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Table of Contents**4.17.2 Estimates and assumptions**

The main assumptions related to future events and other sources of estimates subject to variations as of the reporting date, which due to their nature carry a risk of causing adjustments to the asset and liability amounts in next year's financial statements, are presented below:

**Fair value of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these variables could affect the reported fair value of financial instruments.

**Impairment of non-financial assets**

The Company estimates that there are no indicators of impairment for any of its non-financial assets as of the reporting date.

**Operating leases**

The Company's commercial activities include the lease of land on which the project was established. Based on an evaluation of the terms and conditions of the signed lease contracts, the Company has determined that it does not retain the risks and rewards of the leased properties; therefore, it has classified the lease contracts as operating leases.

**Development costs**

The Group capitalizes development costs for a project in accordance with the accounting policy. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

**5. Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, as of December 31, 2014 are disclosed below. The Company intends to adopt these standards, if applicable to its activities, when they become effective.

**IFRS 9 Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

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