

Single significant positions, for which there is an objective condition of partial or total uncollectibility are written down individually. The amount of the impairment loss takes into account the estimate of future recoverable flows and the relative date of collection, recovery costs and expenses and the fair value of the guarantees, if any.

The positions which are not written down individually are included in groups with similar characteristics from the standpoint of credit risk and written down on a collective basis according to a percentage that increases as the overdue period increases. The collective impairment procedure also applies to receivables not yet due.

The writedown percentages are determined on the basis of historical experience and statistical data.

Liquidity risk

Liquidity risk represents the risk that available financial resources will not be sufficient to meet financial and commercial obligations within the prescribed time and due dates. The main instruments used by the Group to manage liquidity risk are three-year and annual financial plans and treasury plans that enable the Group to fully and correctly recognize and measure incoming and outgoing monetary flows. Variances between the plans and the actual figures are constantly analyzed.

Prudent liquidity risk management implies maintaining sufficient cash and/or short-term securities that can be readily converted into cash, the availability of funding through an adequate amount of committed credit facilities and/or the ability to close out market positions. Due to the dynamic nature of the businesses in which it operates, the Group aims to maintain flexibility in funding by using committed credit lines.

In order to optimize the management of financial resources and thus the liquidity risk, the Group has implemented a centralized system for managing collection and payment flows while respecting the different local currency and tax laws. The negotiation and management of banking relations is conducted centrally so that short-term and medium-term financial requirements are assured of coverage at the lowest cost possible. Even the funding of medium/long-term resources on the capital market is optimized by using centralized management.

At December 31, 2008, in addition to liquidity and securities held for trading, equal to Euros 369,705 thousand, the Group has unused committed credit facilities of Euros 785,000 thousand (Euros 2,672,000 thousand at December 31, 2007), with the following expiration dates:

(in thousands of euros)

2010	10.000
2011	136.000
2012	639.000
	785.000

The maturities of financial liabilities at December 31, 2008 can be summarized as follows:

(in thousands of euros)

	within 1 year	between 1 and 2 years	between 2 and 5 years	beyond 5 years	Total
Trade payables	1,108,573	-	-	-	1,108,573
Other payables	482,401	29,706	15,006	3,760	530,873
Derivative financial instruments	110,473	2,139	-	-	112,612
Borrowings from banks and other financial institutions	695,561	312,427	1,057,320	6,000	2,071,308
	2,397,008	344,272	1,072,326	9,760	3,823,366

The maturities of financial liabilities at December 31, 2007 can be summarized as follows:

(in thousands of euros)

	within 1 year	between 1 and 2 years	between 2 and 5 years	beyond 5 years	Total
Trade payables	1,323,588	-	-	-	1,323,588
Other payables	1,394,673	2,058	17,504	3,738	1,417,973
Derivative financial instruments	72,513	262	6,520	-	79,295
Borrowings from banks and other financial institutions	754,661	289,526	465,488	150,282	1,659,957
	3,545,435	291,846	489,512	154,020	4,480,813

Additional information: categories of financial assets and liabilities

The carrying amounts for every category of financial assets and liabilities identified in IAS 39 are reported as follows:

(in thousands of euros)

	Note	Carrying amount at December 31, 2008	Carrying amount at December 31, 2007
FINANCIAL ASSETS			
Financial assets at fair value through profit or loss			
- designated at the time of initial recognition			
Other financial assets - non-current	11	29,599	31,910
- held for trading			
Securities held for trading	17	115,800	114,039
Derivative financial instruments - non-current	27	3,161	3,849
Derivative financial instruments - current	27	92,108	56,116
Loans and receivables			
Other receivables - non-current	14	723,004	672,894
Trade receivables - current	13	787,951	1,098,927
Other receivables - current	14	239,956	241,475
Cash and cash equivalents	18	253,905	2,057,682
Available-for-sale financial assets			
Other financial assets - non-current	11	476,300	926,362
Hedging financial instruments			
Derivative financial instruments - current	27	1,934	2,210
Total financial assets		2,723,718	5,205,464
FINANCIAL LIABILITIES			
Financial liabilities at fair value through profit or loss			
- held for trading			
Derivative financial instruments - non-current	27	2,139	6,782
Derivative financial instruments - current	27	105,217	72,513
Financial liabilities measured at amortized cost			
Borrowings from bank and other financial institutions - non-current	24	1,375,747	905,296
Other payables - non-current	26	48,472	23,300
Borrowings from bank and other financial institutions - current	24	695,561	754,661
Trade payables - current	25	1,108,573	1,323,588
Other payables - current	26	482,401	1,394,673
Hedging financial instruments			
Derivative financial instruments - current	27	5,256	-
Total financial liabilities		3,823,366	4,480,813