

19. Provisions for risks

These provisions amounted to €37.0 million at the reporting date. Changes during the year are as follows:

(Amounts in thousands of euros)	December 31, 2013	Merger	Accrual	Utilizations/ Releases	Reversals	Reclassifications	December 31, 2014
Provision for risks on equity investments	125,207	1,787	23,489	(1,151)	-	(121,973)	27,359
Other provisions	9,021	5,073	756	(242)	(4,884)	(131)	9,593
Total	134,228	6,860	24,245	(1,393)	(4,884)	(122,104)	36,952

Prior year changes are given below for comparative purposes:

(Amounts in thousands of euros)	December 31, 2012	Provisions	Utilizations/ Releases	Reversals	Other changes	December 31, 2013
Provision for risks on equity investments	244,544	18,275	(3,678)	(61,295)	(72,639)	125,207
Other provisions	8,933	1,240	(569)	(583)	-	9,021
Total	253,477	19,515	(4,247)	(61,878)	(72,639)	134,228

The provision for risks on equity instruments may be analyzed as follows:

(Amounts in thousands of euros)	December 31, 2014	December 31, 2013	Change
Equity investments in SPEs with negative carrying amounts	25,572	125,207	(99,635)
Investments in associates and other companies with a negative carrying amount	1,786	-	1,786
Total	27,358	125,207	(97,849)

As disclosed in Note 3 (to which reference should be made), the provision for risks on equity investments includes the impairment losses on investments in certain SPEs for the part exceeding their carrying amounts.

The provisions for risks on equity investments decreased by €122.0 million as a result of the reclassifications, the most significant of which is 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 increased by €0.6 million to €9.6 million. Changes of the year comprise:

- (i) provisions of €0.8 million relating mainly to a legal dispute in Uganda and disputes over the property business unit in Italy;
- (ii) utilizations/releases of €5.1 million, due to the occurrence of the events for which the accruals had been made;
- (iii) increase of €5.1 million due to the merger of Salini S.p.A. into Impregilo S.p.A.

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Other provisions include the following:

(Amounts in thousands of euros)	December 31, 2014	December 31, 2013	Change
Ongoing litigation	8,267	7,298	969
Building segment litigation	795	1,402	(607)
Other	530	321	209
Total	9,592	9,021	571

The provision for ongoing litigation mainly relates to foreign contracts completed in previous years.

The provision for building segment litigation was originally set up by Impregilo Edilizia e Servizi, merged into Salini Impregilo S.p.A. (then Impregilo S.p.A.) in previous years.

The parent's dispute with Italian tax authorities, concerning the tax treatment of impairment losses and losses reported by the company in 2003, is currently before the Supreme Court following the tax authorities' appeal. In particular, the main observation concerning the sale – made by Impregilo S.p.A. to Impregilo International NV – of the investment held in the Chilean company Costanera Norte SA was dismissed by the Milan Regional Tax Commission.

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.

The increase in “other” mainly relate to risks referable to claims for compensation made by third parties during litigation, to the extent to which the risk of a negative outcome is considered likely.