

The increase in the value of **trading properties held for sale** compared with December 31, 2008 is attributable for Euro 17,551 thousand to entry into the consolidation scope of the company Orione Immobiliare S.p.A. and for Euro 26,744 thousand to a multi-functional centre located in Centrova (Perugia), in relation to which the company Progetto Perugia S.r.l. (now merged into Iniziative Immobiliari 3 S.r.l.) completed the construction work.

The inventories of **properties under construction and renovation** relate mainly to properties being renovated located in the Bicocca district of Milan by Iniziative Immobiliari 3 S.r.l. (Euro 4,657 thousand), Lambda S.r.l. (Euro 2,127 thousand), and properties under construction located in and near Warsaw owned by the company Pirelli Pekaó Real Estate Sp.zo.o. (Euro 380 thousand) and a property located in Magdeburg (Germany) owned by the company Einkaufszentrum Münzstrasse GmbH & Co. KG (Euro 2,613 thousand).

Of the reduction in the item in question, Euro 26,525 thousand relates to the multi-functional centre at Centrova (Perugia), which the company Progetto Perugia S.r.l. (now merged into Iniziative Immobiliari 3 S.r.l.) finished building.

The value of inventories includes capitalized financial expenses of Euro 1,598 thousand, an amount unchanged from December 31, 2008.

Impairment losses on inventories recognized in financial year 2009 amounted to Euro 18,914 thousand (Euro 27,321 thousand at December 31, 2008), the reversal of previous losses amounted to Euro 5,455 thousand (Euro 2,575 thousand at December 31, 2008).

Inventories were not subject to any collateral pledges.

17. Securities held for trading

Securities held for trading amounted to Euro 161,024 thousand (Euro 115,800 thousand at December 31, 2008) and consisted of:

- floating-rate bonds of Euro 106,082 thousand;
- fixed-rate bonds of Euro 47,961 thousand, of which Euro 47,491 thousand listed;
- equities of Euro 6,945 thousand, of which Euro 6,218 thousand relating to listed shares;
- other securities of Euro 36 thousand.

For listed securities, the fair value corresponds to the stock exchange quotation at December 31, 2009.

For unlisted securities, the fair value was determined making use of estimates on the basis of the best information available.

Fair value changes are recognised in the income statement under the item “financial expenses” (Note 36).

18. Cash and cash equivalents

Cash and cash equivalents are concentrated in the Group's financial companies, holdings and sub-holdings. They are used essentially on the market for short-term maturity deposits with leading banking counterparties at interest rates in line with the predominant market terms.

In the statement of cash flows, the balance of cash and cash equivalents was indicated net of bank overdrafts of Euro 21,334 thousand at December 31, 2009 and Euro 26,828 thousand at December 31, 2008.