

35. Financial instruments

Fair value estimation

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. When interest rate swaps are used, their fair value is calculated as the present value of the estimated future cash flows.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments.

The face value less any estimated credit adjustment for financial assets and liabilities with a maturity of less than one year is assumed to approximate its fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments, that are carried in the financial statements:

	Group				Company			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2012	2011	2012	2011	2012	2011	2012	2011
<i>(all amounts in Euro thousands)</i>								
<u>Financial assets</u>								
Available for-sale financial assets (note 16)	1.940	2.206	1.940	2.206	169	169	169	169
Other non current receivables (note 17)	12.572	10.555	12.572	10.555	2.690	2.710	2.690	2.710
Receivables and prepayments (note 20)	199.180	224.960	199.180	224.960	57.299	63.869	57.299	63.869
Cash and cash equivalents (note 21)	284.272	333.935	284.272	333.935	35.601	29.478	35.601	29.478
Derivative financial instruments	-	772	-	772	-	-	-	-
<u>Financial liabilities</u>								
Long term borrowings (note 24)	705.227	815.095	705.227	815.095	741.950	620.360	741.950	620.360
Short term Borrowings (note 24)	174.636	226.564	174.636	226.564	24.468	104.692	24.468	104.692
Other non current liabilities (note 27)	30.632	26.590	30.632	26.590	5.043	6.399	5.043	6.399
Trade and other payables (note 28)	207.009	220.086	207.009	220.086	42.586	47.017	42.586	47.017
Derivative financial instruments	18.078	17.826	18.078	17.826	5.875	5.824	5.875	5.824

Note: Derivative financial instruments consist of forward foreign exchange contracts and swaps.

35. Financial instruments (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuing technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period there were no transfers between level 1 and level 2 fair value measurement, and no transfers into and out of level 3 fair value measurement.

As at December 31, 2012, the Group and the Company held the following financial instruments measured at fair value:

	Group		Company		Fair value hierarchy
	Fair value		Fair value		
	2012	2011	2012	2011	
<i>(all amounts in Euro thousands)</i>					
Financial assets					
Available for-sale financial assets	1.940	2.206	-	-	Level 2
Derivative financial instruments	-	772	-	-	Level 2
Financial liabilities					
Other non current liabilities	21.058	14.250	-	-	Level 3
Derivative financial instruments	18.078	17.826	5.875	5.824	Level 2

Commitments to buy and sell foreign currencies:

The amounts below represent the net Yen and Dollar equivalents to purchase and sell foreign currencies. The Yen and Dollar contracts will be utilized during the next twelve months.

Group		Foreign Amount		Average Rate	
		2012	2011	2012	2011
<i>(all amounts in local currency thousands)</i>					
Japanese Yen (Bought)	USD/JPY	1.700.000	3.900.000	79,25	78,87
US Dollars (Sold)	EUR/USD	216.177	146.177	1,4195	1,4618
Japanese Yen (Sold)	USD/JPY	-	2.200.000	-	77,44

Commitments to swap interest rates:

The swap contracts are payments of fixed interest rate until 2014 against receipts of floating rates of one month euribor.

Company		Amount		Average interest rate	
		2012	2011	2012	2011
<i>(all amounts in Euro thousands)</i>					
Fixed rate (sale)		130.000	130.000	2,41%	2,41%