Saras Group
Third Quarter 2008 Report

“This is a translated version of the interim report January-September 2008 of the Saras Group, especially intended for an international audience. Those who wish to receive the original report in Italian should address their request in writing or refer to the company website.”

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Statutory bodies

BOARD OF DIRECTORS

GIAN MARCO MORATTI	Chairman
MASSIMO MORATTI	Chief Executive Officer
ANGELO MORATTI	Vice Chairman
GILBERTO CALLERA	Independent Director
MARIO GRECO	Independent Director
ANGELOMARIO MORATTI	Director
GABRIELE PREVIATI	Director
DARIO SCAFFARDI	Director and General Manager

BOARD OF STATUTORY AUDITORS

CLAUDIO MASSIMO FIDANZA	Chairman
GIOVANNI LUIGI CAMERA	Permanent Auditor
MICHELE DI MARTINO	Permanent Auditor
LUIGI BORRE’	Stand-in Auditor
MASSIMILIANO NOVA	Stand-in Auditor

INDEPENDENT AUDITING FIRM

PRICEWATERHOUSECOOPERS S.p.A.

Group Activities

The Saras Group is active in the energy sector, and is one of the leading operators in Italy and the rest of Europe when it comes to refining crude oil. It sells and distributes oil products in both the domestic and international market, and produces and sells power, as well as engaging in other activities such as industrial engineering for the oil sector and IT services.

As part of its refining activities, Saras Group processes both crude oil purchased on its own account and also crude oil of third parties. Refining is carried out at the Saras Group's plant in Sarroch, on the south-western coast of Sardinia. The Sarroch refinery is one of the largest in the Mediterranean in terms of production capacity, and one of Europe's six super-sites[1], as well as one of the most complex refineries. Boasting an effective refining capacity of approximately 15 million tons per year (around 300,000 barrels/day), the refinery accounts for 15% of Italy's total distillation capacity.

Thanks to the refinery size, highly complex organisation and location, the Saras Group has been able to refine different grades of crude oil, while developing commercial relationships over the years with both crude-exporting countries in North Africa and the Middle East and major international oil corporations.

The Saras Group, both directly and via its subsidiary companies Arcola Petrolifera S.p.A. and Saras Energia S.A., sells and distributes oil products such as diesel, gasoline, heating oil, liquid petroleum gas (LPG), virgin naphtha and aviation fuel to markets in Italy, Europe (mainly the Spanish market) and outside Europe.

The Saras Group also operates in the power sector through the IGCC plant (Integrated Gasification Combined Cycle) of its subsidiary Sarlux S.r.l. and Parchi Eolici Ulassai S.r.l., which owns and manages the wind farm located in the Municipality of Ulassai in Sardinia.

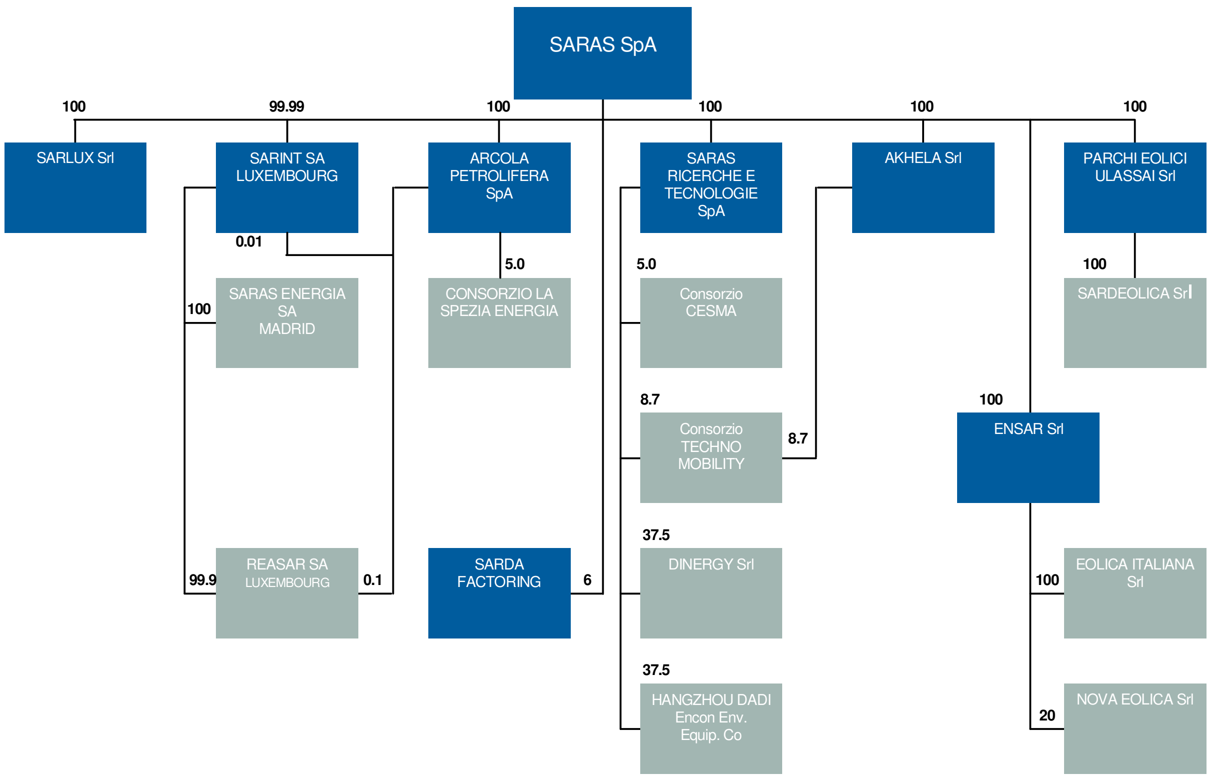
The IGCC plant, which is completely integrated with the Sarroch refinery's production processes, produces power, hydrogen and steam, as well as sulphur and metal concentrates, by using heavy crude oil residue originating from refining processes (assimilated to renewable sources). The power produced by the IGCC plant is sold to "Gestore del Sistema Elettrico" (GSE: the national grid operator for renewable sources) in accordance with the terms and conditions set out in the CIP 6 resolution, while hydrogen and steam are sold to Saras, which uses them in the refinery's production processes.

The Saras Group also provides industrial engineering and scientific research services to the oil, energy and environment sectors through its subsidiary Sartec S.p.A. and operates in the information services sector through its subsidiary Akhela S.r.l..

[1] Source: Wood Mackenzie

Structure of the Saras Group

Below is the complete structure of the Saras Group and the various segments of business, with the main companies for each segment.



REFINING	MARKETING	POWER GENERATION	OTHER	WIND (*)
Saras SpA	Saras Energia SA Arcola Petrolifera SpA	Sarlux Srl	Akhela Srl Sartec SpA	Parchi Eolici Ulassai Srl Sardeolica Srl

Consolidated by the line-by-line method

(*) **Wind segment:** On 30th June 2008, Saras SpA has acquired from Babcock & Brown Wind Energy Srl its 30% of the share capital of Parchi Eolici Ulassai Srl (PEU), for a total consideration of EUR 32 million. Saras now owns 100% of PEU, which therefore has been fully consolidated starting from 30th June.

Stock performance

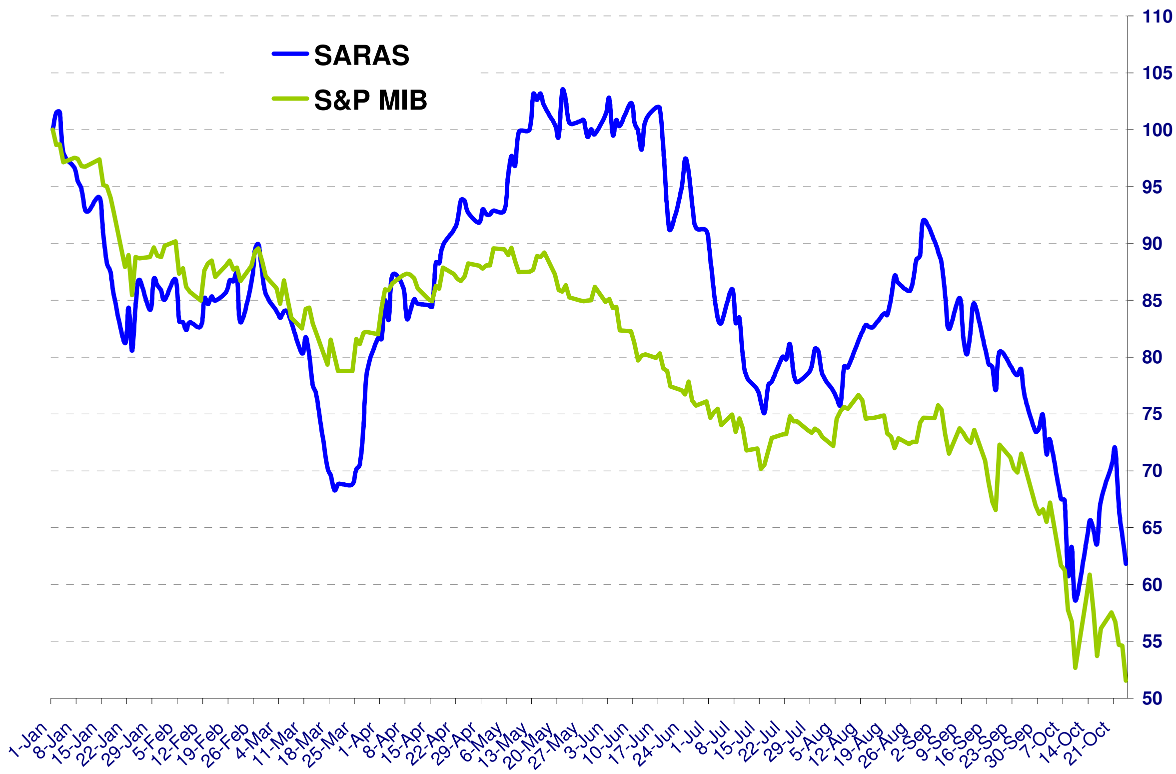
Below are some data concerning prices and daily volumes relating to the Saras share between 01/01/2008 and 30/09/2008.

SHARE PRICE, EURO	Q3/08	Jan-Sep/08
Minimum price	2.92	2.72
Maximum price	3.66	4.11
Average price	3.24	3.46
Closing price at the end of the period	2.93	2.93

DAILY TRADED VOLUMES, Millions of Euro	Q3/08	Jan-Sep/08
Maximum volume	19.716	52.978
Minimum volume	2.411	1.685
Average volume	6.831	9.362

Market capitalization at 30/09/08 amounts to about EUR 2,783.5 million.

The graph reported below shows the daily performance of the share compared to the S&P MIB index of the Milan stock exchange (base 100 as of 31/12/2007).



REPORT ON OPERATIONS

Comments on Group results[2]

In order to give a better representation of the Group's operating performance, and in line with the standard practice in the oil industry, operating results (like EBITDA[3] and EBIT[4]) and Net Income are reported also with inventories evaluated at LIFO (and not only at FIFO as requested by IFRS accounting principles) because this method combines the most recent costs with the most recent revenues, thus providing a clearer picture of current profitability. Furthermore, for the same reason, non recurring items are deducted both from the operating results and from Net Income.

Below detailed definitions of comparable and adjusted figures:
***Comparable* EBITDA:** calculated evaluating inventories at LIFO and deducting non recurring items.
***Comparable* EBIT:** comparable EBITDA net of depreciation & amortization and net of further non recurring items.
***Adjusted* NET INCOME:** reported net income adjusted by (inventories at LIFO-inventories at FIFO) after taxes, non recurring items after taxes and variation in the derivatives fair value after taxes.

Comparable and *adjusted* figures are not subject to audit.

Highlights for the period

Notwithstanding an extremely challenging financial and economic environment, Saras continued to benefit from the superior complexity of its assets, and from the stable profitability of the power division, achieving strong refining margins and another quarter of good results. The mid term outlook for complex refineries will remain positive, driven by sustained demand for middle distillates, and potential shortages in the European markets caused by the imminent change in specifications for diesel.

- **Group comparable EBITDA at EUR 164.2 ml, up 26% vs. Q3/07**
  - 9M/08 Group comparable EBITDA at EUR 504.4 ml, up 8% vs. 9M/07

- **Group comparable EBIT at EUR 121.9 ml, up 36% vs. Q3/07**
  - 9M/08 Group comparable EBIT at EUR 383.6 ml, up 10% vs. 9M/07

- **Group adjusted Net Income at EUR 60.1 ml, in line vs. Q3/07**
  - 9M/08 Group adjusted net income at EUR 232.2 ml, up 13% vs. 9M/07

- **Saras Q3/08 Refining margin at 8.0 $/bl, up 36% vs. Q3/07** (8.9 $/bl in 9M/08, up 19% yoy)
  - Premium above EMC benchmark at 5.1 $/ bl in Q3/08 (5.9 $/bl in 9M/08)

- **Net Financial Position negative by EUR 221 ml at the end of September 2008**

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[2] **The executive manager** responsible for the preparation of the company's financial reporting, Mr. Corrado Costanzo, states, pursuant to the provisions of article 154 bis, paragraph 2, of the Consolidated Finance Act, that the financial information set out in this report corresponds to the company's documents, books and accounting records.

[3] **EBITDA:** Operating result before depreciation and amortisation.

[4] **EBIT:** Operating result

Key Consolidated Economic and Financial Figures

Below are key consolidated economic and financial figures, shown in comparison with the data related to the same period last year.

Saras Group income statement figures

EUR Million	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
REVENUES	2,494	1,670	49%	2,406	6,954	4,878	43%
EBITDA	64.2	180.8	-64%	316.0	531.6	591.8	-10%
Comparable EBITDA	**164.2**	**130.6**	**26%**	**192.1**	**504.4**	**469.2**	**8%**
EBIT	21.9	140.0	-84%	275.6	410.8	471.2	-13%
Comparable EBIT	**121.9**	**89.7**	**36%**	**151.7**	**383.6**	**348.5**	**10%**
NET INCOME	(19.7)	89.5	-122%	251.5	310.1	276.5	12%
***Adjusted* NET INCOME**	**60.1**	**54.8**	**10%**	**96.7**	**232.2**	**205.4**	**13%**

Other Group figures

EUR Million	Q3/08	Q3/07	Q2/08	1-9/2008	1-9/2007	var %
NET FINANCIAL POSITION	**(221)**	**(136)**	**(223)**	**(221)**	**(136)**	**63%**
CAPEX	**48**	**54**	**69**	**175**	**148**	**19%**
OPERATING CASH FLOW	**75**	**(72)**	**33**	**273**	**(72)**	**480%**

Details of consolidated NET INCOME and EBITDA adjustments

EUR Million	Q3/08	1-9/2008	Q3/07	1-9/2007
NET INCOME	**(19.7)**	**310.1**	**89.5**	**276.5**
(inventories at LIFO - inventories at FIFO) net of taxes	76.5	(24.1)	(26.4)	(59.1)
non recurring items net of taxes	4.4	(52.2)	0.0	(3.5)
change of derivatives fair value net of taxes	(1.1)	(1.6)	(3.0)	6.7
adjustments in Power gen. for change of CIP6 tariff (net of taxes)	-	-	(5.3)	(15.2)
***adjusted* NET INCOME**	**60.1**	**232.2**	**54.8**	**205.4**

EUR Million	Q3/08	1-9/2008	Q3/07	1-9/2007
EBITDA	**64.2**	**531.6**	**180.8**	**591.8**
inventories at LIFO - inventories at FIFO	97.4	(29.8)	(41.8)	(93.4)
non recurring items	2.6	2.6	0.0	(5.2)
adjustments in Power gen. for change of CIP6 tariff	-	-	(8.4)	(24.1)
***comparable* EBITDA**	**164.2**	**504.4**	**130.6**	**469.2**

Comments on third quarter and 9M/08 results

Saras Group results in Q3/08 show a good performance of the refining and power generation segments, thanks to healthy refining margins and a favourable trend in the EUR/USD exchange rate, which saw the strengthening of the USD versus the Euro.

Saras **Refining & Power margin reached 12.1 $/bl (+32% vs. same period last year)** confirming the superior quality of our assets, as well as the advantages of complex and diesel oriented refineries, which could fully exploit the persistent strength of middle distillates during the quarter.

Group **Revenues were EUR 2,494 ml, up 49% versus Q3/07** thanks to higher oil and products prices. In the first nine months, Group Revenues amounted to EUR 6,954 ml up 43% vs. the same period of last year.

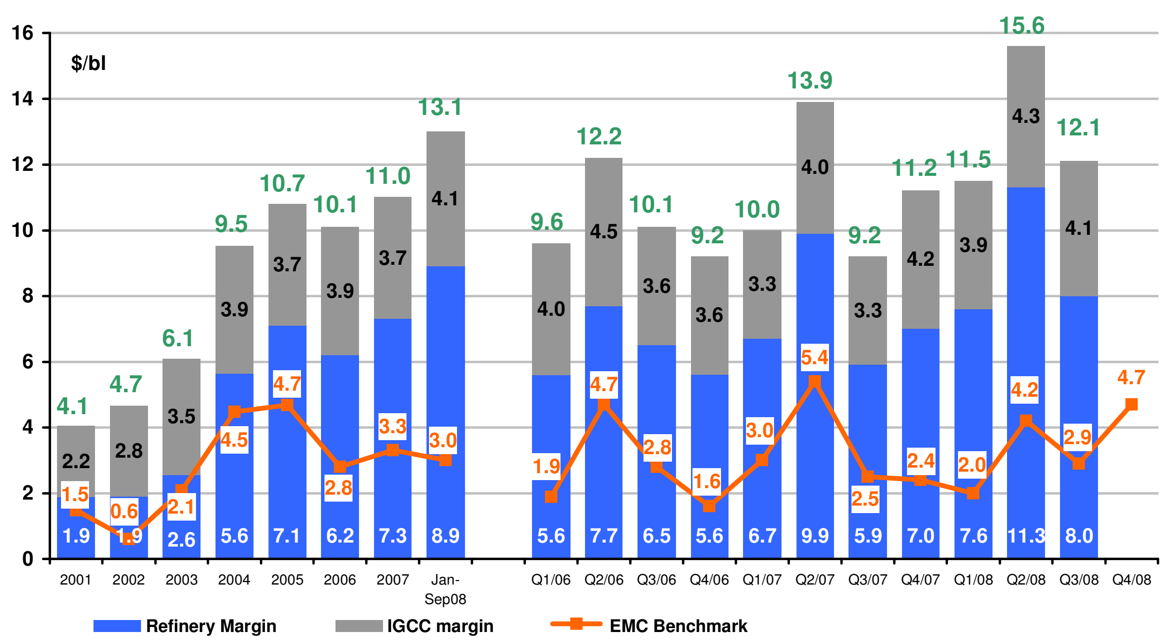
Group ***Comparable* EBITDA was EUR 164.2 ml, up 26% vs. Q307**. Overall, the group had a strong performance in Refining, Power Generation and Marketing, whilst the Wind segment suffered from poor environmental conditions and lower value for the green certificates. In the first nine months of 2008, *Comparable* EBITDA was EUR 504.4 ml, up 8% vs. the same period of 2007, mainly thanks to a wider premium on the EMC benchmark (5.9 $/bl in 9M/08 vs 3.9 $/bl in same period last year).

***Adjusted* NET INCOME stood at EUR 60.1 ml, up 10% vs. same period last year**. It is worth noticing that the new "Robin Hood" tax structure introduced in the first half of 2008, produced distortions in the apparent tax rate for this quarter. However, when looking at the more representative figure for the first nine months of 2008, the apparent tax rate was approx. 38%, in line with company guidance. The *Adjusted* NET INCOME for 9M/08 reached EUR 232.2 ml, up 13% vs. 9M/07, congruent with the increase of the EBITDA.

CAPEX was at EUR 47.8 ml in Q3/08, in line with the investment programme for 2008, and lower than previous quarter, in consideration that all maintenance activities were performed during the first half of 2008 both in the refining and power segments.

In accordance to the **share buy-back programme approved by the AGM on the 29th April 2008**, Saras bought back **during Q3/08 approx. 6.8 ml shares** at the average price of 3.27 EUR. Therefore, as of 30th September 2008, the total number of shares in treasury is about 13.4 ml, including 5 ml shares from the previous buy-back programme.

Net Financial Position at the end of September was negative for EUR 221 ml, substantially unchanged from the previous quarter, with the operating cashflow offsetting a small increase in working capital and the share buyback programme.



Refinery margins: (comparable refining EBITDA + Fixed Costs) / Refinery Crude Runs in the period.

IGCC margin: (power.gen EBITDA + Fixed Costs) / Refinery Crude Runs in the period

EMC benchmark: margin calculated by EMC (Energy Market Consultants) based on runs equal to 50% of Urals and 50% of Brent.

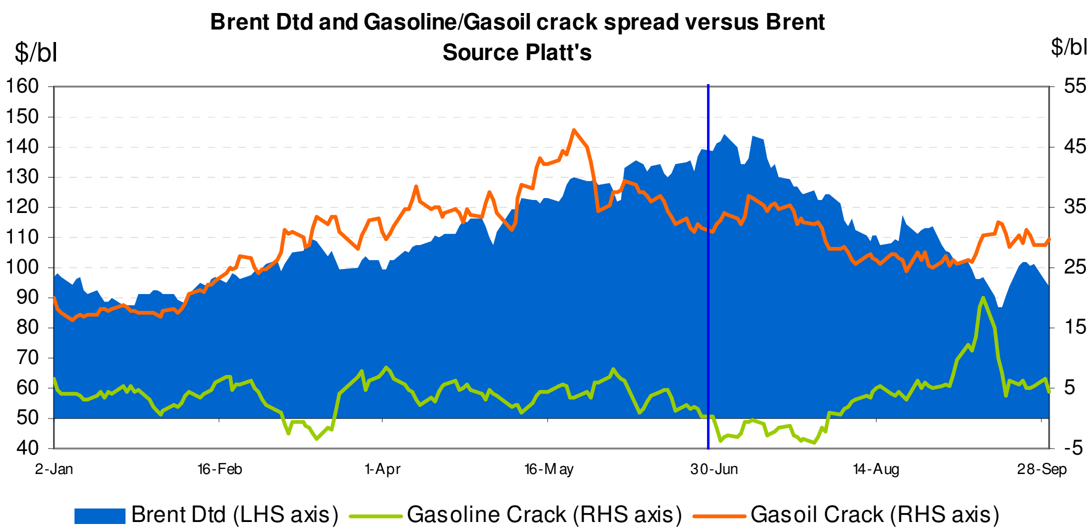
Q4/08 EMC margin = 4.7$/bl as of 31/10/2008

The Oil Market

Brent Dated price averaged at 115.1 $/bl in Q3 2008, thus bringing the average price for the first nine months of the year to 111.2 $/bl. However, Q3 has been characterised by high volatility, with crude oil prices swinging from the all time high above 145 $/bl hit in the first week of July, to values close to 90 $/bl reached towards the end of the quarter. At the same time, the US Dollar strengthened significantly against the Euro and many other currencies.

The initial peaks in crude prices recorded in early July were driven by continued expectations that the strong demand growth registered in the first half of the year, especially in the developing countries, could not be easily satisfied by stagnant supply. However, in the subsequent weeks and months, crude oil prices have been significantly affected by the financial crisis, which originated in the United States, and rapidly spread across the globe. Stock markets worldwide plummeted and the economic slowdown in the OECD countries spilled over, impacting growth also in the developing countries and generating fears of significant reductions in current and future demand for oil products.

The graph here below summarises the price evolution of Brent Dated crude oil and the crack spread[5] values for ULSD (Ultra Low Sulphur Diesel) and Unleaded Gasoline in the first nine months of 2008.



Total oil demand for third quarter contracted year on year by 0.6%, with OECD economies shrinking by 3.3% vs. same period last year (mostly dragged down by the United States at -6.3%, and Japan at -4.5%), while non-OECD economies grew by 3.1% (with China leading the pace, at 5.2% vs. same period last year).

Refining margins remained healthy in Q3, mainly due to the disruptions caused by the hurricanes Gustav and Ike in the US Gulf of Mexico, which forced to shut down many refineries and oil production facilities in the region.

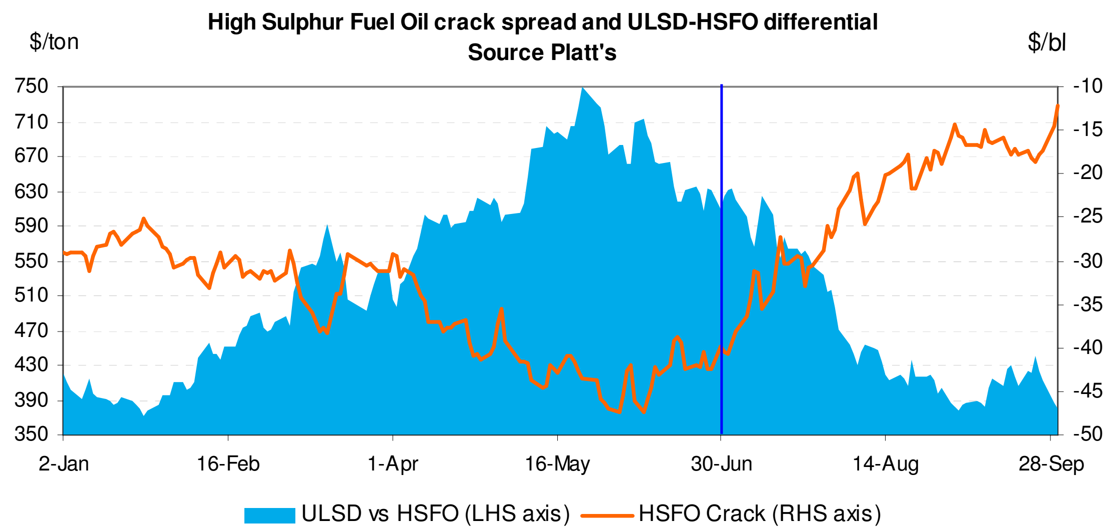
Margins for middle distillates held on healthy levels in Q3, averaging above 28$/bl in the Med, due to reductions in product availability, caused by the hurricanes in the USA and by important refinery maintenance in Europe.

On the contrary, Gasoline demand continued to fall due to the economic downturn in the United States and also to the high prices at the pump, which caused a sharp reduction of the driving habits amongst final consumers both in the USA as well as in all the other OECDs. The Gasoline crack in the Med area averaged at just above 2 $/bl, significantly below historical values in the same period of previous years.

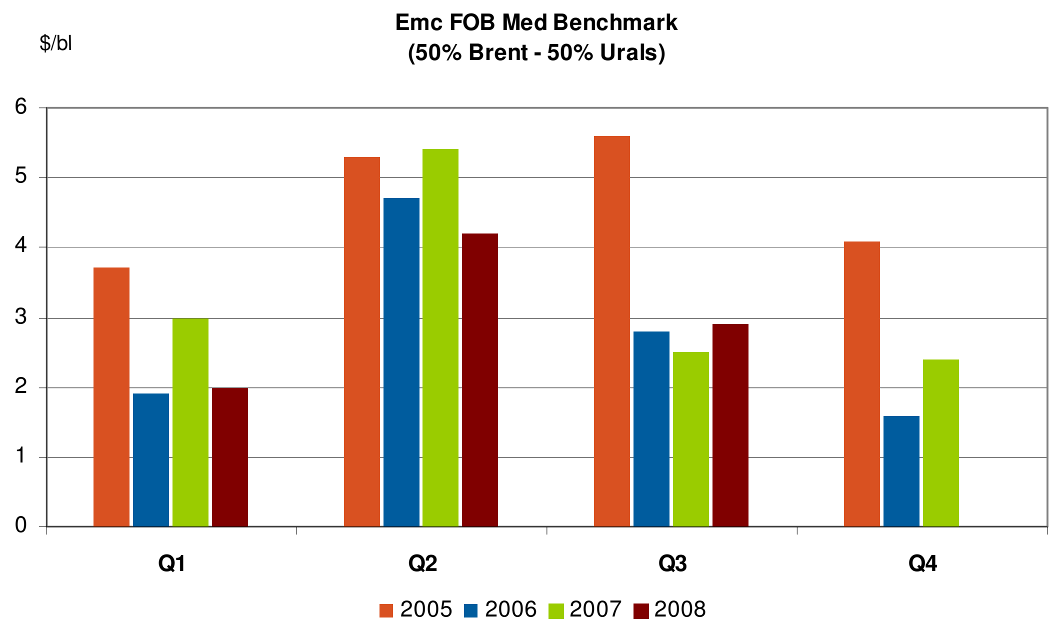
Finally, fuel oil margins achieved a surprisingly strong performance (averaging approx. -18 $/bl), mainly driven by strong demand of bunker for the shipping industry from the far East, coupled with sustained requirements for power generation in Asia and particularly in Japan, due to persistent shortages in production from nuclear power plants.

[5] **Crack spread:** the difference between the reference crude oil price (Brent DTD) and the price of the product, expressed in $/bl

The following graph illustrates the trend of the differential between diesel and fuel oil, in relation to the changes in the fuel oil crack spread. In particular, it can be observed how the significant recovery of the fuel oil during Q3, put pressure on the above mentioned differential, which decreased from over 600 $/ton at the beginning of the quarter, down to approx 400 $/ton towards the end of Q3.



Finally, the graph below represents the EMC margin (Energy Market Consultants) used by Saras as a benchmark. It can be observed that the average in Q3/08 has been 2.9 $/bl, compared with 2.5 $/bl of the same quarter last year. Moreover, the average of the first nine months of 2008 has been 3 $/bl, compared with 3.6 $/bl of same period last year.



Segment Reviews

Below is the main information relating to the various segment of business of the Saras Group.

Refining

EUR Million	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
EBITDA	39.2	105.3	-63%	217.9	348.5	391.0	-11%
Comparable EBITDA	**98.8**	**73.7**	**34%**	**131.4**	**324.6**	**310.2**	**5%**
EBIT	19.9	86.7	-77%	198.2	291.9	337.0	-13%
Comparable EBIT	**79.5**	**55.1**	**44%**	**111.7**	**268.0**	**256.2**	**5%**
CAPEX	**36**	**43**	**-15%**	**50**	**125**	**123**	**1%**

Comments on third quarter and 9M/08 results

During Q3/08 refining performance was characterised by smooth operations, and the crude runs reached 28.4 Mbl (or 3.9 ml tons), up 1% vs. Q3/07.

Refinery margin in Q3/08 was 8 $/bl (vs. 5.9 $/bl in Q3/07) with the premium above the EMC benchmark reaching 5.1 $/bl (vs. 3.4 $/bl in Q3/07). The differential between the diesel and fuel oil prices remained at sustained levels, averaging 450 $/ton during Q3/08, vs. 307 $/ton in Q3/07. Moreover, the good operating and commercial performance of the refinery allowed Saras to fully exploit the high level of the diesel crack in the quarter (Saras diesel yield in Q3/08 was approximately 54%).

Comparable EBITDA for Q3/08 was EUR 98.8 ml up 34% vs. Q3/07. The increase of refining margins has been partially offset by a weaker exchange USD/EUR rate (1.505 in Q3/08 vs. 1.374 in Q3/07).

The CAPEX for refining in Q3/08 were EUR 36.4 ml, in line with the investment programme for 2008.

In the first nine months of 2008 crude runs at the Sarroch refinery were 84.6 Mbl (or 11.6 ml tons), up 5% vs. 9M/07. The higher runs can be explained by smoother refining operations as well as the fact that the planned shutdown of 2007 involved one crude distillation unit, with a clear reduction of refinery runs at that time.

Refinery margin in the first nine month 2008 was 8.9 $/bl (vs. 7.5 $/bl in 9M/07) with a premium above the EMC benchmark of 5.9 $/bl, vs. 3.9 $/bl in the 9M/07. The main reason for the increase in performance can be explained by a higher diesel-fuel oil price differential (495 $/ton vs. 295 $/ton in 9M/07), and an increased conversion capacity, related to the upgrades carried out during the second half of 2007, which delivered their full benefit this year. In the first nine months Saras had a remarkable middle distillates yield of 53.7%, which is an increase of roughly 2% vs. 2007, with a very similar crude slate.

The *comparable* EBITDA in the 9M/08 was up 5% vs. 9M/07, thanks to robust refining margins, which more than offset a weaker USD vs. the EUR when compared to same period last year.

Refining CAPEX in 9M/08 were EUR 125 ml, in line with the 2008 – 2011 investment plan.

Margins and refinery runs

		Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
REFINERY RUNS	Thousand ton	3,887	3,839	1%	3,777	11,584	11,063	5%
	Million bl	28.4	28.0	1%	27.6	84.6	80.8	5%
	thousand bl/day	308	305	1%	303	310	296	5%
of which: Processing for own account	Thousand ton	2,488	2,599	-4%	2,315	7,532	7,080	6%
Processing on behalf of third parties	Thousand ton	1,399	1,240	13%	1,462	4,052	3,983	2%
EXCHANGE RATE	EUR/USD	1.505	1.374	10%	1.563	1.522	1.344	13%
EMC BENCHMARK MARGIN	$/bl	2.9	2.5	16%	4.2	3.0	3.6	-17%
SARAS REFINERY MARGIN	$/bl	8.0	5.9	36%	11.3	8.9	7.5	19%

Production

		Q3/08	Q2/08	1-9/2008	2007
LPG	thousand ton	80	88	267	306
	yield	2.1%	2.3%	2.3%	2.1%
NAPHTHA + GASOLINE	thousand ton	1,042	955	2,981	4,039
	yield	26.8%	25.3%	25.7%	27.7%
MIDDLE DISTILLATES	thousand ton	2,091	2,038	6,215	7,541
	yield	53.8%	54.0%	53.7%	51.7%
FUEL OIL & OTHERS	thousand ton	140	202	585	707
	yield	3.6%	5.3%	5.1%	4.8%
TAR	thousand ton	304	279	867	1,120
	yield	7.8%	7.4%	7.5%	7.7%

Balance to 100% is consumption and losses

Crude Oil slate

		Q3/08	Q2/08	1-9/2008	2007
Light extra sweet		47%	54%	51%	45%
Light sweet		0%	0%	0%	2%
Medium sweet		0%	0%	0%	0%
Light sour		0%	0%	0%	0%
Medium sour		26%	19%	21%	26%
Heavy Sour		26%	27%	27%	27%
Average crude gravity	°API	32.9	32.5	32.8	32.9

Marketing

Below are the financial highlights of the marketing segment, which is primarily focused on wholesale activities through Arcola Petrolifera S.p.A. in Italy and Saras Energia S.A. in Spain.

EUR Million	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
EBITDA	(27.5)	20.6	-233%	48.0	33.2	40.9	-19%
Comparable EBITDA	**10.3**	**10.4**	**-1%**	**10.6**	**27.3**	**23.1**	**18%**
EBIT	(28.8)	19.3	-249%	46.6	29.3	37.1	-21%
***Comparable* EBIT**	**9.0**	**9.1**	**-1%**	**9.2**	**23.4**	**19.3**	**21%**
CAPEX	**5.9**	**4.7**		**14.5**	**31.0**	**5.7**	

Comments on third quarter and 9M/08 results

During Q3/08, the sharpening of the financial crisis and the economic downturn produced an adverse effect on both gasoline and middle distillates demand across various European countries, including Italy and Spain. In particular, in Q3/08 gasoline and middle distillates consumptions in the Spanish market were down respectively by 8% and 3.2% vs. same period last year. Similarly, in the Italian market, gasoline consumption in Q3/08 was down 7.5% while middle distillates were up 1.6% vs. Q3/07.

Despite the above mentioned demand trends, our Marketing segment produced a solid performance in Q3/08, maintaining sales volumes at the high levels reached in the same quarter last year (which was particularly strong), and increasing them by 2% versus previous quarter this year. *Comparable* EBITDA stood at EUR 10.3 ml, in line with same quarter last year, with robust wholesale margins deriving from the choice of a more profitable mix of sales channels.

In Q3/08 CAPEX amounted to EUR 5.9 ml, most of them dedicated to the completion of the Biodiesel plant in Cartagena.

In the first nine months of 2008, consumptions of gasoline and middle distillates in the Spanish market were down respectively by 6.3% and 2.6% vs. same period last year. The Italian market instead showed a different pattern in consumption for the two class of products, with gasoline down 7.6% and diesel up 0.6% vs. same period last year.

During the first nine months of 2008, total sales for the Marketing segment stood at 2,985 ktons, up 5% vs. same period last year, with *Comparable* EBITDA reaching EUR 27.3 ml, up 18% vs. same period last year mainly due to higher wholesale margins, driven by a more profitable mix of sales channels.

Sales

		Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
TOTAL SALES	Kton	986	994	-1%	967	2,985	2,848	5%
of which Italy	Kton	292	261	12%	275	852	784	9%
of which Spain	Kton	694	733	-5%	692	2,133	2,064	3%

Power Generation

Below are the main financial data of the Power segment related to operations run by Sarlux Srl:

It should be noted that, in Q4/07, *comparable* figures have been introduced for the Power segment in order to better explain the impact of resolution n. 249/06 issued by the Energy Authority, which at the beginning of 2008 retroactively modified the fuel component of the CIP6/92 power tariff scheme. EBITDA *Comparable* figures have been calculated restating all the 2007 quarters with the new tariff scheme applicable as of 1st January 2007. EBITDA figures, instead, include the full impact of the new tariff scheme all in Q4/07.

EUR Milion	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
EBITDA	53.2	53.2	0%	49.7	150.6	159.2	-5%
***Comparable* EBITDA**	**53.2**	**44.8**	**19%**	**49.7**	**150.6**	**135.1**	**11%**
EBIT	34.4	32.9	5%	30.9	94.2	98.1	-4%
***Comparable* EBIT**	**34.4**	**24.4**	**41%**	**30.9**	**94.2**	**74.0**	**27%**
EBITDA ITALIAN GAAP	**93.9**	**70.0**	**34%**	**63.3**	**227.7**	**199.7**	**14%**
EBIT ITALIAN GAAP	**80.3**	**56.6**	**42%**	**49.7**	**187.0**	**159.7**	**17%**
NET INCOME ITALIAN GAAP	**46.5**	**26.8**	**73%**	**17.8**	**101.7**	**85.9**	**18%**
CAPEX	**4.5**	**6.7**		**4.2**	**18.0**	**16.7**	

Other figures

		Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
ELECTRICITY PRODUCTION	MWh/1000	1,164	1,169	0%	1,084	3,369	3,319	2%
POWER TARIFF	**Eurocent/KWh**	**14.0**	**12.1**	**15%**	**13.7**	**13.7**	**12.4**	**11%**
POWER IGCC MARGIN	$/bl	4.1	3.3	24%	4.3	4.1	3.5	16%

Comments on third quarter and 9M/08 results

During Q3/08 the performance of the Sarlux IGCC plant was in line with expectations, with electricity production at 1.164 TWh, substantially in line with production for Q3/07, and up 7% vs. Q2/08. The higher production vs. previous quarter can be explained by the fact that Q2/08 was affected by routine maintenance involving one gasification and one power production train, whereas no maintenance was performed during Q3/08.

The total power tariff during Q3/08 reached 14 EURcent/KWh, up 15% vs. Q3/07. In particular, the fuel component rose to 7.4 EURcent/KWh, following the rise in crude oil and products prices. The above mentioned increase in the power tariff, together with an extraordinary income due to the reimbursement of approx. EUR 10 ml for CO_2 costs related to the period 2005 – 2007, pushed the IT GAAP EBITDA for Q3/08 to reach EUR 93.9 ml, up 34% vs. Q3/07.

On the other hand, the impact on IFRS EBITDA of the above mentioned factors, was lower than the one observed on the IT GAAP EBITDA, due to the effect of the linearization procedure required by IFRS.

Moreover, sales of Hydrogen and Steam in Q3/08, whose revenues are not subject to the linearization procedure, were 67% higher than Q3/07 and 23% higher than in Q2/08, thus contributing to the higher levels of the IFRS EBITDA.

In the first nine months of 2008, electricity production of the Sarlux IGCC plant reached 3.369 TWh, up 2% vs. 9M/07. The higher figure can be explained by the fact that 2007 maintenance was heavier, because it included also a planned major overhaul on one of the three gas turbines as well as maintenance on the Air Liquide oxygen plant.

Total power tariff during the first nine months of 2008 was 13.7 EURcent/KWh, up 11% vs. 9M/07, thanks to a significant rise in the price of crude oil and products. The above effect, coupled with the extraordinary income received in Q3/08 for the reimbursement of CO2 costs for the period 2005 – 2007, boosted the IT GAAP EBITDA at EUR 227.7 ml, a 14% increase vs. the first nine months of 2007.

IFRS EBITDA, subject to the linearization procedure required by IFRS accounting principles, was EUR 150.6 ml for the first nine months of 2008, up 11% vs. 9M/07, mainly due to the higher sales of Hydrogen and Steam, whose revenues are not subject to the above mentioned linearization procedure.

Wind

Following the acquisition by Saras SpA of the minority stake owned by Babcock & Brown Wind Energy, Parchi Eolici Ulassai Srl (PEU) has been fully consolidated as of 30th June 2008.
In order to allow a better understanding of results, the following tables show the financial highlights of the Wind segment at 100%.

EUR million	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
EBITDA	(1.4)	5.0	-128%	5.1	8.1	20.2	-60%
***Comparable* EBITDA**	**1.2**	**5.0**	**-76%**	**5.1**	**10.7**	**20.2**	**-47%**
EBIT	(3.6)	3.1	-216%	3.1	1.5	13.8	-89%
***Comparable* EBIT**	**(1.0)**	**3.1**	**-132%**	**3.0**	**4.1**	**13.8**	**-70%**

Other figures

		Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
ELECTRICITY PRODUCTION	MWh	19,820	29,855	-34%	47,761	117,354	116,554	1%
POWER TARIFF	EURcent/KWh	8.8	8.4	4%	9.4	8.7	8.5	2%
GREEN CERTIFICATES	EURcent/KWh	6.3	11.9	-47%	7.1	6.3	11.9	-47%

Comments on third quarter and 9M/08 results

During Q3/08, the performance of the Ulassai wind farm was below expectations, with electricity production down 34% vs. same period last year, due to unfavourable wind conditions.

Comparable EBITDA for Q3/08 was EUR 1.2 ml, down 76% vs. Q3/07, since the small increase in the power tariff (+4% vs. Q3/07) was more than offset by the lower value of the 2008 Green certificates (-47% vs. same period last year), losses on the sale of 2007 Green certificates, and lower electricity sales (-34% vs. Q3/07).

IFRS EBITDA was however negative by EUR 1.4 ml in Q3/08, due to a non-recurring charge of EUR 2.6 ml, caused by the Energy Authority Resolution n. 48/08, which retroactively reduced the 2007 power tariff by approx. 20%.

When looking at the first nine months of 2008, the production performance of the Ulassai wind farm was satisfactory, with electricity sales in excess of 117 GWh, up 1% vs. the same period last year, thanks to the favourable wind conditions registered in the first half of the year.

Nevertheless, the *comparable* EBITDA for the first nine months of 2008 stood at EUR 10.7 ml, down 47% vs. the same period last year, in the light of a sharp reduction in the value of the 2008 Green certificates (-47% vs. same period last year)), and losses on the 2007 Green certificate sales.

Other

The following table shows the main financial data of the segment related to operations by Sartec SpA and Akhela Srl.

EUR Million	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
EBITDA	0.7	1.7	-59%	0.4	0.7	0.8	-13%
***Comparable* EBITDA**	**0.7**	**1.7**	**-59%**	**0.4**	**0.7**	**0.8**	**-13%**
EBIT	0.0	1.1	-100%	(0.1)	(1.0)	(1.0)	0%
***Comparable* EBIT**	**0.0**	**1.1**	**-100%**	**(0.1)**	**(1.0)**	**(1.0)**	**0%**

Comments on third quarter and 9M/08 results

During Q3/08, Comparable EBITDA for this segment was EUR 0.7 ml, down 59% vs. same period last year, but 75% higher than previous quarter.

Overall, the results for **the first nine months of 2008** were in line with expectations, confirming achievement of break even position.

Net Financial Position

The net financial position of the Group is represented as follows:

EUR Million	30-Sep-08	31-Dec-07
Medium/long term bank loans	(208)	(186)
total long term net financial position	**(208)**	**(186)**
Short term bank loans	(100)	(108)
Bank overdrafts	(100)	(63)
Loans from unconsolidated subsidiaries		(1)
Loans made to unconsolidated subsidiaries	3	9
Other marketable financial assets	25	15
Cash and cash equivalents	160	308
total short term net financial position	**(13)**	**159**
Total net financial position	**(221)**	**(27)**

The **Net Financial Position at the end of the third quarter reached a negative of EUR 221 ml** from a negative of EUR 27 million at the end of 2007. The change can be mainly traced back to the increase in working capital, the payment of dividends in May 2008, the share buyback programme currently under way, and the acquisition of 30% of Parchi Eolici Ulassai (PEU) which, in addition to the acquisition cost, at the 30th of June 2008, had a non recourse net debt of EUR 60.5 ml.

Strategy and Investments

Saras confirms its growth strategy as per plan announced in June 2008, continuing to focus on organic growth in the Refining & Marketing segment. Nevertheless, considering the worsening economic outlook worldwide, we will review the timing of our CAPEX plan post 2009, in order to closely monitor debt levels and expected IRR.

At the end of October 2008, Saras Energia S.A. acquired 81 service stations from ERG, located mainly on the Spanish Mediterranean coast, for a total consideration of EUR 42 ml. Saras will generate important synergies by integrating the new stations with the logistics already owned and operated locally. The expected EBITDA from the new stations will be in the range of EUR 6 – 7 ml per year (from 2010 onwards).

Finally, on the Gas exploration initiative, following the positive results of the on-shore seismic tests, we are now awaiting authorisation to begin off-shore seismic testing, which will provide all the necessary data required for a more accurate evaluation of the field potential.

Ongoing construction activities

The construction of a gasoline desulphurization unit at the Sarroch refinery was completed in August 2008. The new plant now allows the full production of gasoline with less than 10 ppm sulphur, as required by EU specification, starting from 1st January 2009.

Moreover, a tail gas treatment/sulphur recovery unit is currently under commissioning, and it will start operations towards the end of November 2008, aligning the Saras refinery to the best standards in terms of sulphur emissions.

The bio-diesel plant in Cartagena is also in its commissioning phase, and it will be fully operational by the end of 2008.

Finally, in the Power Generation segment, the upgrade of Hydrogen production from the IGCC will be completed by the end of this year.

CAPEX by segment

EUR Million	Q3/08	1-9/2008	2007	2006
REFINING	36,4	124,7	177	108
POWER GENERATION	4,5	18,0	20	12
MARKETING	5,9	31,0	11	9
WIND		-		
OTHER	1,0	1,7	2	1
Total	**47,8**	**175,4**	**210**	**130**

Outlook

REFINING

- We expect diesel crack to remain strong, due to seasonal peak in demand for middle distillates, also supported by the introduction of the new sulphur specifications as per 1st January 2009 (ULSD at 10ppm S).

- Strengthening of the USD vs. the EUR will benefit Saras. In terms of sensitivity, we could estimate that a 10% change (e.g. from 1.45 to 1.30) would generate an EBITDA increase of approx. EUR 65 – 75 ml/year.

- Saras refinery will continue to run at full capacity for the remaining months of the year, since no further maintenance has been scheduled.

POWER GENERATION

- The IGCC plant has confirmed the next routine slowdown in the last quarter of 2008. Nevertheless, the overall electricity production is expected to be in the range of 4.4 ÷ 4.5 TWh for the full year.

- Due to the delay present in the formula for the calculation of the fuel component, the power tariff will continue to benefit from the high levels reached by crude oil prices during the first half of the year.

OTHER SEGMENTS

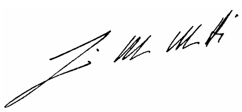
- In the marketing segment, we will continue to focus on sales channels with higher profitability, namely the large supermarket chains, commercial centres and unbranded service stations.

- In the Wind segment, after completion of the acquisition of PEU minority stake, we will now focus on the development of our pipeline of projects in Southern Italy and Eastern Europe.

Main events after the end of the third quarter 2008

- At the end of October 2008, Saras Energia S.A. acquired 81 service stations from ERG, located mainly on the Spanish Mediterranean coast, for a total consideration of EUR 42 ml. The new stations will be fully integrated with the logistics already owned and operated in that area, thus generating important synergies. The expected EBITDA from the new stations will be approximately EUR 6 – 7 ml, from 2010 onwards.

- With reference to the Share buy-back programme approved by the AGM on 29th April 2008 AGM, Saras bought back approx. 21.6 ml shares, up until the date of publication of the present document.



For the Board of Directors
The Chairman
Gian Marco Moratti

SARAS GROUP CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet as at 30th September 2008 and 31st December 2007

EUR thousand

	30/09/2008	31/12/2007
ASSETS		
Current Assets	**1,986,225**	**1,772,974**
Cash and cash equivalents	160,315	308,108
Other financial assets held for trading or available for sale	24,527	15,209
Trade receivables	782,320	690,162
Inventories	910,731	724,715
Current tax assets	5,448	6,131
Other assets	102,884	28,649
Non-current assets	**1,831,479**	**1,669,170**
Property, plant and equipment	1,330,560	1,181,154
Intangible assets	477,379	465,443
Equity interests consolidated under the equity method	0	13,369
Other equity interests	1,992	1,841
Advanced tax assets	18,562	0
Other financial assets	2,986	7,363
Total assets	**3,817,704**	**3,442,144**

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**1,237,488**	**1,008,519**
Short-term financial liabilities	200,132	173,178
Trade and other payables	675,146	655,582
Current tax liabilities	286,359	120,922
Other liabilities	75,851	58,837
Non-current liabilities	**1,005,174**	**967,166**
Long-term financial liabilities	208,131	186,283
Provisions for risks	84,633	23,296
Provisions for employee benefits	33,972	36,680
Deferred tax liabilities	0	133,581
Other liabilities	678,438	587,326
Total liabilities	**2,242,662**	**1,975,685**

SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	1,199,477	1,078,000
Profit/(loss) for the period	310,009	322,903
Total shareholders' equity	**1,575,042**	**1,466,459**
Total liabilities and shareholders' equity	**3,817,704**	**3,442,144**

Consolidated Income Statement as of 30/09/08 and 30/09/07 (Nine Months and Quarterly Results)

EUR thousand	1 Jan. - 30 Sept. 2008	*of which non recurring*	1 Jan. - 30 Sept. 2007	*of which non recurring*	1 Jul. - 30 Sept. 2008	*of which non recurring*	1 Jul. - 30 Sept. 2007	*of which non recurring*
Revenues from ordinary operations	6,866,445		4,862,755		2,466,289		1,666,711	
Other income	87,567		15,770		27,800		3,715	
Total revenues	**6,954,012**	***0***	**4,878,525**	***0***	**2,494,089**	***0***	**1,670,426**	***0***
Purchases of raw materials, spare parts and consumables	(5,881,091)		(3,874,740)		(2,257,348)		(1,359,794)	
Cost of services and sundry costs	(442,396)	*2,577*	(328,459)		(141,957)	*2,577*	(106,785)	
Personnel costs	(98,959)		(83,427)	*5,731*	(30,709)		(23,012)	*575*
Depreciation, amortization and write-downs	(120,760)		(120,662)		(42,172)		(40,912)	
Total costs	**(6,543,206)**	***2,577***	**(4,407,288)**	***5,731***	**(2,472,186)**	***2,577***	**(1,530,503)**	***575***
Operating results	**410,806**	***2,577***	**471,237**	***5,731***	**21,903**	***2,577***	**139,923**	***575***
Net income (charges) from equity interests	1,367		4,195		0		292	
Other financial income/(charges), net	(6,185)		(31,093)		(4,375)		1,600	
Profit before taxes	**405,988**	***2,577***	**444,339**	***5,731***	**17,528**	***2,577***	**141,815**	***575***
Income tax for the period	(95,979)	*55,068*	(167,746)	*(1,891)*	(37,269)	*(1,804)*	(52,155)	*(190)*
Net profit/(loss) for the period	**310,009**	***57,645***	**276,593**	***3,840***	**(19,741)**	***773***	**89,660**	***385***
Earnings per share - base (Euro cent)	**32,77**		**29,08**		**(2,09)**		**9,43**	
Earnings per share - diluited (Euro cent)	**32,77**		**29,08**		**(2,09)**		**9,43**	

Statement of changes in Consolidated Shareholders' Equity for the period 31st December 2006 - 30th September 2008

EUR thousand	Share Capital	Legal Reserve	Other Reserves	Profit (Loss)	Shareholders Equity
Balance as at 31/12/2006	**54,630**	**10,237**	**825,090**	**395,425**	**1,285,382**
Allocation of previous period profit		689	252,086	(252,775)	0
Dividends				(142,650)	(142,650)
Reserve for employees stock plan			2,153		2,153
Share buyback			(1,720)		(1,720)
Profit (loss) for the period				276,593	276,593
Balance as at 30/09/2007	**54,630**	**10,926**	**1,077,609**	**276,593**	**1,419,758**
Reserve for employees stock plan			(47)		(47)
Own shares buyback			(255)		(255)
Effect of Corporate tax rate reduction (IRES/IRAP)			693		693
Profit (loss) for the period				46,310	46,310
Balance as at 31/12/2007	**54,630**	**10,926**	**1,078,000**	**322,903**	**1,466,459**
Allocation of previous period profit			162,060	(162,060)	0
Dividends				(160,843)	(160,843)
Reserve for employees stock plan			994		994
Share buyback net of shares assigned as for the stock grant			(21,259)		(21,259)
Share premium reserve adjustment			770		770
Renounce of receivable from minority shareholder of the subsidiary Parchi Eolici Ulassai Srl			474		474
Profit in the first half 2008				329,750	329,750
Balance as at 30/06/2008	**54,630**	**10,926**	**1,221,039**	**329,750**	**1,616,345**
Share premium reserve adjustment			(78)		(78)
Reserve for employees stock plan			557		557
Share buyback			(22,041)		(22,041)
Profit in the third quarter 2008				(19,741)	(19,741)
Balance as at 30/09/2008	**54,630**	**10,926**	**1,199,477**	**310,009**	**1,575,042**

Consolidated Cashflow Statement as at 30th September 2008 and 30th September 2007

EUR thousand	1/1/2008 - 30/9/2008	1/1/2007 - 30/9/2007
A - Cash and cash equivalents at the beginning of period (short-term net financial indebteness)	**308,108**	**217,604**
B - Cash generated from/(used in) operating activities		
Profit/ (Loss) for the period of the Group	310,009	276,593
Amortization, depreciation and write-down of fixed assets	120,760	120,662
Net (income)/charges from equity interests	(1,367)	(4,204)
Net change in provisions for risks and charges	61,337	(1,379)
Net change in employee benefits	(2,721)	(8,114)
Net Change in tax liabilities and tax assets	(153,071)	24,039
Income tax	95,979	167,746
Profit (Loss) from operating activities before changes in working capital	**430,926**	**575,343**
(Increase)/Decrease in trade receivables	(86,847)	(211,132)
(Increase)/Decrease in inventory	(185,366)	(134,452)
Increase/(Decrease) in trade and other payables	15,273	131,373
Change in other current assets	(70,560)	70,479
Change in other current liabilities	165,953	14,557
Income tax paid	(87,736)	(60,490)
Change in other non-current liabilities	91,055	64,190
Other non cash items	482	383
Total (B)	**273,180**	**450,251**
C - Cash flow from (to) investment activities		
(Investments) in tangible and intangible assets, net of disinvestments and accumulated depreciation and amortization	(175,357)	(147,126)
Change in equity interests valued under the equity method	(474)	(649)
Change in other equity interests	(116)	0
Acquisition of 30% PEU Srl	(32,000)	0
Interest received/(paid)	(6,052)	(10,184)
Total (C)	**(213,999)**	**(157,959)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	(42,887)	(61,254)
(Increase)/Decrease in other financial assets	7,497	(306)
Increase/(Decrease) in short term borrowings	18,541	8,464
Buyback own shares	(43,300)	(1,720)
Dividend distribution to shareholders	(160,843)	(142,650)
Other non-monetary movements	2,717	2,153
Total (D)	**(218,275)**	**(195,313)**
E - Cashflow for the period (B+C+D)	**(159,094)**	**96,979**
F - Cash from new consolidated subsidiaries		
PEU Srl	11,301	
G - Cash and cash equivalents at the end of period (short-term net financial indebteness)	**160,315**	**314,583**

For the Board of Directors
The Chairman
Gian Marco Moratti

Notes to the Consolidated Quarterly Report as at 30 September 2008

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1. Foreword

Saras S.p.A. (also referred to hereinafter as the “Holding Company” or “Saras”) is a joint-stock company with its registered office at S.S. 195 Sulcitana, km 19, Sarroch (CA), Italy, and is controlled by Angelo Moratti S.A.P.A. for 62.46%.

The Saras Group operates in the domestic and international oil market as a refiner of crude oil and as seller of products derived from the refining process. The group is also engaged in electricity generation through the integrated gasification combined cycle (IGCC) plant of its subsidiary Sarlux S.r.l. and Parchi Eolici Ulassai S.r.l., which owns and operates a wind farm.

The financial data shown refer to the period from 1 January to 30 September for the financial years 2008 and 2007 respectively. The balance sheet figures refer to 30 September 2008 and to 31 December 2007.

This consolidated quarterly report is presented in Euro because Euro is the currency of the economy in which the Group operates, and is composed of a Balance Sheet, Income Statement, Cashflow Statement, Statement of Changes in Shareholders’ Equity and these Notes. Unless stated otherwise, all amounts shown in the above statement and in the notes to the consolidated quarterly report, bearing in mind their size and significance, are expressed in thousands of Euro as provided by resolution n.11661 issued by Consob on 20th October 1998.

The quarterly report as at 30 September 2008 must be read jointly with the Saras Group consolidated report as at 31 December 2007.

The quarterly report as at 30 September 2008 is not subject to audit.

2. General criteria for the preparation of the consolidated financial statements

The consolidated quarterly report as at 30 September 2008 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure outlined in Article 6 of Regulation EC No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

Quarterly report are prepared in accordance with the provisions set in the Regolamento Emittenti (Issuer report) Consob resolution n.11971 dated 14 May 1999 and following modifications.
Accounting prospectus correspond to those presented in the half-year report and the annual report.

3. Consolidation area

Subsidiaries that are consolidated on a line-by-line basis and non-consolidated subsidiaries that are included in the group's basis of consolidation are listed in the schedule below:

Fully consolidated	**% owned**
Arcola Petrolifera S.p.A	100%
Sarlux S.r.l.	100%
Sartec – Saras Ricerche e Tecnologie S.p.A.	100%
Ensar S.r.l. and subsidiary:	100%
Eolica Italiana S.r.l.	100%
Akhela S.r.l.	100%
Sarint S.A. and subsidiaries:	100%
Saras Energia S.A.	100%
Reasar S.A.	100%
Parchi Eolici Ulassai S.r.l. and subsidiary:	100%
Sardeolica S.r.l.	100%

Associated companies valued using the equity method	
Dynergy S.r.l.	37.5%
Hangzhou Dadi Encon Environmental Equipment Co.	37.5%
Nova Eolica S.r.l.	20%

Other interests: valued at cost	
Consorzio Cesma	5%
Consorzio La Spezia Energia	5%
Consorzio Techno Mobility	17.4%
Sarda Factoring	6.0%

The subsidiary Parchi Eolici Ulassai S.r.l. (and its 100% subsidiary Sardeolica S.r.l.) was previously consolidated at equity as it was a joint venture. Following the acquisition of the remaining 30% of the capital by parent company Saras S.p.A. on 30 June 2008, it is now fully consolidated on a line-by-line basis.
The cost of the above mentioned acquisition was EUR 32 million. A Goodwill amounting to EUR 25 million was booked after the valuation of assets, liabilities and potential liabilities, carried out on a provisional basis; as set out in IFRS 3, this valuation could be subject to change in the twelve months following the acquisition date.

The main figures of the consolidated accounts of Parchi Eolici Ulassai S.r.l. and subsidiary Sardeolica S.r.l. for the first half of 2008 are shown below.

30/06/2008	Current assets	Non-current assets	Current Liabilities	Non-current liabilities	Revenues	Operating costs	Operating result	Net profit
Parchi Eolici Ulassai S.r.l. and subsidiary Sardeolica S.r.l. (consolidated)	32,693	81,781	27,012	65,732	15,364	(6,688)	8,676	1,953
Total	**32,693**	**81,781**	**27,012**	**65,732**	**15,364**	**(6,688)**	**8,676**	**1,953**

4. Information by business segment and geographical area

4.1 Foreword

The Saras Group operates primarily in the following segments:
1. refining
2. marketing
3. power generation
4. wind
5. other activities.

1. Refining activities concern the following:

[A] the sale of oil products obtained:
- upon completion of the entire production cycle, ranging from commodity sourcing to refining and production of finished products, which is carried out at the company's sites in Sarroch, Sardinia;
- by acquiring oil products from third parties that were previously refined on behalf of these same third parties at the Sarroch site, Sardinia;
- and by acquiring minor quantities of semi-finished oil products

Finished products are sold to international major players in the sector such as the Total Group, Polimeri Europa, Eni, NOC (National Oil Corporation) and Repsol.

[B] revenues from refining activities undertaken on behalf of third parties that constitute the only income from refining activities that the parent company carries out also on behalf of third parties; these services are rendered to major corporate customers such as Eni, Statoil-Hydro and Shell.

2. Marketing activities concern the distribution of oil products, an activity aimed at smaller-sized customers and/or those with distribution procedures that differ from those described above regarding refining.

These activities are undertaken as follows:
- in Italy, by Arcola Petrolifera S.p.A. for wholesale customers (wholesalers, consortia, local authority-owned utility companies and resellers) and oil companies (Eni, Total, Repsol etc.) through a logistics network comprising both its own bases at Arcola and Sarroch, and those of third-party operators by way of a transit contract (Livorno, Civitavecchia, Fiorenzuola, Marghera, Pesaro and Ravenna);
- in Spain, by Saras Energia S.A. for third-party and group-owned service stations, supermarkets and resellers by way of an extensive network of depots spread across the entire Iberian peninsula, the most important of which, the Cartagena depot, is owned by the company itself.

3. Power generation activities from renewable and assimilated sources are related to the production and sale of electricity produced at the Sarroch power station owned by Sarlux S.r.l. The sale contract provides for exclusive deliveries to the national grid operator GSE (Gestore dei Servizi Elettrici S.p.A.), with sales benefiting from the special tariff scheme laid down in CIP 6/92.

4. Power generation activities from renewable (Wind) are related to the production of wind power by Sardeolica S.r.l., 100%-owned by Parchi Eolici Ulassai S.r.l.

5. Other activities include re-insurance activities undertaken for the group by Reasar S.A., information technology activities undertaken by Akhela S.r.l., and research for environmental sectors undertaken by Sartec S.p.A.

4.2 Segment Information

	Refining	Marketing	Power	Wind	Other Activities	Total
30 SEPTEMBER 2007						
Net income from ordinary operations	4,363,824	1,375,588	397,966		29,077	6,166,455
less: intra-segment revenues	(1,269,123)	(1,096)	(23,084)		(10,397)	(1,303,700)
Revenues from third parties	**3,094,701**	**1,374,492**	**374,882**		**18,680**	**4,862,755**
Other revenues	32,582	2,744	9,479		520	45,325
less: intra-segment revenues	(19,274)	(855)	(9,082)		(344)	(29,555)
Other revenues from third parties	**13,308**	**1,889**	**397**		**176**	**15,770**
Operating profit (a)	**336,972**	**37,113**	**98,133**		**(981)**	**471,237**
Net Income from non-consolidated equity investments						
- Parchi Eolici Ulassai S.r.l.				4,195		**4,195**
Total				**4,195**		**4,195**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**1,675,747**	**500,991**	**1,405,175**		**41,778**	**3,623,691**
of which:						
Equity investments valued at equity				**12,805**	**1,369**	**14,174**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1,007,191**	**182,464**	**981,030**		**33,248**	**2,203,933**
Investments in tangible assets	114,598	4,848	16,677		1,174	**137,297**
Investments in intangible assets	8,741	965	0		123	**9,829**
30 SEPTEMBER 2008						
Net income from ordinary operations	6,314,408	2,094,278	429,155	1,735	37,251	8,876,827
less: intra-segment revenues	(1,960,188)	(1,793)	(33,953)	0	(14,448)	(2,010,382)
Revenues from third parties	**4,354,220**	**2,092,485**	**395,202**	**1,735**	**22,803**	**6,866,445**
Other revenues	36,180	2,254	82,803	560	892	122,689
less: intra-segment revenues	(21,016)	(1,150)	(12,804)	0	(152)	(35,122)
Other revenues from third parties	**15,164**	**1,104**	**69,999**	**560**	**740**	**87,567**
Operating profit (a)	**291,110**	**30,137**	**94,918**	**(3,665)**	**(957)**	**411,543**
Net Income from non-consolidated equity investments						
- Parchi Eolici Ulassai S.r.l.				1,367		1,367
Total				**1,367**		**1,367**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**1,667,622**	**618,081**	**1,384,831**	**105,517**	**41,653**	**3,817,704**
of which:						
Equity investments valued at equity				**0**		**0**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**987,380**	**217,222**	**924,464**	**89,875**	**23,721**	**2,242,662**
Investments in tangible assets	118,288	31,068	18,058	5	941	**168,360**
Investments in intangible assets	31,721	3	0	0	754	**32,478**

(a) Operating profit is determined without taking into account intra-segment eliminations.
(b) Total assets and liabilities are calculated after intra-segment eliminations. Intra-segment revenues fully reflect market conditions

5. Notes to the balance sheet

The most significant changes to the balance sheet and to the profit and loss account compared to the corresponding period of the previous financial year are shown below.

5.1 Current Assets

5.1.1 Cash and Cash equivalents

The following table shows a breakdown of cash and bank deposits:

	30/09/2008	31/12/2007	Change
Bank and postal deposits	160,219	308,013	(147,794)
Cash	96	95	1
Total	**160,315**	**308,108**	**(147,793)**

Bank deposits were mainly attributable to Sarlux S.r.l. (EUR 119,830 thousand, including cash contractually due for future maintenance commitments and loan repayments).
The analysis of “changes” is described in the cash flow statement.

5.1.2 Other financial assets held for trading

This item mainly includes Italian and foreign equities and government bonds.
Gains and losses for the period, together with changes in fair value occurring during the period, are recorded on the profit and loss account under the item “other net financial income (charges)”.
The following table shows the changes in the balance at the beginning and end of the period:

Balance at 31/12/2005	**13,039**
Increase for the period	80,464
Decrease for the period	(79,687)
Balance at 31/12/2006	**13,816**
Increase for the period	12,229
Decrease for the period	(10,836)
Balance at 31/12/2007	**15,209**
Increase for the period	34,128
Decrease for the period	(24,810)
Balance at 30/06/2008	**24,527**

5.1.3 Trade receivables

The following table shows the balance for trade receivables:

	30/09/2008	31/12/2007	Change
Clients	782,095	689,775	92,320
From non-consolidated group companies	225	387	(162)
Total	**782,320**	**690,162**	**92,158**

The overall increase in trade receivables is largely due to the general rise in oil prices.

5.1.4 Inventories

The following table shows the balance for inventories and the changes occurred during the period:

	30/09/2008	31/12/2007	Change
Inventories:			
Raw materials, replacement parts and consumables	264,009	206,366	57,643
Semi-finished products and work in progress	69,666	66,876	2,790
Finished products and goods held for resale	567,447	441,457	125,990
Advanced payments	9,609	10,016	(407)
Total	**910,731**	**724,715**	**186,016**

The increase in the value of inventories is mainly due to higher prices, and to the rise in the quantity of oil products stocks compared to previous year.

No stocks are put up as guarantees for liabilities.

5.1.5 Current tax assets

Current tax assets are detailed below:

	30/09/2008	31/12/2007	Change
VAT	2,234	2,684	(450)
IRES (corporate tax)	0	0	0
IRAP (regional income tax)	14	480	(466)
Other tax credits	3,200	2,967	233
Total	**5,448**	**6,131**	**(683)**

5.1.6. Other current assets

The balance is detailed below:

	30/09/2008	31/12/2007	Change
Accrued income	1,737	2,492	(755)
Prepayments	15,699	10,574	5,125
Derivatives	3,824	0	3,824
Other receivables	79,124	7,055	72,069
Loans to non-consolidated group companies	2,500	8,528	(6,028)
Total	**102,884**	**28,649**	**74,235**

Prepayments chiefly consist of accrued amounts relating to board of directors' remuneration, rents and insurance premiums.

The item "Other receivables" mainly includes a receivable due to the subsidiary Sarlux S.r.l., deriving from the recognition - pursuant to section II, point 7bis of CIP provision 6/92 - of the refund of charges relating to the application of directive 2003/87/EC (Emission Trading), as per AEEG resolution 77/08, with reference to the previous three-year period and to 30 September 2008.

"Loans to non-consolidated Group companies" relate to short-term interest-bearing loans calculated at market rates to Nova Eolica S.r.l..

The item “Derivative instruments” includes the valuation at fair value of Interest Rate Swaps entered into by subsidiary Sardeolica S.r.l. for loans obtained, as well as future contracts on oil products stipulated by the parent company.

5.2 Non-current assets

5.2.1 Property, plant and equipment

The following table shows a breakdown in the item property, plant and equipment:

COST	31/12/2007	Additions	(Disposals)	Revaluations	Other changes	30/09/2008
Land & buildings	148,246	45	(4)		11,308	159,595
Plant & machinery	1,994,922	10,769	(2,268)		128,170	2,131,593
Industrial & commercial equipment	15,487	81			1,727	17,295
Other assets	423,524	649	(200)		14,782	438,755
Work in progress and advances	182,865	156,816			(38,281)	301,400
Total	**2,765,044**	**168,360**	**(2,472)**	**0**	**117,706**	**3,048,638**

ACCUMULATED DEPRECIATION	31/12/2007	Depreciation	(Disposals)	Revaluations	Other changes	30/09/2008
Land & buildings	44,040	3,785	(4)		989	48,810
Plant & machinery	1,221,582	74,014	(2,015)		41,398	1,334,979
Industrial & commercial equipment	11,456	1,357			512	13,325
Other assets	306,812	14,456	(190)		(114)	320,964
Totale	**1,583,890**	**93,612**	**(2,209)**	**0**	**42,785**	**1,718,078**

NET BOOK VALUE	31/12/2007	Additions	(Disposals)	(Depreciation)	Other changes & revaluations (write-downs)	30/09/2008
Land & buildings	104,206	45	0	(3,785)	10,319	110,785
Plant & machinery	773,340	10,769	(253)	(74,014)	86,772	796,614
Industrial & commercial equipment	4,031	81	0	(1,357)	1,215	3,970
Other assets	116,712	649	(10)	(14,456)	14,896	117,791
Work in progress and advances	182,865	156,816	0		(38,281)	301,400
Total	**1,181,154**	**168,360**	**(263)**	**(93,612)**	**74,921**	**1,330,560**

Increases in the period total EUR 168,360 thousand and mainly relate to construction work on the desulphurisation unit (U800) and the tail gas treatment unit (TGTU) of the parent company.

The item “Other changes” includes an amount of EUR 73,384 thousand related to the value of assets of the subsidiary Parchi Eolici Ulassai S.r.l. (and its 100% subsidiary Sardeolica S.r.l.), which was fully consolidated from 30 June 2008 following the acquisition of the remaining stake in the company, as well as the transfer of assets completed during the period.

During the 2008 financial year, no financial charges were capitalised.

5.2.2 Intangible assets

The following table shows the changes in intangible assets:

CATEGORY	31/12/2007	Additions	Other changes	(Amortisation)	30/09/2008
Industrial & other patent rights	1,782			(1,777)	5
Concessions, licences, trademarks & similar rights	29,295	1,236	170	(741)	29,960
Goodwill	2,515	25,391			27,906
Assets in progress & payments on account	9,050	5,851	(17)		14,884
Other intangible assets	422,801		6,453	(24,630)	404,624
Total	**465,443**	**32,478**	**6,606**	**(27,148)**	**477,379**

The main items are detailed below.

Concessions, licences, trademarks and similar rights
The balance mainly refers to the effects deriving from the acquisition of Estaciones de Servicio Caprabo S.A. (Saras Energia Red S.A.) now merged by absorption into Saras Energia S.A.; the fair value measurement of assets and liabilities of the acquired company caused the booking of an intangible asset classified as a concession in order to reflect the contractual conditions that foresee the reinstatement of tangible assets after 20 years.

Goodwill
This item mainly refers to goodwill paid for the purchase of 30% of Parchi Eolici Ulassai S.r.l., as described in section 3 - Consolidation area.

Other intangible assets
The item largely refers to the booking at fair value of the existing agreement between the subsidiary Sarlux S.r.l. and GSE (Gestore dei Servizi Elettrici S.p.A.).

Intangible assets in progress and payments on account
This item mainly includes the cost of natural gas exploration in Sardinia.

5.2.3 Equity Investments

At 31 December 2007, the item related to the stake held in the joint venture Parchi Eolici Ulassai S.r.l.; following the acquisition described in section 3 - Consolidation area, the company is now fully consolidated.

5.2.4 Deferred tax assets

As of 30 September 2008, the balance was EUR 18,562 thousand, mainly due to Sarlux S.r.l net tax assets related to tax assets deriving from the linearization of the revenues net of deferred taxes and the fair value of the contract with the G.S.E. (Gestore dei Servizi Elettrici S.p.A. - national grid operator).

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table shows short-term financial liabilities:

	30/9/2008	31/12/2007	Change
Short-term bank loans	100,441	107,682	(7,241)
Bank accounts	99,691	63,390	36,301
Loans from non-consolidated group companies		1,166	(1,166)
Other short-term financial liabilities		940	(940)
Total short-term financial liabilities	**200,132**	**173,178**	**26,954**
Long-term bank loans	208,131	186,283	21,848
Total financial liabilities	**408,263**	**359,461**	**48,802**

Details of the terms and conditions of loans are shown in the notes to the item "long-term financial liabilities" below.
Financial liabilities include the debts of the subsidiary Parchi Eolici Ulassai S.r.l. (and its subsidiary Sardeolica S.r.l.), which was fully consolidated from 30 June 2008.
More information on this item is provided in the cash flow statement.

5.3.2 Trade and other payables

The breakdown of the item is reported below:

	30/9/2008	31/12/2007	Change
Advances from clients: portion due within the period	2,498	690	1,808
Payables to suppliers: portion due within the period	672,374	654,590	17,784
Trade payables to non-consolidated companies	274	302	(28)
Total	**675,146**	**655,582**	**19,564**

The increase in trade payables largely relates to the general rise in oil prices, as mentioned earlier.

5.3.3 Current tax liabilities

The balance may be analysed as follows:

	30/09/ 2008	31/12/ 2007	Change
VAT	57,866	58,281	(415)
Corporation tax, IRES	159,329	24,218	135,111
Trade income tax, IRAP	13,354	4,084	9,270
Other taxes	55,810	34,339	21,471
Total	**286,359**	**120,922**	**165,437**

The liability for IRES includes:

1) The current portion (€ 12,840 thousand, equal to 40%, due within one year) of the substitute tax relating to off-system deductions, as specified in the note on "Income tax";
2) The substitute tax (€ 45,993 thousand) relating to the difference between the values of oil product inventories measured under the FIFO and the LIFO methods;
3) Tax on the income generated by the Italian entities of the Group in the period.

The item “Other taxes” comprises mainly sales taxes on oil products (€ 52,429 thousand).

The increase in “Corporation tax, IRES” originates essentially from balance of the current taxes related to the period from Italian companies (€ 56.8 million of which € 26.8 million as 5.5% surtax applicable to the energy industry introduced by Law Decree No.112/2008) and from substitute taxes referred to in points 1) and 2) above.

The increase in “Other taxes” was caused, essentially, by the fact that in September, unlike in December, a payment on account of sales taxes is not required.

5.3.4 Other current liabilities

The breakdown of the item is reported below:

	30/9/2008	31/12/2007	Change
Amount payable to welfare and social security bodies: portions due within the period	8,429	8,527	(98)
Due to personnel	17,971	15,698	2,273
Payables to Ministry for grants	28,227	15,041	13,186
Other payables	18,787	18,180	607
Other accrued liabilities	1,845	236	1,609
Other deferred income	592	1,155	(563)
Total	**75,851**	**58,837**	**17,014**

“Payables to Ministry for grants” increase due to the advance received by the subsidiary Sardeolica S.r.l. fully consolidated from 30 June 2008 following the acquisition as described in paragraph 3 – Consolidation area.

5.4 Non-current liabilities

5.4.1 Long term financial liabilities

The following table shows this item in detail:

Figures in EUR Million	Date of Borrowing	Amount originally borrowed	Base rate	Outstanding 31/12/07	Outstanding 30/09/08	Maturity			Collateral
						1 year	from 1 - to 5 years	> 5 years	
Saras S.p.A.									
Unicredit	20-Dec-04	50.0	Euribor 6M	20.0	15.0	10.0	5.0	-	15.0
				20.0	**15.0**	**10.0**	**5.0**	**-**	
Sartec S.p.A.									
San Paolo Imi	30-Jun-01	1.7	2.31%	0.6	0.4	0.2	0.2	-	
				0.6	**0.4**	**0.2**	**0.2**	**-**	
Akhela S.r.l.									
Banco di Sardegna	24-Apr-02	3.1	Euribor 6M	0.9	0.6	0.6	-	-	
				0.9	**0.6**	**0.6**	**-**	**-**	
Saras Energia S.A.									
Banca Esp. De Credito	11-Sep-02	10.0	Euribor 6M	5.5	4.4	1.1	3.3	-	
				5.5	**4.4**	**1.1**	**3.3**	**-**	
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	71.8	Euribor 6M	-	71.8	7.1	30.8	33.9	71.8
				-	**71.8**	**7.1**	**30.8**	**33.9**	
Sarlux S.r.l.									
Banca Intesa	29-Nov-96	572.0	Libor 3M	158.9	129.0	48.6	80.3		129.0
BEI	29-Nov-96	180.0	7.35%	54.0	43.7	16.4	27.3		43.7
BEI	29-Nov-96	208.0	Euribor 3M	54.0	43.7	16.4	27.3		43.7
				266.9	**216.4**	**81.4**	**134.9**	**-**	
Total payables to banks for loans				**293.9**	**308.6**	**100.4**	**174.2**	**33.9**	

Please note that Sarlux S.r.l. must meet certain parameters before distributing dividends with regard to these loans:

- The following bank accounts of the subsidiary held at Banca Intesa in London must contain funds to cover the expected outlay:
  - **[1]** Debt Service Reserve Account: includes the amounts for loan repayments to banks (capital plus interest) due in the following half-year;
  - **[2]** Air Liquide Account: includes the amounts guaranteeing supplies of oxygen from Air Liquide Italia in the following six months;

- The following parameters relating to the financial statements and forecasts of Sarlux S.r.l. must also be respected:
  - [1] Annual Debt Service Cover Ratio (A.D.S.C.R.): Available Cash Flow Post Tax i.e. the ratio of post-tax cash flow (for the following 12 months) to total debt to be repaid (in the following 12 months), must be higher than 1.15;
  - **[2]** Loan Life Cover Ratio (L.L.C.R.): Net Present Value Cash Flow Post Tax i.e. the ratio of the net present value of post-tax cash flow (expected for the residual life of the contract) to total debt to be repaid, must be higher than 1.2.

All of the loans granted to Sarlux S.r.l. must be repaid on request of the Facilities Agent in the event that: (i) the loan life cover ratio (net present value of post-tax cash flow over total debt to be repaid) falls below 1.05 ; (ii) the annual debt service cover ratio (available post-tax cash flow - for the next 12 months – over total debt to be repaid) falls below 1; (iii) the forecast annual debt service cover ratio falls below 1.

Compliance with all the above ratios was achieved at 30 September 2008.

In addition, 100% of Sarlux S.r.l. shares were pledged to banks to guarantee loans granted.

The loan to Sardeolica relates to project finance for the construction of wind farms in Ulassai.

The Sardeolica Credit Facility Agreement was signed on 6 December 2005 with a pool of banks (led by Banca Nazionale del Lavoro) and is divided into five credit lines; this loan is repayable in half-yearly instalments until the end of 2016, and carries a floating interest rate equivalent to Euribor plus a margin, which is also variable.
This facility imposes certain restrictions on the subsidiary:

- financially (mainly liquidity parameters set in the contract and a prohibition on carrying out derivatives transactions unless authorised by the pool of banks);
- operationally, in the management of the wind farm and the obligation to provide insurance cover;
- in relation to the corporate structure, specifically a prohibition on carrying out extraordinary financing transactions without the authorisation of the lending banks or making changes to the licences and permits the company needs to carry out the project.

If the company fails to comply with these restrictions, the pool of lending banks has the right to demand early repayment of the loan.
At 30 September 2008 the company had complied with all the above restrictions.
In addition, to guarantee the loan taken out by Sardeolica, all of the shares in the company were pledged as collateral to the financing banks.

The table below shows the composition of the group's net debt at 30 September 2008 and 31 December 2007:

Ml Euro	30/09/2008	31/12/2007
Medium long-term bank loans	(208,131)	(186,283)
Short-term bank loans	(100,441)	(107,682)
Bank overdrafts	(99,691)	(63,390)
Financial payables to non-consolidated Group companies	0	(1,166)
Financial receivables from non-consolidated Group companies	2,500	8,528
Other held for trading financial assets	24,527	15,209
Cash and equivalents	160,315	308,108
Total net debt	**(220,921)**	**(26,676)**

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities can be broken down as follows:

	31/12/2007	Additions	Reductions	Other changes	30/09/2008
Provisions for dismantling of plants	16,826				16,826
Provisions for Emission Trading charges	0	63,009			63,009
Provisions for other risks	6,470		(1,672)		4,798
Total	**23,296**	**63,009**	**(1,672)**	**0**	**84,633**

Provisions for risks and future liabilities comprise a plant dismantling provision related to future costs for the dismantling of plants and equipment, which is considered appropriate wherever there is a legal or constructive obligation to be met in this regard. This provision was not discounted in the balance sheet due to its negligible effect on the group's consolidated financial statements.

The item "Provisions for Emission Trading Charges" mainly includes provisions resulting from charges relating to the application of directive 2003/87/ECE pursuant to AEEG resolution 77/08.

The item "provisions for other risks" was established for liabilities of a fiscal nature.

5.4.3 Other non-current liabilities

The following table shows the balance of this item:

	30/9/2008	31/12/2007	Variazione
Advances from clients	7,570	2,876	4,694
Payables to welfare and social security bodies	333	280	53
Deferred income	656,145	579,791	76,354
Other	14,390	4,379	10,011
Total	**678,438**	**587,326**	**91,112**

The change versus 31 December 2007 mainly refers to the increase in “deferred income” relating to subsidiary Sarlux S.r.l. This item concerns the application of IFRIC 4 for the treatment of the energy contract in place with GSE (Gestore dei Servizi Elettrici S.p.A.). Revenues from electricity sold are affected by their being linearised owing to the fact that the electricity supply contract, pursuant to IAS 17 (Leases) and IFRIC 4 (Determining whether an arrangement contains a lease), has been recognised as a contract regulating the use of the plant by the customer of the company Sarlux S.r.l., meaning that it is comparable to an operating lease. Such revenues have therefore been linearised in keeping with both the term of the contract, 20 years, and forecasts for the price of crude oil, which constitute a determining factor when it comes to both electricity tariffs and electricity production costs.

5.5 Shareholders’ equity

The Consolidated Shareholders’ Equity as at 30 September 2008 was equal to EUR 1,575,042 thousand (EUR 1,466,459 thousand as at 31 December 2007).
The analysis of changes in consolidated shareholders’ equity is included in the related statement.

These changes are mainly due to:

- a decrease for distribution to shareholders of a dividend amounting to EUR 160,843 thousand;
- an increase of EUR 1,551 thousand in the reserve for the free allocation of shares to employees and management under the stock grants schemes;
- a decrease of EUR 43,300 thousand for the purchase of 12,731,135 Parent Company shares;
- the net effect of new tax rates relating to the IPO charges originally allocated to reserves (EUR 692 thousand);
- the debt waiver by a minority shareholder of the subsidiary Parchi Eolici Ulassai Srl totalling EUR 474 thousand;
- the profit for the period equal to EUR 310,009 thousand.

The net profit of the Saras Group was used as numerator for the calculation of the “Basic earnings per share”.
The “Basic earnings per share” for the period 1 January - 30 September 2008 were equal to 32.77 eurocents.
Diluted earnings per share do not vary significantly from earnings per share.

6. Notes to the Income Statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

Revenues from ordinary operations can be broken down as follows:

	30/9/2008	30/9/2007	Change
Sales and services revenues	6,471,211	4,491,621	1,979,590
Sale of electricity	395,234	371,134	24,100
Total	**6,866,445**	**4,862,755**	**2,003,690**

Sales and services revenues increased by EUR 1,980 million versus the previous period. This change is largely due to a general rise in prices.

Revenues from the sale of electricity to GSE by Sarlux S.r.l. are linearised in accordance with the duration of the contract (until 2021), principally taking into account the tariff amount and forward curves of both the crude price and EUR/USD exchange rate until the contract expires.

6.1.2 Other income

The following table shows “other income” in detail:

	30/9/2008	30/9/2007	Change
Revenues for stocking of mandatory supplies	8,506	5,647	2,859
Sales of sundry materials	1,778	3,799	(2,021)
Other income	77,283	6,324	70,959
Total	**87,567**	**15,770**	**71,797**

“Other income” includes revenues resulting from the application of directive 2003/87/EC (Emission Trading) pursuant to AEEG resolution 77/08 by Sarlux Srl (EUR 69,926 thousand).

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, replacement parts and consumables

	30/9/2008	30/9/2007	Change
Purchases of raw materials, replacement parts and consumables	5,881,091	3,874,740	2,006,351
Total	**5,881,091**	**3,874,740**	**2,006,351**

The change in this item, as already highlighted for revenues, was mainly due to an increase in the price of crude oil and oil products.

6.2.2 Costs of services and sundry costs

	30/9/2008	30/9/2007	Change
Service costs	357,251	307,974	49,277
Use of third-party assets	10,217	7,426	2,791
Provisions for risks	63,383	848	62,535
Miscellaneous management costs	11,545	12,211	(666)
Total	**442,396**	**328,459**	**113,937**

Service costs largely comprise maintenance, rentals, freight, electricity, steam, hydrogen and other utilities.

Provisions for risks chiefly consist of the costs generated by the application of directive 2003/87/EC on emissions trading pursuant to AEEG resolution 77/08 by Sarlux Srl (EUR 58,595 thousand) and by Saras S.p.A. (EUR 4,414 thousand).

Miscellaneous management costs mainly consist of non-income tax (ICI - local property tax, emissions tax) and contributions to industrial associations.

6.2.3 Personnel costs

“Personnel costs” can be analysed as follows:

	30/9/2008	30/9/2007	Change
Wages and salaries	66,951	60,763	6,188
Social security	19,992	18,367	1,625
End-of-service payments	3,365	(3,708)	7,073
Pensions and similar	749	961	(212)
Other costs	3,647	2,762	885
Directors’ remuneration	4,255	4,282	(27)
Total	**98,959**	**83,427**	**15,532**

The rise in staff costs is chiefly due to extra performance-related payments and bonuses for staff, and to a higher number of employees, an higher supply and provision of bonuses related to the achievement of company target, as well as the booking of the previous year, of the curtailment due to the provisions introduced by the 2007 Budget Law.

6.2.4 Depreciation, amortisation and write-downs

This item breaks down as follows:

	30/9/2008	30/9/2007	Change
Amortisation of intangible assets	27,149	31,750	(4,601)
Depreciation of tangible assets	93,611	88,912	4,699
Total	**120,760**	**120,662**	**98**

6.3 Net income (charges) from equity interests

This item is shown in detail in the following table:

	30/9/2008	30/9/2007	Change
Valuation of non-consolidated group companies at equity:			
Parchi Eolici Ulassai S.r.l.	1,367	4,195	(2,828)
Total	**1,367**	**4,195**	**(2,828)**

The shareholding in Parchi Eolici Ulassai S.r.l. was consolidated at equity until 30 June 2008, when the parent company acquired full control of the company as described in the note 3.

6.4 Net financial income (charges)

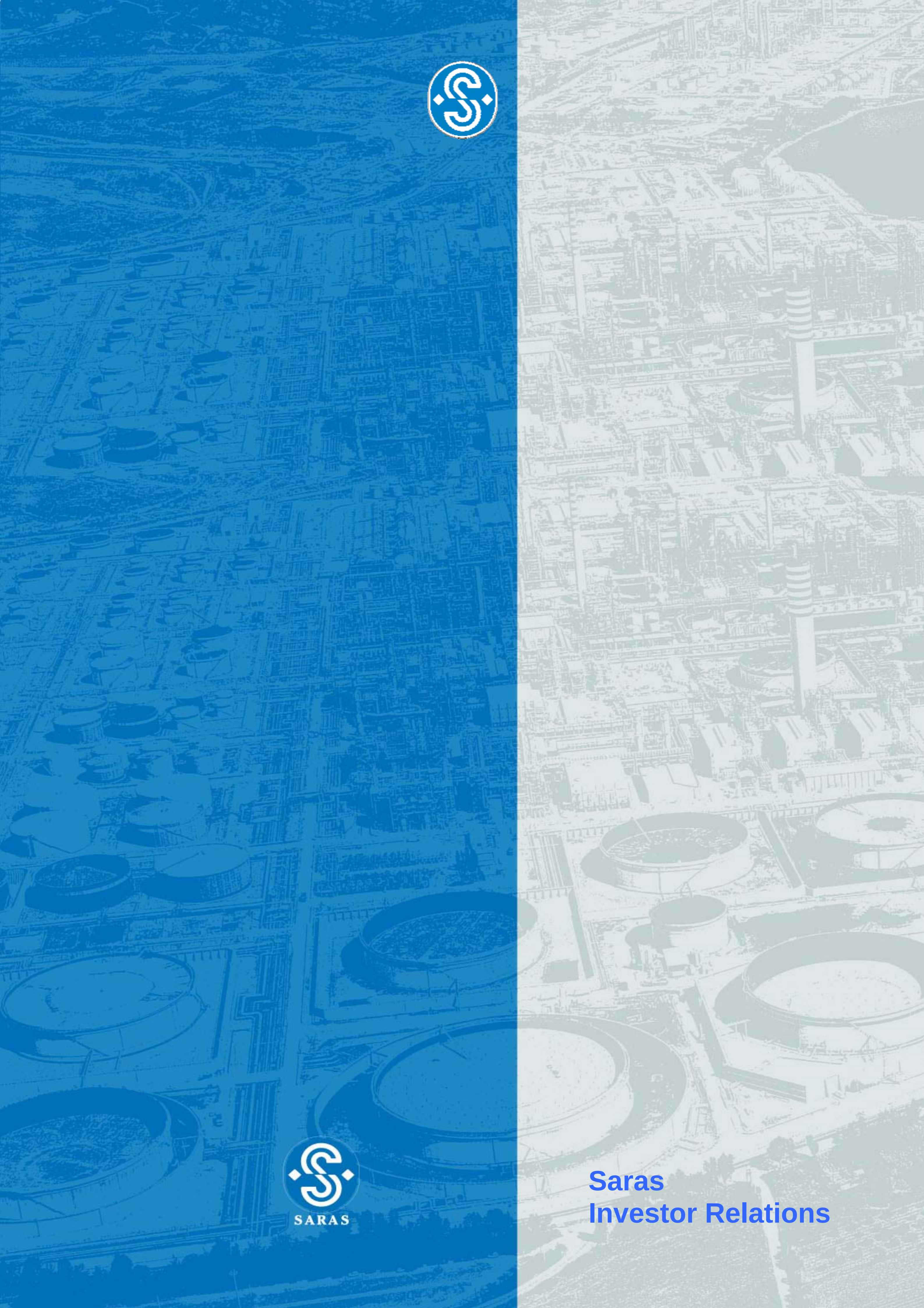
A breakdown of this item is shown below:

	30/9/2008	30/9/2007	Change
Other financial income:			
from financial assets recorded under current assets			
Other income			
- from non-consolidated subsidiaries	126	120	6
- interest on bank and post office accounts	8,852	8,255	597
- fair value of derivatives outstanding at the end of the period	2,184	1,688	496
- positive differences on derivatives	3,749	7,342	(3,593)
- other income	792	1,035	(243)
Interest and other financial charges			
- from non-consolidated group companies		(54)	54
- fair value of derivatives outstanding at the end of the period	(1,097)	(12,981)	11,884
- fair value of held for trading financial assets			0
- negative differences on derivatives	(7,131)	(18,683)	11,552
- other (interest on loans, arrears, etc.)	(19,917)	(19,994)	77
Exchange rate gains/losses on non-commercial transactions	6,257	2,179	4,078
Total	**(6,185)**	**(31,093)**	**24,908**

The main changes are attributable to derivative transactions carried out mainly by the parent company in the period; these were hedging transactions to which hedge accounting was not applied.

7. Equity Investments

Company Name	Registered office	Currency	Share Capital	% owned by Group at 30/09/08	% owned by Group at 31/2/07	% of Share Capital	Shareholder	% of voting rights	Category
Arcola Petrolifera S.p.A.	Sarroch (CA)	EUR	7,755,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie S.p.A.	Assemini (CA)	EUR	3,600,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Ensar S.r.l. e società controllata:	Milano	EUR	100,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Eolica Italiana S.r.l.	Cagliari	EUR	100,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Akhela S.r.l.	Uta (CA)	EUR	3,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sarint S.A. e società controllate:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Energia S.A.	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect Subsidiary
Reasar S.A.	Luxemburg	EUR	1,225,001	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect Subsidiary
Sarlux S.r.l.	Sarroch (CA)	EUR	27,730,467	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Parchi Eolici Ulassai S.r.l. e società controllata:	Cagliari	EUR	500,000	100.00%	70.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sardeolica S.r.l.	Cagliari	EUR	56,636	100.00%	70.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect Subsidiary
Dynergy S.r.l.	Genoa	EUR	179,000	37.50%	37.50%	37.50%	Saras Ricerche e Tecnologie S.p.A.	37.50%	Associated company
Hangzhou Dadi Encon Environmental Equipment Co.	Hangzhou	RMB*	14,050,200	37.50%	37.50%	37.50%	Saras Ricerche e Tecnologie S.p.A.	37.50%	Associated company
Nova Eolica S.r.l.	Cagliari	EUR	10,000	20.00%	20.00%	20.00%	Ensar S.r.l.	20.00%	Associated company
Consorzio Cesma	Castellamonte (TO)	EUR	51,000	5.00%	5.00%	5.00%	Saras Ricerche e Tecnologie S.p.A.	5.00%	Other interests
Consorzio La Spezia Energia	La Spezia	EUR	50,000	5.00%	5.00%	5.00%	Arcola Petrolifera S.p.A.	5.00%	Other interests
Consorzio Techno Mobility	Cagliari	EUR	57,500	17.40%	17.40%	17.40%	Saras Ricerche e Tecnologie S.p.A.	17.40%	Other interests
Sarda Factoring	Cagliari	EUR	8,320,000	6.00%	6.00%	6.00%	Saras S.p.A.	6.00%	Other interests



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