

3. Equity investments

Compared to December 31, 2013, equity investments increased by €218.4 million to €702.6

million, as shown in the following table.

(Amounts in thousands of euros)	December 31, 2014	December 31, 2013	Change
Investments in subsidiaries	609,802	420,235	189,567
Investments in associates	64,351	45,023	19,328
Other investments	28,473	18,993	9,480
Total	702,626	484,251	218,375

Changes during the year are summarized below:

(Amounts in thousands of euros)	December 31, 2014	December 31, 2013
Merger	154,971	-
Share/quota capital transactions	159,760	-
Acquisitions, capital injections	23,558	37,994
Disinvestments and liquidations	(78)	(44,012)
Reversals of impairment losses	12,230	23,373
Writedowns	(83,806)	(25,473)
Reclassifications	(48,259)	(46)
Total	218,376	(8,164)

The accounting effect as of January 1, 2014 of the merger of Salini S.p.A. into Impregilo S.p.A. amounted to €155 million, of which €42.6 million refer to investments held by the merged company Salini S.p.A. at December 31, 2013, and €112.4 million deriving from the merger goodwill as described in the preceding paragraph “Merger of Salini S.p.A. into Impregilo S.p.A.”.

The increase in “Capital transactions” mainly refers to the payments made to cover the losses accumulated by the interest in Todini Costruzioni Generali for €113.5 million. It also includes capital payments to Impregilo Colombia SAS for €22.9 million and the project company Grupo Unido por el Canal (Panama) for €10.8 million, the latter resulting from offsetting the provision relating to the investment in the project company with the receivable arising from the capital injections performed during the course of the year.

The item “Acquisitions” refers mainly the purchase of an 85% interest in the company C.I.V. S.p.A. for €18.0 million and the purchase of a further 22.2% interest in the subsidiary Todini Costruzioni Generali for €5 million. The value of this latter equity investment has been reduced by €9.4 million, as described below, and the final value of the equity investment in Todini Costruzioni Generali at December 31, 2014 is €75.3 million.

The item “Reclassifications” contains €33.8 million for offsetting the provision relating to the equity investment in the subsidiary Todini Costruzioni Generali.

The impairment test of the item “Equity investments”, carried out also to assess any reversals of previously recognized impairment losses, has been carried out on a case-by-case basis, considering the specific objectives pursued by each investee during the performance of their operating activities.

Separate financial statements of Salini Impregilo S.p.A. at December 31, 2014

Based on such approach, the item can be analyzed as follows:

(Amounts in thousands of euros)	December 31, 2014	December 31, 2013	Change
Interests in special purpose entities (SPEs)	202,563	116,682	85,881
Other investments	500,063	367,569	132,494
Total	702,626	484,251	218,375

Special purpose entities (SPEs) are legal entities set up specifically and solely to carry out construction contracts which the company will not carry out directly and in which it has an interest equal to its share of the tender. These entities have a corporate structure compliant with the customers' requirements as communicated during the tender procedure and considering the specific legal context of the country in which the contract will be performed. They are classified in two specific categories as follows: (i) SPEs, the profit or loss of which are allocated to their venturers in line with their interests as provided for by law (i.e.: Italian-based consortia and consortium companies which operate on a "recharges of costs" basis), and (ii) SPEs for which this allocation is not provided for by law.

Due to the periodic allocation of the contract profits and losses to the venturers, the profit (loss) of the SPEs in item (i) is substantially nil. Any losses recorded in the contracts performed by these entities are recognized by the venturers upon allocation of the contract profits and losses. For the SPEs in point 2 above, losses are assessed in the Separate financial statements of Salini Impregilo S.p.A. as the profit and loss effects of the contracts performed by these entities are reflected in the Consolidated financial statements only. The contracts performed by these SPEs are therefore considered when testing for indication of impairment. Specifically, the SPEs' statements of financial position, which include the estimated contract costs or profits and are prepared in accordance with the relevant accounting standards interpreted by the Group's procedures, are considered as they show the estimated cash flows of the entity.

In 2014, the impairment losses were adjusted with respect to the previous year, by adjusting the

provision for impairment losses on investments, already recognized for a modest amount with reference to the SPEs performing the "Angostura hydroelectric plant" contract (Chile), for €0.4 million, and the "Rio Sogamoso hydroelectric plant" contract (Colombia), for €2.9 million.

At year-end the subsidiary Todini Costruzioni Generali reported a loss of €48.6 million, mainly affected by non-recurring items. Non-recurring items were mitigated as of the last quarter of 2014 which resulted in positive margins being achieved by the company.

It should be recalled that in 2013 the impairment test had led to the recognition of a loss of €70 million. Regarding to 2014, the subsidiary has been tested for impairment on the basis of the 2015 - 2019 financial plan approved by the Board of Directors of Todini on March 9, 2015.

The value in use was determined by discounting the operating cash flows in question using the following parameters:

- Discount rate (WACC) 11.5%;
- Growth Rate: 2%.

Sensitivity analyses were also performed taking into account the potential effects of changes in the discount rate and growth rate.

As a result of the impairment test, the carrying amount of the investment had to be written down by €9.4 million.

At year-end the subsidiary SGF Inc. reported a net loss of €4.2 million and negative equity of €0.3 million while the carrying amount of the investment was €5.9 million.

Separate financial statements of Salini Impregilo S.p.A. at December 31, 2014

It should be recalled that in 2013 the impairment test had led to the recognition of an impairment loss of €3.9 million.

The value in use of the subsidiary was determined for the purposes of the 2014 financial statements on the basis of the company 2015-2019 projected income statement.

By discounting net operating incomes using the following parameters:

- Growth Rate: 0%;
- Discount rate (Ke) 10.5%.

No impairment loss was detected as the resulting equity value is higher than the carrying amount of the investment.

4. Non-current financial assets

This item includes loans due from third parties. Changes compared to December 31, 2013 are as follows:

(Amounts in thousands of euros)	December 31, 2014	December 31, 2013	Change
Other financial assets, Securities	18,739	10,867	7,872
Loans to Group companies	81	1,523	(1,442)
Loans to third parties	20,263	17,420	2,843
Total	39,083	29,810	9,273

Other financial assets, Securities totaled €18.7 million at December 31, 2014, up €7.8 million compared to December 31, 2013. This amount refers to unlisted collective investment undertakings are cash investments with a guaranteed return, which mature after twelve months. The increase is due to new payments made during the year.

Loans from third parties amounted to €20.2 million at December 31, 2014 (€17.4 as at December 31, 2013) and refer mainly to the receivable with the company Itinera arising from the sale to third

At year-end the subsidiary FIBE reported a net loss of €7.2 million and shareholders' equity of €43.2 million, after a dividend distribution of €70 million in 2014; the carrying amount of the investment was €113.1 million.

The subsidiary is not operational and only manages the outstanding disputes related to the SUW Campania projects; as a result, value creation is primarily based on its assets and liabilities. In light of this consideration, the value of the investment was aligned to its shareholders' equity at December 31, 2014.

As regards the other residual interests in smaller companies, the carrying amount of the investments has been adjusted to the corresponding share of the subsidiaries' net assets as recognized in their financial statements at December 31, 2014. This adjustment, totaling €4.4 million, specifically affected IGL Arabia and Suropca.

parties of the investment in the company "TE". They amounted to €17.9 million (€17.4 million) at December 31, 2014, including interest. This loan is interest bearing and will be collected by October 31, 2016.

Loans to Group companies amounting to €1.5 million as at December 31, 2013 related to the long-term portion of the Salini Impregilo's loan to the Argentine associate Puentes del Litoral. This figure was down €1.4 million because at December 31, 2014, this loan was reclassified as short term.