

Table of Contents**4.8 Property, plant and equipment**

Property, plant, and equipment are stated at acquisition cost less accumulated depreciation and losses due to impairment, if any. These costs include the cost of replacing the components of plant or equipment when the cost is incurred, if it meets the requirements for recognition. Depreciation and those disbursements for repair and maintenance which do not meet the conditions for recognition as assets are recognized as expenses in the year in which they are incurred.

Depreciation is calculated on a straight-line basis over the useful life of each type of asset. The remaining value of the depreciating assets, the estimated useful life, and depreciation methods are periodically reviewed by Management and adjusted when necessary, at the end of each financial year. The estimated useful lives for productive assets is established by the Company as the difference between the date from which the assets are available for their intended use and the power purchase agreement expiration date or the assets' own estimated useful life, whichever is shorter.

A breakdown of estimated useful lives is as follows:

	Useful life
Buildings	20 years
Machinery and equipment (primarily wind turbines)	20 years
Furniture and equipment	2-5 years
Vehicles	5-8 years

Construction and installation costs are charged to temporary accounts and subsequently transferred to the respective asset accounts once the works are completed. These works in process include all disbursements directly related to the design, development and construction of buildings and others, plus financial costs attributable to the works.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

A component of property, plant, and equipment is derecognized when it is sold or when the Company does not expect future economic benefits from its use. Any loss or gain from the disposal of the asset, calculated as the difference between the net carrying amount and the sales proceeds, is recognized in income in the year in which it occurs.

4.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, as necessary. The Company records the intangible assets generated internally as expenses in the year in which they are incurred, except for development costs that are capitalized.

The useful lives of intangible assets are assessed to be either finite or indefinite. Eolo only has intangible assets with finite useful lives, which are amortized under the straight-line method over the assets' estimated useful lives, which are periodically reviewed by Management.

Gains or losses from the derecognition of an intangible asset are determined by the Company as the difference between the proceeds from sale or disposal and the net carrying amount of the intangible asset, recognizing them in the results of the year in which they are incurred.