

20. Provisions for risks

These provisions amounted to €97.5 million at the reporting date, as follows:

(Amounts in thousands of euros)	December 31, 2014	December 31, 2013	Change
Provision for risks on equity investments	6,696	86,787	(80,091)
Other provisions	90,831	89,407	1,424
Total	97,527	176,194	(78,667)

The provision for risks on equity investments relates to expected impairment losses on the carrying amount of the Group's investments in associates for the part that exceeds their carrying amounts.

Changes in this provision are detailed below:

(Amounts in thousands of euros)	2014
Acquisitions and disposals	(130)
Share of profit (loss) of equity-accounted investees	(2,880)
Reclassification of receivable from GUPC	(76,604)
Other changes including changes in the translation reserve	(478)
Total	(80,092)

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The provisions for risks on equity investments decreased by €80.1 million mainly due to the receivable that the parent company claims is due from the associate Grupo Unidos por el Canal SA (Panama) being shown net of the provisions for risks on equity investments recognized in line with the assessment of the loss to complete the contract; in 2013, the net receivable had a negative value and

was recognized in the item provisions for risks on equity investments for €76.6 million, while in 2014, following the increase in the receivables for loans granted during the year, it was positive and classified in the item equity investments.

Other provisions comprise:

(Amounts in thousands of euros)	December 31, 2014	December 31, 2013	Change
SUW Campania Projects	30,494	30,494	-
Provisions set up by Imprepar and its subsidiaries	32,927	32,385	542
Losses on contracts	38	96	(58)
Ongoing litigation	13,406	10,537	2,869
Building segment litigation	2,601	3,260	(659)
Tax and social security litigation	39	4,778	(4,739)
Environmental risks	385	445	(60)
Other	10,942	7,412	3,530
Total	90,832	89,407	1,425

The provision for the SUW Campania projects mainly includes the potential estimated costs for environmental clean-up.

The provisions set up by Imprepar and its subsidiaries include accruals made for probable future charges related to the closing of contracts and potential evolution of ongoing litigation.

The provision for ongoing litigation refers to disputes involving Salini Impregilo and some of its subsidiaries.

The provision for environmental risks mainly relates to the management of a landfill, concerning future liabilities related to closure and post-closure activities.

“Other” mainly comprises amounts accrued since 2013 for certain foreign contracts completed in previous years for which disputes are ongoing with the customers. Relationships with these customers are difficult and, therefore, the Group is unable to estimate exactly when the related receivables will be collected.

Changes in the item during the reporting period are summarized below:

(Amounts in thousands of euros)	December 31, 2013	Provisions	Utilizations	Chang in consolidation scope	Exchange rate gains (losses)	Reclassifications	Discounting to PV and other changes	December 31, 2014
Total	89,407	11,687	(9,922)	708	286	-	(1,334)	90,832

Changes during 2013 are shown in the following table:

(Amounts in thousands of euros)	December 31, 2012	Provisions	Utilizations	Chang in consolidation scope	Exchange rate gains (losses)	Reclassifications	Discounting to PV and other changes	December 31, 2013
Total	12,157	5,559	(8,731)	84,340			(3,918)	89,407

Changes of the year comprise:

- (i) provisions of €11.7 million; specifically €3.4 million relate to the subsidiary Metro 6, €2.6 million to the subsidiary Imprepar, €1.6 million to CSC and €1 million to Fibe;
- (ii) utilizations for €9.9 million, of which €4.8 million relating to the tax dispute concerning the Ethiopian branch, €1.8 million to Imprepar and €1 million to CSC. Utilizations relate to the occurrence of expenses and losses for which they had been accrued.

The Group is involved in another two first-instance disputes related to 2005 mainly concerning: (i) the costs of a joint venture set up in Venezuela; and (ii) the method used to “realign” the carrying amount of equity investments as per Article 128 of Presidential Decree 917/86. An additional charge for the year 2006 concerning (a) the costs incurred by a participatory association established in Venezuela, (b) a loss realized on an equity investment, and (c) costs for (presumed) services not attributable to the year. In the ruling at second instance, the Milan Regional Tax Commission – with decision on May 28, 2014 – cancelled almost all of the tax claim. The Italian tax authorities did not challenge the ruling, which therefore became definitive. Regarding the pending disputes, the company – comforted by the option of its tax counsel – believes that its actions were proper and, consequently, treated the associated risk as improbable, but not impossible.

In addition, the Italian Finance Police – Milan Tax Police Unit have begun a tax audit of the company regarding IRES tax, IRAP tax and VAT for the years 2011 and 2012. While in progress, the audit was extended to the year 2010.

With regard to the criminal proceedings activated against the C.A.V.E.T. Consortium and certain individuals, including some former managers of the Consortium, it is worth mentioning that the appellate proceedings ended in June 2011 with a decision handed down on June 27, 2011, which reversed in full the lower court’s decision, thus reversing the convictions handed down by the lower court

and finding both the Consortium and the indicted individuals not guilty of any of the charges. The Public Prosecutor of the Court of Florence appealed this decision to the Court of Cassation, which, on March 18, 2013, set aside in part the decision of the Florence Court of Appeals ordering that the case be returned to the Court of Appeals. The reinstated proceedings before the Florence Court of Appeals got under way on January 30, 2014 and, on March 21, 2014, the Court of Appeals handed down a decision by which it rejected most of the charges levied by the Public Prosecutor, but upheld them in some important cases. The ruling of the Courts of Appeal of Florence, whose grounds were filed on May 29, 2014, was challenged by all the defendants and by C.A.V.E.T, as a party liable under civil law, and the related appeals were filed for Cassation in September this year. The Consortium, in protecting its interests, is confident that it will be able to demonstrate, again, in the subsequent courts of instance, the correctness of its actions.

Lastly, with a ruling of May 21, 2014, the Provincial Tax Commission of first instance confirmed the findings on corporate income tax (IRES) made by the Italian tax authorities for 2006 and considered it wrongful to carry forward the past losses by Imprepar to 2007. This gave rise to an injunction of payment by the company of €3.9 million, including €2.3 million for penalties. Collection was deferred pending an appeal. An investigation was conducted for the 2008 financial year, for the same reasons of the investigation related to 2007, but the date of the hearing is yet to be scheduled. The grounds for the ruling were the subject of in-depth analysis by the company’s legal advisors and tax experts which were instructed to file an appeal to the Regional Tax Commission (second instance). Taking into account the objective basis of the reasons given in the appeal, as well as the views expressed by the company’s consultants, also on the analysis of the ruling under review, the company has decided not to change the assessment made so far on the final outcome of this dispute.

See the section on “Non-current assets held for sale and discontinued operations” in Part II of the Directors’ Report for more information on ongoing disputes related to the SUW Campania projects.