

15. CASH AND CASH EQUIVALENTS

They amounted to euro 8 thousand (euro 15 thousand at December 31, 2013).

16. TAX RECEIVABLES

Amounted to euro 91,004 thousand (euro 43,213 thousand at December 31, 2013). The amount mainly includes:

- receivables from tax authorities for withholding tax (euro 43,146 thousand);
- receivables from Group companies participating in tax consolidation, for euro 39,112 thousand (euro 18,719 thousand at December 31, 2013), the increase over the previous year is largely due to the greater contribution of Pirelli Tyre S.p.A. positive taxable income;
- receivables from tax authorities for IRES for 2008/2014 of euro 5,058 thousand (euro 4,959 thousand at December 31, 2013) and for VAT litigation in 2004 (euro 1,102 thousand).

17. DERIVATIVE FINANCIAL INSTRUMENTS

This item, amounting to euro 209 thousand (euro 1,655 thousand at December 31, 2013), includes the fair value evaluation of 2 interest rate swaps on a notional amount of euro 50 million, stipulated in order to hedge for variations in the fair value of a part of the bond issued by Pirelli & C. S.p.A. in February 2011 for euro 500 million [refer to note 19]. These derivatives provide for the collection of a fixed rate of 5.125% on an annual basis with the same frequency as the interest payments on the bond which is also equal to 5.125% and the payment of a 6-month EURIBOR floating rate with an average spread of 2.38%. With reference to these derivatives fair value hedge accounting was adopted, whereby the increase in the fair value of the derivative is recognised in Income Statement and is offset by a loss on the bond attributable to the hedged risk of the same amount, recorded in the Income Statement under financial expenses and which adjusted the carrying amount of the bond ("basis adjustment").

18. EQUITY

Equity amounted to euro 2,056,180 thousand (euro 1,940,025 thousand at December 31, 2013). The analyses of its changes and their composition are provided in the main Financial Statements.

18.1 SHARE CAPITAL

The **share capital** as at December 31, 2014 amounted to euro 1,345,381 thousand, and was represented by 475,740,182 ordinary shares and 12,251,311 savings shares without par value and with a regular dividend.

The share capital is presented net of treasury shares, amounting to euro 969 thousand for ordinary shares (351,590 shares, representing 0.07% of ordinary shares only) and euro 1,126 thousand for the savings shares (408,342 shares, representing 3.33% of savings shares only) and therefore amounts to euro 1,343,285 thousand. Total treasury shares represent 0.16% of the share capital.

The table below shows an analysis of the availability and distribution of individual equity items.

(in thousands of euro)

	AMOUNT	POSSIBLE USE	AVAILABLE SHARE	SUMMARY OF RESERVES USE IN 2012-2014
Share capital ⁽¹⁾	1,343,285		-	-
Legal reserve	139,215	B	139,215	-
Other reserves				
- Merger Reserve	12,467	A, B, C	12,467	-
- IAS Reserve	57,509		-	-
Retained earnings	245,739	A, B, C	245,739	-
Total	1,798,215		397,421	
Non available share ⁽²⁾			(6,005)	
Residual available share			391,416	

A - increase the share capital; B - cover losses; C - distribute to the shareholders.

⁽¹⁾ Total value of euro 2.095 thousand net of nr. 351.590 ordinary shares and nr.408.342 savings shares without nominal value

⁽²⁾ Represents the total amount of the non distributable share due to cover multi-year unamortized deferred costs in accordance with ex-Article 2426 of the Italian Civil Code

19. BORROWINGS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

The item borrowings from banks and other financial institutions, is broken down as follows:

(in thousands of euro)

	12/31/2014			12/31/2013		
	TOTAL	NON CURRENT	CURRENT	TOTAL	NON CURRENT	CURRENT
Bonds	498,940	498,940	-	499,217	499,217	-
Borrowings from other financial institutions	1,650	1,650	-	1,650	1,650	-
Accrued liabilities	21,997	-	21,997	23,200	-	23,200
	522,587	500,590	21,997	524,067	500,867	23,200

The unrated bond was placed by Pirelli & C. S.p.A. on the eurobond market in February 2011 for a nominal total amount of 500 million euro, with a fixed coupon rate of 5.125% and expiring in February 2016.

The carrying amount of the bond at December 31, 2014 was determined as follows:

(in thousands of euro)

	12/31/2014	12/31/2013
Nominal value	500,000	500,000
Transaction costs	(5,296)	(5,296)
Amortisation of effective interest rate	3,964	2,860
Adjustment for fair value hedge	272	1,653
	498,940	499,217

The **accrued expenses** essentially refer to interest accrued on the bond but not yet paid, for euro 21,974 thousand.