

10. PROPERTY, PLANT AND EQUIPMENT

At December 31, 2014 the breakdown and changes of property, plant and equipment were as follows:

(in thousands of euro)

	12/31/2014			12/31/2013		
	GROSS AMOUNT	ACCUMULATED DEPRECIATION	NET AMOUNT	GROSS AMOUNT	ACCUMULATED DEPRECIATION	NET AMOUNT
Land	103,808	-	103,808	106,896	-	106,896
Buildings	1,025,895	[407,017]	618,878	1,099,434	[429,450]	669,984
Plant and machinery	3,344,879	[1,790,305]	1,554,574	3,480,584	[1,909,024]	1,571,560
Industrial and commercial equipment	671,027	[486,105]	184,922	691,235	[507,690]	183,545
Other assets	206,295	[146,013]	60,282	230,162	[153,699]	76,463
	5,351,904	[2,829,440]	2,522,464	5,608,311	[2,999,863]	2,608,448

GROSS VALUE (in thousands of euro)

	12/31/2013	INFLATION EFFECT	ASSETS HELD FOR SALE	BUSINESS COMBINATION	TRANSLATION DIFFER.	INCREASES	DECREASES	RECLASSIF.	OTHER	12/31/2014
Land	106,896	1,753	[8,832]	-	289	-	[1,858]	5,533	27	103,808
Buildings	1,099,434	19,373	[70,214]	-	[38,182]	32,606	[30,137]	13,484	[469]	1,025,895
Plant and machinery	3,480,584	36,549	[203,033]	742	[6,171]	256,945	[203,863]	[22,224]	5,350	3,344,879
Industrial and commercial equipment	691,235	7,636	[16,664]	-	[4,658]	40,411	[74,896]	28,153	[190]	671,027
Other assets	230,162	14,970	[8,653]	-	[14,345]	37,239	[25,543]	[24,946]	[2,588]	206,295
	5,608,311	80,281	[307,396]	742	[63,067]	367,201	[336,297]	-	2,130	5,351,904

ACCUMULATED DEPRECIATION (in thousands of euro)

	12/31/2013	INFLATION EFFECT	ASSETS HELD FOR SALE	BUSINESS COMBINATION	TRANSLATION DIFFER.	RECLASSIF.	DECREASES	DEPREC.	OTHER	12/31/2014
Buildings	[429,450]	[17,553]	26,410	-	16,375	[782]	29,166	[32,267]	1,085	[407,017]
Plant and machinery	[1,909,024]	[20,117]	119,883	-	[13,045]	1,917	201,873	[173,458]	1,666	[1,790,305]
Industrial and commercial equipment	[507,690]	[6,210]	10,795	-	[1,166]	1,469	71,704	[56,030]	1,023	[486,105]
Other assets	[153,699]	[3,683]	6,343	-	935	[2,604]	22,262	[16,135]	567	[146,013]
	[2,999,863]	[47,564]	163,431	-	3,099	-	325,005	[277,890]	4,341	[2,829,440]

NET VALUE (in thousands of euro)

	12/31/2013	INFLATION EFFECT	ASSETS HELD FOR SALE	BUSINESS COMBINATION	TRANSLATION DIFFER.	INCREASES	DECREASES	RECLASSIF.	DEPRECIATION	OTHER	12/31/2014
Land	106,896	1,753	[8,832]	-	289	-	[1,858]	5,533	-	27	103,808
Buildings	669,984	1,819	[43,804]	-	[21,807]	32,606	[971]	12,702	[32,267]	616	618,878
Plant and machinery	1,571,560	16,432	[83,150]	742	[19,216]	256,945	[1,990]	[20,307]	[173,458]	7,016	1,554,574
Industrial and commercial equipment	183,545	1,426	[5,869]	-	[5,824]	40,411	[3,192]	29,622	[56,030]	833	184,922
Other assets	76,463	11,287	[2,310]	-	[13,410]	37,239	[3,281]	[27,550]	[16,135]	[2,020]	60,282
	2,608,448	32,717	[143,965]	742	[59,968]	367,201	[11,292]	-	[277,890]	6,472	2,522,464

The changes at December 31, 2013 were as follows:

GROSS VALUE (in thousands of euro)

	12/31/2012	INFLATION EFFECT	BUSINESS COMBINATION EFFECT	TRANSLATION DIFFER.	INCREASES	DECREASES	RECLASSIF.	OTHER	12/31/2013
Land	108,399	1,581	5,025	[6,338]	18	[687]	1,703	[2,805]	106,896
Buildings	1,101,203	17,347	14,024	[80,097]	41,638	[12,143]	18,298	[836]	1,099,434
Plant and machinery	3,521,488	28,402	32,285	[296,000]	276,116	[89,061]	3,213	4,141	3,480,584
Industrial and commercial equipment	715,488	6,222	-	[66,510]	37,978	[26,108]	20,980	3,185	691,235
Other assets	260,803	17,152	2,948	[32,699]	46,531	[19,490]	[44,194]	[889]	230,162
	5,707,381	70,705	54,282	[481,644]	402,281	[147,489]	-	2,795	5,608,311

ACCUMULATED DEPRECIATION (in thousands of euro)

	12/31/2012	INFLATION EFFECT	BUSINESS COMBINATION EFFECT	TRANSLATION DIFFER.	RECLASSIF.	DECREASES	DEPREC.	OTHER	12/31/2013
Buildings	[416,187]	[15,550]	[754]	38,040	[4,142]	3,114	[35,084]	1,115	[429,450]
Plant and machinery	[1,971,572]	[16,371]	[4,431]	167,880	688	80,908	[165,202]	[924]	[1,909,024]
Industrial and commercial equipment	[524,765]	[5,279]	-	49,595	1,792	23,554	[54,634]	2,047	[507,690]
Other assets	[171,413]	[3,268]	[690]	12,662	1,662	16,829	[14,996]	5,515	[153,699]
	[3,083,937]	[40,468]	[5,875]	268,177	-	124,405	[269,916]	7,752	[2,999,863]

NET VALUE (in thousands of euro)

	12/31/2012	INFLATION EFFECT	BUSINESS COMBINATION EFFECT	TRANSLATION DIFFER.	INCREASES	DECREASES	RECLASSIF.	DEPRECIATION	OTHER	12/31/2013
Land	108,399	1,581	5,025	[6,338]	18	[687]	1,703	-	[2,805]	106,896
Buildings	685,016	1,797	13,270	[42,057]	41,638	[9,029]	14,156	[35,084]	278	669,984
Plant and machinery	1,549,916	12,032	27,854	[128,120]	276,116	[8,153]	3,901	[165,202]	3,216	1,571,560
Industrial and commercial equipment	190,723	943	-	[16,915]	37,978	[2,554]	22,772	[54,634]	5,232	183,545
Other assets	89,390	13,884	2,258	[20,037]	46,531	[2,661]	[42,532]	[14,997]	4,627	76,463
	2,623,444	30,237	48,407	[213,467]	402,281	[23,084]	-	[269,917]	10,548	2,608,448

Increases for the year 2014 mainly relate to investments aimed at the increase in Premium capacity in Europe, NAFTA and China and the improvement in the mix.

The ratio of additions to property, plant and equipment to depreciation in 2014 was 1.32 [1.49 at December 31, 2013].

Construction in progress at December 31, 2014, included in the individual categories of property, plant and equipment, totalled euro 183,829 thousand [euro 274,703 thousand at December 31, 2013].

Impairment during 2014, included in the column “gross value – decreases” of the table illustrated above, totalled euro 6,048 thousand (euro 7,559 thousand in 2013) and are related in particular to plant and equipment in Russia and Italy.

With regard to the restrictions on the ownership of assets, it should be noted that:

- the subsidiary Alexandria Tire Company S.A.E. (Egypt) pledged its plant and machinery for a total of euro 2,415 thousand (euro 3,561 thousand at December 31, 2013) as collateral for loans granted by the National Bank of Egypt;
- the subsidiary Pirelli Pneus Ltda. (Brazil) pledged its machinery and land as collateral for a total of euro 43,130 thousand (euro 42,452 thousand at December 31, 2013) against bank loans granted by BNDES (Banco Nacional de Desenvolvimento) and litigation with the national social security institution INSS (Instituto nacional de seguridade social);
- the subsidiary Pirelli Neumaticos SAIC (Argentina) pledged its own land and buildings for a total of euro 9,646 thousand (euro 12,248 thousand at December 31, 2013) as collateral for a loan granted by Banco de la Nacion Argentina;
- the subsidiary Pirelli Neumaticos S.A. de C.V. (Mexico) pledged its own land, buildings and plant for a total value of euro 68,230 thousand (euro 67,668 thousand at December 31, 2013) as collateral for a loan granted by Bancomext.

The value of buildings and other assets for which the Group has entered into a finance leasing agreement is included in the related categories of property, plant, and equipment.

The table below sets forth the breakdown of the item:

(in thousands of euro)

	12/31/2014			12/31/2013		
	COST	ACCUMULATED DEPRECIATION	NET VALUE	COST	ACCUMULATED DEPRECIATION	NET VALUE
Leased buildings	2,979	(1,465)	1,514	2,860	(1,292)	1,568
Other leased assets	2,396	(2,052)	344	2,635	(2,091)	544
Leased plant and machinery	101	(101)	-	94	(94)	-
	5,476	(3,618)	1,858	5,589	(3,477)	2,112

The payables for finance lease are included in financial payables (refer to note 24).