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## Subsequent measurement—

The subsequent measurement of financial liabilities depends on their classification. As of December 31, 2014 and 2013, the Company only maintains loans and borrowings as follows:

## Debt and interest bearing loans—

After initial recognition, financial liabilities are measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process, using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization of the effective interest rate is recognized as "Finance cost" in the statement of comprehensive income.

## Derecognition—

A financial liability is derecognized when the relevant obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms are substantially modified, such replacement or amendment is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

## (iii) Offsetting of financial instruments—

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## (iv) Fair value of financial instruments—

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use to rank the asset or liability value, assuming that market participants act in their best economic interest. The fair value measurement of non-financial assets takes into account the ability of a market participant to generate economic benefits through more and better use of the asset or selling it to another market participant that would use the assets in the best possible way.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value, maximizing the use of relevant observable inputs and minimize the use of unobservable inputs.

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