

Table of Contents

All assets and liabilities which are determined or reveal fair values in the financial statements are classified within the fair value hierarchy, described below, based on the lowest level of the data used that are significant to the measurement at fair value as a whole:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for all information or data different to quoted prices within level 1, available, either directly or indirectly.
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Company determines whether there have been transfers between levels in the hierarchy by reviewing the categorization at the end of each reporting period.

Management determines the policies and procedures for both recurring fair value measurement. At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be re-measured or in accordance with the accounting policies of the Company.

For purposes of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks and the level of the fair value hierarchy as explained above.

*(d) Derivative financial instruments—*

Initial recognition and measurement—

The Company uses cross currency interest rate swap to manage its exposure to risk associated with fluctuations in exchange rates and interest rates. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

*(e) Property, plant and equipment—*

Property, plant and equipment is stated at cost, net of accumulated depreciation and / or accumulated impairment losses. The purchase price or construction cost is the total amount paid and the fair value of any other consideration given to acquire the asset. For the significant components of facilities, furniture and equipment that must be replaced periodically, the Company derecognizes the replaced component and recognizes the new component with its respective useful lives and depreciation. Similarly, when a major inspection is performed, its cost is recognized as a replacement to the extent that they meet the recognition requirements. Other repair and maintenance costs are recognized as expenses as incurred.

F-357