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capacity is made available to its customer ENEE, in conformity with the terms specified in the PPA. No revenue is recognized if there are significant uncertainties regarding recovery of the amount or its associated costs.

4.12.2 Interest income from financial instruments

Revenue arising from financial instruments is recognized in relation to the passage of time, calculated over the average monthly balances for the invested principal, applying the effective interest method. Interest income is included in finance income in the statement of comprehensive income.

4.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Borrowing costs include interest, exchange differences and other borrowing costs. Borrowing costs that do not meet the criteria for capitalization are recorded in the results of the year in which they are incurred.

Borrowing costs, including transaction costs, related to notes and loans payable for the financing of qualifying assets under construction are initially recognized as a non-current asset and subsequently reclassified to the balance of notes and loans payable when the funds from the financing have been substantially withdrawn by the Company.

4.14 Benefits for termination of employment contracts

According to Decree No. 150-2008 of November 5, 2008 employees that are terminated without justified cause are entitled to a severance benefit equivalent to one month of salary for each year of service, up to a maximum of 25 months. The Company is obligated to pay 35% of the severance benefit to those employees with more than 15 years of service at the Company, if they decide to voluntarily terminate the labor relationship. Also, the Company has to pay 75% of the severance benefit to the beneficiaries of deceased employees who have six months or more of service at the Company.

4.15 Taxes

The Company offsets its current and deferred tax assets with current and deferred tax liabilities, respectively, if a legally enforceable right exists to set off the amounts recognized before the same taxation authority and when it has the intention to liquidate them for the net amount or to realize the asset and settle the liability simultaneously.

4.15.1 Current income tax

The Company calculates income tax by applying adjustments from certain items, affected by or subject to income tax, in conformity with current tax regulations. Current tax, corresponding to present and prior periods, is recognized by the Company as a liability to the extent that it is not settled. If the amount already paid, which corresponds to present and prior periods, exceeds the amount payable for those periods, the excess is recognized as an asset.

The Company recognizes current income tax related to items of other comprehensive income directly in these items and not in the results of the period.