

26. Other payables

Other payables can be broken down as follows:

(in thousands of euro)

	12/31/2009			12/31/2008		
	Total	Non-current	Current	Total	Non-current	Current
Associates and joint ventures	12,003	2,608	9,395	7,344	-	7,344
Trade and other accrued liabilities and deferred income	84,963	4,421	80,542	72,253	3,712	68,541
Tax payables	67,593	10,926	56,667	53,986	8,167	45,819
Payables to employees	141,105	75	141,030	168,244	277	167,967
Payables to social security agencies	44,723	5,078	39,645	38,256	3,052	35,204
Payables for stock options	-	-	-	10	-	10
Dividends approved	1,070	-	1,070	920	-	920
Advances from customers	8,024	9	8,015	2,284	10	2,274
Other payables	165,562	10,891	154,671	187,576	33,254	154,322
	525,043	34,008	491,035	530,873	48,472	482,401

Other current payables (Euro 154,671 thousand) include:

- payables for the purchase of property, plant and equipment of Euro 24,289 thousand, relating to the Tyre Segment;
- payables for deposits and advances relating to the Tyre Segment of Euro 2,372 thousand;
- payables to representatives, agents, professionals and consultants of Euro 5,620 thousand;
- payables to Directors and Oversight Committee of Euro 2,552 thousand;
- payables to Statutory Auditors of Euro 1,157 thousand;
- advances paid by the European Union to the Tyre Segment for research projects of Euro 1,678 thousand;
- advances paid by the Piedmont Region to the Tyre Segment of Euro 2,960 thousand against the investment for the creation of the New Technological Hub at Settimo Torinese;
- advances paid by the Piedmont Region to the Tyre Segment for research projects of Euro 7,818 thousand;
- payables for income tax withholdings of the Tyre Segment of Euro 4,104 thousand;
- payables for a non-performing loan portfolio of Euro 17,326 thousand, relating to the debt assumed by the Real Estate Segment to Banco di Sicilia for the purchase of a portfolio of non-performing loans;
- payables for the purchase of equity investments relating to the Real Estate Segment of Euro 11,902 thousand, for the purchase of 100% of the share capital of the companies Relco Sp.z.o.o. and Coimpex Sp.z.o.o..

For other current and non-current payables, the carrying amount is considered approximate to the fair value.

27. Derivative financial instruments

The item includes the measurement at fair value of derivative instruments in being at December 31, 2009.

In particular, the portion included in **current assets** comprises:

- Euro 21,243 thousand (Euro 90,535 thousand at December 31, 2008) relating to the fair value measurement of forward purchases/sales of foreign currencies in being at the reporting date.

These are operations to hedge commercial and financial transactions of the Group for which the hedge accounting option was not taken. The fair value is determined using the forward exchange rate at the reporting date;

- Euro 5,324 thousand (Euro 3,507 thousand at December 31, 2008) relating mainly to the fair value measurement of other derivatives, for which the hedge accounting provided for in IAS 39 has not been implemented.

The portion of amounts measured included in **current liabilities** comprises:

- Euro 46,873 thousand (Euro 104,106 thousand at December 31, 2008) relating to the fair value measurement of forward purchases/sales of foreign currencies in being at the reporting date. These are operations to hedge commercial and financial transactions of the Group for which the hedge accounting option was not taken. The fair value is determined using the forward exchange rate at the reporting date;
- Euro 5,535 thousand (zero at December 31, 2008) relating mainly to the fair value measurement of other derivatives, for which the hedge accounting provided for in IAS 39 has not been implemented;
- Euro 23,745 thousand (Euro 6,367 thousand at December 31, 2008) relating to the fair value measurement of interest rate derivatives for which the hedge accounting provided for in IAS 39 was implemented, with reference mainly for Euro 22,806 thousand to the Tyre Segment (Euro 4,992 thousand at December 31, 2008) and Euro 841 thousand (Euro 264 thousand at December 31, 2008) to the Real Estate Segment.

As regards the Tyre Segment, the item mainly includes the measurement of “plain vanilla” interest rate swap derivatives purchased in financial year 2009 and in the previous financial year as protection against rising interest rates on a notional of Euro 675 million. For accounting purposes the hedge accounting provided for in IAS 39 was implemented. During 2009 the amount recognised in net equity was a negative Euro 17,814 thousand (a negative Euro 4,992 thousand at December 31, 2008).

As regards the Real Estate Segment, the item includes the measurement of the “plain vanilla” interest rate collar derivative purchased in 2006 of a notional value of Euro 120 million as protection against increases in interest rates. For accounting purposes, the hedge accounting pursuant to IAS 39 was implemented. This hedge accounting is applied only to the intrinsic value, while the change associated with the time value is recognised in the income statement. In 2009 the amount recognized in net equity is a negative Euro 727 thousand (a negative Euro 2,038 thousand at December 31, 2008), while the amount recognized in the income statement is a positive Euro 150 thousand (a negative Euro 432 thousand at December 31, 2008).

28. Commitments and contingencies

SURETIES

Sureties of a total amount of Euro 157,691 thousand, relating mainly to contractual commitments, were issued by banks and insurance companies in favour of third parties and in the interest of companies of the Pirelli & C. Real Estate Group.

There were also guarantees and confort letters given by the Real Estate Segment in the interest of associates and joint ventures for a total of Euro 99,696 thousand among which the most noteworthy were:

- insurance co-obligations towards third parties of various kinds for a total amount of Euro 7,630 thousand;
- guarantees against loans granted by credit institutions to associates and joint ventures, for a total amount of Euro 36,801 thousand;