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Land is not depreciated. Depreciation is calculated following the straight-line method using the following estimated useful lives:

	Years
Buildings	45
Machinery and equipment	45

The asset's residual value, useful lives and depreciation methods are reviewed at each reporting period, and adjusted prospectively if appropriate.

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

Work in progress includes expenditures for building, financing costs, and other direct costs accrued during the construction phase. Work in progress is capitalized when completed and depreciation is calculated from the time they are able to be used.

The criteria for capitalizing borrowing costs and other direct expenses are:

- To capitalize borrowing costs, the Company identifies the liabilities related to the work and determines the amount of interest to be capitalized according to the average investment held each month as work in progress.
- To capitalize the direct staff costs, the Company identifies each of the areas devoted 100 percent to planning, implementation and management, and determines the percentage of time for part-time areas, which is applied to the employee costs in these areas.

(e) *Intangible assets—*

Intangible assets are recorded at cost and are presented net of accumulated amortization. Amortization is recognized as an expense and is determined using the straight-line method based on estimated useful lives of assets, which has been estimated between 5 and 10 years.

The estimate of the useful life is reviewed periodically to ensure that the amortization period is consistent with the expected pattern of future economic benefits from these assets.

(f) *Impairment of long-lived assets—*

At the end of each year end the Company evaluates if there are indicators that an asset could be impaired. If there is an indicates The Company prepares an estimate of the recoverable amount of the asset when events or economic changes occur that indicate that the value of assets may be impaired, or when it is required to perform the annual asset impairment test. The recoverable amount of an asset is the greater of the fair value of the unit cash of production less the costs to sell and its value in use, and it is determined for an individual asset, unless the asset does not generate cash flows in an independent manner. When the book value of an asset exceeds its recoverable value, an asset is considered impaired and it is reduced to its recoverable value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of

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