420
Deferred tax liabilities	434,122	422,174	384,202
Provisions	398,276	385,730	389,383
Total non-current liabilities	**2,308,223**	**3,121,021**	**3,147,890**
Current Liabilities			
Borrowings and loans	60,857	22,345(2)	19,063
Trade and other payables	150,643	110,889(2)	220,915
Liabilities held for sale	-	-	6,997
Derivatives	-	-	9
Income tax liabilities	9,956	1,204	19,410
Total current liabilities	**221,456**	**134,438**	**266,394**
TOTAL LIABILITIES	**2,529,679**	**3,255,459**	**3,414,284**
TOTAL LIABILITIES AND EQUITY	**3,993,524**	**5,429,037**	**5,532,609**

(1) As per the CEL 2017 Consolidated Financial Statements, the invested restricted cash in marketable securities of US$29.0 million as of December 31, 2016 was reclassified to restricted cash as those marketable securities were also captured by restrictions. See note (6) of the CEL 2017 Consolidated Financial Statements included elsewhere in this company report.

(2) As per the CEL 2017 Consolidated Financial Statements, accrued interest on bonds of US$32.1 million for the fiscal year ended December 31, 2016 has been reclassified from trade and other payables to current and non-current borrowings and loans. See note (6) of the CEL 2017 Consolidated Financial Statements included elsewhere in this company report.

Operating Information

Segment Information[1]

	Fiscal Year Ended December 31,	
	2016	2017
	(audited) (US$ in thousands)	
Net Sales	**711,592**	**1,077,252**
By Product:		
Methanol	502,148	860,975
Ammonia & derivatives	203,703	197,906
Other[2]	5,741	18,371
By Geography (Location to which the product is shipped):		
Europe	237,226	341,783
North America	351,100	654,770
South America	51,401	68,924
Asia	71,865	11,775
EBITDA	**215,293**	**218,518**
Methanol	153,625	248,348
Ammonia & derivatives	69,075	47,640
Other[2]	(5,436)	(76,204)
Adjustments and eliminations	(1,971)	(1,266)

(1) For the fiscal year ended December 31, 2017, we started segment reporting by product and by geography. In the CEL 2017 Consolidated Financial Statements, our segment reporting was also presented for the fiscal year ended December 31, 2016 for comparison purposes. No segment reporting is available for the fiscal year ended December 31, 2015.

(2) Includes all activities to provide EPC (Engineering, Procurement and Construction) services for the construction of new production facilities or the maintenance of existing facilities for the Group or third parties. It further includes gas production facilities, logistic activities as well as general corporate services.

Methanol[1]

	Fiscal Years Ended December 31,		
	2015	2016	2017
Production in tonnes	3,343,262	2,542,905	2,587,592
Sales in tonnes	3,279,737	2,763,383	2,864,608

Ammonia[1]

	Fiscal Years Ended December 31,		
	2015	2016	2017
Production in tonnes	542,955	598,139	478,908
Sales in tonnes	37,500	79,093	23,830

UAN[1]

	Fiscal Years Ended December 31,		
	2015	2016	2017
Production in tonnes	1,386,572	1,234,923	1,272,129
Sales in tonnes	1,391,372	1,240,794	1,302,891

Melamine[1]

	Fiscal Years Ended December 31,		
	2015	2016	2017
Production in tonnes	23,963	20,092	24,962
Sales in tonnes	24,384	19,940	25,600

(1) Operating information relates to MHTL only.

Other Financial Information

The following table shows our selected adjusted financial information as of and for the fiscal year ended December 31, 2017, prepared in accordance with the basis of preparation as described in the footnotes thereto.

	Fiscal Year Ended December 31,
	2017
	(unaudited) *(US$ in thousands)*
EBITDA[(1)]	218,518
Adjusted EBITDA[(2)]	324,573

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(1) We define EBITDA as profit/loss before taxation, finance expenses/income, depreciation, impairment and amortization. EBITDA is not a measurement of performance under IFRS and you should not consider EBITDA as an alternative to (a) profit for the period (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under IFRS.

We believe that EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist analysts, investors and other parties to evaluate us. EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing our EBITDA to EBITDA of other companies.

The following table reconciles profit to EBITDA as defined by us for the period indicated.

	Fiscal Year Ended December 31,
	2017
	(unaudited) *(US$ in thousands)*
Loss	**(230,628)**
Income taxes	(18,984)
Finance cost/income	(169,132)
Earnings before interest and tax (EBIT)	**(42,512)**
Amortization, depreciation and impairment	(261,030)
EBITDA	**218,518**

(2) We define Adjusted EBITDA as EBITDA plus cash dividends paid to CEL and its subsidiaries by associates plus proceeds from reduction in investments in associated companies less share of profit of associates. Adjusted EBITDA is not a measurement of performance under IFRS and you should not consider Adjusted EBITDA as an alternative to (a) profit for the period (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under IFRS.

We believe that Adjusted EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist analysts, investors and other parties to evaluate us. Adjusted EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing our Adjusted EBITDA to EBITDA of other companies.

The following table reconciles EBITDA for the period to Adjusted EBITDA as defined by us for the periods indicated.

	Fiscal Year Ended December 31,
	2017
	(unaudited) *(US$ in thousands)*
EBITDA	**218,518**
Less: Share of profit from associates (Non-cash)	(31.165)
Plus: Net other expenses[(a)]	95,820
Consolidated Asset EBITDA (MHTL)[(b)]	**283,173**
Plus: Dividends received from associates (cash)[(c)]	41,400
Adjusted EBITDA	**324,573**

(a) Net other expenses is comprised of (i) start-up expenses related to G2X investments in Natgas and loss from the settlement of drilling carry liabilities, as well as (ii) holding company expenses related to administration, group reorganization and other operating costs, and (iii) MHTL adjustments of non-recurring items, which includes withholding tax and severance. Net other expenses is calculated by subtracting EBITDA from consolidated asset EBITDA (MHTL) and adding back share of profits from associates. This adjustment of net other expenses is done for illustrative purposes to improve comparability with prior periods before the reorganization of the Group.

(b)

	Fiscal Year Ended December 31,
	2017
	(US$ thousands)
MHTL Operating Profit	**104,034**
Plus: MHTL Depreciation	171,639
Plus: Non-recurring adjustments	7,500
Consolidated Asset EBITDA (MHTL)	**283,173**

(c) Includes N2000 capital redemption.

RISK FACTORS

You should carefully consider each of the following risks and all of the information set forth in this company report. If any of the following risks and uncertainties develops into an actual event, our business, financial condition, cash flows or results of operations could be materially adversely affected. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition and results of operations. In that case, we might not be able to meet our financial obligations.

This company report also contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this company report. Please see "Forward-Looking Statements."

Risks Related to Our Business and Industry

Prices we receive for our products are determined by market conditions, which could be subject to significant variations.

All of our products are global commodities with little or no product differentiation. End-customers of our products make their purchasing decisions principally on the basis of delivered price and availability of the product. As a result, the prevailing market sales prices for our products are subject to volatile, cyclical and seasonal changes. Since the prices at which we sell our products are determined by prevailing market conditions, the revenue we receive from the sales of our products will be subject to significant variations from period to period in response to changes in prevailing market prices, which results in changes in our available cash. This may have a material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

Our facilities face operating hazards and interruptions, including unscheduled maintenance or downtime.

Our production operations, which are headquartered in the Point Lisas Industrial Estate in Trinidad, West Indies and which comprise an additional facility located in Pampa, Texas, are subject to significant operating hazards and interruptions. Any significant curtailing of production at our facilities or individual units within our facilities could result in materially lower revenue and cash flow levels and materially increased expenses for the duration of any downtime. Much of our equipment is installed outdoors and is subject to the weather conditions that affect Trinidad and Pampa, Texas from time to time. As a result, this equipment may incur weather-related damage as well as wear-and-tear from aging, which in certain instances may cause us to have a reduction in available capacity. In addition, major accidents, sabotage, fires, floods or other events could damage our facilities or the environment and the surrounding community or result in injuries or loss of life. Such events may materially adversely impact our business, financial condition and results of operations.

Operations at our facilities could be curtailed or partially or completely shut down, temporarily or permanently, as the result of a number of circumstances, most of which are not within our control, such as:

- unscheduled maintenance or catastrophic events such as a major accident or fire, damage by severe weather, flooding, earthquakes or other natural disasters;
- labor difficulties that result in a work stoppage or slowdown;
- environmental proceedings or other litigation that compel the cessation of all or a portion of the operations at our facilities;
- increasingly stringent environmental regulations;
- a disruption in the supply of natural gas, water, electricity or carbon dioxide to our facilities; and
- governmental limitations on the use of our products, either generally or specifically those manufactured at our facilities.

For example, in 2015, 2016 and 2017, companies located in and sourcing natural gas from Trinidad suffered from continuous and volatile gas curtailments due to upstream supply shortages. In 2015, 2016 and 2017, these curtailments caused lower production and unplanned downtime in our MHTL facilities. These gas curtailments have significantly impacted our melamine operations, resulting in our melamine II plant being idle since January 2015. In addition, two of our methanol facilities have been idle since the beginning of 2017. In 2015, 2016 and 2017, we also experienced outages in our methanol and other AUM facilities. One of our methanol facilities underwent planned maintenance downtime which extended to 37 days in September 2015 and continued into October 2015. In 2016, the M5000 facility was shut down for planned maintenance for a period of 65 days

beginning September 22, 2016. In 2017, we undertook a partial turnaround on our MIV methanol facility which was idled at the time. We also undertook turnaround works at our AUM ammonia facility for 56 days and our AUM urea, UAN and melamine facilities for eleven days in November and December of 2017. Additionally, some of our facilities further experienced additional mechanically-related unscheduled downtime. Scheduled and unscheduled maintenance or other downtime could have a material adverse effect on our results of operations and financial condition during the period of time that any of our units is not operating. The magnitude of the effect on us of any downtime will depend on the length of the downtime and the extent our operations are affected by the downtime.

We expect to perform maintenance turnarounds at each of our methanol and ammonia facilities approximately every four years and every three years at each of our other facilities. A turnaround will typically last from 28 to 35 days (including shutdown and start-up days), but can last longer and, excluding business interruptions, typically cost between approximately US$10 million to US$35 million per turnaround, depending on the facility. Such turnarounds may have a material impact on our cash in the quarter or quarters in which they occur. We have staggered our turnarounds and have budgeted to undertake our next turnaround at the MHTL facilities in the third quarter of 2018, which will result in approximately 22 days of downtime at the MIV methanol facility and is expected to cost approximately US$28 million. There can be no guarantee that any of our facilities will not need more downtime or take longer to start-up again or that a turnaround will not cost more than anticipated. During any downtime, we may not be able to fulfill our contracts or may have to purchase products from third parties to fulfill such customer contracts, which may cause us to incur losses. This may have a material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

Our production processes and products may not always meet our required levels of quality.

Our production processes may be impacted by malfunctions or varying parameters that may have an impact on the quality of our end products. There can be no guarantee that the quality of our products will not be further affected by other parameters in the production or logistics processes. Furthermore, there can be no guarantee that we will be able to solve future quality issues within an acceptable time frame or at all. Quality issues could have a material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

We are not fully insured against all risks related to our business.

We may be subject to substantial liability claims due to the inherently hazardous nature of our operations and construction businesses or for acts and omissions of respective subcontractors, operators or joint venture partners. Any contractual indemnities we may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. There can be no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover related losses or liabilities. In addition, we may also suffer material losses from uninsurable or uninsured risks. A major accident, sabotage, act of terrorism, fire, flood or other event could damage our facilities or the environment and the surrounding community or result in injuries or loss of life. If we experience significant property damage, business interruption, environmental claims or other liabilities, our business could be materially adversely affected to the extent the damages or claims exceed the amount of valid and collectible insurance available to us. We are currently insured under general liability, third-party liability, terrorism, business interruption and “all risk” policies, as well as specific insurance policies, which cover typical risks associated with EPC projects, operating plants and marine transportation.

We may, in the future, face material adverse financial obligations caused by shutdowns and facility failures for amounts exceeding the cover by our insurance policies or events not covered by our policies. Market factors, including but not limited to catastrophic perils that impact our industry, significant changes in the investment returns of insurance companies, insurance company solvency trends and industry loss ratios and loss trends, can negatively impact the future cost and availability of insurance. There can be no assurance that we will be able to buy and maintain insurance in the future with adequate limits, reasonable pricing terms and conditions, or at all. The occurrence of any operating risk not covered by our insurance or other risks involving our insurance policies could have a material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

The final completion of the Natgas Facility involves risks and uncertainties.

During the final completion phase of our Natgas Facility, we may encounter unexpected operational difficulties, including, without limitation, technical issues, shortages of materials and labor, work stoppages, labor disputes, fires, hurricanes, earthquakes, floods, changes in law, unforeseen weather, environmental hazards or unanticipated cost increases. Operational difficulties may lead to delayed completion of the works, which may

result in the delayed delivery of the works, cost overruns, potential renegotiations or the inability to complete the projects in accordance with schedules, budgets or even at all, all of which may have a material adverse effect on our business, financial condition and results of operations. Certain information in this company report relating to Natgas assumes that production has begun and the Natgas Facility is operating at full capacity under certain market conditions. There can be no assurance as to when our Natgas Facility will commence production and whether any of the other risks described in this paragraph will impact the timing and cost of completion and production at our Natgas Facility. Therefore, prospective investors should make their own assessment as to the future performance of our Natgas Facility. See "Forward-Looking Statements."

The Natgas Facility will be subject to significant operational risks which may impact our ability to achieve our intended results from the Natgas Facility.

Certain information in this company report relating to our Natgas Facility, including, among other things, the potential financial impact of Natgas on our historical and future results of operations and financial condition, is presented on the basis that production has begun and the Natgas Facility is operating at full capacity under certain market conditions. As with any facility of similar size and nature, the actual operations of the Natgas Facility may be affected by many factors that may impact our ability to achieve our goals with respect to the Natgas Facility, including the following:

- ramp-up problems, the breakdown or failure of equipment or processes, the performance of the Natgas Facility below expected production levels or level of efficiency, feedstock or utility supply disruptions, environmental proceedings or other litigation that compel cessation of all or a portion of the operation, increased stringent environmental regulations and/or labor disputes;
- the operations of the Natgas Facility could be affected by both natural and man-made catastrophic events beyond our control, such as fires, hurricanes, earthquakes, floods, severe storms, explosions, major accidents, armed conflict, hostilities, acts of terrorism and similar events;
- our expectations with respect to the cash needs of the Natgas Facility, the potential growth in the market for methanol, customer and end-user demand, the competitive landscape and other trends in our industry, as well as our ability to benefit from those trends, may prove to be inaccurate, and changes in the global economy may impact our ability to generate favorable financial results from the Natgas Facility;
- the costs to run the Natgas Facility may exceed our estimates;
- we may experience unexpected delays in commencing production or reaching full production capacity;
- we may experience unexpected disputes with the other investors in our Natgas Facility which could affect the financial performance of the Natgas Facility and distract management's attention from operating the facility; and
- unlike our existing production facilities, we currently do not have any off-take or similar agreements or arrangements in place for production from our Natgas Facility. There can be no assurance that we will be able to enter into such agreements arrangements or otherwise find customers for production from our Natgas Facility on commercially reasonable terms, or at all.

The occurrence of such or other events could significantly reduce or eliminate revenues generated by the Natgas Facility and significantly increase expenses and thereby have a material adverse effect on our business, its financial condition and results of operations and, in particular, may materially impact the accuracy of the information in this company report.

The methanol industry is subject to commodity price volatility and supply and demand uncertainty.

The methanol industry has historically been characterized by cycles of oversupply caused by either excess supply or reduced demand, resulting in lower prices and the idling of capacity, followed by periods of shortages and rising prices as demand exceeds supply until increased prices lead to new plant investment or the restart of idled capacity. The methanol industry has historically operated significantly below stated capacity on a consistent basis, even in periods of high methanol prices, primarily due to shutdowns for planned and unplanned repairs and maintenance, temporary closures of marginal production facilities, as well as shortages of raw materials and other production inputs.

The methanol business is a highly competitive commodity industry and prices are affected by supply and demand fundamentals and global energy prices. Methanol prices have historically been and are expected to continue to be, characterized by significant cyclicality. For example, the average SCC monthly posted contract price for methanol decreased by approximately 33% from 2015 to 2016 and increased by 48% from 2016 to

2017. Additional methanol supply can also become available in the future by restarting idle methanol plants, carrying out major expansions of existing plants or debottlenecking existing plants to increase their production capacity. Historically, higher-cost plants have been shut down or idled when methanol prices are low, but there can be no assurance that this practice will occur in the future or that such plants will remain idle.

Demand for methanol largely depends upon levels of global industrial production, changes in general economic conditions and energy prices. We are not able to predict future methanol supply and demand balances, market conditions, global economic activity, methanol prices or energy prices, all of which are affected by numerous factors beyond our control. Since methanol constitutes a significant portion of the products we produce and market, a decline in the price of methanol would have an adverse impact on our financial condition, cash flows and results of operations and consequently on the ability to meet our financial obligations.

The UAN business is, and related prices are, cyclical and highly volatile and have experienced substantial downturns.

UAN is a commodity and demand as well as related prices can be highly volatile. In particular, our UAN business is exposed to fluctuations in the demand for nitrogen fertilizer for the agricultural industry. These fluctuations historically have had and could in the future have significant effects on prices of UAN and, in turn, our financial condition, cash flows and results of operations.

The UAN industry is generally seasonal. Farmers tend to apply nitrogen fertilizer during two short application periods, one in the spring and the other in the fall. The strongest demand for nitrogen fertilizers typically occurs during the planting season. In contrast, we and other UAN producers generally produce our products throughout the year. As a result, UAN producers generally build inventories during the low demand periods of the year in order to ensure timely product availability during the peak sales seasons. The seasonality of nitrogen fertilizer demand results in UAN producers' sales volumes being highest during the North American spring season and their working capital requirements typically being highest just prior to the start of the spring season. The degree of seasonality of the UAN industry can change significantly from year to year due to conditions in the agricultural industry and other factors.

The pricing and demand for nitrogen fertilizer products is also dependent on demand for crop nutrients by the global agricultural industry. The agricultural products business can be affected by a number of factors. The most important of these factors are:

- weather patterns and field conditions (particularly during periods of traditionally high nitrogen fertilizer consumption);
- quantities of nitrogen fertilizers imported to any relevant market;
- current and projected grain inventories and prices, which are heavily influenced by US exports and world-wide grain markets; and
- governmental policies, including farm and biofuel policies, which may directly or indirectly influence the number of acres planted, the level of grain inventories, the mix of crops planted or crop prices.

International market conditions may also significantly influence our operating results. The international market for nitrogen fertilizers is influenced by such factors as the relative value of the US dollar and its impact upon the cost of importing nitrogen fertilizers, foreign agricultural policies, the existence of, or changes in, import or foreign currency exchange barriers in certain foreign markets, changes in the hard currency demands of certain countries and other regulatory policies of foreign governments.

Since UAN constitutes a significant portion of the products we produce and market, a decline in the price of or demand for nitrogen fertilizers would have a material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

The melamine industry is subject to commodity price volatility and supply and demand uncertainty.

The melamine business is a highly competitive commodity industry. Both local production levels and prices are largely affected by levels of global industrial production, global energy prices and inconsistent economic conditions. In the past, the industry has undergone cycles of shortages and increasing prices when demand exceeded supply, followed by periods of oversupply due to additional availability of melamine resulting in lower market prices and inoperative facilities and capacities. We are unable to predict future melamine global production levels, energy prices and economic activities as well as any costs related to the production of melamine. All values are affected by a number of factors beyond our control.

Our melamine business has historically been operating significantly below budgeted production levels and revenue expectations, even in periods of relatively stable market prices. This is mainly attributable to mechanical

issues, plant shutdowns and quality issues related thereto. Additional melamine supply from third-party producers may further reduce actual production levels as a result of rising commodity market availability. The risk of idle capacities, any risks related thereto or any risks related to the production of melamine do constitute a risk that could have an adverse impact on our financial condition, cash flows and results of operations and consequently on the ability to meet our financial obligations.

Our products are global commodities and we face intense competition from other producers.

Our business is subject to intense price competition. Our products are global commodities, with little or no product differentiation and end-customers make their purchasing decisions principally on the basis of delivered price and availability of the product. Some competitors have greater total resources and are less dependent on earnings from methanol, ammonia, UAN and melamine, which make them less vulnerable to industry downturns and better positioned to pursue new expansion and development opportunities. In addition, some of our competitors, such as Methanex, LyondellBasell and Celanese, have relocated, restarted or constructed methanol plants in the US Gulf Coast region over the past few years, which compete directly with our facilities. In addition, for example, CF Industries has significantly increased its production of UAN in Louisiana and the fertilizer plant of OCI's Iowa Fertilizer Company also started production in Wever in 2017. If we are unable to provide end-customers with a reliable supply of methanol, UAN and melamine at competitive prices, we may lose market share to our competitors, which, absent our ability to replace lost market share with volumes in other geographies, could have a material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

Future demand for methanol for MTBE production, especially in the United States as our largest market, may be adversely affected by regulatory developments.

Changes in environmental, health and safety laws, regulations or requirements could impact methanol demand for the production of methyl tert-butyl ether ("MTBE"). While MTBE has been phased-out as a gasoline additive in the United States due to environmental concerns and legislative action, methanol was still used in the United States to produce MTBE and tertiary amyl methyl ether (TAME) for export markets, where demand for MTBE has continued at strong levels. Demand for methanol for use in MTBE production in the United States could decline materially if export demand is impacted by governmental legislation, policy changes or other unforeseen reasons. The US Environmental Protection Agency (the "EPA") has reviewed the human health effects of MTBE, including its potential carcinogenicity. The EPA's Office of Water has concluded that available data is not adequate to estimate potential health risks of MTBE at low exposure levels in drinking water, but also that the data supports the conclusion that MTBE is a potential human carcinogen at high doses. The European Union issued a final risk assessment report on MTBE in 2002 that permitted the continued use of MTBE, although several risk reduction measures relating to the storage and handling of fuels were recommended. Governmental efforts in recent years in some regions, primarily in Europe and Latin America, to promote biofuels and alternative fuels through legislation or tax policy are also putting competitive pressures on the use of MTBE in gasoline in these regions. Declines in demand for methanol for use in MTBE production could have a material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

Future demand for our products may be adversely affected by regulatory developments.

Regulators in different jurisdictions, such as in the EU and the United States, have engaged in various programs to identify and regulate substances posing hazards to the environment and human health. Some of the products and substances we produce, in particular methanol, ammonia and urea, have in the past been identified as potentially hazardous to the environment and human health. For example, the EPA's Integrated Risk Information System (IRIS), a human health assessment program that evaluates information on health effects that may result from exposure to environmental contaminants, includes methanol, ammonia and urea on its list of potential environmental contaminants affecting human health. In addition, the EPA may order methanol producing companies to perform mandatory tests under the endocrine disruptor screening program (EDSP) to ascertain whether methanol has any effects on the hormone system and may be a carcinogen. In the EU, the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation entered into force on June 1, 2007 and addresses the production and use of chemical substances and their potential impacts on both human health and the environment. Such regulations and programs may directly impact our business.

Furthermore, some of our end-customers use methanol that we supply to manufacture formaldehyde, among other chemicals. Formaldehyde currently represents the largest single demand use for methanol in the United States. Formaldehyde, a component of resins used as wood adhesives and as a raw material for engineered plastics and a variety of other products, including elastomers, paints, building products, foams, polyurethane and automotive products, has been classified by the EPA as a likely carcinogen. Changes in environmental, health

and safety laws, regulations or requirements relating to formaldehyde could impact methanol demand, which could indirectly have a material adverse effect on our business. In 2015, the National Toxicological Program of the US Department of Health and Human Services (the "NTP") issued its 13th Report on Carcinogens (the "RoC") which lists formaldehyde as "known to be a human carcinogen." In August 2014, the National Academy of Sciences (the "NAS") confirmed that formaldehyde is a known human carcinogen, after a request by the US Congress in 2011. In addition, the EPA finalized rules that set limits on formaldehyde emissions from composite wood products that use formaldehyde based adhesives in July 2016. The rule implements the formaldehyde standards for composite wood and other products as required by the Formaldehyde Standards for Composite Wood Products Act. The rule establishes a system where accredited third-party certifiers review and certify that composite wood products meet the applicable standards. It is possible that this rule may affect demand for methanol for formaldehyde production. It is also possible that additional regulatory requirements could be proposed or adopted that would affect our formaldehyde-producing end-customers. As a result of these present and possible future regulatory initiatives, we cannot assure you that the demand for our methanol for use in formaldehyde production and our results of operations will not be materially and adversely affected.

Any limitations on the use of nitrogen fertilizer for agricultural purposes could have a material adverse effect on the market for ammonia-based products, including UAN.

Conditions in the United States and other countries' agricultural industry may significantly impact our operating results. Governmental regulations and policies, including farm and biofuel subsidies and commodity support programs, as well as the prices of fertilizer products, may also directly or indirectly influence the number of acres planted, the mix of crops planted and the use of UAN for particular agricultural applications. Developments in crop technology, such as nitrogen fixation, which is the conversion of atmospheric nitrogen into compounds that plants can assimilate, could also reduce the use of chemical fertilizers and adversely affect the demand for nitrogen fertilizer and thus affect general demand for and pricing of UAN. Unfavorable industry conditions and new technological developments could have a material adverse effect on our results of operations and financial condition.

In addition, future environmental laws and regulations, or new interpretations of existing laws or regulations, could limit our ability to market and sell our products to end-users. For example, limitations on the use and application of chemical fertilizers due to concerns about the impact of these products on the environment or the imposition of numeric nutrient water quality criteria could result in decreased demand for fertilizer products. This could require farmers to implement best management practices, including the reduction of fertilizer use, to reduce the impact of fertilizer on the environment. Any laws, regulations or interpretations leading to such a result could have a material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

Ethanol production may decrease in our main markets or there may be a shift away from corn as a principal raw material used to produce ethanol.

A major factor underlying the current high level of demand for nitrogen-based fertilizer products is the expanding production of ethanol, especially in the United States where ethanol production capacity increased in 2017 for the fourth consecutive year, and the expanded use of corn in ethanol production. Ethanol production in the United States is highly dependent upon numerous US federal and state laws and regulations and is made significantly more competitive by various US federal and state incentives, mandated production of ethanol pursuant to US federal renewable fuel standards and permitted increases in ethanol percentages in gasoline blends, such as E15, a gasoline blend containing 15% ethanol. However, a number of factors, including a continuing "food versus fuel" debate and studies showing that expanded ethanol production may increase the level of greenhouse gases in the environment, have resulted in calls to reduce subsidies for ethanol, allow increased ethanol imports and adopt temporary waivers of the current renewable fuel standard levels, any of which could have an adverse effect on corn–based ethanol production, planted corn acreage and fertilizer demand. Therefore, ethanol incentive programs may not be renewed, or if renewed, they may be renewed on terms significantly less favorable to ethanol producers than current incentive programs. For example, on December 31, 2011, the US Congress allowed both the 45 cents per gallon ethanol tax credit and the 54 cents per gallon ethanol import tariff to expire and both measures have not been reinstated since. Similarly, the EPA's waivers partially approving the use of E15 could be revised, rescinded or delayed. These actions could have a material adverse effect on ethanol production in the United States, which could reduce the demand for UAN for use as a nitrogen fertilizer. If such reduced demand for nitrogen fertilizer in the United States were significant and prolonged, it could adversely affect UAN prices and the amounts of UAN we can sell to end-customers, which could have a material adverse effect on our results of operations and financial condition.

Furthermore, most ethanol is currently produced from corn and other raw grains, such as milo or sorghum. The current trend in ethanol production research is to develop an efficient method of producing ethanol from

cellulose-based biomass, such as agricultural waste, forest residue, municipal solid waste and energy crops (plants grown for use to make biofuels or directly exploited for their energy content). If an efficient method of producing ethanol from cellulose-based biomass is developed, the demand for corn may decrease significantly, which could reduce demand for nitrogen fertilizer products and have a material adverse effect on the prices we receive on sales of UAN and our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

Increased use of hydraulic fracturing could have an indirect effect on our financial performance.

Hydraulic fracturing is an increasingly common practice that is used to stimulate production of crude oil and/or natural gas from dense subsurface rock formations. Because oil and/or natural gas production using hydraulic fracturing has grown rapidly in the United States, this has led to an increase in the supply of natural gas and a decrease in the price of natural gas in the United States. Any decrease in the price of natural gas in the United States and other parts of the world could adversely affect our competitive position as manufacturing costs for methanol, ammonia, UAN and melamine decrease for our competitors. This increases the competitive pressure on prices for our products which in turn could have a material adverse effect on our results of operations and financial condition and consequently on the ability to meet our financial obligations.

One or several of our third-party suppliers may be unable to perform in accordance with its contractual obligations.

Our operations depend in large part on the performance of a few third-party suppliers. For example, we source all our natural gas in Trinidad from the NGC and our ability to obtain natural gas for the production of our products is dependent upon the availability of this third-party's delivery system connected to our facilities. Any decline in quality, disruption in production or inability of this or any of our other suppliers to supply raw materials and supplies we require in sufficient quantities or in a timely manner, whether as a result of a natural disaster, labor strikes, financial difficulties or other causes, could have a material adverse effect on our operations and may require us to take certain production facilities off-line. For example, in 2017, MHTL decided to mothball two of its facilities due to a lack of raw material supply. While these facilities may be restarted they represent 1,050,000 tonnes of capacity**.** If third-party supplies become partially or completely unavailable, our ability to operate could be restricted, thereby reducing our profitability. In addition, should any of our third-party suppliers fail to perform in accordance with existing contractual arrangements, our operations could be forced to halt. Alternative sources of supply could be difficult to obtain. Any downtime associated with our operations, even for a limited period, could have a material adverse effect on our results of operations and our financial condition and consequently on the ability to meet our financial obligations.

Our business may be exposed to fluctuations in costs related to raw materials, in particular natural gas and we may be unable to continue to source our raw materials at existing conditions.

Our business operations rely on raw materials supplied by third-party suppliers. As a result, we are exposed to fluctuations in availability and costs related to natural gas and other inputs. Supply of some of our raw materials, such as natural gas, can be affected by multiple factors, such as weather, maintenance of pipelines, politics and competitive pressures. While we currently have agreements with NGC for some of our plants that allow us to purchase gas at prices based on the prices of our end-products on the international markets, the price of gas is generally subject to a floor gas price which escalates annually for the duration of the contract. We are currently renegotiating some of our gas supply contracts that have expired with NGC. We cannot guarantee that we will be able to successfully negotiate new gas supply contracts and therefore may not secure natural gas at attractive prices and conditions in the future. There can be no assurance that we will be successful in passing on any cost increases in our raw materials to end-customers. As a consequence, significant changes in the prices of raw materials may have a material effect on our results of operations, liquidity and financial condition and consequently on the ability to meet our financial obligations.

Our operations are largely dependent on the local supply of natural gas and other limited resources.

Our operations are located in Trinidad, an island state in the Caribbean rich in natural gas resources, and in Pampa, Texas. We cannot guarantee that local access to natural gas, which is the main raw material in our production processes, or any other required resources, will continue to be readily available in the future. Should Trinidad experience continued natural gas shortfalls in the future, we may be required to pay higher prices for imported natural gas, relocate or cease our operations, all of which may impact our production capacities. A shortage of natural gas or other (limited) resources would have a material adverse effect on our results of operations and our financial condition and consequently on the ability to meet our financial obligations.

Our operations are subject to delays, interruptions and other limitations in the transportation of the products we produce.

Transportation logistics play an important role in allowing us to supply products to our end-customers. Any significant delays, interruptions or other limitations on the ability to transport our products could negatively affect our operations. The vast majority of our products are transported by sea. Delays and interruptions of our delivery system may be caused by weather-related events, including hurricanes, which would prevent the operation of vessels transporting our products by sea or of pipelines used to distribute our products. Prolonged interruptions in the transport of our products could have a material adverse effect on our results of operations and financial condition.

In the event that our competitors are able to transport their products more efficiently or cost effectively than we do or work with end-customers to develop direct pipelines to such end-customers, those end-customers may reduce or cease purchases of our products. If this were to occur, we could be forced to make a substantial investment in transportation capabilities to meet our end-customers’ delivery needs and this would be expensive and time consuming and there can be no guarantee of the success of such investments. We may not be able to obtain transportation capabilities on a timely basis or at all and our inability to provide transportation for products could have a material adverse effect on our results of operations and our financial condition and consequently on the ability to meet our financial obligations.

A significant portion of our revenues comes from a limited number of end-customers and any decrease in sales to these end-customers or our inability to establish new end-customer relationships could harm our business, results of operations and financial condition.

We derive and believe that we will continue to derive, most of our revenues from a limited number of end-customers, which purchase our products from our Distributors. In the fiscal year ended December 31, 2017, we estimate that our top ten end-customers of methanol accounted for approximately 60% of our total methanol sales. No single end-customer accounted for more than approximately 12% of our total sales as of the fiscal year ended December 31, 2017 and we seek to further diversify our customer base with the methanol capacity made available. In the fiscal year ended December 31, 2017, our largest methanol end-customers by volume were Hexion, Dow Corning, BASF, Koch and BP in North America and BP, Helm, BASF, Foresa and Synthite in Europe. For UAN, our top end-customers by volume were Simplot, Crop Production Services, United Suppliers, CHS and HFC in North America and Union Invivo, Sicapa, Area, Seveal Union and BSL in Europe. For melamine, our top end-customers by volume were Hexion, Kronochem, Formica, Panolam and Arclin in North America and Foresa, Leyline Srl, Chimica Pomponesco, Unilin BVBA and Vita Cellular Foams in Europe. Our end-customers, at any time, may decide to purchase fewer tonnes of our products from us via our Distributors. If our end-customers decide to purchase fewer tonnes of our products or at lower prices and we and our Distributors are unable to find replacement counterparties on terms as favorable as our current arrangements, this could have a material adverse effect on our results of operations and our financial condition and consequently on the ability to meet our financial obligations.

The off-take agreements we have entered into may only be operable at unfavorable conditions or terminated in the future.

We have entered into several sales agreements with Helm, N2000 and SCC (our “Offtakers”) for the direct off-take of all our production capacities and distribution by our Distributors. In the past, long-term sales agreements of typically ten years, individual to each of our products, were entered into with our Offtakers on terms economically favorable to both parties, with current contracts due to expire in 2019 (N2000), 2022 (SCC) and 2030 (Helm). We are unable to predict whether the off-take agreements will be renewed and whether our Offtakers will enter into negotiations with us in the future and, if negotiations are undertaken, whether we will be able to reach an agreement on capacity, pricing and any other terms. We are exposed to the risk that our Offtakers insist on agreement conditions unfavorable to our business or that our Offtakers will terminate the existing business relationship. Any changes to one or multiple sales agreements could have an adverse impact on our financial condition, cash flows and results of operations and consequently on the ability to meet our financial obligations.

Our business could be adversely affected by a strike or other labor disruption at the facilities.

We believe that our ability to remain competitive and implement our strategy for growth and future success depends on good relations with our workforce and the workforce of our contractors. Our ability to implement measures to reduce costs and improve production efficiencies in furtherance of our strategy could be impaired by any strikes, threats of strikes or other resistance or work stoppages in the future, particularly those affecting our facilities in Point Lisas, Trinidad and Pampa, Texas. We cannot guarantee that no work stoppage, strikes or other labor disruptions will occur in the future and if they do, they could each have a material adverse effect on our

business, results of operations, financial condition and prospects and consequently on the ability to meet our financial obligations.

We may be unable to attract and retain or be exposed to the loss of highly qualified employees.

We believe that our growth and future success depend in large part on the skills of our executive and other senior officers, as well as our highly qualified employees in all the locations it carries out operations. The loss of the services of one or more of these employees could impair our ability to continue to implement our business strategy. Our executive and other senior officers have substantial experience with our operations and have contributed significantly to our growth. If we lose the services of one or more of them, he or she may be difficult to replace and our business could be materially and adversely affected.

Our success also depends, in part, on our continued ability to attract and retain experienced and qualified employees through our operations provider IPSL in Trinidad and at our specialized operations at Pampa Fuels and Natgas in the United States. Our Pampa Fuels and Natgas workforces are recruited locally directly by Pampa Fuels and Natgas. Our entire operations workforce in Trinidad is recruited by IPSL and our operations require that IPSL is able to hire qualified employees. The competition for such employees is intense and our inability or the inability of IPSL to continue to attract, retain and motivate employees could adversely affect our business, results of operations, financial condition and prospects and consequently on the ability to meet our financial obligations.

Our operations depend in large part on transactions with affiliated persons.

In the conduct of our operations, we rely to a substantial degree on business arrangements with related parties. Our indirect shareholders, Proman and Helm, have been actively engaged in nearly all aspects of our business since our inception. For example, Proman has designed and built our facilities and, through its subsidiary IPSL (our operations provider that retains exclusive responsibility for the recruitment of our entire operations workforce in Trinidad), is fully responsible for the management, operations and maintenance of our Trinidad facilities on a day-to-day basis. Helm is one of our Distributors and, along with its connection to SCC in which both Helm and Proman hold significant strategic stakes, is essential to our access to a large number of end-customers throughout the United States, Europe and Asia. We have also entered into several long-term sales agreements with Helm, N2000 and SCC for the direct off-take of all of our maximum production capacities. These agreements provide that Helm offtakes methanol, melamine and UAN on a take-or-pay basis with flexible pricing, up to approximately the total annual maximum production capacity of each plant. In the fiscal year ended December 31, 2017, with the exception of methanol from our Pampa facility sold to SCC, we sold nearly all of our production of methanol, melamine and UAN to Helm under these arrangements.

While we believe these agreements were entered into on an arm’s length basis, we cannot guarantee that parties in interest will not challenge this. We may be unable to enter into agreements that are integral to our operations on terms as favorable as our current arrangements. This may have a material effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

Some of the agreements we enter into may prove unprofitable over the lives of such agreements.

We enter into agreements with various parties in the course of our business operations and there can be no guarantee that the agreements we enter into will be profitable over the lives of such agreements. For example, we, through Helm and SCC, entered into a ten-year contract with Celanese which expired in 2015. This contract included a ceiling price for methanol, which was exceeded by market prices for methanol during the life of the contract. Even though we have not entered into agreements with price ceilings since then, we cannot guarantee that in the future other agreements we enter into may not also prove to be disadvantageous to our business. Such agreements may not only lower our income but also bear the risk that we may have to sell products that we would otherwise discontinue. The costs incurred in fulfilling some of these sales agreements may vary substantially from our initial cost estimates and any related losses could adversely affect our results of operations and consequently our ability to meet our financial obligations.

Disruptions in our supply and delivery logistics chain could adversely affect us.

A disruption in our supply and delivery logistics chain caused by transportation disruptions, maintenance, delays, increased expenses, labor strikes or other unforeseen events could adversely affect our ability to produce our products in sufficient quantities. If we cannot secure alternative sources of supply, means of delivery or effectively manage a disruption if it occurs, revenues could be reduced until we are able to address the situation and we would be unlikely to recoup such losses. These events could cause our revenues to decline, require additional resources to restore our supply and delivery logistics chain or otherwise adversely affect our business, financial condition and results of operations.

The majority of our production facilities are located on an island and we are almost exclusively dependent on our ability to use shipping vessels to distribute our products to non-domestic end-customers. Competitors with facilities on the mainland often also have access to pipelines that can reach many of their end-customers in most instances. Should the seaports we use or any of our contracted vessels be damaged or destroyed, we would be unable to distribute some or all of our products produced. Furthermore, any interference with our ability to ship our products, whether for political, environmental or other reasons, may have a severe impact on our ability to satisfy our delivery obligations to our end-customers. This includes the availability and functionality of the piers and marine facilities at Point Lisas, Trinidad, which are used for docking and loading of our vessels. Any destruction of the piers could delay the transportation timelines. The pier use agreements generally have terms of 15 years with the option to extend the agreements for an additional five years. These agreements do not expire prior to 2022 if the contracts are extended for the additional five years. If we are unable to extend the agreements, this would materially affect our business, results of operations and our ability to meet our financial obligations. In some instances it may also be necessary to import raw materials for our production processes, which in our case would also depend on the functioning access to international shipping routes. In the event of damage to, or complete loss of, a vessel for any reason, the disruption of our supply chain may cause a temporary business interruption. Should we, for any reason, be unable to connect our facilities with our end-customers and suppliers, this would materially affect our business, results of operations and our financial condition and consequently the ability to meet our financial obligations.

Our business is exposed to risks associated with the creditworthiness of our suppliers, customers and business partners and the industries in which our suppliers, customers and business partners participate are cyclical in nature, both of which may adversely affect our business and results of operations.

Some of the industries in which our end-customers participate, such as the petrochemical industry, are highly competitive, to a large extent driven by end-use applications and may experience overcapacity, all of which may affect demand for and pricing of our products. Our business is exposed to risks associated with the creditworthiness of our key suppliers, customers and business partners and reductions in demand for our end-customers' products. These risks include the interruption of production at the facilities of our customers, the reduction, delay or cancellation of end-customer orders, delays in or the inability of end-customers to obtain financing to purchase our products, delays in or interruptions of the supply of raw materials we purchase and bankruptcy of end-customers, suppliers or other creditors. In addition, many of these industries are cyclical in nature, thus posing risks to us that vary throughout the year. The occurrence of any of these events may adversely affect our cash flow, profitability and financial condition.

Most of our end-customers are large global or regional petrochemical manufacturers or distributors and a number are highly leveraged. We monitor our end-customers' financial status closely; however, some end-customers may not have the financial ability to pay for our products in the future and this could have an adverse impact on our results of operations and financial condition.

Our current production facilities are located in a small number of geographical locations, the Point Lisas Industrial Estate, Trinidad and Pampa, Texas, which makes us vulnerable to risks associated with operating in a limited geographic area.

The geographic concentration of our production facilities in only two geographic locations means that we may be disproportionately exposed to disruptions in our operations if the region experiences severe weather, transportation capacity constraints, constraints on the availability of required equipment, facilities, personnel or services, significant governmental regulation, terror-related events or natural or manmade disasters. Any disruption by whichever cause that affects the area in which our main operations are located may have a material adverse impact on our business and may bring our entire production to a halt for longer periods of time This may have a material effect on our results of operations, liquidity and financial condition and consequently on the ability to meet our financial obligations.

We may be subject to information technology systems failures, network disruptions and breaches of data security.

Information technology systems failures, including risks associated with upgrading our systems, network disruptions, cyber attacks, unintentional disruption on the IT systems and breaches of data security could disrupt our operations by impeding our operational efficiencies, delaying processing of transactions and inhibiting our ability to protect end-customer or internal information. Our computer systems, including our back-up systems, could be damaged or interrupted by power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, events such as fires, earthquakes, floods, tornadoes and hurricanes and/or human errors by our employees. Although we have taken steps to address these concerns by implementing sophisticated network security, back-up systems and internal control measures, there can be no assurance that a

system failure or data security breach will not have a material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

Our production processes and some of our products are extremely hazardous and we are potentially exposed to liability for fines, clean-ups and damages for accidents involving such products and processes.

The products and intermediates we manufacture, process, store, handle and distribute are extremely hazardous. Major accidents or releases of certain chemicals could cause severe damage or injury to property, the environment and human health, as well as a possible disruption of supplies and markets. Such an event could result in civil lawsuits, fines, penalties and regulatory enforcement proceedings, all of which could lead to significant liabilities, unforeseen costs or harm to reputation. Furthermore, the production of methanol involves highly complex and costly equipment handling highly flammable material and operating at high temperatures, pressures and speeds, resulting in a potential for accidents with severe consequences. Any damage to persons, equipment or property or other disruption of our ability to produce or distribute our products could result in a significant decrease in operating revenues and significant additional cost to replace or repair and insure our assets, which could have a material adverse effect on our results of operations and financial condition and consequently on the ability to meet our financial obligations.

In addition, we may incur significant losses or costs relating to the operation of vessels used for the purpose of transporting our products. Due to the dangerous and potentially toxic nature of the cargo, a vessel accident may result in fires, explosions and pollution. These circumstances may result in sudden, severe damage or injury to property, the environment and human health. In the event of pollution, we may be held responsible even if we are not at fault and complied with the laws and regulations in effect at the time of the accident. Litigation arising from accidents involving our products may result in us being named as a defendant in lawsuits asserting claims for large amounts of damages, which could have a material adverse effect on our reputation and therefore on our results of operations and financial condition and consequently on the ability to meet our financial obligations.

Furthermore, we may be subject to significant claims or obligations relating to our storage facilities in Trinidad, the United States, Canada, Brazil, the Netherlands, the United Kingdom, Belgium, Germany, Spain and France. An accident or the release of our products could cause severe damage or injury to property, the environment or human health, as well as a possible disruption of supplies and markets in these locations. Such an event could also result in civil lawsuits, fines, penalties, regulatory enforcement proceedings or costs for the investigation or remediation of contamination. Any damage caused by or in relation to our storage facilities may lead to significant expenses, not all of which may be covered by insurance.

Environmental laws and regulations could require us to make substantial capital expenditures to comply with such laws and regulations or to remediate current or future contamination that could give rise to material liabilities.

Our operations and facilities are subject to a variety of environmental laws and regulations relating to the protection of the environment, including those governing the emission or discharge of pollutants into the environment, product specifications and the generation, treatment, storage, transportation, disposal and remediation of solid and hazardous waste and other regulated materials. Violations of these laws or regulations or permit conditions could result in substantial fines or penalties, injunctive orders compelling installation of additional controls, civil and criminal sanctions, permit revocations or facility shutdowns.

In addition, new environmental laws and regulations, new interpretations of existing laws and regulations, increased governmental enforcement of laws and regulations or other developments could require us to make additional unforeseen expenditures. Many of these laws and regulations are becoming increasingly stringent and the cost of complying with these requirements can be expected to increase over time. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. These expenditures or costs for environmental compliance could have a material adverse effect on our results of operations and financial condition.

There are environmental risks inherent to the generation of chemicals, and accordingly, we may become subject to claims and lawsuits for damages arising from our operations.

Our business is subject to accidental spills, discharges or other releases of regulated substances into the environment. Past or future spills related to our facilities or transportation of products or regulated substances from our facilities may give rise to liability (including strict liability, or liability without fault and potential clean-up responsibility) to governmental entities or private parties. The potential penalties and clean-up costs for past or future releases or spills, liability to third parties for damage to their property or exposure to regulated substances, or the need to address newly discovered information or conditions that may require response actions could be significant and could have a material adverse effect on our results of operations and financial condition.

In addition, we may incur liability for alleged personal injury or property damage due to exposure to chemicals or other regulated substances located at or released from our facilities. We may also face liability for personal injury, property damage, damage to natural resources or for clean-up costs for the alleged migration or contamination from our facilities to adjacent and other nearby properties.

We may incur future costs relating to the off-site disposal of regulated waste. Companies that dispose of, or arrange for the transportation or disposal of, regulated substances at off-site locations may be held jointly and severally liable for the costs of investigating and remediating contamination at those off-site locations, regardless of fault. We could become involved in litigation or other proceedings involving off-site waste disposal and the damages or costs in any such proceedings could be material.

Our facilities operate under a Number of lease agreements, government permits, licenses and approvals and failure to comply with or obtain necessary leases, permits, licenses and approvals may result in unanticipated costs or liabilities, which could reduce our profitability.

Our facilities operate under a number of permits, licenses and approvals, such as our general operating licenses and certificates of environmental clearance, which contain a significant number of prescriptive limits and performance standards in order to operate, such as obligations to not exceed certain noise or air pollution levels. Our facilities are also required to comply with other prescriptive limits and meet performance standards specific to chemical facilities as well as to general manufacturing facilities. All of these permits, licenses, approvals and standards require a significant amount of monitoring, record keeping and reporting in order to demonstrate compliance with the underlying permit, license, approval or standard. Incomplete documentation of compliance status may result in the imposition of fines, penalties and injunctive relief. Additionally, due to the nature of our manufacturing processes, there may be times when we are unable to meet the standards and terms and conditions of these permits and licenses due to operational upsets or malfunctions, which may lead to violations or enforcement from regulatory agencies that could potentially result in operating restrictions. This would have a direct material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

We and our predecessors have entered into multiple land lease agreements for the land on which our production facilities are located. Most of these agreements are for original terms of 30 years with the option to renew the land lease agreements for an additional 30 years. Except for one land lease agreement, none of the land lease agreements are set to expire until at least 2030. One land lease agreement is set to expire in 2019 and relates to the land on which our CMC facility is built. The inability to secure a renewal of this lease would have a material adverse effect on our business, financial condition and results of operations.

We hold numerous environmental and other governmental permits and approvals authorizing operations at our plants. A denial of or delay in issuing, renewing or amending a material permit could have an adverse impact on our results of operations and financial condition because of an inability to operate our facilities in accordance with our business plan.

Any expansion of our operations is also predicated upon securing the necessary environmental or other permits or approvals, including necessary amendments to current permits to account for increased output. In some cases, such permits must be issued prior to the commencement of a project. A decision by a government agency to deny or delay issuing a new or renewed material permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on our ability to continue operations or our ability to commence and complete expansion projects.

Climate change laws and regulations could have a material adverse effect on our business.

The implementation of new regulations and/or the passage of climate change legislation may result in increased costs to (i) operate and maintain our facilities, (ii) install new emission controls on our facilities and (iii) administer and manage any greenhouse gas emissions program. Increased costs associated with compliance with any future legislation or regulation of greenhouse gas emissions, if it occurs, may have a material adverse effect on our results of operations and financial condition and consequently on the ability to meet our financial obligations.

In addition, climate change legislation and regulations may result in increased costs not only for our business but also for agricultural producers that utilize our fertilizer products, thereby potentially decreasing demand for our fertilizer products. Decreased demand for our fertilizer products may have a material adverse effect on our results of operations and financial condition and consequently on the ability to meet our financial obligations.

New regulations and industry standards concerning the transportation of hazardous chemicals and the security of chemical manufacturing facilities could result in higher operating costs.

New regulations impacting the security of chemical plant locations and the transportation of hazardous chemicals may be introduced. For example, in response to the terrorist attacks on September 11, 2001, new initiatives relating to the security of chemical industry facilities and the transportation and storage of hazardous chemicals in the United States were launched, relevant mostly to our storage facilities located in the United States (including the storage facilities used by the Natgas Facility upon final completion). Future terrorist attacks could lead to even stronger, more costly initiatives in the United States and beyond. Furthermore, the regulatory regime in Trinidad is less established than in the United States and the European Union and, as a result, our operations could be subject to unexpected political, economic or legal developments that may lead to increased or more onerous regulations. This could materially adversely affect our business and increase our costs for compliance with such new regulations or industry standards. The costs of complying with regulations relating to the transportation of hazardous chemicals and security associated with our facilities may have an adverse effect on our business, financial condition and results of operations and consequently on our ability to meet our financial obligations.

We are subject to strict laws and regulations regarding employee and process safety and may fail to comply with these laws.

Our facilities are subject to the requirements of statutes that regulate the protection of the health and safety of workers. Failure to comply with some of these requirements, including, but not limited to, the Occupational Safety and Health Act, general industry standards, record keeping requirements, IPSL's Risk Control Manual and monitoring and control of occupational exposure to regulated substances, may not only lead to injuries and harm to employees but also to fines or shutdowns of our plants. We cannot guarantee that we will always be able to fully comply with these or other requirements, laws and safety manuals and noncompliance could have a material adverse effect on our results of operations and financial condition if we are subjected to significant fines or compliance costs.

We are subject to taxes, duties and taxation systems that are subject to change and new taxes or levies may be introduced or existing ones may increase at any time.

The legal and fiscal framework in the US, Trinidad, Barbados, Switzerland and elsewhere may change at any time. There can be no assurance that current tax and duty rates relating to our production, procurement, transportation, labor, sales, revenues, etc., will not change or increase. Furthermore, we cannot assure you that no additional taxes or customs levies will be introduced. Especially in Trinidad, any additional or higher taxes may have a material adverse effect on our business, as we are exposed to a single location tax risk. Should additional or higher taxes or duties apply to us directly or indirectly, this may materially impact our business, financial condition and results of operations. In addition, if higher taxes or duties result in a price increase to our end-customers, we may be placed at a disadvantage to our competitors, which may materially impact our ability to compete in the industry. This may have a material effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

Our operations are subject to the general risks of litigation and tax proceedings.

We are involved, on an ongoing basis, in litigation arising in the ordinary course of business or otherwise. Litigation may include claims related to commercial, labor, employment, antitrust, securities or environmental matters. Moreover, the process of litigating cases, even if we are successful, may be costly and may approximate the cost of damages sought. These actions could also expose us to adverse publicity, which might adversely affect our reputation. Litigation trends and expenses and the outcome of any litigation proceeding cannot be predicted with certainty and adverse litigation trends, expenses and outcomes could adversely affect our financial results.

In addition, we are subject to regular tax audits, which may result in claims for significant additional taxes, interest and penalties. For example, the most recent year audited, for which tax assessments have been received at MHTL, is 2011, with 1993 being the earliest year audited with open unresolved tax issues. We have contested and filed objections to the additional assessments where not considered valid or without legal basis. While some issues have been settled, concluded or withdrawn, many of the audit issues have remained unresolved. There can be no certainty that we will be successful in refuting the current or any further tax assessment and payment claims. If we are unsuccessful in refuting tax assessments and payment claims, this may have a material impact on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Contractual Obligation".

With respect to one such assessment in particular, while we believe the position of the Board of Inland Revenue to be without merit, if we were found liable for the entire amount of such assessment asserted against

us, our liability may exceed our available cash on hand at such time, in which case we would need to secure other sources of funds which may include, without limitation, the incurrence of indebtedness, in order to satisfy our tax obligations. There can be no assurances that we would be able to secure such funding and any such failure may result in an event of default under the terms of our indebtedness.

Any expansion of existing assets and construction of new assets may not result in revenue increases and will be subject to regulatory, environmental, political, legal and economic risks.

In order to optimize our existing asset base, we may evaluate and capitalize on organic opportunities for expansion projects in order to increase revenue. The expansion of production capacity, or the construction of new assets, involves numerous regulatory, environmental, political and legal uncertainties, most of which are beyond our control. These risks include:

- changes to plans and specifications;
- engineering problems, including defective plans and specifications;
- shortages of, and price increases in, energy, raw materials and skilled and unskilled labor;
- inflation in key supply markets;
- changes in laws and regulations, or in the interpretations and enforcement of laws and regulations, applicable to constructions projects;
- poor workmanship, labor disputes or work stoppages;
- failure by subcontractors to comply with applicable laws and regulations;
- injuries sustained by workers or patrons on the job site;
- disputes with and defaults by contractors and subcontractors;
- claims asserted against us for construction defects, personal injury or property damage;
- environmental issues, risks, liabilities and related unforeseen costs;
- health and safety incidents and site accidents;
- terrorist activities;
- weather interferences or delays;
- fires and other natural disasters; and
- other unanticipated circumstances or cost increases.

If we undertake any expansion projects, they may not be completed on schedule or at all or at the budgeted cost. If the actual cost to complete capital projects is greater than the budgeted cost, we would be required to use our cash flow from operations or seek additional sources of financing to complete those projects. We may not have sufficient cash flow from operations, or additional sources of financing may not be available on commercially reasonable terms or at all. Using cash flow from operations or incurring debt to fund expansion projects (and paying the interest related to such incremental debt) could have a material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

Differences in views with our joint venture participants may cause our joint ventures not to operate according to their business plans, which may adversely affect our results of operations.

We currently participate in a number of joint ventures (including CNC, N2000 and OMC) which are accounted for as “Associates”. We may enter into additional joint ventures in the future. The nature of a joint venture requires us to share control with unaffiliated third parties. Differences in views among joint venture participants may result in delayed decisions or failure to agree on major decisions. If these differences cause the joint ventures to deviate from their business plans or to fail to achieve their desired operating performance, our results of operations could be adversely affected.

We may be adversely impacted by political, economic and market conditions in the Caribbean and certain emerging market countries in Latin America and elsewhere.

CEL (Barbados) was incorporated in Trinidad and is also registered in Barbados as an external company, MHTL is incorporated in Trinidad, FS Petrochemicals is organized in Saint Christopher and Nevis and we have operations and/or end-customers throughout the Caribbean and Latin American countries. Securities of

companies from these regions have been, to varying degrees, influenced by political, economic and market conditions in other Caribbean countries and "emerging market countries" in Latin America and elsewhere. Although economic conditions are different in each country, investors' reactions to developments in one country may materially affect the securities of issuers in other countries. The international financial and securities markets historically have exhibited volatility. Caribbean countries have generally responded to external political, economic and market conditions by adopting one or more measures such as widening or eliminating currency fluctuation bands, raising interest rates and tightening fiscal policies. We cannot assure you that events elsewhere that are unrelated to our financial performance, especially in other emerging market countries, will not materially adversely affect us.

The laws of Trinidad include anti-bribery, anti-corruption legislation, which is less stringent than that of other jurisdictions, and our risk management and internal controls may not be successful in preventing or detecting all violations of law or of company-wide policies.

The regulatory regime of Trinidad includes anti-bribery and anti-corruption legislation, which is currently under development and which is less stringent than anti-bribery and anti-corruption legislation which has been implemented in other jurisdictions. CEL (Barbados) and MHTL's businesses are subject to a significant number of laws, rules and regulations, including those relating to anti-bribery and anti-corruption. We are party to agreements governed by New York law with financial institutions located outside of Trinidad, and are therefore also subject to certain contractual obligations relating to anti-bribery and anti-corruption laws, rules and regulations of the jurisdictions in which such financial institutions are located, which may be more stringent than the anti-bribery and anti-corruption laws of Trinidad.

Our existing compliance processes and internal control systems may not be sufficient to prevent or detect all inappropriate practices, fraud or violations of laws by our employees, contractors, agents, officers or any other persons who conduct business with or on behalf of us. We may in the future discover instances in which we have failed to comply with applicable laws and regulations or internal controls. If any of our employees, contractors, agents, officers or other persons with whom we conduct business engage in fraudulent, corrupt or other improper or unethical business practices or otherwise violate applicable laws, regulations or our own internal compliance systems, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws or regulations which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

Estimates of Trinidad's natural gas and oil reserves are uncertain.

Trinidad has significant proven reserves and resources of natural gas and oil. However, the value of the proven reserves is subject to numerous uncertainties. Some of the factors that contribute to the uncertainties are the quality of the available data and its engineering and geological interpretation. The assumptions regarding future prices, availability and demand for natural gas and oil in end user markets and the timing and expenditures necessary to extract the natural gas and oil and bring to market. All of these factors and assumptions may vary. Audits are based on a categorization of proven, possible and probable reserves. Any significant reduction in the estimates of the proven or probable, natural gas and oil reserves of the Trinidad could adversely affect the Trinidad's economy and its public finances.

Adverse external factors, instability in international financial markets and adverse domestic factors have led to reduced growth and decreased foreign investments in Trinidad in recent years.

Recession or low growth in Trinidad's main trading partners will eventually lead to lower exports. The combination of these factors has adversely affected Trinidad's public finances. Instability or volatility in the international financial markets has led to domestic volatility, making it more difficult for CEL to achieve its macroeconomic goals. Domestic volatility could also lead to declines in foreign investment in Trinidad. Adverse domestic factors, such as inflation, high interest rates and exchange rate volatility could lead to lower growth in Trinidad. There can be no assurance that Trinidad will not experience economic problems in the future, including as a result of a global economic crisis, which would have a material adverse effect on its financial condition and its ability to make payments on its debt obligations.

Risks Related to Our Capital Structure

We may not have sufficient cash available to service our indebtedness on time.

We may not have sufficient cash available for distribution to enable us to service our debt on time. The amount of cash available with which we will be able to service our debt principally depends on the amount of cash we generate from our operations, which is directly dependent upon the operating margins we generate. Our profit margins are significantly affected by the level of our cost of goods sold (exclusive of depreciation), including the cost of natural gas, our main raw material, as well as the costs of hydrogen and nitrogen and other

costs, the market-driven prices for our products we are able to charge our end-customers, seasonality, weather conditions, governmental regulation and global and domestic economic conditions and demand for our products, among other factors. In addition, our business, financial condition and results of operations and consequently our ability to meet our financial obligations are affected by:

- the level of capital expenditures we make;
- our overall debt service requirements;
- fluctuations in our working capital needs;
- our ability to access the capital markets;
- planned and unplanned maintenance at our facilities, which may result in downtime and thus negatively impact our cash flows in the quarter in which such maintenance occurs;
- fluctuations in interest rates;
- the level of competition in our market and industry;
- restrictions on distributions of subsidiaries and on our ability to make working capital borrowings; and
- the amount of cash reserves, including for turnarounds and related expenses.

We are exposed to risks of continued credit and liquidity disruptions in the global financial system.

As the global financial system has experienced significant credit and liquidity disruptions in recent years, leading to a reduction in liquidity, greater volatility, general widening of credit spreads and, in some cases, lack of transparency in money and capital markets, many lenders have reduced or ceased to provide funding to borrowers. If these conditions continued or worsened, it could negatively affect our ability to raise funding in the debt capital markets and access bank lending markets on financial terms acceptable to us or at all. As a result, our financial condition may be adversely impacted and costs of financing may significantly increase, which could have a material adverse effect on our business, financial condition and results of operations and consequently on the ability to meet our financial obligations.

Risks Related to Our Indebtedness

We have substantial debt and may incur substantial additional debt that could adversely affect our financial condition or make us more vulnerable to adverse economic conditions.

Our level of indebtedness could have significant effects on our business, financial condition, results of operations and cash flows and, therefore, important consequences to your investment in our securities, such as:

- we may be limited in our ability to obtain additional financing to fund our working capital needs, capital expenditures and debt service requirements or our other operational needs;
- we may be limited in our ability to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to make principal and interest payments on our debt;
- we may be at a competitive disadvantage compared to competitors with less leverage since we may be less capable of responding to adverse economic and industry conditions;
- we may not have sufficient flexibility to react to adverse changes in the economy, our business or the industries in which we operate; and
- to the extent that we are unable to refinance our debt at maturity on favorable terms, or at all, our ability to fund our operations could be adversely affected.

Despite our current level of indebtedness, we may still be able to incur substantially more debt in the future, which may make it difficult for us to service our debt and impair our ability to operate our businesses.

We may incur substantial additional debt in the future. Borrowings under our debt instruments that contain cross acceleration or cross default provisions may as a result also be accelerated and become due and payable. We may be unable to pay in full such indebtedness in such circumstances. The incurrence of additional debt would increase the leverage related risks described in this company report.

Our ability to service our indebtedness will depend on our ability to generate cash in the future.

Our ability to make payments on our indebtedness will depend on our ability to generate cash in the future. Our ability to generate cash is subject to general economic and market conditions and financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure you that our business will

generate sufficient cash to fund our working capital requirements, capital expenditure, debt service and other liquidity needs, which could result in our inability to comply with financial and other covenants contained in our debt agreements, our being unable to repay or pay interest on our indebtedness and our inability to fund our other liquidity needs. If we are unable to service our debt obligations, fund our other liquidity needs and maintain compliance with our financial and other covenants, we could be forced to curtail our operations, our creditors could accelerate our indebtedness and exercise other remedies and we could be required to pursue one or more alternative strategies, such as selling assets or refinancing or restructuring our indebtedness. However, we cannot assure you that any such alternatives would be feasible or prove adequate.

We are subject to significant restrictive debt covenants, which limit our operating flexibility and, if we default under our debt covenants, we will not be able to meet our payment obligations.

In each case subject to certain exceptions, our financing arrangements, contain covenants which may impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- make loans or extend credit;
- make certain payments, including dividends or other distributions and repayment or redemption of share capital;
- make certain investments or acquisitions, including participating in joint ventures;
- prepay or redeem subordinated debt;
- engage in certain transactions with affiliated persons;
- create unrestricted subsidiaries;
- enter into arrangements that restrict payments of dividends to us;
- sell assets, consolidate or merge with or into other companies, change our legal form, enter into corporate reconstruction;
- sell or transfer all or substantially all of our assets or those of our subsidiaries on a consolidated basis;
- issue or sell share capital; and
- create or incur certain liens.

In addition, our future credit agreements may include similar or additional restrictive covenants or require that we maintain other specific financial covenants. These covenants could limit our ability to finance our future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest. Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the terms of our financing arrangements and trigger cross-defaults between any financing investments. If the debt under any material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full our other debt.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables present our selected consolidated financial and other information derived from the audited CEL Consolidated Financial Statements.

The historical consolidated financial information for the fiscal year ended December 31, 2017 as presented below is derived from the audited CEL 2017 Consolidated Financial Statements, which have been prepared in accordance with IFRS as issued by IASB and are included elsewhere in this company report.

The summary historical consolidated financial information should be read in conjunction with the management's discussion and analysis of results for the fiscal years ended December 31, 2015, 2016 and 2017, the CEL Consolidated Financial Statements and the OPAG 2015 Consolidated Financial Statements included elsewhere in this company report.

	Fiscal Year Ended December 31,		
	2015	**2016**	**2017**
		(audited) *(US$ in thousands)*	
Consolidated Statement of Comprehensive Income/ (Loss)			
Net Sales	**1,188,879**	**711,592**	**1,077,252**
Other operating income	14,905	23,983	13,717
Purchase of materials, goods and services	(749,598)	(363,380)	(679,517)
Change in finished goods	(13,756)	(16,591)	5,333
Employee benefits expense	(2,225)	(8,878)	(22,784)
Other operating expense	(97,765)	(141,950)	(206,648)
Share of profit from associates	39,821	10,517	31,165
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**380,261**	**215,293**	**218,518**
Depreciation, amortization and impairment	(189,760)	(202,990)	(261,030)
Earnings before interest and taxes (EBIT)	**190,501**	**12,303**	**(42,512)**
Financial income	1,763	2,370	3,810
Financial expense	(123,181)	(134,130)	(172,942)
Financial result, net	**(121,418)**	**(131,760)**	**169,132**
Profit (loss) before taxes (EBT)	**69,083**	**(119,457)**	**(211,644)**
Income tax	(43,125)	(24,266)	(18,984)
Net profit (loss) for the period	**25,958**	**(143,723)**	**(230,628)**
Net profit (loss) attributable to			
Equity holders of the parent	19,422	(127,126)	(177,978)
Non-controlling interests	6,536	(16,597)	(52,650)

	Fiscal Years Ended December 31,		
	2015	2016	2017
		(audited) *(US$ in thousands)*	

Consolidated Statement of Cash Flows

	2015	2016	2017
Cash flow from operating activities			
Profit/(loss) before taxes	**69,083**	**(119,457)**	**(211,644)**
Adjustments for:			
Depreciation, amortization and impairment	189,760	202,990	261,030
Interest expense	115,392	116,319	123,947
Interest income on loans	(215)	(1,074)	(1,075)
Share of results of associates	(39,821)	(10,517)	(31,165)
Fair value change of derivatives	-	2,247	182
Profit on disposal of property, plant and equipment	-	16,759	1,182
Stock-based compensation	-	383	129
Movements in provisions and pensions	3,822	(3,659)	14,923
Other non-cash items	-	11,744	23,317
Working capital adjustments:			
Inventories	17,909	(3,518)	642
Trade and other receivables	54,706	126,585	(94,169)
Trade and other payables	(4,808)	(104,070)	119,900
Income tax paid	(53,936)	(14,560)	(23,481)
Net cash flow from operating activities	**351,892**	**220,172**	**183,718**
Cash flow from investing activities			
Purchase of property, plant & equipment	(47,590)	(492,835)	(399,839)
Dividends from associated companies	60,740	18,143	34,941
Interest Received	-	1,271	1,075
Increase investment in associated companies	-	-	6,480
Loans to third and related party	-	-	31
Sale of other non-current assets	-	-	3,343
Acquisition of subsidiaries, net of cash acquired	-	50,372	-
Change in restricted cash and securities	-	(57,349)[(1)]	38,546
Net cash flow from/(used in) investing activities	**13,150**	**(480,398)**	**(315,423)**
Cash flow from financing activities			
Proceeds from borrowings	650,000	242,034	851,250
Loans to/from related party	(111,000)	107,000	-
Transaction costs on borrowings	(16,273)	(344)	(17,313)
Repayment of other borrowings	(914,373)	(181,670)	(827,221)
Increase/Decrease in non-controlling interests	-	(3,400)	171,407
Interest paid	(105,830)	(109,302)	(132,889)
Dividends paid	(400)	-	-
Capital increase	-	250,000	-
Net cash flow from/(used in) financing activities	**(497,876)**	**304,318**	**45,236**
Net change in cash and cash equivalents	**(132,834)**	**44,092**	**(86,469)**
Cash and cash equivalents at beginning of year	346,754	213,920	258,012
Cash and cash equivalents at end of year	213,920	258,012	171,543
Net change	**(132,834)**	**44,092**	**(86,469)**

(1) As per the CEL 2017 Consolidated Financial Statements, the purchase of marketable securities of US$29.0 million in the year ended December 31, 2016 was reclassified to change in restricted cash as those marketable securities were also captured by restrictions. See note (6) of the CEL 2017 Consolidated Financial Statements included elsewhere in this company report.

	As of December 31,		
	2015	2016	2017
		(audited) *(US$ in thousands)*	
Balance Sheet (at period end)			
Assets			
Non-current assets			
Property, plant and equipment	2,007,968	3,566,407	3,718,116
Intangible assets	577,194	569,019	550,827
Investment property	-	46,348	46,348
Investments in associates	464,847	457,222	446,966
Non-financial assets	-	3,972	629
Net employee defined benefit assets	11,853	11,398	7,201
Deferred tax assets	133,274	102,550	85,780
Total non-current assets	**3,195,136**	**4,756,916**	**4,855,867**
Current Assets			
Inventories	125,100	127,585	125,294
Trade and other receivables	454,124	223,931	321,421
Assets held for sale	-	-	35,000
Income tax receivables	5,244	5,244	4,677
Restricted cash	-	57,349(1)	18,807
Cash and cash equivalents	213,920	258,012	171,543
Total current assets	**798,388**	**672,121**	**676,742**
TOTAL ASSETS	**3,993,524**	**5,429,037**	**5,532,609**
Liabilities and Equity			
Share capital	54,075	20,877	20,877
Capital reserves	-	305,198	305,285
Retained earnings	1,024,008	1,082,611	931,136
Equity attributable to equity holders of the parent	**1,078,083**	**1,408,686**	**1,257,298**
Non-controlling interests	385,762	764,892	861,027
Total Equity	**1,463,845**	**2,173,578**	**2,118,325**
Non-current liabilities			
Borrowings and loans	1,475,825	2,310,870(2)	2,371,885
Derivatives	-	2,247	2,420
Deferred tax liabilities	434,122	422,174	384,202
Provisions	398,276	385,730	389,383
Total non-current liabilities	**2,308,223**	**3,121,021**	**3,147,890**
Current Liabilities			
Borrowings and loans	60,857	22,345(2)	19,063
Trade and other payables	150,643	110,889(2)	220,915
Liabilities held for sale	-	-	6,997
Derivatives	-	-	9
Income tax liabilities	9,956	1,204	19,410
Total current liabilities	**221,456**	**134,438**	**266,394**
TOTAL LIABILITIES	**2,529,679**	**3,255,459**	**3,414,284**
TOTAL LIABILITIES AND EQUITY	**3,993,524**	**5,429,037**	**5,532,609**

(1) As per the CEL 2017 Consolidated Financial Statements, the invested restricted cash in marketable securities of US$29.0 million as of December 31, 2016 was reclassified to restricted cash as those marketable securities were also captured by restrictions. See note (6) of the CEL 2017 Consolidated Financial Statements included elsewhere in this company report.

(2) As per the CEL 2017 Consolidated Financial Statements, accrued interest on bonds of US$32.1 million for the fiscal year ended December 31, 2016 has been reclassified from trade and other payables to current and non-current borrowings and loans. See note (6) of the CEL 2017 Consolidated Financial Statements included elsewhere in this company report.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CEL was incorporated on April 6, 2016 as a stock corporation (Aktiengesellschaft) under the laws of Switzerland. Through a contribution-in-kind of 100% of its shares, OPAG became a wholly owned direct subsidiary of CEL. CEL was established to facilitate the Natgas Acquisition. Firewater holds all of the membership interests in Natgas. The Natgas Acquisition was completed on May 4, 2016. Prior to the completion of the Natgas Acquisition, CEL did not conduct any business operations and did not have any material assets or liabilities other than those incurred in connection with its incorporation and the Natgas Acquisition, therefore limited historical information relating to CEL is available. CEL's financial information represents a continuation of OPAG's financial information as the underlying business did not change. The shareholders of CEL are Proman, which owns 75%, and Helm, which indirectly owns 25%. Prior to the formation of CEL and the reorganization of the shareholding in OPAG, OPAG owned 75% of CEL (Barbados), while Helm AG indirectly held 25%.

CEF is a wholly owned, indirect subsidiary of CEL and was incorporated on July 3, 2014 as a public limited liability company (société anonyme) under the laws of Luxembourg. CEF is a special purpose vehicle established for the purpose of financing transactions.

The following discussion should be read in conjunction with the CEL Consolidated Financial Statements included elsewhere in this company report. This discussion and analysis contains forward-looking statements that involve risk, uncertainties and assumptions. See "Forward-Looking Statements." Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including those discussed in "Risk Factors" and elsewhere in this company report.

Overview

We estimate we are the world's second-largest merchant producer of methanol based on capacity in 2017 and a leading producer of UAN and melamine. As of December 31, 2017, we estimate we had a 9.8% market share of the worldwide methanol market (including full consolidation of Oman Methanol Company ("OMC") and excluding the Chinese market). As of December 31, 2017, based on our size and capacity, we supplied methanol, UAN and melamine to approximately 200 end-customers, which included Fortune 500 companies. Additionally, in 2017, we were the largest importer of methanol by volume into the United States.

We own and operate five methanol plants near MHTL's headquarters in the Point Lisas Industrial Estate in Trinidad, providing us with a low-cost production location and global distribution capabilities. We also operate an additional natural-gas-to-methanol plant located in Pampa, Texas. Our M5000 plant is the world's largest stand-alone methanol plant with a design capacity of 1.9 million tonnes per year. We have a total installed methanol capacity of 4.1 million tonnes per year, including our operative facility in Pampa, Texas and we believe that our increasing production capacity has helped us become the world's largest importer of methanol into the United States by volume. Our main shareholder, Proman, constructed five of the six facilities and continues to operate and provide turnaround services to each of these facilities. In addition to producing methanol, in 2010, we diversified our business to also produce urea ammonium nitrate ("UAN"). Of our UAN worldwide sales, 68% of our production was sold to North America and 32% to Europe in the fiscal year ended December 31, 2017. We further diversified our business into melamine, of which 49% of our production was sold into the North American market and 51% was sold into the European market in the fiscal year ended December 31, 2017. Our Ammonia-Urea Ammonium Nitrate-Melamine ("AUM") complex provides for a capacity of 60,000 tonnes of melamine, 1.5 million tonnes of UAN and 647,500 tonnes of ammonia per year.

Methanol is a liquid petrochemical that is an essential building block for numerous industrial and energy-related applications. Methanol is primarily produced using natural gas or, particularly in China, coal feedstock and is a commodity chemical used to make other chemicals. Primary end uses for methanol include formaldehyde, which is used to produce adhesives for the manufacture of construction-related products, direct fuel applications including gasoline blending, dimethyl ether (DME), biodiesel and methyl tert-butyl ether (MTBE, an octane-boosting gasoline additive) and increasingly methanol-to-olefins and methanol-to-propylene applications in China. UAN is a nitrogen-based liquid fertilizer product that helps to improve crop yields. UAN is produced by combining urea and ammonium nitrate (produced from nitric acid and ammonia) and typically has a nitrogen content that ranges between 28% and 32%. Melamine is a white, organic, crystalline compound widely used in the manufacture of plastics, adhesives, countertops, dishware and whiteboards. Melamine is manufactured from urea and, therefore, is rich in nitrogen.

In addition to our methanol, UAN and melamine businesses, we also own equity interests in other companies, providing us with an additional income stream through dividends. As of December 31, 2017, we (i) had 43.47% of the equity interest of Methanol Holdings International Limited ("MHIL"), which in turn

owns 60.00% of the equity interests of OMC, (ii) had 30.00% of the equity interests of Caribbean Nitrogen Company Limited ("CNC"), and (iii) are the sole shareholder of FS Petrochemicals (St. Kitts) Limited ("FS Petrochemicals"), whose sole investment is a 30.00% shareholding in N2000. We are also the sole shareholder in MHTL and majority shareholder (67.72%) in G2X, which owns 50.0% of the equity interests in Firewater, which in turn owns 100% of the equity interests in Natgasoline LLC ("Natgas"). Natgas is nearing final completion of a greenfield methanol production facility in Beaumont, Texas. The plant is expected to have a capacity of up to 1.75 million tonnes per annum and is expected to be the United States' largest methanol production facility (the "Natgas Facility"). The Natgas Facility is strategically located on the Gulf Coast of the United States to take advantage of the expected growing demand for methanol in the United States and other international markets in Europe and Asia. G2X has full control and operational leadership of the Natgas Facility and has the ability to supply cost-advantageous natural gas. An experienced Proman team is supporting the construction and operations activities and transferring their extensive knowledge gained from previous Engineering, Procurement and Construction ("EPC") projects. On April 18, 2018, mechanical completion was confirmed in respect of the construction phase of our Natgas Facility. Production at the Natgas Facility is expected to start by the end of the second quarter of 2018. Assuming full facility capacity (5,000 tonnes/day or 1.75 million tonnes/year), a methanol price (US contract price) of US$420/tonne, an EBITDA margin of approximately 40% and excluding any non-recurring costs and expenses related to the construction of the Natgas Facility, we estimate the potential incremental EBITDA contribution of the Natgas Facility to amount to US$300 million p.a.

Our global distribution and supply infrastructure enables us to provide end-customers in the United States as well as in Europe with a reliable and recurring supply of methanol, UAN and melamine. To distribute methanol and UAN, we have contracted pursuant to long-term time charter contracts a dedicated fleet of 14 ocean-going vessels with a total capacity of 564,126 DWT as of December 31, 2017. Of these, Natgas has chartered two methanol vessels, the "Noble Spirit" and the "Ambassador Norris", which were sub-chartered to Koch Shipping PTE Ltd. and Norstar Shipping and Trading Ltd. respectively in 2017 and which are scheduled to return to Natgas in the second quarter of 2018. The "Noble Spirit" and "Ambassador Norris" vessels have a combined capacity of 90,572 DWT. Bringing these two vessels back into our methanol vessel fleet will increase our total methanol fleet to eleven vessels with a combined capacity of 433,193 DWT. Furthermore, we operate methanol storage facilities at our main facilities in Trinidad, which we own, as well as in North America, Latin America and in Europe, which are leased by SCC and Helm, one of our main shareholders, which together totals 649,000 tonnes. To distribute our other products, UAN and melamine, we also rely on international third-party freight providers. In addition, we have chartered three dedicated UAN vessels with a total shipping capacity of 130,933 DWT under long-term charter contracts, of which none is due to expire until 2029. We further own UAN storage facilities in Trinidad and Helm leases storage facilities in the United States and in Europe for our exclusive use – taken altogether, they have a total storage capacity of 341,000 tonnes.

Through strategic partnerships with various distribution companies, we seek to benefit from specific market knowledge for each regional market. Our shareholder Helm, a chemical distribution company located in Germany, is our main distributor for most of our products globally, while in the Americas, we sell methanol and melamine through SCC, in which Helm and Proman hold strategic stakes. In addition, through our end-customer distribution program and our indirect 26.08% ownership interest in OMC, we have expanded our global presence to have better access to the Asian as well as Latin American markets.

In the fiscal year ended December 31, 2017, we generated net sales of US$1.1 billion, EBITDA of US$218.5 million and Adjusted EBITDA of US$324.6 million.

Key Factors Affecting Our Results

Our results of operations, financial condition and liquidity have been influenced in the periods discussed in this company report by the following events, facts, developments and market characteristics. We believe that these factors have influenced and are likely to continue to influence our operations in the future.

Sales Volumes

Our results of operations are significantly affected by our sales volumes. Sales volumes in turn depend in large part on the full use of our production capacities, which is mainly impacted by general outages of our facilities and natural gas curtailments. Depending on the severity and duration of such outages and curtailments, sales volumes and consequently our results of operation may vary from year to year. In 2015 and 2016, for example, sales volumes declined, in large part due to planned and unplanned outages in our production facilities, as well as prolonged natural gas curtailments. In 2017, despite reduced production arising from continued gas curtailments, we were able to achieve increased sales volumes as the result of higher product purchases. Strategic product purchases are made on the spot market to meet long-term contractual commitments in case production falls below expected volumes.

Production Outages

Our sales volumes largely depend on the on-stream factor of our production facilities. The on-stream factor generally defines the amount of time our facilities are online and manufacturing product per year and thus a higher percentage represents a lower number of production outages, which may be scheduled or unscheduled. Scheduled production outages generally occur for preventative maintenance or repair works, while unscheduled outages will occur due to failures in facilities or a lack of raw materials available for production. In addition, quality issues may be considered production outages, despite facilities still operating.

In 2015 and 2016, we experienced several scheduled outages related to preventative maintenance and repairs, but also in response to advisories on low gas supplies, for example in April 2015. While such outages are scheduled for a certain number of days, they may take longer, which has an effect on our production levels and, thus, sales volumes. We also experienced several unscheduled outages. For example, our TTMC I methanol plant had a five-day outage in 2016 so that we could repair a leak on the reformer flue gas economizer and in 2017 our AUM ammonia facility had an unscheduled outage of 56 days which extended into January 2018 so that we could repair a ruptured pipe.

Natural Gas Curtailments

Natural gas is an essential raw material for the production processes at all of our facilities and lack thereof will prevent its facilities from operating at full capacity. Throughout 2015, 2016 and 2017, there were natural gas curtailments, leading to reduced amounts of natural gas being made available to our facilities. The curtailments varied between 2015 and 2017 and required occasional shutdowns of some of our facilities, which led to production outages and a decrease in sales volumes in 2015 and 2016. Due to natural gas curtailments, two of MHTL’s methanol plants were shut down in 2017, however increased supplemented production resulting in an increase in sales volume in 2017 compared to 2015 and 2016.

Market Prices

Our products are commodities and end-customers base purchasing decisions mainly on price and availability, as little differences exist between our products and those of competitors. Thus, we sell products at the prices prevailing on international commodities markets. At the same time, results of operations are affected by changes in prices of natural gas, our main raw material. While we source a majority of the required natural gas under contracts linking the price of natural gas to the price of the respective product produced, fluctuations in the natural gas price still impacts our business. See “Business—Raw Materials.”

Product Market Prices

The prices we receive for products depend primarily on the prices attainable on the international commodities markets. These markets are often highly volatile and prices are dependent on various factors, such as weather and idling production capacities. Prices received for products are therefore determined by market conditions which could be subject to significant variation. See “Risk Factors—Risks Related to Our Business and Industry—The methanol industry is subject to commodity price volatility and supply and demand uncertainty, —The UAN business is, and related prices are, cyclical and highly volatile and have experienced substantial downturns and—The melamine industry is subject to commodity price volatility and supply and demand uncertainty.”

In the period from 2015 to 2017, market prices experienced decreases across certain products: the market prices for ammonia and UAN decreased by 40% and 23%, respectively, while the market prices for methanol and melamine increased by 3% and 12%, respectively. In 2017, the market prices for ammonia and methanol increased by 4% and 49%, respectively.

Natural Gas Prices

Natural gas is the primary raw material used to produce our products. Our main subsidiary MHTL contracted with our main supplier, NGC, for daily delivery of up to approximately 392,000 MMBTU of natural gas per day for its facilities. For the fiscal year ended December 31, 2017, natural gas costs represented 55% of our total purchase of materials, goods and services. Historically, we have been able to generally hedge our natural gas prices with NGC by linking them contractually to the prices of our individual products. As a result, higher market prices for products caused higher natural gas prices and thus higher cost of sales. Conversely, lower market prices for products also cause lower gas prices and cost of sales, as was the case in 2015. This contractual hedging led to generally stable profit margins on our products that are independent of natural gas prices available on commodities markets.

Factors Affecting Comparability

Natgas Acquisition

In 2012, G2X was formed as a spin-off from Accelergy Corporation. G2X began operations with an initial investment from PGCF, a subsidiary of Proman. On May 4, 2016, G2X Energy, a wholly owned subsidiary of G2X, acquired a controlling 50% equity interest in Firewater, which owns 100% of Natgas (the "Natgas Acquisition"). In connection with the Natgas Acquisition, CEL acquired a controlling stake in G2X and, as a result, Firewater became a consolidated subsidiary of CEL. As part of the Natgas Acquisition, CEL, through its subsidiary G2X Energy, agreed to inject US$630.0 million in equity into Natgas and provide an additional US$50.0 million to Natgas by means of a contingent shareholder loan.

CEL was, among other reasons, established to facilitate the Natgas Acquisition. Prior to the completion of the Natgas Acquisition, CEL did not conduct any business operations and did not have any material assets or liabilities other than those incurred in connection with its incorporation and the Natgas Acquisition, therefore limited historical information relating to CEL is available. CEL's financial information represents a continuation of OPAG's financial information as the underlying business did not change.

Explanation of the Group's key line items for fiscal years ended December 31, 2015, 2016 and 2017

Net Sales

Net sales comprise the fair value of the consideration received or receivable for the sale of product in the ordinary course of the Group's activities.

Other Operating Income

Other income primarily consists of quarterly amounts for directors' fees and expenses billed to the associates, MHIL, CNC and N2000, freight and shipping income and insurance settlement.

Purchase of Materials, Goods and Services

Purchase of materials, goods and services primarily consists of cost of raw materials and consumables.

Change in Finished Goods

Change in finished goods include changes in inventory and changes of work in progress.

Employee Benefits Expense

Employee benefits expense consist of wages and salaries, pension expense, insurance related expenses, share-based compensation, severance payments and other personnel expenses.

Other Operating Expenses

Other operating expenses include consulting, legal and audit fees, rental and other operating leasing and loss on sale of property, plant and equipment.

Share of Profit (Loss) of Associates

Our share of results of associates is derived from our investments in MHIL, CNC and N2000.

Earnings before Interest, Taxes, Depreciation and Amortization

Earnings before interest, taxes, depreciation and amortization states our profit less all expenses before interest, taxes, depreciation and amortization are applied to the profit.

Depreciation, Amortization and Impairment

The position includes depreciation, amortization and impairment of property, plant and equipment, investment properties, intangible assets and contract-related liabilities.

Earnings before Interest And Taxes

Earnings before interest and taxes state our total profit less all expenses before interest and taxes are applied to the profit.

Financial Income

Changes in fair values of financial assets at fair value through profit or loss are recorded in financial income/ expenses in the income statement.

Financial Expenses

Financial expenses primarily consist of interest expenses.

Profit (Loss) Before Taxes

Profit before taxes states our total income less all expenses before taxes are applied to the profit.

Income Tax

Income tax consists primarily of corporate taxes paid in Trinidad and also include deferred taxes.

Net Profit (Loss) for the Period

Net profit (loss) for the period states profit (loss) before taxes less income taxes.

Equity Holders of the Parent

The position "equity holders of the parent" shows the share of net profit (loss) that is attributable to the majority holder of shares.

Non-Controlling Interests

Non-controlling interest represents the part of net profit (loss) for the period that is not attributable, directly or indirectly, to a parent's share.

Our Results of Operations

The following tables show our operating results for the fiscal years ended December 31, 2015, 2016 and 2017.

Segment Reporting

For the fiscal year ended December 31, 2017, we started segment reporting by product and by geography. In the CEL 2017 Consolidated Financial Statements, our segment reporting was also presented for the fiscal year ended December 31, 2016 for comparison purposes. No segment reporting is available for the fiscal year ended December 31, 2015.

The following table shows our net sales by product and by geography for the fiscal years ended December 31, 2016 and 2017.

	Fiscal Year Ended December 31,		
	2016	2017	% change
	(audited) *(US$ in thousands)*		
Net Sales	**711,592**	**1,077,252**	**51.4%**
By Product:			
Methanol	502,148	860,975	71.5%
Ammonia & derivatives	203,703	197,906	(2.8)%
Other[1]	5,741	18,371	220%
By Geography (Location to which the product is shipped):			
Europe	237,226	341,783	44.1%
North America	351,100	654,770	86.5%
South America	51,401	68,924	34.1%
Asia	71,865	11,775	(83.6)%

(1) Includes all activities to provide EPC (Engineering, Procurement and Construction) services for the construction of new production facilities or the maintenance of existing facilities for the Group or third parties. It further includes gas production facilities, logistic activities as well as general corporate services.

Net Sales by Product

Net sales from methanol increased by US$358.8 million, or 71.5%, from US$502.1 million for the fiscal year ended December 31, 2016 to US$861.0 million for the fiscal year ended December 31, 2017. The increase in net sales for methanol was primarily due to higher methanol prices.

Net sales from ammonia & derivatives decreased by US$5.8 million, or 2.8%, from US$203.7 million for the fiscal year ended December 31, 2016 to US$197.9 million for the fiscal year ended December 31, 2017. The decrease in net sales from ammonia & derivatives was primarily due to lower UAN prices.

Net sales from other increased by US$12.6 million, or 220%, from US$5.7 million for the fiscal year ended December 31, 2016 to US$18.4 million for the fiscal year ended December 31, 2017. The increase in net sales from other was primarily due to additional production from 50 gas wells that came online in 2017. In addition, G2X was first consolidated with CEL in May 2016.

Net Sales by Geography

Net sales in Europe increased by US$104.6 million, or 44.1%, from US$237.2 million for the fiscal year ended December 31, 2016 to US$341.8 million for the fiscal year ended December 31, 2017. The increase in net sales in Europe was primarily due to higher methanol prices.

Net sales in North America increased by US$303.7 million, or 86.5%, from US$351.1 million for the fiscal year ended December 31, 2016 to US$654.8 million for the fiscal year ended December 31, 2017. The increase in net sales in North America was primarily due to both higher methanol prices and volumes sold.

Net sales in South America increased by US$17.5 million, or 34.1%, from US$51.4 million for the fiscal year ended December 31, 2016 to US$68.9 million for the fiscal year ended December 31, 2017. The increase in net sales in South America was primarily due to higher methanol prices.

Net sales in Asia decreased by US$60.1 million, or 83.6%, from US$71.9 million for the fiscal year ended December 31, 2016 to US$11.8 million for the fiscal year ended December 31, 2017. The decrease in net sales in Asia was primarily due to lower methanol volumes sold.

Comparison of Our Results for the Fiscal Year Ended December 31, 2017 with the Fiscal Year Ended December 31, 2016

The following table shows our operating results for the fiscal year ended December 31, 2017 and the fiscal year ended December 31, 2016.

	Fiscal Year Ended December 31,		
	2016	**2017**	**% change**
	(audited) *(US$ in thousands)*		
Net Sales	**711,592**	**1,077,252**	**51.4%**
Other operating income	23,983	13,717	(42.8)%
Purchase of materials, goods and services	(363,380)	(679,517)	87.0%
Change in finished goods	(16,591)	5,333	132.1%
Employee benefits expense	(8,878)	(22,784)	156.6%
Other operating expense	(141,950)	(206,648)	45.6%
Share of profit from associates	10,517	31,165	196.3%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**215,293**	**218,518**	**1.5%**
Depreciation, amortization and impairment	(202,990)	(261,030)	28.6%
Earnings before interest and taxes (EBIT)	**12,303**	**(42,512)**	**(445.5)%**
Financial income	2,370	3,810	60.8%
Financial expense	(134,130)	(172,942)	28.9%
Financial result, net	**(131,760)**	**(169,132)**	**(28.4)%**
Profit (loss) before taxes (EBT)	**(119,457)**	**(211,644)**	**77.2%**
Income tax	(24,266)	(18,984)	(21.8)%
Net profit (loss) for the period	**(143,723)**	**(230,628)**	**60.5%**
Net profit (loss) attributable to			
Equity holders of the parent	(127,126)	(177,978)	40.0%
Non-controlling interests	(16,597)	(52,650)	217.2%

Net Sales

Net sales increased by US$365.7 million, or 51.4%, from US$711.6 million for the fiscal year ended December 31, 2016 to US$1.1 billion for the fiscal year ended December 31, 2017. The increase in net sales was primarily due to higher sales volume, in particular in the fourth quarter of 2017 as well as higher methanol prices.

Other Operating Income

Other operating income decreased by US$10.3 million, or 42.8%, from US$24 million for the fiscal year ended December 31, 2016 to US$13.7 million for the fiscal year ended December 31, 2017. The decrease in

other operating income was primarily due to higher insurance claim refunds and a write back on asset retirement obligations in 2016.

Purchase of Materials, Goods and Services

Purchase of materials, goods and services increased by US$316.1 million, or 87.0%, from US$363.4 million for the fiscal year ended December 31, 2016 to US$679.5 million for the fiscal year ended December 31, 2017. The increase in purchase of materials, goods and services was primarily due to higher gas purchases and other production consumables to meet the sales commitments in 2017.

Change in Finished Goods

Change in finished goods moved by US$21.9 million, or 132.1%, from a negative balance of US$(16.6) million for the fiscal year ended December 31, 2016 to a positive balance of US$5.3 million for the fiscal year ended December 31, 2017. The movement in finished goods was primarily due to a lower inventory value for the fiscal year ended December 31, 2017 compared to the fiscal year ended December 31, 2016.

Employee Benefits Expense

Employee benefits expense increased by US$13.9 million, or 156.6%, from US$8.9 million for the fiscal year ended December 31, 2016 to US$22.8 million for fiscal year ended December 31, 2017. The increase in employee benefits expense was primarily due to the consolidation of G2X in the second quarter of 2016, the increase in wages and salaries for new personnel at the Natgas Facility and the write down of MHTL's pension asset arising from the intended winding up of the pension plan fund.

Other Operating Expense

Other operating expense increased by US$64.7 million, or 45.6%, from US$142.0 million for the fiscal year ended December 31, 2016 to US$206.6 million for the fiscal year ended December 31, 2017. The increase in other operating expense was primarily due the termination of our drilling carry obligation with Terra Energy Partners in January 2018 which amounted to US$57.0 million.

Share of Profit from Associates

Share of profit from associates increased by US$20.6 million, or 196.3%, from US$10.5 million for the fiscal year ended December 31, 2016 to US$31.2 million for the fiscal year ended December 31, 2017. The increase in share of profit from associates was primarily due to higher methanol prices generated by OMC.

Earnings before Interest, Taxes, Depreciation and Amortization

EBITDA increased by US$3.2 million, or 1.5%, from a profit of US$215.3 million for the fiscal year ended December 31, 2016 to a profit of US$218.5 million for the fiscal year ended December 31, 2017. The increase in EBITDA was primarily due to an increase in net sales by US$365.7 million, despite increases in certain categories of expenses such as the purchase of materials, goods and services, and other operating expenses. See above "—Purchase of Materials, Goods and Services" and "—Other Operating Expense".

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment increased by US$58.0 million, or 28.6%, from US$203.0 million for the fiscal year ended December 31, 2016 to US$261.0 million for the fiscal year ended December 31, 2017. The increase in depreciation, amortization and impairment was primarily due to the impairment loss taken at G2X in conjunction with the termination of drilling activities.

Earnings before Interest and Taxes

EBIT decreased by US$54.8 million, or 445.5%, from a profit of US$12.3 million for the fiscal year ended December 31, 2016 to a loss of US$42.5 million for the fiscal year ended December 31, 2017. The decrease in EBIT was primarily due to the impairment loss taken at G2X in conjunction with the termination of drilling activities.

Financial Income

Financial income increased by US$1.4 million, or 60.8%, from US$2.4 million for the fiscal year ended December 31, 2016 to US$3.8 million for the fiscal year ended December 31, 2017. The increase in financial income was primarily due to foreign exchange gains.

Financial Expense

Financial expense increased by US$38.8 million, or 28.9%, from US$134.1 million for the fiscal year ended December 31, 2016 to US$172.9 million for the fiscal year ended December 31, 2017. The increase in financial expense was primarily due to the optional redemption premium and write off fees on redeemed floating and fixed rate notes and increased interest expense.

Financial Result, Net

The net financial result decreased by US$37.4 million, or 28.4%, from a loss of US$131.8 million for the fiscal year ended December 31, 2016 to a loss of US$169.1 million for the fiscal year ended December 31, 2017. The decrease in net financial result was primarily due to the optional redemption premium and write off fees on redeemed floating and fixed rate notes and increased interest expense.

Loss before Taxes

The loss before taxes increased by US$92.2 million, or 77.2%, from a loss of US$119.5 million for the fiscal year ended December 31, 2016 to a loss of US$211.6 million for the fiscal year ended December 31, 2017. The increase in loss before taxes was primarily due to the impairment loss taken at G2X in conjunction with the termination of drilling activities, the optional redemption premium and write off fees on redeemed floating and fixed rate notes and increased interest expense.

Income Tax

Income tax decreased by US$5.3 million, or 21.8%, from US$24.3 million for the fiscal year ended December 31, 2016 to US$19.0 million for the fiscal year ended December 31, 2017. The decrease in income tax expense was primarily due to a one-off deferred tax charge resulting from foreign exchange rate movements in 2016.

Net Loss for the Period

The net loss for the period increased by US$86.9 million, or 60.5%, from a loss of US$143.7 million for the fiscal year ended December 31, 2016 to a loss of US$230.6 million for the fiscal year ended December 31, 2017. The increase in net loss for the period was primarily due to the impairment loss taken at G2X, the termination of drilling activities, the optional redemption premium and write off fees on redeemed floating and fixed rate notes and increased interest expense.

Net Loss Attributable to Equity Holders of the Parent

The net loss attributable to equity holders of the Parent increased by US$50.9 million, or 40.0%, from a loss of US$127.1 million for the fiscal year ended December 31, 2016 to a loss of US$178.0 million for the fiscal year ended December 31, 2017. The increase in the net loss attributable to equity holders of the Parent for the period was primarily due to the impairment loss taken at G2X in conjunction with the termination of drilling activities and the optional redemption premium and write off fees on redeemed floating and fixed rate notes.

Net Loss Attributable to Non-Controlling Interests

The net loss attributable to non-controlling interests increased by US$36.1 million, or 217.2%, from a loss of US$16.6 million for the fiscal year ended December 31, 2016 to a loss of US$52.7 million for the fiscal year ended December 31, 2017. The increase in net loss attributable to the non-controlling interests for the period was primarily due to impairment loss taken at G2X in conjunction with the termination of drilling activities, and the optional redemption and write off fees on redeemed floating and fixed rate notes.

Comparison of Our Results for the Fiscal year Ended December 31, 2016 with the Fiscal Year Ended December 31, 2015

The following table shows our operating results for the fiscal year ended December 31, 2016 and the fiscal year ended December 31, 2015.

	Fiscal Year Ended December 31,		
	2015	2016	% change
	(audited) *(US$ in thousands)*		
Net Sales	**1,188,879**	**711,592**	**(40.1)%**
Other operating income	14,905	23,983	60.9%
Purchase of materials, goods and services	(749,598)	(363,380)	51.5%
Change in finished goods	(13,756)	(16,591)	(20.6)%
Employee benefits expense	(2,225)	(8,878)	(299.0)%
Other operating expense	(97,765)	(141,950)	(45.2)%
Share of profit from associates	39,821	10,517	(73.6)%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**380,261**	**215,293**	**(43.4)%**
Depreciation, amortization and impairment	(189,760)	(202,990)	(7.0)%
Earnings before interest and taxes (EBIT)	**190,501**	**12,303**	**(93.5)%**
Financial income	1,763	2,370	34.4%
Financial expense	(123,181)	(134,130)	(8.9)%
Financial result, net	**(121,418)**	**(131,760)**	**(8.5)%**
Profit (loss) before taxes (EBT)	69,083	(119,457)	(272.9)%
Taxation charge	(43,125)	(24,266)	43.7%
Net profit (loss) for the period	**25,958**	**(143,723)**	**(653.7)%**
Net profit (loss) attributable to			
Equity holders of the parent	19,422	(127,126)	(754.5)%
Non-controlling interests	6,536	(16,597)	(353.9)%

Net Sales

Net sales decreased by US$477.3 million, or 40.1%, from US$1,188.9 million for the fiscal year ended December 31, 2015 to US$711.6 million for the fiscal year ended December 31, 2016. The decrease in net sales was primarily due to lower market prices of both methanol and UAN during the period.

Other Income

Other income increased by US$9.1 million, or 60.9%, from US$14.9 million for the fiscal year ended December 31, 2015 to US$24 million for the fiscal year ended December 31, 2016. The increase in other income was primarily due to an insurance claim refund in 2016.

Purchase of Materials, Goods and Services

Purchase of materials, goods and services decreased by US$386.2 million, or 51.5%, from US$749.6 million for the fiscal year ended December 31, 2015 to US$363.4 million for the fiscal year ended December 31, 2016. The decrease in purchase of materials, goods and services was primarily due to material supply limitations during the year 2016 and lower material costs.

Change in Finished Goods

The negative balance in change in finished goods increased by US$2.8 million, or 20.6%, from US$13.8 million for the fiscal year ended December 31, 2015 to US$16.6 million for the fiscal year ended December 31, 2016. The increase in finished goods was primarily due to valuation of MHTL methanol inventory at higher market prices.

Employee Benefits Expense

Employee benefits expense increased by US$6.7 million, or 299.0%, from US$2.2 million for the fiscal year ended December 31, 2015 to US$8.9 million for the fiscal year ended December 31, 2016. The increase in employee benefits expense was primarily due to the consolidation of G2X in the second quarter of 2016.

Other Operating Expense

Other operating expense increased by US$44.2 million, or 45.2%, from US$97.8 million for the fiscal year ended December 31, 2015 to US$142.0 million for the fiscal year ended December 31, 2016. The increase in other operating expense was primarily due to higher charter rates for newer methanol vessels as older vessels were retired and the consolidation of G2X in 2016.

Share of Profit from Associates

Share of profit from associates decreased by US$29.3 million, or 73.6%, from US$39.8 million for the fiscal year ended December 31, 2015 to US$10.5 million for the fiscal year ended December 31, 2016. The decrease in share of profit from associates was primarily due to the impact of the decline of ammonia prices in 2016 on the capacity earnings generated from CNC and N2000.

Earnings before Interest, Taxes, Depreciation and Amortization

EBITDA decreased by US$165.0 million, or 43.4%, from a profit US$380.3 million for the fiscal year ended December 31, 2015 to a profit of US$215.3 million for the fiscal year ended December 31, 2016. The decrease in EBITDA was primarily due to lower product prices.

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment increased by US$13.2 million, or 7%, from US$190 million for the fiscal year ended December 31, 2015 to US$203 million for the fiscal year ended December 31, 2016. The increase in depreciation, amortization and impairment was primarily due to the consolidation of G2X in the second quarter of 2016.

Earnings before Interest and Taxes

EBIT decreased by US$178.2 million, or 93.5%, from US$190.5 million for the fiscal year ended December 31, 2015 to a profit of US$12.3 million for the fiscal year ended December 31, 2016. The decrease in EBIT was primarily due to lower product prices.

Financial Income

Financial income increased by US$0.6 million, or 34.4%, from US$1.8 million for the fiscal year ended December 31, 2015 to US$2.4 million for the fiscal year ended December 31, 2016. The increase in financial income was primarily due to income on marketable securities.

Financial Expenses

Finance expenses increased by US$10.9 million, or 8.9%, from US$123.2 million for the fiscal year ended December 31, 2015 to US$134.1 million for the fiscal year ended December 31, 2016. The increase in financial expenses was primarily due to an unrealized loss on derivative instrument.

Net Financial Result

The net financial result decreased by US$10.3 million, or 8.5%, from a loss of US$121.4 million for the fiscal year ended December 31, 2015 to a loss of US$131.8 million for the fiscal year ended December 31, 2016. The decrease in net financial result was primarily due to an unrealized loss on derivative instrument.

Profit (Loss) Before Taxes

Profit (loss) before taxes decreased by US$188.5 million, or 272.9%, from a profit US$69.1 million for the fiscal year ended December 31, 2015 to a loss of US$119.5 million for the fiscal year ended December 31, 2016. The decrease in profit before taxation was primarily due to lower product prices.

Income Tax

Income tax decreased by US$18.9 million, or 43.7%, from US$43.1 million for the fiscal year ended December 31, 2015 to US$24.3 million for the fiscal year ended December 31, 2016. The decrease in income tax was primarily due to the disproportional reduction in profits primarily as a result of lower product prices.

Net Profit (Loss) for the Period

The net profit (loss) for the period decreased by US$169.7 million, or 653.7%, from a profit of US$26 million for the fiscal year ended December 31, 2015 to a loss of US$143.7 million for the fiscal year ended December 31, 2016. The decrease in net profit for the period was primarily due to lower product prices, offset by falling gas costs.

The Net Loss Attributable to Equity Holders of the Parent

The net loss attributable to equity holders of the Parent increased by US$146.5 million, or 754.5%, from a profit of US$19.4 million for the fiscal year ended December 31, 2015 to a loss of US$127.1 million for the fiscal year ended December 31, 2016. The decrease in equity holders of the Parent was primarily due to lower product prices.

The Net Loss Attributable to Non-controlling Interests

The net loss attributable to non-controlling interests increased by US$23.1 million, or 353.93%, from a profit of US$6.5 million for the fiscal year ended December 31, 2015 to a loss of US$16.6 million for the fiscal year ended December 31, 2016. The decrease in non-controlling interests was primarily due to lower product prices.

Liquidity and Capital Resources

For the fiscal years ended December 31, 2015, 2016 and 2017, our principal source of liquidity was income from the operating activities of our subsidiaries and associates received in the form of dividends. We continue to believe we will have available resources to meet our liquidity requirements, including debt services, for at least the next twelve months.

Committed Investments

MHTL has budgeted for US$9.3 million of prepayments on equipment and turnarounds for 2018 and we have US$30.0 million committed funding towards the final completion of the Natgas Facility by the end of the second quarter of 2018.

Replacement Value of Assets

For the fiscal year ended December 31, 2017, we recorded total assets of US$5.53 billion.

Assuming estimated investment costs of US$1,100/tonne of annual design capacity (based on our average estimated investment costs for the Natgas Facility and Big Lake Fuels project), total methanol and fertilizer production capacity of 7.8 million tonnes would translate into an aggregate replacement value of our assets of approximately US$8.58 billion. This figure illustrates the existing significant economic barriers to entry for greenfield methanol and fertilizer projects, but may differ materially from actual total investment costs that may be incurred and is not intended to reflect the current or future fair market value of our production facilities.

Period-to-Period Analysis of Cash Flows

The summary cash flow statement below shows how our cash and cash equivalents changed over the relevant periods indicated by cash inflows and outflows.

	Fiscal Years Ended December 31,		
	2015	2016	2017
		(audited) *(US$ in thousands)*	
Consolidated Statement of Cash Flows			
Cash flow from operating activities			
Profit/(loss) before taxes	**69,083**	**(119,457)**	**(211,644)**
Adjustments for:			
Depreciation, amortization and impairment	189,760	202,990	261,030
Interest expense	115,392	116,319	123,947
Interest income on loans	(215)	(1,074)	(1,075)
Share of results of associates	(39,821)	(10,517)	(31,165)
Fair value change of derivatives	-	2,247	182
Profit on disposal of property, plant and equipment	-	16,759	1,182
Stock-based compensation	-	383	129
Movements in provisions and pensions	3,822	(3,659)	14,923
Other non-cash items	-	11,744	23,317
Working capital adjustments:			
Inventories	17,909	(3,518)	642
Trade and other receivables	54,706	126,585	(94,169)
Trade and other payables	(4,808)	(104,070)	119,900
Income tax paid	(53,936)	(14,560)	(23,481)
Net cash flow from operating activities	**351,892**	**220,172**	**183,718**
Cash flow from investing activities			
Purchase of property, plant & equipment	(47,590)	(492,835)	(339,839)
Dividends from associated companies	60,740	18,143	34,941
Interest Received	-	1,271	1,075
Increase investment in associated companies	-	-	6,480
Loans to third and related party	-	-	31
Sale of other non-current assets	-	-	3,343
Acquisition of subsidiaries, net of cash acquired	-	50,372	-
Change in restricted cash and securities	-	(57,349) [(1)]	38,546
Net cash flow from/(used in) investing activities	**13,150**	**(480,398)**	**(315,423)**
Cash flow from financing activities			
Proceeds from borrowings	650,000	242,034	851,250
Loans to/from related party	(111,000)	107,000	-
Transaction costs on borrowings	(16,273)	(344)	(17,313)
Repayment of other borrowings	(914,373)	(181,670)	(827,221)
Increase/Decrease in non-controlling interests	-	(3,400)	171,407
Interest paid	(105,830)	(109,302)	(132,889)
Dividends paid	(400)	-	-
Capital increase	-	250,000	-
Net cash flow from/(used in) financing activities	**(497,876)**	**304,318**	**45,236**
Net change in cash and cash equivalents	**(132,834)**	**44,092**	**(86,469)**
Cash and cash equivalents at beginning of period	346,754	213,920	258,012
Cash and cash equivalents at end of year	213,920	258,012	171,543
Net change	**(132,834)**	**44,092**	**(86,469)**

(1) As per the CEL 2017 Consolidated Financial Statements, the purchase of marketable securities of US$29.0 million in the year ended December 31, 2016 was reclassified to change in restricted cash as those marketable securities were also captured by restrictions. See note (6) of the CEL 2017 Consolidated Financial Statements included elsewhere in this company report.

Cash Flow for the Fiscal Year Ended December 31, 2017 and for the Fiscal Year Ended December 31, 2016

Cash Flow from Operating Activities

Cash flow from operating activities decreased from US$220.2 million in the fiscal year ended December 31, 2016 by US$36.5 million, or 16.6%, to US$183.7 million in the fiscal year ended December 31, 2017. The decrease in cash flow from operating activities was mainly the result of normalization of the timing of cash flows following an initial increase in inflows from debt factoring that was introduced in 2016. In particular, the

introduction of debt factoring resulted in an initial injection of funds in the second quarter of 2016, so that amounts included in receivables at that time were factored. However, beyond the second quarter of 2016, factoring was based on new sales.

Cash Used in Investing Activities

Cash outflow from investing activities decreased from a cash outflow of US$480.4 million in the fiscal year ended December 31, 2016 by US$165.0 million, or 34.3%, to a cash outflow of US$315.4 million in the fiscal year ended December 31, 2017. The decrease in cash outflow from investing activities was mainly the result of higher capital expenditures incurred in 2016 on MHTL's M5000 methanol plant.

Cash Used in Financing Activities

Cash flow from financing activities moved from a cash inflow of US$304.3 million in the fiscal year ended December 31, 2016 by US$259.1 million, or 85.1%, to a cash inflow of US$45.2 million in the fiscal year ended December 31, 2017. The decrease in cash inflow from financing activities was mainly due to CEL's capital increase in 2016.

Cash Flows for the Fiscal Year Ended December 31, 2016 and for the Fiscal Year Ended December 31, 2015

Cash Flows from Operating Activities

Cash flow from operating activities decreased from US$351.9 million in the fiscal year ended December 31, 2015 by US$131.7 million, or 37.4%, to US$220.2 million in the fiscal year ended December 31, 2016. The decrease in cash flow from operating activities was mainly the result of decreasing methanol, UAN and ammonia prices.

Cash Used in Investing Activities

Cash flow from investing activities increased from a cash inflow of US$13.1 million in the fiscal year ended December 31, 2015 by US$493.5 million, or 3,753.2 %, to a cash outflow of US$480.4 million in the fiscal year ended December 31, 2016. The increase in cash outflow from investing activities was mainly the result of the acquisition of a 50% stake in Natgasoline, a methanol plant currently being constructed in Beaumont Texas, which will produce 1.75 million tonnes per year, upon final completion by the end of the second quarter of 2018.

Cash Used in Financing Activities

Cash flow from financing activities moved from a cash outflow of US$497.9 million in the fiscal year ended December 31, 2015 by US$802.2 million, or 161.12%, to a cash inflow of US$304.3 million in the fiscal year ended December 31, 2016. The decrease in cash outflow from financing activities was mainly due to a capital increase by CEL's shareholders and a decrease in borrowing in 2016.

Capital Resources

The table below gives an overview of our available liquidity as of December 31, 2017.

	As of December 31, 2017
	(audited) *(US$ in thousands)*
Cash at bank and in hand	171,543
Restricted cash[(1)]	18,807
Total	**190,350**

(1) As of December 31, 2017, the total balance of restricted cash is US$18.8 million, consisting of US$14.6 million restricted for capitalized interest payments, US$0.8 million restricted for bond, and $3.4 million restricted for qualified construction costs. Amounts on deposit in the capitalized interest account can only be used to pay capitalized interest related to the Tax-Exempt Bonds. The debt service reserve account was created for the benefit of the holders or owner of the Tax-Exempt Bonds and such amounts can only be used to pay interest related to the Tax-Exempt Bonds.

Financial Debt

As of December 31, 2017, our main sources of financial debt were the Existing Notes, the MHTL Existing Initial Term Loan, the MHTL Existing Revolving Credit Facility and the Tax-Exempt Bonds.

The table below shows the Group's long-term indebtedness, as of December 31, 2017.

	As of December 31, 2017
	(audited) *(US$ in thousands)*
Existing 2014 Fixed Rate Notes	495,916
Existing 2017 Fixed Rate Notes	487,360
Existing 2017 Floating Rate Notes	295,954
Existing Promissory Note[(1)]	320,667
MHTL Existing Initial Term Loan[(1)]	271,984
MHTL Existing Revolving Credit Facility[(1)]	260,000
Mortgage payable	767
OCI Contingency Promissory Note	20,000
Reserve-based Credit Facility	5,642
Senior Lien Revenue Bonds, Series 2016A[(1)]	46,362
Senior Lien Revenue Bonds, Series 2016B[(1)]	186,296
Total	**2,390,948**

(1) Secured by certain assets of the respective entities.

Contractual Obligations

Our subsidiaries and associates lease their manufacturing and administration sites, methanol and marine vessels and shipping facilities under non-cancellable lease arrangements for varying periods. The following table sets forth future minimum lease payments for the Group by year as of December 31, 2017.

Payments due by period			
< 1 Year	**2-5 Years**	**> 5 Years**	**Total**
(audited) *(US$ in thousands)*			
132,601	496,520	826,401	1,455,522

Non-Recognized Contingent Liabilities and Other Obligations

As of December 31, 2017, we had the following non-recognized contingent liabilities and other obligations:

- Our subsidiaries and associates lease their manufacturing and administration sites, marine vessels and shipping facilities under lease arrangements for varying periods and have material lease commitments under various lease agreements.
- MHTL has "take or pay" contracts for most of its gas volumes for the plants and the minimum volumes were all taken during the period. As of December 31, 2017, there were no take or pay obligations outstanding.
- MHTL had material outstanding capital commitments amounting to US$8 million (December 31, 2016: US$9 million).
- Firewater LLC had no material outstanding capital commitments.
- Our associates have contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from these contingencies.
- The taxation authorities have conducted corporation tax audits of MHTL and its predecessor companies in respect of several years of income. These audits are at various stages ranging from responses to proposals for material adjustments by the Board of Inland Revenue (the "BIR"), objections to assessments and appeals to the Tax Appeal Board.

  Arising from these audits, material adjustments were proposed, to which MHTL has responded. For some of the audits, assessments were issued to which objections were filed with the BIR, challenging the assessments. Some of the audits have reached the appeal stage and MHTL has filed Notices of Appeal with the Tax Appeal Board challenging the assessments raised.

  MHTL, based on independent professional advice, estimates it is not probable that material additional liabilities in respect of the audits described above are expected to crystallize. CEL (Barbados) concurs with this assumption and has not recorded any provision for this matter.

With reference to the BIR assessment noted above, due to the erroneous nature of some of the items in the assessments, the number of legal entities pre-amalgamation and the various fiscal incentives provided to the respective entities it is not practicable to reasonably quantify the exposure as of the date of this company report.

- The BIR conducted corporation tax audits of Caribbean Nitrogen Company Limited for years of income 2006, 2007, 2008, 2009, 2010 and 2011. Assessments for 2006, 2007 and 2008 were raised by the BIR of which US$8.8 million (principal) the company disputed and the matter is being taken to the Tax Appeal Board. Assessments were raised for 2010 and 2011 by the BIR amounting to US$7.3 million (principal) and US$7.3 million (principal), respectively, against which the company objected. We are of the opinion that no material liabilities will arise in connection with the assessments and accordingly no provisions have been made for any potential liabilities which may arise.
- The BIR conducted corporation tax audits of N2000 for the 2007, 2008, 2009, 2010 and 2011 fiscal years. Assessments for 2007, 2008 and 2009 raised by the BIR amounted to US$4.5 million (principal), against which the company has appealed to the Tax Appeal Board. Assessments were also raised for the 2010 and 2011 fiscal years by the BIR amounting to US$1.3 million (principal) and US$1.1 respectively against which the company has objected. We are of the opinion that no material liabilities will arise in connection with the assessments and accordingly no provisions have been made for any potential liabilities which may arise.
- OMC was exempt from income tax for a period of five years from the date it commenced commercial operations, in accordance with the exemption notification received from the Ministry of National Economy dated November 11, 2004. As per the letter dated December 1, 2013 received from Secretariat General for Taxation (SGT), OMC’s net income derived from its main operating activity shall be exempted from income tax under the Income Tax law from September 1, 2007 to August 31, 2012. Management believes that OMC’s commercial operations commencement date was December 7, 2007 and thus the income was exempt from income tax from December 7, 2007 to December 6, 2012.

  During the year ended December 31, 2017, the tax assessment for the year of 2012 was finalized by the Oman taxation authorities and resulted in additional tax liabilities of RO 0.414 million (US$ 1.08 million). As of January 1, 2017, OMC had excess provisions amounting to RO 0.264 million (US$ 0.686 million). OMC made additional provisions for the remaining amount of RO 0.150 million (US$ 0.390 million), which was paid during the year. This additional tax liability does not have any impact on unassessed tax years.

Off-Balance Sheet Arrangements

As of December 31, 2017, we did not have any off-balance sheet arrangements.

Qualitative Disclosure on Market Risk

We are exposed to financial risks arising from the ordinary course of business, such as credit risks, interest rate risks, currency risks and liquidity risks.

Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only high profile institutions are utilized. We assess the credit quality of customers, taking into account their financial position, past experience and other factors. The carrying amounts of the following assets and liabilities approximate their fair values: cash and cash equivalents, trade and other receivables and trade and other payables.

Interest Rate Risk

Our interest rate risk arises from long-term loans from third parties. Notes and other long term loans issued at variable rates expose us to cash flow interest rate risk. Notes and other long term loans issued at fixed rates expose us to fair value interest rate risk.

The floating rate notes and certain long-term loans are instruments which bear interest at LIBOR, which is variable, plus a fixed margin. As of December 31, 2017, the fair value of this debt was estimated at approximately US$856.1 million out of which US$301.9 million are floating interest bonds and has been based on the future cash flows discounted using the current market rate for similar debt. The reserve-based credit facility bears interest and the New Facilities will bear interest rate risk.

We have call deposits which are at fixed interest rates and accordingly there is no exposure to interest rate risk.

Currency Risk

We believe we are not exposed to significant foreign exchange risk arising from currency exposure primarily because all receipts by way of equity and all payments are denominated in US dollars. Dividend income and major expenses are denominated in US dollars. Transactions in other currencies are not significant.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of our liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on an expected cash flow basis. The table below shows the financial liabilities classed by maturity groupings as of December 31, 2017.

	As of December 31, 2017				
	< 1 Year	1-2 Years	2-5 Years	> 5 Years	Total
			(US$ in thousands)		
Trade and other payables	220,915	-	-	-	220,915
Borrowings	127,795	627,519	1,546,756	939,405	3,241,475
Total	**348,710**	**627,519**	**1,546,756**	**939,405**	**3,462,390**

Critical Accounting Estimates and Judgments

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

We make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below:

Income Taxes

Some judgment 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. We recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

A deferred tax asset is recognized for temporary differences that will result in deductible amounts in future years and for taxable loss carryforwards. As of December 31, 2017, the Group had total deferred tax assets in the amount of US$86 million (2016: US$103 million). The recoverability of those assets depends on the future profitability of the Group.

Decommissioning and Dismantlement Costs

We rely on the experience of a related party contractor in estimating decommissioning costs for our plants. As of December 31, 2017, the provision was estimated using existing technology, at current prices and using discount rates of 3.84% - 4.33% and core inflation rate of 2%.

Pension Asset

As of December 31, 2017, the pension plan asset represented 50% (2016: 70%) of the surplus of the fair value of the pension plan assets over the defined benefit obligation which MHTL expects to realize following a winding up of the pension plan. On March 10, 2017, a settlement agreement was entered into with the beneficiaries of the pension plan pursuant to which it was agreed that the plan would be liquidated, its assets would be realized and the proceeds therefrom would be distributed in a manner that would allow for a 50/50 sharing of the pension plan surplus between the MHTL group and the plan beneficiaries. On February 7, 2018, notice was given by MHTL that the plan would be dissolved six months from that date. The actual winding up process is expected to be completed in 2019.

Provision for Inventory Obsolescence of Inventory Spares

This provision is dependent on assumptions which include technical compatibility or usability, the frequency of movement and age.

Revenue Recognition: Price Adjustments

Adjustments are made in relation to certain related party sales where the final prices are only determined upon sale of the product to third-party customers, which is assumed to be at least one month from loading of the delivery vessel. The adjustment is based on the estimated final price, which is determined with reference to market prices after the reporting date.

Business Combinations

Accounting for business combinations is predicated on assessing the fair value, as of the date of the business combination, of a number of items, including the consideration paid for an acquisition and the allocation of the consideration paid to the tangible and intangible assets acquired and liabilities assumed, based on their estimated fair values. The determination of the fair value of the consideration transferred may include a number of factors including, but not limited to: an assessment of the value of equity interests issued. The determination of many of these factors may require significant management estimates and assumptions and the values of identifiable assets and liabilities may be initially recorded at provisional amounts that are subject to change based on final computations within a period of twelve months as allowed by IFRS.

Impairment of Non-Financial Assets

The carrying value of property, plant and equipment and of intangible assets are impacted by estimates and assumptions of the useful lives and residual values of our petrochemical plants and the results of any impairment recognized. The above are affected by but not limited to the following factors; natural gas supply, inflation, estimates of future selling prices and discount rates, maintenance programs and companies growth.

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next ten to twelve years and do not include restructuring activities that we are not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow (DCF) model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by us. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 16 of CEL 2017 Consolidated Financial Statements included elsewhere in this company report. Extracts relating to impairment testing of goodwill as of December 31, 2017 are included below.

Impairment Testing of Goodwill

Goodwill acquired in connection with the MHTL Acquisition is allocated to two CGUs – methanol and AUM. These are also the operating units for impairment testing.

Carrying amount of goodwill allocated to each of the CGUs:

	Fiscal Year Ended December 31,		
	2015	2016	2017
		(US$ in thousands)	
Methanol division	401,682	401,682	401,682
AUM division	112,890	112,890	112,890
Total Goodwill	**514,572**	**514,572**	**514,572**

We performed our annual impairment test in December 2017 during which we considered several factors when reviewing for indicators of impairment. These factors included the temporary decline in prices in the petrochemical industry coupled with natural gas curtailments in Trinidad where the CGUs are located. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of certain assumptions. See the CEL 2017 Consolidated Financial Statements included elsewhere in this company report for more information.

Methanol Division—Impairment of Goodwill

The recoverable amount of the methanol CGU, US$1.9 billion as of December 31, 2017 (2016: US$2.2 billion), has been determined based on the value in use calculation using cash flow projections from financial budgets approved by management covering a ten-year period. This period is used in line with management's annual, ten year forecasting timeline. Gas contracts for the methanol plants are set on a plant level. Management

prepares budgets with this timeline in mind given the turnaround cycles of each methanol plant are four to five years and it is deemed appropriate that at least two cycles ahead should be planned for, both financially and operationally. The pre-tax discount rate applied to cash flow projections is 12.82% and cash flows beyond the ten-year period are extrapolated using a 2.24% growth rate, which is within the range of the long-term forecasts for the industry in which the CGU operates. As a result of the analysis, management did not identify an impairment for this CGU.

AUM Division—Impairment of Goodwill

The recoverable amount of the AUM CGU, US$1.2 billion as of December 31, 2017 (2016: US$1.4 billion), has been determined based on the value in use calculation using cash flow projection from financial budgets approved by management covering a ten-year period. This period is used in line with management's annual, 11-year forecasting timeline. This is to reflect the operational performance of the plants during the period of the current gas contract with the NGC. In addition, management prepares budgets with this timeline in mind given that the turnaround cycles of each plant are four to five years and it is deemed appropriate that at least two cycles ahead should be planned for, both financially and operationally. The pre-tax discount rate applied to cash flow projections for the period covering years one to ten is 9.76% and the cash flows beyond the ten-year period are extrapolated using a 2.24% growth rate, which is within the range of the long term forecasts for the industry in which the CGU operates. It was concluded that the fair values less costs of disposal exceeded the value in use. As a result of this analysis, management did not identify impairment for this CGU.

BUSINESS

Business Overview

We estimate we are the world's second-largest merchant producer of methanol based on capacity in 2017 and a leading producer of UAN and melamine. As of December 31, 2017, we estimate we had a 9.8% market share of the worldwide methanol market (including full consolidation of Oman Methanol Company ("OMC") and excluding the Chinese market). As of December 31, 2017, based on our size and capacity, we supplied methanol, UAN and melamine to approximately 200 end-customers, which included Fortune 500 companies. Additionally, in 2017, we were the largest importer of methanol by volume into the United States.

We own and operate five methanol plants near MHTL's headquarters in the Point Lisas Industrial Estate in Trinidad, providing us with a low-cost production location and global distribution capabilities. We also operate an additional natural-gas-to-methanol plant located in Pampa, Texas. Our M5000 plant is the world's largest stand-alone methanol plant with a design capacity of 1.9 million tonnes per year. We have a total installed methanol capacity of 4.1 million tonnes per year, including our operative facility in Pampa, Texas and we believe that our increasing production capacity has helped us become the world's largest importer of methanol into the United States by volume. Our main shareholder, Proman, constructed five of the six facilities and continues to operate and provide turnaround services to each of these facilities. In addition to producing methanol, in 2010, we diversified our business to also produce urea ammonium nitrate ("UAN"). Of our UAN worldwide sales, 68% of our production was sold to North America and 32% to Europe in the fiscal year ended December 31, 2017. We further diversified our business into melamine, of which 49% of our production was sold into the North American market and 51% was sold into the European market in the fiscal year ended December 31, 2017. Our Ammonia-Urea Ammonium Nitrate-Melamine ("AUM") complex provides for a capacity of 60,000 tonnes of melamine, 1.5 million tonnes of UAN and 647,500 tonnes of ammonia per year.

Methanol is a liquid petrochemical that is an essential building block for numerous industrial and energy-related applications. Methanol is primarily produced using natural gas or, particularly in China, coal feedstock and is a commodity chemical used to make other chemicals. Primary end uses for methanol include formaldehyde, which is used to produce adhesives for the manufacture of construction-related products, direct fuel applications including gasoline blending, dimethyl ether (DME), biodiesel and methyl tert-butyl ether (MTBE, an octane-boosting gasoline additive) and increasingly methanol-to-olefins and methanol-to-propylene applications in China. UAN is a nitrogen-based liquid fertilizer product that helps to improve crop yields. UAN is produced by combining urea and ammonium nitrate (produced from nitric acid and ammonia) and typically has a nitrogen content that ranges between 28% and 32%. Melamine is a white, organic, crystalline compound widely used in the manufacture of plastics, adhesives, countertops, dishware and whiteboards. Melamine is manufactured from urea and, therefore, is rich in nitrogen.

In addition to our methanol, UAN and melamine businesses, we also own equity interests in other companies, providing us with an additional income stream through dividends. As of December 31, 2017, we (i) had 43.47% of the equity interest of Methanol Holdings International Limited ("MHIL"), which in turn owns 60.00% of the equity interests of OMC, (ii) had 30.00% of the equity interests of Caribbean Nitrogen Company Limited ("CNC"), and (iii) are the sole shareholder of FS Petrochemicals (St. Kitts) Limited ("FS Petrochemicals"), whose sole investment is a 30.00% shareholding in N2000. We are also the sole shareholder in MHTL and majority shareholder (67.72%) in G2X, which owns 50.0% of the equity interests in Firewater, which in turn owns 100% of the equity interests in Natgasoline LLC ("Natgas"). Natgas is nearing final completion of a greenfield methanol production facility in Beaumont, Texas. The plant is expected to have a capacity of up to 1.75 million tonnes per annum and is expected to be the United States' largest methanol production facility (the "Natgas Facility"). The Natgas Facility is strategically located on the Gulf Coast of the United States to take advantage of the expected growing demand for methanol in the United States and other international markets in Europe and Asia. G2X has full control and operational leadership of the Natgas Facility and has the ability to supply cost-advantageous natural gas. An experienced Proman team is supporting the construction and operations activities and transferring their extensive knowledge gained from previous Engineering, Procurement and Construction ("EPC") projects. On April 18, 2018, mechanical completion was confirmed in respect of the construction phase of our Natgas Facility. Production at the Natgas Facility is expected to start by the end of the second quarter of 2018. Assuming full facility capacity (5,000 tonnes/day or 1.75 million tonnes/year), a methanol price (US contract price) of US$420/tonne, an EBITDA margin of approximately 40% and excluding any non-recurring costs and expenses related to the construction of the Natgas Facility, we estimate the potential incremental EBITDA contribution of the Natgas Facility to amount to US$300 million p.a.

Our global distribution and supply infrastructure enables us to provide end-customers in the United States as well as in Europe with a reliable and recurring supply of methanol, UAN and melamine. To distribute methanol and UAN, we have contracted pursuant to long-term time charter contracts a dedicated fleet of 14 ocean-going

vessels with a total capacity of 564,126 DWT as of December 31, 2017. Of these, Natgas has chartered two methanol vessels, the "Noble Spirit" and the "Ambassador Norris", which were sub-chartered to Koch Shipping PTE Ltd. and Norstar Shipping and Trading Ltd. respectively in 2017 and which are scheduled to return to Natgas in the second quarter of 2018. The "Noble Spirit" and "Ambassador Norris" vessels have a combined capacity of 90,572 DWT. Bringing these two vessels back into our methanol vessel fleet will increase our total methanol fleet to eleven vessels with a combined capacity of 433,193 DWT. Furthermore, we operate methanol storage facilities at our main facilities in Trinidad, which we own, as well as in North America, Latin America and in Europe, which are leased by SCC and Helm, one of our main shareholders, which together totals 649,000 tonnes. To distribute our other products, UAN and melamine, we also rely on international third-party freight providers. In addition, we have chartered three dedicated UAN vessels with a total shipping capacity of 130,933 DWT under long-term charter contracts, of which none is due to expire until 2029. We further own UAN storage facilities in Trinidad and Helm leases storage facilities in the United States and in Europe for our exclusive use – taken altogether, they have a total storage capacity of 341,000 tonnes.

Through strategic partnerships with various distribution companies, we seek to benefit from specific market knowledge for each regional market. Our shareholder Helm, a chemical distribution company located in Germany, is our main distributor for most of our products globally, while in the Americas, we sell methanol and melamine through SCC, in which Helm and Proman hold strategic stakes. In addition, through our end-customer distribution program and our indirect 26.08% ownership interest in OMC, we have expanded our global presence to have better access to the Asian as well as Latin American markets.

In the fiscal year ended December 31, 2017, we generated net sales of US$1.1 billion, EBITDA of US$218.5 million and Adjusted EBITDA of US$324.6 million.

Our Strengths

The following are our key strengths that we believe will allow us to achieve our goals:

Leading Market Share and Capabilities. We estimate we are the world's second-largest merchant producer of methanol based on capacity in 2017 and a leading producer of UAN and melamine. As of December 31, 2017, we estimate we had a 9.8% market share of the worldwide methanol market (including full consolidation of OMC and excluding the Chinese market) based on capacity. As of December 31, 2017, based on our size and capacity, we supplied methanol, UAN and melamine to approximately 200 end-customers, which include Fortune 500 companies. Additionally, in 2017, we were the largest importer of methanol by volume into the United States. When we commenced operations at our M5000 plant in 2005, which, as of December 31, 2017, was the world's largest stand-alone methanol plant with a design capacity of 5,400 tonnes per day, we significantly increased our methanol production capacity. We believe this has helped us to become the world's largest methanol importer into the United States by volume.

Global Distribution Capabilities. The industries in which we compete are global in nature and our strategic location in the Caribbean coupled with our dedicated fleet of shipping vessels allows us to serve end-customers around the world. Through our direct port access, we are able to provide our products via our vessels to most major seaports in the world. While our proximity to North America and the number of end-customers we serve in North America establishes us as a key supplier in that region, we also easily reach many end-customers on the main methanol markets in Europe. Furthermore, because our vessels have easy access to the Pacific through the Panama Canal, our vessels can also efficiently reach Asia.

Strategic Shareholders and Management Team Focusing on our Industry. Our shareholder Proman has been a part of developing Trinidad's methanol and fertilizer industries for the past three decades. Proman has designed and built many of our facilities and continues to maintain them. In addition, through its subsidiary Industrial Plant Services Limited ("IPSL"), Proman also indirectly operates and manages our facilities in Trinidad. Through our other shareholder, Helm, a major chemical distribution company based in Germany, we have access to a global distribution network and the related expertise. Helm acts directly as our local distributor for methanol, UAN and melamine in Europe and also distributes UAN in the United States. In the United States and Latin America, Helm distributes our methanol and melamine through SCC, in which both Helm and Proman hold strategic stakes. Since 2007, we have also gained valuable experience and established a customer base in South-East Asia and China, which we access directly and through our indirect 26.08% stake in OMC, which sells our products through Helm in Asia.

Because our shareholders know the industry in which we operate and have been actively engaged in our business since operational inception, we believe that they are best suited to improve the efficiency and effectiveness of our management, operations and sales. Through strategic investments in other companies in the industry, both we and our shareholders are furthermore part of a strong international and integrated network that provides us with expertise, support and access to end-customers around the world, which we believe will enhance

our operational performance. In addition, our operations in Trinidad are managed by IPSL managers with an average of more than 25 years of experience. We believe that the strategic stakes we and our shareholders hold, as well as our shareholders and management's experience and expertise provide us with key benefits and synergies.

Expertise in Engineering and Construction of Plants. We own and operate five methanol plants near MHTL's headquarters in the Point Lisas Industrial Estate in Trinidad and operate a natural-gas-to-methanol plant located in Pampa, Texas. Our M5000 plant is the world's largest stand-alone methanol plant with a design capacity of 1.9 million tonnes per year. Our main shareholder, Proman, constructed five of the six facilities and together with its subsidiaries, manages and executes large EPC contracts in the petrochemical and power industry sectors, provides shipping logistics for its products, operates storage facilities and provides plant operation services. An experienced Proman team is supporting the construction and operations activities of our Natgas Facility. The extensive EPC expertise that our main shareholder, Proman, has ensures the stable and successful engineering, procurement and construction of plants and the ongoing operation and turnaround activities associated with our plants.

Our Strategy

Transform the Group into a Multi-Asset, Multi-Regional Diversified Energy Producer. With the final completion of the Natgas Facility, we will have transformed the Group into a multi-asset, multi-regional and diversified energy producer of more than 10.5 million tonnes of annual methanol, fertilizer and ammonia capacity. In order to expand our presence in the United States, we acquired a 50% equity interest in Natgas in 2016. Production at the Natgas Facility is expected to start by the end of the second quarter of 2018. The Natgas Facility is expected to produce 1.75 million tonnes of methanol per year and also provide us with additional storage, transportation and other logistics support for our existing petrochemical businesses.

G2X, now a subsidiary of CEL, began operating its first methanol plant in Pampa, Texas in the spring of 2015. The Pampa facility, which at full capacity produces 65,000 tonnes of methanol annually, was built to meet growing regional demand for methanol in North Texas and Oklahoma. Moreover, G2X is also developing and constructing a new natural-gas-to-methanol facility in Lake Charles, Louisiana ("Big Lake Fuels"). Big Lake Fuels is being designed to have a daily capacity of 4,100 tonnes of IMPCA-specification methanol or 1.44 million tonnes of methanol per year. At the date of this company report, all critical construction permits have been received in respect of Big Lake Fuels. Basic site clearing for the construction was completed as of February 2016 and basic engineering for the plant was completed in the fourth quarter of 2016.

Through our long-term engagements with a variety of end-customers in North America and Europe, we generate recurring income streams. Nevertheless, we strive to diversify our end-customer base and gain new end-customers, thereby reducing our dependency on a few large customers and allowing us to reassign our capacities to enhance our profitability. Furthermore, we seek new end-customers not only in markets in which we already are market leaders, but also in new geographic markets to reduce our dependency on our existing markets. Through our international and integrated network, including our strategic stakes in OMC and other companies, we are focused on developing our presence in Latin America, Brazil in particular, and on gaining better access to the Chinese market.

In the future, we will continue to evaluate methods of expanding our production capabilities and product offerings through organic growth and further strategic acquisitions. We also intend to pursue strategic acquisitions that offer attractive synergies. Additionally, we may seek to optimize our logistical capabilities by leasing additional vessels or storage facilities. In addition, we further intend to evaluate and pursue acquisition and development opportunities that will enhance our operating platform and increase our ability to provide our products to more end-customers in more markets.

Continue Focus on Achieving Operational Excellence. We strive to further improve our operations at our facilities to achieve operational excellence by implementing our rigorous Group-wide maintenance program, which is executed by a skilled, experienced and well-trained workforce at regular intervals to ensure reliable and stable operations at our facilities. We believe that our adherence to proactive maintenance programs, including regular maintenance turnarounds every three to four years, and the experience of our workforce will minimize unplanned downtime, maintain our facilities' longevity, improve our on-stream factors and efficiencies and let us achieve operational excellence.

Maintain a Conservative Capital Structure and Financial Policy. We are committed to maintaining a conservative capital structure with a short-term leverage ratio of net debt to Adjusted EBITDA of 3.0x upon start of production of the Natgas Facility and a prudent target leverage ratio of net debt to Adjusted EBITDA of 1.5x that affords us the financial flexibility to execute our business strategy. The Group has historically maintained and expects to maintain a conservative debt structure and finance most of its expenditures from internally

generated cash flow. In addition, CEL maintains a strong invested capital base with US$3.7 billion invested in property, plant and equipment, as of December 31, 2017.

Alleviate our Reliance on External Gas Supply in Trinidad. Proman, through its subsidiary De Novo Energy (Barbados) Ltd., is developing an offshore natural gas field with the objective of supplying an average of 80 MMSCF per day of natural gas to MHTL via the National Gas Company of Trinidad and Tobago Limited ("NGC") as strategic partner holding a 20% non-operating interest. We expect production at the De Novo gas field to start during 2018. This quantity will meet approximately 19% of MHTL's natural gas demand and, in addition to the gas supply expected to be available via the Juniper gas field, the Starfish project, the Angelin project and other exploration fields in Trinidad that are expected to come online in 2018-2019, will help alleviate the curtailments that have been experienced by MHTL in Trinidad. We expect that our two methanol facilities which have been idle since the beginning of 2017 will be restarted within the next twelve months and would have stable production thereafter.

Our History

Proman and Helm, along with Ferrostaal, acquired an ownership interest in methanol facilities in Trinidad in 1994 with the purchase of a stake in the Trinidad and Tobago Methanol Company Limited ("TTMC"). In 1997, the three companies, together with CL Financial Limited ("CL Financial"), purchased the remaining stakes in TTMC from the Government of Trinidad. In addition, CL Financial, Ferrostaal and Proman built the CMC plant which commenced production in 1993. In 1997, MHTL was formed to consolidate the shareholdings and overall management of the existing methanol companies in Trinidad and in 2003, CEL (Barbados) was formed to amalgamate the interest in MHTL. In 2009, CL Financial collapsed and the Government of Trinidad gained control over the stakes of CL Financial and Colonial Life Insurance Company (Trinidad) Limited ("Clico") in MHTL. Three years later, in 2012, Ferrostaal sold its share in CEL (Barbados) to Proman and Helm. Also in 2012, G2X was formed as a spin-off from Accelergy Corporation. G2X began operations with an initial investment from PG Clean Fuels LLC ("PGCF"), a subsidiary of Proman. On October 9, 2014, CEL (Barbados) acquired the remaining 56.53% stake in MHTL from Clico and CL Financial and became 100% shareholder of MHTL.

On May 4, 2016, G2X Energy, a subsidiary of G2X, acquired a 50% equity interest in Firewater. As of December 31, 2017, CEL held 67.72 % of the shares in the G2X.

Products

Our main products are methanol, UAN and melamine. We also produce ammonia, urea, nitric acid and ammonium nitrate, which we generally use as feedstock in the production of UAN and melamine. Excess ammonia is sold as required and when available.

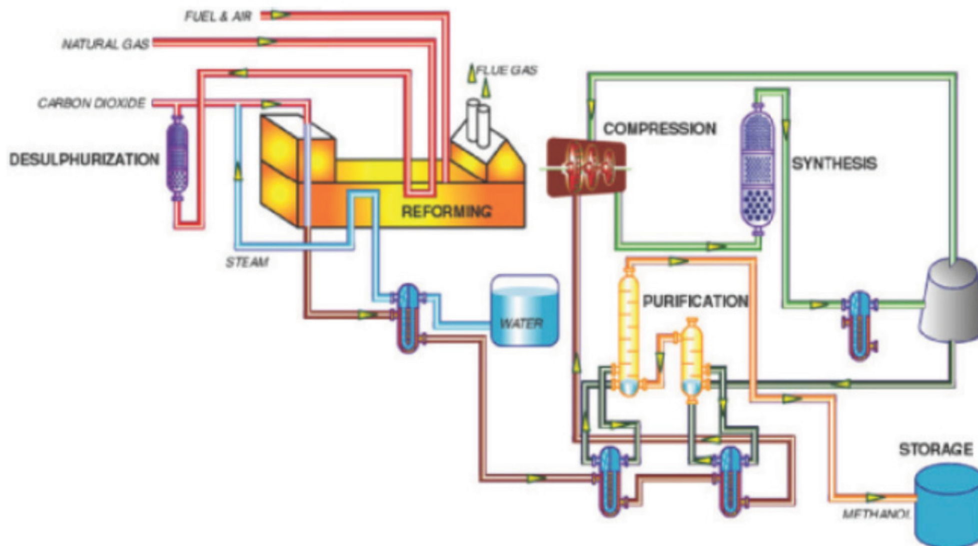
Methanol

Methanol is a liquid petrochemical that is used in a variety of industrial and energy-related applications and is a global commodity. It is an essential building block for numerous end-use products, such as wood products, for example, plywood, particle board and laminates, resins to treat paper and plastic products, paint and varnish removers, solvents for the textile industry and polyester fibers for clothing and carpeting. Furthermore, methanol may also be used as a direct fuel for automobile engines, a fuel blended with gasoline and an octane booster in reformulated gasoline. In addition, methanol is a key product for use in wastewater denitrification, a process by which water polluted by excess nitrates, largely contained in fertilizers, is treated and nitrates are neutralized.

Our Methanol Production Process

We purchase natural gas from the NGC and process the natural gas into synthesis gas, which we then further process in the production of methanol. We store and sell the processed methanol to end-customers for further processing or distribution.

Our existing methanol production processes are depicted in the following illustration:



Our production process involves multiple steps summarized below:

Feed purification. Our methanol production process starts by purifying natural gas and water. Impurities are reduced to a level where they become undetectable (measureable only in parts per billion). The water is then converted to steam.

Reforming. As a next step, reforming transforms methane and steam into a mixture of carbon monoxide, carbon dioxide and hydrogen, producing synthesis gas (also known as syngas). More carbon dioxide is subsequently added to efficiently produce methanol. This process is carried out in a reformer furnace which is heated by burning natural gas as fuel and is referred to as steam methane reforming, which is also widely used in oil refineries around the world.

Methanol Synthesis. The synthesis gas is then sent to the synthesis reactor, where excess heat is removed and the synthesis gas is compressed. Through the chemical reactions taking place in the synthesis reactor, the synthesis gas is converted into methanol and separated out as crude product with a composition of methanol (68%) and water (31%).

Methanol Purification. The methanol solution is then purified in a topping column and refining column to yield a refined product with a purity of at least 99.85% methanol classified as Grade AA and IPMCA specification refined methanol, which is then stored and finally shipped.

Urea Ammonium Nitrate and Melamine

Since 2010, we also produce UAN, a water solution made by blending urea and ammonia nitrate solution. The product is primarily used in fertilizers, side dressing cotton, vegetables, corn and other crops and we sell approximately 68% in the North American market, which therefore constitutes our primary market for UAN.

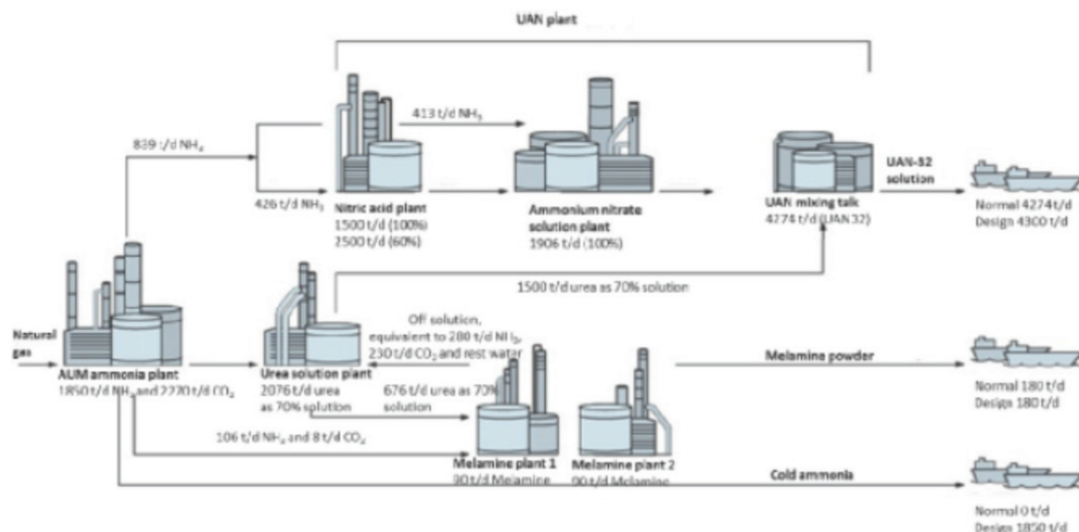
Our melamine production also started in 2010. Melamine has a variety of uses, such as in insulation, fire retardants, colorants and cleaning products. Melamine is predominantly used as a raw material in the form of melamine resin. Melamine resin is a very durable thermosetting plastic used in, amongst other things, melamine dinnerware, laminate flooring and dry erase boards.

Our entire ammonia, nitric acid, ammonia nitrate and urea production is intended to be used as feedstock for the production of UAN and melamine.

Our AUM Production Processes

In addition to our methanol production process, we have different processes for the production of ammonia, UAN, urea and melamine, all of which are ammonia-based products. We produce ammonia, UAN, urea, nitric acid, ammonia nitrate and melamine in our AUM complex.

Our AUM production processes are depicted in the following illustration:



Our Ammonia Production Process. Our AUM ammonia plant utilizes KBR's KAAP (KBR Advanced Ammonia Process) licensed technology and has a nameplate capacity of 1,850 tonnes per day. The primary product ammonia is used to manufacture the intermediate products nitric acid and ammonium nitrate solution and together with the by-product carbon dioxide, ammonia is also used to manufacture the intermediate product urea. Ammonium nitrate solution and urea are mixed to produce the end product urea ammonium nitrate (UAN), whereas urea together with small quantities of ammonia and carbon dioxide is also used as feedstock for the production of the end product melamine within our AUM complex. Under normal operation, the plant is designed such that all the ammonia produced is used as feedstock for the production of UAN and melamine. Only ammonia surplus is directed into our storage tanks.

Our Urea Production Process. The urea plant is designed to produce urea solution as feedstock for our UAN plant and our two melamine plants and uses Toyo Engineering Corporation's ACES21 (Advanced Process for Cost and Energy) process. The urea plant uses ammonia and carbon dioxide from our ammonia plant as raw materials for the production of urea solution.

Our UAN Production Process. Our UAN plant, consisting of a nitric acid plant and an ammonium nitrate solution plant is designed to produce 4,300 tonnes of UAN per day utilizing a process licensed from Uhde GmbH. The ammonium nitrate plant includes a mixing unit where the ammonium nitrate solution is mixed with the urea solution received from the urea plant to produce the final UAN product.

Our Melamine Production Process. The melamine plants use a process licensed from Eurotecnica Melamine S.A., a 90% subsidiary of Proman and 10% indirectly owned subsidiary of Helm, by which urea solution feedstock is first concentrated in a two stage vacuum system and then charged to a reactor, where it is converted to melamine. The reactor effluent is quenched with a watery solution: melamine is dissolved in water and then sent to the purification section, while ammonia and carbon dioxide are separated as off-gas. The off-gas of the melamine plants is condensed and then returned as off-solution to the urea plant for recovery. After being purified, melamine is crystallized, separated from mother liquors, dried and then sent to our bagging facilities.

Our Facilities

Point Lisas, Trinidad

We fully own our production facilities which are located at the Point Lisas Industrial Estate, Trinidad. The first plant at this location, the TTMC I methanol plant, started operations in 1984. Between 1993 and 2005, we added four larger capacity methanol plants, including the M5000 plant which, as of December 31, 2017, was the world's largest stand-alone methanol production plant. In 2010, we added our AUM complex and thus diversified our product portfolio. All our facilities in Trinidad currently operate on land leased from the Point Lisas Industrial Port Development Corporation Limited ("PLIPDECO") or on land subleased from NGC. Most agreements have terms of 30 years and may be renewed for an additional 30 years. Except for the land lease agreement for the land on which our CMC plant is located, none of our land lease agreements are set to expire until at least 2030. Our current land lease agreement for the land on which our CMC plant is located is set to expire in 2019 and we intend to renew this lease before its expiration.

Our production facilities are strategically located near to piers and marine facilities which we use to load our vessels. We use these piers under use agreements with NGC and the National Energy Corporation of Trinidad

(“**NEC**”). These agreements generally have terms of 15 years with the option to extend the agreements for an additional five years and the first agreement is not due to expire until 2022 if the renewal options are exercised.

Pampa, Texas

We are also the majority owner of our production facilities in Pampa, Texas, which is a natural-gas-to-methanol facility with a methanol capacity of approximately 185 tonnes per day. The plant began operations in the spring of 2015 and is producing primarily for the local market. SCC, a Proman affiliate, offtakes 100% of the methanol produced under a long-term agreement with an initial term of seven years until 2022 and automatic renewal for further periods of three years unless terminated by either party upon one year’s notice. About 35% of product methanol is shipped by rail and 65% by truck.

Beaumont, Texas

On May 4, 2016, G2X acquired a 50% equity interest in Natgas to complete the construction of and thereafter operate a 1.75 million tonnes per year methanol production facility. On April 18, 2018, mechanical completion was confirmed in respect of the construction phase of the Natgas Facility. Production at the Natgas Facility is expected to start by the end of the second quarter of 2018.

Lake Charles, Louisiana

G2X also owns 100% of the equity interests in Big Lake Fuels LLC to develop and construct a new natural-gas-to-methanol facility in Lake Charles, Louisiana with a daily capacity of 4,100 tonnes of IMPCA specification methanol. At the date of this company report, all critical construction permits have been received and basic site clearing for the construction was completed as of February 2016. Basic site clearing for the construction was completed as of February 2016 and basic engineering for the plant was completed in the fourth quarter of 2016.

Methanol Division

Production Facilities

Combined, our methanol production plants allow us to produce up to 4.1 million tonnes of methanol per year, including our operative facility in Pampa, Texas. During the fiscal year ended December 31, 2017, our methanol production facilities produced approximately 2.6 million tonnes of methanol. We expect our methanol production units to each undergo an approximately 28 to 35-day turnaround once every four years.

The following table sets forth our operative facilities’ methanol production capacity as of December 31, 2017.

Plant	Year fully commissioned	Nominal Annual Capacity (in thousand tonnes)	Owner
TTMC I	1984	480	MHTL
CMC	1993	525	MHTL
TTMC II	1996	575	MHTL
MIV	1998	575	MHTL
M5000	2005	1,890	MHTL
Pampa Fuels	2015	65	G2X

Storage Facilities

To provide our end-customers with a stable supply of methanol, we use several methanol storage facilities. While we own and operate our largest storage facility located near our production facilities in Trinidad, we also use several storage facilities near our end-customers in North America, Latin America and Europe, which are owned or leased by Helm or SCC.

The following table sets forth our global methanol storage facilities, as of December 31, 2017. If not terminated, lease terms generally renew for an additional year.

Location	Approx. Nominal Storage Capacity (in tonnes)	Lease Expiry Date
Trinidad		
Point Lisas	230,000	Owned by MHTL
Total	**230,000**	
United States		
Wilmington, NC	31,000	2019
Savannah, GA	20,500	2020
Houston (Deer Park), TX	63,000	2019
St. Rose, LA	121,500	2019
Geismar, LA	55,000	2018
Total	**291,000**	
Canada		
Quebec City	34,500	2018
Total	**34,500**	
Brazil		
Paranagua	39,500(1)	2020
Santos	4,500(2)	2018
Total	**44,000**	
Europe		
Rotterdam, NL	16,000	2018
Rotterdam, NL	33,500	2019
Total	**49,500**	
Combined Total	**649,000**	

(1) The storage capacity of the Paranagua storage facility as of the date of this company report is 47,000 tonnes.

(2) The storage capacity of the Santos storage facility as of the date of this company report is 10,000 tonnes.

AUM Division

Our AUM division and its facilities are designed to produce 647,500 tonnes of anhydrous ammonia, 1.5 million tonnes of UAN and 60,000 tonnes of melamine annually. During the fiscal year ended December 31, 2017, our AUM division produced approximately 479,000 tonnes of anhydrous ammonia, 1.3 million tonnes of UAN and 25,000 tonnes of melamine. We expect the facilities in our AUM division to undergo an approximate 30-day turnaround once every three to four years. In 2015, the AUM division experienced several mechanical issues that led to unexpected down time.

The following table sets forth our facility's ammonia, UAN and melamine production capacity as of December 31, 2017.

Location	Nominal Annual Capacity (in tonnes)	Year built	Owner
AUM	647,500 (anhydrous ammonia) 1,500,000 (UAN) 60,000 (melamine)(1)	2010	MHTL

(1) Our melamine II plant being idle since January 2015.

Storage Facilities

To provide our end-customers with a stable supply of UAN, we maintain several UAN storage facilities. While we own and operate our largest storage facility located near our production facilities in Trinidad, we also use several storage facilities near our end-customers in North America and Europe, which are owned or leased by Helm or SCC. Our ammonia production is stored at our strategic partners' facilities (CNC and N2000), while our melamine production is stored in our warehouse which can store up to nine days of melamine production output.

The following table sets forth our global UAN storage facilities as of December 31, 2017. If not terminated, lease terms generally renew for an additional year.

Location	Approx. Nominal Storage Capacity (in tonnes)	Lease Expiry Date
Trinidad		
Point Lisas	118,000	Owned by MHTL
Total	**118,000**	
United States		
Convent, LA	54,000	2019
Theodore, AL	30,000	2021
Total	**84,000**	
Europe		
Ghent, BE	25,000	2022
Hamburg, DE	24,000	2018
Huelva, ESP	15,000	2018
Barcelona, ESP	15,000	2018
Rouen, FR	60,000	2018
Total	**139,000**	
Combined Total	**341,000**	

Our Vessels

Methanol Division

As of December 31, 2017, we chartered eleven dedicated methanol vessels with a total capacity of 433,193 DWT (including the two vessels, the "Ambassador Norris" and the "Noble Spirit", which were sub-chartered to third parties as at that date) under 15 to 20-year time charters together with the two Natgas vessels to deliver our products to our end-customers. Excluding the Natgas vessels MT "Ambassador Norris" and MT "Noble Spirit", our earliest charter contract for the "Chemway Lara" is due to expire in 2019, the "Caroni Plain" is not due to expire until 2023, whereas our charters for the "Buccoo Reef", "Grande Riviere", "Store Bay" and "Mayaro" are not due to expire until 2030. The "Las Cuevas" vessel is scheduled to be replaced at the end of 2018 by the "Castara", which will be a more modern ship and have a lease expiry date of 2033. The largest vessels "San Fernando" and "Pigeon Point" each have a shipping capacity of approximately 48,000 DWT and the four smallest vessels, the "Buccoo Reef", "Grande Riviere", "Store Bay" and "Mayaro" each have a shipping capacity of approximately 31,000 DWT. The frequency of delivery amounts to approximately four shipments per month to North American end-customers, an average of three shipments per month to our European end-customers and one shipment per month to our Latin American end-customers.

In June 2015, Natgas chartered two additional methanol vessels, the "Noble Spirit" and the "Ambassador Norris", which were sub-chartered to Koch Shipping PTE Ltd. and Norstar Shipping and Trading Ltd., respectively, in 2017 and which are scheduled to return to Natgas in the second quarter of 2018. The "Noble Spirit" and the "Ambassador Norris" vessels have a combined capacity of 90,572 DWT. The addition of these two vessels to our methanol vessel fleet increases our total methanol fleet to a total of eleven vessels with a combined capacity of 433,193 DWT. The charter contract for the "Noble Spirit" and the "Ambassador Norris" expires in 2020.

The following table sets forth the eleven dedicated methanol vessels as of December 31, 2017.

Vessel Name	Year built	Capacity (in DWT)	Lease Expiry Date
San Fernando	2005	48,315	2025
Pigeon Point	2005	48,356	2025
Las Cuevas	2000	45,299	2018(1)
Caroni Plain	2008	39,572	2023
Buccoo Reef	2015	30,723	2030
Grande Riviere	2015	30,732	2030
Store Bay	2015	30,711	2030
Mayaro	2015	30,940	2030
Chemway Lara	2007	37,982	2019
Ambassador Norris	2001	45,290(2)	2020
Noble Spirit	2001	45,282(2)	2020

(1) The lease for the "Las Cuevas" vessel would have originally expired in 2025, however we entered into an agreement to terminate the lease early in order to replace the "Las Cuevas" vessel with a more modern one, the MT "Castara" vessel. We expect to take possession of the MT "Castara" vessel at the end of 2018 pursuant to a charter agreement that will expire in 2033.

(2) As of December 31, 2017, the "Ambassador Norris" and the "Noble Spirit" were sub-chartered to third parties but are scheduled to be returned to Natgas in the second quarter of 2018.

AUM Division

For UAN product shipments, we have three dedicated UAN vessels with a total capacity of 130,933 DWT based on 20-year time charters. The charter contracts for two of the three UAN vessels are not due to expire until 2029 and the third is not due to expire until 2030. The two vessels "Gran Couva" and "Forres Park" each have a shipping capacity of 47,128 DWT each, while the third vessel "Claxton Bay" accommodates 36,667 DWT. On average, two shipments a month depart for North America while one delivery a month is made available to European markets. Through our numerous shipments originating in Point Lisas annually, we are able to offer a constant supply of our products to end-customers around the world.

The following table sets forth the three dedicated UAN vessels as of December 31, 2017.

Vessel Name	Year built	Capacity (in DWT)	Lease Expiry Date
Gran Couva	2008	47,128	2029
Forres Park	2009	47,128	2029
Claxton Bay	2010	36,677	2030

Our ammonia production generally only serves as feedstock for our other plants within the AUM complex but any excess ammonia is transported to N2000 directly via pipeline.

Our melamine production is generally packed in bags, each containing approximately 1,000 kilograms and is then transported via container ships or stored at our warehouse. We do not maintain a dedicated fleet for melamine shipments, but rather ship melamine via regular container ships in the open market.

Raw Materials

Our most important raw material is natural gas. In addition, we also require substantial amounts of carbon dioxide and water. We source our main raw materials and supplies locally and produce certain feedstock necessary for the production of UAN and melamine, *i.e.*, urea, ammonia, nitric acid and ammonia nitrate, ourselves. Trinidad is rich in natural gas and we are able to also source our other raw materials and supplies locally.

Natural gas is the main raw material required in the production of all our products. Our most important supply contracts are with the NGC for natural gas and in the fiscal years ended December 31, 2015, 2016 and 2017, natural gas costs represented 85.2%, 98.3% and 66.3% of our raw materials and consumables used.

Through contractual provisions linking our natural gas prices to the market prices of our products but subject to a floor gas price and inflation escalator, we have been able to generally hedge our natural gas prices. As a result, higher market prices for our products cause higher natural gas prices and thus higher cost of sales. In turn, subject to the floor natural gas price and inflation adjustments described above, lower market prices for our products cause lower natural gas prices and cost of sales. This provides us with our necessary raw materials for the production of methanol, UAN and melamine and, we believe, enables our facilities to be competitive and generate resilient EBITDA margins despite volatile commodity markets.

Carbon dioxide is another important raw material we require in our production processes. While some of the carbon dioxide we use is produced as a by-product in several of our processes, we have also contracted with other local entities to purchase carbon dioxide. In most cases, these entities manufacture carbon dioxide as a by-product for which they have little use. Therefore, our contractual relationships to purchase our suppliers' carbon dioxide are mutually beneficial.

Electricity and water are two additional important supplies in our production process which, given their nature, we must source locally. To satisfy these requirements, we have contracted with the Trinidad and Tobago Electricity Commission for the supply of electricity and the Water and Sewer Authority for the supply of water to our facilities.

Our Employees

As of December 31, 2017, we had 220 employees engaged in the management of the Group. The operation and maintenance of our facilities in Trinidad is executed by IPSL on behalf of the Group and has been since our facilities in Trinidad were built. See "—Material Contracts—Agreements with IPSL." IPSL is a subsidiary of Proman and also operates the CNC and N2000 facilities. We, therefore, benefit from sharing overhead costs for employee management with other companies. As of December 31, 2017, IPSL had 491 full time-equivalent employees engaged at MHTL's facilities.

We have enjoyed a positive working relationship with our employees and the employees of IPSL and management is committed to maintaining these relationships going forward. We receive regular reports of operations and maintenance to supervise performance and costs and may object to the employment of any key personnel members on any facility to ensure qualified supervision and management of operations on our behalf.

We are subject to several pension obligations, carried over from the former subsidiary company Trinidad and Tobago Methanol Company Limited. Retirement arrangements for us are administered through individual policy contracts.

Our Customers

We sell all our products under off-take agreements to our Distributors to end-customers. While we generally use all of our produced ammonia as feedstock in the production of other products, N2000 has agreed to purchase our surplus ammonia production capacity and we are therefore able to sell any excess ammonia we may produce.

The following table sets forth delivery agreements we have entered into with Helm and N2000 as of December 31, 2017.

Product	Annual Maximum Quantity (tonnes)	Duration of Contract	Originating Plant	Offtaker
Ammonia	120,000	2019 or earlier	AUM	N2000
Melamine	approx. 60,000	2030(1)	AUM	Helm
Methanol	approx. 4,100,000	2030(1)	TTMC, CMC, MIV, M5000	Helm
UAN	1,480,000	2030(1)	AUM	Helm

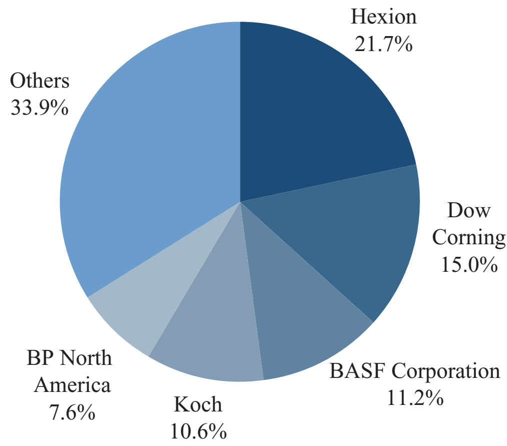
(1) The contracts will be automatically renewed for a period of five years provided neither party terminates the respective contract by giving the other party at least two year's notice prior to the original expiry date.

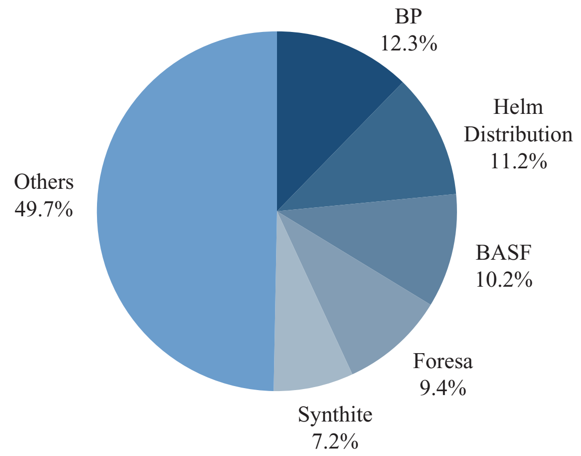
Methanol Division End-Customers

Through our controlling shareholders, Proman and Helm, and their connection to SCC (Proman and Helm both hold significant strategic stakes in SCC), which we believe has become a market leader in methanol sales and distribution in North America, we gain access to a large number of end-customers throughout North America. While approximately 53% of our methanol is shipped to North America, we also serve many large end-customers in Europe and other markets, which accounted for approximately 47% of our methanol sales in the

fiscal year ended December 31, 2017. Our top three end-customers in the same period were Hexion, Dow Corning and BASF, accounting for 11.5%, 7.9%, and 5.9% of our total methanol sales by volume, respectively.

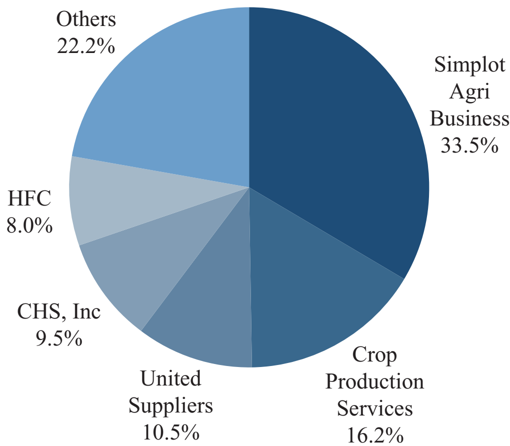
The following charts show a breakdown of our main methanol end-customers in North America and Europe and other markets, for the fiscal year ended December 31, 2017.

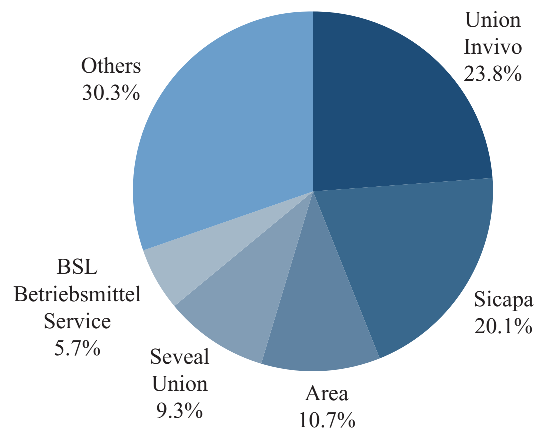




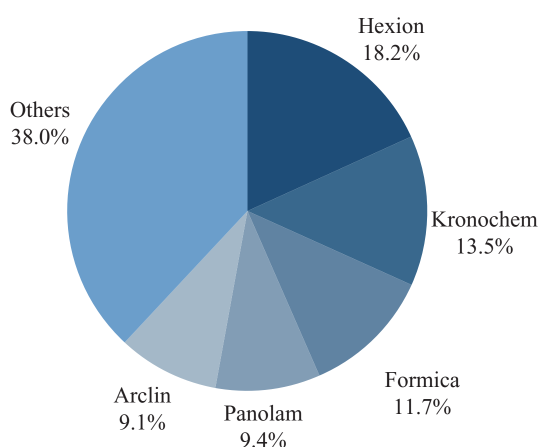
AUM Division End-Customers

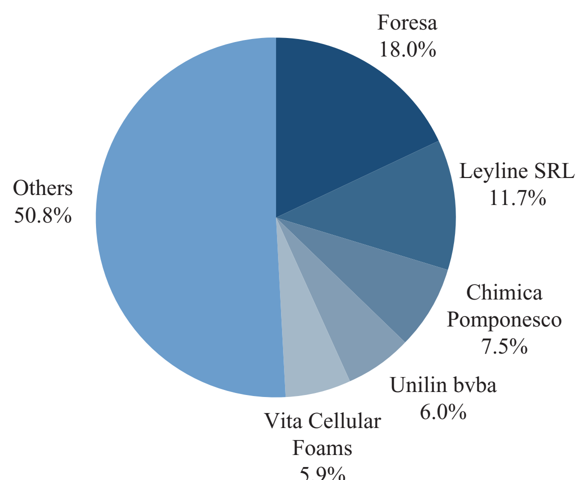
Our production of UAN and melamine is also directly purchased and distributed by Helm and SCC to end-customers. For the fiscal year ended December 31, 2017, our top three UAN end-customers were Simplot Agri Business, Crop Production Services and Union Invivo, accounting for 22.8%, 11.0% and 7.6% of our total UAN sales by volume, respectively. The following charts show a breakdown of our main UAN customers in North America and Europe and other markets.





For the same period, our top three melamine end-customers were Foresa, Hexion and Kronochem, accounting for 9.2%, 8.9% and 6.6% of our total melamine sales by volume, respectively. The following charts show a breakdown of our main melamine customers in North America and Europe and other markets.





Competition

We operate in highly competitive industries. Our products are global commodities and we compete with a number of foreign producers of methanol, UAN and melamine. In addition, a long period of stable and low natural gas prices in the United States has made it economical for companies to upgrade existing plants and initiate construction of new methanol and nitrogen projects. In addition, some of our competitors, such as Methanex, LyondellBasell and Celanese, have relocated, restarted or constructed methanol plants in the US Gulf Coast region over the past few years, which directly compete with our facilities. In addition, for example, CF Industries has significantly increased its production of UAN in Louisiana. Our direct port access and dedicated loading facilities provides us with a competitive advantage over other suppliers, especially when their distribution is dependent on pipelines.

We believe that as of December 31, 2017, our main competitors in the methanol industry were Methanex, Statoil, Mitsubishi Corp, OCI, Sipchem and Solvadis for Europe and OCI, Mitsui, Mitsubishi International, Mitsubishi Gas, Methanex and Atlantic Methanol for the US, our main competitors in the UAN industry were CF industries, Koch Industries and OCI for the US and Yara, Achema, Eurochem and Acron for Europe, our main competitors in the melamine industry were OCI and Corner stone for the US and OCI, Borealis, Pulawi, BASF and Ameropa for Europe.

In 2015, multiple new methanol plants came online, adding a total production output of 3.5 million tonnes annually. One of the new methanol plants was built in the United States by Celanese/Mitsui, a joint venture between two of our competitors in the North American market.

Marketing and Sales

We market our methanol, UAN and melamine production through Helm, one of our principal shareholders and a major chemical distribution company based in Germany. Helm, in turn, sells our products to the North American market through CPC Caribbean Petrochemical Company Limited which has contracts with the North American chemical distributor SCC for the sale of our methanol and melamine products into that market and Latin America. See "—Material Contracts—Off-Take Agreements with Helm."

Seasonality and Volatility

The seasonality of our UAN business largely tracks the seasonality of the fertilizer business in the United States. The fertilizer business is seasonal, based upon the planting, growing and harvesting cycles. Inventories must be accumulated to allow for customer shipments during the spring and fall fertilizer application seasons, which require significant storage capacity. The accumulation of inventory to be available for seasonal sales requires fertilizer producers to maintain significant working capital. This seasonality generally results in higher fertilizer prices during peak periods, with prices normally reaching their highest point in the spring, decreasing in the summer and increasing again in the fall. Fertilizer products are sold both on the spot market for immediate delivery and under product prepayment contracts for future delivery at fixed prices. The terms of the product prepayment contracts, including the percentage of the purchase price paid as a down payment, can vary from

season to season. Variations in the proportion of product sold through forward sales and variations in the terms of the product prepayment contracts can increase the seasonal volatility of fertilizer producers' cash flows and cause changes in the patterns of seasonal volatility from year–to–year. Nitrogen fertilizer prices can also be volatile as a result of a number of other factors, including weather patterns, field conditions, quantities of fertilizers imported to the United States, current and projected grain inventories and prices and price fluctuations in natural gas prices. In addition, governmental policies may directly or indirectly influence the number of acres planted, the level of grain inventories, the mix of crops planted and crop prices.

Our melamine business is subject to regional seasonality factors. In both Europe and North America, product offtake increases with construction activity, typically within the second and third quarter of a year. Melamine supplies tightened in early 2010 when world consumption accelerated, responding to recovering economies. In the Asia-Pacific region, markets have, in the past, remained subdued by an uncertain economic outlook that continuously weighs down market sentiment despite China being the largest single participant in the melamine market. The North American market is dependent on outside supply leading to more sensitive market conditions and higher prices for the product than in Europe. The melamine market pricing is, as it consists of other commodities such as ammonia or urea, dependent on commodity availability and pricing.

While most of our methanol is sold pursuant to long-term contracts based on market index pricing and fixed volumes, the market price of methanol is volatile. Methanol is an internationally traded commodity chemical and the methanol industry has historically been characterized by cycles of oversupply caused by either excess supply or reduced demand, resulting in lower prices and idling of capacity, followed by periods of shortage and rising prices as demand exceeds supply until increased prices lead to new plant investment or the restart of idled capacity. Methanol prices have historically been cyclical and sensitive to overall production capacity relative to demand, the price of raw materials (primarily natural gas or coal), energy prices and general economic conditions.

The following table sets forth changes in average market prices over the years 2015, 2016 and 2017.

Product	2017 Actual in US$/tonne	2016 Actual in US$/tonne	2015 Actual in US$/tonne	2017 % change over 2016	2016 % change over 2015
Methanol	US$397	US$267	US$386	49%	(31%)
Ammonia	US$247	US$238	US$412	4%	(42%)
UAN	US$174	US$174	US$225	(0%)	(23%)
Melamine	US$1,197	US$1,202	US$1,069	(0.5%)	12%

Health and Safety

The production of our products, which is carried out on a 24-hour basis, involves highly complex and costly equipment handling highly flammable and toxic material and operating at high temperatures, pressures and speeds. These critical operating parameters provide an increased potential for loss—both in terms of injury to personnel and economic loss because of equipment damage and loss of production.

Due to the magnitude of potential losses, should such an event occur, safety and emergency response is a top priority in the operation and management of our facilities. To ensure the health and safety of employees and minimize impact on the environment, we have established a risk management department charged with monitoring the overall safety of our facilities and compliance with any relevant regulations.

A holistic approach protecting the five key facets of our business—people, property, the environment, liability issues and business income—is adopted in our operations, as evidenced by several initiatives performed both at the design and construction phase and continued into the ongoing life of our facilities.

Our facilities are designed to the most stringent codes and standards that govern plant construction and quality control procedures we strive to ensure that they are strictly adhered to. During the construction phase, Environmental Impact Assessment (EIA) and Risk Assessment (RA) studies are performed in accordance with the approval processes. Throughout the design phase and once construction is complete, safety reviews and Hazard & Operability Studies (HAZOP) covering all areas of the plant are carried out to identify and rectify potential hazards in order to improve safety and operability. High priority is also given to ensuring that construction and plant equipment are in accordance with the design specifications. Employees are also actively involved in preparing safety, operating, maintenance and emergency procedures prior to starting production in any new facility.

We have also kept up to date with relevant international developments applicable to all facets of our business. We were among the first in our industry in Trinidad to be certified to the ISO 9002:1994 Quality

Management System with other companies following. In Trinidad, we have also been certified to the ISO 9001:2008 standard and successfully passed the recertification of our methanol and AUM facilities in 2016. Furthermore, our US-based Process Safety Management System is built on the ISO 14001 Environmental Management System.

We have also implemented a variety of initiatives to improve health and safety at our facilities, such as providing training and safety information to employees, establishing detailed written instruction for employees and providing standard operation procedures, systematically monitoring our equipment, emergency planning and response plans and thoroughly investigating any incidents at our facilities.

A “Lost Time Incident” is generally defined as an incident at our facilities that causes an employee to be unable to work during his next shift or on the next working day. For the fiscal year ended December 31, 2017, we had zero Lost Time Incidents in our AUM division and two in our methanol division.

Environmental Matters

The principal method used today for the production of methanol is the low pressure methanol synthesis process, which is the process that we employ in Point Lisas and Pampa. This process is clean, with minimum waste products being generated. Similarly, the processes we employ at our AUM complex result in minimum waste products being generated. Wherever such waste is generated, systems are in place to assure proper disposal.

We have opted to take a proactive approach and be self-regulating in areas where there is an absence of legislated regulations regarding effluents discharged from the manufacturing process. Nevertheless, we require numerous permits and authorizations. Failure to comply with these permits or environmental laws generally could result in substantial fines, penalties or other sanctions, court orders to install pollution-control equipment, permit revocations and facility shutdowns. In addition, environmental, health and safety laws may impose joint and several liability, without regard to fault, for clean-up costs on potentially responsible parties who have released or disposed of regulated substances into the environment. We may experience delays in obtaining or be unable to obtain required permits, which may delay or interrupt our operations and limit our growth and revenue. Private parties, including the owners of properties adjacent to other facilities where our wastes are taken for disposal, also may have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property or natural resource damages. In addition, the risk of accidental spills or releases could expose us to significant liabilities that could have a material adverse effect on our business, financial condition or results of operations.

The laws and regulations to which we are subject are complex, change frequently and have tended to become more stringent over time. The ultimate impact on our business of complying with existing laws and regulations is not always clearly known or determinable due in part to the fact that our operations may change over time and certain implementing regulations for laws have not yet been finalized, are under governmental or judicial review or are being revised. These laws and regulations could result in increased capital, operating and compliance costs.

Our facilities have experienced some level of regulatory scrutiny in the past and we may be subject to further regulatory inspections, future requests for investigation or assertions of liability relating to environmental issues. In the future, we could incur material liabilities or costs related to environmental matters and these environmental liabilities or costs (including fines or other sanctions) could have a material adverse effect on our results of operations and financial condition.

The principal environmental regulations and risks associated with our business are explained in “Regulatory Framework.” We believe that we are in material compliance with all of these environmental regulations.

Intellectual Property—Patents and Licenses

We currently do not own any patents but have acquired the rights to use certain production processes at our facilities under license from the license holders. These licenses are for use of the Imperial Chemical Industries’ process for methanol production, the Eurotecnica melamine production process, the Uhde UAN production process, the Toyo urea production process and the KBR ammonia production process. Any technological advances we make on any of these production processes must be communicated to the respective license holders and made available to them.

Information Technology

The IT infrastructure employed by us is characterized by a high level of standardization. Our IT systems and application landscapes rely heavily on JD Edwards (Oracle) software. Our IT systems in Trinidad are maintained by IPSL and external contractors.

Insurance

We maintain insurance to cover risks associated with the ordinary operation and course of our business, including general liability, terrorism and marine cargo liability. We insure our plants against hazards such as fire, explosion, flood, mischief, accidents and terrorism. Terminal operations and cargo shipments are insured under primary and excess liability insurance and general cargo and terrorism policies, respectively.

All of our policies are underwritten with reputable insurance brokers, such as AON, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles. We consider all of our insurance coverage, including our P&I charterer's liability, to be sufficient for the risks associated with our operations.

Legal Proceedings

We are and will continue to be, subject to various claims, legal actions and administrative proceedings, including insurance claims, from time to time in the ordinary course of our business. We are not party to any pending legal proceedings that we believe will have a material adverse effect on our business and there are no existing legal proceedings where we believe that the reasonably possible loss or range of loss is material.

Material Contracts

Off-Take Agreements with Helm

We have entered into three take or pay product sales agreements with Helm. These agreements currently guarantee the overall off take of 100% of our annual maximum production capacities, with the exception of AUM excess ammonia production, which is sold to N2000, as of December 31, 2017. The agreements provide that Helm takes off methanol, UAN and melamine on a take or pay basis and flexible pricing, up to approximately the total annual maximum production capacity of each plant. In the fiscal year ended December 31, 2017, we sold nearly all of our production of methanol, UAN and melamine to Helm.

These agreements are take or pay agreements requiring Helm to either take any quantity of the products within the agreed maximum quantity made available and pay the agreed price or, pay the average price of purchases in the past year for any products offered to the buyer but not accepted by the buyer. Helm, subject to our consent, may agree with end-customers on terms such as price and quantity, which we then will provide to Helm under the off-take agreements at price levels set between Helm and our end-customers.

All agreements are renewable and none is due to expire until at least 2030. Additionally, if, contrary to current conditions, any duty or tariff of any kind is imposed upon the importation of methanol or melamine from Trinidad to EU Member States or to the United States, we, but not Helm, have a termination right to avoid uneconomical sales.

Agreements with IPSL

We have entered into two agreements with IPSL, a Trinidadian company and subsidiary of Proman, for the operation and management of our methanol and AUM facilities, respectively. IPSL, in alignment with MHTL's strategy, employs a core skilled workforce and outsources other labor to assist with production and maintenance activities. IPSL is contractually required to provide qualified and experienced personnel for all duties required to be carried out under the contract, which includes every aspect of operations and maintenance. To satisfy this requirement, IPSL is also entirely responsible for the recruitment and selection of appropriate personnel. While IPSL is fully responsible for management, operations and maintenance of MHTL's facilities, we must be informed of any intended staffing changes. IPSL is furthermore required to use its best efforts to maintain good labor relations to avoid conflict, interference, delay or interruption in the performance of any activities carried out at MHTL. The methanol and the AUM facilities contracts have an initial term of eight and ten years, respectively, but are renewed for additional five-year terms until they are terminated by either party giving appropriate written notice.

Vessel Time Charter Agreements

As of December 31, 2017, we have entered into fourteen agreements for the time charter of vessels to transport methanol and UAN from our production facilities in Trinidad and the United States to our end-customers. These agreements make us independent of third-party logistics providers and allow us to control the distribution process from our facilities to our end-customers. For detailed information on these vessel time charter agreements, see "—Our Vessels."

Pier Use Agreements

We have entered into multiple use agreements with NGC and NEC to use piers and marine facilities at Point Lisas for the docking and loading of vessels. Under these agreements, we pay fixed fees based on the production

capacities of our facilities and variable fees based on the amount of products we ship from the piers. These use agreements do not entitle us to exclusive use of the piers and docking facilities and we must share these facilities with other users. The pier use agreements generally have terms of 15 years with the option to extend the agreements for an additional five years. These agreements do not expire prior to 2022.

In addition, Natgas has entered into a terminal services agreement with Phillips 66 Gulf Coast Properties LLC and a pipeline transportation services agreement with Phillips 66 Pipeline LLC (together, the "P66 Agreements" and "Phillips 66") for the required outbound logistics of the methanol produced by the Natgas Facility. Under the P66 Agreements, Phillips 66 is required to (i) construct, operate and own three new methanol storage tanks, each with a storage capacity of 400,000 barrels or approximately 50,000 tonnes at their Beaumont terminal for the transportation and loading of methanol and (ii) construct approximately seven miles of pipeline from the Natgas Facility site to their Beaumont terminal for the transportation of methanol. The Phillips terminal will be equipped for the loading of methanol onto deep-sea marine vessels and barges. The initial term of the P66 Agreements will be 15 years. For further information, see "—Our Facilities."

Land Lease Agreements

We and our predecessors have entered into multiple land lease agreements for the land on which our production facilities are located. Most of these agreements are for original terms of 30 years with the option to renew the land lease agreements for an additional 30 years. All land lease agreements are generally entered into with the owner of the land, PLIPDECO, except for one sublease which we entered into with NGC that rented the land from PLIPDECO. Except for one land lease agreement, none of the land lease agreements are set to expire until at least 2030. One land lease agreement is set to expire in 2019 and relates to the land on which our CMC facility is built and we intend to renew this agreement before it expires. For further information, see "—Our Facilities."

REGULATORY FRAMEWORK

Trinidad

The regulatory bodies that have authority over us include, among others, the Ministry of Energy and Energy Industries, the Environmental Management Authority, the Town and Country Planning Division, the Water and Sewage Authority, the Commissioner of State Lands, the Trinidad and Tobago Electricity Commission, Director of Surveys and Regional Corporations. Rules and regulations issued by these authorities are often onerous and costly to implement and carry substantial penalties for noncompliance. Many permits and regulatory approvals from these and other Trinidad governmental bodies are required for our existing facilities and our capital projects. Some permits and approvals that have been obtained are subject to certain conditions while others that are still outstanding may, when issued, be subject to conditions.

The formulation and administration of environmental policy in Trinidad is the responsibility of the Environmental Management Authority. The Environmental Management Act, Chap. 35:05 establishes environmental regulations for industries in Trinidad; however, greater regulatory responsibilities have been placed on the energy industry in Trinidad. We expect environmental regulations more stringent than the ones currently in effect to be promulgated and become effective in the near term and expect that both its current operations and sites and plants will be affected by these regulations. We believe that grace periods and exemptions under these regulations will lessen the impact of these regulations, although there can be no assurance that this will be the case. We are in compliance with current regulations and are instituting programs to comply with future requirements.

We recognize our obligation to operate in a manner that emphasizes the preservation of human health, environmental protection, operational safety and community goodwill. Our long-term business success requires that we commit to the principles of sustainable development and management of all our associated risks; giving prime consideration to our employees, stakeholders and the communities within which we exist.

Programs

We have implemented programs to ensure that we are in compliance with the requirements of current occupational safety and health and environmental regulations and those we expect to be implemented in the near future.

Environmental Clearance

The Group's business falls within Activity 19 of the Certificate of Environmental Clearance ("CEC") (Designated Activities) Order, 2001 (*i.e.*, the establishment of a facility for the manufacture of petrochemicals) and therefore a CEC is required from the Environmental Management Authority ("EMA") for the construction and operation of its plants.

The CEC sets out terms governing the construction and operation of the plants.

Air Pollution

The Air Pollution Rules establishes permissible levels of specific air pollutants in Trinidad and seeks to manage those air pollutants which are considered to have the greatest potential to cause harm to human health and the environment. Pursuant to the Air Pollution Rules, MHTL has applied for a Source Emitter Registration Certificate for each of its plants. The Air Pollution Rules also provide that an operator shall not permit the release of any prescribed substance that causes the maximum permissible level set out in the Rules to be exceeded; or where a stack exists, any prescribed substance or parameter that causes the maximum permissible levels set out in the Rules to be exceeded, unless in either case the operator holds a permit to do so.

Occupational Health

IPSL's medical surveillance program forms part of an overall Integrated Occupational Health and Safety Program and is built to exceed the requirements of the Occupational Safety and Health Act of Trinidad, Chap. 88:08. All IPSL employees have completed a mandatory baseline program to make them aware of all relevant laws, regulations and internal safety protocols and undergo regular medical and drug testing.

Noise Pollution

The Noise Pollution Control Rules divide the country into three zones; (i) Zone I—industrial areas; (ii) Zone II—environmentally sensitive areas; and (iii) Zone III—the general area. The MHTL project site (*i.e.*, the Point Lisas Industrial Estate) is considered a zone I area.

The rules prescribe certain maximum permissible sound pressure levels for each zone. No person may emit a sound that causes the sound pressure level to rise above the permissible level. Where a person plans to emit a sound in excess of the permissible level, an application to the EMA for a "variation" must be made.

In industrial areas, the sound pressure level may not at any time exceed the equivalent continuous sound pressure level of 75 dBA or an instantaneous unweighted peak sound pressure level of 130 dB (peak).

Water Pollutants

A person who intends to release, from an industrial or other registrable facility, a water pollutant that is likely to cause harm to human health or the environment is required to submit a source application to the EMA. If the application is accepted, the EMA will issue a registration certificate to the applicant allowing it to continue operations.

Where a person releases water pollutants into a receiving environment in excess of the "permissible level," which means the minimum quantities and parameters set out in the Second Schedule to the Water Pollution Rules, which is likely to cause harm to human health or the environment, it should (or can be directed by the EMA to) apply for a permit for the purposes of regulating the release outside the permissible levels in accordance with the terms and conditions of the permit.

Toxic Chemicals

Under the Pesticides and Toxic Chemicals Act, Chap. 30:03 a "toxic chemical" is defined to mean any chemical, other than a pesticide, antiseptic, disinfectant, drug or preservative, which through its chemical action on life processes can cause death, temporary incapacitation or permanent harm to humans or animals, and includes all such chemicals irrespective of their origin or method of production or use. A person cannot manufacture, import, export, sell, use, store in marketable quantities or transport a "controlled product" (*i.e.*, any pesticide or toxic chemical) unless the controlled product is registered as prescribed in the Toxic Chemicals Act.

Similarly, a person cannot import a controlled product unless he holds an import license in the manner prescribed; cannot store a controlled product in marketable quantities unless the premises are registered in the manner prescribed; cannot manufacture, import, export, use, store in marketable quantities, dispose of or transport a controlled product unless the person does so in the manner prescribed.

The Toxic Chemical Regulations provide further details on the procedure for the necessary registrations and also for the license applications. The Toxic Chemical Regulations also require that a person seeking to export a toxic chemical first obtain an export license. Methanol, ammonia and urea are all expressly listed to be "toxic chemicals" under the Toxic Chemicals Regulations.

Licenses and Permits

Petrochemical License

The Petroleum Act, Chap. 62:01 requires all persons proposing to carry out petroleum operations (which includes the manufacturing and marketing of petrochemicals) to first obtain the appropriate license under the Petroleum Act and Petroleum Regulations. The term "petrochemicals" as defined by the Petroleum Act means "such chemical compound or a mixture of such compounds manufactured from petroleum or petroleum products as is prescribed by Order made by the Minister."

To date it does not appear that any order prescribing petrochemicals has been made by the Minister of Energy and Energy Industries and as such although the Petroleum Regulations provide for the possible issuance of Petrochemical Licenses, it may be that the Group cannot be issued such a license unless and until the chemicals it manufactures are classified as a "petrochemical" by Ministerial Order. The practice in the past has been to obtain a letter from the Ministry of Energy and Energy Industries confirming the above and assuring the issue of a License when legally possible to do so.

Pipeline License

As noted above, there is a lack of clarity as to whether or not methanol and the other petrochemicals produced by the Group would be considered a petroleum product, a petrochemical or perhaps both. If not considered to be a petroleum product, it appears that a pipeline license would not be required under the Petroleum Act. It is however likely that the Ministry of Energy will, in practice, consider the petrochemicals being produced by the Group as petroleum products requiring a pipeline license.

The Petroleum Act requires all persons proposing to carry out petroleum operations to first obtain an appropriate license under the Petroleum Act and Petroleum Regulations. Petroleum operations (as defined by the Petroleum Act) include the "transporting and marketing of petroleum or petroleum products". There is no corresponding license requirement for transporting and marketing "petrochemicals."

The Petroleum Regulations also expressly make provision for a "Pipeline License." Where any pipeline is to be laid across a road, waterway, railway or upon or under the surface of the sea, the Minister of Energy and

Energy Industries is obligated to consult with appropriate Government Ministries and/or Departments and any relevant Statutory Authorities to ensure the road, waterway, rail, sea or harbor are not rendered unsafe, contaminated or polluted. If the Minister receives an objection to the application from such Ministry, Department or Authority the application will be rejected.

In addition, a pipeline may not be enlarged or substantially altered without the permission of the Minister of Energy and Energy Industries.

Construction Permits

In respect of the construction of each plant, Outline and Final Planning Approvals are required. The following additional approvals are required:

- Grant of a Certificate of Environmental Clearance from the Environmental Management Authority in respect of the construction works
- Approval of the Institute of Marine Affairs
- Approval of the Fire Department
- Approval of the Ministry of Works
- Approval of the design plans for the plant from the Couva-Tabaquite-Talparo Regional Corporation
- Approval of the Civil Aviation Authority
- Completion Certificate of the Couva-Tabaquite-Talparo Regional Corporation
- Approval of the Water and Sewerage Authority
- Approval of the Trinidad and Tobago Electricity Commission (including the grant of a license for private installation of a generator)
- Approval of the Factory Inspectorate
- Approval by the Ministry of Energy and Energy Industries with respect to the safe storage of petroleum under the Petroleum (Testing, Storage, Etc.) Regulations, Chap 62:01
- Grant of a license from the Ministry of Public Utilities in respect of the establishment, operation or use of radio-communication services and equipment

Foreign Investment License

In respect of a private company, the issue or transfer of shares to a foreign investor (as defined in the Foreign Investment Act, Chap. 70:07) requires the submission of a notice in the prescribed form to the Minister of Finance together with evidence of the payment for the shares in an internationally traded currency through a person authorized by law as a dealer in that foreign currency.

In the event that the Group itself is a Foreign Investor by virtue of its control by Foreign Investors, it requires a License to acquire and hold land in excess of five (5) acres for the purpose of a trade or business.

Work Permits

Work Permits/Visas are required for any non-national/non-resident workers employed by the company or working for contractors contracted to the company save for individuals who enter and work for no more than 30 days (one visit) in any twelve-month period.

United States

Environmental Matters

The Group's business is subject to extensive and frequently changing federal, state and local, environmental, health and safety regulations governing the emission and release of hazardous substances into the environment, the treatment and discharge of waste water and the storage, handling, use and transportation of our methanol and ammonia. These laws include the Clean Air Act (the "CAA"), the federal Water Pollution Control Act (the "Clean Water Act"), the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act (the "CERCLA"), the Toxic Substances Control Act, the Endangered Species Act, the Marine Protection, Research and Sanctuaries Act (the "Ocean Dumping Act") and various other federal, state and local laws and regulations. These laws, their underlying regulatory requirements and the enforcement thereof impact us by imposing:

- restrictions on operations or the need to install enhanced or additional controls;

- the need to obtain and comply with permits and authorizations;
- liability for the investigation and remediation of contaminated soil and groundwater at current and former facilities (if any) and off-site waste disposal locations;
- specifications for the products we market, primarily methanol and ammonia; and
- limitations on the construction and development of certain properties.

The Group's operations require numerous permits and authorizations. Failure to comply with these permits or environmental laws generally could result in substantial fines, penalties or other sanctions, court orders to install pollution-control equipment, permit revocations and facility shutdowns. In addition, environmental, health and safety laws may impose joint and several liability, without regard to fault, for cleanup costs on potentially responsible parties who have released or disposed of hazardous substances into the environment. We may experience delays in obtaining or be unable to obtain required permits, which may delay or interrupt our operations and limit our growth and revenue. Private parties, including the owners of properties adjacent to other facilities where our wastes are taken for disposal, also may have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property or natural resource damages. In addition, the risk of accidental spills or releases could expose us to significant liabilities that could have a material adverse effect on our business, financial condition or results of operations.

The laws and regulations to which we are subject are complex, change frequently and have tended to become more stringent over time. The ultimate impact on our business of complying with existing laws and regulations is not always clearly known or determinable due in part to the fact that our operations may change over time and certain implementing regulations for laws, such as the CAA, have not yet been finalized, are under governmental or judicial review or are being revised. These laws and regulations could result in increased capital, operating and compliance costs.

The principal environmental regulations and risks associated with our business are outlined below.

The Federal Clean Air Act

The CAA and its implementing regulations, as well as the corresponding state laws and regulations that regulate emissions of pollutants into the air, affect us through the CAA's permitting requirements and emission control requirements relating to specific air pollutants, as well as the requirement to maintain a risk management program to help prevent accidental releases of certain substances. Some or all of the standards promulgated pursuant to the CAA, or any future promulgations of standards, may require the installation of controls or changes to existing facilities in order to comply. If new controls or changes to operations are needed, the costs could be significant. In addition, failure to comply with the requirements of the CAA and its implementing regulations could result in fines, penalties or other sanctions.

Release Reporting

The release of hazardous substances or extremely hazardous substances into the environment is subject to release reporting requirements under federal and state environmental laws, including the Emergency Planning and Community Right-to-Know Act. Each such releases is required to be reported to the federal Environmental Protection Agency (the "EPA"), TCEQ and other relevant state and local agencies as required by applicable laws and regulations. If we fail to properly report a release, or if the release violates the law or our permits, it could cause us to become the subject of a governmental enforcement action or third-party claims. Government enforcement or third-party claims relating to releases of hazardous or extremely hazardous substances could result in significant expenditures and liability.

Discharge into US Waters

The Clean Water Act (the "CWA") and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of oil and other substances, into waters of the US. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. The CWA and regulations implemented thereunder also prohibit the discharge of dredge and fill material into regulated waters, including wetlands, unless authorized by an appropriately issued permit. In addition, the CWA and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities. Spill prevention, control and countermeasure requirements of federal laws require appropriate containment berms and similar structures to help prevent the contamination of navigable waters by a petroleum hydrocarbon tank spill, rupture or leak. In addition, the Ocean Dumping Act prohibits or restricts the disposition of any material in the US territorial sea. Federal and state regulatory agencies can impose administrative, civil and criminal penalties

for non-compliance with discharge permits or other requirements of the CWA, the Ocean Dumping Act and analogous state laws and regulations.

Greenhouse Gas Emissions

Due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas ("GHG") emissions. These include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. The EPA has established certain requirements under the CAA related to CO_2 emissions.

In accordance with certain reporting rules, we monitor our GHG emissions from our facility and report the emissions to the EPA annually. On December 7, 2009, the EPA finalized its "endangerment finding" that GHG emissions, including CO_2, pose a threat to human health and welfare. The finding allows the EPA to regulate GHG emissions as air pollutants under the CAA. On March 28, 2017, President Trump signed an executive order directing the EPA to review and, if appropriate, initiate proceedings to suspend, revise or rescind certain GHG emissions rules proposed by the EPA. In addition, several of the EPA's GHG rules are being challenged in pending court proceedings. Depending on the outcome of such proceedings, such rules may be modified or rescinded or the EPA could develop new rules. Increased costs associated with compliance with any future legislation or regulation of GHG emissions, if it occurs, may have a material adverse effect on our results of operations, financial condition and ability to make cash distributions. In addition, climate change legislation and regulations may result in increased costs not only for our business but also for agricultural producers that utilize our fertilizer products, thereby potentially decreasing demand for our nitrogen fertilizer products. Decreased demand for our fertilizer products may have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

Environmental Remediation

Under CERCLA and related state laws, certain persons may be liable for the release or threatened release of hazardous substances. These persons can include the current owner or operator of property where a release or threatened release occurred, any persons who owned or operated the property when the release occurred and any persons who disposed of, or arranged for the transportation or disposal of, hazardous substances at a contaminated property. Liability under CERCLA is strict, retroactive and, under certain circumstances, joint and several, so that any responsible party may be held liable for the entire cost of investigating and remediating the release of hazardous substances. As is the case with all companies engaged in similar industries, depending on the underlying facts and circumstances we face potential exposure from future claims and lawsuits involving environmental matters, including soil and water contamination, personal injury or property damage allegedly caused by hazardous substances that we manufactured, handled, used, stored, transported, spilled, disposed of or released. We cannot assure you that we will not become involved in future proceedings related to our release of hazardous or extremely hazardous substances or that, if we were held responsible for damages in any existing or future proceedings, such costs would be covered by insurance or would not be material.

Chemical Derivatives of Methanol

Some of our customers use methanol that we supply to manufacture formaldehyde, among other chemicals. In 2012, methanol demand for the production of formaldehyde represented approximately 29.9% of global demand. Formaldehyde, a component of resins used as wood adhesives and as a raw material for engineering plastics and a variety of other products, including elastomers, paints, building products, foams, polyurethane and automotive products, has been classified by the EPA as a likely carcinogen. Changes in environmental, health and safety laws, regulations or requirements relating to formaldehyde could impact methanol demand, which could indirectly have a material adverse effect on our business.

Because of certain government public health agencies' concerns regarding the potential for adverse human health effects, formaldehyde is a regulated chemical and public health agencies continue to evaluate its safety. In 2004, a division of the World Health Organization, the International Agency for Research on Cancer ("IARC"), reclassified formaldehyde as "carcinogenic to humans," a higher classification than set forth in previous IARC evaluations. In 2009, the IARC determined that there is sufficient evidence in human beings of a causal association between formaldehyde exposure and leukemia. In 2011, the National Toxicology Program within the US Department of Health and Human Services (the "NTP") issued its 12th Report on Carcinogens, or RoC, which lists formaldehyde as "known to be a human carcinogen." This NTP listing was based, in part, upon certain studies reporting an increased risk of certain types of cancers, including myeloid leukemia, in individuals with higher measures of formaldehyde exposure (exposure level or duration).

The EPA, under its Integrated Risk Information System ("IRIS"), has also released a draft of its toxicological review of formaldehyde. This draft review states that formaldehyde meets the criteria to be

described as “carcinogenic to humans” by the inhalation route of exposure based upon evidence of causal links to certain cancers, including leukemia. The National Academy of Sciences (the “NAS”) was requested by the EPA to serve as the external peer review body for the draft review. The NAS reviewed the draft IRIS toxicological review and issued a report in April 2011 that criticized the draft IRIS toxicological review and stated that the methodologies and the underlying science used in the draft IRIS review did not clearly support a conclusion of a causal link between formaldehyde exposure and leukemia. It is possible that the EPA may revise the IRIS toxicological review to reflect the NAS findings, including the conclusions regarding a causal link between formaldehyde exposure and leukemia.

The EPA finalized a rule setting limits on formaldehyde emissions from composite wood products that use formaldehyde based adhesives in July 2016. The rule established a system where accredited third-party certifiers review and certify that composite wood products meet the applicable standards.

In 2014, the NAS endorsed the NTP’s listing of formaldehyde as a known carcinogen.

It is possible that new regulatory requirements could be promulgated to limit human exposure to formaldehyde, that we could incur substantial additional costs to meet any such regulatory requirements and that there could be a reduction in demand for our formaldehyde-based products. These additional costs and reduced demand could have a material adverse effect on our operations and profitability.

Several years ago, environmental concerns and legislative action related to gasoline leaking into water supplies from underground gasoline storage tanks in the United States resulted in the phase-out of MTBE as a gasoline additive in the United States. However, MTBE continues to be used in the United States to produce MTBE for export markets, where demand for MTBE has continued at strong levels. We currently expect demand for methanol for use in MTBE production in the United States to remain steady throughout 2018, though it could decline materially if export demand is impacted by governmental legislation or policy changes. Declines in demand for methanol for use in MTBE production could have an adverse impact on our results of operations, financial condition and ability to make cash distributions.

MANAGEMENT

CEF

CEF was incorporated as a public limited liability company (*société anonyme*) under the laws of Luxembourg on July 3, 2014 and is registered with the trade and companies register of Luxembourg (*Registre de Commerce et des Sociétés*) under number B 188543. CEF's registered office is at 163, Rue du Kiem, L–8030 Strassen, Grand Duchy of Luxembourg.

The persons set forth in the following table are the current members of the board of directors of CEF.

Name	Age	Position
David Cassidy	42	Category A Director
Dr. John-Christian Lührs	48	Category A Director
Cornelia Mettlen	55	Category B Director

David Cassidy is the chairman and a director of the board of CEF and CEL. He has also been the CEO of Proman AG since April 2008 and has extensive on-ground experience in Trinidad, Oman, Germany and the United States. He is the son of the founder and co-owner of Proman, the 75% shareholder of CEL. He currently also serves as director on the boards of CNC, N2000, G2X, Natgas, SCC and CEL (Barbados). Mr. Cassidy holds a Bachelor's degree with Honors in Medicine and a Master's degree with Honors in Social and Political Science from the University of Cambridge. Mr. Cassidy's professional address is: Proman AG, Samstagernstrasse 41, 8832 Wollerau, Switzerland.

Dr. John-Christian Lührs is a director of the board of CEF and CEL. Dr. Lührs is a qualified bank officer and studied economic sciences in Bamberg and Washington which he finished with an MBA. The first seven years of his career Dr. Lührs worked for Roland Berger as a consultant with focus on "corporate strategy". For ten years he worked as CFO at a family owned company which is positioned globally in the field of specialty chemicals before joining Helm. Dr. Lührs' professional address is: Helm AG, Nordkanalstrasse 28, 20097 Hamburg, Germany.

Cornelia Mettlen is a director of the board of CEF. Ms. Mettlen has been a Partner at BDO Luxembourg since June 2017. Prior to that, Ms. Mettlen spent seven years as a partner at H.R.T. Group. Prior to that, Ms. Mettlen was Executive Director at Ernst & Young Tax Advisory Services and held various positions as tax advisor and international lawyer. She holds a law degree from the Université Catholique de Louvain in Belgium. Ms. Mettlen's professional address is: CF Corporate Services, SA, 1, rue Jean Piret, L-2350, Luxembourg.

CEL's Board of Directors

As this company report is based on the business carried out by CEL and its fully consolidated subsidiaries, in particular MHTL, CEL's directors are presented below.

The persons set forth in the following table are the current members of the board of directors of CEL.(*)

Name	Age	Position
David Cassidy	42	Chairman
Daniel Eggenberger	53	Director
Erwin Keutner	59	Director
Dr. John-Christian Lührs	48	Director

(*) In mid-2018, Brent Gwaltney will take up the newly-introduced CEO position at CEL. For biographical details of Mr. Gwaltney, see "Summary—Recent Developments."

David Cassidy. For biographical details of Mr. Cassidy, see the description under "—CEF."

Daniel Eggenberger is a member of the board of directors of CEL and since 2002 chairman and/or member of the board of directors of various other companies, including OPAG. Before joining CEL, Mr. Eggenberger was owner/CEO of Globo Trading & Consulting AG, a brokerage company regulated in Switzerland, from 1994 until 2002. Mr. Eggenberger completed his studies of commerce at KV Business School Zurich, an apprenticeship in Banking at Credit Suisse Zurich and is a licensed Swiss securities broker.

Erwin Keutner is a member of the board of directors of CEL, Proman AG, CEL(Barbados), MHTL, MHIL, CNC, N2000 and G2X. Before joining the Group, Mr Keutner was a member of the management board of Ferrostaal AG. Mr Keutner holds a degree in Business Administration from the University of Cologne.

Dr. John-Christian Lührs. For biographical details of Dr. Lührs, see the description under "—CEF."

Compensation of the Board of Directors

The aggregate remuneration paid to our directors for the year ended December 31, 2017 was CHF 106,000 consisting of director fees.

Audit Committee of the Board of Directors

We have not adopted a separately established audit committee. The board of directors as a whole, or its delegated members, fulfills such function as and when required.

PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Principal Shareholders

The ultimate shareholders of the Group are Proman (75%) and Helm (25%). The following is a brief description of each of our principal shareholders.

Proman is a leading engineering, procurement and construction group operating in various industries (Gas Processing, Petrochemicals). It was founded in 1984 by a small group of engineers and operates through more than 50 subsidiaries in 13 countries as of December 31, 2017. The key competencies of Proman are in engineering, feasibility studies, construction, project execution, marketing and management services and it has been active in the methanol industry in Trinidad since 1988.

Proman, via its subsidiary IPSL, is fully responsible for our plant operations in Trinidad.

Helm is a multifunctional distribution company that specializes in chemicals, fertilizers, nutrition, pharmaceutical products and crop protection. Helm was founded in 1900 in Hamburg and has been family-owned since 1950. As of December 31, 2017, Helm is active globally via more than 100 subsidiaries and sales offices in more than 30 countries worldwide. Helm has been active in the methanol industry in Trinidad since 1984.

With the exception of surplus ammonia, which is sold to N2000 and the production at our Pampa facility, which is sold to SCC, Helm is fully responsible for the sale of the Group's production based on take or pay obligations.

Related Party Transactions

We have entered into certain transactions with related parties, including affiliates of Proman and Helm, primarily for product sales and marketing, engineering and procurement services, management and operations of the plants and turn around services for existing facilities.

Description of Material Related Parties and Transactions

Helm AG and Caribbean Petrochemical Company Limited

We have supply contracts with Helm for the sale and distribution of methanol, UAN and melamine in the United States and Europe. Helm has assigned to another related party, CPC Caribbean Petrochemical Company Limited (CPC), the sale and distribution of its US volumes. The Group has "take or pay" arrangements with its customers for its products, all of which were met during the fiscal year ended December 31, 2017. See "Business—Material Contracts—Off-Take Agreements with Helm."

Proman AG (Trinidad) Limited

Proman AG (Trinidad) Limited provides turnaround services for MHTL and is a related party by virtue of common shareholders.

Industrial Plant Services Limited ("IPSL")

MHTL has entered into a contract with Industrial Plant Services Limited for the overall operation and maintenance of the AUM and methanol plants. In accordance with the contract MHTL pays for the following services:

- direct costs, included but not limited to employee costs and benefits, contract labor costs, repair materials, tools and equipment, office and other supplies and services as agreed by both parties in the contract; and
- a quarterly fee based on production volumes at various rates along product line. See "Business—Material Contracts—Agreements with IPSL."

Process Energy (Trinidad) Limited

Process Energy (Trinidad) Limited rents office space from Methanol Holdings (Trinidad) Limited. This Company also provides financial support services to the Group.

Methanol Holdings International Limited

Amounts for directors' fees and expenses were billed in respect of CEL (Barbados).

OCI N.V. and Proman Holding AG

On April 25, 2018, we entered into the New Promissory Notes in favor of Proman and OCI in the amount of US$330,774,133.73 for the purpose of, among other things, refinancing existing indebtedness, including the Existing Promissory Note issued by Natgas and held by OCI.

OCI N.V.

On April 25, 2018, Natgas amended and restated its US$50 million promissory note dated November 24, 2017 (the "OCI Contingency Promissory Note"). The OCI Contingency Promissory Note is payable in favor of NNS Holding (an affiliate of OCI), as well as in favor of any other registered holders of the OCI Contingency Promissory Note from time to time (together, the "OCI Contingency Note Holders").

The OCI Contingency Promissory Note evidences advances of OCI contingency loans made by NNS Holding to Natgas in the amount (including principal, capitalized interest, and accrued interest that had not been capitalized) of US$48,050,000. The proceeds from the OCI Contingency Promissory Note will be used by Natgas to fund construction of the Natgas Facility.

MKC Contracting LLC

MKC Contracting LLC, a wholly owned subsidiary of Proman and was incorporated in 2012 to act as contractor for the Pampa facility construction. Under a master services agreement with G2X, MKC Contracting LLC provides services for the Pampa facility, Big Lake Fuels and Natgas.

Proman Shipping AG

Proman Shipping AG ("PSAG"), a wholly owned subsidiary of Proman and was incorporated in 2018 to provide the freight services for the UAN and methanol required by the Group that were previously provided by MHTL. As a result, MHTL and PSAG entered into an agreement on March 31, 2018 for the transfer of the majority of MHTL's charter agreements. PSAG will also enter into freight services agreements with MHTL for the supply of freight services.

For more information on all related party transactions in the fiscal years ended December 31, 2015, 2016 and 2017, see note 24 of the OPAG 2015 Consolidated Financial Statements for the fiscal year ended December 31, 2015, note 27 of the CEL 2016 Consolidated Financial Statements for the fiscal year ended December 31, 2016 and note 29 of the CEL 2017 Consolidated Financial Statements for the fiscal year ended December 31, 2017.

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CONSOLIDATED ENERGY LTD, WOLLERAU (SWITZERLAND)

Consolidated Financial Statements

December 31, 2017

CEL(CH) GROUP COMPANIES

CEL(CH)	**Consolidated Energy Limited (Switzerland)**
OPAG	**OPAG (Barbados) Ltd**
CELBBS	**Consolidated Energy Limited (Barbados)**
FSP	**FS Petrochemicals (St. Kitts) Limited**
MHTL	**Methanol Holdings (Trinidad) Limited**
MHDL	**Methanol Holdings (Delaware) LLC**
CEF	**Consolidated Energy Finance S.A.**
G2X	**G2X Energy, Inc.**
BLFH	**BLF Holdings LLC**
BLF	**Big Lake Fuels LLC**
G2XR	**G2X Resources LLC**
TRDC	**TRDC LLC**
PF	**Pampa Fuels LLC**
G2XM	**G2X Energy Marketing LLC**
G2XPS	**G2X Energy Plant Services LLC**
G2XGP	**G2X Energy GP LLC**
G2XLP	**G2X Energy LP**
G2XB	**G2X (Beaumont) LLC**
FW	**Firewater LLC (Delaware)**
NGL	**Natgasoline Land Holding LLC (Delaware)**
NG	**Natgasoline LLC (Delaware)**
G2XMX	**G2X Energy Mexico S. De R.L. De C.V.**

CEL(CH) ASSOCIATED COMPANIES

OMC	**Oman Methanol Company L.L.C.**
MHIL	**Methanol Holdings International Limited**
CNC	**Caribbean Nitrogen Company Limited**
N2K	**Nitrogen (2000) Unlimited**

CONSOLIDATED ENERGY LIMITED, WOLLERAU

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	DECEMBER 31, 2017	DECEMBER 31, 2016*
ASSETS			
Non-current assets		**USD'000**	**USD'000**
Property, plant and equipment	14	3'718'116	3'566'407
Intangible assets	16	550'827	569'019
Investment property	15	46'348	46'348
Investments in associates	11.2	446'966	457'222
Non-financial assets	18	629	3'972
Net employee defined benefit assets	26	7'201	11'398
Deferred tax assets	13	85'780	102'550
Total non-current assets		**4'855'867**	**4'756'916**
Current assets			
Inventories	20	125'294	127'585
Trade and other receivables	21	321'421	223'931
Assets held for sale	19	35'000	–
Income tax receivables	13	4'677	5'244
Restricted cash and securities	22	18'807	57'349
Cash and cash equivalents	23	171'543	258'012
Total current assets		**676'742**	**672'121**
TOTAL ASSETS		**5'532'609**	**5'429'037**
LIABILITIES AND EQUITY			
Equity			
Share capital		20'877	20'877
Capital reserves		305'285	305'198
Retained earnings		931'136	1'082'611
Equity attributable to equity holders of the parent		**1'257'298**	**1'408'686**
Non-controlling interests		861'027	764'892
TOTAL EQUITY		**2'118'325**	**2'173'578**
Borrowings and loans	17.1	2'371'885	2'310'870
Derivatives	17.3	2'420	2'247
Deferred tax liabilities	13	384'202	422'174
Provisions	25	389'383	385'730
Total non-current liabilities		**3'147'890**	**3'121'021**
Borrowings and loans	17.1	19'063	22'345
Trade and other payables	27	220'915	110'889
Liabilities held for sale	19	6'997	–
Derivatives	17.3	9	–
Income tax liabilities	13	19'410	1'204
Total current liabilities		**266'394**	**134'438**
TOTAL LIABILITIES		**3'414'284**	**3'255'459**
TOTAL LIABILITIES AND EQUITY		**5'532'609**	**5'429'037**

* *reclassifications (see note 6)*

CONSOLIDATED STATEMENT OF PROFIT/(LOSS)

	NOTE	2017 USD'000	2016 USD'000
Net sales	12.1	**1'077'252**	**711'592**
Other operating income	12.2	13'717	23'983
Purchase of materials, goods and services	12.4	-679'517	-363'380
Change in finished goods		5'333	-16'591
Employee benefits expense	12.5	-22'784	-8'878
Other operating expense	12.6	-206'648	-141'950
Share of profit from associates	11.2	31'165	10'517
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**218'518**	**215'293**
Depreciation, amortisation and impairment	14, 16, 25	-261'030	-202'990
Earnings before interest and taxes (EBIT)		**-42'512**	**12'303**
Financial income	12.3	3'810	2'370
Financial expense	12.7	-172'942	-134'130
Financial result, net		**-169'132**	**-131'760**
Loss before taxes (EBT)		**-211'644**	**-119'457**
Income tax	13	-18'984	-24'266
Net loss for the year		**-230'628**	**-143'723**
Net loss attributable to:			
Equity holders of the parent		-177'978	-127'126
Non-controlling interests		-52'650	-16'597

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME/(LOSS)

	2017		
	Owners of the parent USD'000	Non-controlling interests USD'000	Total USD'000
Net loss	**-177'978**	**-52'650**	**-230'628**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	5'906	–	5'906
Income tax effect	-2'067	–	-2'067
Other comprehensive income	**3'839**	**–**	**3'839**
Total comprehensive loss	**-174'139**	**-52'650**	**-226'789**

	2016		
	Owners of the parent USD'000	Non-controlling interests USD'000	Total USD'000
Net loss	**-127'126**	**-16'597**	**-143'723**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	-417	–	-417
Income tax effect	146	–	146
Other comprehensive loss	**-271**	**–**	**-271**
Total comprehensive loss	**-127'397**	**-16'597**	**-143'994**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital USD'000	Capital reserves USD'000	Retained earnings USD'000	Total parent equity USD'000	Non-controlling interests USD'000	Total equity USD'000
As of January 1, 2017	**20'877**	**305'198**	**1'082'611**	**1'408'686**	**764'892**	**2'173'578**
Total comprehensive income/(loss)						
Net loss for the year	–	–	-177'978	-177'978	-52'650	-230'628
Other comprehensive income	–	–	3'839	3'839	–	3'839
Total comprehensive loss	**–**	**–**	**-174'139**	**-174'139**	**-52'650**	**-226'789**
Transactions with non-controlling interest	–	–	22'664	22'664	148'743	171'407
Share-based compensation	–	87	–	87	42	129
As of December 31, 2017	**20'877**	**305'285**	**931'136**	**1'257'298**	**861'027**	**2'118'325**

	Share capital USD'000	Capital reserves USD'000	Retained earnings USD'000	Total parent equity USD'000	Non-controlling interests USD'000	Total equity USD'000
As of January 1, 2016	**54'075**	**–**	**1'024'008**	**1'078'083**	**385'762**	**1'463'845**
Total comprehensive loss						
Net loss for the year	–	–	-127'126	-127'126	-16'597	-143'723
Other comprehensive loss	–	–	-271	-271	–	-271
Total comprehensive loss	**–**	**–**	**-127'397**	**-127'397**	**-16'597**	**-143'994**
Changes in scope of consolidation						
Acquisition of 25% CEL BBS / Incorporation of CEL(CH)	-33'198	57'412	352'774	376'988	-376'983	5
Acquisition of G2X and Firewater	–	–	-156'202	-156'202	765'099	608'897
Other						
Capital increase (net)	–	247'500	–	247'500	–	247'500
Transactions with non-controlling interest	–	–	-10'572	-10'572	7'514	-3'058
Share-based compensation	–	286	–	286	97	383
As of December 31, 2016	**20'877**	**305'198**	**1'082'611**	**1'408'686**	**764'892**	**2'173'578**

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	2017 USD'000	2016* USD'000
Cash flow from operating activities			
Loss before taxes		**-211'644**	**-119'457**
Adjustments:			
Depreciation, amortisation and impairment	14, 16, 25	261'030	202'990
Interest expense	12.7	123'947	116'319
Interest income on loans		-1'075	-1'074
Share of results of associates	11.2	-31'165	-10'517
Fair value change of derivatives		182	2'247
Profit on disposal of property, plant and equipment		1'182	16'759
Share-based compensation		129	383
Movements in provisions and pensions		14'923	-3'659
Other non-cash items		23'317	11'744
Working capital adjustments			
Inventories		642	-3'518
Trade and other receivables		-94'169	126'585
Trade and other payables		119'900	-104'070
Income tax paid		-23'481	-14'560
Net cash flow from operating activities		**183'718**	**220'172**
Cash flow from investing activities			
Purchase of property, plant and equipment	14	-399'839	-492'835
Dividends from associated companies	11.2	34'941	18'143
Interest received		1'075	1'271
Increase investment in associated companies		6'480	–
Loans to third and related party		31	–
Sale of other non-current assets		3'343	–
Acquisition of subsidiaries, net of cash acquired	11	–	50'372
Change in restricted cash and securities	22	38'546	-57'349
Net cash flow from investing activities		**-315'423**	**-480'398**
Cash flow from financing activities			
Proceeds from borrowings	17.1	851'250	242'034
Loans from related party	17.1	–	107'000
Transaction costs on borrowings	17.1	-17'313	-344
Repayment of other borrowings		-827'221	-181'670
Increase/decrease in non-controlling interests	11.1	171'407	-3'400
Interest paid		-132'889	-109'302
Capital increase		–	250'000
Net cash flow from financing activities		**45'236**	**304'318**
Net change in cash and cash equivalents		**-86'469**	**44'092**
Cash and cash equivalents at beginning of the year	23	258'012	213'920
Cash and cash equivalents at end of the year	23	171'543	258'012
Change in cash and cash equivalents		**-86'469**	**44'092**

* *reclassifications (see note 6)*

NOTES TO THE CONSOLIDATED STATEMENTS

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NOTES TO THE CONSOLIDATED STATEMENTS

NOTE 1 CORPORATE INFORMATION

The consolidated financial statements of Consolidated Energy Limited ("the Company" or "Parent Company" or "CEL(CH)") and its subsidiaries (collectively "Group" or "CEL Group") for the twelve months ended December 31, 2017 were authorised for issue in accordance with the resolution of the board of directors on April 6, 2018 and are subject to approval by the Company's shareholders.

The Company acts as an investment holding company. At December 31, 2017 the Company held direct investments in several companies. Its principal office is located at Samstagernstrasse 41, 8832 Wollerau in Switzerland.

The principal activities of the CEL Group are production of methanol and urea ammonium nitrate (UAN).

CEL(CH) and its subsidiaries are a global group with its principal activities as producer of petrochemical products.

In the petrochemical sector with investments in Trinidad, Oman and the USA the Group is one of the world's largest producers of methanol. A further focus is the production of fertilizer such as ammonia and UAN. With upstream integration and the evaluation of new investment opportunities the worldwide presence of the Group in this sector is expanding.

The Group's principal subsidiaries at December 31, 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

FULL CONSOLIDATION		**DECEMBER 31, 2017**	**DECEMBER 31, 2016**
		Ownership interests held by the Group	
Name of entity, country of incorporation		**%**	**%**
OPAG (Barbados) Ltd, Barbados	OPAG	100.0	100.0
Consolidated Energy Limited, Barbados	CELBBS	100.0	100.0
Consolidated Energy Finance S.A., Luxembourg	CEF	100.0	100.0
Methanol Holdings (Trinidad) Limited, Trinidad and Tobago	MHTL	100.0	100.0
Methanol Holdings (Delaware) LLC, USA	MHDL	100.0	100.0
FS Petrochemicals (St. Kitts) Limited, St. Kitts and Nevis	FSP	100.0	100.0
G2X Energy, Inc., USA	G2X	67.7	74.6
BLF Holdings LLC, USA	BLFH	67.7	74.6
Big Lake Fuels LLC, USA	BLF	67.7	74.6
G2X Resources LLC, USA	G2XR	67.7	74.6
TRDC LLC, USA	TRDC	67.7	74.6
Pampa Fuels LLC, USA	PF	67.7	74.6
G2X Energy Marketing LLC, USA	G2XM	67.7	74.6
G2X Energy Plant Services LLC, USA	G2XPS	67.7	74.6
G2X Energy GP LLC, USA	G2XGP	67.7	74.6
G2X Energy LP, USA	G2XLP	67.7	74.6
G2X Energy (Beaumont) LLC, USA	G2XB	67.7	74.6
G2X Energy Mexico S. De R.L. De C.V., Mexico	G2XMX	67.7	–
Firewater LLC, USA	FW	33.9	37.3
Natgasoline Land Holding LLC, USA	NGL	33.9	37.3
Natgasoline LLC, USA	NG	33.9	37.3

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not been disclosed in other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) *Changes in accounting policies*

Changes effective in 2017

In 2017 the Group has implemented various amendments to existing standards and interpretations, which have no material impact on the Group's overall results and financial position.

The amendments to IAS 7 "Statement of Cash Flows: Disclosure Initiative" require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group has provided the information in note 17.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9:

In July 2014, the IASB issued IFRS 9, Financial Instruments. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities especially with regard to managing non-financial risks. The new standard is effective for annual reporting periods beginning on or after January 1, 2018, while early application is permitted.

The Group will adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed an impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. Further the Group does not apply hedge accounting.

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. Based on a detailed assessment and due to the nature of its loans and receivables, the Group does not expect a significant impact on its balance sheet or equity on applying the impairment model under the IFRS 9 standard.

IFRS 15:

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised when, or as, the customer obtains control of the

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

a) *Changes in accounting policies* (continued)

goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018; early application is permitted.

The Group is focused on the production of methanol and fertilizers and to a smaller extent on engineering, procurement and construction (EPC) as well as other management and plant services. During 2017 the Group performed an assessment of IFRS 15.

Sale of product

For the majority of contracts with customers the sale of product is the only performance obligation, for these contracts the adoption of IFRS 15 is not expected to have any impact on the Group's revenue and profit or loss.

IFRS 16:

In January 2016, the IASB issued IFRS 16, Leases. IFRS 16 eliminates the current classification model for lessee's lease contracts as either operating or finance leases and, instead, introduces a single lessee accounting model requiring lessees to recognise right-of-use assets and lease liabilities for leases with a term of more than twelve months. This brings the previous off-balance leases on the balance sheet in a manner largely comparable to current finance lease accounting. IFRS 16 is effective for annual periods beginning on or after January 1, 2019; earlier application is permitted if IFRS 15 is already applied. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. Adoption of IFRS 16 will result in the Group recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment. The Group is expecting that current leasing arrangements relating to shipping vessels, storage tanks and buildings will be capitalized under IFRS 16. In 2018, the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

b) *Associates and equity accounting / Joint ventures*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

b) *Associates and equity accounting / Joint ventures* (continued)

When the Group ceases to equity account for an investment because significant influence is lost, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Under IFRS 11 Joint arrangement investments are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has only joint ventures. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

c) *Income tax*

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

c) *Income tax* (continued)

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

d) *Business combinations*

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

e) *Inventories*

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

e) *Inventories* (continued)

purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

f) *Financial assets*

Classification

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in profit or loss.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

f) Financial assets (continued)

loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

h) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

i) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

i) Property, plant and equipment (continued)

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 Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Impairment of property, plant and equipment

The Group evaluates property, plant and equipment for impairment whenever events and circumstances indicate that a decline in the recoverability of the carrying value may have occurred. The Group estimates the expected discounted future cash flows of its oil and natural gas properties and compares such discounted future cash flows to the carrying value of the oil and natural gas properties to determine if the carrying amount is recoverable. If the carrying amount exceeds the estimated recoverable amount, the Group will adjust the carrying amount of the oil and natural gas properties to recoverable amount (higher of value in use and fair value less costs of disposal). The factors used to determine fair value are subjected to management's judgment and expertise.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

● Undeveloped land	N/A
● Plant & Buildings	25 –50 years
● PP&E under Construction	N/A
● Office Furniture & Equipment	2 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Once financial close/notice to proceed is reasonable assured, the Company starts capitalizing the project costs.

j) Intangible assets

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

● Goodwill	–
● Patents and licences	indefinite
● Contract related intangible assets	contract term

Goodwill

Goodwill arising on the acquisition of subsidiaries is initially measured at the excess of the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the net identifiable assets acquired and liabilities assumed. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in profit or loss.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

j) Intangible assets (continued)

After initial recognition, goodwill acquired in a business combination is measured at the amount recognised at the acquisition date less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination, from the date of acquisition is allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the cash generating unit containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

k) Borrowings

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

l) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

m) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

m) Provisions (continued)

determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

n) Employee benefits Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

Share-based compensation expense is measured at the grant date based on the fair value of the equity award and is recognised as an expense, less expected forfeitures, over the requisite service period,

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

n) Employee benefits Short-term obligations (continued)

which is generally the vesting period. The fair value of each equity award is estimated on the date of grant using the Black-Scholes option-pricing model. The Group recognised share-based compensation expense on the graded-vesting method for its equity awards issued to the employees. Determining the fair value of share-based awards at the grant date requires judgment, including estimating the expected volatility, expected term, risk-free interest rate and expected dividends.

o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 3 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

- In line with the funding requirements for the completion of the construction of the Natgasoline methanol plant in Beaumont, Texas, G2X Management Partners LLC (third party) made a capital contribution to G2X in the amount of $ 96.4 million, diluting the interests of CELCH to 67.72% by paying a premium.

- Continued gas curtailments in Trinidad forced the Group to temporarily shut down two of its five methanol plants. One of the plants remained offline for the whole year. The negative impact of these gas shortages on the Group's financial position and performance during 2017 could partially be mitigated by the higher efficiency of the units remaining online.

- Further the positive methanol pricing development helped the Group counteract the lower production volumes due to the gas supply shortages.

- Hurricane Harvey hit the Texas Coast at the end of August 2017. This event not only impacted employees in the Group located in Houston, Texas but more so the Natgasoline construction site and the region of Beaumont, forcing a reduction in efficiency of construction works for several months.

- Expecting an improved gas supply in the near future the Group decided to bring forward the turnaround of its M4 plant, scheduled for 2018, into the fourth quarter of 2017. The M4 plant is the Group's second most efficient plant and will improve the Group's financial position once additional gas becomes available.

- The Group settled its outstanding drilling carry commitment and acquired leasehold for a total consideration of $ 70 million in January 2018. Therefore, the existing wellbore interests capitalized were impaired by $ 38 million and an onerous contract accrual of $57 million was booked in 2017.

- During 2017, the Group issued two new bonds to de-risk its financing structure. An Unsecured Floating Rate Bond due June 15, 2022 in the nominal amount of $ 300 million and an Unsecured Fixed Rate Bond due June 15, 2025 in the nominal amount of $ 500 million at issue prices of 99.75% and 99.50% respectively.

- These new bonds were used to repay the former Unsecured Floating Rate Bond in the amount of $ 200 million due 2019 and partially repay the Unsecured Fixed Rate Bond in the amount of $ 551.2 million also due 2019.

NOTE 4 BASIS OF PREPARATION

The consolidated financial statements of Consolidated Energy Limited and its subsidiaries ("the Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets through profit and loss that have been measured at fair value. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (USD'000).

NOTE 5 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of CEL(CH) and its subsidiaries as at December 31, 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, as required, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTE 6 RECLASSIFICATIONS

In the consolidated statement of financial position as at December 31, 2016, the invested restricted cash in marketable securities of $ 29 million was reclassified to restricted cash. Following a re-assessment of the terms and conditions of the invested cash, the Group has reclassified amounts previously presented as marketable securities to restricted cash and securities in the balance sheet and adjusted the comparative amount accordingly. Further the accrued interest on the bonds of $ 32.1 million have been reclassified from trade and other payables to current and non-current borrowings and loans. The reason for the reclassification is a consistent application of the effective interest method within the Group and consistent presentation of the resulting amounts in the balance sheet.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	NOTE	DECEMBER 31, 2016 REPORTED USD'000	RECLASSIFICATION USD'000	DECEMBER 31, 2016 RESTATED USD'000
Total non-current assets		**4'756'916**	**–**	**4'756'916**
Marketable securities		29'015	-29'015	–
Restricted cash and securites	22	28'334	29'015	57'349
Total current assets		**672'121**	**–**	**672'121**
TOTAL ASSETS		**5'429'037**	**–**	**5'429'037**
Borrowings and loans	17.1	2'299'236	11'634	2'310'870
Total non-current liabilities		**3'109'387**	**11'634**	**3'121'021**
Borrowings and loans	17.1	1'849	20'496	22'345
Trade and other payables	27	143'019	-32'130	110'889
Total current liabilities		**146'072**	**-11'634**	**134'438**
TOTAL LIABILITIES AND EQUITY		**5'429'037**	**–**	**5'429'037**

CONSOLIDATED STATEMENT OF CASH FLOWS	2016 REPORTED USD'000	RECLASSIFICATION USD'000	2016 RECLASSIFIED USD'000
Loss before taxes	**-119'457**	**–**	**-119'457**
Net cash flow from operating activities	**220'172**	**–**	**220'172**
Purchase of marketable securities	-29'015	29'015	–
Change restricted cash and securites	-28'334	-29'015	-57'349
Net cash flow from investing activities	**-480'398**	**–**	**-480'398**
Net cash flow from financing activities	**304'318**	**–**	**304'318**

NOTE 7 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its products and services. The reportable segments are "Methanol" and "Ammonia and derivatives" (urea ammonium nitrate solution and melamine).

Methanol

Methanol is an important ingredient in many industrial and consumer products. The methanol segment comprises of all methanol production facilities and the resources to operate these facilities. Almost all of the methanol is sold to one customer, which then distributes to customers worldwide.

Ammonia & derivatives

Ammonia is almost always the primary source of the nitrogen content in fertilizers which represent the most important end-use market for ammonia. The ammonia segment comprises all ammonia facilities and the resources to operate these facilities. It also includes the AUM (ammonia, urea, melamine) complex at MHTL which produces ammonia as an intermediary product which is further processed to the downstream products UAN (urea ammonium nitrate), a liquid fertilizer, and melamine, a crystalline compound for the production of plastics. Almost all of the ammonia is sold to one customer, which then distributes to customers worldwide.

Other

Includes all activities to provide EPC (Engineering, Procurement and Construction) services for the construction of new production facilities or the maintenance of existing facilities for the group or third parties. It further includes gas production facilities, logistic activities as well as general corporate services.

The reportable segments are presented in a manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM), which has been identified as the Chief Executive Officer (CEO). The CODM monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on earnings before interest, depreciation and amortisation (EBITDA).

Segment information 2017	**Note**	**Methanol USD'000**	**Ammonia & derivatives USD'000**	**Total segments USD'000**	**All other USD'000**	**Adjustments and eliminations USD'000**	**Total consolidated USD'000**
Revenue							
External customers		860'975	197'906	**1'058'881**	18'371	–	**1'077'252**
Inter-segment		–	–	–	–		–
Total revenue		**860'975**	**197'906**	**1'058'881**	**18'371**	**–**	**1'077'252**
Income/(expenses) – other disclosures							
Impairment		–	–	–	-39'326	–	**-39'326**
Share of profit and loss of associates		–	8'852	8'852	22'313	–	**31'165**
Reconcilation of profit							
Segment profit (EBITDA)		**248'348**	**47'640**	**295'988**	**-76'204**	**-1'266**	**218'518**
Depreciation, amortisation and impairment	14, 16, 25						-261'030
Financial result, net	12.3, 12.7						-169'132
Loss before taxes (EBT)							**-211'644**

NOTE 7 SEGMENT INFORMATION (continued)

Segment information 2016	Note	Methanol USD'000	Ammonia & derivatives USD'000	Total segments USD'000	All other USD'000	Adjustments and eliminations USD'000	Total consolidated USD'000
Revenue							
External customers		502'148	203'703	705'851	5'741	–	711'592
Inter-segment		–	–	–	–	–	–
Total revenue		**502'148**	**203'703**	**705'851**	**5'741**	**–**	**711'592**
Income/(expenses)							
Impairment		–	–	–	–	–	–
Share of profit and loss of associates		–	9'556	**9'556**	961	**–**	**10'517**
Reconcilation of profit							
Segment profit (EBITDA)		**153'625**	**69'075**	**222'699**	**-5'436**	**-1'971**	**215'293**
Depreciation, amortisation and impairment	14, 16, 25						-202'990
Financial result, net	12.3, 12.7						-131'760
Loss before taxes (EBT)							**-119'457**

GEOGRAPHICAL INFORMATION	REVENUE FROM EXTERNAL CUSTOMERS 2017 USD'000	2016 USD'000
Location to which the product is shipped		
Europe	341'783	237'226
North America	654'770	351'100
South America	68'924	51'401
Asia	11'775	71'865
Total	**1'077'252**	**711'592**

GEOGRAPHICAL INFORMATION	2017 USD'000	2016 USD'000
Location of the non-current assets		
North America	1'934'967	1'658'926
South America	2'827'919	2'984'043
Total	**4'762'886**	**4'642'969**

Methanol and Ammonia product sales are made to two related party customers. These customers act as worldwide distributors. Revenue from these customers was $ 1'077 million (2016: $ 712 million). $ 861 million (2016: $ 502 million) in the Methanol segment, $ 198 million (2016: $ 204 million) in the Ammonia Segment and $ 18 million (2016: $ 6 million) in all other segments.

NOTE 7 SEGMENT INFORMATION (continued)

None of the revenues were generated in Switzerland (country of domicile) and none of non-current assets are placed in Switzerland.

Geographic information for revenues is based on the location to which the product is shipped, for non-current assets geographic information is based on the location of the entity.

Non-current assets for this purpose consist of property, plant and equipment, investment properties, intangible assets, long-term non-financial asset and investments in associates.

NOTE 8 CRITICAL ESTIMATES AND JUDGEMENTS

Estimates and judgements 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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimates:

a) *Decommissioning and dismantlement costs*

The Group relied on the experience of a related party contractor in estimating decommissioning costs for its plants. The provision has been estimated using existing technology, at current prices, and using discount rates between 3.84% and 4.33% and an inflation rate of 2%.

b) *Income taxes*

Estimates are 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. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

A deferred tax asset is recognised for temporary differences that will result in deductible amounts in future years and for taxable loss carryforwards. As per December 31, 2017, the Group has total deferred tax assets in the amount of $ 86 million (2016: $ 103 million). The recoverability of those assets depends on the future profitability of the Group.

c) *Net employee defined benefit assets*

The pension asset represents 70% of the surplus of the fair value of the plan assets over the defined benefit obligation which the Group's subsidiary MHTL expects to realise following a winding up of the pension plan. The eventual realisation of the surplus is dependent on the decision of the trustees who will take into consideration the advice of the actuaries and relevant legislative and statutory bodies. The Board has a conditional agreement with the members of the plan subject to approval by the Trustees to share the surplus equally between the Group and the plan members.

d) *Impairment of Non-financial assets*

The carrying values of PP&E and of intangible assets are impacted by estimates and assumptions of the useful lives and residual values of the Group's petrochemical plants and the results of any

NOTE 8 CRITICAL ESTIMATES AND JUDGEMENTS (continued)

Estimates (continued)**:**

d) *Impairment of Non-financial assets* (continued)

impairment recognised. The above are affected by but not limited to the following factors: natural gas supply, inflation, estimates of future selling prices and discount rates, maintenance programs and companies growth.

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next ten to twelve years and do not include restructuring activities that the Group 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 sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

e) *Provision for inventory obsolescence of inventory spares*

This provision is dependent on assumptions which include technical compatibility or usability, the frequency of movement and age.

f) *Revenue recognition: price adjustments*

Adjustments are made in relation to certain related party sales where the final prices are only determined upon sale of the product to third party customers, which is assumed to be at least one month from loading of the delivery vessel. The adjustment is based on the estimated final price, which is determined with reference to market prices after the reporting date.

Judgements:

No material judgements relating to the application of accounting policies are included in the consolidated financial statements 2017

NOTE 9 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest risk, credit risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects on the Group's financial performance.

Market risk

a) *Currency risk*

Management considers that the Group is not exposed to significant foreign exchange risk arising from currency exposure primarily because all receipts by way of equity and all significant payments are denominated in United States dollars. Dividend income and major expenses are denominated in United States dollars. Transactions in other currencies are not significant.

b) *Interest rate risk*

The Group's interest rate risk arises from long-term loans from third parties. Notes and other long term loans issued at variable rates expose the Group to cash flow interest rate risk.

NOTE 9 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

c) *Credit risk*

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only high profile institutions are utilised. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors.

Financial risk

a) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flow.

The table below shows the undiscounted cash flows (principal and interest payments) of the Group's non-derivative financial liabilities classed by maturity groupings from the statement of financial position date:

AT DECEMBER 31, 2017

	Note	Within 1 year USD'000	Between 1 and 2 years USD'000	Between 2 and 5 years USD'000	Over 5 years USD'000	Total USD'000
Trade and other payables (incl. accruals)	27	220'915	–	–	–	220'915
Borrowings (incl. interest)		127'795	627'519	1'546'756	939'405	3'241'475
Total		**348'710**	**627'519**	**1'546'756**	**939'405**	**3'462'390**

AT DECEMBER 31, 2016*

	Note	Within 1 year USD'000	Between 1 and 2 years USD'000	Between 2 and 5 years USD'000	Over 5 years USD'000	Total USD'000
Trade and other payables (incl. accruals)	27	110'889	–	–	–	110'889
Borrowings (incl. interest)		184'589	122'183	2'287'975	627'486	3'222'233
Total		**295'478**	**122'183**	**2'287'975**	**627'486**	**3'333'122**

* *reclassifications (see note 6)*

b) *Capital management*

The Group's objectives when managing capital are to safeguard the Group'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.

NOTE 9 FINANCIAL RISK MANAGEMENT (continued)

Financial risk (continued)

b) Capital management (continued)

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at December 31, 2017 and 2016 were as follows:

	Note	2017 USD'000	2016* USD'000
Total borrowings	17.1	2'390'948	2'333'215
Less: cash and cash equivalents	23	-171'543	-258'012
Less: restricted cash	22	-18'807	-57'349
Net debt		**2'200'598**	**2'017'854**
Total equity		2'118'325	2'173'578
Total net debt and equity		4'318'923	4'191'432
Gearing ratio		**49.0%**	**51.9%**

* *reclassifications (see note 6)*

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call borrowings. There have been no breaches of the financial covenants of any borrowings in the current period.

c) Derivatives

The Group's subsidiary G2X uses two-way costless collar options to reduce the volatility of natural gas prices on a significant portion of its future expected natural gas purchases. A two-way collar is a combination of a call option and a put option. G2X has not designated any derivative instruments as hedges for accounting purposes and does not enter into such instruments for speculative trading purposes. As of December 31, 2017 and 2016, the terms of such instruments are set forth in the tables below:

2017 Period covered	Hedged Volume	Weighted Average Floor Price USD	Weighted Average CeilingPrice USD
Collars – 2018	22'687'500	2.58	3.50
Collars – 2019*	31'487'500	2.55	3.50
Collars – 2020*	32'025'000	2.55	3.50
Collars – 2021*	7'875'000	2.55	3.50

* *Includes certain enhanced collars which knock-in at a predetermined price.*

NOTE 9 FINANCIAL RISK MANAGEMENT (continued)

Financial risk (continued)

c) *Derivatives* (continued)

2016 Period covered	Hedged Volume	Weighted Average Floor Price USD	Weighted Average CeilingPrice USD
Collars – 2018	25’245’000	2.58	3.50
Collars – 2019	30’112’500	2.58	3.50
Collars – 2020	30’195’000	2.58	3.50
Collars – 2021	4’867’500	2.58	3.50

The following table sets forth the fair values and classification of the outstanding derivatives:

	Gross Amounts of Recognised Assets USD’000	Gross Amounts of Recognised Liabilities USD’000	Net Amounts Presented in the Consolidated Balance Sheets USD’000
Derivatives:			
As of December 31, 2017:			
Short term derivative liabilities	2’463	-2’472	-9
Long term derivative liabilities	9’750	-12’170	-2’420
Total	**12’213**	**-14’642**	**-2’429**
Derivatives:			
As of December 31, 2016:			
Long term derivative liabilities	17’072	-19’319	-2’247
Total	**17’072**	**-19’319**	**-2’247**

NOTE 10 FOREIGN CURRENCY TRANSLATION

a) *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in United States Dollar (“USD”, “$”), which is the Group’s presentation currency and the functional currency of the parent and the major operating entities of the Group.

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

NOTE 11 INTERESTS IN OTHER ENTITIES

11.1 Subsidiaries with significant non-controlling interests

a) Material subsidiaries

The Group's principal subsidiaries at December 31, 2017 are set out in note 1.

b) Non-controlling interest

Set out below is summarised financial information for the subsidiary that has non-controlling interests. The amounts disclosed for the subsidiary are before intercompany eliminations.

SUMMARISED STATEMENT OF FINANCIAL POSITION

	G2X 31.12.2017 USD'000	**G2X* 31.12.2016 USD'000**
Current assets	147'382	77'913
Non-current assets	1'934'967	1'658'926
Total assets	**2'082'349**	**1'736'839**
Current liabilities	-148'677	-36'532
Non-current liabilities	-561'586	-531'635
Equity/net assets	**1'372'086**	**1'168'672**
Accumulated NCI	**861'027**	**764'892**

* *reclassifications (see note 6)*

At December 31, 2017 $ 617 million (at G2X level) from total NCI of $ 861 million relate to Firewater LLC, (2016: $ 627 million).

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

	G2X 31.12.2017 USD'000	**G2X 31.12.2016 USD'000**
Revenue	47'808	22'311
Loss for the year	**-142'721**	**-22'356**
Loss allocated to NCI	-52'650	-7'818
Group's share of result	**-90'071**	**-14'538**

NOTE 11 INTERESTS IN OTHER ENTITIES (continued)

11.1 Subsidiaries with significant non-controlling interests (continued)

b) *Non-controlling interest* (continued)

SUMMARISED CASH FLOWS

	G2X 2017 USD'000	G2X 2016 USD'000
Cash flows from operating activities	10'391	-57'089
Cash flows from investing activities	-299'321	-336'847
Cash flows from financing activities	352'331	47'280
Net increase/(decrease) in cash and cash equivalents	**63'401**	**-346'656**

c) *Transactions with non-controlling interests*

In connection with the capital increase of G2X, during 2017 the Group acquired 58'199'991 of the issued shares at a price of $ 3. Transactions with non-controlling interests relate to the participation of non-controlling interests in the G2X capital increase of total $ 346 million, thereof an amount of $ 171 million contributed by non-controlling interests.

11.2 Investment in associated companies

Set out below are the associates of the Group as at December 31, 2017 and 2016 which are material to the Group. MHIL is an investment holding company. CNC and N2K are the owners of two ammonia manufacturing plants in Trinidad. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

NATURE OF INVESTMENTS OF THE GROUP FOR 2017 AND 2016:

Name of entity	Place of business / country of incorporation	ownership interest 31.12.2017 %	ownership interest 31.12.2016 %	Share equity 31.12.2017 USD'000	Share equity 31.12.2016 USD'000	Share result 31.12.2017 USD'000	Share result 31.12.2016 USD'000
Methanol Holdings (International) Limited* (MHIL)	St. Kitts and Nevis	43.47	43.47	265'566	269'334	22'313	961
Caribbean Nitrogen Company Ltd (CNC)	Trinidad and Tobago	30.00	30.00	91'979	96'356	4'483	6'592
Nitrogen (2000) Unlimited (N2K)	Trinidad and Tobago	30.00	30.00	89'421	91'532	4'369	2'964
Total				**446'966**	**457'222**	**31'165**	**10'517**

* *Methanol Holdings (International) Limited is an investment holding company with a 60% interest in Oman Methanol Company LLC. CEL(CH) holds a 43.47% interest in Methanol Holdings (International) Limited. As a result of this ownership structure, CEL(CH) holds a 26.08% effective interest in Oman Methanol Company LLC.*

NOTE 11 INTERESTS IN OTHER ENTITIES (continued)

11.2 Investment in associated companies (continued)

SUMMARISED FINANCIAL INFORMATION OF INVESTMENTS IN ASSOCIATES

The following table illustrates the summarised financial information of the Group's investments in associates accounted for using the equity method:

Name of entity	MHIL 31.12.2017 USD'000	MHIL 31.12.2016 USD'000	CNC 31.12.2017 USD'000	CNC 31.12.2016 USD'000	N2K 31.12.2017 USD'000	N2K 31.12.2016 USD'000
Current assets	146'318	135'694	59'812	62'558	50'679	35'767
Non-current assets	219'073	241'192	123'604	120'090	146'253	172'411
Total assets (without FV-adjustments)	**365'391**	**376'886**	**183'416**	**182'648**	**196'932**	**208'178**
Current liabilities	52'340	70'591	18'044	6'807	28'861	23'041
Non-current liabilities	74'055	53'023	37'659	33'538	82'903	92'933
Total liabilities	**126'395**	**123'614**	**55'703**	**40'345**	**111'764**	**115'974**
Net assets	**238'996**	**253'272**	**127'713**	**142'303**	**85'168**	**92'204**

RECONCILIATION OF CARRYING AMOUNT OF INVESTMENTS IN ASSOCIATES

Name of entity	MHIL 31.12.2017 USD'000	MHIL 31.12.2016 USD'000	CNC 31.12.2017 USD'000	CNC 31.12.2016 USD'000	N2K 31.12.2017 USD'000	N2K 31.12.2016 USD'000
Opening net assets**	716'908	713'057	320'655	-324'056	305'108	330'327
Profit after taxation	85'674	3'851	14'942	21'974	14'564	9'881
Less: reduction in share capital	–	–	–	–	-21'600	–
Less: dividends	-100'000	–	-29'532	-25'375	–	-35'100
Net assets	**702'582**	**716'908**	**306'065**	**320'655**	**298'072**	**305'108**
Less: non-controlling interests	-92'016	-97'672	–	–	–	–
Other differences	351	351	531	531	–	–
	610'917	**619'587**	**306'596**	**321'186**	**298'072**	**305'108**
Group's carrying amount of investment	**265'566**	**269'334**	**91'979**	**96'356**	**89'421**	**91'532**

** *Figures include fair value adjustments made at the relevant times of acquisition.*

NOTE 11 INTERESTS IN OTHER ENTITIES (continued)

11.2 Investment in associated companies (continued)

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

Name of entity	MHIL 31.12.2017 USD'000	MHIL 31.12.2016 USD'000	CNC 31.12.2017 USD'000	CNC 31.12.2016 USD'000	N2K 31.12.2017 USD'000	N2K 31.12.2016 USD'000
Revenue	332'079	253'308	122'259	127'153	130'289	141'288
Profit before taxation	105'249	5'178	24'917	37'508	24'427	17'839
Profit after taxation/ Total comprehensive income	85'674	3'851	14'942	21'974	14'564	9'881
Group's share of result	**22'313**	**961**	**4'483**	**6'592**	**4'369**	**2'964**

NOTE 12 MATERIAL PROFIT AND LOSS ITEMS / OTHER INCOME AND EXPENSE ITEMS

12.1 Net sales

Revenue comprises the fair value of the consideration received or receivable for the sale of product in the ordinary course of the Group's activities.

Revenue from Methanol, Ammonia, UAN and Melamine sales is recognised when the title to the product passes to the purchaser, in accordance with contractual arrangements, normally at the time of loading onto delivery vessels. In respect of certain related party sales, final prices are only determined upon sale of the product to third party customers. In respect of other sales, final prices are agreed upon receipt of the product by the customer.

Sales invoice pricing is laid out in the individual sales contracts and is determined on the following basis, less taxes on revenue, and value added tax:

- Methanol – Prices are derived from published market prices less distribution costs which include marketing fees, customer discounts, storage and handling costs and other transshipment costs.

- UAN – Prices are derived from published market prices less distribution costs which include marketing fees, water dilution costs, storage and surveyor costs, financing fees and custom duties.

- Melamine – Prices are derived from negotiated prices between the Group's customer and the final customer on a quarterly basis. The final sales price is determined after deducting distribution costs and marketing fees.

- Ammonia – Prices are derived from published market prices less market discounts.

	2017 USD'000	2016 USD'000
Gross revenue from sale of product	1'191'587	830'469
Sales deduction	-114'335	-118'877
Total net sales	**1'077'252**	**711'592**

NOTE 12 MATERIAL PROFIT AND LOSS ITEMS / OTHER INCOME AND EXPENSE ITEMS (continued)

12.1 Net sales (continued)

The revenue increase is a result of a higher sales volume in Q4 and higher methanol prices during 2017.

12.2 Other operating income

	2017 USD'000	2016 USD'000
Freight & Shipping income	10'269	12'688
Insurance claim refund	1'637	10'609
Other	1'811	686
Total other operating income	**13'717**	**23'983**

MHTL operates a fleet of vessels to transport finished products to customers. Customers are invoiced for the shipping costs.

12.3 Financial income

	2017 USD'000	2016 USD'000
Interest income	1'075	1'727
Other financial income	2'735	643
Total financial income	**3'810**	**2'370**

12.4 Purchase of materials, goods and services

Purchase of materials, goods and services increased in 2017 to $ 680 million (2016: $ 363 million) essentially by higher gas purchases and other production consumables to meet the sales commitments in year 2017.

12.5 Employee benefits

	2017 USD'000	2016 USD'000
Wages and salaries	10'928	6'985
Pension expense	10'350	432
Social security costs	1'202	732
Share-based compensation	128	383
Severance payments	–	325
Other personnel expenses	176	21
Total personnel expenses	**22'784**	**8'878**

The Group has approximately 220 employees, mainly in operations and management of production facilities (prior year: approx. 140 employees). Production staff at MHTL are sub-contracted from a related party and are not included in the number of employees. The increase in wages and salaries is mainly driven by new personnel at the Natgasoline plant.

NOTE 12 MATERIAL PROFIT AND LOSS ITEMS / OTHER INCOME AND EXPENSE ITEMS (continued)

12.5 Employee benefits (continued)

Share-based payments

The G2X's 2012 Stock Option Plan (the "2012 Plan") provides for the issuance of restricted stock and stock options for up to 9.7 million shares of common stock to qualified personnel.

Options are generally granted with exercise prices equal to the fair value of the common stock on the grant date. The options expire no more than 10 years after the date of grant or earlier if employment or relationship as an employee or an executive is terminated.

During 2017, the Group recognised approx. $ 0.1 million of share-based compensation (2016: $ 0.4 million in the period since acquisition of G2X until year-end).

12.6 Other operating expenses

	2017 USD'000	**2016 USD'000**
Consulting, legal and audit fees	7'936	9'022
Repairs and maintenance	7'598	3'855
Travelling	1'839	1'613
Rental and leasing	118'803	103'953
Insurance	462	427
Administration	5'969	3'105
Loss on sale of PPE	1'186	16'763
Non-income taxes	1'494	1'569
Miscellaneous other expenses	61'361	1'643
Total other operating expenses	**206'648**	**141'950**

The Group uses consultants and legal services mainly in developing new projects. In 2017 the Group started to enhance its security and risk management policy and engaged an internationally reputable consulting firm to get adequate support.

Due to the nature and structure of the Group, a wide range of activities are being covered, ranging from up-stream gas exploration, over construction, engineering and procurement of petrochemical plants to production, transport and marketing. Consequently, other expenses arise from a similarly wide range.

The main reason for the increase in other operating expenses is an additional $ 57 million accrued for the onerous Drilling Carry commitments of the Group at 31 December 2017. The Drilling Carry commitment was subsequently terminated in January 2018, refer to note 3.

NOTE 12 MATERIAL PROFIT AND LOSS ITEMS / OTHER INCOME AND EXPENSE ITEMS (continued)

12.7 Financial expenses

	2017 USD'000	2016* USD'000
Interest expenses	123'192	116'911
Foreign exchange losses	78	2'222
Unrealised loss on derivative instruments	182	2'247
Unwinding of discount	10'727	9'565
Option redemption on old fixed rate notes	21'592	–
Write off fees on redeemed fixed and floating notes	13'556	–
Other financial expenses	3'615	3'185
Total financial expenses	**172'942**	**134'130**

The majority of the increase in financial expenses belongs to write-off fees on redeemed Consolidated Energy floating and fixed rate notes as well as the option redemption premium on the fixed rate notes.

NOTE 13 INCOME TAX

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in other comprehensive income (OCI) and how the tax expense is affected by non-assessable and non-deductible items.

On December 22, 2017, the U.S. President signed into law Public Law No. 115-97, commonly referred to as the Tax Cuts and Jobs Act, following its passage by the U.S. Congress (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21%; (2) changing rules related to uses and limitations of net operating loss carryforwards; and (3) creating a new limitation on deductible interest expense. Subject to further IRS guidance on the Tax Act and further review during the compliance process, the Group made efforts to make reasonable provisional estimates to the effects of the Tax Act in the consolidated financial statements and will continue to assess and adjust over time as more information becomes available.

The major components of income tax expenses for the years ended December 31, 2017 and 2016 are:

Consolidated statement of profit or loss:

	2017 USD'000	2016 USD'000
Current income tax:		
Current income tax charge	37'003	5'344
Adjustments in respect of current income tax of previous year	5'251	–
Deferred tax:		
Relating to origination and reversal of temporary differences	-41'368	-7'121
Relating to loss carry forward	18'098	26'043
Income tax expense reported in the statement of profit or loss	**18'984**	**24'266**

NOTE 13 INCOME TAX (continued)

Consolidated statement of OCI:

	2017 USD'000	2016 USD'000
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on actuarial gains and losses	-2'067	146
Deferred tax charged to OCI	**-2'067**	**146**

Reconciliation of tax expense and the accounting profit multiplied by the parent's domestic tax rate for 2016 and 2017:

INCOME TAX

	2017 Total USD'000	2016 Total USD'000
Loss before tax (EBT)	**-211'644**	**-119'457**
Parent tax rate	7.8%	7.8%
Theoretical taxation expense at applicable domestic tax rate of parent (before adjustments)	-16'508	-9'318
Reconciling items:		
items taxed at rates other than the applicable tax rate	-25'983	5'175
forex impact on PP&E at TTD tax base	–	17'244
unrecognised temporary differences	20'288	–
unrecognised taxable losses	27'458	9'060
non-deductible expenses and other permanent differences	7'401	7'102
income not subjected to tax	-1'071	-263
adjustment in respect of prior years	7'055	2'006
other differences	344	-6'740
Income tax expense as per statement of profit and loss	**18'984**	**24'266**

NOTE 13 INCOME TAX (continued)

Deferred tax relates to the following:

DEFERRED TAX ASSETS

	2017 USD'000	2016 USD'000
The balance comprises temporary differences attributable to:		
Non-current financial receivables	2'800	–
Tax losses	–	18'098
Non-current provisions	36'251	36'035
Other current liabilities	5'762	–
Non-current financial liabilities	625	427
Fair value adjustments	48'267	52'948
Inventories	100	–
Total deferred tax assets (gross)	**93'805**	**107'508**
Netting adjustments	-8'025	-4'958
Total deferred tax assets (net)	**85'780**	**102'550**

DEFERRED TAX LIABILITIES

	2017 USD'000	2016 USD'000
The balance comprises temporary differences attributable to:		
Fair value adjustments	12'859	17'303
Accelerated depreciation	376'847	404'534
Pension	2'521	3'989
Other	–	1'306
Total deferred tax liabilities (gross)	**392'227**	**427'132**
Netting adjustments	-8'025	-4'958
Deferred tax assets	85'780	102'550
Deferred tax liabilities	384'202	422'174
Deferred tax liabilities (net)	**298'422**	**319'624**

NOTE 13 INCOME TAX (continued)

UNRECOGNISED TAX LOSS CARRY FORWARDS

Expiry dates of tax losses for which no deferred tax asset has been recognised:

Expiry in:	2017 USD'000	2016 USD'000
1 year	–	–
2 years	–	–
3 years	1'701	–
4-7 years	314'192	220'435
>8 years	211'412	135'818
unlimited	–	–
Total	**527'305**	**356'253**

Unrecognised temporary difference at December 31, 2017 was $ 71.1 million (2016: $ 0 million).

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

a) *Movement tables*

DECEMBER 31, 2017

Values at cost	Plant & Buildings (incl. Land) USD'000	PP&E under Construction USD'000	Office Furniture & Equipment USD'000	Total USD'000
At January 1, 2017	**2'528'309**	**1'487'470**	**5'701**	**4'021'480**
Additions	117'558	314'203	866	432'628
Disposals	-1'182	–	–	-1'182
Reclassification to held for sale	-120'416	–	–	-120'416
Revaluation of assets	11'307	–	–	11'307
At December 31, 2017	**2'535'576**	**1'801'673**	**6'567**	**4'343'816**
Depreciation and impairment				
At January 1, 2017	**-453'135**	**–**	**-1'938**	**-455'073**
Depreciation	-215'895	–	-823	-216'718
Impairment of assets	-39'326	–	–	-39'326
Reclassification to held for sale	85'417	–	–	85'417
At December 31, 2017	**-622'939**	**–**	**-2'761**	**-625'700**
Net book value				
At January 1, 2017	**2'075'174**	**1'487'470**	**3'763**	**3'566'407**
At December 31, 2017	**1'912'637**	**1'801'673**	**3'806**	**3'718'116**

NOTE 14 PROPERTY, PLANT AND EQUIPMENT (continued)

a) Movement tables (continued)

DECEMBER 31, 2016

Values at cost	Plant & Buildings (incl. Land) USD'000	PP&E under Construction USD'000	Office Furniture & Equipment USD'000	Total USD'000
At January 1, 2016	**2'273'846**	**–**	**4'637**	**2'278'483**
Additions	182'397	300'555	849	483'801
Acquisition G2X (transaction under common control)	98'764	7'133	215	106'112
Acquisition Firewater (business combination)	19'146	1'179'782	–	1'198'928
Disposals	-35'262	–	–	-35'262
Revaluation of assets	-10'582	–	–	-10'582
At December 31, 2016	**2'528'309**	**1'487'470**	**5'701**	**4'021'480**
Depreciation and impairment				
At January 1, 2016	**-269'390**	**–**	**-1'125**	**-270'515**
Depreciation	-202'236	–	-813	-203'049
Disposals	18'491	–	–	18'491
At December 31, 2016	**-453'135**	**–**	**-1'938**	**-455'073**
Net book value				
At January 1, 2016	**2'004'456**	**–**	**3'512**	**2'007'968**
At December 31, 2016	**2'075'174**	**1'487'470**	**3'763**	**3'566'407**

During the year, two of the Group's plants, remained temporarily off- line as a result of raw material supply limitations. As at 31 December 2017 the carrying value of these assets was $ 130 million (2016: $ 140 million).

The Group continues to be in negotiations with its natural gas supplier for the renewal of gas contracts for four of its Methanol plants, as well as developing alternative gas supplies from other sources. At the time of the issuance of these consolidated financial statements, negotiations and initiatives were still ongoing.

In 2017, the Company recorded a $ 38 million pre-tax, non-cash impairment charge in order to write its gas reserves down to estimated fair value of $ 35 million. The impairment was primarily driven by sustained decreases of natural gas prices in 2017 and the fair value was determined by the mutually agreed upon selling price of the wellbore interest conveyed in the Termination Agreement with Terra Energy Partners LLC that was executed in January 2018. The asset was therefore reclassified as held for sale (see note 19).

Furthermore during the year ended December 31, 2017, the Group invested $ 308 million in the construction of the Natgasoline plant in the USA. $ 65 million were also invested in spudding wells and drilling activities. The total additions of $ 433 million also include $ 50 million of material and equipment replacements or additions relating to plants maintenance.

The amount of borrowing costs capitalised during the year ended 31 December 2017 was $ 45 million (2016: $ 29 million).

Revaluation of assets refers to adjustments in connection with changes in decommissioning liabilities.

NOTE 15 INVESTMENT PROPERTIES

The investment properties in the amount of $ 46 million were acquired in 2016 and reflects the property of Natgasoline plant measured at cost.

a) Amounts recognised in profit or loss for investment properties

During 2017 no amounts are recognised in profit or loss for investment properties, due to the fact that the mentioned property was not leased to third parties in 2017.

NOTE 16 INTANGIBLE ASSETS

2017

Values at cost	Goodwill USD'000	Patents and licenses USD'000	Contract related intangible assets USD'000	Total USD'000
At January 1, 2017	**578'003**	**5'009**	**79'101**	**662'113**
At December 31, 2017	**578'003**	**5'009**	**79'101**	**662'113**
Depreciation and impairment				
At January 1, 2017	**-63'431**	**–**	**-29'663**	**-93'094**
Amortisation	–	–	-13'184	-13'184
Impairment of assets	–	-5'009	–	-5'009
At December 31, 2017	**-63'431**	**-5'009**	**-42'847**	**-111'287**
Net book value				
At January 1, 2017	**514'572**	**5'009**	**49'438**	**569'019**
At December 31, 2017	**514'572**	**–**	**36'254**	**550'827**

2016

Values at cost	Goodwill USD'000	Patents and licenses USD'000	Contract related intangible assets USD'000	Total USD'000
At January 1, 2016	578'003	–	79'101	657'104
Additions at cost	–	5'009	–	5'009
At December 31, 2016	**578'003**	**5'009**	**79'101**	**662'113**
Depreciation and impairment				
At January 1, 2016	**-63'431**	**–**	**-16'479**	**-79'910**
Amortisation	–	–	-13'184	-13'184
At December 31, 2016	**-63'431**	**–**	**-29'663**	**-93'094**
Net book value				
At January 1, 2016	**514'572**	**–**	**62'622**	**577'194**
At December 31, 2016	**514'572**	**5'009**	**49'438**	**569'019**

Patents and Licenses

Methanol to Gasoline Process License and Engineering Agreement

In June 2012, the Group's subsidiary G2X entered into a Methanol to Gasoline Process License and Engineering Agreement (the "Agreement") with ExxonMobil for the rights to use its methanol-to-gas-oline ("MTG") technology.

NOTE 16 INTANGIBLE ASSETS (continued)

Patents and Licenses (continued)

Methanol to Gasoline Process License and Engineering Agreement (continued)

This Agreement grants the Group rights to produce a specified quantity of gasoline barrels per day for a license fee of $ 6.0 million. Pursuant to the terms of the Agreement, in the event the Company exceeds the maximum allowable volume of production, the Company will be required to pay a pro rata increase in the license fee. In 2014, the Company executed an amendment to amend certain provisions within the agreement including but not limited to the location of the plant facility. No payment was made in 2016 or 2017.

Methanol to Gasoline License Option Agreement

In October 2012 the Group entered into a Methanol to Gasoline ("MTG") License Option Agreement (the "License Agreement") with ExxonMobil, which allows the Group to obtain nine additional licenses to use the MTG technology.

The Company paid a fee of $ 2.0 million and may exercise its right from the effective date until the earlier of (i) January 1, 2018 or (ii) the execution of the ninth MTG license. Pursuant to the License Agreement, for each of the first four licenses exercised by the Company, ExxonMobil has agreed to provide a credit of $ 500 thousand against the Company's payment of the first installment of each license fee.

Through January 1, 2018, the Company did not exercise its right to obtain any licenses under the License Agreement. Hence such licenses in the amount of $ 5 million were charged to impairment expense in the consolidated statement of operations for the year ended December 31, 2017.

Contract related intangible assets

The contract related intangible asset relates to favourable terms of one of the raw material supply contracts of the subsidiary, MHTL, relative to market conditions at the acquisition date. This intangible asset is being amortised over the remaining period of the contract, which is five years.

The amount amortised for the year ended December 31, 2017 of $ 13.18 million (2016: $ 13.18 million) is included in depreciation and amortisation.

Impairment testing

Goodwill

Goodwill is monitored by management at the level of each cash generating unit.

2017

	Methanol USD'000	Ammonia & derivatives USD'000	Total USD'000
MHTL	401'682	112'890	514'572
	401'682	**112'890**	**514'572**

2016

	Methanol USD'000	Ammonia & derivatives USD'000	Total USD'000
MHTL	401'682	112'890	514'572
	401'682	**112'890**	**514'572**

NOTE 16 INTANGIBLE ASSETS (continued)

Impairment testing (continued)

Goodwill (continued)

The Group performed its annual impairment test in December 2017 and December 2016 and considers several factors when reviewing for indicators of impairment. In 2017, these factors included the temporary decline in prices in the petro-chemical industry coupled with natural gas curtailments in Trinidad where the CGUs are located. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

Methanol CGU

The recoverable amount of the Methanol CGU, $1.9. billion as at 31 December 2017 (2016: $2.2 billion), has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a ten-year period. This period is used in line with management's annual, 10 year forecasting timeline. Gas contracts for the methanol plants are set on a plant level. Management prepares budgets with this timeline in mind given the turnaround cycles of each plant are 4-5 years and it is deemed appropriate that at least two cycles ahead should be planned for, both financially and operationally. The pre-tax discount rate applied to cash flow projections is 12.82% and cash flows beyond the ten-year period are extrapolated using a 2.24% growth rate which is within the range of the long term forecasts for the industry in which the CGU operates. As a result of the analysis, management did not identify an impairment for this CGU.

Ammonia & derivatives CGU

The recoverable amount of the Ammonia & derivates CGU, $1.2 billion as at 31 December 2017 (2016: $1.4 billion), has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a ten-year period. This period is used in line with management's annual, 11 year forecasting timeline. This is to reflect the operational performance of the plants during the period of the current gas contract with the National Gas Company of Trinidad and Tobago. In addition, Management prepares budgets with this timeline in mind given the turnaround cycles of each plant are 4-5 years and it is deemed appropriate that at least two cycles ahead should be planned for, both financially and operationally. The pre-tax discount rate applied to cash flow projections is 9.76% and cash flows beyond the ten-year period are extrapolated using a 2.24% growth rate which is within the range of the long term forecasts for the industry in which the CGU operates. As a result of this analysis, management did not identify any further impairment for this CGU.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for both Methanol and Ammonia units is most sensitive to the following assumptions:

- Sales volume
- Production volume
- Sales price
- Discount rates
- Raw materials cost
- Capital expenditure
- Growth rates used to extrapolate cash flows beyond the forecast period.

NOTE 16 INTANGIBLE ASSETS (continued)

Impairment testing (continued)

Sales volume

Sale volume is equal to the forecasted production volume for each unit, given that the off takers are contracted to take the full production volume of the plants.

Production volume

Production volume is based on the plant maintaining a production rate consistent with past experience taking into consideration downtime for turnaround activities and normal day to day maintenance.

Sales prices

Sales prices for methanol, melamine, UAN and ammonia are determined based on external sources of information, adjusted where required, based on management's experience in the business and published prices.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating divisions and is derived from its weighted average cost of capital (WACC). The WACC takes into account both cost of debt and cost of equity. Specific industry risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in the pre-tax discount rate to 9,88% in the AUM unit would result in an impairment. A rise in the pre-tax discount rate to 17.06% in the Methanol unit would result in impairment.

Raw materials

The major component of raw material is natural gas. The natural gas pricing is based on a formula included in the subsidiary's long term contract with its supplier. It has been assumed that gas supplies will continue into the long term given the current reserves coupled with the Group and Government current endeavours to sustain the gas supplies.

Capital expenditure

These costs are forecasted by the plants' operators, who based on past experience and continual monitoring of the facilities are able to determine the future capital needs of each unit.

Growth rate

Rate is based on industry research. This rate is used to extrapolate cash flows beyond the forecast period. A decrease to 1.8389% in the long-term growth rate in the AUM unit would result in an impairment. For the Methanol unit, a 0% long-term growth rate would not result in an impairment.

NOTE 17 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial instruments by category

	DECEMBER 31, 2017		DECEMBER 31, 2016*	
	Loans and receivables USD'000	At fair value through profit or loss USD'000	Loans and receivables USD'000	At fair value through profit or loss USD'000
Assets as per balance sheet:				
Trade and other receivables excluding prepaid expense	295'150	–	205'166	–
Restricted cash and securities	18'807	–	57'349	–
Cash and cash equivalents	171'543	–	258'012	–
Total	**485'500**	**–**	**520'527**	**–**

* *reclassifications (see note 6)*

	DECEMBER 31, 2017		DECEMBER 31, 2016*	
	Liabilities at amortised cost USD'000	At fair value through profit or loss USD'000	Liabilities at amortised cost USD'000	At fair value through profit or loss USD'000
Liabilities as per balance sheet:				
Borrowings and loans	2'390'948	–	2'333'215	–
Derivative financial instruments	–	2'429	–	2'247
Trade and other payables	220'915	–	110'889	–
Total	**2'611'863**	**2'429**	**2'444'104**	**2'247**

* *reclassifications (see note 6)*

NOTE 17 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

17.1 Financial liabilities

	DECEMBER 31, 2017		DECEMBER 31, 2016*	
	Carrying amount USD'000	Fair value USD'000	Carrying amount USD'000	Fair value USD'000
Financial liabilities at amortised cost:				
Notes in issue				
Consolidated Energy USD 6.75% 2019 Unsecured Bond Fixed Rate	495'916	515'740	1'035'196	1'070'213
Consolidated Energy USD L350 2019 Unsecured Bond Floating Rate	–	–	196'228	195'188
Consolidated Energy USD 6.875% 2025 Unsecured Bond Fixed Rate	487'360	533'682	–	–
Consolidated Energy USD L375 2022 Unsecured Bond Floating Rate	295'954	301'874	–	–
Total notes in issue	**1'279'230**	**1'351'296**	**1'231'424**	**1'265'401**
Other borrowings				
Natgasoline USD 10PIK 2021 Unsecured Pass Through Bonds	320'667	323'459	292'759	293'646
MHTL USD L275 2020 Revolving Bank Loan	260'000	260'000	293'307	300'000
MHTL USD L350 2022 Term Loan B	271'984	288'611	279'278	300'101
Natgasoline USD 5.75% 2031 Senior Revenue bonds Series 2016B	186'296	215'344	185'325	212'652
Natgasoline USD 5.75% 2031 Senior Revenue bonds Series 2016A	46'362	52'764	46'139	52'403
Natgasoline USD 10 2021 OCI Contingency Loan	20'000	20'000	–	–
Trail Ridge USD L250 Reserve Based Loan	5'642	5'642	3'133	3'133
G2X 2021 Mortgage liability	767	767	793	793
Other notes payable	–	–	1'057	1'057
Total other borrowings	**1'111'718**	**1'166'587**	**1'101'791**	**1'163'785**
Borrowings and loans	**2'390'948**	**2'517'884**	**2'333'215**	**2'429'186**
Less: borrowings and loans (current)	-19'063		-22'345	
Non current borrowings and loans	**2'371'885**		**2'310'870**	
Trade and other payable	220'915	220'915	110'889	110'889
Total trade and other payables	**220'915**	**220'915**	**110'889**	**110'889**

* *reclassifications (see note 6)*

NOTE 17 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

17.1 Financial liabilities (continued)

Fair value estimation

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value measurement hierarchy for liabilities as at December 31, 2017:

	Total USD'000	Quoted prices in active markets (Level 1) USD'000	Significant observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000
Liabilities for which fair values are disclosed Interest-bearing loans and borrowings:				
Consolidated Energy USD 6.75% 2019 Unsecured Bond Fixed Rate	515'740	515'740	–	–
Consolidated Energy USD 6.875% 2025 Unsecured Bond Fixed Rate	533'682	533'682	–	–
Consolidated Energy USD L375 2022 Unsecured Bond Floating Rate	301'874	301'874	–	–
Natgasoline USD 10PIK 2021 Unsecured Pass Through Bonds	323'459	323'459	–	–
MHTL USD L275 2020 Revolving Bank Loan	260'000	–	260'000	–
MHTL USD L350 2022 Term Loan B	288'611	–	288'611	–
Natgasoline USD 5.75% 2031 Senior Revenue bonds Series 2016B	215'344	215'344	–	–
Natgasoline USD 5.75% 2031 Senior Revenue bonds Series 2016A	52'764	52'764	–	–
Trail Ridge USD L250 Reserve Based Loan	5'642	–	5'642	–
G2X 2021 Mortgage liability	767	–	767	–
Natgasoline USD 10 2021 OCI Contingency Loan	20'000	–	20'000	–
Total	**2'517'883**	**1'942'863**	**575'020**	**–**

NOTE 17 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

17.1 Financial liabilities (continued)

Fair value estimation (continued)

Fair value measurement hierarchy for liabilities as at December 31, 2016*:

	Total USD'000	Quoted prices in active markets (Level 1) USD'000	Significant observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000
Liabilities for which fair values are disclosed Interest-bearing loans and borrowings:				
Consolidated Energy USD 6.75% 2019 Unsecured Bond Fixed Rate	1'070'213	1'070'213	–	–
Consolidated Energy USD L350 2019 Unsecured Bond Floating Rate	195'188	–	195'188	–
MHTL USD L275 2020 Revolving Bank Loan	300'000	–	300'000	–
MHTL USD L350 2022 Term Loan B	300'101	–	300'101	–
Trail Ridge USD L250 Reserve Based Loan	3'133	–	3'133	–
Other notes payable	1'057	–	1'057	–
G2X 2021 Mortgage liability	793	–	793	–
Natgasoline USD 10PIK 2021 Unsecured Pass Through Bonds	293'646	293'646	–	–
Natgasoline USD 5.75% 2031 Senior Revenue bonds Series 2016A	52'403	52'403	–	–
Natgasoline USD 5.75% 2031 Senior Revenue bonds Series 2016B	212'652	212'652	–	–
Total	**2'429'186**	**1'628'914**	**800'272**	**–**

* *reclassifications (see note 6)*

Notes in issue

In 2014, in order to finance the acquisition of the remaining 56.53% of the shares of MHTL by Consolidated Energy Ltd (Barbados) and Consolidated Energy Finance S.A. (CEF), both subsidiaries of the Group issued unsecured notes. The notes issued by the subsidiaries on October 7, 2014 are in the form of general unsecured bonds.

The notes have a maturity period of 5 years until October 15, 2019 and have been issued in two tranches:

- Consolidated Energy USD 6.75% 2019 Unsecured Bond Fixed Rate:

  A fixed yield tranche of $ 1'050 million carrying an interest rate of 6.75% per annum. Interest will accrue from the issue date and is payable semi-annually in arrears on each April 15 and October 15, commencing on April 15, 2015. In June 2017 the note was partially repaid in the amount of $ 551.2 million.

NOTE 17 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

17.1 Financial liabilities (continued)

Notes in issue (continued)

- Consolidated Energy USD L350 2019 Unsecured Bond Floating Rate:

  A variable yield tranche of $ 200 million carrying a floating rate of interest equal to three month LIBOR plus 3.5% per annum. Interest will accrue from the issue date and is payable quarterly in arrears on each January 15, April 15, July 15 and October 15, commencing on January 15, 2015. In June 2017 the note was repaid.

  Due to the early redemption of the above two bonds, an additional premium of $ 19.0 million was incurred and $ 13.6 million of capitalized issuance costs were amortized.

  In 2017 in order to fully repay the former Consolidated Energy USD L350 2019 Unsecured Floating Rate Bond in the amount of $ 200 million and a part of the Consolidated Energy USD 6.75% 2019 Unsecured Fixed Rate Bond, CEF issued another unsecured note amounting to $ 551.2 million. The remaining amount was used for general purposes.

  The notes have a maturity period of 8 and 5 years until June 15, 2025, June 15, 2022:

- Consolidated Energy USD 6.875% 2025 Unsecured Bond Fixed Rate:

  A fixed yield tranche of $ 500 million carrying an interest rate of 6.875% per annum, at an issue price of 99.50%. Interest will accrue from the issue date and is payable semi-annually in arrears on each June 15 and December 15, commencing on December 15, 2017.

- Consolidated Energy USD L375 2022 Unsecured Bond Floating Rate:

  A variable yield tranche of $ 300 million carrying a floating rate of interest equal to three month LIBOR plus 3.75% per annum at an issue price of 99.75%. Interest will accrue from the issue date and is payable quarterly in arrears on each March 15, June 15, September 15 and December 15, commencing on September 15, 2017.

Guarantees

The notes are fully and unconditionally guaranteed on a senior unsecured basis by the parent guarantor, and the parent guarantor's subsidiaries.

The payment of the principal of premium, if any, and interest on the notes and the obligations of the guarantors under the guarantees will:

- be effectively subordinated in right of payment to any existing and future secured indebtedness of CEF and the guarantors, including the MHTL's loans, to the extent of the value of the assets securing such indebtedness;

- be pari passu in right of payment with all existing and future indebtedness of CEF and the guarantors that is not subordinated in right of payment to the notes and the guarantees;

- rank senior in right of payment to all existing and future indebtedness of CEF and the guarantors that is subordinated in right of payment to the notes and the guarantees; and

- be structurally subordinated to all indebtedness, claims of holders of preferred stock and other liabilities of the parent guarantor's future subsidiaries that are not guarantors.

NOTE 17 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

17.1 Financial liabilities (continued)

MHTL USD L350 2022 Term Loan B and MHTL USD L275 2020 Revolving Bank Loan:

Term Loan B

An initial term loan in the aggregate principal amount of $ 290 million for a period of seven years, payable in quarterly installments equal to 0.25% of the aggregate principal amount of the initial term loan outstanding on the closing date (as such repayment amount shall be reduced as a result of the application of any prepayments), commencing on September 30, 2015, with a final payment at maturity equal to the outstanding principal amount at that date.

Interest is charged at a eurocurrency rate plus a margin in the case of any eurocurrency rate loan denominated in dollars or a base rate plus a margin for base rate loans. The eurocurrency rate is determined to be the rate per annum equal to LIBOR for deposits in US dollars. The Base Rate means, for any day, a fluctuating rate per annum equal to the highest of:

a) the federal funds rate plus ½ of 1%

b) the prime rate per annum as publically announced by the Administrative Agent

c) the adjusted eurocurrency rate on such day for an interest period of 1 month plus 1%, and

d) 1.75% provided that if the base rate shall be less than zero, such rate shall be deemed zero.

The margin ranges from 2.25% – 3.5% and is dependent on MHTL's leverage ratio. The applicable rate of interest in relation to the term loan as at December 31, 2017 is 5.07% (December 31, 2016: 4.27%.)

MHTL Revolving Bank Loan

A revolving credit facility in the aggregate principal amount of $ 300 million for an initial term of five years.

Interest is also charged at a base rate plus a margin. The margin ranges from 1.50 - 2.75% and is dependent on MHTL's leverage ratio. The applicable rate of interest in relation to the revolving credit facility as at 31 December 2017 is: (i) Drawdown $ 240 million – 4.32% (2016:3.44%), (ii) Drawdown $ 20 million – 4.32% (2016: 3.52%). Additionally, a commitment fee of 0.375 – 0.5% per annum is charged on the undrawn balance. As at December 31, 2017 an aggregate amount of $ 260 million has been drawn in respect of this facility.

This facility has been classified as non-current on the basis that the Group expects and has the discretion to roll over the obligation for at least 12 months and expects to exercise same.

The Term Loan B and Revolving Bank Loan are secured by a first priority mortgage and charge for the benefit of JPMorgan Chase Bank over MHTL's fixed and floating assets pursuant to the 2015 amended and restated deed of Mortgage debenture.

The credit agreements outline specific payments which are restricted unless the Group maintains $ 100 million in liquidity at the time of the payment. Liquidity is defined as the sum of the unutilised revolving credit facility and cash & cash equivalents. The Group has complied fully with the terms and conditions of its credit agreements.

Natgasoline USD 10PIK 2021 Unsecured Pass Through Bonds:

Upon acquiring Firewater LLC, the Group acquired a note between Natgasoline LLC and OCI N.V ("OCI") for $ 321.2 million. The loan accrues interest on the unpaid principal amount at a rate equal to

NOTE 17 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

17.1 Financial liabilities (continued)

Natgasoline USD 10PIK 2021 Unsecured Pass Through Bonds (continued)**:**

10% per annum. Interest shall accrue on the loan and will be added to the principal balance every six months. All principal and interest will be due and payable on June 30, 2021. Subsequent to the acquisition, $ 50.0 million of the principal was paid on the note. On July 22, 2016 the note was amended and restated in an aggregate principal amount of $ 279.2 million. On August 30, 2016 the Group entered into a financing agreement with the Public Finance Authority (“PFA Issuer”). The PFA Issuer issued $ 279.2 million of bonds with terms consistent with the amended and restated note. The Group amended and restated the note in favor of the PFA Issuer. The Group must repay the bonds (i) on and after commercial operations from any available cash and (ii) from the net proceeds of any additional debt raised.

Natgasoline USD 5.75% 2031 Senior Revenue Bonds Series 2016A and Natgasoline USD 5.75% 2031 Senior Revenue bonds Series 2016B:

The Group is party to a Bond Financing Agreement, dated May 1, 2016, between the Mission Economic Development Corporation (the “Issuer”) and Natgasoline LLC (“Natgasoline”). On May 4, 2016, the Issuer issued $ 50.0 million aggregate principal amount 5.75% bonds, Series 2016A due October 1, 2031 (the “Series A Bonds”) and $ 202.9 million aggregate principal amount 5.75% bonds, Series 2016B due October 1, 2031 (the “Series B Bonds”)(collectively Series A and Series B, the “Series 2016 Bonds”).

The Issuer loaned the proceeds from the issuance of the Series 2016 bonds to Natgasoline. Natgasoline issued a promissory note to the Issuer in the principal amount of $ 252.9 million to evidence its obligations to the Issuer. Natgasoline has the option to repay the promissory note. Natgasoline’s obligations are secured by a collateral assignment of and the grant of a lien on and security interest in (i) all of the personal property of Natgasoline, (ii) the membership interests in Natgasoline, and (iii) by a mortgage on, and security interest in real property and improvements, fixtures and equipment thereon.

The 2016 Financing Agreement also contains various covenants that restrict Natgasoline from, among other things, creating any non-permitted liens or incurring additional debt. The Series 2016 Bonds have mandatory redemption features. Principal payments are due April 1 and October 1 each year beginning on October 1, 2028.

Trail Ridge USD L250 Reserve Based Loan:

On August 26, 2014, one of G2X’s wholly-owned subsidiaries entered into a Senior First Lien Secured Credit Agreement with a credit facility commitment of $ 100.0 million that expires in August 2019. Borrowings under the facility are secured by a first priority lien on substantially all of its oil and natural gas properties. The facility is guaranteed by G2X. G2X may use the borrowings under the facility for acquiring and developing oil and natural gas properties, for working capital purposes and for general and administrative purposes.

As of December 31, 2017 and 2016, the borrowing base under the facility was $ 7.0 million and $ 7.0 million, respectively. The facility does not require any repayments of amounts outstanding until it expires in August 2019. As of December 31, 2017, the Group was in compliance with the financial covenants. The Group had $ 5.7 million and $ 3.1 million outstanding, net of debt issuance costs, as of December 31, 2017 and 2016, respectively. The facility had a weighted average effective interest rate of 3.64% and 3.05% for 2017 and 2016, respectively.

NOTE 17 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

17.1 Financial liabilities (continued)

Natgasoline USD 10 2021 OCI Contingency Loan

In October 2017, Natgasoline entered into a Promissory Note with NNS Holding, an affiliate of OCI ("OCI Promissory Note") with a principal balance of $ 3.4 million to fund the remaining construction at Natgasoline. The OCI Promissory Note matures on June 30, 2021, and interest shall accrue at a rate of 10% per annum. Interest payment shall be paid in-kind every six months starting February 1, 2018.

In November 2017, Natgasoline amended and restated the OCI Promissory Note to have a total principal balance of up to $ 50 million. Draws on the OCI Promissory Note will fund the construction needs each month until the Natgasoline project has been completed. As of December 31, 2017, total outstanding on the OCI Promissory Note is $ 20.0 million.

17.2 Changes in liabilities arising fromfinancingactivities

2017

	At January 01, 2017* USD'000	Cash flows USD'000	Interest charges USD'000	Changes in fair values USD'000	Other non-cash changes USD'000	At December 31, 2017 USD'000
Borrowings and loans current	22'345	-21'577	12'793	–	5'502	19'063
Borrowings and loans non-current	2'310'870	28'293	12'827	–	19'895	2'371'885
Derivatives current	–	–	–	9	–	9
Derivatives non-current	2'247	–	–	173	–	2'420
Total liabilitiesfrom financing activities	**2'335'462**	**6'716**	**25'620**	**182**	**25'397**	**2'393'377**

* *reclassifications (see note 6)*

17.3 Derivatives

The Group entered into call and put options securities (Fair value level 2) to manage the exposure to changes in natural gas feedstock to the future plant. These derivative instruments are not designated as hedges.

NOTE 18 NON-FINANCIAL ASSETS

	2017 USD'000	2016 USD'000
Lease finders fee	629	651
Advance drilling costs	–	3'321
Total non-financial assets	**629**	**3'972**

NOTE 19 ASSETS AND LIABILITIES HELD FOR SALE

	2017 USD'000	2016 USD'000
Assets		
Property, plant and equipment (wellbore interests)	35'000	–
Assets held for sale	**35'000**	**–**

NOTE 19 ASSETS AND LIABILITIES HELD FOR SALE (continued)

	2017 USD'000	2016 USD'000
Liabilities		
Provisions (Decommissioning costs/drilling obligation)	6'997	–
Liabilities directly associated with assets held for sale	**6'997**	**–**

On January 16, 2018, TRDC entered into an agreement with Terra Energy Partners (third party) to terminate its Drilling Carry obligation and obtain title to the leasehold in exchange for $ 35 million in cash consideration as well as the conveyance of the wellbore interest in each existing well, which has been valued by the parties at $ 35 million.

Because of that agreement, the capitalized spudding wells in the amount of $ 35 million and the existing Drilling obligation in the amount of $ 7 million were reclassified to Assets and Liabilities held for sale.

NOTE 20 INVENTORIES

	2017 USD'000	2016 USD'000
Raw materials and supplies	115'838	117'898
Finished goods	19'815	18'396
./. Write down net realisable value	-10'359	-8'709
Total inventories	**125'294**	**127'585**

a) *Assigning costs to inventories*

The costs of individual items of inventory are determined using weighted average costs.

b) *Amounts recognised in profit or loss*

Included in year end inventories is an amount of $ 10.4 million (2016: $ 8.7 million) in relation to manufactured melamine inventory which has been written down to net realisable value.

NOTE 21 TRADE AND OTHER RECEIVABLES

	2017 Current USD'000	2016 Current USD'000
Trade receivables	238'036	157'847
Trade receivables	**238'036**	**157'847**
Other receivables	57'114	47'319
Prepaid expenses	26'271	18'765
Other receivables	**83'385**	**66'084**
Trade and other receivables	**321'421**	**223'931**

NOTE 21 TRADE AND OTHER RECEIVABLES (continued)

a) *Other receivables / prepaid expenses*

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months.

Collateral is not normally obtained.

b) *Fair values of trade and other receivables*

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

c) *Ageing analysis*

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

	Total USD'000	Neither past due nor impaired USD'000	Past due but not impaired <30 days USD'000	30 – 120 days USD'000	>120 days USD'000
2017	238'036	183'016	32'050	17'507	5'463
2016	157'847	118'088	23'274	12'776	3'709

Trade receivables are not interest bearing.

NOTE 22 RESTRICTED CASH

	2017 USD'000	2016* USD'000
Restricted cash current	18'807	57'349

* *reclassifications (see note 6)*

As of December 31, 2017 the total balance of restricted cash is $ 18.8 million (2016: $ 57.3 million), and is part of the senior lien revenue bond 2016 Financing Agreement.

Increases and decreases in restricted cash are shown net in investing cash flows.

NOTE 23 CASH AND CASH EQUIVALENTS

a) *Reconciliation to cash flow statement*

The figures presented in the consolidated statement of financial position reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year.

b) *Classification as cash equivalents*

Term deposits and short-term investments are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no or insignificant loss of interest.

NOTE 24 ISSUED CAPITAL AND RESERVES

Ordinary shares issued and fully paid	**2017 USD'000**	**2016 USD'000**
At January 1	20'877	54'075
At December 31	**20'877**	**20'877**

At December 31, 2017 the Company has issued and fully paid 2'000'000 registered shares of CHF 0.01 par value (as in prior year).

There were no dividends proposed after year end.

NOTE 25 PROVISIONS

2017

Provisions movements	**Decomissioning costs USD'000**	**Contract-related liabilites USD'000**	**Total USD'000**
At January 1, 2017	**234'450**	**151'280**	**385'730**
Additions	1'822	–	1'822
Reclassification to held for sale	-6'997	–	-6'997
Release	–	-13'375	-13'375
Increase in discounted amount	22'034	–	22'034
Reversal	169	–	169
At December 31, 2017	**251'478**	**137'905**	**389'383**
Thereof with a long-term nature	**251'478**	**137'905**	**389'383**

2016

Provisions movements	**Decomissioning costs USD'000**	**Contract-related liabilites USD'000**	**Total USD'000**
At January 1, 2016	**233'622**	**164'654**	**398'276**
Acquisition of G2X (transaction under common control)	4'874	–	4'874
Additions	132	–	132
Release	–	-13'374	-13'374
Increase in discounted amount	6'402	–	6'402
Reversal	-10'580	–	-10'580
At December 31, 2016	**234'450**	**151'280**	**385'730**
Thereof with a long-term nature	**234'450**	**151'280**	**385'730**

Decommissioning costs

The Group's subsidiaries operate petrochemical plants with varying useful lives. Provisions are recognised for the present value of costs to be incurred in the future for the decommissioning of these plants.

The reclassification to held for sale refers to a termination agreement of existing drilling commitments (see note 19).

NOTE 25 PROVISIONS (continued)

Contract-related liabilities

The contract-related liabilities arise from unfavorable terms of charter hire contracts for marine vessels and one of the sales contracts of the subsidiary, MHTL compared to market conditions at the acquisition date.

The provision on the charter hire contracts is released on a straight line basis over the remaining life of each of the vessel contracts is included in depreciation, amortisation and impairment.

NOTE 26 PENSION

a) *Defined benefit pension plans*

The Group operates defined benefit pension plans in Trinidad. The plans provide benefits to members in the form of a guaranteed level of pension payable for life or retirement lump sums. The level of benefits provided depends on the length of service and their salary.

Balance sheet amounts

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	31.12.2017 USD'000	31.12.2016 USD'000
Amounts recognised in the balance sheet		
Present value of funded obligations	23'508	13'348
Fair value of plan assets	-30'709	-29'631
Deficit (surplus) for funded plans	**-7'201**	**-16'283**
Effect of limiting defined benefit asset (asset ceiling)	–	4'885
Net liability (asset)	**-7'201**	**-11'398**
Movement in the defined benefit obligation		
Benefit obligation at beginning of year	**13'348**	**14'334**
Interest expense	645	664
Past service cost	10'643	–
Re-measurement (gains)/losses	-248	-255
Exchange difference	-33	-728
Benefits paid	-847	-667
Benefit obligation at end of year	**23'508**	**13'348**
Change in plan assets		
Fair value of plan assets at beginning of year	**29'631**	**31'266**
Interest income	1'457	1'468
Return on plan assets, excluding amount in interest income	542	-850
Exchange difference	-74	-1'586
Benefits paid	-847	-667
Fair value of plan assets at end of year	**30'709**	**29'631**

NOTE 26 PENSION (continued)

a) *Defined benefit pension plans* (continued)

Balance sheet amounts (continued)

	31.12.2017 USD'000	31.12.2016 USD'000
Balance sheet reconciliation		
Balance sheet liability (asset) beginning of year	-11'398	-11'853
Net pension cost (credit)	10'075	-563
Amounts recognised in OCI	-5'906	417
Exchange difference	28	601
Balance sheet liability (asset) end of year	**-7'201**	**-11'398**
Expense recognised in profit or loss		
Net interest on the net defined benefit liability	568	563
Past service cost	-10'643	–
Total pension cost recognised	**-10'075**	**563**
Amounts recognised in other comprehensive income (OCI)		
Experience gains	790	-595
Effect of limiting defined benefit asset (asset ceiling)	5'116	178
Amount recognised in OCI	**5'906**	**-417**

b) *Asset allocation*

The funded plan in Trinidad shows the following asset allocation:

	2017 USD'000	2016 USD'000
Locally listed equities	771	721
Overseas equities	3'218	3'100
Government issued nominal bonds	10'447	9'816
Corporate bonds	7'557	9'481
Cash and cash equivalents	8'716	6'513
Total locally listed equities	**30'709**	**29'631**

c) *Risk exposure*

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are detailed below:

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.

NOTE 26 PENSION (continued)

c) *Risk exposure* (continued)

Summary of principal assumptions

	2017 %	2016 %
Discount rate		
-Deferred pensioners	3.75%	5.00%
-Pensioners	3.50%	5.00%
Future pension increases	3.00%	3.00%

At both statement of financial position dates, assumptions regarding future mortality are based on Standard PMA/PFA80 (male and female's 80 series pensioner tables) actuarial tables with projected improvements to 2010 for current retirees and to 2020 for future retirees. The life expectancies underlying the value of the defined benefit as at December 31, 2017 are as follows:

	2017	2016
Life expectancy at age 60 for current pensioner in years		
Male	21.0	21.0
Female	25.1	25.1
Life expectancy at age 60 for current members age 40 in years		
Male	21.4	21.4
Female	25.4	25.4

Funding

There are currently no contributing members of the Plan and the Company has given notice for the Plan to be wound-up. As the Plan will be in surplus on wind-up the Company does not expect to pay any contributions to the Plan during 2018.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at December 31, 2017 would have changed as a result of a 1% change in the assumptions used.

	Increase USD'000	Decrease USD'000
Discount rate (change +/- 1%)	-1'796	2'231

NOTE 27 TRADE AND OTHER PAYABLES

	2017 USD'000	2016* USD'000
Trade payables	64'284	49'631
Other current liabilities	70'418	24'670
Accrued expenses	86'213	36'588
Total trade and other payables	**220'915**	**110'889**

* *reclassifications (see note 6)*

NOTE 27 TRADE AND OTHER PAYABLES (continued)

Payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables and accruals are recognised at fair value initially and subsequently measured at amortised cost.

NOTE 28 COMMITMENTS AND CONTINGENCIES

Contingencies

The tax authorities have conducted corporation tax audits of the Group's subsidiary MHTL and its predecessor companies in respect of several years of income. These audits are at various stages ranging from responses to proposals for material adjustments by the tax authorities, objections to assessments and appeals to the Tax Appeal Board.

- On 25 July 2017 MHTL and the tax authorities entered into a Compromise and Settlement Agreement whereby the tax authority has agreed to vary the assessments made with respect to MHTL corporation tax liabilities. MHTL has made a provision of $ 4.1 million for the settlement of withholding tax due on Charter Hire Fees for all years up to and including 2010 and further $ 5.2 million for the settlement of corporation tax for which agreement has been reached with tax authorities. Certain matters remain in dispute.

  With reference to tax authorities assessments noted above, due to the erroneous nature of some of the items in the assessments, the number of legal entities, preamalgamation and the various fiscal incentives provided to the respective entities, it is not practicable to reasonably quantify the exposure at this time.

  Based on independent professional advice, the Group estimates it is not probable that material additional liabilities in respect of the audits described above are expected to crystallise and therefore has not recorded any provision for this matter.

- The tax authorities conducted corporation tax audits of CNC a subsidiary of the Group for years of income 2006, 2007, 2008, 2009, 2010 and 2011. Assessments for 2006, 2007, 2008 and 2009 were raised by the tax authorities amounting to $ 8.8 million (principal), of which CNC has disputed and the matter is being taken to the Tax Appeal Board. Assessments were raised by the tax authority for 2010 and 2011 amounting to $ 7.3 million (principal) and $ 7.3 million (principal) respectively against which CNC objected. The Group is of the view that no material liabilities will arise in connection with the assessments and accordingly no provisions have been made for any potential liabilities which may arise.

- The tax authorities of Trinidad and Tobago have conducted corporation tax audits of N2K, a subsidiary of the Group in respect of the years of income 2007, 2008, 2009, 2010 and 2011. Assessments for 2007, 2008 and 2009 were raised by the tax authorities amounting to $ 4.5 million (principal), of which N2K has objected and the matter is being taken to the Tax Appeal Board. Assessments were also raised for 2010 and 2011 by the tax authority amounting to $ 1.3 million (principal) and $ 1.1 million (principal) respectively against which N2K has objected. The Group is of the view that no material liabilities will arise in connection with the assessments and accordingly no provisions have been made for any potential liabilities which may arise.

Commitments

		2017 **USD'000**	**2016** **USD'000**
Capital commitments	a)	8'000	40'000
Operating lease commitments	b)	1'455'522	1'287'790
Drilling carry commitments	c)	72'100	167'000

NOTE 28 COMMITMENTS AND CONTINGENCIES (continued)

Commitments (continued)

a) *Capital commitments*

The Group has the following capital commitments as at December 31, 2017

- MHTL – $ 8.0 million (2016 – $ 9 million)
- N2K - $ 0 million (2016 – $ 1million)
- CNC - $ 0 million (2016 – $ 30 million)

b) *Operating lease commitments*

The Group leases its manufacturing and administration sites, land, methanol and marine vessels and shipping facilities under non-cancellable lease arrangements for varying periods. As at December 31, future minimum lease payments for the Group are as follows:

	2017 USD'000	2016 USD'000
Up to one year	132'601	110'030
Two to five years	496'520	441'195
Over five years	826'401	736'565
Total	**1'455'522**	**1'287'790**

c) *Drilling carry commitments*

On August 26, 2014, the Group agreed to fund a portion of its operator's well costs on each well up to a total amount of $ 170 million ("Drilling Carry"). The amount of the Drilling Carry for each well is equal to 45% of Terra Energy Partners (third party) 51% working interest on well costs. A wellbore interest is earned as each well is drilled and completed. Upon full satisfaction of the Drilling Carry, the Group would have earned 49% interest in the wellbore as well as the leasehold associated with all existing wells and future drilled wells.

The Group recognised an onerous contract liability of $ 57 million. Subsequently, on January 16, the group executed a termination agreement to settle the remaining drilling carry.

d) *Purchase commitments*

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

The Group has various purchase obligations under certain industrial gas and chemical supply arrangements (such as oxygen supply arrangements), and various transportation and terminalling agreements. The Group entered into these contracts to ensure an adequate supply of utilities and feedstock and adequate storage capacity to operate its facilities. Substantially all of the purchase obligations are based on market prices or adjustments based on market indices. Certain of these purchase obligations include fixed or minimum volume requirements, while others are based on usage requirements. None of these obligations are associated with suppliers' financing arrangements. These purchase obligations are not reflected as liabilities.

One of the Group's subsidiaries, Methanol Holdings (Trinidad) Limited has take or pay contracts for all its gas volumes for the plants and the minimum volumes were all taken during the year. As at the year end, there were no take or pay obligations.

NOTE 28 COMMITMENTS AND CONTINGENCIES (continued)

Commitments (continued)

e) Pledged assets

Residential properties in the amount of $ 930 thousand (2016: $ 979 thousand) are held as collateral in mortgage agreements.

OTHER INFORMATION

NOTE 29 RELATED PARTY DISCLOSURES

Parent entities / Controlling party

Name	Type	Ownership interest 2017 %	Ownership interest 2016 %
Proman Holding AG	Ultimate parent entity	75	75
Helm AG	Ultimate parent of shareholder with significant influence	25	25

Subsidiaries

Interests in subsidiaries are set out in note 1.

Key management personnel compensation

	2017 USD'000	2016 USD'000
Short-term employee benefits	1'381	1'337
Post-employment benefits	5	8
Termination benefits	–	20
Share-based payments	30	383
Total	**1'416**	**1'748**

Certain key management personnel compensations are paid by Proman entities, for services rendered to those entities, that are outside of the Group and not included in the table above.

Terms and conditions of transactions with related parties

The following material companies are related parties by virtue of common shareholders:

- Proman Holding AG
- MKC Contracting LLC
- Proman AG
- Eurotecnica Melamine SA
- Proman Gesellschaft für Projektmanagement GmbH
- Process Energy (Trinidad) Ltd
- Industrial Plant Services Ltd
- De Novo Energy Block 1A Ltd
- De Novo Energy (Barbados) Limited
- Proman Immobilien AG

NOTE 29 RELATED PARTY DISCLOSURES (continued)

- Proman AG (Trinidad) Ltd
- Proman Global Development LLC

The following companies are related parties due to a significant influence on the group:

- HELM AG
- HELM Asia Pte

Helm AG and CPC Caribbean Petrochemical Company Limited

The Group has supply contracts with Helm AG for the sale and distribution of Methanol, UAN and Melamine in the United States (US) and Europe. Helm AG has assigned to another related party, CPC Caribbean Petrochemical Company Limited (CPC), the sale and distribution of its US volumes. The Group has take or pay arrangements with its customers for its products which were all met during the year.

Proman AG (Trinidad) Limited

Proman AG (Trinidad) Limited is the onshore EPC (Engineering, procurement & Construction) contractor and is a related party by virtue of common shareholders.

Industrial Plant Services Limited (IPSL)

The Group's subsidiary, MHTL, has entered into a contract with Industrial Plant Services Limited for the overall operation and maintenance of the AUM and Methanol plants. In accordance with the contract MHTL pays for the following services:

– Direct costs, included but not limited to employee costs and benefits, contract labour costs, repair materials, tools and equipment, office and other supplies and services as agreed by both parties in the contract.

– A quarterly fee based on production volumes at various rates along product lines.

Process Energy (Trinidad) Limited

This company rents office space from Methanol Holdings (Trinidad) Limited. This company also provides financial support services to the Group.

Other related parties

The following transactions were carried out with related parties:

a) Sales of goods and services

	2017 USD'000	**2016 USD'000**
Entities with a significant influence over the Group	391'155	349'773
Associates	6'531	17'291
Other related parties	770'791	459'407
Total sales of goods and services	**1'168'477**	**826'471**

NOTE 29 RELATED PARTY DISCLOSURES (continued)

Other related parties (continued)

b) Purchase of goods and services

	2017 USD'000	2016 USD'000
Entities with a significant influence over the Group	26'214	7'858
Ultimate parent group companies	49'429	67'180
Associates	19'415	7'256
Other related parties	66'399	37'371
Total purchase of goods and services	**161'457**	**119'665**

c) Interest and other financial expense

	2017 USD'000	2016 USD'000
Ultimate parent	–	1'049
Total interest and other financial expense	**–**	**1'049**

d) Dividend received

	2017 USD'000	2016 USD'000
Associates	34'941	–
Total dividend income	**34'941**	**–**

e) Balances arising from sales/purchases of goods and services

i) *Included in the trade and other receivables are the following amounts due from related parties*:

	2017 USD'000	2016 USD'000
Entities with a significant influence over the Group	29'323	13'131
Ultimate parent group companies	6'522	–
Associates	150	2'047
Other related parties	199'772	140'243
Total receivables from related parties	**235'767**	**155'421**

NOTE 29 RELATED PARTY DISCLOSURES (continued)

Other related parties (continued)

e) Balances arising from sales/purchases of goods and services (continued)

ii) Included in the trade and other payables are the following amounts to related parties:

	2017 USD'000	2016 USD'000
Entities with a significant influence over the Group	626	23
Ultimate parent group companies	17'189	11'848
Associates	9'856	2'266
Other related parties	5'449	4'579
Total payables to related parties	**33'120**	**18'716**

NOTE 30 EVENTS AFTER THE REPORTING PERIOD

On January 16, 2018, the Group executed the Termination Agreement with Terra Energy Partners LLC to settle the remaining drilling carry commitment and acquire leasehold for a total consideration of $ 70.0 million with $ 35.0 million paid in cash and the remainder being settled with the transfer of the existing wellbore interest. The agreement is subject to customary post close purchase price adjustments.

Effective March 31, 2017 the vessel leasing contracts from Mitusi OSK Lines were assigned by Methanol Holdings (Trinidad) Limited to Proman Shipping AG, a related company, which therefore releases MHTL of the operating lease commitments of approximately $ 894 million.

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To the General Meeting of
Consolidated Energy Ltd, Wollerau

Zurich, 6 April 2018

Statutory auditor's report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Consolidated Energy Ltd and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of profit/(loss), the consolidated statement of comprehensive income/(loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 4 to 60) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law, ISAs and Swiss Auditing Standards 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Martin Mattes Licensed audit expert (Auditor in charge)	Pascal Solèr Licensed audit expert

CONSOLIDATED ENERGY LIMITED, WOLLERAU (SWITZERLAND)

Consolidated Financial Statements

December 31, 2016

CONSOLIDATED ENERGY LIMITED, WOLLERAU

CEL(CH) GROUP COMPANIES

CEL(CH)	**Consolidated Energy Limited (Switzerland)**
CEL BBS	**Consolidated Energy Limited (Barbados)**
MHTL	**Methanol Holdings (Trinidad) Ltd**
G2X	**G2X Energy, Inc.**
PF	**Pampa Fuels LLC**
BLFH	**Big Lake Fuels Holdings LLC**
BLF	**Big Lake Fuels LLC**
TRDC	**TRDC LLC**
G2XR	**G2X Resources LLC**
G2XM	**G2X Energy Marketing LLC**
G2XPS	**G2X Energy Plant Services LLC**
G2XGP	**G2X Energy GP LLC**
G2XLP	**G2X Energy LP**
G2XB	**G2X (Beaumont) LLC**
FW	**Firewater LLC (Delaware)**
NGL	**Natgasoline Land Holding LLC (Delaware)**
NG	**Natgasoline LLC (Delaware)**
CEF	**Consolidated Energy Finance SA**
OPAG	**OPAG (Barbados) Ltd**
FSP	**FS Petrochemicals (St. Kitts) Ltd**
MHDL	**Methanol Holdings (Delaware) LLC**

CEL(CH) ASSOCIATED COMPANIES

OMC	**Oman Methanol Company LLC**
MHIL	**Methanol Holdings (International) Ltd**
CNC	**Caribbean Nitrogen Company Ltd**
N2K	**Nitrogen (2000) Unlimited**

CONSOLIDATED ENERGY LIMITED, WOLLERAU

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	DECEMBER 31, 2016	DECEMBER 31, 2015
ASSETS			
Non-current assets		**USD'000**	**USD'000**
Property, plant and equipment	13	3,566,407	2,007,968
Intangible assets	15	569,019	577,194
Investment property	14	46,348	–
Investments in associates	10.2	457,222	464,847
Non-financial assets	17	3,972	–
Net employee defined benefit assets	24	11,398	11,853
Deferred tax assets	12	102,550	133,274
Total non-current assets		**4,756,916**	**3,195,136**
Current assets			
Inventories	18	127,585	125,100
Trade and other receivables	19	223,931	454,124
Income tax receivables		5,244	5,244
Marketable securities	16.1	29,015	–
Restricted cash	20	28,334	–
Cash and cash equivalents	21	258,012	213,920
Total current assets		**672,121**	**798,388**
TOTAL ASSETS		**5,429,037**	**3,993,524**
LIABILITIES AND EQUITY			
Equity			
Share capital		20,877	54,075
Capital reserves		305,198	–
Retained earnings		1,082,611	1,024,008
Equity attributable to equity holders of the parent		**1,408,686**	**1,078,083**
Non-controlling interests		764,892	385,762
Total equity		**2,173,578**	**1,463,845**
Non-current liabilities			
Borrowings and loans	16.2	2,299,236	1,475,825
Derivatives	16.3	2,247	–
Deferred tax liabilities	12	422,174	434,122
Provisions	23	385,730	398,276
Total non-current liabilities		**3,109,387**	**2,308,223**
Current liabilities			
Borrowings and loans	16.2	1,849	60,857
Trade and other payables	25	143,019	150,643
Income tax liabilities		1,204	9,956
Total current liabilities		**146,072**	**221,456**
TOTAL LIABILITIES AND EQUITY		**5,429,037**	**3,993,524**

CONSOLIDATED STATEMENT OF PROFIT/(LOSS)

	NOTE	2016 USD'000	2015 USD'000
Net sales	11.1	**711,592**	**1,188,879**
Other income	11.2	23,983	14,905
Purchase of materials, goods and services	11.4	(363,380)	(749,598)
Change in finished goods		(16,591)	(13,756)
Employee benefits expense	11.5	(8,878)	(2,225)
Other operating expense	11.6	(141,950)	(97,765)
Share of profit (loss) from associates	10.2	10,517	39,821
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**215,293**	**380,261**
Depreciation, amortisation and impairment	13, 15, 23	(202,990)	(189,760)
Earnings before interest and taxes (EBIT)		**12,303**	**190,501**
Financial income	11.3	2,370	1,763
Financial expense	11.7	(134,130)	(123,181)
Financial result, net		**(131,760)**	**(121,418)**
Profit (loss) before taxes (EBT)		**(119,457)**	**69,083**
Income tax	12	(24,266)	(43,125)
Net profit (loss) for the period		**(143,723)**	**25,958**
Net profit (loss) attributable to:			
Equity holders of the parent		(127,126)	19,422
Non-controlling interests		(16,597)	6,536

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME/(LOSS)

	2015		
	Owners of the parent USD'000	Non-controlling interests USD'000	Total USD'000
Net profit (loss)	**19,422**	**6,536**	**25,958**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	(1,043)	(348)	(1,391)
Income tax effect	365	122	487
Other comprehensive income / (loss)	**(678)**	**(226)**	**(904)**
Total comprehensive income / (loss)	**18,744**	**6,310**	**25,054**

	2016		
	Owners of the parent USD'000	Non-controlling interests USD'000	Total USD'000
Net profit (loss)	**(127,126)**	**(16,597)**	**(143,723)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	(417)	–	(417)
Income tax effect	146	–	146
Other comprehensive income / (loss)	**(271)**	**–**	**(271)**
Total comprehensive income / (loss)	**(127,397)**	**(16,597)**	**(143,994)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital USD'000	Capital reserves USD'000	Retained earnings USD'000	Total parent equity USD'000	Non-controlling interests USD'000	Total equity USD'000
As of January 1, 2015	**54,075**	**–**	**1,005,664**	**1,059,739**	**379,452**	**1,439,191**
Total comprehensive income / (loss)						
Net profit (loss) for the period	–	–	19,422	19,422	6,536	25,958
Other comprehensive income	–	–	(678)	(678)	(226)	(904)
Total comprehensive income / (loss)	**–**	**–**	**18,744**	**18,744**	**6,310**	**25,054**
Dividend paid	–	–	(400)	(400)	–	(400)
As of December 31, 2015	**54,075**	**–**	**1,024,008**	**1,078,083**	**385,762**	**1,463,845**

	Share capital USD'000	Capital reserves USD'000	Retained earnings USD'000	Total parent equity USD'000	Non-controlling interests USD'000	Total equity USD'000
As of January 1, 2016	**54,075**	**–**	**1,024,008**	**1,078,083**	**385,762**	**1,463,845**
Total comprehensive income / (loss)						
Net profit (loss) for the period	–	–	(127,126)	(127,126)	(16,597)	(143,723)
Other comprehensive income	–	–	(271)	(271)	–	(271)
Total comprehensive income / (loss)	**–**	**–**	**(127,397)**	**(127,397)**	**(16,597)**	**(143,994)**
Changes in scope of consolidation						
Acquisition of 25% CEL BBS / Incorporation of CEL(CH)	(33,198)	57,412	352,774	376,988	(376,983)	5
Acquisition of G2X and Firewater	–	–	(156,202)	(156,202)	765,099	608,897
Other						
Capital increase (net)	–	247,500	–	247,500	–	247,500
Change in non-controlling interests	–	–	(10,572)	(10,572)	7,514	(3,058)
Share-based compensation	–	286	–	286	97	383
As of December 31, 2016	**20,877**	**305,198**	**1,082,611**	**1,408,686**	**764,892**	**2,173,578**

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	2016 USD'000	2015 USD'000
Cash flow from operating activities			
Profit / (loss) before taxes		**(119,457)**	**69,083**
Adjustments:			
Depreciation and amortisation	13, 15, 23	202,990	126,329
Impairment of goodwill	15	–	63,431
Interest expense	11.7	116,319	115,392
Interest income on loans		(1,074)	(215)
Share of results of associates	10.2	(10,517)	(39,821)
Fair value change of derivatives	11.7	2,247	–
(Profit)/Loss on disposal of property, plant and equipment		16,759	–
Share-based compensation		383	–
Movements in provisions and pensions		(3,659)	3,822
Other non cash items		11,744	–
Working capital adjustments			
Inventories		(3,518)	17,909
Trade and other receivables		126,585	54,706
Trade and other payables		(104,070)	(4,808)
Income tax paid		(14,560)	(53,936)
Net cash flow from operating activities		**220,172**	**351,892**
Cash flow from investing activities			
Purchase of property, plant and equipment	13	(492,835)	(47,590)
Dividends from associated companies	10.2	18,143	60,740
Interest received		1,271	–
Acquisition of subsidiaries, net of cash acquired	9	50,372	–
Purchase of marketable securities	16.1	(29,015)	–
Change in restricted cash	20	(28,334)	–
Net cash flow from investing activities		**(480,398)**	**13,150**
Cash flow from financing activities			
Proceeds from borrowings	16.2	242,034	650,000
Loans from related party	16.2	107,000	(111,000)
Transaction costs on issuance of long-term loans	16.2	(344)	(16,273)
Repayment of other borrowings		(181,670)	(914,373)
Acquisition of non-controlling interests	10.1	(3,400)	–
Interest paid		(109,302)	(105,830)
Dividends paid		–	(400)
Capital increase		250,000	–
Net cash flow from financing activities		**304,318**	**(497,876)**
Net change in cash and cash equivalents		**44,092**	**(132,834)**
Cash and cash equivalents at beginning of the period	21	213,920	346,754
Cash and cash equivalents – end of year	21	258,012	213,920
Net change		**44,092**	**(132,834)**

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NOTES TO THE CONSOLIDATED STATEMENTS

NOTE 1 CORPORATE INFORMATION

The consolidated financial statements of Consolidated Energy Limited ("the Company" or "Parent Company" or "CEL(CH)") and its subsidiaries (collectively "Group" or "CEL Group") for the twelve months ended December 31, 2016 were authorised for issue in accordance with the resolution of the board of directors on March 29, 2017 and are subject to approval by the Company's shareholders.

The Company acts as an investment holding company. At December 31, 2016 the Company held direct investments in several companies. Its principal office is located at Samstagernstrasse 41, 8832 Wollerau in Switzerland.

The principal activities of the CEL Group are production of methanol and urea ammonium nitrate (UAN).

CEL(CH) and its subsidiaries are a global group with its principal activities as producer of petrochemical products.

In the petrochemical sector with investments in Trinidad, Oman and the USA the Group is one of the world's largest producers of methanol. A further focus is the production of fertilizer such as ammonia and UAN. With upstream integration and the evaluation of new investment opportunities the worldwide presence of the Group in this sector is expanding.

The Group's principal subsidiaries at December 31, 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

FULL CONSOLIDATION		DECEMBER 31, 2016	DECEMBER 31, 2015
		Ownership interests held by the Group	
Name of entity, country of incorporation		%	%
OPAG (Barbados) Ltd, Barbados	OPAG	100.0	*
Consolidated Energy Limited, Barbados	CEL BBS	100.0	75.0
Consolidated Energy Finance SA, Luxemburg	CEF	100.0	75.0
Methanol Holdings (Trinidad) Ltd, Trinidad and Tobago	MHTL	100.0	75.0
Methanol Holdings (Delaware) LLC, USA	MHDL	100.0	75.0
FS Petrochemicals (St. Kitts) Ltd, St. Kitts and Nevis	FSP	100.0	75.0
G2X Energy, Inc., USA	G2X	74.6	–
Big Lake Fuels Holdings LLC, USA	BLFH	74.6	–
Big Lake Fuels LLC, USA	BLF	74.6	–
G2X Resources LLC, USA	G2XR	74.6	–
TRDC LLC, USA	TRDC	74.6	–
Pampa Fuels LLC, USA	PF	74.6	–
G2X Energy Marketing LLC, USA	G2XM	74.6	–
G2X Energy Plant Services LLC, USA	G2XPS	74.6	–
G2X Energy GP LLC, USA	G2XGP	74.6	–
G2X Energy LP, USA	G2XLP	74.6	–
G2X Energy (Beaumont) LLC, USA	G2XB	74.6	–
Firewater LLC (Delaware), USA	FW	37.3	–
Natgasoline Land Holding LLC (Delaware), USA	NGL	37.3	–
Natgasoline LLC (Delaware), USA	NG	37.3	–

* *parent of the Group at December 31, 2015*

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not been disclosed in other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Changes in accounting policies

Changes effective in 2016

In 2016 the Group has implemented various minor amendments to existing standards and interpretations, which have no material impact on the Group's overall results and financial position.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

In July 2014, the IASB issued IFRS 9, Financial Instruments. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities especially with regard to managing non-financial risks. The new standard is effective for annual reporting periods beginning on or after January 1, 2018, while early application is permitted. The Group is currently assessing the impacts of its adoption on the consolidated financial statements.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018; early application is permitted. The Group is currently assessing the impact on its consolidated financial statements and expects increased disclosures.

In January 2016, the IASB issued IFRS 16, Leases. IFRS 16 eliminates the current classification model for lessee's lease contracts as either operating or finance leases and, instead, introduces a single lessee accounting model requiring lessees to recognise right-of-use assets and lease liabilities for leases with a term of more than twelve months. This brings the previous off-balance leases on the balance sheet in a manner largely comparable to current finance lease accounting. IFRS 16 is effective for annual periods beginning on or after January 1, 2019; earlier application is permitted if IFRS 15 is already applied. The Company is currently assessing the impact of adopting IFRS 16.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after January 1, 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

b) Associates and equity accounting

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

When the Group ceases to equity account for an investment because of a significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

c) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

d) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

e) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

f) Financial assets

Classification

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in profit or loss.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

f) *Financial assets* (continued)

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

g) *Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

h) *Financial guarantee contracts*

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

h) Financial guarantee contracts (continued)

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

i) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Impairment of long-lived assets

The Group evaluates the oil and natural gas properties for impairment whenever events and circumstances indicate that a decline in the recoverability of the carrying value may have occurred. The Group estimates the expected undiscounted future cash flows of its oil and natural gas properties and compares such undiscounted future cash flows to the carrying value of the oil and natural gas properties to determine if the carrying amount is recoverable. If the carrying amount exceeds the estimated undiscounted future cash flows, the Group will adjust the carrying amount of the oil and natural gas properties to fair value. The factors used to determine fair value are subjected to management's judgment and expertise.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

● Plant & Buildings	25 – 50 years
● PP&E under Construction	N/A
● Office Furniture & Equipment	2 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Once financial close/notice to proceed is reasonable assured, the company starts capitalising the project costs.

j) Intangible assets

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

● Goodwill	–
● Patents and licences	indefinite
● Contract related intangible assets	contract term

Goodwill

Goodwill arising on the acquisition of subsidiaries is initially measured at the excess of the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

j) *Intangible assets* (continued)

acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the net identifiable assets acquired and liabilities assumed. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in profit or loss.

After initial recognition, goodwill acquired in a business combination is measured at the amount recognised at the acquisition date less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination, from the date of acquisition is allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the cash generating unit containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

k) *Borrowings*

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

l) *Borrowing costs*

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

m) *Provisions*

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

m) Provisions (continued)

outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

n) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

n) Employee benefits (continued)

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

Stock-based compensation expense is measured at the grant date based on the fair value of the equity award and is recognised as an expense, less expected forfeitures, over the requisite service period, which is generally the vesting period. The fair value of each equity award is estimated on the date of grant using the Black-Scholes option-pricing model. The Company recognised stock-based compensation expense on the graded-vesting method for its equity awards issued to the employees. Determining the fair value of stock-based awards at the grant date requires judgment, including estimating the expected volatility, expected term, risk-free interest rate and expected dividends.

o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand dollars unless otherwise stated.

NOTE 3 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

Incorporation of CEL(CH) and formation of the CEL Group

Consolidated Energy Limited (“the Company” or “Parent Company” or “CEL(CH)”) was established on April 6, 2016 in Switzerland.

CEL(CH)’s shareholders are Proman Holding AG (“PHAG”), a Swiss company, which owns 75% and MFH GesmbH, Austria (“MFH”), which owns 25%. MFH is owned 100% by Helm AG, Hamburg. Prior to the formation of CEL(CH) and the reorganisation of the shareholding in OPAG (described below), OPAG was the parent company and owned 100% of Consolidated Energy Limited, Barbados (“CEL BBS”). Figures presented in these consolidated financial statements for periods prior to the reorganisation date are those of OPAG and its subsidiaries and these financial statements represent a continuation of OPAG’s consolidated financial statements.

Reorganisation of the shareholding in OPAG

At December 31, 2015 the shareholders of OPAG’s subsidiary “CEL BBS” were the following:

- 75% were held by OPAG, which was fully owned by PHAG,
- 25% were held by MFH, which is fully owned by Helm AG, a company registered in Germany.

NOTE 3 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD (continued)

Reorganisation of the shareholding in OPAG (continued)

On March 24, 2016, MFH made a contribution-in-kind of all their 25% CEL BBS shares into OPAG in exchange for 25% shares of OPAG. As a result, CEL BBS became a 100% subsidiary of OPAG and the shareholding in OPAG matched the former shareholding of CEL BBS (PHAG (75%) and MFH (25%)).

On April 6, 2016 CEL(CH) was formed through the contribution-in-kind of 100% of the shares of OPAG by the two shareholders PHAG and MFH. As a result, OPAG became a 100% subsidiary of CEL(CH) and the shareholding in CEL(CH) matched the former shareholding of OPAG (PHAG (75%) and MFH (25%)).

This reorganisation and share-for-share exchange has been reflected as a transaction between shareholders.

Acquisition of G2X in a common control transaction

On May 4, 2016 CEL(CH) subscribed to a capital increase in cash at G2X Energy, Inc., USA ("G2X") and became the majority and controlling shareholder (holding initially 70.2%) of G2X.

G2X was consolidated from May 4, 2016 in these financial statements. G2X was controlled directly and indirectly both before and after the capital increase by PHAG (ultimate parent) and the transaction represents a common control transaction outside the scope of IFRS 3. CEL Group has elected to account for this transaction by incorporating the assets and liabilities of G2X at their IFRS carrying amounts (predecessor accounting) from the date of the combination with any resulting difference between the amount of the capital increase and the net assets acquired accounted for within parent equity and by not restating any periods prior to the combination.

On December 31, 2016 CEL(CH) held 74.6% in G2X.

NOTE 4 BASIS OF PREPARATION

The consolidated financial statements of Consolidated Energy Limited and its subsidiaries ("the Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the international Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets through profit and loss that have been measured at fair value. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (USD'000).

NOTE 5 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of CEL(CH) and its subsidiaries as at December 31, 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

NOTE 5 BASIS OF CONSOLIDATION (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, as required, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTE 6 CRITICAL ESTIMATES AND JUDGEMENTS

Estimates and judgements 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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimates:

a) Decommissioning and dismantlement costs

The Group relied on the experience of a related party contractor in estimating decommissioning costs for its plants. The provision has been estimated using existing technology, at current prices, and using discount rates between 4.43% and 4.76% and inflation rate of 2%.

b) Income taxes

Estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTE 6 CRITICAL ESTIMATES AND JUDGEMENTS (continued)

Estimates (continued)**:**

b) Income taxes (continued)

A deferred tax asset is recognised for temporary differences that will result in deductible amounts in future years and for taxable loss carryforwards. As per end of December 2016, the Group has total deferred tax assets in the amount of $ 103 million (2015: $ 133 million). The recoverability of those assets depends on the future profitability of the Group.

c) Impairment of Non-financial assets

The carrying values of PP&E and of intangible assets are impacted by estimates and assumptions of the useful lives and residual values of the Group's petrochemical plants and the results of any impairment recognised. The above are affected by but not limited to the following factors: natural gas supply, inflation, estimates of future selling prices and discount rates, maintenance programmes and companies growth.

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next ten to twelve years and do not include restructuring activities that the Group 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 sensitive to the discount rate used for the discounted cash flow (DCF) model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

d) Provision for inventory obsolescence of inventory spares

This provision is dependent on assumptions which include technical compatibility or usability, the frequency of movement and age.

Judgements:

a) Business combinations

Accounting for the contribution-in-kind of OPAG into CEL(CH) and preparation of these consolidated financial statements of CEL(CH) as the continuation of the consolidated financial statements of OPAG.

Accounting for the acquisition of G2X (common control transaction) from the date of the transaction and not restating financial information for periods prior to the date of the combination.

Treatment of the acquisition of the 50% interests in Firewater by G2X as a business combination rather than an asset acquisition. Management has determined that it controls the relevant activities of Firewater LLC. Based on shareholders agreement of April 15, 2016 the Chairman of the Board (with casting vote) is appointed by G2X Energy (Beaumont) LLC and thus CEL(CH) has control over Firewater.

NOTE 7 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest risk, credit risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

NOTE 7 FINANCIAL RISK MANAGEMENT (continued)

Market risk

a) Currency risk

Management considers that the Group is not exposed to significant foreign exchange risk arising from currency exposure primarily because all receipts by way of equity and all significant payments are denominated in United States dollars. Dividend income and major expenses are denominated in United States dollars. Transactions in other currencies are not significant.

b) Interest rate risk

The Group's interest rate risk arises from long-term loans from third parties. Notes and other long term loans issued at variable rates expose the Group to cash flow interest rate risk.

c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only high profile institutions are utilised. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors.

Financial risk

a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flow.

The table below shows the undiscounted financial liabilities (principal and interest payments) classed by maturity groupings from the statement of financial position date:

AT DECEMBER 31, 2016

	Note	Within 1 year USD'000	Between 1 and 2 years USD'000	Between 2 and 5 years USD'000	Over 5 years USD'000	Total USD'000
Trade and other payables (incl. accruals)	25	143,019	–	–	–	143,019
Borrowings (incl. interest)		164,093	122,183	2,276,341	627,486	3,190,103
Derivatives	16.3	–	(198)	2,445	–	2,247
Total		**307,112**	**121,985**	**2,278,786**	**627,486**	**3,335,369**

AT DECEMBER 31, 2015

	Note	Within 1 year USD'000	Between 1 and 2 years USD'000	Between 2 and 5 years USD'000	Over 5 years USD'000	Total USD'000
Trade and other payables (incl. accruals)	25	150,643	–	–	–	150,643
Borrowings (incl. interest)		155,853	95,649	1,457,499	294,267	2,003,268
Total		**306,496**	**95,649**	**1,457,499**	**294,267**	**2,153,911**

NOTE 7 FINANCIAL RISK MANAGEMENT (continued)

Financial risk (continued)

b) Capital management

The Group's objectives when managing capital are to safeguard the Group'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.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call borrowings. There have been no breaches of the financial covenants of any borrowings in the current period.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at December 31, 2016 and 2015 were as follows:

	Note	2016 USD'000	2015 USD'000
Total borrowings (incl. derivatives)	16.2, 16.3	2,303,332	1,536,682
Less: cash and cash equivalents	21	(258,012)	(213,920)
Less: restricted cash	20	(28,334)	–
Net debt		**2,016,986**	**1,322,762**
Total equity		2,173,578	1,463,845
Total net debt and equity		4,190,564	2,786,607
Gearing ratio		**52%**	**47%**

c) Derivatives

In 2016, G2X utilized two-way costless collar options to reduce the volatility of natural gas prices on a significant portion of its future expected natural gas purchases. A two-way collar is a combination of a call option and a put option. G2X has not designated any derivative instruments as hedges for accounting purposes and does not enter into such instruments for speculative trading purposes. As of December 31, 2016, the terms of such instruments are set forth in the table below:

Period covered	Hedged Volume	Weighted Average Floor Price	Weighted Average Ceiling Price
Collars – 2018	25,245,000	2.58	3.50
Collars – 2019	30,112,500	2.58	3.50
Collars – 2020	30,195,000	2.58	3.50
Collars – 2021	4,867,500	2.58	3.50

NOTE 7 FINANCIAL RISK MANAGEMENT (continued)

Financial risk (continued)

c) *Derivatives* (continued)

The following table sets forth the fair values and classification of the outstanding derivatives:

	Gross Amounts of Recognised Assets USD'000	Gross Amounts of Recognised Liabilities USD'000	Net Amounts Presented in the Consolidated Balance Sheets USD'000
Derivatives:			
As of December 31, 2016:			
Long term derivative assets	17,072	19,319	2,247
Total	**17,072**	**19,319**	**2,247**

NOTE 8 FOREIGN CURRENCY TRANSLATION

a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States Dollar ("USD", "$"), which is the Group's presentation currency.

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

NOTE 9 BUSINESS COMBINATIONS

Acquisition of G2X Energy Inc.

On May 4, 2016, CEL(CH) initially invested 70.2% of the issued capital of G2X, a group of companies specialised in converting abundant, low-cost natural gas resources into liquid fuels.

All of the combining entities were ultimately controlled by PHAG (ultimate parent) both before and after the business combination. As the combination was a transaction under common control, it is excluded from the requirements of IFRS 3 Business Combinations and management has elected to apply predecessor accounting. Consequently, the difference between the predecessor IFRS carrying amounts of the net assets acquired, the purchase consideration and the non-controlling interests recognised was recorded as a deduction to equity attributable to owners of the parent. The capital increase in G2X represents a non-cash transaction from a Group perspective. The total amount of net cash acquired is $ 3.0 million.

ACQUISITION OF SHARES IN G2X ENERGY INC.

	USD'000
Capital increase	474,000
Share of net assets acquired (70.2%)	(317,798)
Difference deducted from parent equity	**156,202**

NOTE 9 BUSINESS COMBINATIONS (continued)

Acquisition of G2X Energy Inc. (continued)

THE BOOK VALUE OF ASSETS AND LIABILITIES ACQUIRED ARE AS FOLLOWS:

	Before capital increase USD'000	Capital increase USD'000	After capital increase USD'000
Cash and cash equivalents	2,945	350,778	353,723
Trade receivables	420		420
Other receivables	3,260		3,260
Inventories	836		836
Property, plant and equipment	106,112		106,112
Financial assets	666		666
Intangible assets	5,009		5,009
Trade accounts payable	(1,125)		(1,125)
Other liabilities	(6,514)		(6,514)
Provisions	(4,874)		(4,874)
Financial liabilities	(127,838)	123,222	(4,616)
Net assets at acquisition date	**(21,103)**	**474,000**	**452,897**
Less non-controlling interest at acquisition date (29.8%)			(135,099)
Share of net assets acquired			**317,798**

The difference of $ 156.2 million, which was recorded as a deduction to equity attributable to the owners of the parent, arises from the capital increase which was based on the fair values of the assets and the share of net assets acquired which continue to be carried at book values.

CEL(CH) is committed to a further capital increase of $ 156 million when the cash is needed.

The non-controlling interests are based on the carrying amount of assets and liabilities before elimination/ settlement of intragroup balances.

From the date of acquisition to December 31, 2016, G2X contributed $ 22.3 million in revenues and a loss before tax of $ 22.4 million to the Group. If the acquisition had taken place at the beginning of the year, revenues would have been $ 28.0 million and the loss before tax for the period would have been $ 37.1 million.

Acquisition of Firewater LLC

On April 15, 2016, G2X Energy (Beaumont) LLC a subsidiary of G2X entered into a subscription agreement with OCI N.V. to purchase a 50% membership interest in Firewater LLC for $ 630 million, by way of a capital increase. The capital increase took place on May 4, 2016. Firewater has a methanol plant currently under construction and real estate property.

Management has determined that the acquired group of assets and liabilities represent a business and that the Group has control over Firewater LLC rather than joint control with OCI N.V. who holds the remaining 50% membership interests. This is due to the fact that the Chairman, which has the casting vote, is appointed by G2X Energy (Beaumont) LLC.

The transaction has been accounted for as a business combination under the acquisition method of accounting. Accordingly, the Group has recognised the identifiable assets acquired and liabilities assumed at their acquisition date fair values (provisional purchase price allocation). Transaction costs of $ 6.8 million associated with the acquisition were expensed within other operating expenses as incurred.

NOTE 9 BUSINESS COMBINATIONS (continued)

Acquisition of Firewater LLC (continued)

The recognised provisional fair values of the identifiable assets and liabilities assumed in connection with this acquisition are as follows:

ACQUISITION OF FIREWATER LLC AT G2X

	USD'000
Cash and cash equivalents	245,729
Restricted cash	151,701
Trade and other receivables	283,650
Property, plant and equipment including land	1,198,928
Investment property	46,393
Trade and other payables	(113,919)
Other current financial liabilities	(3,864)
Borrowings and loans	(548,618)
Total net assets acquired	**1,260,000**
Fair value of non-controlling interest at G2X	(630,000)
Purchase consideration	**630,000**
thereof:	
- Cash paid	350,000
- Payable	280,000
Cash consideration paid	**350,000**
Cash and cash equivalents acquired (incl. restricted cash)	397,430
Net cash acquired (Cash Flow)	**47,430**

Of the $ 630 million capital increase agreed, $ 350 million was initially paid in cash by G2X to Firewater LLC and $ 280 million was accounted for as a payable and will be paid when the respective cash is needed. The consideration paid by way of a capital increase in Firewater represents a non-cash transaction from a Group perspective and is therefore not reflected in the consolidated statement of cash flow.

The non-controlling interest has been measured at fair value.

From the date of acquisition until December 31, 2016, Firewater LLC contributed $ 0 million revenue and loss before tax of $ 5.7 million to the Group ($ 2.8 million of the $ 5.7 million are attributable to non-controlling interests). If the acquisition had taken place at the beginning of the year, loss before tax would have been $ 8.5 million ($ 4.2 million of the $ 8.5 million are attributable to non-controlling interests).

NOTE 10 INTERESTS IN OTHER ENTITIES

10.1 Subsidiaries with significant non-controlling interests

a) Material subsidiaries

The Group's principal subsidiaries at December 31, 2016 are set out in note 1. The reorganisation of the Group affecting the non-controlling interests as at December 31, 2015 is described in note 3.

b) Non-controlling interest

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

SUMMARISED STATEMENT OF FINANCIAL POSITION

	G2X 31.12.2016 USD'000	**CEL BBS 31.12.2015 USD'000**
Current assets	77,913	798,384
Non-current assets	1,658,926	3,274,333
Total assets	**1,736,839**	**4,072,717**
Current liabilities	(48,166)	221,445
Non-current liabilities	(520,001)	2,308,223
Equity / Net assets	**1,168,672**	**1,543,049**
Accumulated NCI	**764,892**	**385,762**

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

	G2X 2016 USD'000	**CEL BBS 2015 USD'000**
Revenue	22,311	1,294,202
Profit for the period	**(22,356)**	**26,145**
Profit (loss) allocated to NCI	(7,818)	(6,536)
Group's share of result	**(14,538)**	**19,609**

NOTE 10 INTERESTS IN OTHER ENTITIES (continued)

10.1 Subsidiaries with significant non-controlling interests (continued)

b) *Non-controlling interest* (continued)

SUMMARISED CASH FLOWS

	G2X 2016 USD'000	CEL BBS 2015 USD'000
Cash flows from operating activities	(57,089)	352,073
Cash flows from investing activities	(336,847)	97,850
Cash flows from financing activities	47,280	386,476
Net increase/(decrease) in cash and cash equivalents	**(346,656)**	**213,916**

At December 31, 2016 $ 627 million (at G2X level) from total NCI of $ 765 million relate to Firewater LLC.

c) *Transactions with non-controlling interests*

During 2016 the Group acquired 1,133,334 of the issued shares of G2X Energy, Inc. at a price of $ 3.4 million, from a non-controlling shareholder.

10.2 Investment in associated companies

Set out below are the associates of the Group as at December 31, 2016 and 2015 which are material to the Group. MHIL is an investment holding company. CNC and N2K are the owners of two ammonia manufacturing plants in Trinidad.The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

NATURE OF INVESTMENTS OF THE GROUP FOR 2016 AND 2015:

Name of entity	Place of business / country of incorporation	ownership interest 31.12.2016 %	ownership interest 31.12.2015 %	Share equity 31.12.2016 USD'000	Share equity 31.12.2015 USD'000	Share result 31.12.2016 USD'000	Share result 31.12.2015 USD'000
Methanol Holdings (International) Limited* (MHIL)	St. Kitts and Nevis	43.47	43.47	253,272	249,421	961	16,786
Caribbean Nitrogen Company Ltd (CNC)	Trinidad and Tobago	30.00	30.00	142,303	145,704	6,592	10,225
Nitrogen (2000) Unlimited (N2K)	Trinidad and Tobago	30.00	30.00	92,204	117,423	2,964	12,810
Total				**487,779**	**512,548**	**10,517**	**39,821**

* *Methanol Holdings (International) Limited is an investment holding company with a 60% interest in Oman Methanol Company LLC. CEL(CH) holds a 43.47% interest in Methanol Holdings (International) Limited. As a result of this ownership structure, CEL(CH) holds a 26.08% effective interest in Oman Methanol Company LLC.*

NOTE 10 INTERESTS IN OTHER ENTITIES (continued)

10.2 Investment in associated companies (continued)

RECONCILIATION OF CARRYING AMOUNT OF INVESTMENTS IN ASSOCIATES

Name of entity	MHIL 31.12.2016 USD'000	MHIL 31.12.2015 USD'000	CNC 31.12.2016 USD'000	CNC 31.12.2015 USD'000	N2K 31.12.2016 USD'000	N2K 31.12.2015 USD'000
Opening net assets**	713,057	748,508	(324,056)	341,597	330,327	351,528
Profit after taxation	3,851	64,549	21,974	34,084	9,881	42,699
Less: dividends	–	(100,000)	(25,375)	(51,625)	35,100	(63,900)
Net assets	**716,908**	**713,057**	**320,655**	**324,056**	**305,108**	**330,327**
Less: non-controlling interests	(97,672)	(96,032)	–	–	–	–
Other differences	351	351	531	531	–	–
	619,587	**617,376**	**321,186**	**324,587**	**305,108**	**330,327**
Group's carrying amount of investment	**269,334**	**268,373**	**96,356**	**97,376**	**91,532**	**99,098**

** *Figures include fair value adjustments made at the relevant times of acquisition.*

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

Name of entity	MHIL 31.12.2016 USD'000	MHIL 31.12.2015 USD'000	CNC 31.12.2016 USD'000	CNC 31.12.2015 USD'000	N2K 31.12.2016 USD'000	N2K 31.12.2015 USD'000
Revenue	253,308	299,831	127,153	197,988	141,288	237,697
Profit before taxation	5,178	74,372	37,934	53,653	18,369	66,942
Profit after taxation / Total comprehensive income	3,851	64,549	21,974	34,084	9,881	42,699
Group's share of result	**961**	**16,786**	**6,592**	**10,225**	**2,964**	**12,810**

NOTE 11 MATERIAL PROFIT AND LOSS ITEMS / OTHER INCOME AND EXPENSE ITEMS

11.1 Net Sales

Revenue comprises the fair value of the consideration received or receivable for the sale of product in the ordinary course of the Group's activities.

Revenue from Methanol, Ammonia, UAN and Melamine sales is recognised when the title to the product passes to the purchaser, in accordance with contractual arrangements, normally at the time of loading onto delivery vessels. In respect of certain related party sales, final prices are only determined upon sale of the product to third party customers. In respect of other sales, final prices are agreed upon receipt of the product by the customer.

Sales invoice pricing is laid out in the individual sales contracts and is determined on the following bases, less taxes on revenue, and value added tax:

- Methanol – Prices are derived from published market prices less distribution costs which include marketing fees, customer discounts, storage and handling costs and other transshipment costs.

NOTE 11 MATERIAL PROFIT AND LOSS ITEMS / OTHER INCOME AND EXPENSE ITEMS (continued)

11.1 Net Sales (continued)

- UAN – Prices are derived from published market prices less distribution costs which include marketing fees, water dilution costs, storage and surveyor costs, financing fees and custom duties.

- Melamine – Prices are derived from negotiated prices between the Group's customer and the final customer on a quarterly basis. The final sales price is determined after deducting distribution costs and marketing fees.

- Ammonia – Prices are derived from published market prices less market discounts.

	2016 USD'000	2015 USD'000
Gross revenue	830,469	1,294,202
Sales deduction	(118,877)	(105,323)
Total net sales	**711,592**	**1,188,879**

The revenue decrease is a result of raw material supply limitations, as well as a drop in market prices during the year 2016.

11.2 Other operating income

	2016 USD'000	2015 USD'000
Freight & Shipping income	12,688	10,800
Insurance claim refund	10,609	2,057
Other	686	2,048
Total other income	**23,983**	**14,905**

MHTL operates a fleet of vessels to transport finished products to customers. Customers are invoiced for the shipping costs.

11.3 Financial Income

	2016 USD'000	2015 USD'000
Interest income	1,727	1,763
Income on marketable securities	291	–
Other financial income	352	–
Total financial income	**2,370**	**1,763**

11.4 Purchase of materials, goods and services

Purchase of materials, goods and services decrease as a result of raw material supply limitations during the year 2016 and lower material costs.

NOTE 11 MATERIAL PROFIT AND LOSS ITEMS / OTHER INCOME AND EXPENSE ITEMS (continued)

11.5 Employee benefits

	2016 USD'000	2015 USD'000
Wages and salaries	6,985	2,225
Pension expense	432	–
Insurance related expenses	732	–
Share-based compensation	383	–
Severance payments	325	–
Other personnel expenses	21	–
Total personnel expenses	**8,878**	**2,225**

The Group has approximately 140 employees, mainly in operation and management of production (prior year: approx. 25 employees). Production staff at MHTL are sub-contracted from a related party and are not included in the number of employees.

Share-based payments

The G2X's 2012 Stock Option Plan (the "2012 Plan") provides for the issuance of restricted stock and stock options for up to $ 9.7 million shares of common stock to qualified personnel.

Options are generally granted with exercise prices equal to the fair value of the common stock on the grant date. The options expire no more than 10 years after the date of grant or earlier if employment or relationship as an employee or an executive is terminated.

Since its acquisition by the Group G2X recognised approx. $ 383 thousand of share-based compensation in 2016.

11.6 Other operating expenses

	2016 USD'000	2015 USD'000
Consulting, legal and audit fees	9,022	4,335
Repair and maintenance	3,855	312
Travel expenses	1,613	45
Rental and other operating leasing	103,953	89,095
Insurance	427	–
Administration	3,105	3,978
Loss on sale of PPE	16,763	–
Non-income taxes	1,569	–
Miscellaneous other expenses	1,643	–
Total other operating expenses	**141,950**	**97,765**

The Group uses consultants and legal services mainly in developing new projects.

Due to the nature and structure of the Group, a wide spread of activities are being covered, from up-stream gas exploration, over the construction, engineering and procurement of petrochemical plants, as well as production, transport and marketing. Consequently, other expenses are similarly wide spread by nature and use.

NOTE 11 MATERIAL PROFIT AND LOSS ITEMS / OTHER INCOME AND EXPENSE ITEMS (continued)

11.6 Other operating expenses (continued)

The main reason for the increase of the costs is the acquisition of G2X and Firewater LLC in the business year 2016 and subsequent consolidation of these companies.

11.7 Financial expenses

	2016 USD'000	2015 USD'000
Interest expenses	116,911	114,400
Foreign exchange losses	2,222	3,739
Unrealised loss on derivative instruments	2,247	–
Unwinding of discount	9,565	4,348
Other financial expenses	3,185	694
Total financial expenses	**134,130**	**123,181**
Amortisation of fair value adjustment on acquisition	–	22,220
Total finance cost	**134,130**	**145,401**

Interest expenses are predominately due to the $ 1.2 billion Bond issuance in October 2014.

NOTE 12 INCOME TAX

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in other comprehensive income (OCI) and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

The tax base of MHTL's property, plant & equipment is maintained in Trinidad & Tobago dollars (TTD), which eroded against the USD and resulted in an increase in deferred tax expense.

The major components of income tax expenses for the years ended December, 31, 2016 and 2015 are:

Consolidated statement of profit or loss:

	2016 USD'000	2015 USD'000
Current income tax:		
Current income tax charge	5,344	60,162
Deferred tax:		
Relating to origination and reversal of temporary differences	(7,121)	(5,946)
Relating to loss carry forward	26,043	(11,091)
Income tax expense reported in the statement of profit or loss	**24,266**	**43,125**

NOTE 12 INCOME TAX (continued)

Consolidated statement of OCI:

	2016 USD'000	2015 USD'000
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on actuarial gains and losses	146	365
Deferred tax charged to OCI	**146**	**365**

Reconciliation of tax expense and the accounting profit multiplied by the parent's domestic tax rate for 2015 and 2016:

INCOME TAX

	2016 Total USD'000	2015 Total USD'000
Profit/(loss) before tax (EBT)	**(119,457)**	**69,083**
Parent tax rate	7.8%	2.5%
Theoretical taxation expense at applicable domestic tax rate of parent (before adjustments)	(9,318)	1,727
Reconciling items:		
items taxed at rates other than the applicable tax rate	5,175	51,786
forex impact on PP&E at TTD tax base	17,244	–
unrecognised taxable losses	9,060	–
non-deductible expenses and other permanent differences	7,102	(20,904)
income not subjected to tax	(263)	5,728
adjustment in respect of prior years	2,006	–
other differences	(6,740)	4,788
Income tax expense as per statement of profit and loss	**24,266**	**43,125**

Deferred tax relates to the following:

DEFERRED TAX ASSETS

	2016 USD'000	2015 USD'000
The balance comprises temporary differences attributable to:		
Tax losses	18,098	40,313
Non-current provisions	36,035	35,332
Non-current financial liabilities	427	–
Fair value adjustments	52,948	57,629
Total deferred tax assets (gross)	**107,508**	**133,274**
Netting adjustments	(4,958)	–
Total deferred tax assets (net)	**102,550**	**133,274**

NOTE 12 INCOME TAX (continued)

DEFERRED TAX LIABILITIES

	2016 USD'000	2015 USD'000
The balance comprises temporary differences attributable to:		
Fair value adjustments	17,303	21,918
Accelerated depreciation	404,534	407,449
Pension	3,989	4,148
Other	1,306	607
Total deferred tax liabilities (gross)	**427,132**	**434,122**
Netting adjustments	(4,958)	–
Deferred tax assets	102,550	133,274
Deferred tax liabilities	422,174	434,122
Deferred tax liabilities (net)	**319,624**	**300,848**

TAX LOSS CARRY FORWARDS

Tax losses for which no deferred tax asset has been recognised:

		2016			2015	
Period	**Total Loss carried forward USD'000**	**Thereof recognised for deferred tax assets Amount c/fwd USD'000**	**Thereof not recognised USD'000**	**Total Loss carried forward USD'000**	**Thereof recognised for deferred tax assets Amount c/fwd USD'000**	**Thereof not recognised USD'000**
1 year	–	–	–	–	–	–
2 years	–	–	–	–	–	–
3 years	–	–	–	–	–	–
4-7 years	220,435	–	220,435	7,538	–	7,538
>8 years	148,453	12,635	135,818	116,634	3,648	112,986
unlimited	39,153	39,153	–	90,860	90,860	–
Total	**408,041**	**51,788**	**356,253**	**215,032**	**94,508**	**120,524**
Potential tax calculated	**142,814**	**18,098**	**124,716**	**82,496**	**40,313**	**42,183**

The increase of the tax losses not recognized is mainly driven by the initial consolidation of the G2X group.

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

a) *Movement tables*

2015

	Plant & Buildings (incl. Land) USD'000	PP&E under Construction USD'000	Office Furniture & Equipment USD'000	Total USD'000
Opening balance net	2,138,304	–	3,619	2,141,923
Additions	46,831	–	759	47,590
Disposals	(1,343)	–	–	(1,343)
Depreciation	(179,336)	–	(866)	(180,202)
Closing balance net	**2,004,456**	**–**	**3,512**	**2,007,968**

2016

	Plant & Buildings (incl. Land) USD'000	PP&E under Construction USD'000	Office Furniture & Equipment USD'000	Total USD'000
Opening balance net	2,004,456	–	3,512	2,007,968
Additions	182,397	300,555	849	483,801
Acquisition G2X (transaction under common control)	98,764	7,133	215	106,112
Acquisition Firewater (business combination)	19,146	1,179,782	–	1,198,928
Disposals	(16,771)	–	–	(16,771)
Revaluation of assets	(10,582)	–	–	(10,582)
Depreciation	(202,236)	–	(813)	(203,049)
Closing balance net	**2,075,174**	**1,487,470**	**3,763**	**3,566,407**

During 2016, $ 1,180 million were added as PP&E under construction at time of Firewater acquisition. During the remainder of the year, additional $ 301 million were invested in the construction of plant of Firewater. Additionally, the Group invested $ 182 million in it's plants at MHTL.

There were no impairment charges recorded in 2016 and 2015.

Revaluation of assets refers to adjustments in connection with changes in decommissioning Liabilities.

NOTE 14 INVESTMENT PROPERTIES

	2016 USD'000	2015 USD'000
Opening balance net	–	–
Acquisitions	46,348	–
Closing balance net	**46,348**	**–**

Amount reported relates to an investment property adjacent to the acquired Natgasoline plant.

NOTE 14 INVESTMENT PROPERTIES (continued)

a) Amounts recognised in profit or loss for investment properties

During 2016 no amounts are recognised in profit or loss for investment properties, due to the fact that the mentioned property was not leased to third parties in 2016.

NOTE 15 INTANGIBLE ASSETS

2015

	Goodwill USD'000	Patents and licenses USD'000	Contract related intangible assets USD'000	Total USD'000
Opening balance net	578,003	–	75,805	653,808
Amortisation	–	–	(13,183)	(13,183)
Impairment	(63,431)	–	–	(63,431)
Closing balance net	**514,572**	**–**	**62,622**	**577,194**

2016

	Goodwill USD'000	Patents and licenses USD'000	Contract related intangible assets USD'000	Total USD'000
Opening balance net	514,572	–	62,622	577,194
Acquisition G2X (transaction under common control)	–	5,009	–	5,009
Amortisation	–	–	(13,184)	(13,184)
Closing balance net	**514,572**	**5,009**	**49,438**	**569,019**

Patents and Licenses

Methanol to Gasoline Process License and Engineering Agreement

The Group's subsidiary G2X entered into a Methanol to Gasoline Process License and Engineering Agreement (the "Agreement") with ExxonMobil for the rights to use its methanol-to-gasoline ("MTG") technology. The useful life of this agreement is indefinite.

Methanol to Gasoline License Option Agreement

The Group's subsidiary G2X entered into a Methanol to Gasoline ("MTG") License Option Agreement (the "License Agreement") with ExxonMobil, which allows the Group to obtain nine additional licenses to use the MTG technology. The useful life of this agreement is indefinite.

Contract related intangible assets

The contract related intangible asset relates to favourable terms of one of the raw material supply contracts of the subsidiary, MHTL, relative to market conditions at the acquisition date. This intangible asset is being amortised over the remaining period of the contract, which is six years.

The amount amortised for the year ended December 31, 2016 of $ 13.18 million (2015: $ 13.18 million) is included in depreciation and amortisation.

NOTE 15 INTANGIBLE ASSETS (continued)

Impairment testing

Goodwill

Goodwill is monitored by management at the level of each cash generating unit.

2016

	Methanol Division USD'000	AUM Division USD'000	Total USD'000
MHTL	401,682	112,890	514,572
	401,682	**112,890**	**514,572**

2015

	Methanol Division USD'000	AUM Division USD'000	Total USD'000
MHTL	401,682	112,890	514,572
	401,682	**112,890**	**514,572**

The Group performed its annual impairment test in December 2016 and December 2015 and considers several factors when reviewing for indicators of impairment. In 2016, these factors included the temporary decline in prices in the petro-chemical industry coupled with natural gas curtailments in Trinidad where the CGUs are located. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

Methanol Division

The recoverable amount of the Methanol CGU was $ 2.2 billion as at December 31, 2016 (2015: $ 3.1 billion) and has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a ten-year period. This period is used in line with management's annual, 10 year forecasting timeline. Gas contracts for the methanol plants are set on a plant level. The pre-tax discount rate applied to cash flow projections is 16.11% and cash flows beyond the 10-year period are extrapolated using a 2.5% growth rate which is within the range of the long term forecasts for the industry in which the CGU operates. It was concluded that the fair value less costs of disposal did not exceed the value-in-use. As a result of the analysis, management did not identify an impairment for this CGU.

AUM Division

The recoverable amount of the AUM CGU was $ 1.4 billion as at December 31, 2016 (2015: $ 1.3 billion) and has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a 12 year forecast timeline. The pre-tax discount rate applied to cash flow projections is 11.46 % and cash flows beyond the 12-year period are extrapolated using a 2.5% growth rate which is within the range of the long-term forecasts for the industry in which the CGU operates. As a result of this analysis, management did not identify an impairment for this CGU (PY: $ 63.4 million).

NOTE 15 INTANGIBLE ASSETS (continued)

Impairment testing (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for both Methanol and AUM units is most sensitive to the following assumptions:

- Sales volume
- Production volume
- Sales price
- Discount rates
- Raw materials cost
- Capital expenditure
- Growth rates used to extrapolate cash flows beyond the forecast period.

Sales volume

Sale volume is equal to the forecasted production volume for each unit, given that the off takers are contracted to take the full production volume of the plants.

Production volume

Production volume is based on the plant maintaining a production rate consistent with past experience taking into consideration downtime for turnaround activities and normal day to day maintenance.

Sales prices

Sales prices for methanol, melamine, UAN and ammonia are determined based on external sources of information, adjusted where required, based on management's experience in the business and published prices.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating divisions and is derived from its weighted average cost of capital (WACC). The WACC takes into account both cost of debt and cost of equity. Specific industry risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A fall in the pre-tax discount rate to 12.74% in the AUM unit would result in no impairment. A rise in the pre-tax discount rate to
22.97% in the Methanol unit would result in impairment.

Raw materials

The major component of raw material is natural gas. The natural gas pricing is based on a formula included in the subsidiary's long term contract with its supplier. It has been assumed that gas supplies will continue into the long term given the current reserves coupled with the Group and government current endeavours to sustain the gas supplies.

Capital expenditure

These costs are forecasted by the plants' operators, who based on past experience and continual monitoring of the facilities are able to determine the future capital needs of each unit.

NOTE 15 INTANGIBLE ASSETS (continued)

Growth rate

Rate is based on industry research. This rate is used to extrapolate cash flows beyond the forecast period. A decrease to 0.08% in the long-term growth rate in the AUM unit would result in no impairment. For the Methanol unit, a 0% long-term growth rate would not result in an impairment.

NOTE 16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial instruments by category

	DECEMBER 31, 2016		DECEMBER 31, 2015	
	Loans and receivables USD'000	At fair value through profit and loss USD'000	Loans and receivables USD'000	At fair value through profit and loss USD'000
Assets as per balance sheet:				
Trade and other receivables excluding prepaid expense	205,166	–	423,915	–
Marketable securities	–	29,015	–	–
Restricted cash	28,334	–	–	–
Cash and cash equivalents	258,012	–	213,920	–
Total	**491,512**	**29,015**	**637,835**	**–**

	DECEMBER 31, 2016		DECEMBER 31, 2015	
	Liabilities at amortised cost USD'000	At fair value through profit and loss USD'000	Liabilities at amortised cost USD'000	At fair value through profit and loss USD'000
Liabilities as per balance sheet:				
Borrowings and loans	2,301,085	–	1,536,682	–
Derivative financial instruments	–	2,247	–	–
Trade and other payables excluding non-financial liabilities	143,019	–	150,643	–
Total	**2,444,104**	**2,247**	**1,687,925**	**–**

16.1 Financial assets at fair value through profit and loss

	Total USD'000	Quoted prices in active markets (Level 1) USD'000	Significant observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Quoted debt securities: US treasury security	29,015	29,015	–	–

Financial assets at fair value through profit or loss are presented within operating activities' as part of changes in working capital in the statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in financial income/expenses in the income statement.

NOTE 16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

16.1 Financial assets at fair value through profit and loss (continued)

The fair value of all debt securities is based on their current bid prices in an active market.

16.2 Financial liabilities

	DECEMBER 31, 2016		DECEMBER 31, 2015	
	Carrying amount USD'000	Fair value USD'000	Carrying amount USD'000	Fair value USD'000
Financial liabilities at amortised cost:				
Notes in issue				
Senior fixed rate notes (1) (net)	1,020,233	1,055,250	1,008,910	1,026,000
Senior floating rate notes (1) (net)	194,330	193,290	194,330	194,000
Total notes in issue	**1,214,563**		**1,203,240**	
Other borrowings				
Revolving credit facility (2)	300,000	300,000	60,000	60,000
7 year secured term loan (2) (net)	272,585	300,101	273,442	289,375
Mortgage payable*	793	793	–	–
Pass-through revenue bonds (3)*	281,125	282,012	–	–
Senior lien revenue bonds, series 2016A (4)*	45,424	51,688	–	–
Senior lien revenue bonds, series 2016B (4)*	182,405	209,732	–	–
Reserve-based credit facility (5)*	3,133	3,133	–	–
Other notes payable*, **	1,057	–	–	–
Total other borrowings	**1,086,522**		**333,442**	
Borrowings and loans	**2,301,085**		**1,536,682**	
Less: borrowings and loans (current)	(1,849)		(60,857)	
Non current borrowings and loans	**2,299,236**		**1,475,825**	
Trade and other payables**	143,019		150,643	
Total trade and other payables	**143,019**		**150,643**	

* *Acquired debt through G2X/Firewater acquisition.*

** *The carrying amount is a reasonable approximation of fair value.*

d) Fair value estimation

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

NOTE 16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

16.2 Financial liabilities (continued)

d) Fair value estimation (continued)

- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group does not have recognised recurring fair value measurements. There are recognised non-recurring fair value measurements, which relate to assets and liabilities acquired through business combination.

FAIR VALUE MEASUREMENT HIERARCHY FOR LIABILITIES

Fair value measurement hierarchy for liabilities as at December 31, 2016:

	Total USD'000	Quoted prices in active markets (Level 1) USD'000	Significant observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000
Liabilities for which fair values are disclosed Interest-bearing loans and borrowings:				
Senior fixed rate notes	1,055,250	1,055,250	–	–
Senior floating rate notes	193,290	–	193,290	–
Revolving credit facility	300,000	–	300,000	–
7 years secured term loan	300,101	–	300,101	–
Reserve-based credit facility	3,133	–	3,133	–
Other notes payable	1,057	–	1,057	–
Mortgage	793	–	793	–
Pass-through revenue bonds	282,012	282,012	–	–
Senior lien revenue bonds, series 2016(A)	51,688	51,688	–	–
Senior lien revenue bonds, series 2016(B)	209,732	209,732	–	–
Commodity option securities	2,247	–	2,247	–
Total	**2,399,303**	**1,598,682**	**800,621**	**–**

Fair value measurement hierarchy for liabilities as at December 31, 2015:

	Total USD'000	Quoted prices in active markets (Level 1) USD'000	Significant observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000
Liabilities for which fair values are disclosed Interest-bearing loans and borrowings:				
Senior fixed rate notes	1,026,000	1,026,000	–	–
Senior floating rate notes	194,000	194,000	–	–
Revolving credit facility	60,000	–	60,000	–
7 years secured term loan	289,375	–	289,375	–
Total	**1,569,375**	**1,220,000**	**349,375**	**–**

NOTE 16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

16.2 Financial liabilities (continued)

Notes in issue

In order to finance the acquisition of the remaining 56.53% of the shares of MHTL by CEL, the Group's subsidiary, Consolidated Energy Finance S.A.,(CEF), issued senior unsecured notes. The notes issued by the subsidiary on October 7, 2014 are in the form of general unsecured bonds.

The notes have a maturity period of 5 years until October 15, 2019 and have been issued in two tranches:

Senior fixed/floating rate notes (1)

Fixed rate notes

A fixed yield tranche of $ 1,050 million carrying an interest rate of 6.75% per annum. Interest will accrue from the Issue date and will be payable semi-annually in arrears on each April 15 and October 15, commencing April 15, 2015.

Floating rate notes

A variable yield tranche of $ 200 million carrying a floating rate of interest equal to three month LIBOR plus 3.5% per annum. Interest will accrue from the issue date and will be payable quarterly in arrears on each January 15, April 15, July 15 and October 15, commencing on January 15, 2015.

Guarantees

The notes are fully and unconditionally guaranteed on a senior unsecured basis by the parent guarantor, and the parent guarantor's subsidiaries.

Due to the reorganisation of the Group, the parent guarantor of the notes changed from Consolidated Energy Limited (Barbados) to Consolidated Energy Limited (Switzerland). No other changes occurred during the fiscal year 2016.

The payment of the principal of premium, if any, and interest on the notes and the obligations of the guarantors under the guarantees will:

- be effectively subordinated in right of payment to any existing and future secured indebtedness of the CEF and the guarantors, including the MHTL's loans, to the extent of the value of the assets securing such indebtedness;
- be pari passu in right of payment with all existing and future indebtedness of CEF and the guarantors that is not subordinated in right of payment to the notes and the guarantees;
- rank senior in right of payment to all existing and future indebtedness of CEF and the guarantors that is subordinated in right of payment to the notes and the guarantees; and
- be structurally subordinated to all indebtedness, claims of holders of preferred stock and other liabilities of the parent guarantor's future subsidiaries that are not guarantors

Revolving credit facility and 7-year Secured term loan (2)

An Initial term loan in the aggregate principal amount of $ 290 million for a period of seven years, payable in quarterly installments equal to 0.25% commencing on September 30, 2015, with a final payment at maturity equal to the outstanding principal amount at that date.

NOTE 16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

16.2 Financial liabilities (continued)

Revolving credit facility and 7-year Secured term loan (2) (continued)

Interest is charged at a eurocurrency rate plus a margin in the case of any eurocurrency rate loan denominated in dollars or a base rate plus a margin for base rate loans. The eurocurrency rate is determined to be the rate per annum equal to LIBOR for deposits in dollars.

The applicable rate of interest in relation to the term loan as at December 31, 2016 is 4.25% (December 31, 2015: 4.25%.)

A revolving credit facility in the aggregate principal amount of $ 300 million for an initial term of 5 years.

On October 30, 2015, the Group drew down $ 60 million under the revolving credit facility. Subsequently on April 8, 2016, the group drew down the remaining $ 240 million. This facility has been classified as non current on the basis that the Group expects and has the discretion to roll over the obligation for at least 12 months.

The applicable rate of interest in relation to the revolving credit facility as at December 31, 2016 is: (i) Drawdown $ 240 million – 3.44% (December 31, 2015: Nil), (ii) Drawdown $60 million – 3.52% (December 31, 2015:
2.99%).

The 7-year term loan and revolving facility are secured by a first priority mortgage and charge for the benefit of JPMorgan Chase Bank over the Group's fixed and floating assets.

Pass-through revenue bonds (3):

Upon acquiring Firewater LLC, the Group acquired a note between Natgasoline LLC and OCI N.V ("OCI") for $ 321.2 million. The loan accrues interest on the unpaid principal amount at a rate equal to 10% per annum. Interest shall accrue on the loan and will be added to the principal balance every six months. All principal and interest will be due and payable on June 30, 2021. Subsequent to the acquisition, $ 50.0 million of the principal was paid on the note. On July 22, 2016 the note was amended and restated in an aggregate principal amount of $ 279.2 million. On August 30, 2016 the Group entered into a financing agreement with the Public Finance Authority ("PFA Issuer"). The PFA Issuer issued $ 279.2 million of bonds with terms consistent with the amended and restated note. The Group amended and restated the note in favor of the PFA Issuer. The Group must prepay the bonds (i) on and after commercial operations from any available cash and (ii) from the net proceeds of any additional debt raised.

Senior lien revenue bonds (4):

The Group is party to the Bond Financing Agreement (the "2016 Financing Agreement"), dated May 1, 2016, between the Mission Economic Development Corporation (the "Issuer") and Natgasoline LLC ("Natgasoline"). On May 4, 2016, the Issuer issued $ 50.0 million aggregate principal amount 5.75% bonds, Series 2016A due October 1, 2031 (the "Series A Bonds") and $ 202.9 million aggregate principal amount 5.75% bonds, Series 2016B due October 1, 2031 (the "Series B Bonds")(collectively Series A and Series B, the "Series 2016 Bonds").

The Issuer loaned the proceeds from the issuance of the Series 2016 bonds to Natgasoline. Natgasoline issued a promissory note to the Issuer in the principal amount of $ 252.9 million to evidence its obligations to the Issuer. Natgasoline has the option to prepay the promissory note. Natgasoline's obligations are secured by a collateral assignment of and the grant of a lien on and security interest in

NOTE 16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

16.2 Financial liabilities (continued)

Senior lien revenue bonds (4): (continued)

(i) all of the personal property of Natgasoline, (ii) the membership interests in Natgasoline, and (iii) by a mortgage on, and security interest in real property and improvements, fixtures and equipment thereon.

The 2016 Financing Agreement also contains various covenants that restrict Natgasoline from, among other things, creating any non-permitted liens or incurring additional debt. The Series 2016 Bonds have mandatory redemption features. Principal payments are due April 1 and October 1 each year beginning with October 1, 2028.

Reserve-based credit facility (5):

On August 26, 2014, one of the Group's wholly-owned subsidiaries entered into the Senior First Lien Secured Credit Agreement with a credit facility commitment of $ 100.0 million that expires in August 2019. Borrowings under the facility are secured by a first priority lien on substantially all of its oil and natural gas properties. The facility is guaranteed by the Group. The Group may use the borrowings under the facility for acquiring and developing oil and natural gas properties, for working capital purposes and for general and administrative purposes.

As of December 31, 2016 and 2015, the borrowing base under the facility was $ 7.0 million and $ 10.0 million, respectively. The facility does not require any repayments of amounts outstanding until it expires in August 2019. As of December 31, 2016, the Group was in compliance with these financial covenants. The Group had $ 3.1 million and $ 8.1 million outstanding, net of debt issuance costs of $ 23 and $ 44, as of December 31, 2016 and 2015, respectively. The facility had a weighted average effective interest rate of 3.05% and 2.89% for 2016 and 2015, respectively.

16.3 Derivatives

Natgasoline LLC (a subsidiary of G2X) entered into call and put options securities to manage the exposure to changes in natural gas feedstock to the future plant. These derivative instruments are not designated as hedges.

NOTE 17 NON-FINANCIAL ASSETS

	2016 USD'000	2015 USD'000
Lease finders fee	651	–
Advance drilling costs	3,321	–
Total non-financial assets	**3,972**	**–**

NOTE 18 INVENTORIES

	2016 USD'000	2015 USD'000
Raw materials and supplies	117,898	102,224
Finished goods	18,396	29,716
./. Write down net realisable value	(8,709)	(6,840)
Total inventories	**127,585**	**125,100**

NOTE 18 INVENTORIES (continued)

a) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs.

b) Amounts recognised in profit or loss

Included in year end inventories is an amount of $ 8.7 million (2015: $ 6.8 million) in relation to manufactured melamine inventory which has been written down to net realisable value.

NOTE 19 TRADE AND OTHER RECEIVABLES

	2016 Current USD'000	2015 Current USD'000
Trade receivables	157,847	296,822
Provision for price adjustments	–	(26,903)
Trade receivables	**157,847**	**269,919**
Loans to related parties	–	111,215
Other receivables	47,319	42,781
Prepaid expenses	18,765	30,209
Other receivables	**66,084**	**184,205**
Trade and other receivables	**223,931**	**454,124**

a) Other receivables / prepaid expenses

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months.

Collateral is not normally obtained.

b) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

c) Ageing analysis

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

			Past due but not impaired		
	Total USD'000	Neither past due nor impaired USD'000	<30 days USD'000	30 - 120 days USD'000	>120 days USD'000
2016	157,847	118,088	23,274	12,776	3,709
2015	296,822	223,340	54,399	6,311	12,772

NOTE 20 RESTRICTED CASH

	2016 USD'000	2015 USD'000
Restricted cash current	28,334	–

As of December 31, 2016 the total balance of restricted cash is $ 28.3 million, and is part of the senior lien revenue bond 2016 Financing Agreement.

Increases and decreases in restricted cash are shown net in investing cash flows.

NOTE 21 CASH AND SHORT TERM DEPOSITS

a) *Reconciliation to cash flow statement*

The figures presented in the consolidated statement of financial position reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year.

b) *Classification as cash equivalents*

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

NOTE 22 ISSUED CAPITAL AND RESERVES

ORDINARY SHARES ISSUED AND FULLY PAID	**2016 USD'000**	**2015 USD'000**
At January 1	54,075	54,075
At December 31	**20,877**	**54,075**

Due to the restructuring of the Group from OPAG to CEL(CH) in 2016, the share capital changed from $ 54.0 million to $ 20.9 million (see note 2)

Proposed dividends on ordinary shares are subjected to approval at the annual general meeting and are not recognised as a liability as at December 31.

In 2016 capital reserves were increased by a cash contribution of USD 250 million, net of USD 2.5 million of transaction costs, which have been paid in 2017.

At January 1, 2016 the former parent of the Group had issued and fully paid 46,484,110 ordinary shares of no par value.

At December 31, 2016 the Company has issued and fully paid 2,000,000 registered shares of CHF 0.01 par value.

NOTE 23 PROVISIONS

2015

Provisions movements	**Decomissioning costs USD'000**	**Contract-related liabilites USD'000**	**Total USD'000**
Opening balance	226,469	253,930	480,399
Additions	2,805	–	2,805
Release	–	(89,276)	(89,276)
Increase in discounted amount	4,348	–	4,348
Closing balance	**233,622**	**164,654**	**398,276**

2016

Provisions movements	**Decomissioning costs USD'000**	**Contract-related liabilites USD'000**	**Total USD'000**
Opening balance	233,622	164,654	398,276
Acquisiton of G2X (transaction under common control)	4,874	–	4,874
Additions	132	–	132
Release	–	(13,374)	(13,374)
Increase in discounted amount	6,402	–	6,402
Reversal	(10,580)	–	(10,580)
Closing balance	**234,450**	**151,280**	**385,730**

Decommissioning costs

The Group's subsidiaries operate petrochemical plants with varying useful lives. Provisions are recognised for the present value of costs to be incurred in the future for the decommissioning of these plants.

Contract-related liabilities

The contract-related liabilities arise from unfavourable terms of charter hire contracts for marine vessels and one of the sales contracts of the subsidiary, MHTL compared to market conditions at the acquisition date.

The provision on the charter hire contracts is released on a straight line basis over the remaining life of each of the vessel contracts and the expense is included in depreciation and amortisation and impairment.

NOTE 24 PENSION

a) *Defined benefit pension plans*

The Group operates defined benefit pension plans in Trinidad. The plans provide benefits to members in the form of a guaranteed level of pension payable for life or retirement lump sums. The level of benefits provided depends on the length of service and their salary.

As there are no remaining contributing plan members and the plan is in surplus MHTL does not expect to pay any contributions to the pension plan during 2017.

NOTE 24 PENSION (continued)

a) *Defined benefit pension plans* (continued)

Balance sheet amounts

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	31.12.2016 USD'000	31.12.2015 USD'000
Amounts recognised in the balance sheet		
Present value of funded obligations	13,348	14,334
Fair value of plan assets	(29,631)	(31,266)
Deficit (surplus) for funded plans	**(16,283)**	**(16,932)**
Effect of limiting defined benefit asset (asset ceiling)	4,885	5,079
Net liability (asset)	**(11,398)**	**(11,853)**
Movement in the defined benefit obligation		
Benefit obligation at beginning of year	**14,334**	**14,430**
Interest expense	664	701
Re-measurement (gains)/losses	(255)	(71)
Exchange rate changes	(728)	(119)
Benefits paid	(667)	(607)
Benefit obligation at end of year	**13,348**	**14,334**
Change in plan assets		
Fair value of plan assets at beginning of year	**31,266**	**32,598**
Interest income	1,468	1,601
Return on plan assets, excluding amount in interest income	(850)	(2,058)
Exchange rate changes	(1,586)	(268)
Benefits paid	(667)	(607)
Fair value of plan assets at end of year	**29,631**	**31,266**
Balance Sheet Reconciliation		
Balance sheet liability (asset) beginning of year	(11,853)	(12,718)
Net pension credit	(563)	(631)
Amounts recognised in OCI	417	1,391
Exchange rate adjustment – (gain)/loss	601	105
Balance sheet liability (asset) end of year	**(11,398)**	**(11,853)**
Expense recognised in profit or loss		
Net interest on the net defined benefit liability	(563)	(631)
Total pension cost recognised	**(563)**	**(631)**

NOTE 24 PENSION (continued)

a) *Defined benefit pension plans* (continued)

	31.12.2016 USD'000	31.12.2015 USD'000
Amounts recognised in other comprehensive income (OCI)		
Re-measurement (gains) / losses on liability-experience adjustment	255	71
Return on plan assets excluding interest income	(850)	(2,058)
Effect of limiting defined benefit asset (asset ceiling)	178	596
Amount recognised in OCI	**(417)**	**(1,391)**

b) *Asset allocation*

The funded plan in Trinidad shows the following asset allocation:

	2016 USD'000	2015 USD'000
Locally listed equities	721	1,054
Overseas equities	3,100	2,503
Government issued nominal bonds	9,816	11,389
Corporate bonds	9,481	10,413
Cash and cash equivalents	6,513	5,907
Total locally listed equities	**29,631**	**31,266**

c) *Risk exposure*

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are detailed below:

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.

Summary of principal assumptions

	2016 %	2015 %
Discount rate	5.00%	5.00%
Future pension increases	3.00%	3.00%

Employer contributions

The defined benefit obligation is allocated between the plan's members as follows:

	2016 %	2015 %
Deferred members	21.00%	25.00%
Pensioners	70.00%	66.00%
Expense reserve	9.00%	9.00%

	2016	2015
The weighted average duration of the defined benefit obligation at year-end	12.5 years	12.9 years

NOTE 24 PENSION (continued)

c) *Risk exposure* (continued)

At both statement of financial position dates, assumptions regarding future mortality are based on Standard PMA/PFA80 (male and female's 80 series pensioner tables) actuarial tables with projected improvements to 2010 for current retirees and to 2020 for future retirees. The life expectancies underlying the value of the defined benefit as at December 31, 2016 are as follows:

	2016	2015
Life expectancy at age 60 for current pensioner in years		
Male	21.0	21.0
Female	25.1	25.1
Life expectancy at age 60 for current members age 40 in years		
Male	21.4	21.4
Female	25.4	25.4

Funding

The Group's subsidiary, MHTL, meets the balance of the cost of funding the defined benefit pension plan and MHTL must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every three years) actuarial valuations of the plan and the assumptions used to determine the funding required may differ from those set out above. As there are no remaining contributing plan members and the plan is in surplus MHTL does not expect to pay any contributions to the pension plan during 2017.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at December 31, 2016 would have changed as a result of a 1% change in the assumptions used.

	Increase USD'000	Decrease USD'000
Discount rate (change +/- 1%)	(1,432)	1,763

NOTE 25 TRADE AND OTHER PAYABLES

	2016 USD'000	2015 USD'000
Trade payables	49,631	13,301
Other current liabilities	56,800	19,415
Accrued expenses	36,588	117,927
Total trade and other payables	**143,019**	**150,643**

Payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables and accruals are recognised at fair value initially and subsequently measured at amortised cost.

NOTE 26 COMMITMENTS AND CONTINGENCIES

Contingencies

- The tax authorities have conducted corporation tax audits of the Group's subsidiary MHTL and its predecessor companies in respect of several years of income. These audits are at various stages ranging from responses to proposals for material adjustments by the tax authorities, objections to assessments and appeals to the Tax Appeal Board. Arising from these audits, material adjustments were proposed, to which MHTL has responded. For some of the audits, assessments were issued to which objections were filed with the tax authorities, challenging the assessments. Some of the audits have reached the appeal stage and MHTL has filed notices of appeal with the Tax Appeal Board challenging the assessments raised. MHTL based on independent professional advice, estimates it is not probable that material additional liabilities in respect of the audits described above are expected to crystallise. With reference to tax authorities assessments noted above, due to the erroneous nature of some of the items in the assessments, the number of legal entities, preamalgamation and the various fiscal incentives provided to the respective entities, it is not practicable to reasonably quantify the exposure at this time.

- The tax authorities conducted corporation tax audits of CNC for years of income 2006, 2007, 2008, 2009 and 2010. Assessments for 2006, 2007 and 2008 were raised by the tax authorities of which $ 6.0 million (principal), CNC has disputed and the matter is being taken to the Tax Appeal Board. Assessments were raised for 2009 and 2010 by the tax authorities amounting to $ 3.3 million (principal) and $ 7.7 million (principal) respectively against which CNC objected. The Company is of the view that no material liabilities will arise in connection with the assessments and accordingly no provisions have been made for any potential liabilities which may arise.

- The tax authorities of Trinidad and Tobago have conducted corporation tax audits of N2K, a subsidiary of the Group in respect of the years of income 2007, 2008, 2009, 2010 and 2011. Assessments for 2007 and 2008 were raised by the tax authorities of which $ 3.2 million (principal), N2K has disputed and the matter is being taken to the Tax Appeal Board. Assessments were also raised for 2009, 2010 and 2011 by the tax authorities amounting to $ 1.5 million (principal), $ 1.4 million (principal) and $ 1.2 million (principal) respectively against which N2K has objected. The Company is of the view that no material liabilities will arise in connection with the assessments and accordingly no provisions have been made for any potential liabilities which may arise.

Commitments

		2016 **USD'000**	**2015** **USD'000**
Capital Commitments	a)	219,000	18,000
Operating Lease Commitments	b)	1,287,790	1,169,540
Drilling Carry Commitments	c)	167,000	–

a) Capital commitments

The Group has the following capital commitments as at December 31, 2016

- MHTL - $ 9.0 million (2015 - $ 18 million)

- Firewater - $ 210 million (2015 - $ 0 million)

NOTE 26 COMMITMENTS AND CONTINGENCIES (continued)

Commitments (continued)

b) Operating lease commitments

The Group leases its manufacturing and administration sites, land, methanol and marine vessels and shipping facilities under non-cancellable lease arrangements for varying periods. As at December 31, future minimum lease payments for the Group are as follows:

	2016 USD'000	**2015 USD'000**
Up to one year	110,030	89,494
Two to five years	441,195	363,820
Over five years	736,565	716,226
Total	**1,287,790**	**1,169,540**

c) Drilling carry

The Group agreed to fund a portion of its operator's well costs on each well up to a total amount of $ 170 million ("Drilling Carry"). The amount of the Drilling Carry for each well is equal to 45% of Terra Energy Partners (third party) 51% working interest on well costs. A wellbore interest is earned as each well is drilled and completed. Upon full satisfaction of the Drilling Carry, the Group will have earned 49% interest in the wellbore as well as the leasehold associated with all existing wells and future drilled wells. As of December 31, 2016, the Group has a remaining Drilling Carry commitment of $ 167.0 million.

d) Sales commitments

The Group's subsidiary have sales commitments for petrochemical products in accordance with contractual obligations.

e) Purchase commitments

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

One of the Group's subsidiaries, Methanol Holdings (Trinidad) Limited has take or pay contracts for all its gas volumes for the plants and the minimum volumes were all taken during the year. As at the year end, there were no take or pay obligations.

f) Pledged assets

Residential properties in the amount of $ 979 thousand are held as collateral in mortgage agreements.

NOTE 27 RELATED PARTY DISCLOSURES

Parent entities / Controlling party

Name	Type	Ownership interest 2016 %	Ownership interest 2015 %
Proman Holding AG	Ultimate parent entity	75	75
Helm AG	Ultimate parent of Shareholder with significant influence	25	25

Subsidiaries

Interests in subsidiaries are set out in note 1.

Key management personnel compensation

	2016 USD'000	2015 USD'000
Short-term employee benefits	1,337	1,243
Post-employment benefits	8	–
Termination benefits	20	–
Share-based payments	383	–
Total	**1,748**	**1,243**

Certain key management personnel compensations are paid by Proman entities, that are outside of the Group and not included in the table above.

Terms and conditions of transactions with related parties

The following companies are related parties by virtue of common shareholders

- Proman Holding AG
- Proman Holding (Barbados) Ltd
- Process Energy (Trinidad) Ltd
- Proman AG (Trinidad) Ltd
- Caribbean Nitrogen Company Ltd (associated)
- Nitrogen (2000) Unlimited (associated)
- Methanol Holdings (International) Ltd (associated)
- Proman Immobilien AG
- MKC Contracting LLC
- C.P.C. Caribbean Petrochemical Company Ltd
- Proman Gesellschaft für Projektmanagement GmbH
- Eurotecnica Contractors and Engineers SpA
- Industrial Plant Services Ltd
- De Novo Energy (Barbados) Ltd
- Southern Chemical Corporation
- Mozambique Petrochemical Co. SA

The following companies are related parties due to a significant influence on the group:

- HELM AG
- HELM Asia Pte

NOTE 27 RELATED PARTY DISCLOSURES (continued)

Helm AG and CPC Caribbean Petrochemical Company Limited

The Group has supply contracts with Helm AG for the sale and distribution of Methanol, UAN and Melamine in the United States (US) and Europe. Helm AG has assigned to another related party, CPC Caribbean Petrochemical Company Limited (CPC), the sale and distribution of its US volumes. The Group has take or pay arrangements with its customers for its products which were all met during the year.

Proman AG (Trinidad) Limited

Proman AG (Trinidad) Limited is the onshore EPC (Engineering, procurement & Construction) contractor and is a related party by virtue of common shareholders.

Industrial Plant Services Limited (IPSL)

The Group's subsidiary, MHTL, has entered into a contract with Industrial Plant Services Limited for the overall operation and maintenance of the AUM and Methanol plants. In accordance with the contract MHTL pays for the following services:

– Direct costs, included but not limited to employee costs and benefits, contract labour costs, repair materials, tools and equipment, office and other supplies and services as agreed by both parties in the contract.

– A quarterly fee based on production volumes at various rates along product lines.

Process Energy (Trinidad) Limited

This company rents office space from Methanol Holdings (Trinidad) Limited. This company also provides financial support services to Consolidated Energy Limited.

Other related parties

The following transactions were carried out with related parties:

a) Sales of goods and services

	2016 USD'000	2015 USD'000
Entities with a significant influence over the Group	349,773	409,086
Ultimate parent group companies	12,931	–
Associates	17,291	17,680
Other related parties	446,476	864,138
Total sales of goods and services	**826,471**	**1,290,904**

b) Other income

	2016 USD'000	2015 USD'000
Ultimate parent group companies	56	25
Associates	67	67
Total other income	**123**	**92**

NOTE 27 RELATED PARTY DISCLOSURES (continued)

Other related parties (continued)

c) Purchase of goods and services

	2016 USD'000	2015 USD'000
Entities with a significant influence over the Group	7,858	10,494
Ultimate parent group companies	67,180	88,147
Associates	7,256	15,049
Other related parties	37,371	27,802
Total purchase of goods and services	**119,665**	**141,492**

d) Interest and other financial expense

	2016 USD'000	2015 USD'000
Ultimate parent	1,049	–
Total interest and other financial expense	**1,049**	**–**

e) Balances arising from sales/purchases of goods and services

i) Included in the trade and other receivables are the following amounts due from related parties:

	2016 USD'000	2015 USD'000
Entities with a significant influence over the Group	13,131	66,811
Ultimate parent group companies	4,534	14,103
Associates	2,047	26
Other related parties	135,709	202,264
Total receivables from related parties	**155,421**	**283,204**

ii) Included in the trade and other payables are the following amounts to related parties:

	2016 USD'000	2015 USD'000
Entities with a significant influence over the Group	23	–
Ultimate parent group companies	11,848	6,980
Associates	2,266	1,161
Other related parties	4,579	1,743
Total payables to related parties	**18,716**	**9,884**

NOTE 27 RELATED PARTY DISCLOSURES (continued)

Other related parties (continued)

f) Balances arising from loans to/ from related parties

i) Loans from related parties:

		Interest Income	**Loans from related parties**
Associates	2016	–	–
Associates	2015	215	111,000

NOTE 28 EVENTS AFTER THE REPORTING PERIOD

The Group continues to be in negotiations with its natural gas supplier for the renewal of gas contracts for the some of its Methanol plants, as well as developing alternative gas supplies from other sources. At time of the issuance of this annual report, these negotiations and initiatives were still ongoing and cannot be commented upon.

General gas supply curtailments imposed by the National Gas Company on all of its customers have led the Group to temporarily put two of its five Methanol plants off-line. While temporarily underutilized manpower costs are being absorbed by the Group, the Group continuously monitors its headcount requirements and regularly adjusts its plant operations. In February 2017 a further streamlining of its workforce was announced. The financial impact of the latest manpower restructuring cannot be estimated at the time of issuance of this annual report.

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To the General Meeting of
Consolidated Energy Ltd, Wollerau

Zurich, 29 March 2017

Statutory auditor's report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Consolidated Energy Ltd and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of profit/(loss), the consolidated statement of comprehensive income/(loss), consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 4 to 55) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law, ISAs and Swiss Auditing Standards 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Martin Mattes
Licensed audit expert
(Auditor in charge)

Pascal Solèr
Licensed audit expert

OPAG (BARBADOS) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015
(Expressed in United States Dollars)

Ernst & Young

OPAG (BARBADOS) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OPAG (BARBADOS) LIMITED

We have audited the accompanying consolidated financial statements of OPAG (Barbados) Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OPAG (BARBADOS) LIMITED (Continued)

Other Matter

The comparative information for the consolidated statement of financial position as at 31 December 2014 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the summary of significant accounting policies and other explanatory information were not audited.

Ernst & Young

Bridgetown
BARBADOS:
29 July 2016

OPAG (BARBADOS) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

(Expressed in United States Dollars)

ASSETS	Notes	2015 $'000	Unaudited 2014 $'000	Unaudited As at 1 January 2014 $'000
Non-current assets				
Property, plant and equipment	6	2,007,968	2,141,923	–
Intangible assets	7	577,194	653,808	–
Investments in associates	9	464,847	485,766	1,155,768
Pension asset	10	11,853	12,718	–
Deferred tax assets	II	133,274	135,765	–
		3,195,136	3,429,980	1,155,768
Current assets				
Inventories	12	125,100	138,861	–
Trade and other receivables	13	454,124	397,616	170
Taxation recoverable		5,244	5,244	–
Cash and cash equivalents	14	213,920	346,754	36,933
		798,388	888,475	37,103
Total assets		3,993,524	4,318,455	1,192,871
EQUITY AND LIABILITIES				
Equity				
Share capital	15	54,075	54,075	54,075
Retained earnings		1,024,008	1,005,664	837,709
Equity attributable to equity holder of the parent		1,078,083	1,059,739	891,784
Non-controlling interest		385,762	379,452	288,977
Total equity		1,463,845	1,439,191	1,180,761
Non-current liabilities				
Borrowings	16	1,475,825	1,563,249	–
Deferred tax liabilities	11	434,122	454,137	–
Asset retirement obligations	17	233,622	226,469	–
Other liabilities	18	164,654	178,030	–
		2,308,223	2,421,885	–
Current liabilities				
Borrowings	16	60,857	220,551	–
Trade and other payables	19	150,643	157,205	12,110
Taxation payable		9,956	3,723	–
Other liabilities	18	–	75,900	–
		221,456	457,379	12,110
Total liabilities		2,529,679	2,879,264	12,110
Total equity and liabilities		3,993,524	4,318,455	1,192,871

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

Director

Director

OPAG (BARBADOS) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in United States Dollars)

	Notes	2015 $'000	Unaudited 2014 $'000
Gross revenue	24	1,294,202	358,594
Cost of sales	20	(1,064,135)	(335,111)
Gross profit		230,067	23,483
Other income	21	14,905	195,375
Other expenses			
General and administrative	20	(71,330)	(14,536)
Marketing	20	(742)	(377)
		(72,072)	(14,913)
Operating profit		172,900	203,945
Net finance costs	22	(143,638)	(26,260)
Share of results of associates	9	39,821	106,096
Profit before taxation		69,083	283,781
Taxation charge	23	(43,125)	(2,837)
Profit for the year		25,958	280,944
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement of post-employment benefit obligations	10	(1,391)	747
Income tax effect		487	(261)
Re-measurement of post-employment benefit obligations		(904)	486
Total comprehensive income for the year		25,054	281,430
Profit attributable to:			
Equity holder of the parent		19,422	190,591
Non-controlling interest		6,536	90,353
		25,958	280,944
Total comprehensive income attributable to:			
Equity holder of the parent		18,744	190,955
Non-controlling interest		6,310	90,475
		25,054	281,430

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

OPAG (BARBADOS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in United States Dollars)

	Share capital $'000	Retained earnings $'000	Sub-total $'000	Non-controlling interest $'000	Total $'000
Unaudited year ended 31 December 2014					
Balance at 1 January 2014	54,075	837,709	891,784	288,977	1,180,761
Net profit for the year	–	190,591	190,591	90,353	280,944
Other comprehensive income	–	364	364	122	486
Dividends paid	–	(23,000)	(23,000)	–	(23,000)
Balance at 31 December 2014	54,075	1,005,664	1,059,739	379,452	1,439,191
Year ended 31 December 2015					
Balance at 1 January 2015	54,075	1,005,664	1,059,739	379,452	1,439,191
Net profit for the year	–	19,422	19,422	6,536	25,958
Other comprehensive income	–	(678)	(678)	(226)	(904)
Dividends paid	–	(400)	(400)	–	(400)
Balance at 31 December 2015	54,075	1,024,008	1,078,083	385,762	1,463,845

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

OPAG (BARBADOS) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in United States Dollars)

	Notes	2015 $'000	Unaudited 2014 $'000
Operating activities			
Profit before taxation		69,083	283,781
Adjustments for:			
Depreciation and amortisation		126,329	32,204
Impairment of goodwill	8	63,431	–
Loan interest expense	22	114,399	24,569
Net pension credit	10	(631)	(570)
Exchange difference on pension asset	10	105	(98)
Provisions: unwinding of discount	22	4,348	1,309
Amortization of transaction costs		993	–
Gain on re-measurement of previously held interest	21	–	(189,742)
Share of results of associates	9	(39,821)	(106,096)
		338,236	45,357
Working capital adjustments:			
Decrease in inventories		17,909	632
Decrease in trade and other receivables		54,491	35,014
Decrease in trade and other payables		(4,808)	(11,395)
		405,828	69,608
Taxation paid		(53,936)	(14,836)
Net cash flows from operating activities		351,892	54,772
Investing activities			
Purchase of property, plant and equipment	6	(47,590)	(12,538)
Acquisition of subsidiary, net of cash acquired	5	–	(849,905)
Dividends received		60,740	62,297
Loan to related party	24	(111,000)	–
Net cash flows used in investing activities		(97,850)	(800,146)
Financing activities			
Proceeds from long term loans		650,000	–
Transaction costs on long term loans		(16,101)	–
Proceeds from issuance of notes		–	1,239,500
Transaction costs on issuance of notes		(172)	(48,515)
Repayment of other borrowings		(914,373)	(104,259)
Loan interest paid		(105,830)	(8,531)
Dividends paid		(400)	(23,000)
Net cash flows (used in)/from financing activities		(386,876)	1,055,195
Net (decrease)/increase in cash and cash equivalents		(132,834)	309,821
Cash and cash equivalents - beginning of year		346,754	36,933
Cash and cash equivalents - end of year	14	213,920	346,754

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

(Expressed in United States Dollars)

1 General information

OPAG (Barbados) Limited ("the Company") was incorporated on 22 October 2008 under the Companies Act Cap. 308 of the Laws of Barbados in order to reorganise the global petrochemical operations of Oil Products AG, the former parent company of OPAG (Barbados) Limited. In 2009, Proman Holding AG became the ultimate parent company of the Company. The Company is licensed under the International Business Companies Act Cap 77 of the Laws of Barbados. The address of its registered office is 1st Floor West Wing, Chelsea House, Chelsea Road, St. Michael, BB14022, Barbados. The parent company, Proman Holding A.G., is incorporated in Switzerland.

The Company operates as the investment holding company of Consolidated Energy Limited ("CEL"), a 75% (2014: 75%) owned subsidiary.

CEL has wholly-owned subsidiaries of FS Petrochemicals (St Kitts) Limited, Consolidated Energy Finance S.A. and Methanol Holdings (Trinidad) Limited ("MHTL") which was previously held as an associate with 43.47% ownership. FS Petrochemicals (St Kitts) Limited is also an investment holding company, whose only investment is a 30% shareholding in Nitrogen (2000) Unlimited thereby making the latter an associate of the Company. Consolidated Energy Finance SA was incorporated in July 2014 for the main purpose of financing the acquisition of the remaining 56.53% shareholding in MHTL. This acquisition was completed in October 2014. MHTL has a fully owned subsidiary, Methanol Holdings (Delaware) LLC which was incorporated on 11 June 2015 in the United States of America. The subsidiary, Methanol Holdings (Delaware) LLC is dormant and does not have any net assets to be reported herein and is disclosed in the accounts of MHTL.

CEL has associate interests in Methanol Holdings (International) Limited and Caribbean Nitrogen Company Limited. Methanol Holdings (International) Limited is an investment holding company with a 60% interest in Oman Methanol Company LLC.

These consolidated financial statements were approved for issue by the Board of Directors of OPAG (Barbados) Limited on 29 July 2016.

2 Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of OPAG (Barbados) Limited and its subsidiaries ("the Group") have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) (referred to as 'IFRS').

The preparation of consolidated 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 Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2014 is presented in

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

these consolidated financial statements due to the retrospective application of IFRS 10, *Consolidated Financial Statements.* In previous years, the Company had elected not to prepare consolidated financial statements and the accounts were prepared in accordance with IAS 27, *Separate Financial Statements.* In 2015, management has decided to prepare consolidated financial statements in accordance with IFRS 10.

2.2 Basis of consolidation

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.2 Basis of consolidation (continued)

b) Changes in ownership interests in subsidiaries without change of control.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of comprehensive income and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss)' in the consolidated statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.2 Basis of consolidation (continued)

d) Associates (continued)

extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated statement of comprehensive income.

2.3 Summary of significant accounting policies

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual consolidated financial statements of the Group.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group have defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 *Share-based Payment* applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time in these consolidated financial statements. They include:

IFRS 2 *Share-based Payment*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. The Group does not have any share based payments. Thus, these amendments did not impact the Group's consolidated financial statements or accounting policies.

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

Annual Improvements 2010-2012 Cycle (continued)

IFRS 3 ***Business Combinations***

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

IFRS 8 ***Operating Segments***

The amendments are applied retrospectively and clarify that:

i. An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

ii. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

This amendment is not relevant to the Group.

IAS 16 ***Property, Plant and Equipment*** **and IAS 38** ***Intangible Assets***

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact on the Group's consolidated financial statements.

IAS 24 ***Related Party Disclosures***

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements.

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

Annual Improvements 2011-2013 Cycle (continued)

IFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

i. Joint arrangements, not just joint ventures, are outside the scope of IFRS 3

ii. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

OPAG (Barbados) Limited is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 *Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

IAS 40 *Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Group.

Standards and interpretations not yet effective and not early adopted

The Group has not early adopted the following new and revised IFRSs and IFRIC interpretations that have been issued but are not yet effective or not relevant to the Group's operations:

- IFRS 14, 'Regulatory Deferral Accounts' - Effective 1 January 2016
- Amendments to IFRS 11 - Accounting for Acquisition of Interests in Joint Operations - Effective 1 January 2016
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation - Effective 1 January 2016
- IFRS 15, 'Revenue from Contracts with Customers' - Effective 1 January 2017.
- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception - Effective 1 January 2016
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Effective 1 January 2016
- Amendments to IAS 1 - Disclosure Initiative - Effective 1 January 2016
- Amendments to IAS 16 and IAS 41 - Agriculture: Bearer Plants - Effective 1 January 2016
- Amendments to IAS 27 - Equity method in Separate Financial Statements - Effective 1 January 2016

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

Standards and interpretations not yet effective and not early adopted (continued)

- IFRS 9 - Financial Instruments - Effective 1 January 2018
- IFRS 16 - Leases - Effective 1 January 2019

The Group is currently assessing the potential impact of these new standards and interpretations and will adopt them when they are effective.

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards and are not expected to have a material impact on the consolidated financial statements and are effective for annual periods beginning on or after 1 January 2016:

- IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'
- IFRS 7, 'Financial Instruments: Disclosures'
- IAS 19, 'Employee Benefits'
- IAS 34, 'Interim Financial Reporting'

2.4 Foreign currencies

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars which is the Group's functional and the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'net finance cost'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within general and administrative expenses.

2.5 Impairment of non-financial assets

At each reporting date, an assessment is done as to whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.5 Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate or an equivalent post tax rate on post tax cash flows which approximate the tax discount results, that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of ten to twelve years. A long-term growth rate is calculated and applied to project future cash flows after the initial forecast period.

2.6 Property, plant and equipment

Property, plant and equipment are stated at fair value at the acquisition date less subsequent depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset at the following rates:

Leasehold land and buildings	-	30 years
Plant and machinery	-	15-20 years
Furniture and equipment	-	4-10 years
Turnaround costs	-	4 years
Catalyst in use	-	3 years
Work in progress	-	Nil

Catalyst costs are capitalised upon acquisition. No amortisation is taken until such time as the catalyst is installed. Amortisation rates are disclosed above.

Borrowing costs in connection with major capital projects are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated statement of comprehensive income. Repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.7 Turnaround costs

Major planned maintenance expenditure (turnarounds) providing benefits accruing to periods longer than one year are amortised evenly over these periods, usually 48 months. Where significant additional capital costs which enhance the life of the plants are incurred during turnaround, these costs are capitalised and written off over the remaining useful lives of the plants.

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.8 Intangible assets and liabilities

The cost of intangible assets and liabilities acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets and liabilities are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets and liabilities with finite lives are amortised using the straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset/liability may be impaired. The amortisation period and the amortisation method for an intangible asset/liability with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets/liabilities with finite lives is recognised in the consolidated statement of comprehensive income in the expense category that is consistent with the function of the intangible assets/liabilities.

Intangible assets and liabilities with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of intangible assets/liabilities are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Goodwill

Goodwill arising on the acquisition of subsidiaries is initially measured at the excess of the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the net identifiable assets acquired and liabilities assumed. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

After initial recognition, goodwill acquired in a business combination is measured at the amount recognised at the acquisition date less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination, from the date of acquisition is allocated to each of the Group’s cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.8 Intangible assets and liabilities (continued)

Goodwill (continued)

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Goodwill impairment reviews are undertaken annually as at 31 December or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the cash generating unit containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.9 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.10 Inventories

Methanol, Ammonia, UAN and Melamine are valued at the lower of production cost and estimated net realisable value. Production cost comprises: cost of raw materials, water and power, labour, plant depreciation, and other directly attributable costs and other overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Consumable items and spare parts are stated at weighted average cost less provision for obsolescence.

2.11 Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade accounts receivable is established where there is objective evidence that the Group will not be able to collect all amounts due. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, and is recognised in the consolidated statement of comprehensive income.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other bank balances with original maturities of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and at bank. Under the terms of the loan agreement with the international lender, there are restrictions regarding the disbursement of funds from certain designated bank accounts (Note 16).

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.13 Share capital

Ordinary shares are classified as equity.

2.14 Payables and accruals

Payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables and accruals are recognised at fair value initially and subsequently measured at amortised cost.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation under the liability is discharged or cancelled or expires. When loan is replaced by another where the terms of an existing liability are substantially modified, the exchange or modification is treated as a derecognition of the loan and the recognition of a new loan. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.16 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.17 Current and deferred income taxes (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Currently enacted tax rates as well as rates applicable on tax holidays are used to determine deferred taxation. The principal temporary differences arise from depreciation on property, plant and equipment, asset retirement obligations, tax losses, pension asset, fair value adjustments and vacation accruals.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The share of results of associates, dividends received and capital gains are not taxable. As such, no deferred tax assets or liabilities have been recorded on the investments in associates.

Generally the Group is unable to control the reversal of the temporary differences of the associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference is recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Asset retirement obligations

The Group accounts for the costs of decommissioning and dismantlement of its plants. Independent estimates are obtained, at current market prices, of the decommissioning and dismantlement costs of the Group's plants. These estimates are then inflated to the expected dismantlement dates of the plants and discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability, with the resultant amounts being capitalised under property, plant and equipment as part of the carrying amount of the plants. These costs are then amortised over the estimated useful lives of the plants. The fair value of the decommissioning and dismantlement liabilities is recognised in accordance with the accounting policy for provisions (see accounting policy 2.19).

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.18 Asset retirement obligations (continued)

In subsequent periods, the decommissioning and dismantlement liabilities are adjusted for the passage of time and other factors. Any change in the amount or timing of the underlying future cash flows due to changes in the discount rates or otherwise is added to or deducted from the related amounts recorded in property, plant and equipment. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the consolidated statement of comprehensive income.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures 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 recognised as interest expense.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of product in the ordinary course of the Group's activities. Revenue is exclusive of value added tax.

Revenue from Methanol, Ammonia, UAN and Melamine sales is recognised when the title to the product passes to the purchaser, in accordance with contractual arrangements, normally at the time of loading onto delivery vessels. In respect of certain related party sales, final prices are only determined upon sale of the product to third party customers. In respect of other sales, final prices are agreed upon receipt of the product by the customer.

Sales invoice pricing is laid out in the individual sales contracts and is determined on the following bases:

- Methanol - Prices are derived from published market prices less distribution costs which include marketing fees, customer discounts, storage and handling costs and other transshipment costs.
- UAN - Prices are derived from published market prices less distribution costs which include marketing fees, water dilution costs, storage and surveyor costs, financing fees and custom duties.
- Melamine - Prices are derived from negotiated prices between the Group's customer and the final customer on a quarterly basis. The final sales price is determined after deducting distribution costs and marketing fees.
- Ammonia - Prices are derived from published market prices less market discounts.

Interest income arising from cash and cash equivalents is recognised when earned.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.20 Revenue recognition (continued)

Interest income on loan receivables is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.21 Financial Instruments – initial recognition and measurement

A financial instrument is any contract that gives rises to a financial asset of one entity and financial liability or equity instrument of another entity.

a) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise amounts due from related parties, other receivables and cash and cash equivalents.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment.

Interest income on long-term loans and receivables is recognised by applying the effective interest rate.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and any other premiums or discounts) through the expected life of the debt instrument, to the net carrying amount on initial recognition.

Financial liabilities

Financial liabilities include corporate bonds, payables, loans and amounts due to related parties and they are subsequently measured at amortized cost using the effective interest method.

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.21 Financial Instruments – initial recognition and measurement (continued)

a) Financial assets and financial liabilities (continued)

Financial liabilities (continued)

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form and integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, to the net carrying amount on initial recognition.

b) Recognition and derecognition

Financial assets are recognised on the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Recognition of financial liabilities is dealt with under Borrowings and Financial liabilities. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or when they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of comprehensive income.

c) Determination of fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received).

For financial instruments traded in an active market, the determination of fair values of financial assets and liabilities is based on quoted market prices or dealer price quotations. If a rate (rather than a price) is quoted in an active market, the Group uses that market-quoted rate as an input into a valuation technique to determine fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regular occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions. When a market becomes inactive, the valuation technique utilised is the Group's internally developed model which is based on discounted cash flow analysis.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using input existing at the year end.

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.21 Financial Instruments – initial recognition and measurement (continued)

c) Determination of fair value (continued)

The Group where applicable uses an internally developed model which is generally consistent with other valuation models used in the industry. Valuation models are used to value unlisted debt securities and other debt securities for which the market has become or is illiquid. Some of the inputs of this model may not be market observable and are therefore based on assumptions.

d) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(Expressed in United States Dollars)

2 Significant accounting policies (continued)

2.22 Pension obligations

One of the Group's subsidiaries, Methanol Holdings (Trinidad) Limited operates a defined final salary pension plan for its former eligible employees (Note 10). Fund managers appointed by the trustees of the plan administer the funds of the plan. The pension plan has been funded by payments from employees and the subsidiary company, taking account of the periodic recommendations of independent qualified actuaries.

The asset recognised in the consolidated statement of financial position in respect of the defined final salary pension plan is the fair value of plan assets less the present value of the defined benefit obligations at the statement of financial position date, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The pension asset is calculated annually by independent qualified actuaries using the projected unit credit method, and a full valuation is done at least every three years. The most recent completed full actuarial valuation was as at 31 December 2014. Roll forward valuations, which are less detailed than full valuations are performed annually. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Retirement arrangements for the subsidiary company are administered through individual policy contracts. There are no retirement benefit obligations in respect of the former subsidiary companies of Methanol Holdings (Trinidad) Limited; Caribbean Methanol Company Limited and Methanol IV Company Limited.

2.23 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Board of Directors.

2.24 Financial Instruments

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables and long-term borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.25 Finalisation of provisional acquisition accounting

Following a business combination, the Group had a period of not more than twelve months from the date of acquisition to finalise the acquisition date fair values of assets acquired and liabilities assumed, including the valuations of identifiable intangible assets and property, plant and equipment. The determination of fair value of acquired identifiable intangible assets and liabilities and property, plant and equipment involves a variety of assumptions, including estimates associated with useful lives. In accordance with the accounting policy described in Note 2.2(a), any adjustments on finalisation of the provisional purchase accounting are recognised retrospectively to the date of acquisition.

(Expressed in United States Dollars)

3 Financial risk management

a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

Market risk

i. Currency risk

Management considers that the Group is not exposed to significant foreign exchange risk arising from currency exposure primarily because all receipts by way of equity and all significant payments are denominated in United States dollars. Dividend income and major expenses are denominated in United States dollars. Transactions in other currencies are not significant.

ii. Interest rate risk

The Group's interest rate risk arises from long-term loans from third parties. Notes and other long term loans issued at variable rates expose the Group to cash flow interest rate risk. Notes and other long term loans issued at fixed rates expose the Group to fair value interest rate risk.

The floating rate notes and long-term loans are instruments which bear interest at LIBOR, which is variable, plus a fixed margin. The fair value of this debt is estimated at approximately $1.22 billion, out of which $194 million are floating interest bonds and has been based on the future cash flows discounted using the current market rate for similar debt.

The Group has call deposits which are at fixed interest rates and accordingly there is no exposure to interest rate risk.

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only high profile institutions are utilised. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The carrying amounts of the following assets and liabilities approximate their fair values: cash and cash equivalents, trade and other receivables, and trade and other payables.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flow.

(Expressed in United States Dollars)

3 Financial risk management (continued)

a) Financial risk factors (continued)

Liquidity risk (continued)

The table below shows the undiscounted financial liabilities classed by maturity groupings from the statement of financial position date:

	Less than 1 year $'000	1 - 2 years $'000	2 - 5 years $'000	Over 5 years $'000
At 31 December 2015				
Trade and other payables (Note 19)	150,643	–	–	–
Borrowings	155,853	95,649	1,457,499	294,267
At 31 December 2014 (Unaudited)				
Trade and other payables (Note 19)	157,205	–	–	–
Borrowings	308,435	293,008	1,680,271	–

b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 $'000	Unaudited 2014 $'000
Total borrowings (Note 16)	1,536,682	1,783,800
Less: cash and cash equivalents (Note 14)	(213,920)	(346,754)
Net debt	1,322,762	1,437,046
Total equity	1,463,845	1,439,191
Total capital	2,786,607	2,876,237
Gearing ratio	**47%**	**50%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call borrowings. There have been no breaches of the financial covenants of any borrowings in the current period.

(Expressed in United States Dollars)

3 Financial risk management (continued)

c) Fair value estimation

All assets and liabilities for which fair value is measured or disclosed in financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group does not have recognised recurring fair value measurements, apart from asset retirement obligations. However there are recognised non-recurring fair value measurements, which relate to assets and liabilities acquired in the prior year, the acquisition accounting for which was completed in the current year. All assets and liabilities described above, are categorised in Level 3 (significant unobservable inputs) of the fair value hierarchy. Accordingly, present value techniques were employed to determine the recognised non-recurring fair value measurements. Subsequent to initial recognition, the only asset or liability subject to subsequent measurement adjustments was goodwill.

The Group does not have any financial instruments carried at fair value. The fair value of fixed rate borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments (Level 2 of the fair value hierarchy).

4 Critical accounting estimates and judgments

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

The Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1 Decommissioning and dismantlement costs

The Group relied on the experience of a related party contractor in estimating decommissioning costs for its plants. The provision has been estimated using existing technology, at current prices, and using discount rates of 3.57% - 4.17% and core inflation rate of 2%.

4.2 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. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(Expressed in United States Dollars)

4 Critical accounting estimates and judgments (continued)

4.3 Property, plant and equipment

The carrying value of Property Plant and Equipment is impacted by estimates and assumptions of the useful lives and residual values of the Group's petrochemical plants and the results of any impairment recognised. The above are affected by but not limited to the following factors; natural gas supply, inflation, estimates of future selling prices and discount rates, and maintenance programs.

4.4 Pension asset

The pension asset represents 70% of the surplus of the fair value of the plan assets over the defined benefit obligation which the Group's subsidiary MHTL expects to realise following a winding up of the pension plan. The eventual realisation of the surplus is dependent on the decision of the trustees who will who will take into consideration the advice of the actuaries and relevant legislative and statutory bodies.

4.5 Provision for inventory obsolescence of inventory spares

This provision is dependent on assumptions which include technical compatibility or usability, the frequency of movement and age.

4.6 Sales provision

In respect to certain related party sales where the final prices are only determined upon sale of the product to third party customers, which is assumed to be at least one month from loading of the delivery vessel, management has estimated this final price by reference to market prices after the statement of financial position date.

4.7 Business combinations

Accounting for business combinations is predicated on assessing the fair value, as of the date of the business combination, of a number of items, including the consideration paid for an acquisition, and the allocation of the consideration paid to the tangible and intangible assets acquired, and liabilities assumed, based on their estimated fair values. The determination of the fair value of the consideration transferred may include a number of factors including, but not limited to: an assessment of the value of equity interests issued. The determination of many of these factors may require significant management estimates and assumptions.

The fair values of the identifiable assets acquired and liabilities assumed were initially recorded at provisional amounts in accordance with IFRS 3- Business Combinations. The provisional amounts recorded in the financial statements as at 31 December 2014 were based on the information available to management at the time of their preparation and approval. Prudent assumptions were made in estimating the acquisition date fair values based on the facts and circumstances applicable to the acquisition at the acquisition date. As discussed in Note 2.25, the Group had a period of not more than twelve months from the date of acquisition to finalise the acquisition date fair values of assets acquired and liabilities assumed. The adjustments to the provisional fair values of assets acquired, liabilities assumed and the resultant goodwill are outlined in Note 5.

(Expressed in United States Dollars)

4 Critical accounting estimates and judgments (continued)

4.8 Impairment of non-financial assets

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 of disposal and its value in use. The fair value less costs of disposal 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 (DCF) model. The cash flows are derived from the budget for the next ten to twelve years and do not include restructuring activities that the Group 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 sensitive to the discount rate used for the discounted cash flow (DCF) model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 8.

5 Business combination

Acquisition of Methanol Holdings (Trinidad) Limited

The following disclosures relate to a business combination of a material subsidiary of the Group, Consolidated Energy Limited.

On 9 October 2014, Consolidated Energy Limited (CEL) acquired the remaining 56.53% interest in Methanol Holdings (Trinidad) Limited (MHTL) for $1,175 million, making it a wholly-owned subsidiary.

Prior to this acquisition, CEL held 43.47% of MHTL and CL Financial Limited (CLF) & Colonial Life Insurance Company Limited (CLICO) together held the remaining 56.53%. In November 2013, following an international arbitration involving MHTL's shareholders, the tribunal of the International Chamber of Commerce's International Court of Arbitration (ICC) ruled that CLF and CLICO must sell their combined interest of 56.53% in MHTL to CEL. The final terms, including the purchase price of $1,175 million was set by the ICC Tribunal on 24 August 2014. On 23 September 2014, CLF and CLICO offered CEL the remaining 56.53% interest in MHTL which CEL accepted on 25 September 2014. The process for transfer of control in MHTL to CEL was completed on 9 October 2014. For accounting purposes, the acquisition was effected from 1 October 2014.

This acquisition was financed by fixed and floating rate notes issued by the Group's subsidiary, Consolidated Energy Finance S.A. (CEF). The consolidation of MHTL was accounted for as a business combination achieved in stages using the acquisition method of accounting as follows:

5.1 The Group elected to measure the 43.47% interest in MHTL previously held by CEL at fair value at the acquisition date and the resulting gain of $268.9 million is included in other income in CEL's consolidated statement of comprehensive income for the year ended 31 December 2014. The net impact of the re-measurement of the previously held interest in MHTL in these consolidated financial statements of the Group amounted to $189.74 million.

The fair value of the previously held equity interest was determined based on the fair value of the purchase price of the remaining 56.53% of $1,175 million as set by the ICC Tribunal. The purchase price, which represented a third party valuation, implied MHTL's total equity value at $2,078 million.

(Expressed in United States Dollars)

5 Business combination (continued)

Acquisition of Methanol Holdings (Trinidad) Limited (continued)

5.2 The fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition disclosed in 2014 consolidated audited financial statements of CEL were provisional. Due to the complexity of the acquisition and as the acquisition was in close proximity to the period end, the assessment of the fair values of all the assets and liabilities had not been completed by the dates when the 2014 financial statements of CEL were approved for issue by management.

The assessment of fair values was completed in the period ended 30 September 2015 as follows:

	Final fair value $'000	Provisional fair value $'000
Property, plant and equipment (Note 6)	2,187,344	2,304,560
Pension asset (Note 10)	12,364	12,364
Deferred tax assets (Note 11)	138,456	157,200
Intangible asset (Note 7)	79,101	121,451
Total non-current assets	2,417,265	2,595,575
Inventories	164,109	167,247
Trade and other receivables	432,630	432,630
Taxation recoverable	5,081	5,081
Cash and cash equivalents	325,095	325,095
Total current assets	926,915	930,053
Total identifiable assets acquired	3,344,180	3,525,628
Borrowings	479,489	503,541
Deferred tax liability	460,400	443,146
Asset retirement obligation (Note 17)	232,167	232,167
Other liabilities (Note 18)	181,374	290,997
Total non-current liabilities	1,353,430	1,469,851
Borrowings	221,898	222,562
Trade and other payables	142,573	142,573
Taxation payable	11,890	11,890
Other liabilities (Note 18)	113,850	132,837
Total current liabilities	490,211	509,862
Total identifiable liabilities assumed	**1,843,641**	**1,979,713**
Net identifiable assets acquired	**1,500,539**	**1,545,915**

(Expressed in United States Dollars)

5 Business combination (continued)

Acquisition of Methanol Holdings (Trinidad) Limited (continued)

5.3 The fair value of the trade and other receivables amounted to $432.63 million. The gross amount of trade and other receivables was also $432.63 million. None of the trade and other receivables has been impaired and the full contractual amounts were collected.

The 2014 comparative information was revised to reflect the adjustments to the provisional amounts. There was also a corresponding increase in goodwill of $45.4 million, resulting in a total goodwill of $578 million, as shown in Note 5.3(d).

The impact of the adjustments to provisional amounts on the consolidated financial statements of CEL for the year ended 31 December 2014 is summarised below.

a) Effect on consolidated Statement of Financial Position ($'000)

	Balance previously reported as at 31 Dec 2014	**Adjustment to previously reported fair value**	**Increase/ (decrease) in total comprehensive income**	**Restated balance as at 31 Dec 2014**
Property, plant and equipment	2,258,480	(117,216)	659	2,141,923
Inventories	138,861	(3,138)	3,138	138,861
Intangible assets (Excl. goodwill)	116,390	(42,350)	1,765	75,805
Deferred tax asset	175,806	(42,166)	2,125	135,765
Other liabilities	(373,761)	128,610	(8,779)	(253,930)
Borrowings	(1,808,006)	24,716	(510)	(1,783,800)
Deferred tax liability	(454,446)	6,168	(5,859)	(454,137)
		(45,376)	**(7,461)**	

b) Effect on consolidated Statement of Comprehensive Income ($'000)

	Year ended 31 December 2014
Cost of sales	(3,217)
Finance cost	(510)
Taxation	(3,734)
Decrease in total comprehensive income for the year	**(7,461)**

(Expressed in United States Dollars)

5 Business combination (continued)

Acquisition of Methanol Holdings (Trinidad) Limited (continued)

5.3 (continued)

c) Effect on consolidated Statement of Changes in Equity ($'000)

	Balance previously reported as at 31 Dec 2014	Effect of adjustment on Statement of Comprehensive Income as at 31 Dec 2014	Restated balance as at 31 Dec 2014
Share capital	219,741	–	219,741
Retained earnings	907,412	(7,461)	899,951
Total	1,127,153	(7,461)	1,119,692

d) Goodwill as at the acquisition date was determined at the end of the measurement period as follows:

	Final $'000	Provisional $'000
Consideration paid for the acquisition of the additional 56.53% interest	1,175,000	1,175,000
Fair value of the previously held interest (43.47%)	903,542	903,542
Fair value of net identifiable assets acquired	(1,500,539)	(1,545,915)
Goodwill	**578,003**	**532,627**

The goodwill is primarily attributable to the significant synergies expected to be achieved from integrating MHTL into the Group. The goodwill recognised is non-deductible for tax purposes.

5.4 The consideration paid excluded acquisition related costs of $5.8 million. These costs were charged to general and administrative expenses in the Group's statement of comprehensive income for the year ended 31 December 2014. The net cash outflow on acquisition was as follows:

	At the acquisition date $'000
Cash paid	(1,175,000)
Cash and cash equivalents acquired	325,095
Net cash outflow on acquisition	**(849,905)**

There is no contingent consideration in respect of the acquisition.

(Expressed in United States Dollars)

6 Property, plant and equipment

Year ended 31 December 2015	Opening net book amount $'000	Additions $'000	Adjustments $'000	Depreciation and amortisation $'000	Closing net book amount $'000
Leasehold land and buildings	1,384	–	–	(159)	1,225
Plant and machinery	2,136,920	46,831	(1,343)	(179,177)	2,003,231
Furniture and equipment	3,619	759	–	(866)	3,512
	2,141,923	**47,590**	**(1,343)**	**(180,202)**	**2,007,968**

At 31 December 2015	Cost $'000	Accumulated depreciation $'000	Net book amount $'000
Leasehold land and buildings	1,406	(181)	1,225
Plant and machinery	2,233,127	(229,896)	2,003,231
Furniture and equipment	4,588	(1,076)	3,512
	2,239,121	(231,153)	2,007,968

Unaudited year ended 31 December 2014	Opening net book amount $'000	Acquisition $'000	Additions $'000	Adjustments $'000	Depreciation and amortisation $'000	Closing net book amount $'000
Leasehold land and buildings	–	1,406	–	–	(22)	1,384
Plant and machinery	–	2,180,901	12,426	(5,688)	(50,719)	2,136,920
Work in progress	–	1,320	–	(1,320)	–	–
Furniture and equipment	–	3,717	112	–	(210)	3,619
	–	**2,187,344**	**12,538**	**(7,008)**	**(50,951)**	**2,141,923**

Unaudited at 31 December 2014	Cost $'000	Accumulated depreciation $'000	Net book amount $'000
Leasehold land and buildings	1,406	(22)	1,384
Plant and machinery	2,187,639	(50,719)	2,136,920
Furniture and equipment	3,829	(210)	3,619
	2,192,874	**(50,951)**	**2,141,923**

During the year one of the Group's Plants which is part of an integrated complex remained off-line (temporary idled) as a result of raw material supply limitations. As at 31 December 2015, the carrying value of this asset was $156 million (2014: $166 million).

(Expressed in United States Dollars)

7 Intangible assets

	Goodwill $'000	Contract-related $'000	Total $'000
Cost			
At 1 January 2014	–	–	–
Acquisition of subsidiary (Note 5)	578,003	79,101	657,104
At 31 December 2014 (Unaudited)	**578,003**	**79,101**	**657,104**
At 31 December 2015	**578,003**	**79,101**	**657,104**
Amortisation and impairment			
At 1 January 2014	–	–	–
Amortisation	–	3,296	3,296
At 31 December 2014 (Unaudited)	**–**	**3,296**	**3,296**
Amortisation	–	13,183	13,183
Impairment (Note 8)	63,431	–	63,431
At 31 December 2015	**63,431**	**16,479**	**79,910**
Net book value			
At 31 December 2015	**514,572**	**62,622**	**577,194**
At 31 December 2014 (Unaudited)	**578,003**	**75,805**	**653,808**

The contract-related intangible assets resulted from the business combination as described in Note 5. This intangible asset relates to favourable terms of a raw material supply contract of the subsidiary, Methanol Holdings (Trinidad) Limited, relative to market conditions at the acquisition date. This intangible asset is being amortised over the remaining period of the contract, which is six years.

The amount amortised for the year ended 31 December 2015 of $13.18 million (2014: $3.29 million) is included in cost of sales.

(Expressed in United States Dollars)

8 Impairment testing of goodwill

Goodwill acquired on the acquisition of Group's subsidiary, Methanol Holdings (Trinidad) Limited is allocated to two cash generating units (CGU) - Methanol Division and AUM Division. These are also the operating units for impairment testing.

Carrying amount of goodwill allocated to each of the CGUs:

	2015 $'000	Unaudited 2014 $'000
Methanol Division	401,682	401,682
AUM Division	112,890	176,321
Total Goodwill	**514,572**	**578,003**

The Group performed its annual impairment test in December 2015 and considers several factors when reviewing for indicators of impairment. In 2015, these factors included the significant decline in prices in the petro-chemical industry coupled with natural gas curtailments in Trinidad where the CGUs' are located. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

Methanol Division

The recoverable amount of the Methanol CGU, $3.1 billion as at 31 December 2015, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a ten-year period. This period is used in line with management's annual, 10 year forecasting timeline. Gas contracts for the methanol plants are set on a plant level. Management prepares budgets with this timeline in mind given the turnaround cycles of each plant are 4-5 years and it is deemed appropriate that at least two cycles ahead should be planned for, both financially and operationally. The pre-tax discount rate applied to cash flow projections is 16.7% and cash flows beyond the ten-year period are extrapolated using a 2.5% growth rate which is within the range of the long term forecasts for the industry in which the CGU operates. It was concluded that the fair value less costs of disposal exceeded the value in use. As a result of the analysis, management did not identify an impairment for this CGU.

AUM Division

The recoverable amount of the AUM CGU, $1.3 billion as at 31 December 2015, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a twelve-year period. This period is used in line with management's annual, 12 year forecasting timeline. This is to reflect the operational performance of the plants during the period of the current gas contract with the National Gas Company of Trinidad and Tobago. In addition, Management prepares budgets with this timeline in mind given the turnaround cycles of each plant are 4-5 years and it is deemed appropriate that at least two cycles ahead should be planned for, both financially and operationally. The pre-tax discount rate applied to cash flow projections is 10.55 % and cash flows beyond the twelve-year period are extrapolated using a 2.5% growth rate which is within the range of the long term forecasts for the industry in which the CGU operates. It was concluded that the fair value less costs of disposal exceeded the value in use. As a result of this analysis, management has recognised an impairment charge of $63.4 million in the current year against goodwill with a carrying amount of $176.3 million as at 31 December 2015. The impairment charge is recorded within general and administrative expenses in the consolidated statement of comprehensive income.

(Expressed in United States Dollars)

8 Impairment testing of goodwill (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for both Methanol and AUM units is most sensitive to the following assumptions:

- Sales volume
- Production volume
- Sales price
- Discount rates
- Raw materials cost
- Capital expenditure
- Growth rates used to extrapolate cash flows beyond the forecast period.

Sales volume Sale volume is equal to the forecasted production volume for each unit, given that the off takers are contracted to take the full production volume of the plants.

Production volume Production volume is based on the plant maintaining a production rate consistent with past experience taking into consideration downtime for turnaround activities and normal day to day maintenance.

Sales prices Sales prices for methanol, melamine, UAN and ammonia are determined based on external sources of information, adjusted where required, based on management's experience in the business and published prices.

Discount rates Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating divisions and is derived from its weighted average cost of capital (WACC). The WACC takes into account both cost of debt and cost of equity. Specific industry risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A fall in the pre-tax discount rate to 10.2% in the AUM unit would result in no impairment. A rise in the pre-tax discount rate to 30.1% in the Methanol unit would result in impairment.

Raw materials The major component of raw material is Natural Gas. The Natural Gas pricing is based on a formula included in the subsidiary's long term contract with its supplier. It has been assumed that gas supplies will continue into the long term given the current reserves coupled with the Group and Government current endeavours to sustain the gas supplies.

(Expressed in United States Dollars)

8 Impairment testing of goodwill (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions (continued)

Capital expenditure — These costs are forecasted by the plants' operators, who based on past experience and continual monitoring of the facilities are able to determine the future capital needs of each unit.

Growth rate — Rate is based on industry research. This rate is used to extrapolate cash flows beyond the forecast period. An increase to 3% in the long-term growth rate in the AUM unit would result in no impairment. For the Methanol unit, a 0% long-term growth rate would not result in an impairment.

9 Investment in associates

	2015 $'000	Unaudited 2014 $'000
The amounts recognised in the consolidated statement of financial position are as follows:		
Investment in associates	**464,847**	**485,766**
The amounts recognised in the consolidated statement of comprehensive income are as follows:		
Share of results of associates	**39,821**	**106,096**

Nature of investments in associates of the Group for 2015 and 2014:

The associates listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the country of incorporation is also their principal place of business.

Name of entity	Country of incorporation	Measurement method	% of ownership interest
Methanol Holdings (International) Limited	St. Kitts and Nevis	Equity	43.47%
Caribbean Nitrogen Company Limited	Trinidad and Tobago	Equity	30.00%
Nitrogen (2000) Unlimited	Trinidad and Tobago	Equity	30.00%
Methanol Holdings (Trinidad) Limited	Trinidad and Tobago	9.1	

9.1 Methanol Holdings (Trinidad) Limited was accounted for using the equity method until 30 September 2014 based on 43.47% ownership interest. Consolidated Energy Limited acquired the remaining 56.53% interest in Methanol Holdings (Trinidad) Limited, making it a wholly-owned subsidiary from 1 October 2014 (Note 5).

(Expressed in United States Dollars)

9 Investment in associates (continued)

Summarised financial information for associates

Set out below are the summarised financial information for Methanol Holdings (International) Limited (MHIL), Caribbean Nitrogen Company Limited (CNC) and Nitrogen (2000) Unlimited (N2000) and Methanol Holdings (Trinidad) Limited (up to 30 September 2014 only) which are accounted for using the equity method:

Summarised statement of financial position

	MHIL (consol)* As at 31 December		CNC As at 31 December		N2000 As at 31 December		Total As at 31 December	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current assets	137,805	171,621	61,396	64,294	49,157	64,784	248,358	300,699
Non-current assets	291,117	326,236	128,202	161,181	210,411	230,099	629,730	717,516
Total assets	**428,922**	**497,857**	**189,598**	**225,475**	**259,568**	**294,883**	**878,088**	**1,018,215**
Current liabilities	84,385	78,687	10,197	24,890	33,846	42,634	128,428	146,211
Non-current liabilities	95,116	134,298	33,697	37,340	108,299	113,625	237,112	285,263
Total liabilities	**179,501**	**212,985**	**43,894**	**62,230**	**142,145**	**156,259**	**365,540**	**431,474**
Net assets	**249,421**	**284,872**	**145,704**	**163,245**	**117,423**	**138,624**	**512,548**	**586,741**

* *Methanol Holdings (International) Limited is an investment holding company with a 60% interest in Oman Methanol Company LLC. CEL holds a 43.47% interest in Methanol Holdings (International) Limited. As a result of this ownership structure, CEL holds a 26.08% effective interest in Oman Methanol Company LLC.*

(Expressed in United States Dollars)

9 Investment in associates (continued)

Summarised statement of comprehensive income

	MHIL (consol)*		**CNC**		**N2000**		**MHTL**		**Total**	
	As at 31 December		**As at 31 December**		**As at 31 December**		**As at 31 December**	**As at 30 September**	**As at 31 December**	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**
Revenue	299,831	302,905	197,988	243,332	237,697	188,087	–	1,204,166	735,516	1,938,490
Profit before taxation	74,372	89,024	53,653	69,439	66,942	51,022	–	179,039	194,967	388,524
Profit after taxation/total comprehensive income	64,549	77,733	34,084	44,169	42,699	36,954	–	141,524	141,332	300,380
Profit attributable to parent	38,615	46,558	34,084	44,169	42,699	36,954	–	141,524	115,398	269,205
Group's share of results	**16,786**	**20,239**	**10,225**	**13,251**	**12,810**	**11,086**	**–**	**61,520**	**39,821**	**106,096**

* *Methanol Holdings (International) Limited is an investment holding company with a 60% interest in Oman Methanol Company LLC. CEL holds a 43.47% interest in Methanol Holdings (International) Limited. As a result of this ownership structure, CEL holds a 26.08% effective interest in Oman Methanol Company LLC.*

(Expressed in United States Dollars)

9 Investment in associates (continued)

Reconciliation of carrying amount of investment in associates:

	MHIL (consol)*		**CNC**		**N2000**		**MHTL**		**Total**	
	As at 31 December		**As at 31 December**		**As at 31 December**		**As at 31 December**	**As at 30 September**	**As at 31 December**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening net assets **	748,508	769,975	341,597	370,928	351,528	362,949	–	1,500,528	1,441,633	3,004,380
Profit after taxation	64,549	77,733	34,084	44,169	42,699	36,954	–	141,524	141,332	300,380
Less: Dividends	(100,000)	(99,200)	(51,625)	(73,500)	(63,900)	(48,375)	–	–	(215,525)	(221,075)
Less: Derecognition of investment in associate	–	–	–	–	–	–	–	(1,642,052)	–	(1,642,052)
Net assets	713,057	748,508	324,056	341,597	330,327	351,528	–	–	1,367,440	1,441,633
Less: Non-controlling interest	(96,032)	(110,098)	–	–	–	–	–	–	(96,032)	(110,098)
Other differences	351	351	531	531	–	–	–	–	882	882
	617,376	638,761	324,587	342,128	330,327	351,528	–	–	1,272,290	1,332,417
Group's carrying amount of investment	**268,373**	**277,670**	**97,376**	**102,638**	**99,098**	**105,458**	**–**	**–**	**464,847**	**485,766**

* *Methanol Holdings (International) Limited is an investment holding company with a 60% interest in Oman Methanol Company LLC. CEL holds a 43.47% interest in Methanol Holdings (International) Limited. As a result of this ownership structure, CEL holds a 26.08% effective interest in Oman Methanol Company LLC.*

** *This includes fair value adjustments made at the relevant times of acquisition.*

(Expressed in United States Dollars)

10 Pension asset

	2015 $'000	Unaudited 2014 $'000
Net asset in statement of financial position:		
Present value of defined benefit obligation	14,334	14,430
Fair value of assets	(31,266)	(32,598)
Surplus	(16,932)	(18,168)
Effect of asset ceiling	5,079	5,450
Net defined benefit asset	**(11,853)**	**(12,718)**
Movement in present value of defined benefit obligation:		
Defined benefit obligation at start of year	14,430	–
Acquisition of subsidiary	–	14,416
Amortisation of fair value adjustment	–	(43)
Interest cost	701	707
Re-measurements - Experience adjustments	(71)	(107)
Exchange difference	(119)	64
Benefits and expenses paid	(607)	(607)
Defined benefit obligation at end of the year	**14,334**	**14,430**

The defined benefit obligation is allocated between the Plan's members as follows:

	2015	2014
- Deferred members	25%	25%
- Pensioners	66%	66%
- Expense reserve	9%	9%
The weighted average duration of the defined benefit obligation at year-end	12.9 years	14.5 years

	2015	2014
Movement in fair value of plan assets:		
Fair value of plan assets at start of year	32,598	–
Acquisition of subsidiary	–	32,488
Amortisation of fair value adjustment	–	(331)
Interest income	1,601	1,277
Return on plan assets, excluding interest income	(2,058)	(373)
Exchange difference	(268)	144
Benefits and expenses paid	(607)	(607)
End of the year	**31,266**	**32,598**
Actual return on plan assets	**(457)**	**904**

(Expressed in United States Dollars)

10 Pension asset (continued)

	2015 $'000	Unaudited 2014 $'000
Asset allocation		
Locally listed equities	1,054	89
Overseas equities	2,503	2,904
Government issued nominal bonds	11,389	8,570
Corporate bonds	10,413	8,521
Cash and cash equivalents	5,907	12,514
	31,266	**32,598**

All investment values as at 31 December 2015 were provided by the Plan's Investment Manager and Trustee (Republic Bank Limited). Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The Investment Manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve. All of the Plan's government bonds were issued by the Government of Trinidad and Tobago, which also guarantees many of the corporate bonds held by the Plan.

The Plan's assets are invested in a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad and Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan.

	2015 $'000	Unaudited 2014 $'000
Income recognised in consolidated statement of comprehensive income		
Net interest on net defined benefit asset	(631)	(570)
Re-measurements recognised in other comprehensive income		
Experience gains/losses	1,987	266
Effect of asset ceiling	(596)	(1,013)
	1,391	**(747)**
Reconciliation of opening and closing consolidated statement of financial position entries		
Defined benefit asset at prior year end	(12,718)	–
Acquisition of subsidiary (Note 5)	–	(12,364)
Amortisation of fair value adjustment	–	1,061
Net pension credit	(631)	(570)
Re-measurements recognised in other comprehensive income	1,391	(747)
Exchange difference	105	(98)
	(11,853)	**(12,718)**

(Expressed in United States Dollars)

10 Pension asset (continued)

Summary of principal assumptions as at 31 December	**2015 $'000**	**Unaudited 2014 $'000**
Discount rate	5.00%	5.00%
Future pension increases	3.00%	3.00%

At both statement of financial position dates assumptions regarding future mortality are based on Standard PMA/PFA80 (male and female's 80 series pensioner tables) actuarial tables with projected improvements to 2010 for current retirees and to 2020 for future retirees. The life expectancies underlying the value of the defined benefit as at 31 December 2015 are as follows:

	2015	**Unaudited 2014**
Life expectancy at age 60 for current pensioner in years		
- Male	21.0	21.0
- Female	25.1	25.1
Life expectancy at age 60 for current members age 40 in years		
- Male	21.4	21.4
- Female	25.4	25.4

Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at 31 December 2015 would have changed as a result of a 1% change in the assumptions used.

	Increase $'000	**Decrease $'000**
Discount rate	(1,584)	1,961

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 31 December 2015 by $0.3 million.

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

Funding

The Group's subsidiary, MHTL, meets the balance of the cost of funding the defined benefit Pension Plan and MHTL must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every three years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. As there are no remaining contributing Plan members and the Plan is in surplus MHTL does not expect to pay any contributions to the Pension Plan during 2016.

(Expressed in United States Dollars)

11 Deferred taxation

The movement in deferred tax assets during the year is as follows:

	Fair value adjustments $'000	Tax losses $'000	Other provisions $'000	Total $'000
At 1 January 2014	–	–	–	–
Acquisition of subsidiary	86,251	23,422	28,783	138,456
(Charge)/credit to profit or loss	(8,759)	5,800	268	(2,691)
At 31 December 2014 (Unaudited)	77,492	29,222	29,051	135,765
(Charge)/credit to profit or loss	(19,863)	11,091	6,281	(2,491)
At 31 December 2015	**57,629**	**40,313**	**35,332**	**133,274**

The movement in deferred tax liabilities during the year is as follows:

	Fair value adjustments $'000	Accelerated depreciation $'000	Pension asset $'000	Other $'000	Total $'000
At 1 January 2014	–	–	–	–	–
Acquisition of subsidiary	36,759	419,314	4,327	–	460,400
Charge/(credit) to					
- profit or loss	(4,426)	(1,961)	(137)	–	(6,524)
- other comprehensive income	–	–	261	–	261
At 31 December 2014 (Unaudited)	32,333	417,353	4,451	–	454,137
Charge/(credit) to:					
- profit or loss	(10,415)	(9,904)	184	607	(19,528)
- other comprehensive income	–	–	(487)	–	(487)
At 31 December 2015	**21,918**	**407,449**	**4,148**	**607**	**434,122**

A valuation allowance of $29.96 million (2014: $28.96 million) has been recorded in relation to the net deferred tax asset on the decommissioning asset and asset retirement obligation of MHTL's M5000 and AUM plants. At the time of dismantlement of these plants, it is expected that the MHTL will not have future taxable profits against which to utilise the deferred tax asset.

(Expressed in United States Dollars)

12 Inventories

	2015 $'000	Unaudited 2014 $'000
Consumable items and spare parts	102,224	103,617
Less: provision for obsolescence	(6,840)	(8,224)
	95,384	95,393
Manufactured product	29,716	43,468
	125,100	**138,861**

Included in year-end inventories is an amount of $0.56 million (2014: $1.32 million) in relation to manufactured melamine inventory which has been written down to net realisable value. In addition arising from an inventory rationalization and restructuring exercise during the year the Group took a write down of its inventory totalling $11.5 million which is included within cost of sales.

13 Trade and other receivables

	2015 $'000	Unaudited 2014 $'000
Trade receivables	296,822	331,757
Less: provision for price adjustments	(26,903)	(4,604)
Net trade receivables	269,919	327,153
Loan to related party (Note 24 d))	111,215	–
Other receivables	42,781	35,439
Prepaid expenses	30,209	35,024
	454,124	**397,616**

The following related party balances are included above:

	2015 $'000	Unaudited 2014 $'000
Trade receivables (net of provisions) – (Note 24 c))	269,075	324,270
Loan to related party	111,215	–
Other receivables	42	30
	380,332	**324,300**

Further information relating to related party balances is set out in Note 24.

(Expressed in United States Dollars)

13 Trade and other receivables (continued)

13.1 Trade receivables

As at 31 December 2015 and 2014, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			<45 days	45 – 90 days	>90 days
	$'000	$'000	$'000	$'000	$'000
2015	296,822	223,340	54,399	6,311	12,772
2014	331,757	239,654	72,521	10,016	9,566

Trade receivables are non-interest bearing and are generally on terms of 45 to 80 days.

13.2 The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

14 Cash and cash equivalents

	2015	Unaudited 2014
	$'000	$'000
Cash at bank	158,420	224,754
Short-term bank deposits	59,592	126,092
	218,012	350,846
Less: provision for impairment of short-term bank deposit	(4,092)	(4,092)
	213,920	**346,754**

Included in short-term bank deposits is an amount of approximately $4.09 million which is held with Clico Investment Bank Limited (CIB) and for which an impairment provision has been established as shown above. The amount originated in 2008 and comprises investment note certificates (INCs), which matured in May 2009, but have not been received to date. In January 2009, CIB became controlled by the Central Bank of Trinidad and Tobago. The Central Bank has indicated that all third party assets and liabilities of CIB will be transferred to a state-owned financial institution. The directors have considered the facts and circumstances regarding this matter and have concluded that an impairment provision is required.

(Expressed in United States Dollars)

15 Share capital

	2015 $'000	Unaudited 2014 $'000
Authorised: An unlimited number of ordinary shares of no par value.		
Issued and fully paid		
46,484,110 (2014: 46,484,110) ordinary shares of no par value	54,075	54,075

The common shares earn dividends. Holders of common shares have a right to share in the remaining property of the Company on dissolution and have voting rights at all meetings of the shareholders.

During the year the Company declared and paid a dividend of $0.40 million (2014: $23 million).

16 Borrowings

	2015 $'000	Unaudited 2014 $'000
Notes in issue		
Senior Fixed Rate Notes	1,050,000	1,050,000
Senior Floating Rate Notes	200,000	200,000
	1,250,000	1,250,000
Less: Discount on Senior Fixed Rate Notes	(8,295)	(10,124)
Issuance Costs	(38,465)	(46,778)
	1,203,240	1,193,098
Other borrowings		
M5000 Loan	**–**	**58,187**
AUM Loan	–	532,515
7 year secured term loan	288,550	–
Revolving credit facility	60,000	–
	348,550	590,702
Less: Transaction costs	(15,108)	–
	333,442	590,702
Total borrowings	**1,536,682**	**1,783,800**
Total borrowings	**1,536,682**	**1,783,800**
Less: current maturities	**(60,857)**	**(220,551)**
Non-current maturities	**1,475,825**	**1,563,249**
The maturity of non-current borrowings is as follows:		
Between 1 and 2 years	761	199,756
Between 2 and 5 years	1,204,909	1,363,493
Greater than 5 years	270,155	–
	1,475,825	**1,563,249**

(Expressed in United States Dollars)

16 Borrowings (continued)

Notes in issue

In order to finance the acquisition of the remaining 56.53% of the shares of MHTL by CEL, the Group's subsidiary, Consolidated Energy Finance S.A. (CEF), issued senior unsecured notes. The Notes issued by the subsidiary on 7 October 2014 are in the form of general unsecured bonds.

The Notes issued are quoted on the Luxembourg stock exchange and are currently rated "BB-" by Standard and Poor.

The Notes have a maturity period of 5 years until 15 October 2019 and have been issued in two tranches:

- Fixed Rate Notes

  A fixed yield tranche of $1,050 million carrying an interest rate of 6.75% per annum. Interest will accrue from the Issue Date and will be payable semi-annually in arrears on each 15 April and 15 October, commencing 15 April 2015.

- Floating Rate Notes

  A variable yield tranche of $200 million carrying a floating rate of interest equal to three month LIBOR plus 3.5% per annum. Interest will accrue from the Issue Date and will be payable quarterly in arrears on each 15 January, 15 April, 15 July and 15 October, commencing on 15 January 2015.

The nominal value of the Notes has been decreased by the discount of 1% ($10.5 million) granted on the nominal value of the fixed yield tranche and by the issuance costs of $48.51 million.

Redemption

- The Notes may be redeemed at any time prior to 15 October 2015 (Floating Rate Notes) and 15 October 2016 (Fixed Rate Notes), in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest, if any, to (but excluding) the redemption date and a "make-whole" premium.

- The Notes may be redeemed on any one or more occasions on or after 15 October 2015 (Floating Rate Notes) and 15 October 2016 (Fixed Rate Notes), in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, if any, to (but excluding) the redemption date.

- For the Floating Rate Notes, during the period from the Issue Date to 15 October 2015, CEF may redeem up to 10% (Floating Rate Note) of the aggregate principal amount of the Notes issued at a redemption price equal to 103.000% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to (but excluding) the redemption date.

- For the Fixed Rate Notes, during the period from the Issue Date to 15 October 2016, CEF may redeem up to 35% of the aggregate principal amount of the Notes issued at a redemption price equal to 106.750% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date with the net cash proceeds of certain equity offerings.

- Additionally, the Notes may be redeemed upon the occurrence of certain changes in applicable tax law at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but excluding) the redemption date.

(Expressed in United States Dollars)

16 Borrowings (continued)

Notes in issue (continued)

Repurchase at the Option of Holders

- Upon the occurrence of certain change of control triggering events, CEF may be required to offer to purchase the Notes from holders at a redemption price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but excluding) the redemption date.

- If the Group sells certain of its assets, CEF will be required to offer to purchase Notes from holders at the purchase price set forth in the indenture.

Guarantees

The Notes will be fully and unconditionally guaranteed on a senior unsecured basis by the Parent Guarantor, CEL, and the Parent Guarantor's existing subsidiaries (other than the CEF, but including, without limitation, FS Petrochemicals (St. Kitts) Limited and MHTL) subsequently acquired or organized direct and indirect subsidiaries (other than the CEF), subject to certain exceptions (together with FS Petrochemicals (St. Kitts) Limited and, after giving effect to the Acquisition, MHTL, the "Subsidiary Guarantors" and, together with CEL, the "Guarantors").

The payment of the principal of, premium, if any, and interest on the Notes and the obligations of the Guarantors under the Guarantees will:

- be effectively subordinated in right of payment to any existing and future secured indebtedness of the CEF and the Guarantors, including the KfW Loans, to the extent of the value of the assets securing such indebtedness;

- be pari passu in right of payment with all existing and future indebtedness of CEF and the Guarantors that is not subordinated in right of payment to the Notes and the Guarantees;

- rank senior in right of payment to all existing and future indebtedness of CEF and the Guarantors that is subordinated in right of payment to the Notes and the Guarantees; and

- be structurally subordinated to all indebtedness, claims of holders of preferred stock and other liabilities of the Parent Guarantor's future subsidiaries that are not Guarantors

Other borrowings

On 30 June 2015, MHTL executed two loan agreements with JPMorgan Chase Bank for the maximum principal amount of $590 million. These loans were used to repay the outstanding balance as at 30 June 2015 on the previously held M5000 and AUM loans with KfW. A breakage fee of $9.28 million was incurred in respect of the KfW loans. This amount is presented in the consolidated statement of comprehensive income within net finance costs.

The new credit agreements include:

- An *Initial term loan* in the aggregate principal amount of $290 million for a period of 7 years, payable in quarterly installments equal to 0.25% of the aggregate principal amount of the initial term loan outstanding on the closing date (as such repayment amount shall be reduced as a result of the application of any prepayments) commencing on 30 September 2015, with a final payment at maturity equal to the outstanding principal amount at that date.

(Expressed in United States Dollars)

16 Borrowings (continued)

Other borrowings (continued)

Interest is charged at a Eurocurrency rate plus a margin in the case of any Eurocurrency loan denominated in dollars or a Base Rate plus a margin for Base Rate Loans. The Eurocurrency rate is determined to be the rate per annum equal to LIBOR for deposits in dollars. The Base Rate means, for any day, a fluctuating rate per annum equal to the highest of:

a) The Federal Funds Rate plus ½ of 1%

b) The prime rate per annum as publically announced by the Administrative Agent

c) The Adjusted Eurocurrency rate on such day for an interest period of 1 month plus 1%, and

d) 1.75% provided that if the base rate shall be less than zero, such rate shall be deemed zero.

The margin ranges from 2.25% - 3.5% and is dependent on MHTL's leverage ratio. The applicable rate of interest in relation to the term loan as at 31 December 2015 is 4.25%.

- A Revolving credit facility in the aggregate principal amount of $300 million for an initial term of 5 years.

  Interest is also payable quarterly and charged at a base rate plus a margin. The margin ranges from 1.50 - 2.75% and is dependant on MHTL's leverage ratio. The applicable rate of interest in relation to the revolving credit facility as at 31 December 2015 is 2.996%. Additionally, a commitment fee of 0.375 - 0.5% per annum is charged on the undrawn balance.

On 30 June 2015, MHTL exercised its right to repay $150 million under the revolving credit loan. The remaining balance of $150 million was repaid on 18 August 2015. On 30 October 2015, MHTL drew down $60 million under the revolving credit loan facility.

The 7-year term loan and revolving facility are secured by a first priority mortgage and charge for the benefit of JPMorgan Chase Bank over MHTL's fixed and floating assets pursuant to the 2015 amended and restated deed of Mortgage debenture. MHTL is required to maintain $100 million in Liquidity. Liquidity is defined as the sum of the unutilized revolving credit facility and cash and cash equivalents.

17 Asset retirement obligation

	2015 $'000	Unaudited 2014 $'000
Decommissioning costs provision:		
Beginning of the year	226,469	–
Acquisition of subsidiary (Note 5)	–	232,167
Unwinding of discount (Note 22)	4,348	1,309
Dismantlement asset	2,805	(7,007)
At end of the year	**233,622**	**226,469**

(Expressed in United States Dollars)

17 Asset retirement obligation (continued)

The Group's subsidiary, Methanol Holdings (Trinidad) Limited operates eight petrochemical plants with varying useful lives. In accordance with IAS 37, provisions are recognised for the present value of costs to be incurred in the future for the decommissioning of these plants.

18 Other liabilities

	Total $'000
Cost	
At 1 January 2014	–
Acquisition of subsidiary (Note 5)	295,224
At 31 December 2014 (Unaudited)	**295,224**
At 31 December 2015	**295,224**

	Total $'000
Amortisation and impairment	
At 1 January 2014	–
Amortisation	41,294
At 31 December 2014 (Unaudited)	**41,294**
Amortisation	89,276
At 31 December 2015	**130,570**
Net book value	
At 31 December 2015	**164,654**
At 31 December 2014 (Unaudited)	**253,930**

	2015 $'000	Unaudited 2014 $'000
Disclosed as follows:		
Current portion	–	75,900
Non-current portion	164,654	178,030
	164,654	**253,930**

Other liabilities are contract related were acquired through the business combination (Note 5).

These arise from unfavourable terms of charter hire contracts for marine vessels and one of the sales contracts of the subsidiary, Methanol Holdings (Trinidad) Limited compared to market conditions at the acquisition date.

(Expressed in United States Dollars)

18 Other liabilities (continued)

The intangible liability on the charter hire contracts is being amortised on a straight line basis over the remaining life of each of the vessel contracts. The intangible liability on the sales contract was fully amortised over the remaining life of the contract which ended in June 2015.

The amount amortised for the year ended 31 December 2015 of $89.28 million (2014: $41.29 million) is included in cost of sales.

19 Trade and other payables

	2015 $'000	Unaudited 2014 $'000
Trade payables	3,417	3,525
Due to related parties (Note 24 c))	9,884	4,140
Interest payable	16,709	19,014
Accruals and other payables	120,633	130,526
	150,643	**157,205**

20 Expenses by nature

	2015 $'000	Unaudited 2014 $'000
Raw materials and consumables used	632,169	204,245
Selling expenses (Note 20.1)	192,202	54,328
Depreciation and amortisation of property plant and equipment (Note 6)	180,202	50,951
Impairment of goodwill (Note 8)	63,431	–
Sub-contracted labour costs	50,937	14,174
Repairs and maintenance	49,107	9,741
Changes in inventories	13,752	6,512
Salaries	2,225	1,027
Land rent	2,177	553
Amortisation of fair value adjustments on acquisition of subsidiary excluding property plant and equipment	(76,093)	(12,321)
Other	26,098	20,814
Total cost of sales, general and administrative and marketing expenses	**1,136,207**	**350,024**
Cost of sales	1,064,135	335,111
General and administrative expenses	71,330	14,536
Marketing expenses	742	377
Total cost of sales, general and administrative and marketing expenses	**1,136,207**	**350,024**

(Expressed in United States Dollars)

20 Expenses by nature (continued)

20.1 Selling expenses

	2015 $'000	Unaudited 2014 $'000
Charter hire	78,794	20,378
Bunker fuel	28,496	10,906
Storage	26,643	8,066
Freight	23,224	4,483
Port charges	21,168	5,751
Dock rent	8,313	1,932
Surveyor	3,989	1,172
Other expenses	1,575	1,640
	192,202	**54,328**

21 Other income

Gain on re-measurement to fair value of the previously held interest in MHTL on acquisition (Note 5)	–	189,742
Insurance settlement	2,057	729
Other	12,848	4,904
	14,905	**195,375**

22 Net finance costs

	2015 $'000	Unaudited 2014 $'000
Interest on notes in issue	88,681	20,611
Amortisation of fair value adjustments on acquisition	22,220	(6,425)
Interest on bank borrowings	16,441	3,926
Breakage costs	9,277	–
Unwinding of discount (Note 17)	4,348	1,309
Net foreign exchange loss	3,739	5,966
Other finance costs	695	999
Finance costs	**145,401**	**26,386**
Interest income	(1,763)	(126)
Finance income	**(1,763)**	**(126)**
Net finance costs	**143,638**	**26,260**

(Expressed in United States Dollars)

23 Taxation

	2015 $'000	Unaudited 2014 $'000
Corporation tax and green fund levy	60,162	6,670
Deferred taxation credit (Note 11)	(17,037)	(3,833)
Net taxation charge	**43,125**	**2,837**

Reconciliation of tax expense and accounting profit multiplied by the Company's domestic tax rate for 2015 and 2014.

	2015 $'000	Unaudited 2014 $'000
Profit before taxation	**69,083**	**283,781**
Tax at domestic rate of 2.5%	1,727	7,094
Effect of different tax rates in countries in which the Group operates	51,786	3,579
Non-taxable items and effect of tax incentives order	(20,904)	(11,861)
Expenses not allowable for tax	5,728	38
Other permanent differences	2,263	2,825
Green fund levy	1,184	244
Chargeable income not taxable	–	716
Other differences	1,341	202
Net taxation charge	**43,125**	**2,837**

Tax losses

OPAG (Barbados) Limited and its subsidiary, Consolidated Energy Limited, have tax losses which are available for set off in the future against otherwise taxable income for corporation tax purposes amounted to $127.2 million (2014 - $36.8 million). A deferred tax asset as at 31 December 2015 of $3.18 million (2014 - $0.92 million) resulting from unused tax losses has not been recognised through the deferred tax account due to the uncertainty of its future recovery.

The losses and their expiry dates are as follows:

Year of income	Amount brought forward $'000	Incurred $'000	Amount carried forward $'000	Expiry date
2011	1,701	–	1,701	2020
2012	4,108	–	4,108	2021
2013	3,342	–	3,342	2022
2014	27,684	–	27,684	2023
2015	–	90,400	90,400	2024
	36,835	**90,400**	**127,235**	

(Expressed in United States Dollars)

24 Related party transactions

The following transactions were carried out with related parties:

	2015 $'000	Unaudited 2014 $'000
a) Sales of goods and services		
CPC Caribbean Petrochemical Company Limited	864,138	252,210
Helm AG	391,757	101,231
Helm Asia Pte	17,329	–
Nitrogen (2000) Unlimited	17,680	4,517
Process Energy (Trinidad) Limited	25	7
	1,290,929	**357,965**
b) Purchases of goods and services		
CPC Caribbean Petrochemical Company Limited	27,802	11,632
Nitrogen (2000) Unlimited	3,954	1,588
Caribbean Nitrogen Company Limited	11,095	850
Proman GmbH	14,233	281
Proman AG (Trinidad) Limited	18,456	3,783
Eurotecnica Contractors & Engineers SpA	1,022	–
Helm AG	10,494	1,822
Process Energy (Trinidad) Limited	61	30
Industrial Plant Services Limited	54,375	14,549
	141,492	**34,535**

c) Year-end balances arising from sales/purchases of goods/services

Included in the trade and other receivables (Note 13) are the following amounts due to related parties:

	2015 $'000	Unaudited 2014 $'000
CPC Caribbean Petrochemical Company Limited	202,264	263,524
Helm AG	49,482	60,746
Helm Asia Pte	17,329	–
	269,075	**324,270**

(Expressed in United States Dollars)

24 Related party transactions (continued)

c) *Year-end balances arising from sales/purchases of goods/services* (continued)

Included in the trade and other payables (Note 19) are the following amounts due to related parties:

	2015 $'000	**Unaudited 2014 $'000**
CPC Caribbean Petrochemical Company Limited	1,743	3,633
Nitrogen 2000 Unlimited	932	99
Caribbean Nitrogen Company Limited	229	142
Proman GmbH	717	156
Eurotecnica Contractors & Engineers SpA	3	73
Industrial Plant Services Limited	6,260	–
Process Energy (Trinidad) Limited	–	37
	9,884	**4,140**

d) *Year end balances arising from loans/advances to related parties*

		Interest receivable $'000	**Amounts owed by related parties $'000**
Loans to related parties:			
G2X Energy Inc.	2015	215	111,000
	2014	–	–
Advances to related parties:			
Methanol Holdings (International) Limited	2015	–	26
	2014	–	30

e) *Summary of related party relationships*

The following companies are related parties by virtue of common shareholders:

- Proman GmbH
- Southern Chemical Corporation (SCC)
- Nitrogen (2000) Unlimited
- Caribbean Nitrogen Company Limited
- Eurotecnica Contractors & Engineers S.p.A.
- **Helm AG and CPC Caribbean Petrochemical Company Limited**

  The Group has supply contracts with Helm AG for the sale and distribution of Methanol, UAN and Melamine in the United States (US) and Europe. Helm AG has assigned to another related party, CPC Caribbean Petrochemical Company Limited (CPC), the sale and distribution of its US volumes. The Group has Take or Pay arrangements with its customers for its products which were all met during the year.

(Expressed in United States Dollars)

24 Related party transactions (continued)

e) Summary of related party relationships (continued)

- **Proman AG (Trinidad) Limited**

  Proman AG (Trinidad) Limited was the onshore EPC contractor for the AUM project and is a related party by virtue of common shareholders.

- **Industrial Plant Services Limited (IPSL)**

  The Group's subsidiary, MHTL, has entered into a contract with Industrial Plant Services Limited for the overall operation and maintenance of the AUM and Methanol plants. In accordance with the contract MHTL pays for the following services:

  - Direct costs, included but not limited to employee costs and benefits, contract labour costs, repair materials, tools and equipment, office and other supplies and services as agreed by both parties in the contract.

  - A quarterly fee based on production volumes at various rates along product lines.

- **Process Energy (Trinidad) Limited**

  This company rents office space from Methanol Holdings (Trinidad) Limited. This company also provides financial support services to Consolidated Energy Limited.

- **Methanol Holdings (International) Limited**

  This company is billed amounts for directors' fees and expenses from Consolidated Energy Limited.

- **G2X Energy Inc.**

  On 4 November 2015, a short term loan was granted by means of a demand promissory note to G2X Energy Inc. for the amount of $111 million.

  The loan matures on 2 May 2016 with possibility of earlier repayment at the request of the company. The loan bears an interest of 1.2% per annum.

(Expressed in United States Dollars)

25 Financial instruments by category

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

	2015 $'000	Unaudited 2014 $'000
Assets as per statement of financial position		
Current		
Trade and other receivables, excluding prepaid expenses (Note 13)	423,915	362,592
Cash and cash equivalents (Note 14)	213,920	346,754
	637,835	709,346
Liabilities as per statement of financial position		
Non-current		
Borrowings (Note 16)	1,475,825	1,563,249
Current		
Borrowings (Note 16)	60,857	220,551
Trade and other payables (Note 19)	150,643	157,205
	211,500	377,756
Total liabilities	1,687,325	1,941,005

25.1 Credit quality of financial assets

The credit quality of the financial assets that are neither past due nor impaired can be assessed by reference to historical information about the counterparty default rates:

	2015 $'000	Unaudited 2014 $'000
Trade receivables		
Counterparties without external credit rating:		
Existing customers (more than 6 months) with no defaults in the past	269,919	327,153

(Expressed in United States Dollars)

25 Financial instruments by category (continued)

25.1 Credit quality of financial assets (continued)

Loan to related party	**2015 $'000**	**Unaudited 2014 $'000**
G2X Energy Inc. (Note 24 d))	111,215	–

This amount is related to loan advanced to related party, G2X Energy Inc., which has the same ultimate parent.

26 Commitments and contingencies

a) Purchasing commitments

The Group's subsidiary and associates lease their manufacturing and administration sites, marine vessels and shipping facilities under lease arrangements for varying periods and have material lease commitments under the various lease agreements.

One of the Group's subsidiaries, Methanol Holdings (Trinidad) Limited has take or pay contracts for all its gas volumes for the plants and the minimum volumes were all taken during the year. As at the year end, there were no take or pay obligations.

One of the Group's associates, Oman Methanol Company LLC has material outstanding purchase commitments amounting to approximately $6.9 million (2014 - $22.7 million).

b) Borrowing commitments

Consolidated Energy Finance S.A., Methanol Holdings (Trinidad) Limited, Nitrogen (2000) Unlimited and Oman Methanol Company LLC have material obligations in respect of borrowings. All borrowings are secured by the entities' assets among other contracted terms, including specific covenants.

c) Operating lease commitments

The Group's subsidiary and associates lease its manufacturing and administration sites, methanol and marine vessels and shipping facilities under non-cancellable lease arrangements for varying periods. As at 31 December future minimum lease payments for the Group's subsidiary are as follows:

	2015 $'000	**Unaudited 2014 $'000**
Up to one year	89,494	88,655
Two to five years	363,820	361,468
Over five years	716,226	807,794
	1,169,540	**1,257,917**

(Expressed in United States Dollars)

26 Commitments and contingencies (continued)

d) Capital commitments

The Group's subsidiary and associates have the following capital commitments as at 31 December 2015:

- Methanol Holdings (Trinidad) Limited - $18 million (2014: $17 million)
- N2000 Unlimited - $1.0 million (2014: $11 million)
- Caribbean Nitrogen Company Limited - $3.5 million (2014: nil)

e) Sales commitments

The Group's subsidiary and associates have sales commitments for petrochemical products in accordance with contractual obligations.

f) Contingencies

- The Group's associates have contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from these contingencies.

- The taxation authorities have conducted corporation tax audits of the Group's subsidiary Methanol Holdings (Trinidad) Limited and its predecessor companies in respect of several years of income. These audits are at various stages ranging from responses to proposals for material adjustments by the tax authorities (Board of Inland Revenue - BIR), objections to assessments and appeals to the Tax Appeal Board.

  Arising from these audits, material adjustments were proposed, to which Methanol Holdings (Trinidad) Limited has responded. For some of the audits, assessments were issued to which objections were filed with the BIR, challenging the assessments. Some of the audits have reached the appeal stage and Methanol Holdings (Trinidad) Limited has filed Notices of Appeal with the Tax Appeal Board challenging the assessments raised.

  Methanol Holdings (Trinidad) Limited, based on independent professional advice, estimates it is not probable that material additional liabilities in respect of the audits described above are expected to crystallise. The Group concurs with this assumption and has not recorded any provision for this matter.

  With reference to the Board on Inland Revenue (BIR) assessments noted above, due to the erroneous nature of some of the items in the assessments, the number of legal entities, preamalgamation and the various fiscal incentives provided to the respective entities, it is not practicable to reasonably quantify the exposure at this time.

- The Board of Inland Revenue of Trinidad and Tobago (BIR) has conducted corporation tax audits of Caribbean Nitrogen Company Limited in respect of years of income 2006, 2007 and 2008. Assessments were raised by the BIR for amounts of $9.5 million (principal), against which the company objected after obtaining external professional advice. The subsidiary is of the view it is not probable that material liabilities will arise in connection with the assessments and accordingly no provisions have been made for any potential liabilities which may arise.

(Expressed in United States Dollars)

26 Commitments and contingencies (continued)

f) Contingencies (continued)

- The Board of Inland Revenue of Trinidad and Tobago (BIR) has conducted corporation tax audits of Nitrogen (2000) Unlimited in respect of the years of income 2007, 2008, 2009, 2010 and 2011. Assessments for 2007 and 2008 were raised by the BIR for amounts of approximately $3.7 million (principal), against which the company objected after obtaining external professional advice. The subsidiary is of the view it is not probable that material liabilities will arise in connection with the assessments and accordingly no provisions have been made for any potential liabilities which may arise.

- The Group's associate, Oman Methanol Company LLC (OMC), was exempt from income tax for a period of five years from the date of commencement of commercial operations, in accordance with the exemption notification received from the Ministry of National Economy dated 11 November 2004. As per the letter dated 1 December 2013 received from Secretariat General for Taxation (SGT), the net income of OMC from its main activity shall be exempted from income tax under Income Tax law from 1 September 2007 to 31 August 2012. The management believes that the date of commencement of commercial operations of OMC was 7 December 2007 and hence the income was exempt from income tax from 7 December 2007 to 6 December 2012. OMC's management has filed an appeal to primary court in this regard. The management believes that pending the outcome of the appeal and company's intent to further appeal against any unfavorable outcome of the appeal, it is unlikely that any material tax liability would crystallize. Accordingly, no provision has been made in these consolidated financial statements on the profits earned from 1 September 2012 to 6 December 2012.

27 Anti-dumping matter

The subsidiary, Methanol Holdings (Trinidad) Limited, was subject to an anti-dumping and countervailing duty investigation by the US International Trade Commission (USITC) and the US Department of Commerce (Commerce) on the sale of melamine to the United States by its affiliate, Southern Chemical Corporation. This matter has been determined in the subsidiary's favour in December 2015 and the deadline for appeal by injured parties has expired.

28 Events after the reporting period

- In February and March 2016 additional amounts were loaned to G2X totaling $8.9 million.

- On 8 March 2016, the plant operator (Industrial Plant Services Limited) for the Group's subsidiary, Methanol Holdings (Trinidad) Limited, and its associates, Caribbean Nitrogen Limited and N2000 Unlimited, served termination notices to 60 of its permanent employees as part of a re-structuring initiative of its operations. The financial impact to the Group is estimated at $2.8 million and this liability will be recognised in 2016.

- On 13 March 2016, it was announced that Consolidated Energy Limited has entered into a binding agreement for a 50% stake in Natgasoline LLC in participation with OCI N.V. Consolidated Energy Limited will inject an initial $630 million in equity from April 2016 until October 2017, and will also provide a shareholder loan of up to $50 million to fund contingency payments.

(Expressed in United States Dollars)

28 Events after the reporting period (continued)

- In March 2016, 25 % of the Consolidated Energy Limited's shareholding held by MFH Holding GesmbH (MFH) was transferred to the Company in exchange for 25% shareholding in the Company. This made the Company 100% shareholder of the Consolidated Energy Limited. In April 2016, as part of the Group's reorganisation, Consolidated Energy Limited, Switzerland (CEL CH) became OPAG (Barbados) Limited's (OPAG) 100% shareholder. Proman Holding AG still remains the ultimate parent company.

- On 11 April 2016, as part of the Group's reorganisation and in accordance with Section 9.01 of its fixed rates notes indenture and floating rates note indenture, Consolidated Energy Finance S.A., Luxembourg amended the respective indentures to include OPAG, as well as its 100% parent CEL CH, as additional guarantors. The noteholders are not adversely affected and will have the benefit of the two additional guarantees.

- On 8 April 2016, the Group drew down the remaining $240 million principal amount under the revolving credit facility.

- The Company declared a dividends of $479.9 million on 22 April 2016 and $112 million on 20 July 2016.

- On 22 July 2016, the Group received $7.4 million as full and final settlement on the insurance claim made as a result of damage to the AUM Ammonia facility in August 2013.

Consolidated Energy Finance S.A.

Société Anonyme

R.C.S. Luxembourg : B 188.543

ANNUAL ACCOUNTS

AND

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

December 31, 2017

Consolidated Energy Finance S.A.
Société Anonyme
R.C.S. Luxembourg B 188.543
NOTES TO THE ANNUAL ACCOUNTS
December 31, 2017
(in USD)

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TVA LU 16063074

Independent auditor's report

To the Board of Directors
Consolidated Energy Finance S.A.
163, rue de Kiem
L-8030 Strassen

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Consolidated Energy Finance S.A. (the "Company"), which comprise the balance sheet as at 31 December 2017, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the "responsibilities of the "reviseur d'entreprises agree" for the audit of the financial statements section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "reviseur d'entreprises agree" 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 a report of the "reviseur d'entreprises agree" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF

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Independent auditor's report (continued)

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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, 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 the Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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 report of the "reviseur d'entreprises agree" 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 report of the "reviseur d'entreprises agree". However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 those charged with governance 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.

Ernst & Young
Société anonyme
Cabinet de revision agréé

Werner Weynand

Luxembourg, 24 April 2018

A member firm of Ernst & Young Global Limited

Consolidated Energy Finance S.A.
163, rue du Kiem
L-8030 Strassen

BALANCE SHEET

Financial year from $_{01}$ 01/01/2017 to $_{02}$ 31/12/2017 *(in $_{03}$* **USD***)*

		Reference(s)		Current year		Previous year
ASSETS						
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107	Note 3	107	6.880.767,69	108	26.939.869,65
C. Fixed assets	1109		109	1.218.813.488,00	110	1.210.313.488,00
I. Intangible assets	1111		111		112	
1. Costs of development	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible assets under development	1123		123		124	
II. Tangible assets	1125		125		126	
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible assets in the course of construction	1133		133		134	
III. Financial assets	1135		135	1.218.813.488,00	136	1.210.313.488,00
1. Shares in affiliated undertakings	1137		137		138	
2. Loans to affiliated undertakings	1139	Note 4	139	1.218.813.488,00	140	1.210.313.488,00
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	

The notes in the annex form an integral part of the annual accounts

Consolidated Energy Finance S.A.
163, rue du Kiem
L-8030 Strassen

BALANCE SHEET (continued)

Financial year from 01 01/01/2017 to 02 31/12/2017 *(in* **03 USD***)*

		Reference(s)		Current year		Previous year
5. Investments held as fixed assets	1145		145		146	
6. Other loans	1147		147		148	
D. Current assets	1151		151	66.687.562,00	152	26.753.921,12
I. Stocks	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	64.747.255,09	164	19.942.738,31
1. Trade debtors	1165		165		166	
a) becoming due and payable within one year	1167		167		168	
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171	Note 4	171	64.460.973,18	172	19.888.465,34
a) becoming due and payable within one year	1173		173	64.460.973,18	174	19.888.465,34
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183		183	286.281,91	184	54.272,97
a) becoming due and payable within one year	1185		185	286.281,91	186	54.272,97
b) becoming due and payable after more than one year	1187		187		188	

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Consolidated Energy Finance S.A.
163, rue du Kiem
L-8030 Strassen

BALANCE SHEET (continued)

Financial year from $_{01}$ 01/01/2017 to $_{02}$ 31/12/2017 *(in $_{03}$ **USD**)*

		Reference(s)		Current year		Previous year
III. Investments	1189		189		190	
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195		196	
IV. Cash at bank and in hand	1197		197	1.940.306,91	198	6.811.182,81
E. Prepayments	1199	Note 5	199	20.672.599,61	200	5.823.350,01
TOTAL (ASSETS)			201	1.313.054.417,30	202	1.269.830.628,78

The notes in the annex form an integral part of the annual accounts

Consolidated Energy Finance S.A.
163, rue du Kiem
L-8030 Strassen

BALANCE SHEET (continued)

Financial year from $_{01}$ 01/01/2017 to $_{02}$ 31/12/2017 *(in $_{03}$* **USD***)*

		Reference(s)		Current year		Previous year
CAPITAL, RESERVES AND LIABILITIES						
A. Capital and reserves	1301	Note 6	301	4.420.599,38	302	2.582.177,33
I. Subscribed capital	1303		303	2.720.000,00	304	2.720.000,00
II. Share premium account	1305		305		306	
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	39.873,71	310	39.873,71
1. Legal reserve	1311		311	39.873,71	312	39.873,71
2. Reserve for own shares	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves, including the fair value reserve	1429		429		430	
a) other available reserves	1431		431		432	
b) other non available reserves	1433		433		434	
V. Profit or loss brought forward	1319		319	-177.696,38	320	757.600,56
VI. Profit or loss for the financial year	1321		321	1.838.422,05	322	-935.296,94
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331		331		332	
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337		338	
C. Creditors	1435	Note 7	435	1.308.633.817,92	436	1.267.248.451,45
1. Debenture loans	1437		437	1.308.191.965,28	438	1.266.860.500,00
a) Convertible loans	1439		439		440	
i) becoming due and payable within one year	1441		441		442	
ii) becoming due and payable after more than one year	1443		443		444	

The notes in the annex form an integral part of the annual accounts

Consolidated Energy Finance S.A.
163, rue du Kiem
L-8030 Strassen

BALANCE SHEET (continued)

Financial year from $_{01}$ 01/01/2017 to $_{02}$ 31/12/2017 *(in $_{03}$* **USD***)*

	Reference(s)		Current year		Previous year
b) Non convertible loans	1445	445	1.308.191.965,28	446	1.266.860.500,00
i) becoming due and payable within one year	1447	447	9.391.965,28	448	16.860.500,00
ii) becoming due and payable after more than one year	1449	449	1.298.800.000,00	450	1.250.000.000,00
2. Amounts owed to credit institutions	1355	355		356	
a) becoming due and payable within one year	1357	357		358	
b) becoming due and payable after more than one year	1359	359		360	
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	1361	361		362	
a) becoming due and payable within one year	1363	363		364	
b) becoming due and payable after more than one year	1365	365		366	
4. Trade creditors	1367	367	77.981,58	368	47.425,36
a) becoming due and payable within one year	1369	369	77.981,58	370	47.425,36
b) becoming due and payable after more than one year	1371	371		372	
5. Bills of exchange payable	1373	373		374	
a) becoming due and payable within one year	1375	375		376	
b) becoming due and payable after more than one year	1377	377		378	
6. Amounts owed to affiliated undertakings	1379	379		380	

The notes in the annex form an integral part of the annual accounts

Consolidated Energy Finance S.A.
163, rue du Kiem
L-8030 Strassen

BALANCE SHEET (continued)

Financial year from $_{01}$ 01/01/2017 to $_{02}$ 31/12/2017 *(in* $_{03}$ **USD***)*

	Reference(s)		Current year		Previous year
a) becoming due and payable within one year	1381	381		382	
b) becoming due and payable after more than one year	1383	383		384	
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385		386	
a) becoming due and payable within one year	1387	387		388	
b) becoming due and payable after more than one year	1389	389		390	
8. Other creditors	1451	451	363.871,06	452	340.526,09
a) Tax authorities	1393	393	363.871,06	394	340.526,09
b) Social security authorities	1395	395		396	
c) Other creditors	1397	397		398	
i) becoming due and payable within one year	1399	399		400	
ii) becoming due and payable after more than one year	1401	401		402	
D. Deferred income	1403	403		404	
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405	1.313.054.417,30	406	1.269.830.628,78

The notes in the annex form an integral part of the annual accounts

Consolidated Energy Finance S.A.
163, rue du Kiem
L-8030 Strassen

PROFIT AND LOSS ACCOUNT

Financial year from $_{01}$ 01/01/2017 to $_{02}$ 31/12/2017 *(in* $_{03}$ USD*)*

		Reference(s)		Current year		Previous year
PROFIT AND LOSS ACCOUNT						
1. Net turnover	1701		701		702	
2. Variation in stocks of finished goods and in work in progress	1703		703		704	
3. Work performed by the undertaking for its own purposes and capitalised	1705		705		706	
4. Other operating income	1713		713		714	
5. Raw materials and consumables and other external expenses	1671		671	-35.480.986,64	672	-2.341.468,38
a) Raw materials and consumables	1601		601		602	
b) Other external expenses	1603		603	-35.480.986,64	604	-2.341.468,38
6. Staff costs	1605		605		606	
a) Wages and salaries	1607		607		608	
b) Social security costs	1609		609		610	
i) relating to pensions	1653		653		654	
ii) other social security costs	1655		655		656	
c) Other staff costs	1613		613		614	
7. Value adjustments	1657		657	-9.652.145,57	658	-11.837.302,56
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	Note 3	659	-6.502.596,35	660	-9.737.302,56
b) in respect of current assets	1661	Note 5	661	-3.149.549,22	662	-2.100.000,00
8. Other operating expenses	1621		621		622	
9. Income from participating interests	1715		715		716	
a) derived from affiliated undertakings	1717		717		718	
b) other income from participating interests	1719		719		720	
10. Income from other investments and loans forming part of the fixed assets	1721		721		722	
a) derived from affiliated undertakings	1723		723		724	
b) other income not included under a)	1725		725		726	

The notes in the annex form an integral part of the annual accounts

Consolidated Energy Finance S.A.
163, rue du Kiem
L-8030 Strassen

PROFIT AND LOSS ACCOUNT (continued)
Financial year from $_{01}$ 01/01/2017 to $_{02}$ 31/12/2017 *(in $_{03}$* **USD***)*

	Reference(s)		Current year		Previous year
11. Other interest receivable and similar income	1727	727	129.246.688,81	728	92.995.800,44
a) derived from affiliated undertakings	1729	729	129.246.165,75	730	92.992.541,64
b) other interest and similar income	1731	731	523,06	732	3.258,80
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	665		666	
14. Interest payable and similar expenses	1627	627	-81.935.618,54	628	-79.748.831,71
a) concerning affiliated undertakings	1629	629		630	-362.282,50
b) other interest and similar expenses	1631	631	-81.935.618,54	632	-79.386.549,21
15. Tax on profit or loss	1635	635	-337.247,74	636	
16. Profit or loss after taxation	1667	667	1.840.690,32	668	-931.802,21
17. Other taxes not shown under items 1 to 16	1637	637	-2.268,27	638	-3.494,73
18. Profit or loss for the financial year	1669	669	1.838.422,05	670	-935.296,94

The notes in the annex form an integral part of the annual accounts

NOTE 1 - GENERAL

Consolidated Energy Finance S.A. (the "Company") is a "Société Anonyme" incorporated under the laws of Luxembourg on July 3, 2014. The registered office of the Company is established at 163 Rue du Kiem, L-8030 Strassen and the Company is registered with the Luxembourg Trade and Companies Register under number B 188.543.

The object of the Company is the holding of participations, in any form whatsoever, in other Luxembourg or foreign companies, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stocks, bonds, debentures, notes and other securities of any kind, and the ownership, administration, development and management of its portfolio. The Company may also hold interests in partnerships.

The Company may borrow in any form. It may enter into a type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issue programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.

In a general way it may grant assistance to affiliated companies, take any controlling and supervisory measures and carry out any operation, which it may deem useful in the accomplishment and development of its purposes.

The Company's accounts are included in the consolidated accounts of Consolidated Energy Limited, having its registered office at Suite 2, Berne Building, The Courtyard, Hastings, Christ Church BB15156, Barbados WI.

The financial year begins on January 1st and ends on December 31st each year.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements as set out in the Law of August 10, 1915 on commercial companies, Law of December 19, 2002 and Grand Ducal Regulation of December 18, 2015.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies

The main valuation rules applied by the Company are the following:

Formation expenses

Formation expenses are valued at cost and are depreciated over a period of 5 years on a straight line basis.

Financial assets

Financial assets are recorded at their nominal value. Value adjustments are recorded at the end of the financial year if the net realisable value assessed by the Board of Directors is lower than the nominal value. Such value adjustments are not maintained if the reasons they were recorded for, have ceased to exist.

Debtors

Debtors are recorded at their nominal value. Value adjustments are recorded at the end of the financial year if the net realisable value assessed by the Board of Directors is lower than the nominal value. Such value adjustments are not maintained if the reasons they were recorded for, have ceased to exist.

Foreign currency translation

Transactions expressed in currencies other than United States Dollars (USD) are translated into USD at the exchange rate effective at the time of the transaction.

Long-term assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date.

The exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation. Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealized losses are recorded in the profit and loss account and the net unrealised exchange gains are not recognised.

Prepayments

This asset item includes expenditures incurred during a previous or the current financial year but relating to a subsequent financial year.

Provision for taxation

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption “Other creditors – Tax authorities”. The advance payments are shown in the assets of the balance sheet under the “Other debtors” item.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Creditors

Creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued.

In the event, loans are acquired at a discount, the difference between the acquisition cost and the principal amount is initially recorded as prepayments and then amortized on a straight line basis over the period remaining until maturity.

NOTE 3 - FORMATION EXPENSES

The movements on the formation expenses are as follows:

	2017 USD	**2016 USD**
Cost at the beginning of the year	**48 686 512.00**	**48 686 512.00**
Additions	–	–
Disposals	(29 258 646.00)	–
Cost at the end of the year	**19 427 866.00**	**48 686 512.00**
Value adjustments at the beginning of the year	**(21 746 642.35)**	**(12 009 339.79)**
Value adjustments of the year	(6 502 596.35)	(9 737 302.56)
Reversals	15 702 140.39	–
Value adjustments at the end of the year	**(12 547 098.31)**	**(21 746 642.35)**
Net book value at the end of the year	**6 880 767.69**	**26 939 869.65**

The formation expenses comprise expenses incurred for the issuance of the Notes issued on October 7, 2014. These formation expenses are amortized over a period of 5 years. During the year 2017, the net amount of USD 13.556.505,61 of formation expenses was reversed due to a partial redemption of the Notes (refer to Note 7).

NOTE 4 - LOANS TO AFFILIATED UNDERTAKINGS

The movements on the financial assets are as follows:

	2017 USD	2016 USD
Nominal value at the beginning of the year	**1 210 313 488.00**	**1 190 813 488.00**
Additions	8 500 000.00	19 500 000.00
Disposals	–	–
Nominal value at the end of the year	**1 218 813 488.00**	**1 210 313 488.00**
Value adjustments at the beginning of the year	**–**	**–**
Value adjustments of the year	–	–
Value adjustments at the end of the year	**–**	**–**
Net book value at the end of the year	**1 218 813 488.00**	**1 210 313 488.00**

The movements on the amounts owed by affiliated undertakings are as follows:

	Within one year	After one year and within five years	After more than five years	Total 2017	Total 2016
Interest on Fixed Rate Notes	49 903 443.90	–	–	49 903 443.90	17 637 190.34
Interest on Floating Rate Notes	13 011 514.73	–	–	13 011 514.73	1 934 400.00
Interest on the shareholder loan advance	1 546 014.55	–	–	1 546 014.55	316 875.00
Total	**64 460 973.18**	**–**	**–**	**64 460 973.18**	**19 888 465.34**

On October 7, 2014, the Company entered into a Fixed Rate Notes Proceeds Loan Agreement amounting to USD 1.010.875.000,00 with its parent company. The loan bears interest at a rate of 8,7553% and matures on October 15, 2019. The interests are payable on a semi-annual basis. As at December 31, 2017, the principal amounted to USD 990.813.488,00 (2016: USD 990.813.488,00) and the accrued interest thereon amounted to USD 49.903.443,90 (2016: USD 17.637.190,34).

On October 7, 2014, the Company entered into a Floating Rate Notes Proceeds Loan Agreement amounting to USD 200.000.000,00 with its parent company. The loan has variable yield at a rate per annum, reset quarterly, equal to LIBOR + 3,5% plus margin and matures on October 15, 2019. The interests are payable on a quarterly basis. As at December 31, 2017, the principal amounted to USD 200.000.000,00 (2016: USD 200.000.000,00) and the accrued interest thereon amounted to USD 13.011.514,73 (2016: USD 1.934.400,00).

On June 16 2016, the Company has granted an advance of USD 19.500.000,00 to its sole shareholder. On May 3, 2017, both parties entered into an amendment in which they agreed to extend the total amount of the advance to USD 32.500.000,00. The loan duration has been fixed for an indefinite period and bears an

NOTE 4 - LOANS TO AFFILIATED UNDERTAKINGS (continued)

interest of 3,00% plus margin. During the year 2017, the Company granted an additional advance of USD 8.500.000,00 to its sole shareholder. As at December 31, 2017, the principal amounted to USD 28.000.000,00 (2016: USD 19.500.000,00) and the accrued interest thereon amounted to USD 1.546.014,55 (2016: USD 316.875,00).

The three aforementioned loan agreements were amended current of April 2018 with effect date January 1st 2017 to revise the margin.

NOTE 5 - PREPAYMENTS

As of the date of issuance of the Fixed Rate Senior Notes amounting to USD 1.050.000.000,00, a discount of 1% amounting to USD 10.500.000,00 was granted by the Company. The discount is amortized over a period of 5 years on a straight line basis. Due to the partial redemption (refer to Note 7) of the Fixed Rate Senior Notes in 2017, the discount was partially reversed for a net amount of USD 2.556.955,56.

At the date of issuance of the New Fixed Rate Notes on June 12, 2017 amounting to USD 500.000.000,00, a discount of 0,50% amounting to USD 2.500.000,00 was granted by the Company (refer to Note 7). The discount is amortized over a period of 8 years on a straight line basis.

At the date of issuance of the New Floating Rate Notes on June 12, 2017 amounting to USD 300.000.000,00, a discount of 0,25% amounting to USD 750.000,00 was granted by the Company (refer to Note 7). The discount is amortized over a period of 5 years on a straight line basis.

As at December 31, 2017, the amortization of the discount amounted to USD 3.481.233,06 (2016: USD 4.689.999,99) and the net book value of the discount amounted to USD 4.756.766,94 (2016: USD 5.810.000,01). In addition, the item Prepayments includes deferred charges relating to the financial year 2018 and amounted to USD 6.375,00 (December 31, 2016: USD 13.350,00).

The item Prepayments also comprise expenses incurred for the issuance of the New Fixed Rate Notes and the New Floating Rate Notes amounting to respectively USD 12.319.518,36 and USD 4.993.211,02. These expenses are amortized over the period of the life of the notes on a straight line basis. As at December 31, 2017, the amortization of these expenses amounted to USD 1.403.271,71 and the net book value amounted to USD 15.909.457,67 (2016: nil).

For the financial year 2017, the deprecation amounted to USD 3.149.549,22 (2016: USD 2.100.000,00) and was booked under the item Value adjustments in respect of current assets into the profit and loss account.

NOTE 6 - CAPITAL AND RESERVES

a) Movements

	Subscribed capital USD	Legal reserve USD	Profit or loss brought forward USD	Profit or loss for the financial year USD	Total USD
At the beginning of the year	2 720 000.00	39 873.71	757 600.56	(935 296.94)	2 582 177.33
Allocation of the result for the financial year ended December 31, 2016	–	–	(935 296.94)	935 296.94	–
Result for the financial year ended December 31, 2017	–	–	–	1 838 422.05	1 838 422.05
As at December 31, 2017	**272 000.00**	**39 873.71**	**(177 696.38)**	**1 838 422.05**	**4 420 599.38**

b) Subscribe capital

The Company was incorporated on July 3, 2014 with a subscribed capital of USD 2.720.000,00 represented by 27.200 shares with a par value of USD 100,00 each, fully paid-up.

As at December 31, 2017, the Company has a subscribed capital of USD 2.720.000,00 represented by 27.200 shares with a par value of USD 100,00 each, fully paid-up

During the financial period, the Company has not acquired any of its own shares.

c) Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

NOTE 7 - CREDITORS

Amounts due and payable for the accounts shown under "Creditors" are as follows:

	Within one year	After one year and within five years	After more than five years	Total 2017	Total 2016
Fixed Rate Senior Notes[1]	–	498 800 000.00	–	498 800 000.00	1 050 000 000.00
Floating Rate Senior Notes[2]	–	–	–	–	200 000 000.00
New Fixed Rate Notes[3]	–	–	500 000 000.00	500 000 000.00	–
New Floating Rate Notes[4]	–	–	300 000 000.00	300 000 000.00	–
Interest - Fixed Rate Senior Notes[1]	7 107 900.00	–	–	7 107 900.00	14 962 500.00
Interest - Floating Rate Senior Notes[2]	–	–	–	–	1 898 000.00
Interest - New Fixed Rate Notes[3]	1 527 777.78	–	–	1 527 777.78	–
Interest - New Floating Rate Notes[4]	756 287.50	–	–	756 287.50	–
Trade creditors	77 981.58	–	–	77 981.58	47 425.36
Corporate income tax - 2014	–	–	–	–	52 452.38
Corporate income tax - 2015	–	–	–	–	202 453.93
Corporate income tax - 2017	253 338.13	–	–	253 338.13	–
Municipal business tax - 2014	–	–	–	–	15 912.15
Municipal business tax - 2015	–	–	–	–	66 142.71
Municipal business tax - 2017	91 885.57	–	–	91 885.57	–
Net wealth tax - 2015	–	–	–	–	70.19
Net wealth tax - 2016	–	–	–	–	3 494.73
VAT payable	18 647.36	–	–	18 647.36	–
Total	**9 833 817.92**	**498 800 000.00**	**800 000 000.00**	**1 308 633 817.92**	**1 267 248 451.45**

1. On October 7, 2014, the Company issued a Fixed Rate Senior Notes for an amount of USD 1.050.000.000,00 listed on the Euro MTF Market (ISIN US20914UAB26 and ISIN USL1957QAB60). The Fixed Rate Senior Notes have a fixed yield at a rate of 6,75% and will reach maturity on October 15, 2019. On June 12, 2017, the Company partially redeemed the Fixed Rate Senior Notes for an amount of USD 551.200.000,00. As at December 31, 2017, the principal amounted to USD 498.800.000,00 (2016: USD 1.050.000.000,00) and the accrued interest thereon amounted to USD 7.107.900,00 (2016: USD 14.962.500,00).

2. On October 7, 2014, the Company issued a Floating Rate Senior Notes for an amount of USD 200.000.000,00 listed on the Euro MTF Market (ISIN USL1957QAA87). The Floating Rate Senior Notes have variable yield at a rate per annum, reset quarterly, equal to LIBOR + 3,50%. On June 12, 2017, the Company fully redeemed the Floating Rate Senior Notes. As at December 31, 2017, the principal amounted to USD 0,00 (2016: USD 200.000.000,00) and the accrued interest thereon amounted to USD 0,00 (2016: USD 1.898.000,00).

3. On June 12, 2017, the Company issued a New Fixed Rate Notes for an amount of USD 500.000.000,00 listed on the Euro MTF Market (ISIN USL1957QAD27 + ISIN US20914UAD81). The New Fixed Rate Notes have a fixed yield at a rate of 6,875% and will reach maturity on June 15, 2025. As at December 31, 2017, the principal amounted to USD 500.000.000,00 (2016: USD 0,00) and the accrued interest thereon amounted to USD 1.527.777,78 (2016: USD 0,00).

4. On June 12, 2017, the Company issued a New Floating Rate Notes for an amount of USD 300.000.000,00 listed on the Euro MTF Market (ISIN US20914UAC09 + ISIN USL1957QAC44). The New Floating Rate Notes have variable yield at a rate per annum, reset quarterly, equal to LIBOR + 3,75% and will reach maturity on June 15, 2022. As at December 31, 2017, the principal amounted to USD 300.000.000,00 (2016: USD 0,00) and the accrued interest thereon amounted to USD 756.287,50 (2016: USD 0,00).

NOTE 7 - CREDITORS (continued)

The net proceeds from the sale of the New Fixed and Floating Rate Notes have been used for purpose of redemption of the Notes issued in 2014.

NOTE 8 - INCOME TAX

The Company is subject to the general regulation application to all Luxembourg commercial companies.

NOTE 9 - STAFF

The Company did not employ employees and/or workers during the financial year (2016: nil).

NOTE 10 - EMOLUMENTS GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE, MANAGERIAL AND SUPERVISORY BODIES IN RESPECT OF RETIREMENT PENSIONS FOR FORMER MEMBERS OF THOSE BODIES

The Company did not grant emoluments to the administrative, managerial and supervisory bodies in respect of retirement pensions for former members of those bodies during the financial year.

NOTE 11 - ADVANCES ANS LOANS GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE, MANAGERIAL AND SUPERVISORY BODIES

The Company did not grant advances to the administrative, managerial and supervisory bodies during the financial year.

NOTE 12 - AUDITORS' FEES

Year	Auditor's name	Fees USD
2017	Ernst & Young S.A.	89.521,47
2016	Ernst & Young S.A.	3.880,18
2016	GSL Révision S.à r.l.	12.147,45

NOTE 13 - OFF-BALANCE SHEET COMMITMENTS

The Fixed Rate Senior Notes issued in 2014 are in the form of general unsecured obligations and as such embeds guarantee by the parent company, Consolidated Energy Limited, and by Methanol Holdings (Trinidad) Limited.

The New Fixed Rate Notes and the New Floating Rate Notes issued in 2017 are in the form of general unsecured obligations and as such embeds guarantee by the parent company, Consolidated Energy Limited, and other subsidiaries.