

4. Goodwill

Goodwill of € 11.9 million decreased by € 18.5 million over 31 December 2012. The following table provides a

breakdown of this item at 31 December 2013 and 2012:

(Values in €/000)	Segment	31 December 2013	31 December 2012	Change
FISIA Babcock	Engineering & Plant Construction	11,875	11,875	–
Shanghai Pucheng	Concessions	–	18,515	(18,515)
Total		11,875	30,390	(18,515)

The following table shows the changes in 2013:

(Values in €/000)	31 December 2012	Change in consolidation scope	Impairment losses	Exchange rate gains (losses)	31 December 2013
FISIA Babcock	11,875				11,875
Shanghai Pucheng	18,515	(18,515)			–
Total	30,390	(18,515)	–	–	11,875

The next table shows the changes in 2012:

(Values in €/000)	31 December 2011	Change in consolidation scope	Impairment losses	Exchange rate gains (losses)	31 December 2012
FISIA Babcock	11,875				11,875
Shanghai Pucheng	18,515				18,515
EcoRodovias - Logistics	34,432	(34,432)			–
EcoRodovias	11,921	(11,921)			–
Total	76,743	(46,353)	–	–	30,390

The decrease in the item for the year 2013 relating to the Shanghai Pucheng CGU is the result of the disposal of the entire equity interest held in the company.

The goodwill for FISIA Babcock arose from the acquisition of the company and the related business units by third parties in previous years.

As required by IAS 36, goodwill, being an intangible asset with an indefinite life, is not amortised systematically but is subject to impairment testing at least annually. The impairment test is carried out by estimating its recoverable amount, value in use and the future cash flows that the related cash-generating unit will generate.

Recoverability of the carrying amount of goodwill for the FISIA Babcock CGU at 31 December 2013 was tested by determining its value in use based on the business plans for at least the next five years.

In order to calculate value in use, the relevant cash flows have been discounted using a growth rate of 1% and a discount rate of 8.6%:

The terminal value was determined using the perpetuity method.

Given the current situation of the markets in which the CGU operates, the Group has performed a sensitivity analysis, considering the potential effects of changes in the reference variables:

- discount rates, since they are caused by conditions that the Group cannot control;
- growth rates for FISIA Babcock.

The recoverable amount determined using the procedure described, also considering the sensitivity analysis, was greater than the related carrying amounts of the cash-generating units and, accordingly, no impairment losses have been recognised.