

27.1 Purchasing costs

The cost of raw materials and consumables incurred in 2014 totaled €256.5 million, up €204.1 million from the previous year:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Purchases of raw materials and consumables	281,774	12%	50,937	4.0%	230,837
Change in raw materials and consumables	(25,263)	-1.1%	1,452	0.1%	(26,715)
Total	256,511	11%	52,389	4.1%	204,122

27.2 Subcontracts

Costs of subcontracts amounted to €529.3 million, down €398.5 million on the previous year. The change is mainly due to the inclusion, as of January 1, 2014, of the contracts from Salini S.p.A. as a result of the merger, which

contributed €137.6 million to the income statement 2014.

A summary table is provided below:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Subcontracts	529,326	22.6%	130,796	10.3%	398,530
Total Subcontracts	529,326	22.6%	130,796	10.3%	398,530

27.3 Service costs

Service costs came to €1,020.4 million, recording an increase of €255.3 million compared to the previous year, as shown in the next table:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Consultancy and technical services	129,102	5.5%	48,402	3.8%	80,700
Fees to directors, statutory auditors and independent auditors	11,529	0.5%	7,543	0.6%	3,986
Employee travel expenses	11,404	0.5%	-	0.0%	11,404
Maintenance and testing	6,448	0.3%	2,536	0.2%	3,912
Transport and customs	96,863	4.1%	11,526	0.9%	85,337
Insurance	20,180	0.9%	8,608	0.7%	11,572
Reversal of consortia costs	656,128	28.0%	651,230	51.1%	4,898
Rent and leases	40,596	1.7%	20,812	1.6%	19,784
Charge backs	401	0.0%	-	0.0%	401
Lease payments and expenses	280	0.0%	60	0.0%	220
Trade expenses	5,620	0.2%	-	0.0%	5,620
Other	41,887	1.8%	14,355	1.1%	27,532
Total cost of services	1,020,438	43.6%	765,072	60.0%	255,366

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The change in this item mainly due to the inclusion, as of January 1, 2014, of the contracts from Salini S.p.A. as a result of the merger, which contributed €239.5 million to the income statement 2014.

Item "Consultancy and technical services" increased €80.7 million on the same period last year, and mainly consist of costs for the design and construction work carried out by the project companies and the costs for legal and administrative services. The following items increased, as shown in the table below:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Design and engineering consulting	102,266	4.4%	35,216	2.8%	67,050
Legal, administrative and other services	23,458	1.0%	8,986	0.7%	14,472
Testing	1,037	0.0%	44	0.0%	993
Construction	2,341	0.1%	4,156	0.3%	(1,815)
Total	129,102	5.5%	48,402	3.8%	80,700

Fees to the independent auditors, PricewaterhouseCoopers S.p.A., and other

companies of its network for 2014 are detailed as follows:

Service		Fees (thousands of euros)
Audit	Salini Impregilo S.p.A.	1,286
Audit	Subsidiaries	1,020
Total audit		2,306
Tax assistance	Salini Impregilo S.p.A.	134
Tax assistance	Subsidiaries	19
Total tax assistance		153
Other services	Salini Impregilo S.p.A.	418
Other services	Subsidiaries	13
Other services		431
Total Salini Impregilo Group		2,890

27.4 Personnel expenses

Personnel expenses for the year amount to €251.1 million, up €136.1 million on 2013.

The item is made up as follows:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Wages and salaries	193,083	8.2%	78,466	5.7%	114,617
Social security and pension contributions	28,129	1.2%	15,796	1.2%	12,333
Post-employment benefits	7,616	0.3%	6,562	0.4%	1,054
Other personnel expenses	22,296	1.0%	14,230	1.6%	8,066
Total	251,124	10.7%	115,054	8.9%	136,070

The change in this item is mainly due to the inclusion, as of January 1, 2014, of personnel from Salini S.p.A. as a result of the merger, which contributed €103.9 million to the income statement 2014.

Other personnel expenses mainly relate to termination benefits and repayments of travel expenses. The table below shows the number of employees at December 31, 2014 and the relevant averages.

Number of employees	December 31, 2014 Total	December 31, 2013 Total	Average 2014 Total
Management	210	109	160
Office workers	3,095	864	1,980
Construction workers	14,489	1,522	8,006
Total	17,794	2,495	10,146

27.5 Other operating expenses

At December 31, 2014, other operating expenses amounted to €53.3 million, down by €24.3 million

over December 31, 2013. The item breaks down as follows:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Other operating expenses	32,935	1.4%	27,585	2.2%	5,350
Non-recurring charges	20,346	0.9%	1,357	0.1%	18,989
Total	53,281	2.3%	28,942	2.3%	24,339

27.6 Amortization, depreciation, provisions and impairment losses

This item amounted to €105.2 million compared to the previous year figure of €28.7 million. It may be analyzed as follows.

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Impairment losses	4,778	0.2%	8,271	0.6%	(3,493)
Provisions	514	0.0%	671	0.1%	(157)
Total provisions and impairment losses	5,292	0.2%	8,942	0.7%	(3,650)
Amortization of intangible assets	86	0.0%	-	0.0%	86
Depreciation of property, plant and equipment	77,005	3.3%	16,794	1.3%	60,211
Amortization finite life contract acquisition	22,868	1.0%	2,998	0.2%	19,870
Total amortization and depreciation	99,959	4.3%	19,792	1.6%	80,167
Total	105,251	4.5%	28,734	2.3%	76,517

The change described above is mainly due to the inclusion, as of January 1, 2014, of the tangible and intangible fixed assets from Salini S.p.A. as a result of the merger, which contributed €71.6 million to the income statement 2014.

The allocation to the provision for impairment losses on receivables, amounting to approximately €3 million, mainly relates to the combined effect of impairment losses on receivables from overseas clients for which recovery is no longer considered possible; the losses were recognized with respect to the Italian registered office and the branches in Kazakhstan and Uganda for €5.5 million; the writedown of the doubtful receivable with a client in Nepal worth €3.7 million; discounting to PV of

receivables from customers for the Venezuelan branch with a positive effect of €5.7 million (adjustment of the nominal value with discount rate) and release of provisions previously set aside in the Argentina subsidiary for €0.4 million.

The provision for risks and other provisions amounted to €0.7 million and were primarily related to the registered office in Italy for €0.3 million, in relation to the costs incurred for disputes with employees as well as to the branch in Uganda for about €0.3 million, in relation to legal fees for pending litigation.

The risk provisions were used for €0.2 million in relation to events for which the provision had been previously set aside.