

24 Provisions for risks

The provisions for risks amounted to €103.1 million as at June 30, 2014, and are shown below:

(Amounts in thousands of euros)	June 30, 2014	December 31, 2013	Change
Provision for risks on equity investments	12,035	13,096	(1,061)
Other provisions	91,090	89,111	1,979
Total	103,125	102,207	918

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)	H1 2014
Acquisitions and disposals	
Share of profit (loss) of equity-accounted investees	(1,224)
Dividends from equity-accounted investees and other investees	22
Other changes including changes in the translation reserve	141
Total	(1,061)

Other provisions comprise:

(Amounts in thousands of euros)	June 30, 2014	December 31, 2013	Change
USW Campania Projects	30,494	30,494	-
Provisions set up by Imprepar and its subsidiaries	31,495	32,385	(890)
Losses on contracts	310	96	214
Ongoing litigation	10,801	10,537	264
Building segment litigation	3,295	3,260	35
Tax and social security litigation	5,299	4,778	521
Environmental risks	357	445	(88)
Other	9,039	7,116	1,923
Total	91,090	89,111	1,979

The provision for the USW 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	Change in consolidation scope	Exchange rate gains (losses)	Reclassifications	Discounting	June 30, 2014
Total	89,111	4,228	(1,438)	(970)	85	75	-	91,090

Changes of the period comprise:

(i) provisions of €4.2 million; specifically, €1.8 million relate to the subsidiary Metro 6, €1 million pertains to Fibe and €0.5 million concern the pending tax dispute in Ethiopia, following revision of its estimates of its pending litigation.

(ii) utilizations of €1.4 million, including €1.0 million used by Imprepar. Utilizations relate to the occurrence of expenses and losses for which they had been accrued.

Information was previously provided on the dispute with the Italian tax authorities, which is still pending before the Court of Cassation due to the appeal filed by the opposing party, concerning the notice of assessment challenging the tax treatment of impairment losses and losses on investments recognized by the company in 2003. However, it should be noted that the main observation concerning the sale - made by Impregilo S.p.A. to Impregilo International NV - of the investment in the Chilean company Costanera Norte SA was dismissed by the Milan Regional Tax Commission.

A first class ruling is still pending for a dispute related to 2005, concerning the technical device used for the so-called realignment of equity investments referred to in Article 128 of Presidential Decree No. 917/86, while a second dispute relating to the same tax period and concerning the costs incurred by a participatory association established in Venezuela saw the company lose the case in the first level ruling. An appeal will be lodged for the above proceeding.

An additional charge was identified by the Italian tax authorities 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 services not attributable to the year. After the Company filed an appeal against this charge, the Milan Provincial Tax Commission decreased the initially claimed amount by roughly 20%. In the ruling at second instance, the Milan Regional Tax Commission - with decision on 5/28/2014 - substantially dismissed almost all of the claims.

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.

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 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, to be paid by mid-September 2014. 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 USW Campania projects.