## BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset, which necessarily takes a substantial period of time to get ready for its intended use or sale, form, part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Company capitalizes borrowing costs for all eligible assets where construction was started or proceeded on or after the IFRS transition date January 3, 2010.

## FINANCIAL INSTRUMENTS

### (i) Financial assets

Purchases and sales of financial assets are recognized on the settlement date, which is the date on which the asset is delivered to the Company. Financial assets are derecognized when the rights to receive cash flows from the investments have expired where the Company has transferred substantially all risks and rewards of ownership. Financial assets are classified in the following categories at the time of initial recognition based on the purpose for which the financial assets were acquired:

### Financial assets at fair value through profit or loss

#### CLASSIFICATION

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category include cash and cash equivalents.

#### RECOGNITION AND MEASUREMENT

Investments are initially recognized, and subsequently carried, at fair value, with changes recognized in the income statement. Transaction costs are expensed.

### Loans and receivables

#### CLASSIFICATION

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current financial assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Assets in this category include accounts receivables and other receivables and sundry investments.

#### RECOGNITION AND MEASUREMENT

Investments are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

### Available-for-sale financial assets

#### CLASSIFICATION

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in other non-current financial assets unless management intends to dispose of the investment within 12 months of the date of the statement of financial position.

#### RECOGNITION AND MEASUREMENT

Investments are initially recognized at fair value plus transaction costs and are subsequently carried at fair value with changes recognized in other comprehensive income. Upon sale or impairment, the accumulated fair value adjustments recognized in other comprehensive income are included in the income statement.

### (ii) Financial liabilities

Financial liabilities primarily consist of accounts payables, accrued liabilities, bank loans, derivative financial instruments and long-term debt. Financial liabilities are initially measured at fair value and in the case of loans and borrowings plus directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through profit and loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments as defined by IAS 39. Gains or losses on liabilities held for trading are recognized in the income statement. The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.