

**Saras  
Group  
Half Year  
Report  
as at  
30 June  
2009**



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# Statutory and Control Bodies

## BOARD OF DIRECTORS

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

## BOARD OF STATUTORY AUDITORS

FERDINANDO SUPERTI FURGA	Chairman
GIOVANNI LUIGI CAMERA	Permanent Auditor
MICHELE DI MARTINO	Permanent Auditor
LUIGI BORRE'	Stand-in Auditor
MARCO VISENTIN	Stand-in Auditor

## Executive Responsible for Financial Reporting

CORRADO COSTANZO

## INDEPENDENT AUDITING FIRM

PRICEWATERHOUSECOOPERS S.p.A.

\* Independent Director elected by the Minority list of Shareholders



## • Group Activities

The Saras Group operates in the energy sector and is one of the leading European independent crude oil refiners. The Sarroch refinery, situated on the South-Western coast of Sardinia, is one of the biggest in the Mediterranean area in terms of production capacity and one of the six most complex supersites in Western Europe (source: Wood Mackenzie, February 2007).

Occupying a strategic geographical location in the Mediterranean, the Saras refinery is also a model of efficiency and environmental sustainability, thanks to the wealth of know-how, technology and human resources that Saras has created in more than 40 years of business. With a production capacity of 15 million tons per year (300,000 barrels per day), the refinery accounts for about 15% of Italy's total refining capacity. Both directly and through our subsidiaries Arcola Petrolifera S.p.A. (Italy) and Saras Energia S.A. (Spain), the Group sells and distributes oil products such as diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel, on the Italian, European (principally Spain), and international markets.

In particular, approximately 10% of our sales of oil products take place in Italy, through our subsidiary Arcola, which operates exclusively in the wholesale market. An additional 22% of our sale volumes are towards the Spanish market, with our subsidiary Saras Energia, which operates both on the wholesale market, and also in the retail business through 40 service stations fully owned, and other 12 stations on a long term lease, mainly located along the Spanish Mediterranean coast. To this retail network, during first half 2009 Saras added further 55 service stations out of 81, for which in October 2008 was signed a purchase agreement. Moreover, under the Marketing segment, the Group started also a biodiesel plant, inaugurated towards the end of 2008 which started production during first half of 2009. This plant generates important synergies, thanks to its location in Cartagena, near the existing oil tank farm already owned and operated by Saras.

Additionally, during the past 10 years, the Group expanded from oil refining and marketing, also into other areas of business, with activities primarily focused on the energy sector. More specifically, our subsidiary Sarlux S.r.l. specialises in the generation of electricity through its IGCC (Integrated Gasification Combined Cycle) plant. The IGCC uses as feedstock the refinery heavy residues, and it produces over 4 billion KWh of electricity each year, providing over 30% of the Sardinia region electricity requirements. Furthermore, always in the island of Sardinia, the Group is also involved in the production of power from renewable sources (wind energy) through the wind farm in Ulassai, fully owned by our subsidiary PEU – Parchi Eolici Ulassai S.r.l..

Finally, the Saras Group operates in the Information Technology sector through its subsidiary Akhela S.r.l., and provides industrial engineering and scientific research services to the oil, energy and environment industry via its subsidiary Sartec S.p.A..



# 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.

## Structure of the Saras Group

### Saras S.p.A.

	100%	5%	37,5%	
	<b>Saras Ricerche e Tecnologie S.p.A.</b>	Consorzio CESMA	Dinergy S.r.l.	
	100 %	0.1%	0.01%	5%
	<b>Arcola Petroliera S.p.A.</b>	Reasar S.A. Luxembourg	Sarint S.A. Luxembourg	Consorzio La Spezia Energia
	99.99 %	100%	99.9%	
<b>Business segments</b>	<b>Sarint S.A. Luxembourg</b>	<b>Saras Energia S.A. Madrid</b>	Reasar S.A. Luxembourg	
	100%	4,9%	0,5%	51%
<b>Refining</b> Saras S.p.A.	<b>Akhela S.r.l.</b>	ITSME S.r.l.	Centro di Competenza I.C.T.	Artemide S.r.l.
<b>Marketing</b> Saras Energia S.A. Arcola Petroliera S.p.A.	100 %	100%	100%	90%
	<b>Enisar S.r.l.</b>	Eolica Italiana S.r.l.	Nova Eolica S.r.l.	Labor Eolica S.r.l. 10% Eolica Italiana S.r.l.
	100%	100%	10% Labor Eolica S.r.l.	
<b>Power Generation</b> Sarlux S.r.l.	<b>Parchi Eolici Ulssai S.r.l.</b>	<b>Sardevolica S.r.l.</b>		
	100 %			
<b>Wind Power</b> Parchi Eolici Ulssai S.r.l. Sardevolica S.r.l.	<b>Sarlux S.r.l.</b>			
<b>Other</b> Akhela S.r.l. Sartec S.p.A.	5.95 %	Sarda Factoring S.p.A.		

# Stock Performance

Below are some data concerning prices and daily volumes relating to the Saras share between 02/01/2009 and 30/06/2009.

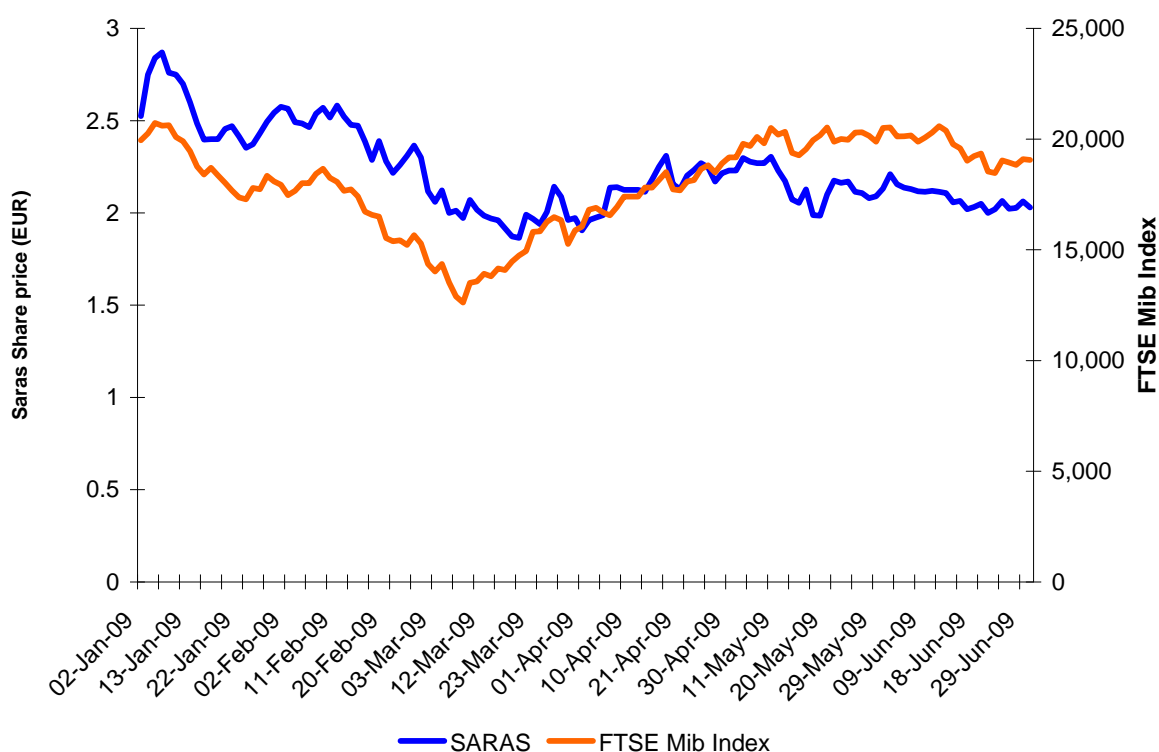
SHARE PRICE, (EUR)	H1/09
Minimum price (20/03/2009) *	1.843
Maximum price (06/01/2009) *	2.928
Average price	2.223
Closing price at the end of the period	2.03

\* intended as minimum and maximum price during the day's trading, therefore not necessarily coincident with the official reference prices on the same date

DAILY TRADED VOLUMES	H1/09
Maximum volume in EUR Million (07/05/2009)	33.0
Maximum volume in number of shares (07/05/2009) (Million)	14.5
Minimum volume in EUR Million (12/02/2009)	1.1
Minimum volume in number of shares (12/02/2009) (Million)	0.4
Average volume in EUR Million	5.5
Average volume in number of shares (Million)	2.5

Market capitalization at 30/06 amounts to about EUR 1,931 million, and outstanding shares as of 30<sup>th</sup> June 2009 were 927.5 million, versus 944.4 million at the end of June 2008.

The graph reported below shows the daily performance of the Saras share compared to the FTSE Mib index of the Milan Stock Exchange.



# REPORT ON OPERATIONS

# Comments on Group results<sup>1</sup>

In order to give a better representation of the Group's operating performance, and in line with the standard practice in the oil industry, the operating results (EBITDA<sup>2</sup> and EBIT<sup>3</sup>) and the Net Income are provided also with an evaluation of oil inventories based on the LIFO methodology (and not only according to FIFO methodology, as requested by IFRS accounting principles). The LIFO methodology does not include revaluations and write downs and it 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. Operating results and Net Income calculated as above are called respectively "comparable" and "adjusted", and they are not subject to audit.

## First half 2009 highlights

- **Group reported EBITDA** at EUR 292.5 ml (-37 % vs. H108)
- **Group comparable<sup>4</sup> EBITDA** at EUR 115.2 ml (-66 % vs. H108)
- **Group reported Net Income** at EUR 117.0 ml (-65 % vs. H108)
- **Group adjusted<sup>5</sup> Net Income** at EUR 7.1 ml (-96 % vs. H108)
- **Saras refining margin** at 3.5 \$/bl
  - Premium above EMC benchmark at 1.4 \$/bl (penalised by important investments and scheduled maintenance)
- **Net financial position** negative by EUR 472 million vs. a negative of EUR 333 million at 31st December 2008

## Second quarter 2009 highlights

- **Group reported EBITDA** at EUR 147.9 ml (-53 % vs. Q208)
- **Group comparable EBITDA** at EUR 24.1 ml (-87 % vs. Q208)
- **Group reported Net Income** at EUR 58.8 ml (-77 % vs. Q208)
- **Group adjusted Net Income** at EUR -18.3 ml (-119 % vs. Q208)
- **Saras refining margin** at 1.4 \$/bl
  - Premium above EMC benchmark at 0.4 \$/bl (penalised by important investments and scheduled maintenance)

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<sup>1</sup> Pursuant to the provisions of article 154 bis, paragraph 2, of the Consolidated Finance Act, **Mr. Corrado Costanzo, the Executive** responsible for the preparation of the company's financial reporting, states that the financial information set out in this set of financial statements corresponds to the company's documents, books and accounting records.

<sup>2</sup> **EBITDA:** Operating result before Depreciation & Amortization.

<sup>3</sup> **EBIT:** Operating result.

<sup>4</sup> **Comparable EBITDA:** calculated evaluating inventories based on LIFO methodology (which does not include revaluations and write downs), and adjusting for non recurring items and change of the derivatives fair value

<sup>5</sup> **Adjusted Net Income:** Net income adjusted for the differences between LIFO and FIFO inventories after taxes, non recurring items after taxes and change in the derivatives fair value after taxes. *Comparable* and *Adjusted* figures are un-audited.



## Key Consolidated financial figures

Below are key consolidated economic and financial figures, shown in comparison with the data related to the same period last year. *Comparable* and *Adjusted* figures are un-audited. The figures referring to each individual quarter are not subject to audit/review by the independent auditing firm PricewaterhouseCoopers SpA.

### Saras Group income statement figures:

EUR Million	Q2/09	Q2/08	change %	Q1/09	H1/09	H1/08	change %
REVENUES	1,109	2406.0	-54%	1,228	2,337	4,460	-48%
EBITDA	147.9	316.0	-53%	144.6	292.5	467.4	-37%
<b>Comparable EBITDA</b>	<b>24.1</b>	<b>192.1</b>	<b>-87%</b>	<b>91.1</b>	<b>115.2</b>	<b>340.2</b>	<b>-66%</b>
EBIT	102.3	275.6	-63%	100.0	202.3	388.9	-48%
<b>Comparable EBIT</b>	<b>(21.5)</b>	<b>151.7</b>	<b>-114%</b>	<b>46.5</b>	<b>25.0</b>	<b>261.7</b>	<b>-90%</b>
NET INCOME	58.8	251.5	-77%	58.2	117.0	329.8	-65%
<b>Adjusted NET INCOME</b>	<b>(18.3)</b>	<b>96.7</b>	<b>-119%</b>	<b>25.3</b>	<b>7.1</b>	<b>172.1</b>	<b>-96%</b>

### Other Group figures:

EUR Million	Q2/09	Q2/08	Q1/09	H1/09	H1/08
NET FINANCIAL POSITION	(472)	(223)	(223)	(472)	(223)
CAPEX	122	69	61	182	128
OPERATING CASH FLOW	31	33	170	201	198

### Detail of Consolidated Net Income Adjustments\*

EUR Million	Q2/09	Q2/08	Q1/09	H1/09	H1/08
<b>GROUP NET INCOME</b>	<b>58.8</b>	<b>251.5</b>	<b>58.2</b>	<b>117.0</b>	<b>329.8</b>
(inventories at LIFO - inventories at FIFO) net of taxes	(77.8)	(98.4)	(34.0)	(111.8)	(100.6)
non recurring items net of taxes	-	(56.6)	-	-	(56.6)
change of derivatives fair value net of taxes	0.7	0.2	1.1	1.8	(0.5)
<b>Group adjusted NET INCOME</b>	<b>(18.3)</b>	<b>96.7</b>	<b>25.3</b>	<b>7.1</b>	<b>172.1</b>

\* *Adjusted* Net Income figures are not subject to audit.

### Detail of Consolidated Comparable EBITDA\*

EUR Million	Q2/09	Q2/08	Q1/09	H1/09	H1/08
EBITDA	147.9	316.0	144.6	292.5	467.4
inventories at LIFO - inventories at FIFO	(123.8)	(123.9)	(53.5)	(177.3)	(127.2)
non recurring items	-	-	-	-	-
<b>comparable EBITDA</b>	<b>24.1</b>	<b>192.1</b>	<b>91.1</b>	<b>115.2</b>	<b>340.2</b>

\* *Comparable* EBITDA figures are not subject to audit.

## Comments to First Half 2009 results

During the first half of 2009, the global economic recession led to a reduction in oil products demand, and a consequent deterioration of refining margins. In this context, Saras carried out an important cycle of investments and planned maintenance in the refinery, with a negative impact on the results of the Refining segment. On the contrary, Marketing posted a satisfactory set of results, in spite of the generalised reduction of oil consumption in both the Italian and Spanish markets, thanks mainly to an enhanced focus on improving the mix of sales channels. The Wind segment posted a strong performance, even if the production was penalised by unfavourable weather conditions in the second quarter.

On the 26th of May 2009, a tragic event occurred at the Mildhydrocracking<sup>1</sup> unit at Sarroch Refinery, while it was undergoing scheduled maintenance. This event caused the death of three employees of the subcontracting company CO.ME.SA..

**Group Revenues were EUR 2,337 ml**, down 48% compared to same period last year, in the light of significantly lower oil product prices.

**Group comparable EBITDA amounted to EUR 115.2 ml**, down 66% versus H1/08, due primarily to the unfavourable economic scenario (characterised by lower demand for oil products and dismal refining margins), and to the penalisations related to the important maintenance and investment cycle at the refinery (which also suffered from delays on the completion of maintenance due to the above mentioned accident at the MHC1 unit). In the first semester 2009, also the Power Generation segment achieved lower results than in the same period of the previous year, because maintenance activities carried out on one of the three parallel trains of "Gasifier - Turbine" during Q1/09 turned out to be significantly heavier than the corresponding activities carried out in H1/08 on another one of the three trains.

**Adjusted Net Income was EUR 7.1 ml**, down 96 % vs. H1/08. This result can be explained almost entirely by the lower *comparable* EBITDA generated in H1/09, for the reasons previously described.

**Group reported EBITDA in H1/09 was EUR 292.5 million**, (down 37% vs. H1/08), and **Group reported Net Income stood at EUR 117 ml**, down 65 % when compared to the same period of 2008. This result can be explained almost entirely with the reasons previously described at *comparable* level; moreover, the bottom line was also impacted by higher financial charges, which in H1/09 were negative for EUR 14.2 ml, while in H1/08 were negative for EUR 1.8 ml.

The difference between *comparable* and *reported* figures is almost entirely due to the different methodologies used to evaluate the oil inventories. More specifically, the *reported* (IFRS) figures evaluate oil inventories according to the FIFO methodology, while the *comparable* figures are based on the LIFO methodology. In H1/09, the above mentioned FIFO/LIFO difference after tax was equal to negative EUR 111.8 ml, due to a meaningful rise in prices of crude oil and oil products, which is reflected only in the FIFO evaluation, while it is not included in our inventory evaluation based on LIFO methodology.

**CAPEX in H1/09, amounted to EUR 182 ml**, in line with the previously announced investment programme to be carried out during 2009.

**Net Financial Position was negative by EUR 472 ml**, compared to a negative figure of EUR 333 ml at the end of 2008, due to payment of dividends, capital expenditures, and negative working capital effects.

Outstanding shares as of 30<sup>th</sup> June 2009 were 927.5 ml, versus 944.4 ml at the end of June 2008.

## Comments to second quarter 2009 results

**Group Revenues in Q2/09 were EUR 1,109 ml** down 54% vs. Q2/08, due to the fall in prices of oil products, which in Q2/08 touched historical highs (for sake of example, diesel traded at an average above 1,170 \$/ton in Q2/08, versus an average of approx. 500 \$/ton in Q2/09).

**Group comparable EBITDA in Q2/09 amounted to EUR 24.1 ml**, down by 87% vs. Q2/08, mainly due to the negative performance of the Refining segment in Q2/09. The latter can be explained when considering that the second quarter 2009 was characterized by important scheduled maintenance and investment activities, which involved one crude distillation unit (leading to lower runs) and several conversion units (reducing production of both gasoline and middle distillates). Moreover, further losses were caused by a tragic event at the MHC1 unit, which delayed the completion of maintenance activities. The other business segments performed in line with expectations during Q2/09, partially offsetting the above mentioned negative results of the Refining segment.

**Adjusted Net Income was negative EUR 18.3 ml**, down 119% vs. Q2/08, mainly due to a lower *comparable* EBITDA in Q2/09.

**Group reported EBITDA in Q2/09 was EUR 147.9 ml**. The remarkable drop when compared with the EUR 316 ml recorded in Q2/08, can be explained with the same reasons described in the comments for the EBITDA *comparable*.

**Reported Net Income in Q2/09 was EUR 58.8 ml**. The main difference versus the EUR 251,5 ml booked in Q2/08 can be explained with the same factors discussed at the EBITDA level, plus the difference in financial charges (negative for EUR 10.8 ml in Q2/09, while in Q2/08 were negative for EUR 4.3 ml).

When looking at the adjustment of the Net income in the second quarter 2009, it can be observed once again that the *comparable* figures differ from the *reported* ones, mainly because of the difference between FIFO/LIFO inventory evaluations, equal to negative EUR 77.8 ml, for the same reasons explained in the comments of the half year results.

**CAPEX amounted to EUR 122 ml** in the period, substantially in line with our investment plan. This figure includes approx. EUR 20 ml related to the acquisition of a part of the Spanish service stations from ERG Petroleos (the remaining stations will be purchased during Q3/09).

## Comments on EMC and Saras refining margins

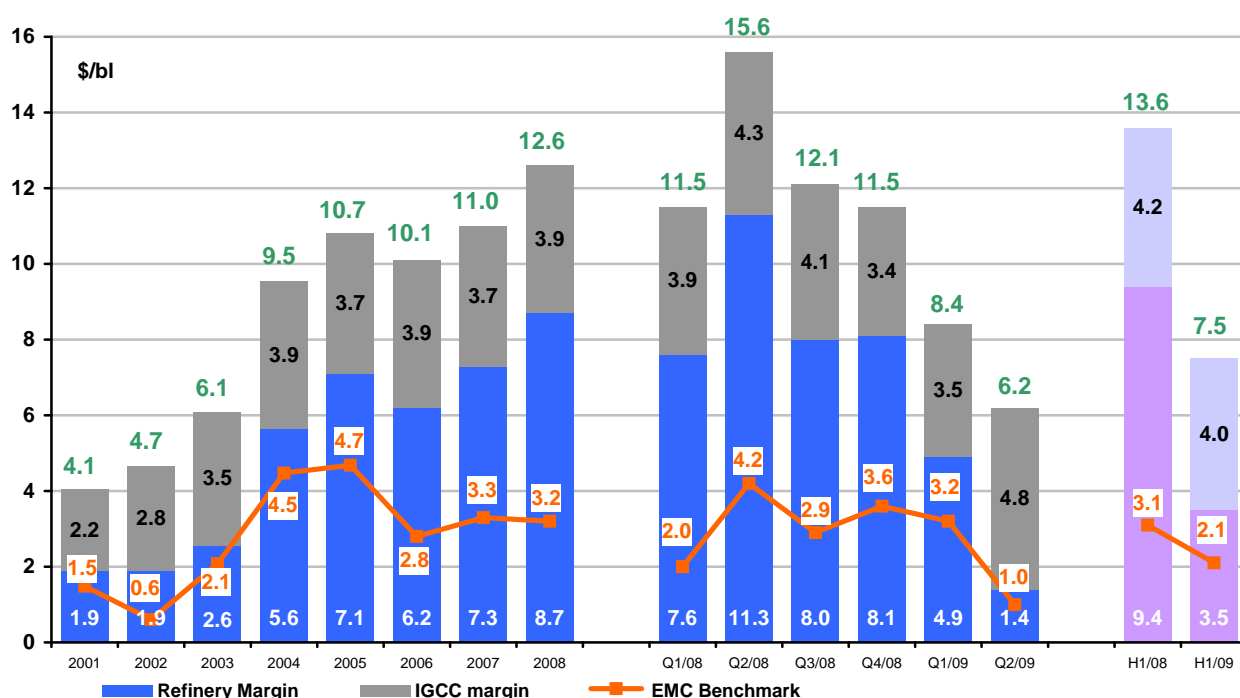
The graph below shows a comparison between Saras refining margin after variable costs, and the corresponding margin calculated by EMC (Energy Market Consultants), which represents the performance of a middle complexity refinery located in the Mediterranean sea, and it is used by Saras as a benchmark.

The effects of the current global recession on the refining industry can be easily observed when looking at the EMC benchmark. In fact, the **EMC margin in H1/09 averaged at 2.1 \$/bl** (down 32% vs. the 3.1 \$/bl of the average in H1/08). Moreover, **when looking at the second quarter 2009, the EMC benchmark was 1.0 \$/bl** (76% lower than the average of 4.2 \$/bl posted in the same quarter last year).

These remarkable differences can be justified when considering that the first half of 2008 was characterised by record high diesel cracks, which more than compensated the weakness of gasoline deriving from the sluggish American economy and retail prices in excess of 4 USD/gallon.

This year instead, all products have been quite depressed, and in particular, the most striking contraction relates to middle distillates. On the other hand, gasoline was capable of posting a comparatively robust performance, because lower retail prices encouraged American citizens to drive more than same period last year.

In addition to the weak market scenario previously described, the graph below shows that Saras premium above the EMC benchmark in H1/09 was significantly lower than the premium posted in the same period last year. This can be primarily explained with the previously mentioned important scheduled maintenance and investment cycle carried out in H1/09, which involved several conversion units, reducing our capacity to upgrade heavy products into middle and light distillates.



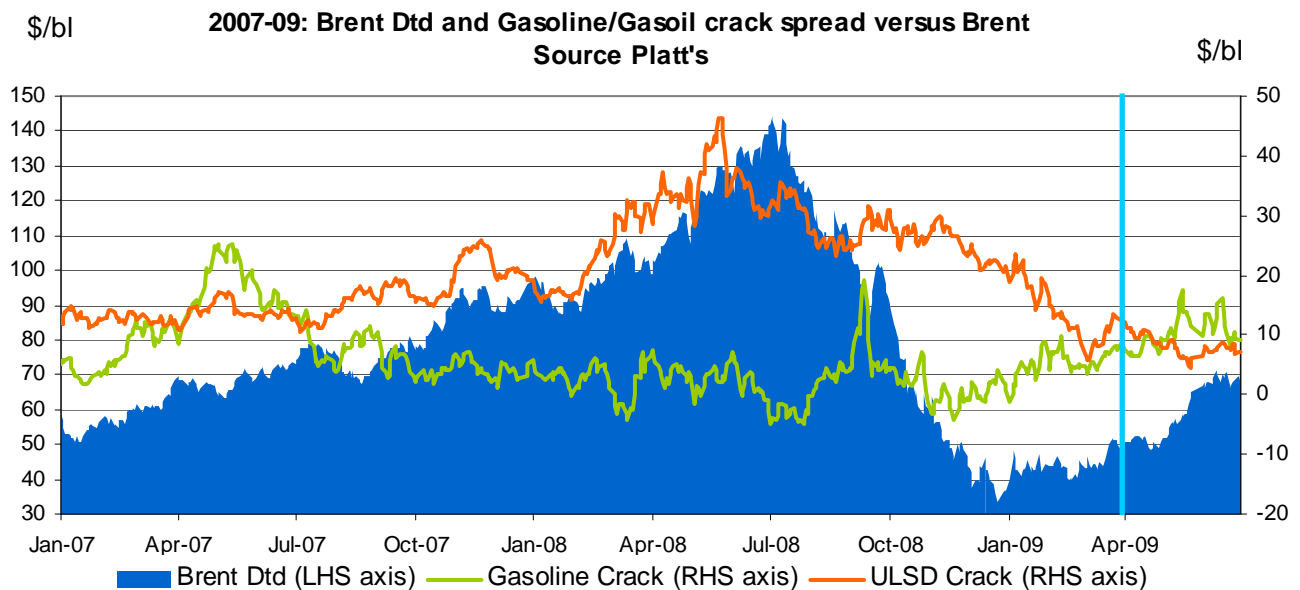
**Refinery margins:** (comparable Refining EBITDA + Fixed Costs) / Refinery Crude Runs in the period

**IGCC margin:** (Power Gen. EBITDA + Fixed Costs) / Refinery Crude Runs in the period

**EMC benchmark:** margin calculated by EMC (Energy Market Consultants) based on a crude slate made of 50% Urals and 50% Brent

# The Oil Market

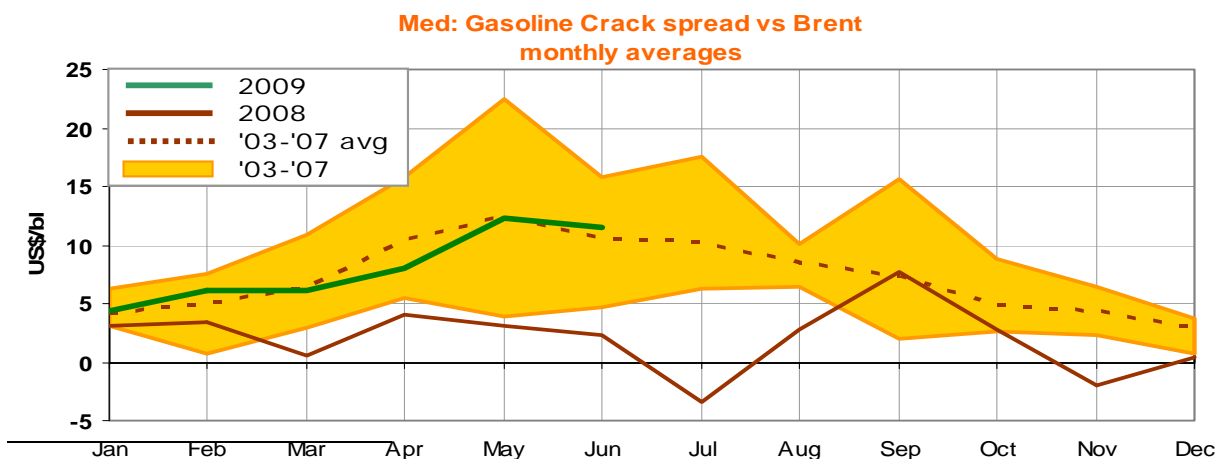
The graph here below shows the course of the price of Dated Brent crude oil and the crack spread<sup>6</sup> values for ULSD and Unleaded Gasoline.



As it can be observed, Brent crude oil prices during the first half of 2009 staged a robust recovery from the very low levels hit towards the end of Q4/08. In particular, the first quarter 2009 was characterized by a slow but steady increase in oil prices, from an opening value of 40 \$/bl on the 2<sup>nd</sup> of January 2009, up to 46 \$/bl at the 31<sup>st</sup> of March, with an average of 44.5 \$/bl in the quarter. The second quarter 2009 continued the above mentioned trend, but with a faster pace, raising all the way up to the closing value of 68 \$/bl on the 30<sup>th</sup> of June, with an average of 58.8 \$/bl in the quarter, and a meaningful peak of 71.5 \$/bl on the 11<sup>th</sup> of June.

Overall, this scenario confirmed that OPEC decision to trim down production (by approximately 4 million barrels per day since September 2008) has been effective in realigning crude output to significantly lower levels of demand. However, it is worth noticing that OPEC production cuts concerned mainly the “heavy sour” grades of crude oil, hence creating a temporary market distortion. In turn, the above mentioned artificial shortage of heavy crude oils led to a sharp contraction of the “heavy-light” differential, and sustained prices of fuel oil.

Whilst crude oil appreciated, the various products followed different price trends. In particular, gasoline appreciated over the course of the semester, with a crack spread that climbed from an average of 0.7 \$/bl in December 2008, up to 5.5 \$/bl during Q1/09, and then even higher to an average of 10.5 \$/bl in Q2/09.

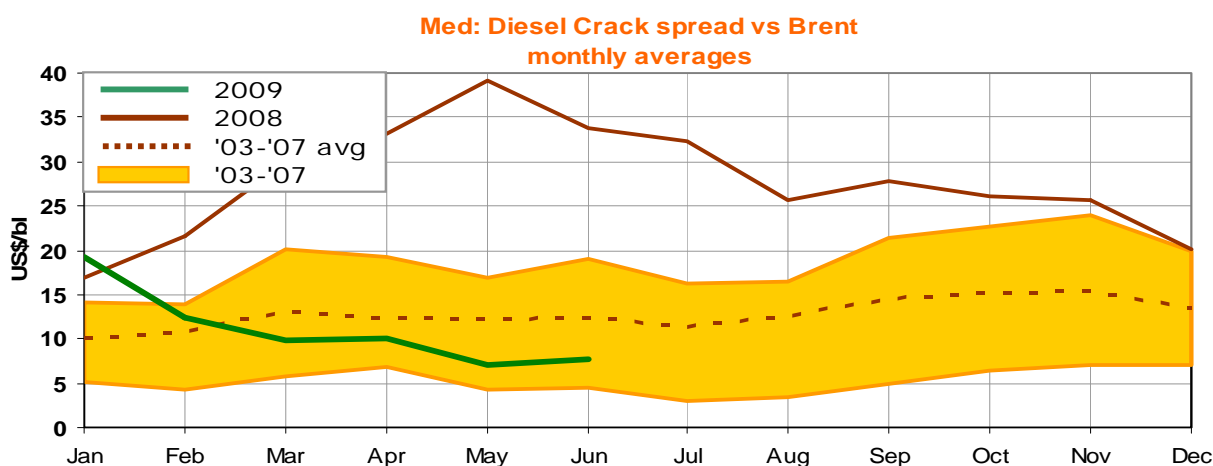


<sup>6</sup> Crack spread: difference between price of a product and reference crude oil.



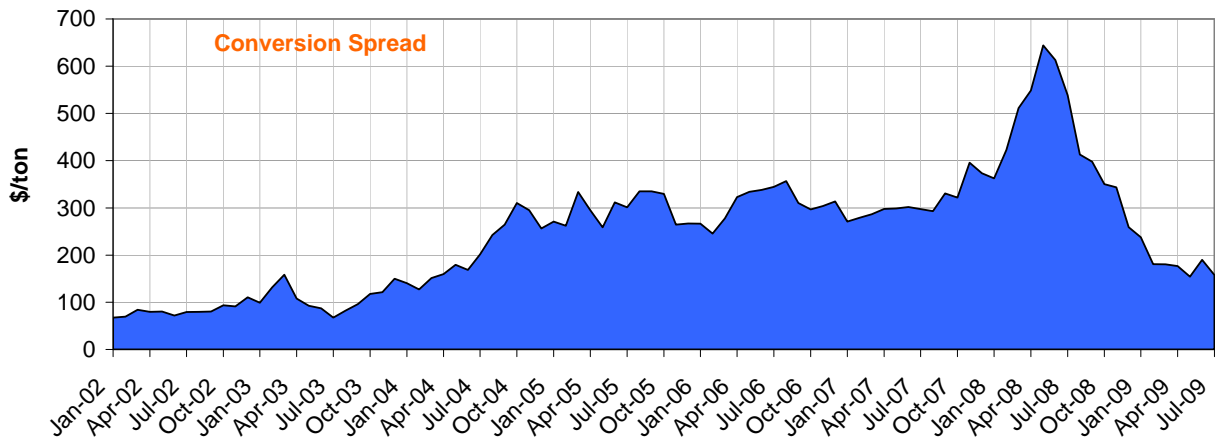
Gasoline performance can be explained in Q1/09 with the important maintenance cycles carried out at several US refineries, which created temporary tightness in the Atlantic gasoline market, offsetting weakness in demand caused by the economic recession. Later on, lower retail prices and the beginning of the US “driving season<sup>7</sup>” in May, provided marginal support to demand, which however remained well below characteristic levels at this time of the year. Nonetheless, US and European refiners decided to increase their utilisation rates above 85% of capacity during Q2/09. The higher gasoline production more than offset lukewarm demand, and inventories built up quickly in June, causing gasoline cracks to correct back in line with the average of the 5-year historical range.

Demand for middle distillates instead became particularly weak during the first half of 2009, from the high levels of last year, following a steep slow down in industrial activities all across the world, as a direct consequence of the global economic downturn. The drop in demand pushed Ultra Low Sulphur Diesel (ULSD) crack spread down to its lowest levels in five years, from 22.4 \$/bl in December 2008, down to an average of 13.7 \$/bl in Q1/09 and even lower to an average of 8.3 \$/bl in Q2/09. The previously mentioned utilisation hike in several US refineries, coupled with dismal demand, caused stocks to inflate, filling up all inland tank farms, and pushing floating storage above 50 ml barrels, in tankers off European shores. This market structure led to a persistent contango (in excess of 10 \$/ton), which still today is making storage profitable and it is further encouraging stock build-ups. However, while the higher utilisation could help refiners over the summer, the supply overhang is likely to seriously pressure refinery margins once the driving season ends and the heating season starts.



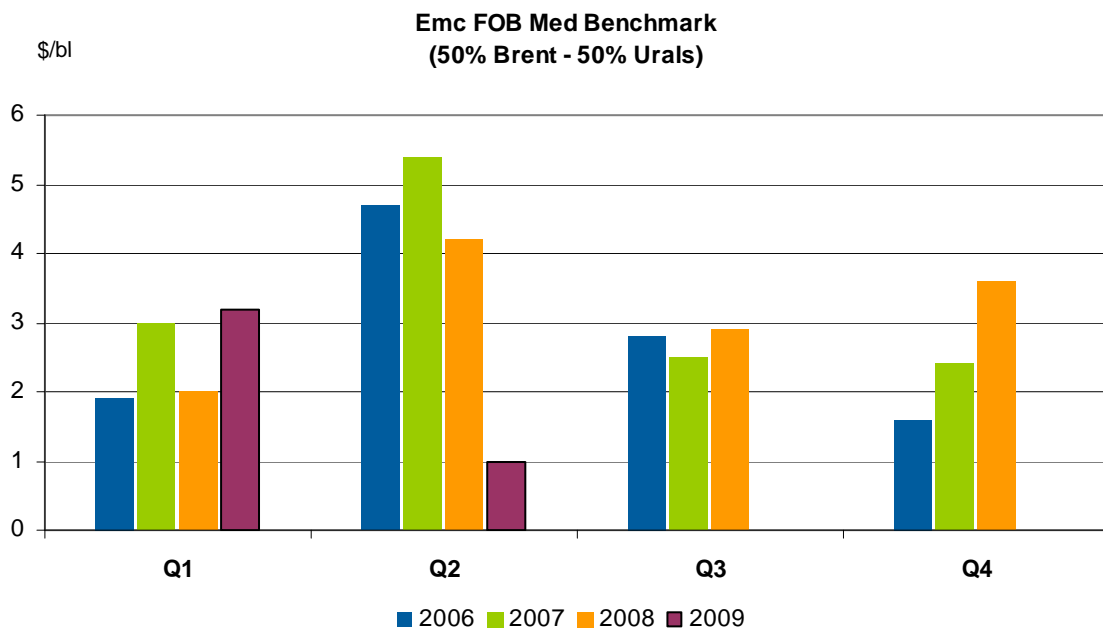
Moving on to fuel oil, in the first half of 2009 this product emerged as a the lone winner from the economic crisis. Indeed, the previously mentioned OPEC production cuts reduced availability of heavy sour crude oil grades, and resulted in lower fuel oil yields and supplies. The High Sulphur Fuel Oil (HSFO) crack spread climbed from an average of -15.7 \$/bl in December 2008, up to -8.8 \$/bl in Q1/09, and even higher to an average of -7.9 \$/bl in Q2/09. Obviously, the weakness in middle distillates, coupled with the above mentioned strength in fuel oil, led to a substantial reduction in the conversion spread (the differential between ULSD and the average of High and Low sulphur fuel oil), which averaged at 187 \$/ton in H1/09, versus the average of 517 \$/ton in H1/08.

<sup>7</sup> **Driving season:** period of higher than average transportation fuels consumption due to holidays and favourable weather conditions.



The graph below shows the refining margin after variable costs calculated by EMC (Energy Market Consultants) for a mid complexity coastal refinery in the Mediterranean sea, and used by Saras as a benchmark. The average of Q1/09 has been 3.2 \$/bl (higher than the 2.0 \$/bl of same quarter last year). However, the situation worsened significantly in Q2/09, with the EMC benchmark margin flexing down to 1.0 \$/bl, and bringing the average for the half year 2009 down to 2.1 \$/bl (versus 3.1 \$/bl in H1/08).

Finally, it is worth to remember that last year was characterised by a strong diesel crack and a weak gasoline and fuel oil. This year instead, the EMC margin received support only from gasoline and fuel oil, for the reasons explained above, while middle distillates did not provide any meaningful contribution.



# Segment Review

Below is the main information relating to the various business segments within the Saras Group.

## Refining

EUR Million	Q2/09	Q2/08	var %	Q1/09	H1/09	H1/08	var %
EBITDA	67.5	217.9	-69%	89.3	156.8	309.3	-49%
Comparable EBITDA	(38.9)	131.4	-130%	39.4	0.5	225.8	-100%
EBIT	46.0	198.2	-77%	68.2	114.2	272.0	-58%
Comparable EBIT	(60.4)	111.7	-154%	18.3	(42.1)	188.5	-122%
CAPEX	90.9	50.1	82%	52.6	143.5	88.3	63%

## Comments to First Half 2009 results

During the first half 2009, the economic recession brought to a severe reduction in oil products demand. In particular, in the European market, diesel suffered the largest drop in demand, due to its tighter link to the economic cycle. Diesel cracks contracted from an average value of 29 \$/bl in H1/08, to an average of 11 \$/bl in H1/09.

Referring to light distillates, gasoline staged a good recovery in H1/09 from the very weak performance observed in the same period of 2008, realigning the value of its crack spread to historical averages. In particular, the gasoline crack averaged at 8.1 \$/bl in H1/09, versus 2.7 \$/bl in H1/08. Gasoline strength can be mainly attributed to lower consumer prices compared to same period last year, seasonal demand related to the driving season in the USA, and an important contraction in supply during Q1/09, caused by simultaneous maintenance at several refineries across the globe. In late June however, gasoline cracks fell again due to a remarkable hike in refinery utilisation (+5.2 percentage points, up to a peak value of 87.1%), which led to a buildup of inventories, and forced the markets to realise that no rapid economical recovery should be expected in the near-term.

Fuel oil showed a remarkable strength in H1/09, mainly because of a reduction in availability of heavy crude oils, whose production has been cut by OPEC, in an attempt to put a floor under falling oil prices. High sulphur fuel oil crack stood at an average of -8.4 \$/bl in H1/09, versus an average of -31.8 \$/bl in H1/08.

In the above market scenario, the **EMC refining margin stood at 2.1 \$/bl**, versus 3.1 \$/bl in H1/08, and **Saras premium above the EMC margin shrank to 1.4 \$/bl** (versus 6.3 \$/bl in H1/08). This is the consequence of a remarkable reduction in the price differential between diesel and fuel oil – the so called “conversion spread”, which averaged at 187 \$/ton in H1/09, versus 517 \$/ton in H1/08.

Nonetheless, it is worth to observe that, with a conversion spread of approx. 190 \$/ton, under standard operating conditions, Saras refinery would have added a premium above the EMC benchmark of approx. 3 \$/bl. In H1/09 however, Saras suffered penalisation for approximately USD 72 ml, due to losses of conversion capacity related to the important scheduled maintenance and investment activities, and also to the tragic accident which took place in the refinery towards the end of May, causing significant delays in the completion of the previously mentioned activities.

**Refinery runs stood at 6,427 million tons** (46.9 million barrels, corresponding to 259 thousand barrels per day). This operating result was due to the planned turnaround and investment activities of several refinery units, including a crude distillation unit (Topping1), as well as several other conversion units, dedicated to the production and finishing of light and middle distillates.

The crude mix was slightly heavier than last year (with an average density of 32.2°API in H1/09), and the processing on behalf of third parties was approximately one third of total runs (29%), in line with our strategy.

**Comparable EBITDA of the refining segment was EUR 0.5 ml**, down versus EUR 225.8 ml in H1/08, driven by the lower conversion spread, and the previously mentioned losses on EBITDA for approximately USD 72 million, due to scheduled maintenance activities and the tragic accident at the MHC1 unit, in Q2/09.

Only partial compensation came from the stronger USD versus the EUR, with an exchange rate averaging at 1.33 during H1/09, vs. 1.53 during H1/08.

Refining **CAPEX in H1/09 was EUR 143.5 ml**, vs. EUR 88.3 ml in H1/08, in line with investment plan for the year.

## Comments to Q2/09 results

Q2/09 was characterised by very heavy planned maintenance activities, which involved several units, including a crude distillation unit (Topping1), and various conversion units (e.g. the Mildhydrocracking1, the Alkylation, the FCC, and the TAME).

**The comparable EBITDA** was obviously impacted adversely by the maintenance, with conversion losses for approx. USD 40 ml. In addition, further losses for approx. USD 7 ml, occurred during Q2/09, due to the delays in the completion of maintenance and investment activities on all units, caused by the tragic accident at the MHC1.

**The crude runs for Q2/09 were 19.7 Mbl (or 2.7 ml tons)**, down 28% versus same quarter last year, due to the previously mentioned maintenance on the crude distillation unit (Topping1), and the delays caused by the tragedy at the MHC1.

**Saras refining margin was 1.4 \$/bl in Q2/09**, compared to the figure of 11.3 \$/bl in Q2/08, while the EMC benchmark stood at 1.0 \$/bl, down by 76% versus the 4.2 \$/bl achieved in Q2/08. Saras premium in the quarter was 0.4 \$/bl, because of the combined effects of a weak differential between middle distillates and fuel oil cracks (averaging at 174 \$/ton vs. 602 \$/ton in Q2/08), together with the previously mentioned losses caused by the maintenance and investment activities and the tragic event at the MHC1.

Overall, the EBITDA *comparable* contracted sharply down to EUR -38.9 ml in Q2/09, vs. EUR 131.4 ml in Q2/08.

The CAPEX for refining in Q2/09 were EUR 90.9 ml, substantially in line with the investment program for 2009 and planned maintenance schedule.

## Margins and refinery runs

		Q2/09	Q2/08	var %	Q1/09	H1/09	H1/08	var %
<b>REFINERY RUNS</b>	thousand tons	2,704	3,777	-28%	3,723	6,427	7,697	-16%
	Million bl	19.7	27.6	-28%	27.2	46.9	56.2	-17%
	thousand bl/day	217	303	-28%	302	259	309	-16%
of which:								
	<i>Processing for own account</i>	1,878	2,315	-19%	2,688	4,566	5,044	-9%
	<i>Processing on behalf of third parties</i>	826	1,462	-44%	1,035	1,861	2,653	-30%
<b>EXCHANGE RATE</b>	EUR/USD	1.363	1.563	-13%	1.303	1.333	1.531	-13%
<b>EMC BENCHMARK MARGIN</b>	\$/bl	1.0	4.2	-76%	3.2	2.1	3.1	-32%
<b>SARAS REFINERY MARGIN</b>	\$/bl	1.4	11.3	-88%	4.9	3.5	9.4	-63%

## Production

		Q2/09	Q1/09	H1/09	2008
LPG	thousand tons	37	70	107	337
	yield	1.4%	1.9%	1.7%	2.2%
NAPHTHA + GASOLINE	thousand tons	536	1,007	1,543	4,056
	yield	19.8%	27.1%	24.0%	26.1%
MIDDLE DISTILLATES	thousand tons	1,326	1,911	3,238	8,275
	yield	49.0%	51.3%	50.4%	53.3%
FUEL OIL & OTHERS	thousand tons	357	292	649	825
	yield	13.2%	7.9%	10.1%	5.3%
TAR	thousand tons	298	225	523	1,121
	yield	11.0%	6.0%	8.1%	7.2%

Balance to 100% is "Consumption & Losses"

## Crude Oil slate

		Q2/09	Q1/09	H1/09	2008
Light extra sweet		32%	59%	47%	51%
Light sweet		0%	0%	0%	0%
Medium sweet		0%	0%	0%	0%
Light sour		0%	0%	0%	0%
Medium sour		42%	14%	26%	22%
Heavy Sour		26%	28%	27%	27%
Average crude gravity	°API	31.0	33.0	32.2	32.7



## Marketing

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

EUR Million	Q2/09	Q2/08	var %	Q1/09	H1/09	H1/08	var %
EBITDA	30.5	48.0	-36%	2.8	33.3	60.7	-45%
<b>Comparable EBITDA</b>	<b>13.1</b>	<b>10.6</b>	<b>24%</b>	<b>(0.8)</b>	<b>12.3</b>	<b>17.0</b>	<b>-28%</b>
EBIT	28.5	46.6	-39%	1.5	30.0	58.1	-48%
<b>Comparable EBIT</b>	<b>11.1</b>	<b>9.2</b>	<b>21%</b>	<b>(2.1)</b>	<b>9.0</b>	<b>14.4</b>	<b>-38%</b>
CAPEX	26.2	14.5		4.2	30.4	25.1	

## Sales

		Q2/09	Q2/08	var %	Q1/09	H1/09	H1/08	var %
TOTAL SALES	thousand tons	985	967	2%	1,013	1,998	1,999	0%
of which Italy	thousand tons	304	275	11%	308	612	560	9%
of which Spain	thousand tons	681	692	-2%	705	1,387	1,438	-4%

## Comments to First Half 2009 results

As mentioned in the comments to the Refining segment, the first half of 2009 was characterized by a generalised contraction in oil products demand, as a direct consequence of the global recession, which impacted more severely the economies of developed countries (OECD).

In particular, in the Spanish market, demand shrank (-7%) vs. H1/08 by an estimated 5.5% for gasoline, and by an even steeper -7.2% for middle distillates (with a split of -7.1% for diesel and -7,4% for heating and agricultural gasoil).

In this scenario, **Saras Energia had approx. 4% contraction in sales** versus same period last year. In particular, there was a significant reduction of gasoline sales (-21%), and a substantial stability of sales of gasoil (-0.1% vs. H1/08), achieved thanks to an increase of +0.4% for diesel, and a drop of -1.7% for heating and agricultural gasoil.

Similarly, in the Italian market, demand for oil products decreased overall by 4.8% vs. H1/08. Gasoline was down by 4.7%, while middle distillates were down by 11.0% (mostly related to diesel, while heating oil increased by 2.7% and agricultural gasoil was up by 6.9%).

Notwithstanding the above scenario, in the first half of 2009 **Arcola Petrolifera was capable to grow sales by approx. 9%**, hence providing effective compensation for weaker performance of the Spanish subsidiary. In detail, sales for gasoline were up 22.9%, diesel was up by 18.8%, while other gasoil sales were down by 22.5%, versus same period last year.

**Comparable EBITDA was EUR 12.3 ml in H1/09**, down 28% compared to the same period last year, mainly because of the negative performance registered in Q1/09, when we suffered by lower sales along with losses on the sales of the biodiesel produced during the initial test runs. This was almost entirely offset by the performance achieved in Q2/09, thanks to our strategy to push sales of products with higher margins, and shift the mix of sales channels towards a more profitable base, increasing volumes towards retail operators,

unbranded gas stations, and small & mid-sized dealers, whilst decreasing sales to other commercial operators.

**CAPEX were EUR 30.4 ml** mainly due to the acquisition of 55 service stations from ERG Petroleos, along with some other investments related to the completion of the new biodiesel plant. The rest of the 81 service stations from ERG Petroleos will be acquired during Q3/09.

## Comments to Q2/09 results

In the second quarter 2009, the persistence of the global recession led to a further deterioration of demand for oil products, in particular on the Spanish market.

Indeed, during Q2/09 oil products demand in Spain was down 7.6%, with middle distillates shrinking by 8.3% versus Q2/08 (of which -8% for diesel, and -9.3% for heating oil and agricultural gasoil), and also gasoline continued along its negative trend, with sales decreasing by an estimated 4,1% versus Q2/08.

Notwithstanding the extremely challenging market scenario, **Saras Energia managed to hold sales substantially at the same level as in Q2/08, with only a minor contraction of approx. 2%**. When looking more closely at the individual products, it can be observed that gasoline sales contracted by 25.4%, almost entirely offset by an increase in the sales of middle distillates (+3.6%), led by a +5% increase of diesel, while other gasoils flexed by -2.1%.

Similarly, in the Italian market, total oil products demand slowed by 5.6% in Q2/09 versus same period last year, primarily dragged down by middle distillates, which posted a -9% versus Q2/08 (of which -11.8% for transportation diesel, and -6.4% for heating oil and agricultural gasoil).

However, **Arcola Petrolifera** had a remarkable performance in Q2/09, notwithstanding the economic crisis, and **increased sales volumes by 11%**, more than offsetting the marginal decrease in sales volumes from the Spanish subsidiary. More specifically, sales of gasoline went by 19.7%, and diesel was also up by 20.8%, while heating oil was down by 18% versus Q2/08.

All in all, in the second quarter of 2009 the Marketing segment posted a strong set of results, with **comparable EBITDA at EUR 13.1 ml** (up 24%) compared to EUR 10.6 ml in Q2/08. Such performance can be attributed to the same reasons mentioned for the H1/09 results (i.e. increase in sales of products with higher margins, and shift in the mix of sales channels towards a more profitable base).

**CAPEX in Q2/09 were EUR 26.2 ml** almost entirely due to the acquisition of the above mentioned service stations, from Erg Petroleos.

# Power Generation

Below are the main financial data of the Power Generation segment related to operations by Sarlux S.r.l..

EUR Million	Q2/09	Q2/08	var %	Q1/09	H1/09	H1/08	var %
EBITDA	45.7	49.7	-8%	43.8	89.5	97.4	-8%
<b>Comparable EBITDA</b>	<b>45.7</b>	<b>49.7</b>	<b>-8%</b>	<b>43.8</b>	<b>89.5</b>	<b>97.4</b>	<b>-8%</b>
EBIT	26.4	30.9	-15%	24.6	51.0	59.8	-15%
<b>Comparable EBIT</b>	<b>26.4</b>	<b>30.9</b>	<b>-15%</b>	<b>24.6</b>	<b>51.0</b>	<b>59.8</b>	<b>-15%</b>
<b>EBITDA ITALIAN GAAP</b>	<b>47.8</b>	<b>63.3</b>	<b>-24%</b>	<b>57.9</b>	<b>105.7</b>	<b>133.8</b>	<b>-21%</b>
<b>EBIT ITALIAN GAAP</b>	<b>33.7</b>	<b>49.7</b>	<b>-32%</b>	<b>43.9</b>	<b>77.6</b>	<b>106.7</b>	<b>-27%</b>
<b>NET INCOME ITALIAN GAAP</b>	<b>17.6</b>	<b>17.8</b>	<b>-1%</b>	<b>26.1</b>	<b>43.7</b>	<b>55.2</b>	<b>-21%</b>
<b>CAPEX</b>	<b>3.2</b>	<b>4.2</b>		<b>2.7</b>	<b>5.9</b>	<b>13.5</b>	

## Other figures

		Q2/09	Q2/08	var %	Q1/09	H1/09	H1/08	var %
ELECTRICITY PRODUCTION	MWh/1000	1,116	1,084	3%	897	2,014	2,205	-9%
POWER TARIFF	Eurocent/kWh	9.6	13.7	-30%	14.1	11.8	13.6	-13%
POWER IGCC MARGIN	\$/bl	4.8	4.3	12%	3.5	4.0	4.1	-2%

## Comments to First Half 2009 results

Results of the Power Generation segment were lower than expected, with **Power production at 2.014 TWh**, down 9% when compared to H1/08, because the scheduled maintenance activities carried out in Q1/09 on one of the three parallel trains of "Gasifier - Turbine" turned out to be heavier than originally planned.

**Italian GAAP EBITDA was EUR 105.7 ml**, down 21% versus first half 2008, primarily because of the expiry in April 2009 of the "incentive" component of the CIP6/92 tariff. This led to a reduction of approx. EUR 25 ml. The rest is related to a lower production, and a lower average value of the **total CIP6/92 power tariff, which in H1/09 stood at 11.8 EURcent/kWh**, down 13% versus H1/08.

**Comparable EBITDA was EUR 89.5 ml**, down 8% vs. same period last year, due to lower sales of Hydrogen and Steam (down by EUR 7.8 ml), whose revenues are not subject to the IFRS linearization procedure. More specifically, the lower sales are related to a combination of lower requirements from the refinery while it was undergoing an heavy maintenance cycle, as well as a reduced production linked to the IGCC maintenance cycle.

**CAPEX were EUR 5.9 million**, as per investment plan.

## Comments to Q2/09 results

In the second quarter 2009 the Power Generation results were in line with expectations. **Power production was 1.116 TWh**, up 3% when compared to Q2/08.

**Italian GAAP EBITDA was EUR 47.8 ml**, down 24% versus Q2/08, primarily because of the expiry in April 2009 of the "incentive" component of the CIP6/92 tariff. The marginally higher production in Q2/09, was more than offset by the lower average value of **the total CIP6/92 power tariff (9.6 EURcent/kWh**, down 30%

versus Q2/08). Finally, in Q2/09 the “fuel component” of the power tariff stood at 6.8 EURcent/kWh, following the decrease in oil prices in the second half of 2008: indeed, it is worth reminding that there is a 9-months delay in the formula which links its calculation to crude oil prices.

**Comparable EBITDA was EUR 45.7 ml**, down 8% vs. same period last year, due to lower sales of Hydrogen and Steam (down by EUR 4.2 ml), for the same reasons explained in the H1/09 results.

**CAPEX were EUR 3.2 ml**, as per our investment plan.

## Wind

Following the acquisition by Saras S.p.A. of the minority stake owned by Babcock & Brown Wind Energy, Parchi Eolici Ulassai S.r.l. (PEU) has been fully consolidated starting from 30th June 2008. For a better understanding of the results, the following tables show the financial highlights of the Wind segment at 100%.

EUR million	Q2/09	Q2/08	var %	Q1/09	H1/09	H1/08	var %
EBITDA	3.7	5.1	-27%	8.3	12.0	9.5	26%
<b>Comparable EBITDA</b>	<b>3.7</b>	<b>5.1</b>	<b>-27%</b>	<b>8.3</b>	<b>12.0</b>	<b>9.5</b>	<b>26%</b>
EBIT	1.3	3.0	-57%	5.9	7.2	5.1	40%
<b>Comparable EBIT</b>	<b>1.3</b>	<b>3.0</b>	<b>-57%</b>	<b>5.9</b>	<b>7.2</b>	<b>5.1</b>	<b>40%</b>

## Other figures

		Q2/09	Q2/08	var %	Q1/09	H1/09	H1/08	var %
<b>ELECTRICITY PRODUCTION</b>	MWh	25,249	47,761	-47%	58,556	83,805	97,534	-14%
<b>POWER TARIFF</b>	EURcent/KWh	6.4	8.9	-28%	7.8	7.4	8.7	-15%
<b>GREEN CERTIFICATES</b>	EURcent/KWh	8.0	6.0	32%	8.4	8.3	7.0	17%

## Comments to First Half 2009 results

In H1/09 the Ulassai wind farm posted an improved EBITDA versus same period last year. **Comparable EBITDA stood at EUR 12 ml in H1/09**, (up 26% vs. H1/08), boosted by profits of approx. EUR 1.3 ml, deriving from the sales of Green certificates related to the year 2008. By contrast, H1/08 was negatively impacted by losses for approximately EUR 3.4 ml, generated by the sale of Green certificates pertaining to the year 2007.

**Electricity production at 83,805 MWh** in H1/09 was however below expectations (down 14% vs. H1/08), due to unfavourable wind conditions in the second quarter of 2009, which more than offset the excellent production of the first quarter.

Finally, in H1/09 the average price of **Green Certificates stood at EUR 83/MWh**, up 17% vs. H1/08, more than offsetting the lower production as well as a drop in the power tariff (down to EUR 74/MWh, from EUR 87/MWh in H1/08), which came as a consequence of the economic downturn, with lower industrial activity and reduced demand for electricity.

## Comments to Q2/09 results

In the second quarter of 2009, the performance of the Ulassai wind farm was influenced by lower **electricity production (25,249 MWh)**, down 47% vs. same period last year), due to unfavourable weather conditions.

**Comparable EBITDA stood at EUR 3.7 ml**, down 27% vs. Q2/08, due to lower sales of electricity and lower power tariff (EUR 64/MWh vs. EUR 89/MWh in Q2/08). However, some support came from the above mentioned sale of Green certificates related to the year 2008, which was all concentrated in Q2/09 and boosted EBITDA by approx. EUR 1.3 ml.

## Other

The following table shows the financial highlights of the segment related to operations by Sartec S.p.A. and Akhela S.r.l..

EUR Million	Q2/09	Q2/08	var %	Q1/09	H1/09	H1/08	var %
EBITDA	0.5	0.4	25%	0.4	0.9	0.0	n/a
<b>Comparable EBITDA</b>	<b>0.5</b>	<b>0.4</b>	<b>25%</b>	<b>0.4</b>	<b>0.9</b>	<b>0.0</b>	<b>n/a</b>
EBIT	0.1	(0.1)	200%	(0.2)	(0.1)	(1.0)	90%
<b>Comparable EBIT</b>	<b>0.1</b>	<b>(0.1)</b>	<b>200%</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(1.0)</b>	<b>90%</b>

## Comments to first half and second quarter 2009 results

Results in line with expectations. In H1/09, **comparable EBITDA was positive for EUR 0.9 ml**, confirming achievement of the break even position. In second quarter **comparable EBITDA stood at EUR 0.5 ml**.

During the second quarter 2009, the subsidiary Akhela acquired 51% of "Artemide Technologie Informatiche" Srl, a company providing ICT services and software development.

Artemide has 50 employees and a turnover of around EUR 3 million per year.



# Net Financial Position

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

EUR Million	30-Jun-09	31-Dec-08
Medium/long term bank loans	(327)	(174)
<b>total long term net financial position</b>	<b>(327)</b>	<b>(174)</b>
Short term bank loans	(69)	(81)
Bank overdrafts	(259)	(163)
Loans from unconsolidated subsidiaries		
Loans made to unconsolidated subsidiaries		
Other marketable financial assets	28	20
Cash and cash equivalents	156	65
<b>total short term net financial position</b>	<b>(145)</b>	<b>(158)</b>
<b>Total net financial position</b>	<b>(472)</b>	<b>(333)</b>

**Net Financial Position was negative by EUR 472 ml**, compared to a negative figure of EUR 333 ml at the end of 2008, due to payment of dividends, capital expenditures, and negative working capital effects.

## Strategy and Investments

The economic recession has severely impacted demand for petroleum products, and the current scenario has worsened in comparison to the original assumptions behind our 2008 ÷ 2011 Investment Plan.

Our strategy continues to focus on increasing conversion capacity, achieving higher operational flexibility, and enhancing energy efficiency.

However, in order to align our investments with the new market scenario, to pursue the best possible returns for our shareholders, and to take advantage of the lower prices for construction materials and engineering services, our CAPEX plan has been revised and all major “growth” projects from 2010 onwards have been postponed by 12 to 18 months.

More specifically, our investment plan has been revised as follows:

- ✓ CAPEX for “Maintain capacity” and “Health, Safety and Environment” will be carried out as per original schedule;
- ✓ “Growth” CAPEX for the year 2009 will continue as per original schedule and budget;
- ✓ CAPEX to support the “Growth” plan from 2010 onwards will be postponed by 12 ÷ 18 months;
- ✓ Delayed projects relate mainly to the revamping of the MHC2 and the Visbreaking Unit; the construction of the new Steam Reforming Unit; some of the Energy Recovery projects; the expansion of the Sarroch Refinery tank farm and the construction of the new depot in Sagunto.

Finally, we are currently in the final stage of outlining specific projects aimed at improving industrial performance by focusing on cost reductions and operational efficiencies.

### Capex by segment

EUR Million	Q2/09	Q1/09	H1/09	H1/08
<b>REFINING</b>	90.9	52.6	143.5	88.3
<b>POWER GENERATION</b>	3.2	2.7	5.9	13.5
<b>MARKETING</b>	26.2	4.2	30.4	25.1
<b>WIND</b>	0.1	0.0	0.1	-
<b>OTHER</b>	1.3	1.1	2.4	0.7
<b>Total</b>	<b>121.7</b>	<b>60.5</b>	<b>182.3</b>	<b>127.6</b>

# Outlook

## REFINING

- Saras forecast for Sarroch refinery runs has now been trimmed down to 13.8 ÷ 14.0 million tons, for the full year 2009, because of the important scheduled maintenance and investment activities which took place during both Q1 and Q2/09, and the delays related to the tragic accident at the Mildhydrocracking<sup>1</sup> on the 26<sup>th</sup> of May.
- As a result of the above mentioned delays, the Q2/09 maintenance actually extended into July, creating an impact on Q3/09 EBITDA estimated at approximately USD 10 ÷ 15 million, on top of the approx. EUR 5 ml already communicated for Q2/09, with a press release issued on the 12th of June.
- However, maintenance is now fully completed, with all refinery units currently up and running, and only minor maintenance is now scheduled to take place for the remainder of the year. This situation will enable the refinery to exploit its flexibility and superior conversion capacity, and take full advantage of the seasonal upturn in middle distillates demand, should this actually materialise in Q3 and Q4/09.
- In the near-term, the refining sector will continue to face fundamental headwinds, due to the heavy toll on oil products demand taken by the severe economic recession (World oil demand is estimated at 83.2 mb/d in 2009, down by 3.0% vs. 2008, according to International Energy Agency (IEA) in their "Medium Term Oil Market Report" published in July 2009).
- In particular, middle distillates have so far suffered the most, given their closer link with industrial activity cycles. Dismal demand has led to large inventories build-ups, and diesel margins are expected to stay under pressure until strong economical recovery will start to materialize.
- However, a recent string of "green shoots" in various countries across the world is leading to expectations that the worst may be over, and that the global economy could start a progressive recovery already towards the end of this year. Moreover, seasonality should also play in favour of middle distillates cracks, given the traditional pick-up in demand during autumn/winter. On the other hand, support for the gasoline market is already vanishing, with the US driving season coming to an end

## POWER GENERATION

- The IGCC plant continues to operate regularly, and the next maintenance cycle (for one of its three parallel trains of "Gasifier – Turbine") is expected during Q4/09.
- Due to a 9-month delay in the formula used to calculate the "fuel component", the CIP6/92 power tariff will progressively decrease during H2/09, in line with the trend of crude oil prices during the second half of 2008.
- Finally, the "incentive" component of the CIP6/92 power tariff expired in April 2009, as per original contract with the National Grid Operator (GSE). Due to the IFRS linearisation procedure, there is no impact on reported EBITDA, while Italian GAAP EBITDA is expected to decrease by approx. EUR 110 ml in 2009, versus 2008.

## Main events after the end of the First Half 2009

The tragic accident at the Mildhydrocracking<sup>1</sup> on the 26th of May, delayed the completion of Q2/09 maintenance activities into July, creating an impact on Q3/09 EBITDA estimated at USD 10 ÷ 15 million, on top of the approximately EUR 5 ml already communicated for Q2/09, with a press release issued on the 12th of July. Nevertheless, maintenance is now fully completed, with all refinery units currently up and running.

Saras Energia is progressing with the acquisition of the service stations from ERG Petroleos S.A.. At the end of the process Saras will achieve important synergies through the integration of the new stations with the logistics already owned in the area.

In July, Saras completed the "audit" process carried out from the Environmental Auditors, Lloyd's Register Quality Assurance Italy S.r.l., for the renewal of the EMAS registration. As a result, also the Saras Environmental Declaration pursuant to the Rules CE 761/2001, was fully approved and certified.

# Risk Analysis

Saras bases its risk management policy on the identification, assessment, and possible reduction or elimination of the principal risks associated with the Group's objectives, with reference to the strategic, operational and financial areas.

The principal risks are reported to and discussed by the Group's top management, to create the prerequisites for their management and to assess the acceptable residual risk.

Management of the risks found in the company processes is based on the principle by which the operational or financial risk is managed by the person responsible for the related process, based on the indications of top management, while the control function measures and controls the level of exposure to risk and the results of the actions to reduce the risk.

To manage financial risks, the Saras Group policy includes the use of derivatives, only for the purposes of cover and without resorting to complex structures.

## Financial risks

### Price fluctuation risk

The results of Saras Group are influenced by the trend in oil prices and especially by the effects that this trend has on refining margins (represented by the difference between the prices of the oil products generated by the refining process and the price of the raw materials, mainly crude oil). In addition, to carry out production, the Saras Group is required to maintain adequate inventories of crude oil and finished products, and the value of the inventories is subject to the fluctuations of market prices.

Also subject to variation are the electricity sale prices charged by controlled companies, as well as the prices of green certificates and emissions credits.

The price variation risk and the related financial flow risk is closely linked to the very nature of the business and can only be partly mitigated through the use of appropriate risk management policies, including agreements to refine oil for other companies at partially preset prices. To mitigate the risks deriving from price variations, the Group also takes out derivative contracts on commodities.

### Exchange rate risk

The Group's oil business is structurally exposed to fluctuations in exchange rates, because the reference prices for buying crude and for most product sales are linked to the US dollar.

To reduce both the exchange rate risk for transactions that will be executed in the future and the risk originating from payables and receivables expressed in currencies other than the functional currency, Saras also uses derivative instruments.

### Interest rate risk

Loans at variable interest rates expose the Group to the risk of variations in results and in cash flows, due to interest. Loans at fixed interest rates expose the Group to the risk of variation of the fair value of the loans received. The main existing loan contracts are stipulated at variable market rates. The Saras Group also uses derivatives to reduce the risk of variations in results and in cash flows deriving from interest.

### Credit risk

The refining sector represents the Group's reference market and it is principally made up of multinational companies operating in the oil sector. Transactions executed are generally settled very quickly and are often guaranteed by primary credit institutions.

Retail and wholesale sales are particularly small, and in addition these are often guaranteed or insured as well.

### Liquidity risk

The Group finances its activities both through the cash flows generated by operating activities and through the use of externally-sourced financing, and it is therefore exposed to liquidity risk, comprising the capacity to source adequate lines of credit as well as fulfil contractual obligations deriving from the financing contracts entered into.

The significant capacity for self-financing, together with the low level of debt, lead us to consider that the liquidity risk is moderate.



## Other risks

### Risks of interruption of production

The activity of the Saras Group depends heavily on its refinery located in Sardinia, and on the contiguous IGCC plant. This activity is subject to the risks of accident and of interruption due to non-scheduled plant shutdowns.

Saras believes that the complexity and modularity of its systems limit the negative effects of unscheduled shutdowns and that the safety plans in place (which are continuously improved) reduce any risks of accident to a minimum: in addition Saras has a major programme of insurance cover in place to offset such risks.

However, in certain circumstances this programme may not be sufficient to prevent the Group from bearing costs in the event of an accident or an interruption in the production.

### Environmental risk

The activities of the Saras Group are regulated by many European, national, regional and local laws regarding the environment.

The highest priority of the Saras Group is to conduct its activity with the utmost respect for the requirements of environmental legislation. The risk of environmental responsibility is, however, inherent in our activity, and it is not possible to say with certainty that new legislation will not impose further costs in the future.

### Legal risk

The subsidiary Sarlux S.r.l. sells the electricity generated to GSE at the conditions specified by the legislation in force (law no. 9/1991, law no. 10/1991, CIP deliberation no. 6/92 and subsequent modifications, law no. 481/1995) which remunerate the electricity produced by plants powered by renewable and assimilated sources based on the costs avoided and time-limited incentives, linked to the actual production.

The risk is therefore linked to possible unfavourable modifications to the legislation, which could have significant negative effects.

### Dependencies on third parties

The IGCC plant, owned by the subsidiary Sarlux S.r.l., depends on petroleum raw materials supplied by Saras and on oxygen supplied by Air Liquide Italia. If these supplies should fail, Sarlux would have to locate alternative sources, which the company may not be able to find or find at similar economic conditions.

## Other information

### Transactions with related parties

Transactions with related parties are detailed in the Notes to the Consolidated Financial Statements, chapter 7.3 "Transactions with related parties"

### Research and development

Saras does not have a meaningful research and development activity in the period, therefore no significant cost were capitalized or accounted in the Income statement during H1/2009.

### Buyback programme

During the first half 2009 no share have been bought or sold during the period.

For the Board of Directors  
The Chairman  
Gian Marco Moratti



# SARAS GROUP CONSOLIDATED FINANCIAL STATEMENTS

# Statement of Financial Position as of 30<sup>th</sup> June 2009 and 31<sup>st</sup> December 2008

EUR thousand		30/06/2009	31/12/2008
<b>ASSETS</b>	(1)		
<b>current assets</b>		<b>1,511,255</b>	<b>1,310,954</b>
Cash and cash equivalents	5.11	155,928	65,180
Other financial assets held for trading or available for sale	5.12	27,680	20,464
Trade receivables	5.13	448,887	639,326
Inventories	5.14	698,181	469,298
Current tax assets	5.15	68,369	7,770
Other assets	5.16	112,210	108,916
<b>Non-current assets</b>		<b>1,991,107</b>	<b>1,925,304</b>
Property, plant and equipment	5.2.1	1,476,291	1,377,018
Intangible assets	5.2.2	469,544	484,575
Equity interests consolidated under the equity method	5.2.3.1		
Other equity interests	5.2.3.2	663	1,103
Deferred tax assets	5.2.4	41,749	58,953
Other financial assets	5.2.5	2,860	3,655
<b>Total assets</b>		<b>3,502,362</b>	<b>3,236,258</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>		<b>1,122,534</b>	<b>988,757</b>
Short-term financial liabilities	5.3.1	328,641	243,980
Trade and other payables	5.3.2	523,349	560,867
Current tax liabilities	5.3.3	193,134	107,746
Other liabilities	5.3.4	77,410	76,164
<b>Non-current liabilities</b>		<b>1,106,918</b>	<b>936,448</b>
Long-term financial liabilities	5.4.1	327,085	174,211
Provisions for risks	5.4.2	46,856	29,195
Provisions for employee benefits	5.4.3	35,980	37,494
Other liabilities	5.4.4	696,997	695,548
<b>Total liabilities</b>		<b>2,229,452</b>	<b>1,925,205</b>
<b>EQUITY</b>	5.5		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		1,090,375	1,183,675
Profit/(loss) for the period		116,972	61,822
<b>Total equity attributable to owners of the company</b>		<b>1,272,903</b>	<b>1,311,053</b>
Minority interest		7	0
<b>Total Equity</b>		<b>1,272,910</b>	<b>1,311,053</b>
<b>Total liabilities and equity</b>		<b>3,502,362</b>	<b>3,236,258</b>

(1) Please refer to the Notes to the financial statements chapter 5 "Notes to the financial position"

## Statements of comprehensive Income for the period: 1<sup>st</sup> January – 30<sup>th</sup> June 2009, and for the period: 1<sup>st</sup> January – 30<sup>th</sup> June 2008

EUR thousand	(1)	1 January 30 June 2009	of which non recurring	1 January 30 June 2008	of which non recurring
Revenues from ordinary operations	6.11	2,300,494		4,400,156	
Other income	6.12	36,436		59,767	
<b>Total revenues</b>		<b>2,336,930</b>	<b>0</b>	<b>4,459,923</b>	<b>0</b>
Purchases of raw materials, spare parts and consumables	6.2.1	(1706,491)		(3,623,743)	
Cost of services and sundry costs		(264,755)		(300,439)	
Personnel costs	6.2.3	(73,222)		(68,250)	
Depreciation, amortization and write-downs	6.2.4	(90,207)		(78,588)	
<b>Total costs</b>		<b>(2,134,675)</b>	<b>0</b>	<b>(4,071,020)</b>	<b>0</b>
<b>Operating results</b>		<b>202,255</b>	<b>0</b>	<b>388,903</b>	<b>0</b>
Net income (charges) from equity interests	6.3			1,367	
Other financial income/(charges), net	6.4	(14,166)		(1810)	
<b>Profit before taxes</b>		<b>188,089</b>	<b>0</b>	<b>388,460</b>	<b>0</b>
Income tax for the period	6.5	(71,117)		(58,710)	56,872
<b>Net profit/(loss) for the period</b>		<b>116,972</b>	<b>0</b>	<b>329,750</b>	<b>56,872</b>
<b>Net profit/(loss) for the period attributable to:</b>					
Equity holders of the company		116,972		329,750	
Minority interest		0		0	
<b>Earnings per share - base (Euro cent)</b>		<b>12.61</b>		<b>34.77</b>	
<b>Earnings per share - diluted (Euro cent)</b>		<b>12.61</b>		<b>34.77</b>	

### STATEMENT OF COMPREHENSIVE INCOME AS OF 1st JANUARY - 30 JUNE 2009 AND 2008

EUR thousand	1 January 30 June 2009	1 January 30 June 2008
<b>Result of the period (A)</b>	<b>116,972</b>	<b>329,750</b>
<b>Other Profits / (Loss), net of fiscal effect (B)</b>	<b>0</b>	<b>0</b>
<b>Consolidated Comprehensive Result of the period (A + B)</b>	<b>116,972</b>	<b>329,750</b>
<b>Consolidated Comprehensive Result of the period pertaining to:</b>		
Parent Company shareholding	116,972	329,750
Minority Interestence	0	0

(1) Please refer to the notes to the Financial Statements chapter 6 "Notes to the Statement of Comprehensive Income"

## Statement of Changes in Consolidated Shareholders' Equity from 31<sup>st</sup> December 2007 to 30<sup>th</sup> June 2009

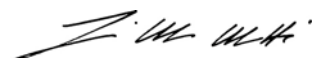
EUR thousand	Share Capital	Legal Reserve	Other Reserves	Profit (Loss)	Total equity attributable to owners of the company	M inority interest	Total Equity
<b>Balance as of 31/12/2007</b>	<b>54,630</b>	<b>10,926</b>	<b>1,078,000</b>	<b>322,903</b>	<b>1,466,459</b>	<b>0</b>	<b>1,466,459</b>
Allocation of previous period profit			162,060	(162,060)	0		0
Dividends				(160,843)	(160,843)		(160,843)
Reserve for employees stock plan			994		994		994
Share buyback			(21,259)		(21,259)		(21,259)
Share premium reserve adjustment			770		770		770
Renounce of receivable from minority shareholder of the subsidiary Parchi Eolici Ulassai Srl			474		474		474
Profit (loss) for the period				329,750	329,750		329,750
<b>Balance as of 30/06/2008</b>	<b>54,630</b>	<b>10,926</b>	<b>1,221,039</b>	<b>329,750</b>	<b>1,616,345</b>	<b>0</b>	<b>1,616,345</b>
Reserve for employees stock plan			1,466		1,466		1,466
Share buyback			(49,048)		(49,048)		(49,048)
Share premium reserve adjustment			(155)		(155)		(155)
Shareholder's equity increase related to the fair value evaluation of asset of Sardeolica S.r.l. r for the stake of 70%			10,373		10,373		10,373
Profit (loss) for the period				(267,928)	(267,928)		(267,928)
<b>Balance as of 31/12/2008</b>	<b>54,630</b>	<b>10,926</b>	<b>1,183,675</b>	<b>61,822</b>	<b>1,311,053</b>	<b>0</b>	<b>1,311,053</b>
Allocation of previous period profit			61,822	(61,822)	0		0
Reserve for employees stock plan			2,515		2,515		2,515
Dividends			(157,721)		(157,721)		(157,721)
Effect of Corporate tax rate reduction (IRES)			84		84		84
Minority on Artemide Srl acquisition						7	7
Profit (loss) for the period				116,972	116,972		116,972
<b>Balance as of 30/06/2009</b>	<b>54,630</b>	<b>10,926</b>	<b>1,090,375</b>	<b>116,972</b>	<b>1,272,903</b>	<b>7</b>	<b>1,272,910</b>

# Consolidated Cash Flow Statements as of 30<sup>th</sup> June 2009, as of 30<sup>th</sup> June 2008 and as of 31<sup>st</sup> December 2008

EUR thousand	(1)	01/01/2009 - 30/06/2009	1/1/2008 - 31/12/2008	01/01/2008 - 30/06/2008
<b>A - Cash and cash equivalents at the beginning of period</b>		<b>65,180</b>	<b>308,108</b>	<b>308,108</b>
<b>B - Cash generated from/(used in) operating activities</b>				
Profit/ (Loss) for the period of the Group	5.5	116,972	61,822	329,750
Amortization, depreciation and write-down of fixed assets	6.2.4	90,207	167,916	78,588
Net (income)/charges from equity interests	6.3	0	(421)	(1,367)
Net change in provisions for risks and charges	5.4.2	17,661	5,899	50,659
Net change in employee benefits	5.4.3	(15,14)	801	(2,067)
Net Change in tax liabilities and tax assets	5.2.4	17,204	(193,462)	(146,057)
Income tax	6.5	71,117	28,720	58,710
<b>Profit (Loss) from operating activities before changes in working capital</b>		<b>311,647</b>	<b>71,275</b>	<b>368,216</b>
(Increase)/Decrease in trade receivables	5.1.3	190,439	56,147	(135,111)
(Increase)/Decrease in inventory	5.1.4	(228,883)	256,067	(250,378)
Increase/(Decrease) in trade and other payables	5.3.2	(37,518)	(99,006)	73,933
Change in other current assets	5.1.5 - 5.1.6	(63,893)	(78,914)	(42,167)
Change in other current liabilities	5.3.3 - 5.3.4	21,385	167,072	166,420
Income tax paid		0	(19,146)	(27,817)
Change in other non-current liabilities	5.4.4	1,449	108,165	45,084
Other non cash items		7,827	0	5
<b>Total (B)</b>		<b>202,453</b>	<b>289,343</b>	<b>198,185</b>
<b>C - Cash flow from (to) investment activities</b>				
(Investments) in tangible and intangible assets, net of disinvestments and accumulated depreciation and amortization	5.2.1- 5.2.2	(182,276)	(275,685)	(127,524)
Change in equity interests	5.2.3.1	440	773	(115)
Change in equity interests valued under the equity method		0	(1,420)	(474)
Acquisition of 30%PEU		0	(32,000)	(32,000)
Interest received/(paid)		(5,868)	(14,485)	(1,782)
<b>Total (C)</b>		<b>(187,704)</b>	<b>(322,817)</b>	<b>(161,895)</b>
<b>D - Cash generated from/(used in) financing activities</b>				
Increase/(Decrease) in medium/long term borrowings	5.4.1	152,874	(76,807)	(42,295)
(Increase)/Decrease in other financial assets	5.1.2 - 5.2.5	(6,421)	10,891	3,044
Increase/(Decrease) in short term borrowings	5.3.1	84,661	62,389	(9,587)
Buyback own shares	5.5	0	(70,307)	(21,259)
Dividend distribution to shareholders	5.5	(157,721)	(160,843)	(160,843)
Other non-monetary movements		2,606	13,922	2,238
<b>Total (D)</b>		<b>75,999</b>	<b>(220,755)</b>	<b>(228,702)</b>
<b>E - Cashflow for the period (B+C+D)</b>		<b>90,748</b>	<b>(254,229)</b>	<b>(192,412)</b>
<b>F - Cash from new consolidated subsidiaries</b>				
PEUS.r.l.		0	11,301	11,301
<b>G - Cash and cash equivalents at the end of period</b>		<b>155,928</b>	<b>65,180</b>	<b>126,997</b>

(1) Please refer to the Notes to the Financial Statements chapter 5 "Notes to the financial position" & 6 "Notes to the statement of comprehensive income"

For the Board of Directors  
The Chairman  
Gian Marco Moratti





# Notes to the consolidated half-year accounts as at 30 June 2009

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# Notes to the consolidated half-year accounts as at 30 June 2009

## 1. Preliminary remarks

Saras S.p.A. (the “parent company”) is a company limited by shares with registered office at S.S. 195 Sulcitana, km 19, Sarroch (CA), Italy, and is 62.461% owned (excluding own shares) by Angelo Moratti S.A.P.A. (registered office: Foro Bonaparte 69, Milan).

Saras S.p.A. operates in the Italian and international oil markets as a refiner of crude and seller of products derived from the refining process. The group's activities also include the production and sale of electricity via an integrated gasification combined cycle (IGCC) plant operated by its subsidiary Sarlux S.r.l., and a wind farm run by its subsidiary Parchi Eolici Ulassai S.r.l.

This consolidated report for the half-year ended 30 June 2009 is presented in euro, since the euro is the currency of the economy in which the group operates. It consists of a statement of financial position, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and these notes to the accounts. All amounts shown in these notes are expressed in thousand euro, unless otherwise stated.

## 2. General reporting criteria for the preparation of the consolidated half-year accounts

The consolidated financial statements of the group to 30 June 2009 were prepared in accordance with the International Financial Reporting Standards (“IFRS” or “international accounting standards”) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002. Following this regulation, Legislative Decree 38 was issued on 20 February 2005, introducing the obligation to incorporate IFRS into Italian law, and extending it to the preparation of annual financial statements by companies with equity or debt securities listed on a regulated market in the EU from the 2006 financial year.

The term IFRS is used to mean all International Financial Reporting Standards, all International Accounting Standards (“IAS”) and all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), previously known as the Standing Interpretations Committee (“SIC”), endorsed by the European Commission as of the date the draft consolidated half-year accounts of the Saras S.p.A company were approved by its Board of Directors and set out in the relevant EU regulations in publication on that date.

In accordance with CONSOB resolution 15519 of 27 July 2006, the financial statements have been prepared using the following criteria, which are considered to provide a more complete picture of the group's financial position:

- Statement of financial position: assets and liabilities are divided into current and non-current items, according to liquidity;
- Statement of comprehensive income: profit and loss items are presented according to their nature;
- Cash flow statement: presented using the indirect method, which differentiates between financial flows deriving from operating, investment and financial activities.

NB: the statement of financial position and the statement of comprehensive income have been adjusted to take account of new changes under IAS 1 (revised in 2007).

## 3. Accounting principles applied

These consolidated half-year accounts were prepared in condensed form, in accordance with the international accounting standard that applies to interim financial statements (IAS 34 “Interim Financial Reporting”), adopted according to the procedures set out in article 6 of regulation (EC) 1606 of 2002, and must be read in conjunction with the accounts for the year to 31 December 2008.

The accounting standards have been applied consistently for all the periods shown.

Please note that, as of 1 January 2009, principles will be applied for the first time with the following effects:

- IAS 1 – Presentation of Financial Statements (revised): pursuant to changes introduced by the principle, the group has modified its presentation of both the income statement, with a statement of comprehensive income, and the statement of changes in equity, separating the components of income directly attributable to equity;
- IFRS 8 – Operating Segments: information previously provided according to business segment have been complemented by further details, mainly economical items.

Furthermore, IAS 23 – Borrowing Costs (revised) made it obligatory to capitalise borrowing costs attributable to the acquisition or construction of material goods. The group has always used this method.

Finally, the following international accounting principles, amendments and interpretations, while they apply from 1 January 2009, have no effect on the group:

- IFRS 2 – Share-Based Payment (amendment);
- IFRIC 13 – Customer Loyalty Programmes;
- IFRIC 14 / IAS 19 – Defined Benefit Assets;
- IAS 32 / IAS 1 – Financial Instruments (amendment);

IFRS 3 / IAS 27 – Consolidated and Separate Financial Statements (amendment).

### 3.1 Basis of consolidation

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 below.

<b>Consolidated on a line-by-line basis</b>	<b>% di partecipazione</b>
Arcola Petrolifera S.p.A.	100%
Sarlux S.r.l.	100%
Saras Ricerche e Tecnologie S.p.A.	100%
Ensar S.r.l. and subsidiaries:	100%
Nova Eolica S.r.l.	100%
Eolica Italiana S.r.l.	100%
Labor Eolica S.r.l.	100%
Alpha Eolica S.r.l.	100%
Akhela S.r.l. and subsidiaries:	100%
Artemide S.r.l.	51%
Sarint S.A. . and subsidiaries:	100%
Saras Energia S.A.	100%
Reasar S.A.	100%
Parchi Eolici Ulassai S.r.l. and subsidiary:	100%
Sardealica S.r.l.	100%
<b>Subsidiaries of insignificant value (valued at cost)</b>	
Dynergy S.r.l.	37.5%
<b>Other investments of insignificant value (valued at cost)</b>	
ITSME S.r.l.	4.855%
Consortium Cesma	5%
Consortium La Spezia Energia	5%
Sarda Factoring	6.0%
I.C.T. Competence Centre	0.5 %

The following changes to the basis of consolidation took place in the period compared with 31 December 2008:

1. the acquisition by Akhela S.r.l of 51% of Artemide S.r.l., which has its registered office in Rome, and 4.855% of ITSME S.r.l., which has its registered office in Milan. Both companies are active in information technology;
2. the sale of the shareholdings of Saras Ricerche e Tecnologie S.p.A. in the Techno Mobility consortium;
3. the sale of the shares held by Saras Ricerche e Tecnologie S.p.A. in Hangzhou Dadi Encon Environmental Equipment Co., with a capital loss of EUR 26 thousand.

The cost of the acquisition, which took place on 19 May, of 51% of Artemide S.r.l. (active in the IT sector) was EUR 970 thousand. Goodwill of EUR 962 thousand 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 12 months following the acquisition date.

The corporate shares of Artemide and the related rights will not be transferable for a period of three years following the acquisition by Akhela. Akhela undertakes that, by the end of the third calendar year following the date of the acquisition, in succession and at its own exclusive discretion, it will:

- acquire from the sellers the remaining 49% of the company's capital at a price based on average forecast sales;
- sell to the sellers 51% of the company's capital at a price of 40% of the acquisition cost.

The following table shows key figures from the financial statements of Artemide S.r.l. for the first half 2009.

30/06/2009	Current Assets	Non Current Assets	Current Liabilities	Non Current Liabilities	Revenues	Operating Costs	Operating Results	Net Results
Artemide S.r.l.	1,691	116	1,294	498	1,479	(1,411)	68	(12)
<b>Total</b>	<b>1,691</b>	<b>116</b>	<b>1,294</b>	<b>498</b>	<b>1,479</b>	<b>(1,411)</b>	<b>68</b>	<b>(12)</b>

### 3.3 Use of estimates

The preparation of the financial statements requires the directors to apply accounting standards and methods that, in certain situations, are based on difficult and subjective valuations and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The use of these estimates and assumptions influences the amounts reported in the financial statements, namely the statement of financial position, statement of comprehensive income and cash flow statement, as well as the accompanying disclosures. The actual amounts of accounting entries for which estimates and assumptions have been used may differ from those shown in the financial statements, due to the uncertainty surrounding said assumptions and the conditions upon which the estimates are based.

These types of valuations, particularly those which are more complex, such as establishing any loss in value of fixed assets, are only fully carried out when the annual consolidated financial statements are prepared, at which time all the required information is available, except in cases where there are impairment indicators requiring an immediate valuation of loss in value.

A summary of the most significant estimates is provided in the group consolidated financial statements to 31 December 2008.

## 4. Information by business segment and geographical area

### 4.1 Preliminary remarks

The Saras group operates primarily in the following segments:

1. refining
2. marketing
3. generation of power by the combined cycle plant
4. wind power generation
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 site in Sarroch, Sardinia
- by acquiring emi-finished oil products from third parties that were previously refined on behalf of these same third parties at the Sarroch site

- and to a lesser extent by acquiring semi-finished oil products from third parties

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, which represent the only income from refining activities that the parent company carries out on behalf of third parties; this service is provided to major clients such as ENI and Statoil-Hydrol,

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:

- in Italy, by Arcola Petrolifera S.p.A. for off-network customers (wholesalers, buying consortia, local authority-owned utility companies and resellers) and oil companies (ENI, Tamoil, Total, 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, 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. The Cartagena site also produces biodiesel.

3. The generation of power by the combined-cycle plant relates to:

- the sale of electricity produced at the Sarroch power plant owned by Sarlux S.r.l., a wholly-owned subsidiary. This electricity is sold exclusively to the 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. Wind power is generated:

- by the Ulassai wind farm owned by subsidiary Sardeolica S.r.l. (100%-owned by subsidiary Parchi Eolici Ulassai S.r.l.)

5. Other activities include reinsurance 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 Saras Ricerche e Tecnologie S.p.A..

The management monitors the business sectors separately, for the purposes of resource allocation and performance assessment. Sector performance is assessed according to operating profit or loss.

## 4.2 Segment information

	Refining	Marketing	Power generation	Wind power	Other	Total
<b>30 JUNE 2008</b>						
Revenues from ordinary operations	4,062,947	1,363,277	283,239		24,112	5,733,575
deduction: revenues infrasector	(1,303,426)	(978)	(19,815)		(9,200)	(1,333,419)
<b>Revenues from third parties</b>	<b>2,759,521</b>	<b>1,362,299</b>	<b>263,424</b>		<b>14,912</b>	<b>4,400,156</b>
Other revenues	23,488	1,709	56,246		717	82,160
deduction: revenues infrasector	(13,765)	(452)	(8,016)		(160)	(22,393)
<b>Other revenues from third parties</b>	<b>9,723</b>	<b>1,257</b>	<b>48,230</b>		<b>557</b>	<b>59,767</b>
<b>Amortisation &amp; Depreciation</b>	<b>(37,354)</b>	<b>(2,549)</b>	<b>(37,629)</b>		<b>(1,056)</b>	<b>(78,588)</b>
<b>Operating profit (a)</b>	<b>271,987</b>	<b>58,144</b>	<b>59,818</b>		<b>(1,046)</b>	<b>388,903</b>
<b>Net income from non-consolidated equity investments</b>						
- Parchi Eolici Ulassai S.r.l.				1,367		1,367
<b>Total</b>				<b>1,367</b>		<b>1,367</b>
Financial Income	28,610	367	3,126		20	32,123
Financial Charges	(22,682)	(3,096)	(8,116)		(39)	(33,933)
Income Taxes	(24,010)	(14,398)	(19,904)		(398)	(58,710)
<b>Net Income</b>	<b>255,424</b>	<b>40,587</b>	<b>35,073</b>		<b>(1,334)</b>	<b>329,750</b>
<b>TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)</b>	<b>1,743,341</b>	<b>681,504</b>	<b>1,403,771</b>		<b>32,907</b>	<b>3,861,523</b>
of which:						
<b>Equity investments valued at equity</b>				<b>0</b>		<b>0</b>
<b>TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)</b>	<b>993,336</b>	<b>227,087</b>	<b>1,011,158</b>		<b>13,597</b>	<b>2,245,178</b>
Investments in tangible assets	85,294	25,071	13,535		686	124,586
Investments in intangible assets	27,622					27,622
<b>30 JUNE 2009</b>						
Revenues from ordinary operations	1,973,952	789,403	236,959	6,194	14,774	3,021,282
deduction: revenues infrasector	(675,911)	(23,007)	(15,941)	0	(5,929)	(720,788)
<b>Revenues from third parties</b>	<b>1,298,041</b>	<b>766,396</b>	<b>221,018</b>	<b>6,194</b>	<b>8,845</b>	<b>2,300,494</b>
Other revenues	43,448	920	25,926	8,263	288	78,845
deduction: revenues infrasector	(36,131)	(71)	(6,066)	0	(141)	(42,409)
<b>Other revenues from third parties</b>	<b>7,317</b>	<b>849</b>	<b>19,860</b>	<b>8,263</b>	<b>147</b>	<b>36,436</b>
<b>Amortisation &amp; Depreciation</b>	<b>(42,639)</b>	<b>(3,254)</b>	<b>(38,479)</b>	<b>(4,816)</b>	<b>(1,019)</b>	<b>(90,207)</b>
<b>Operating Income (a)</b>	<b>114,166</b>	<b>30,048</b>	<b>50,997</b>	<b>7,179</b>	<b>(135)</b>	<b>202,255</b>
<b>Net income from non-consolidated equity investments</b>						
- Parchi Eolici Ulassai S.r.l.				0		0
<b>Total</b>				<b>0</b>		<b>0</b>
Financial Income	10,699	157	284	74	61	11,275
Financial Charges	(18,505)	(728)	(3,972)	(2,183)	(53)	(25,441)
Income Taxes	(41,993)	(9,321)	(17,832)	(1,630)	(341)	(71,117)
<b>Net Income</b>	<b>64,626</b>	<b>19,543</b>	<b>29,801</b>	<b>3,441</b>	<b>(439)</b>	<b>116,972</b>
<b>TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)</b>	<b>1,515,821</b>	<b>516,434</b>	<b>1,317,504</b>	<b>119,691</b>	<b>32,912</b>	<b>3,502,362</b>
of which:						
<b>Equity investments valued at equity</b>				<b>0</b>		<b>0</b>
<b>TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)</b>	<b>1,004,817</b>	<b>239,526</b>	<b>882,841</b>	<b>86,586</b>	<b>15,682</b>	<b>2,229,452</b>
Investments in tangible assets	143,197	28,237	5,900	90	611	178,035
Investments in intangible assets	293	2,154	0	5	1,789	4,241

(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



### 4.3 Other information

#### Directly attributable assets and investments by geographical location

	30/06/2009	31/12/2008	Change
<b>Directly attributable assets</b>			
Italy	3,124,898	2,914,535	210,363
Rest of EU	377,464	321,723	55,741
<b>Total</b>	<b>3,502,362</b>	<b>3,236,258</b>	<b>266,104</b>
<b>Investments in tangible and intangible assets</b>			
Italy	156,727	231,921	(75,194)
Rest of EU	25,549	45,561	(20,012)
<b>Total</b>	<b>182,276</b>	<b>277,482</b>	<b>(95,206)</b>

#### Net revenues from ordinary operations by geographical area:

	30/06/2009	30/06/2008	Change
Sales in Italy	1,128,579	1,822,317	(693,738)
Sales in Spain	533,171	1,123,411	(590,240)
Sales in other EU countries	266,375	438,967	(172,592)
Sales in non-EU countries	351,875	1,015,461	(663,586)
Sales in US	20,494	0	20,494
<b>Total</b>	<b>2,300,494</b>	<b>4,400,156</b>	<b>(2,099,662)</b>

Amounts are shown net of inter-company eliminations.

The following table shows a breakdown of trade receivables by geographical area:

	30/06/2009	30/06/2008	Change
Italy	281,749	476,288	(194,539)
Spain	106,485	91,269	15,216
Other EU countries	18,649	21,283	(2,634)
Non-EU countries	50,919	59,286	(8,367)
US	188	322	(134)
Allowances for doubtful accounts	(9,103)	(9,122)	19
<b>Total</b>	<b>448,887</b>	<b>639,326</b>	<b>(190,439)</b>

## 5. Notes to the statement of financial position

The most significant changes to the statement of financial position compared with the same period last year are shown below.

### 5.1 Current assets

#### 5.1.1 Cash and cash equivalents

The following table shows a breakdown of cash and cash equivalents:

	30/06/2009	31/12/2008	Change
Bank and postal deposits	154,127	65,064	89,063
Cash	1,801	116	1,685
<b>Total</b>	<b>155,928</b>	<b>65,180</b>	<b>90,748</b>

Bank deposits were mainly attributable to Sarlux S.r.l. (EUR 123,087 thousand, including cash contractually due for future loan repayments), Sardeolica S.r.l. (EUR 18,666 thousand), Saras S.p.A. (EUR 2,354 thousand) and Arcola Petrolifera S.p.A. (EUR 6,200 thousand). For further details, please refer to section 5.4.1 "Long-term financial liabilities" and the cash flow statement.

#### 5.1.2 Other financial assets held for trading

The item (EUR 27,680 thousand) mainly includes:

1. Italian and foreign equities and government bonds held by the parent company (EUR 16,807 thousand); profits and losses generated in the period, as well as changes in fair value since the start of the period, are entered in the profit and loss account under "Other net financial income (charges)".
2. green certificates (EUR 10,873 thousand) obtained by subsidiary Sardeolica S.r.l. during the period for the generation of energy from renewable sources and still held as at 30 June; green certificates are awarded when the energy is generated and are sold on an appropriate regulated market or through bilateral agreements between the operators of this market. The certificates accrued over the year are valued at average market prices, while decreases due to the sale of green certificates accrued in the period or in previous years, are valued at sales price. For green certificates allocated on account by the GSE and not yet accrued according to energy generation, a payable of EUR 3,964 thousand was entered under "Trade and other payables".

Changes in the item are as follows:

#### Securities

<b>Balance at 31/12/2007</b>	<b>15,209</b>
Increase	15,204
Decrease	(14,561)
<b>Balance at 31/12/2008</b>	<b>15,852</b>
Increase	4,706
Decrease	(3,751)
<b>Balance at 30/06/2009</b>	<b>16,807</b>

#### Green Certificates

<b>Balance at 31/12/2007</b>	<b>16,364</b>
Increase	10,570
Decrease	(22,322)
<b>Balance at 31/12/2008</b>	<b>4,612</b>
Increase	10,873
Decrease	(4,612)
<b>Balance at 30/06/2009</b>	<b>10,873</b>

### 5.1.3 Trade receivables

The following table shows the balance for trade receivables:

	30/06/2009	31/12/2008	Change
Clients	448,887	639,326	(190,439)
<b>Total</b>	<b>448,887</b>	<b>639,326</b>	<b>(190,439)</b>

The decrease in receivables was chiefly due to the balance registered in December for the provision of energy for the full year 2008 by subsidiary Sarlux S.r.l. to G.S.E., as well as fewer products sold by parent company Saras S.p.A. in June by comparison with December 2008.

### 5.1.4 Inventories

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

	30/06/2009	31/12/2008	Change
<b>Inventories:</b>			
Raw materials, replacements parts and consumables	259,791	168,235	91,556
Semi-finished products and work in progress	64,637	26,581	38,056
Finished products and good held for resale	357,263	263,444	93,819
Advance payments	16,490	11,038	5,452
<b>Total</b>	<b>698,181</b>	<b>469,298</b>	<b>228,883</b>

The increase in the value of inventories was mainly due to the general increase in prices in the period under review, as well as greater quantities of crude and finished products held at the end of the period.

No stocks are put up as guarantees for liabilities.

The Sarroch refinery held crude and oil products belonging to third parties worth a total of EUR 106 million at 30 June 2009 (EUR 88 million at 31 December 2008).

### 5.1.5 Current tax assets

Current tax assets amounting to EUR 68,369 thousand (EUR 7,770 thousand at 31 December 2008) are detailed below:

	30/06/2009	31/12/2008	Change
VAT credits	54,033	3,939	50,094
IRES/ IRAP credits	9,259	0	9,259
IRAP credits	248	500	(252)
Other tax credits	4,829	3,331	1,498
<b>Total</b>	<b>68,369</b>	<b>7,770</b>	<b>60,599</b>

The increase in the VAT credit position was due to the reduction in the availability of the ceiling for VAT-exempt import/export transactions by the parent company, combined with a contraction in business volume, mainly due to lower oil product prices compared with the previous year.

The other tax credits include credits mainly for the reimbursement of port charges on EU traffic imposed by the customs authority.

### 5.1.6. Other current assets

The balance is detailed below.

	30/06/2009	31/12/2008	Change
Accrued Income	3,020	2,106	914
Prepayments	8,629	11,064	(2,435)
Other receivables	100,561	95,746	4,815
<b>Total</b>	<b>112,210</b>	<b>108,916</b>	<b>3,294</b>

The 'Other receivables' item mainly comprises the receivable of EUR 93,131 thousand of the subsidiary Sarlux S.r.l. and resulting from the recognition pursuant to section II, point 7-bis of CIP provision 6/92, of the repayment of expenses relating to the application of Directive 2003/87/EC (Emissions Trading) and AEEG Resolution 77/08, with reference to 2008 (EUR 73,906 thousand) and to the first half 2009 (EUR 19,225 thousand).

## 5.2 Non-current assets

### 5.2.1 Property, plant and equipment

The following table shows a breakdown of property, plant and equipment:

<b>COST</b>	31/12/2007	Addition	(Disposals)	Revaluations (write-down)	Other changes	31/12/2008
Land & buildings	148,246	865	(4)		9,939	159,046
Plant & machinery	1,994,922	12,276	(2,363)		321,428	2,326,263
Industrial & commercial equipment	15,487	218			2,958	18,663
Other assets	423,524	1,234	(534)		24,794	449,018
Work in progress and advances	182,865	238,165			(243,595)	177,435
<b>Total</b>	<b>2,765,044</b>	<b>252,758</b>	<b>(2,901)</b>	<b>0</b>	<b>115,524</b>	<b>3,130,425</b>

<b>ACCUMULATED DEPRECIATION</b>	31/12/2007	Depreciation	(Disposals)	Revaluations (write-down)	Other changes	31/12/2008
Land & buildings	44,040	5,234	(4)		(610)	48,660
Plants & machinery	1,221,582	103,989	(2,110)		41,497	1,364,958
Industrial & commercial equipment	11,456	2,050			467	13,973
Other assets	306,812	19,467	(500)		37	325,816
<b>Total</b>	<b>1,583,890</b>	<b>130,740</b>	<b>(2,614)</b>	<b>0</b>	<b>41,391</b>	<b>1,753,407</b>

<b>NET BOOK VALUE</b>	31/12/2007	Addition	(Disposals)	(Depreciation)	Other changes	31/12/2008
Land & buildings	104,206	865	0	(5,234)	10,549	110,386
Plants & machinery	773,340	12,276	(253)	(103,989)	279,931	961,305
Industrial & commercial equipment	4,031	218	0	(2,050)	2,491	4,690
Other assets	116,712	1,234	(34)	(19,467)	24,757	123,202
Work in progress and advances	182,865	238,165	0		(243,595)	177,435
<b>Total</b>	<b>1,181,154</b>	<b>252,758</b>	<b>(287)</b>	<b>(130,740)</b>	<b>74,133</b>	<b>1,377,018</b>

<b>COST</b>	<b>31/12/2008</b>	<b>Addition</b>	<b>(Disposals)</b>	<b>(Depreciation)</b>	<b>Other changes</b>	<b>30/6/2009</b>
Land & buildings	159,046	3,879			39,779	202,704
Plants & machinery	2,326,263	8,396			36,672	2,371,331
Industrial & commercial equipment	18,663	138			(101)	18,700
Other assets	449,018	11,995			3,541	464,554
Work in progress and advances	177,435	153,627			(86,386)	244,676
<b>Total</b>	<b>3,130,425</b>	<b>178,035</b>	<b>0</b>	<b>0</b>	<b>(6,495)</b>	<b>3,301,965</b>

<b>ACCUMULATED DEPRECIATION</b>	<b>31/12/2008</b>	<b>Depreciation</b>	<b>(Disposals)</b>	<b>Revaluations (write-down)</b>	<b>Other changes</b>	<b>30/6/2009</b>
Land & buildings	48,660	3,072			2,005	53,737
Plants & machinery	1,364,958	57,016			(44)	1,421,930
Industrial & commercial equipment	13,973	875			(131)	14,717
Other assets	325,816	10,292			(818)	335,290
<b>Total</b>	<b>1,753,407</b>	<b>71,255</b>	<b>0</b>	<b>0</b>	<b>1,012</b>	<b>1,825,674</b>

<b>NET BOOK VALUE</b>	<b>31/12/2008</b>	<b>Addition</b>	<b>(Disposals)</b>	<b>(Depreciation)</b>	<b>Other changes &amp; Rev./Dev.</b>	<b>30/6/2009</b>
Land & buildings	110,386	3,879	0	(3,072)	37,774	148,967
Plants & machinery	961,305	8,396	0	(57,016)	36,716	949,401
Industrial & commercial equipment	4,690	138	0	(875)	30	3,983
Other assets	123,202	11,995	0	(10,292)	4,359	129,264
Work in progress and advances	177,435	153,627	0		(86,386)	244,676
<b>Total</b>	<b>1,377,018</b>	<b>178,035</b>	<b>0</b>	<b>(71,255)</b>	<b>(7,507)</b>	<b>1,476,291</b>

Costs are shown net of grants received for investments. The gross value of grants deducted from fixed assets was EUR 167,089 thousand, and related to the programme agreements entered into with the Ministry of Industry, Commerce and Crafts on 19 June 1995 and the Ministry of Productive Activities on 10 October 1997. The residual value of these grants was EUR 12,936 thousand at 30 June 2009, compared with EUR 16,144 thousand at 31 December 2008.

The net balance of "Other changes" mainly relates to the raw materials used to start up the biodiesel production plant of subsidiary Saras Energia S.A., initially capitalised as work in progress and then, for the portion not used during the start up phase, reclassified as warehouse inventories.

The item "Land and buildings" includes industrial buildings used as offices and warehouses (net value: EUR 93,027 thousand), civic buildings in Milan, Cagliari and Rome used as offices (net value: EUR 20,005 thousand) and land largely relating to the Sarroch and Arcola sites and service stations belonging to the parent company, subsidiary Arcola Petrolifera S.p.A. and subsidiary Saras Energia S.A. respectively (EUR 35,935 thousand).

The item "Plant and machinery" mainly relates to the refining and combined-cycle power plants in Sarroch.

The item "Industrial and commercial equipment" includes equipment for the chemicals laboratory and the control room for the parent company's refining activities, plus miscellaneous production equipment.

"Other assets" mainly includes tanks and pipelines used to carry the products and crude oil of the both the parent company and the groups trading companies (Saras Energia S.A. and Arcola Petrolifera S.p.A.).

The item "Work in progress and advances" reflects costs mainly relating to investments in tanks, and work to adapt and upgrade existing plants, particularly for environmental, safety and reliability purposes.

Increases in the period totalled EUR 178,035 thousand and mainly referred to technological work on the plants, particularly the cracking and alkylation units.

The most significant depreciation rates used are as follows:

Industrial building (land & buildings)	5,50%
Generic plants (plant & equipment)	8,38% - 6,25%
Highly corrosive plants (plant & equipment)	11,73% - 8,75%
Pipeline & tanks (plant & equipment)	8,38% - 6,25%
Thermoelectricity plant	4,50%
Wind plant	10,00% - 4,00%
Equipment (Equipment)	25,00%
Office electronic machinery (other assets)	20,00%
Office furniture & machinery (other assets)	12,00%
Transport vehicles (other assets)	25,00%

No fixed assets are held for sale.

The group has a concession from the Cagliari Port Authority allowing it to occupy state-owned areas until 31 December 2015. These areas contain the Sarroch refinery's service facilities (waste-water treatment, seawater desalination, blow-down, flare system and landing stage). Currently there is no reason to believe that the concession will not be renewed on expiry.

Leased assets, booked as "Vehicles", totalled EUR 14,663 thousand, with a residual net value of zero.

No financial charges were capitalised in the first half 2009, while internal costs of EUR 5,793 thousand were capitalised.

## 5.2.2 Intangible assets

The following table shows the changes in intangible assets:

CATEGORY	31/12/2007	Additions	Disposals	Other Changes	(Amortisation)	31/12/2008
Industrial & other patent rights	1,782				(1,782)	0
Concessions, licences, trademarks & similar rights	29,295	1,877		21,771	(2,439)	50,504
Goodwill	2,515	20,968				23,483
Assets in progress & payments on account	9,050	1,879		(230)		10,699
Other intangible assets	422,801			10,043	(32,955)	399,889
<b>Total</b>	<b>465,443</b>	<b>24,724</b>	<b>0</b>	<b>31,584</b>	<b>(37,176)</b>	<b>484,575</b>

CATEGORY	31/12/2008	Additions	Disposals	Other Changes	(Amortisation)	30/06/2009
Industrial & other patent rights	0			5,185	(1,629)	3,556
Concessions, licences, trademarks & similar rights	50,504	498		1,111	(634)	51,479
Goodwill	23,483	962				24,445
Assets in progress & payments on account	10,699	930		2,191		13,820
Other intangible assets	399,889	1,851		(8,807)	(16,689)	376,244
<b>Total</b>	<b>484,575</b>	<b>4,241</b>	<b>0</b>	<b>(320)</b>	<b>(18,952)</b>	<b>469,544</b>

The main items are set out in detail below.

#### Concessions, licences, trademarks and similar rights

The balance mainly refers to the effects of the acquisition in 2006 of Estaciones de Servicio Caprabo S.A.(Saras Energia Red S.A.) in 2006, now merged into Saras Energia S.A.; the fair value assessment of the assets, liabilities and potential liabilities of the acquired company generated the booking of an intangible asset classified as a concession in order to reflect the contractual conditions that provide for the reinstatement of tangible assets after 20 years.

#### Goodwill

This item mainly refers to goodwill paid to acquire a shareholding of 30% of subsidiary Parchi Eolici Ulassai S.r.l.. The EUR 962 thousand increase refers to the acquisition by subsidiary Akhela S.r.l. of Artemide S.r.l.. Intangible assets with a non-finite useful life are not amortised, but subject to annual impairment tests at the end of every financial year, or whenever there are indications of losses in value. As at 30 June 2009, there were no such indications.

#### 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.

Amortisation of intangible assets totalled EUR 18,952 thousand, and was calculated using the annual rates shown below.

Industrial & other patent rights	20%
Concessions, licences, trademarks & similar rights	5% - 33%
Other intangible assets	6% - 33%

No intangible assets with a finite useful life are held for sale.



### 5.2.3 Equity investments

The table below shows a list of equity investments held at 30 June 2009, with the main figures relating to each subsidiary.

Company name	Registered office	Currency	share Capital	% owned by Group at 06-09	% owned by Group at 12-08	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 controllate:	Milan	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
Nova Eolica S.r.l.	Cagliari	EUR	10,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Alpha Eolica S.r.l.	Bucarest (Romania)	Leu	251	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Labor Eolica S.r.l.	Bucarest (Romania)	Leu	251	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Akhela S.r.l. & subsidiaries:	Uta (CA)	EUR	3,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Artemide S.r.l.	Rome	EUR	20,000	51.00%	0.00%	51.00%	Akhela S.r.l.	51.00%	Subsidiary
ITSME S.r.l.	Milan	EUR	39,632	4.86%	0.00%	4.86%	Akhela S.r.l.	4.86%	Other Interests
Sarint S.A. & affiliated companies:	Luxemburgo	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	2,225,000	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. & subsidiary:	Cagliari	EUR	500,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sardeolica S.r.l.	Cagliari	EUR	56,696	100.00%	100.00%	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
Hangzhou Dadi Encon Environmental Equipment Co.	Hangzhou	RMB	14,050,200	0.00%	37.50%	0.00%	Saras Ricerche e Tecnologie S.p.A.	0.00%	Associated
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	0.00%	17.40%	0.00%	Saras Ricerche e Tecnologie S.p.A.	0.00%	Other Interests
Sarda Factoring	Cagliari	EUR	8,320,000	5.95%	5.95%	5.95%	Saras S.p.A.	5.95%	Other Interests
Centro di Competenza I.C.T.	Cagliari	EUR	20,000	0.50%	0.50%	0.50%	Akhela S.r.l.	0.50%	Other Interests

### 5.2.3.1 Other investments

Other investments break down as follows:

	30/06/2009	31/12/2008
ITSME S.r.l.	51	0
Dynergy S.r.l.	91	91
Hangzhou Dadi Encon Environmental Equipment Co,	0	481
Consorzio Cesma	3	3
Consorzio La Spezia Energia	2	2
Consorzio Techno Mobility	0	10
Sarda Factoring	495	495
I.C.T.Competence Centre	21	21
<b>Total</b>	<b>663</b>	<b>1,103</b>

The change between 31 December 2008 and 30 June 2009 is due to:

1. the acquisition by Akhela S.r.l. of 4.855% of ITSME S.r.l., which has its registered office in Milan.
2. the sale of the shares held by Saras Ricerche e Tecnologie S.p.A. in Hangzhou Dadi Encon Environmental Equipment Co., generating a capital loss of EUR 26 thousand
3. the sale of the shares held by Saras Ricerche e Tecnologie S.p.A. in the Techno Mobility consortium.

### 5.2.4 Deferred tax assets

The balance at 30 June 2009 of EUR 41,749 thousand mainly comprises the net deferred tax of subsidiary Sarlux S.r.l., mainly arising from the reporting of EUR 260,968 thousand in revenues on a linear basis net of deferred tax, in relation to the booking of the contract between GSE (Gestore dei Servizi Elettrici S.p.A.) and Sarlux S.r.l. at fair value, for EUR 135,088 thousand, and off-statement of financial position amortisationsheet depreciation made for tax purposes for EUR 77,391 thousand.

### 5.2.5 Other financial assets

The balance at 30 June 2009 was EUR 2,860 thousand (EUR 3,655 thousand in the previous year) and is chiefly represented by advances paid by subsidiary Sarlux S.r.l. for future oxygen supplies.

## 5.3 Current liabilities

### 5.3.1 Short-term financial liabilities

The following table shows short-term financial liabilities.

	30/6/2009	31/12/2008	Change
Bank loans	69,472	80,693	(11,221)
Bank accounts	258,768	163,287	95,481
Financial instruments	401	0	401
Loans from non-consolidated group companies	0	0	0
Other short-term financial liabilities	0	0	0
<b>Total short-term financial liabilities</b>	<b>328,641</b>	<b>243,980</b>	<b>84,661</b>
Long-term bank loans	327,085	174,211	152,874
<b>Total long-term financial liabilities</b>	<b>655,726</b>	<b>418,191</b>	<b>237,535</b>

The terms and conditions of the company's loans are explained in the note on the item "Long-term financial liabilities".

The EUR 11,221 thousand decrease in the item "Short-term bank loans" compared with 31 December 2008 was chiefly due to the reduction in loans to parent company Saras S.p.A., subsidiary Sarlux S.r.l. and subsidiary Sardeolica S.r.l.. The EUR 152,874 thousand increase in the item "Long-term bank loans" compared with the previous year was due to the activation of a new loan by the parent company (EUR 188.5 million) net of the reduction in loans to subsidiary Sarlux S.r.l. and subsidiary Sardeolica S.r.l..

The fair value of financial derivatives is shown in detail in the table below:

(EUR thousands)	30/06/2009		31/12/2008	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps		(1,238)		(541)
Fair value options on forward currency contracts				
Fair value of forward purchases and sales of commodities (oil & other oil products)	995		3,015	0
Options on interest rates	387			
<b>Total</b>	<b>1,382</b>	<b>(1,238)</b>	<b>3,015</b>	<b>(541)</b>

The valuation at fair value of the derivatives outstanding at 30 June 2009 had a negative net impact on the profit and loss account of EUR 3,387 thousand (compared with a positive net impact of EUR 196 thousand the previous year), as shown in section 6.4 below.

The following tables show notional values and relative fair values of derivatives outstanding at 30 June 2009:

Type of transaction	Interest rate		Other			
	Notional value	Fair value		Notional value	Fair value	
		Pos.	Neg.		Pos.	Neg.
<i>Financial derivatives</i>						
<b>Futures</b>						
purchases				(147,297)		(3,472)
sales				131,819	4,200	
<b>Swap</b>						
Oil products						
Interest rates	(188,047)	(1,783)			267	
<b>Options</b>						
Interest rates	(50,000)	387				
<b>Total</b>	<b>(238,047)</b>	<b>387</b>	<b>(1,783)</b>	<b>(15,478)</b>	<b>4,467</b>	<b>(3,472)</b>

### 5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	30/6/2009	31/12/2008	Change
Advances from clients: portion due within the year	4,025	156	3,869
Payables to suppliers: portion due within the year	519,023	560,523	(41,500)
Trade payables to non-consolidated group companies	0	0	0
Trade payables to associated companies	301	188	113
<b>Total</b>	<b>523,349</b>	<b>560,867</b>	<b>(37,518)</b>

Trade payables decreased compared with the previous year, mainly due to fewer crude purchase by comparison with the final period of the previous year, partially offset by greater payables relating to asset additions.

The table below shows a geographical breakdown of payables to suppliers.

	30/06/2009	31/12/2008	Change
Payables to Italian suppliers	204,304	278,383	(74,079)
Payables to Spanish suppliers	68,475	61,305	7,170
Payables to other EU country suppliers	1,190	14,633	(13,443)
Payables to non-EU country suppliers	244,634	206,182	38,452
Payables to US suppliers	420	20	400
<b>Total</b>	<b>519,023</b>	<b>560,523</b>	<b>(41,500)</b>

### 5.3.3 Current tax liabilities

This item is broken down below.

	30/6/2009	31/12/2008	Change
VAT payables	13,185	17,235	(4,050)
IRES (Corporate Tax)	88,182	37,085	51,097
IRAP (Regional Tax)	13,595	4,923	8,672
Other tax payables	78,172	48,503	29,669
<b>Total</b>	<b>193,134</b>	<b>107,746</b>	<b>85,388</b>

VAT payables relate to the debt position of subsidiary Saras Energia S.A..

The increases in the "IRES payables" and "IRAP payables" were mainly due both to existing debt at 31 December 2008 relating to tax owing for 2008, and to tax due for the first half 2009.

The item "Other tax payables" mainly includes the second and third instalments of the withholding tax for the elimination of off-statement of financial position deductions (EUR 22 million), the withholding tax on the realignment of the values of crude and oil product stocks for statutory and tax purposes ("Robin Hood Tax"; EUR 5 million), and payables for excise duties on products introduced into the market by Spanish subsidiary Saras Energia S.A. and Italian subsidiary Arcola Petrolifera S.p.A. (EUR 47 million) and payables relating to personnel income tax (IRPEF).

### 5.3.4 Other current liabilities

A breakdown of other current liabilities is shown below.

	30/6/2009	31/12/2008	Change
Amount payable to welfare and social security bodies: portions due within the year	10,079	11,191	(1,112)
Due to personnel	20,090	19,353	737
Payables to Ministry for grants	30,080	29,832	248
Other payables	15,685	14,875	810
Other accrued liabilities	853	661	192
Other deferred income	623	252	371
<b>Total</b>	<b>77,410</b>	<b>76,164</b>	<b>1,246</b>

The item "Due to personnel" includes salaries not yet paid in June, performance bonuses for the achievement of business targets, and the portion of additional monthly payments accrued.

The item "Payables to ministry for grants" mainly includes advances received from the Ministry of Productive Activities by both the parent company in connection with the programme agreement signed on 10 June 2002, for which the final concession decree has yet to be granted (EUR 13,848 thousand), and by the subsidiary Sardeolica S.r.l. for the construction of the Ulassai wind farm (EUR 15,679 thousand).

The item "Other payables" mainly relates to port duties as determined by the customs authority in respect of the parent company; please note that the initial phase of the company's long-standing dispute with the Italian tax authority regarding port duties payable for the Sarroch landing dock for the 1994-1995 period was settled to the full satisfaction of Saras, after the Court of Cassation found in favour of the company and issued a definitive ruling declaring that the taxes were not due.

A second phase of the dispute is now under way, and despite a favourable decision by the court of Cagliari, an unfavourable ruling was handed down by the Cagliari Court of Appeal. The company has now lodged an appeal with the Court of Cassation, which has yet to announce its ruling.

In addition, during 2007, the tax authority asked the parent company to pay the tax assessed and put on hold. The company appealed against this measure to the Regional Tax Court, while the tax authority refused to grant a suspension for further assessments.

As a result of this dispute, the entire amount relating to port duties for 2008, as well as for previous years, has been booked on an accruals basis under "Service costs".

## 5.4 Non-current liabilities

### 5.4.1. Long-term financial liabilities

Details of the terms and conditions of loans are shown in the table below.

Figures in EUR million	Date of borrowing	Amount originally borrowed	Base rate	Outstanding 31/12/08	Outstanding 30/06/09	Maturity			Collateral
						1 year	from 1 to 5 years	beyond 5 years	
<b>Saras S.p.A.</b>									
Unicredit	20-Dec-04	50.0	Euribor 6M	10.0	5.0	5.0			5.0
IntesaSanPaolo in pool	3-Jun-09	100.0	Euribor 6M	-	99.2		99.2		
IntesaSanPaolo in pool	16-Jun-09	90.0	Euribor 6M	-	89.3		89.3		
				<b>10.0</b>	<b>193.5</b>	<b>5.0</b>	<b>188.5</b>	<b>-</b>	
<b>Sartec S.p.A.</b>									
San Paolo Imi	30-Jun-01	1.7	2.31%	0.3	0.3	0.3			
				<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	
<b>Akhela S.r.l.</b>									
Banco di Sardegna	24-Apr-02	3.1	Euribor 6M	0.3	-				
Unicredit	6-Aug-08	0.2	0.74%	0.2	0.2	0.2			
				<b>0.5</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	
<b>Artemide S.r.l.</b>									
Unicredit	5-Apr-06	0.2	Euribor 1M	-	0.2	0.2			
				<b>-</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	
<b>Saras Energia S.A.</b>									
Banca Esp. De Credito	11-Sep-02	10.0	Euribor 6M	4.4	3.9	1.1	1.7		
				<b>4.4</b>	<b>3.9</b>	<b>1.1</b>	<b>1.7</b>	<b>-</b>	
<b>Sardeolica S.r.l.</b>									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	68.3	64.8	7.4	32.0	25.3	65
				<b>68.3</b>	<b>64.8</b>	<b>7.4</b>	<b>32.0</b>	<b>25.3</b>	
<b>Sarlux S.r.l.</b>									
Banca Intesa	29-Nov-96	572.0	Libor 3M	102.0	80.6	33.1	47.5		80.6
BEI	29-Nov-96	180.0	7.35%	34.8	27.2	11.1	16.1		27.2
BEI	29-Nov-96	208.0	Euribor 3M	34.6	27.1	11.1	16.0		27.1
				<b>171.4</b>	<b>134.9</b>	<b>55.3</b>	<b>79.6</b>	<b>-</b>	
<b>Total payables to banks for loans</b>				<b>254.9</b>	<b>397.8</b>	<b>69.5</b>	<b>301.8</b>	<b>25.3</b>	

Sarlux S.r.l. must meet certain conditions with regard to existing loans before paying dividends. These are as follows:

- the following current accounts held by Sarlux at Banca Intesa in London must be sufficiently in credit to fulfil the purposes for which the accounts were opened:
  - debt service reserve account: includes repayments to be made to banks (capital plus interest) on loans due in the next half-year
  - Air Liquide account: includes amounts guaranteeing oxygen supplies to be provided by Air Liquide Italia in the next half-year
- the following ratios, taken from Sarlux's annual accounts figures and projections, must be achieved:
  - annual debt service coverage ratio: the ratio of available post-tax cash flow for the next 12 months to total debt to be repaid in the same period must be more than 1.15
  - loan life coverage ratio: the ratio of the net present value of post-tax cash flow expected over the remaining life of the contract to total remaining debt to be repaid must be more 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 coverage ratio (Net Present Value Cash Flow Post Tax versus total debt to be reimbursed) falls below 1.05; (ii) the annual debt service coverage ratio falls below 1; (iii) the forecast annual debt service coverage ratio falls below 1.

In the period under review, these ratios, set contractually using an appropriate financial model, were complied with.

In addition, to guarantee the loans taken out by Sarlux S.r.l., all of the shares in the company were pledged as collateral to the financing banks.

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. The loan is repayable in half-yearly instalments until the end of 2016, and carries a variable interest rate equivalent to Euribor plus a margin, which is also variable.

This facility imposes certain restrictions on the subsidiary:

- financial (mainly liquidity parameters set in the contract and a prohibition on carrying out derivatives transactions unless authorised by the pool of banks)
- operational, as regards 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.

As at 30 June 2009, these conditions, set contractually using an appropriate financial model, were complied with.

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.

A simple loan agreement for EUR 190 million was signed on 25 May 2009 by parent company Saras S.p.A. with a pool of banks (led by Intesa Sanpaolo). The loan will last for 3 years, is repayable in a single instalment in June 2012 and carries a half-year interest rate based on Euribor +2%.

This facility imposes certain restrictions on the subsidiary:

- in financial terms, it will have to meet the following ratios: net financial position/EBITDA < 3.5 and net financial position/shareholders' equity < 1.5
- in corporate terms, mainly in relation to ownership structure, a prohibition on changes in business activities, on reductions in the share capital and on extraordinary operations.

If the company fails to comply with these restrictions, the pool of lending banks has the right to demand early repayment of the loan.

On 3 June 2009, EUR 100 million of the loan was drawn down and the remaining EUR 90 million was utilised on 16 June 2009.

The table below shows the composition of the group's net debt at 30 June 2009 and 31 December 2008.

EUR thousands	30/06/09	31/12/08
Medium-/long-term bank loans	(327,085)	(174,211)
Short-term bank loans	(69,472)	(80,693)
Bank overdrafts	(258,768)	(163,287)
Financial payables to non-consolidated group companies	0	0
Financial receivables to non-consolidated group companies	0	0
Other held for trading financial assets	27,680	20,464
Cash and equivalents	155,928	65,180
<b>Total net debt</b>	<b>(471,717)</b>	<b>(332,547)</b>

The change was mainly due to investments made in the period and to dividends paid out, partially financed by operating cash flows.

## 5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows:

	31/12/2007	Additions	Reductions	Movements	31/12/2008
Provisions for dismantling of plants	16,826				16,826
Provisions for CO <sub>2</sub> quotas	0	5,135			5,135
Other risk provisions	6,470	1,245	(481)		7,234
<b>Total</b>	<b>23,296</b>	<b>6,380</b>	<b>(481)</b>	<b>0</b>	<b>29,195</b>

	31/12/2008	Additions	Reductions	Other movements	30/06/2009
Fondo smantellamento impianti	16,826				16,826
Provisions for CO <sub>2</sub> quotas	5,135	21,687	(3,365)		23,457
Other risk provisions	7,234		(661)		6,573
<b>Total</b>	<b>29,195</b>	<b>21,687</b>	<b>(4,026)</b>	<b>0</b>	<b>46,856</b>

The provisions for dismantling plants are related to future costs for the dismantling of plants and machinery, which are considered appropriate wherever there is a legal and implicit obligation to be met in this regard. The provision has not been discounted given its negligible effect on the group's financial statements.

The provision for CO<sub>2</sub> emission quotas (EUR 23,457 thousand in respect of the parent company) stems from Legislative Decree 216 of 4 April 2006, which introduced limits on CO<sub>2</sub> emissions from plants. If these limits are exceeded a company must purchase credits covering the excess amount of CO<sub>2</sub> on the market. The provision in question represents credits due and not yet purchased.

Under Italy's National Allocation Plan, the parent company Saras S.p.A. receives CO<sub>2</sub> allowances from the government, and is responsible for CO<sub>2</sub> emissions at the whole Sarroch site, including the IGCC plant owned by its subsidiary Sarlux S.r.l.

The CO<sub>2</sub> allowances assigned under National Allocation Plan for the full-year 2009 were:

- 2,159,696 tonnes CO<sub>2</sub> quotas for refining plants owned by the parent company (revised by the Italian Ministry for the Environment from the 2,137,383 initially allocated), which emitted 1,017,789 tonnes of CO<sub>2</sub> as at 30 June 2009. A provision was made for the proportional deficit in the half-year compared with estimated emissions for the full year, of 147,959 tonnes quotas worth EUR 1,772 thousand.

- 444,404 tonnes CO<sub>2</sub> quotas for the cogeneration plant owned by subsidiary Sarlux S.r.l., which emitted 1,740,304 tonnes of CO<sub>2</sub> as at 30 June 2009. A provision was made for the proportional deficit in the half-year compared with estimated emissions for the full year, of 1,530,050 tonnes quotas, worth EUR 19,915 thousand.

In order to cover the existing deficit at 31 December 2008, 134,092 tonnes quotas were purchased by Sarlux during the first half-year, using EUR 1,916 thousand of the provision and 102,602 tonnes were purchased by Saras, using EUR 1,449 thousand of the provision. CO<sub>2</sub> quotas already held by the group are taken into account in determining the provision.

## 5.4.3 Provisions for employee benefits

The balance of this item is detailed below:

	30/06/2009	31/12/2008	Change
Employee end-of-service payments	16,006	17,480	(1,474)
Other complementary provisions	19,974	20,014	(40)
<b>Total</b>	<b>35,980</b>	<b>37,494</b>	<b>(1,514)</b>



Employee end-of-service payments are governed by article 2120 of the Italian civil code and reflect the estimated amount, based on actuarial estimates, that the company will be required to pay employees when they leave their employment. The CPAS fund is the company's supplementary employee pension fund; this obligation is also measured using actuarial techniques.

The following table shows the changes in employee end-of service payments:

<b>Balance at 31.12.2007</b>	<b>18,722</b>
Accrual	7,216
Amount used	(8,458)
<b>Balance at 31.12.2008</b>	<b>17,480</b>
Accrual	2,470
Amount used	(3,944)
<b>Balance at 30.06.2009</b>	<b>16,006</b>

The table below shows changes in the CPAS fund.

<b>Balance at 31.12.2007</b>	<b>17,958</b>
Accrual	2,979
Amount used	(923)
<b>Balance at 31.12.2008</b>	<b>20,014</b>
Accrual	724
Amount used	(764)
<b>Balance at 30.06.2009</b>	<b>19,974</b>

Pursuant to IAS 19, the end-of-service and CPAS funds were valued using the projected unit credit cost method and the following assumptions:

	30/06/2009	31/12/2008
<b>BUSINESS ASSUMPTIONS</b>		
Cost of living increases	2.00%	2.00%
Discount rate	5.00%	5.00%
Salary increases	3.00%	3.00%
Annual increase in CPAS fund	11.00%	11.00%

#### Demographic Assumptions

Probability of death:	ISTAT index for 2002, by gender
Probability of invalidity:	INPS model for projections to 2010
Probability of resignations:	Annual staff turnover of 0.5% for all Group Companies
Probability of retirement:	First level of pensionable requirements valid for the mandatory general insurance scheme
Probability of early retirement:	3.00% per annum for all Group Companies

As at 30 June 2009, there were no actuarial gains or losses not recognised in the financial statements.

#### 5.4.4 Other non-current liabilities

Other non-current liabilities break down as follows:

	30/6/2009	31/12/2008	Variazione
Advances from clients: portion due in future years	518	5,134	(4,616)
Payables to welfare and social security bodies: portion due in future years	386	350	36
Deferred income	688,568	673,180	15,388
Other	7,524	16,884	(9,360)
<b>Total</b>	<b>696,996</b>	<b>695,548</b>	<b>1,448</b>

The change compared to 31 December 2008 is mainly due to the increase in "Deferred income" posted by the subsidiary Sarlux S.r.l. The item in question relates to the agreement for the sale of energy between the subsidiary Sarlux S.r.l. and GSE (Gestore dei Servizi Elettrici S.p.A.), which was accounted for according to IFRIC 4. Revenues from the sale of energy are affected by their being linearised in connection with 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 Sarlux S.r.l., meaning that it is comparable to an operating lease. Such revenues have therefore been stated on a linear basis in accordance with both the duration of the contract (20 years) and forecasts for the price of crude oil, which constitute a determining factor for electricity tariffs and electricity production costs.

The "Other payables" item included, at 31 December 2008, the single instalment of the withholding tax on the elimination of off-statement of financial position due in June 2010 (EUR 9.5 million), which is now classified as a current item.

#### 5.5 Shareholders' equity

Shareholders' equity comprises the following:

	30/06/2009	31/12/2008	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	1,090,375	1,183,675	(93,300)
Profit of the year/period	116,972	61,822	55,150
	<b>1,272,903</b>	<b>1,311,053</b>	<b>(38,150)</b>
of which minority interests			
Share capital and reserves attributable to minority interests	7	0	0
Profit (loss) for year attributable to minority interests	0	0	0
<b>Total minority interests</b>	<b>7</b>	<b>0</b>	<b>0</b>

##### Share capital

At 30 June 2009, the share capital of EUR 54,630 thousand, fully subscribed and paid up, comprised 951,000,000 ordinary shares with no nominal value.

##### Legal reserve

The legal reserve was unchanged from the previous year and stood at one-fifth of the share capital.

##### Other reserves

This item totalled EUR 1,090,375 thousand, a net decrease of EUR 93,300 thousand compared to the previous period. The net decrease was the combined result of:

- an increase of EUR 61,822 thousand due to the allocation of profit from the previous year;
- an increase of EUR 2,515 thousand relating to the reserve for the bonus allocation of shares to employees and management under the stock grant plans;
- a decrease due to the distribution to shareholders of a dividend totalling EUR 157,721 thousand, as approved at the shareholders' meeting of 28 April 2009;

- an increase due to the new tax rates relating to the IPO charges originally allocated to reserves (EUR 84 thousand);

Pursuant to IAS 1, paragraphs 1 and 97, please note that changes in shareholders' equity in the period relating to owners of the company's shares refer to dividend payment.

The item is shown net of an amount of EUR 17,853 thousand (including the fiscal effect) for charges stemming from the listing operation which took place in 2006.

#### *Net profit*

Net profit stood at EUR 116,972 thousand.

#### *Restrictions on the distribution of equity reserves*

The main restrictions on the distribution of equity reserves are as follows:

- the legal reserve, totalling EUR 10.9 million, may only be used to cover losses;
- the item "Locked-in reserves as per article 7, paragraph 6 of Legislative Decree 38/05" is distributable solely to cover losses or increase share capital.

#### *Dividends*

On 28 April 2009, the ordinary shareholders' meeting of Saras S.p.A. approved the payment of an ordinary dividend of EUR 0.17 per share. The dividend totalled EUR 157,721 thousand, comprising EUR 60,834 thousand from 2008 profits and EUR 96,887 thousand from the extraordinary reserve.

No treasury shares were acquired or sold during the period.

## 6. Notes to the statement of comprehensive income

### 6.1 Revenues

#### 6.1.1 Revenues from ordinary operations

The item "Revenues from ordinary operations" breaks down as follows:

	30/6/2009	30/6/2008	Change
Sales and services revenues	2,022,625	4,059,699	(2,037,074)
Revenues from processing services	35,000	42,242	(7,242)
Sale of electricity	227,017	262,292	(35,275)
Other revenues	10,534	30,993	(20,459)
Change in contract work in progress	5,318	4,930	388
<b>Total</b>	<b>2,300,494</b>	<b>4,400,156</b>	<b>(2,099,662)</b>

Sales and services revenues decreased by EUR 2,037,074 thousand compared to the same period of the previous year. The main reason for this change was lower oil product prices by comparison with the first half of the previous year.

Revenues from the sale of electricity include EUR 220,823 thousand relating to the gasification plant of subsidiary Sarlux S.r.l. and EUR 6,194 thousand relating to the wind farm owned by subsidiary Sardeolica S.r.l.

Revenues from the sale of electricity to GSE by Sarlux S.r.l., includes the sales linearisation effect, calculated on the basis of the remaining duration of the contract that expires in 2021, principally taking into account the tariff amount and forward curves of both the crude price and the EUR/USD exchange rate until the contract expires.

Revenues from ordinary operations are broken down by segment and geographical area in sections 4.2 "Segment information" and 4.3 "Breakdown by geographical area" above.

Pursuant to IFRS 8, the group generated more than 10% of its revenues from the customer Gestore dei Servizi Elettrici S.p.A..

### 6.1.2 Other income

The following table shows a breakdown of other income:

	30/6/2009	30/6/2008	Change
Revenues for stocking of mandatory supplies	1,306	5,885	(4,579)
Sales of sundry materials	419	1,413	(994)
Other income	34,711	52,469	(17,758)
<b>Total</b>	<b>36,436</b>	<b>59,767</b>	<b>(23,331)</b>

The item "Other income" mainly includes income posted by the subsidiary Sarlux S.r.l., deriving from the recognition - pursuant to section II, point 7-bis of CIP provision 6/92 - of the reimbursement of charges relating to the application of Directive 2003/87/EC (Emission Trading), as per AEEG Resolution 77/08.

## 6.2 Costs

The following table shows a breakdown of the main costs.

### 6.2.1 Purchases of raw materials, replacement parts and consumables

	30/6/2009	30/6/2008	Change
Purchases of raw materials, replacement parts and consumables	1,706,491	3,623,743	(1,917,252)
<b>Total</b>	<b>1,706,491</b>	<b>3,623,743</b>	<b>(1,917,252)</b>

As already mentioned under revenues, the change in this item was mainly due to the general decline in the prices of crude and oil products.

### 6.2.2 Cost of services and other costs

	30/6/2009	30/6/2008	Change
Service costs	229,917	235,202	(5,285)
Use of third-party assets	7,094	6,259	835
Provisions for risks	21,687	52,577	(30,890)
Miscellaneous management costs	6,057	6,401	(344)
<b>Total</b>	<b>264,755</b>	<b>300,439</b>	<b>(35,684)</b>

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

The item "Use of third-party assets" includes EUR 1,038 thousand of parent company costs relating to rental of the building that houses the new registered office in Milan. The cost has been linearised according to IAS 17 – Leasing, IAS 1, IAS 8 and Interpretation SIC 15, for the eight-year duration of the contract. Minimum future payments under the terms of the contract are EUR 1,775 thousand in the following year, EUR 10,987 thousand after the following year and within 5 years, and EUR 863 thousand after 5 years. The yearly rental payments are pegged to the ISTAT consumer price index for the families of manual workers and employees. There are no options for contract renewal or acquisition. The item "Provisions for risk" relates to the cost of acquiring CO<sub>2</sub> emissions (EUR 21,687 thousand, for further information please see 5.4.2. above).

Miscellaneous operating costs mainly comprise non-income tax (property tax, emissions tax) and membership fees.

### 6.2.3 Personnel costs

Personnel costs are broken down as follows:

	30/6/2009	30/6/2008	Change
Wages and salaries	50,038	46,498	3,540
Social security	14,412	14,012	400
Staff several indemnity	2,470	2,122	348
Pensions and similar	724	428	296
Other costs	2,661	2,281	380
Directors' remuneration	2,917	2,909	8
<b>Total</b>	<b>73,222</b>	<b>68,250</b>	<b>4,972</b>

On 27 April 2007, the shareholders' meeting approved the plans for the bonus allocation of ordinary shares in the company:

- to employees of the company and its Italian subsidiaries (the "employee share plan");
- to the management of the Saras Group (the "stock grant plan 2007/2009").

The employee share plan provides for a bonus allocation to employees:

- of 25 shares for the 2007 financial year plus one share for every six shares held on 31 December 2006;
  - for 2008 and 2009, of one share per every six additional shares purchased in 2007 and 2008 respectively.
- Under the employee share plan, the total value of the shares allocated to each beneficiary cannot exceed EUR 2,065 each year.

The stock grant plan 2007/2009 (for directors of the parent company, and directors and managers individually specified by the Board of Directors of the parent company and subsidiaries) sets out the allocation of a "base number of shares" for each beneficiary, which is amended according to:

- the difference between the change in value of the parent company's shares and that of the shares of a group of comparable companies;
- the ratio between the group's actual and budgeted EBITDA.

The employee share plan for the three-year period 2007-2009 will entail the allocation of 330,341 shares, while 2,819,480 shares will be allocated through the stock grant plan (457,480 for 2007, 1,308,000 for 2008 and 1,054,000 for 2009). The cost of the two plans in the first half 2009 was EUR 2.6 million for the 2008 plan and EUR 0.6 million for the 2009 plan. Allocations for the stock grant plan will take place at the end of the 2007-2009 period.

### 6.2.4 Depreciation and amortisation

Depreciation and amortisation figures are shown below.

	30/6/2009	30/6/2008	Change
Amortisation of intangible assets	18,952	17,796	1,156
Depreciation of tangible assets	71,255	60,792	10,463
<b>Total</b>	<b>90,207</b>	<b>78,588</b>	<b>11,619</b>

The increase by comparison with the first half of the previous year is mainly due to the entry into service of the TGTU and U800 plants at the end of 2008.

### 6.3 Net income (charges) from equity investments

This item is shown in detail in the table below.

	30/6/2009	30/6/2008	Change
<b>Valuation at shareholders equity of non-directly controlled subsidiaries:</b>			
Parchi Eolici Ulassai S.r.l.		1,367	(1,367)
<b>Total</b>	<b>0</b>	<b>1,367</b>	<b>(1,367)</b>

The change in the item compared with the previous year was due mainly to the full consolidation of the subsidiary Parchi Eolici Ulassai S.r.l. from the second half of 2008.

### 6.4 Net financial income (charges)

Net financial income and charges are broken down below.

	30/6/2009	30/6/2008	Change
<b>Other financial income:</b>			
from financial assets recorded under current assets			0
Other income			
- from non-consolidated subsidiaries		131	(131)
- interest on bank and post office accounts	494	7,195	(6,701)
- fair value of derivatives outstanding on reporting date		196	(196)
- fair value of held for trading financial assets	334	74	260
- positive differences on derivatives	6,799	1,542	5,257
- other income	320	514	(194)
<b>Interest and other financial charges</b>			
- from non-consolidated group companies	(3)	(1,166)	1,163
- fair value of derivatives outstanding on reporting date	(3,387)		(3,387)
- fair value of held for trading financial assets		(216)	216
- negative differences on derivatives	(4,341)	(5,822)	1,481
- other (interest on loans, arrears, etc.)	(8,588)	(11,991)	3,403
<b>Exchange rate gains/losses on non-commercial transactions</b>	<b>(5,794)</b>	<b>7,733</b>	<b>(13,527)</b>
<b>Total</b>	<b>(14,166)</b>	<b>(1,810)</b>	<b>(12,356)</b>

The main changes are attributable to the differences in value realised during the year on derivatives used as hedges in operations where hedge accounting was not adopted, and to the changes in fair value of the contracts in place.

### 6.5 Income tax

Income Tax are detailed below:

	30/6/2009	30/6/2008	Change
Current taxes	68,313	216,572	(148,259)
Net deferred taxes	2,804	(157,862)	160,666
<b>Total</b>	<b>71,117</b>	<b>58,710</b>	<b>12,407</b>

Current taxes include IRES (EUR 59,465 thousand, including EUR 9,928 thousand in additional tax ("Robin Hood tax")) and IRAP EUR 8,848 thousand).

Deferred tax assets/liabilities refers to changes during the period in the temporary differences between values recorded in the accounts and those recognised for tax purposes; the balance shown relates to the elimination of about EUR 3,800 thousand in deferred tax assets, net of the deferred tax adjustment stemming from the 6.5% increase in additional IRES (article 56, L. 99/2009) worth about EUR 1,000 thousand.

Changes in current and deferred taxes compared to the same period of the previous year refers to the booking at 30 June 2008 of the effects of the “Robin Hood” tax (EUR 54 million, and EUR 75 million for current taxes and elimination of deferred tax assets), as well as the “realignment” of the values of assets and liabilities for statutory and tax purposes, as provided for in the 2008 Budget Law (EUR 32 million for current taxes and EUR 56 million for elimination of deferred tax assets), and higher taxes in the previous period due to a higher taxable income.

## 7. Other information

For information on events that took place after the end of the period, please see the relevant section in the report on operations.

### 7.1 Main legal actions pending

Saras S.p.A. and subsidiaries Arcola Petrolifera S.p.A., Sarlux S.r.l. and Akhela S.r.l. were subject to tax audits and assessments by the tax authorities that led, in some cases, to disputes pending before tax courts.

Although the decisions made by the tax courts were not consistent, the company assumes that liabilities, while possible, are not probable.

Moreover, with reference to the subsidiary Sarlux S.r.l., please note that companies producing electricity that is not from renewable sources or cogeneration (pursuant to AEEG Resolution 42/02) are required to purchase green certificates in respect of a certain percentage of electricity introduced into the grid. A specially-created AEEG committee, in coming to a different interpretation of the resolution subsequently, deemed the subsidiary subject to this obligation for the years 2002-2006. Sarlux appealed against this interpretation and is of the view that its appeal will be upheld. For this reason, no provision was made in these accounts for the above-mentioned requirement. Potential liabilities arising from this dispute are estimated at about EUR 25 million.

### 7.2 Earnings per share

Earnings per share are calculated by dividing net profit by the weighted average number of Saras S.p.A. shares outstanding during the year, excluding own shares.

Earnings per share came in at EUR 12.61 for the 1st half 2009 and EUR 34.77 for the same period a year previously.

The average number of shares in circulation was 927,771,714, while in the first half 2008 the average number of shares in circulation was 948,348,866.

At 30 June 2009, Saras S.p.A held 23,228,286 own shares in relation to the bonus allocation of shares to employees and management of group companies.

Diluted earnings per share do not vary significantly from basic earnings per share.

## 7.3 Transactions with related parties

The transactions carried out by Saras with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature.

The values of commercial, miscellaneous and financial transactions with related parties are set out below, and explanations of the most important transactions are provided.

The effects on the statement of financial position and the statement of comprehensive income of transactions or positions with related parties are summarised in the table below:

### Transactions with related parties and notes

Description	Absolute value (€/000) and % of item in statements				Item	Business reason
	30/06/2009		31/12/2008			
<b>NOVA EOLICA S.r.l. (consolidated as of 1/1/2009)</b>						
Received services	0	0.00%	(100)	0	Service and miscellaneous costs	Waive of financial receivables
Financial income	0	0.00%	31	0.15%	Other net financial income (charges)	Interest on inter-company line of credit
Receivables for supply of goods and services	0	0.00%	201	0.03%	Current trade receivables	Trade receivables
Payables for supply of goods and services	0	0.00%	0	0.00%	Trade payables and other current payables	Trade payables
Financing	0	0.00%	0	0.00%	Other current assets	Inter-company line of credit
Loan					Short-term liabilities	Inter-company loans
<b>SARDEOLICA S.R.L. (consolidated as of 1/7/2008)</b>						
Rendered services	0	0.00%	48	0.00%	Revenues from ordinary operations	Supply of ICT services
Rendered services	0	0.00%	40	0.03%	Other income	Services outsourcing
Services rendered by staff	0	0.00%	25	0.02%	Other income	Personnel on secondment
Financial income	0	0.00%	47	0.00%	Other net financial income (charges)	Interest on inter-company line of credit
Receivables for supply of goods and services	0	0.00%	0	0.00%	Current trade receivables	Trade receivables
Financing	0	0.00%	0	0.00%	Other current assets	Inter-company line of credit
Corporation tax receivables due to group tax consolidation	0	0.00%	0	0.00%	Other current assets	Corporation tax receivables due to group tax consolidation
Corporation tax liabilities due to group tax consolidation	0	0.00%	0	0.00%	Short-term financial liabilities	Corporation tax liabilities due to group tax consolidation
<b>ENSAR SRL (valuation of consolidated shareholding from 1/1/2009)</b>						
NOVA EOLICA (valued at equity)	0	0.00%	(952)	2	Net income (charges) from equity interests	Measurement of non-consolidated investments
LABOR EOLICA (valued at equity)	0	0.00%	(8)	0	Net income (charges) from equity interests	Measurement of non-consolidated investments
ALPHA EOLICA (valued at equity)	0	0.00%	(5)	0	Net income (charges) from equity interests	Measurement of non-consolidated investments
<b>PARCHI EOLICI ULASSAI S.R.L. (consolidated as of 1/7/2008)</b>						
Rendered services	0	0.00%	3	0.00%	Other income	Services outsourcing
Measurement of investment at equity	0	0.00%	1,367	324.70%	Net income (charges) from equity interests	Measurement of non-consolidated investments
Financial income	0	0.00%	52	3.71%	Other net financial income (charges)	Interest on inter-company line of credit
Financial charges	0	0.00%	0	0.00%	Other net financial income (charges)	Interest on inter-company loan
Receivables for supply of goods and services	0	0.00%	0	0.00%	Current trade receivables	Trade receivables
Financing	0	0.00%	0	0.00%	Other current assets	Inter-company line of credit
Payables for supply of goods and services	0	0.00%	0	0.00%	Trade payables and other current payables	Trade payables
Loan	0	0.00%	0	0.00%	Short-term financial liabilities	Inter-company loans
Corporation tax liabilities due to group tax consolidation	0	0.00%	0	0.00%	Short-term financial liabilities	Corporation tax liabilities due to group tax consolidation
<b>IMMOBILIARE ELLECI S.p.A.</b>						
Rent	(117)	0.04%	(450)	0.08%	Service and miscellaneous costs	Rental of building
<b>SECURFIN HOLDINGS S.p.A.</b>						
Services rendered by staff	7	0.02%	26	0.02%	Other income	Personnel on secondment
Rent	(321)	0.12%	(605)	0.10%	Service and miscellaneous costs	Rental of building + parking space in Milan
Receivables for supply of goods and services	7	0.00%	26	0.00%	Current trade receivables	Trade receivables
Payables for supply of goods and services	0	0.00%	0	0.00%	Trade payables and other current payables	Trade payables
<b>F.C. INTERNAZIONALE S.p.A.</b>						
Received services	0	0.00%	(41)	0.01%	Service and miscellaneous costs	Purchase of tickets for sports matches
<b>ANGELO MORATTI S.p.A.</b>						
Services rendered by staff	12	0.03%	44	0.04%	Other income	Personnel on secondment
Receivables for supply of goods and services	12	0.00%	44	0.01%	Current trade receivables	Trade receivables



description	Absolute value (€/000) and % of item in statements				Item	Business reason
	30/06/2009		31/12/2008			
<b>DYNERGY S.R.L.</b>						
Services rendered by staff	1	0.00%	2	0.00%	Other income	Management fee
Rendered services	0	0.00%	8	0.01%	Other income	Exchange rate gains
Received services	(477)	0.18%	(806)	0.14%	Service and miscellaneous costs	Support for refining activities
Dividends	0	0.00%	19	4.51%	Net income (charges) from equity interests	Distribution of dividends due
Receivables for supply of goods and services	1	0.00%	1	0.00%	Current trade receivables	Trade receivables
Payables for supply of goods and services	(300)	0.06%	(188)	0.03%	Current trade payables and other payables	Trade payables
<b>MANTA S.R.L.</b>						
Services rendered by staff	14	0.04%	0	0.00%	Other income	Personnel on secondment
Received services	(44)	0.02%	0	0.00%	Service and miscellaneous costs	Security services
Receivables for supply of goods and services	14	0.00%	0	0.00%	Current trade receivables	Trade receivables
Payables for supply of goods and services	0	0.00%	0	0.00%	Trade payables and other current payables	Trade payables
<b>HANGZHOU DADI ENCON ENVIRONMENTAL EQUIPMENT CO. LTD - Cina</b>						
Supply of goods	0	0.00%	0	0.00%	Revenues from ordinary operations	Supply of control and measuring instruments
Other income (contingent liabilities)	53	0.15%	0	0.00%	Other income	Profit on transaction
Purchases of goods	0	0.00%	0	0.00%	Purchase of raw materials, replacement part and consumables	Supply of materials for construction contracts
Trade receivables	0	0.00%	1	0.00%	Current trade receivables	Trade receivables
Payables for supply of goods and services	0	0.00%	0	0.00%	Trade payables and other current payables	Trade payables
Prepayments for supply of goods	0	0.00%	(53)	0.01%	Trade payables and other current payables	Prepayment for prototype supply

The transactions with the related parties mentioned above have been entered into at market conditions.

No provisions for doubtful loans were made regarding outstanding balances in that there are no reasons to make such provisions; no losses were incurred relative to doubtful or bad loans from related parties.

The effects on the statement of financial position of transactions or positions with related parties are summarised in the table below:

	30.06.2009			31.12.2008			30.6.2008		
	Total	Related Parties	Proportion %	Total	Related Parties	Proportion %	Total	Related Parties	Proportion %
Current trade receivables	448,887	34	0.0%	639,326	273	0.0%	830,584	169	0.02%
Other current assets	112,210	0	0.0%	108,916	0	0.0%	74,444	2,500	3.4%
Short-term financial liabilities	328,641	0	0.0%	243,980	0	0.0%	172,004	0	0.0%
Trade and other current payables	523,349	300	0.1%	560,867	241	0.0%	733,806	637	0.1%

The effects on the statement of comprehensive income of transactions or positions with related parties are summarised in the table below:

	30.06.2009			31.12.2008			30.6.2008		
	Total	Related Parties	Proportion %	Total	Related Parties	Proportion %	Total	Related Parties	Proportion %
Revenues from ordinary operations	2,300,494	0	0.0%	8,555,842	48	0.0%	4,400,156	48	0.00%
Other income	36,436	87	0.2%	116,927	148	0.1%	59,767	98	0.2%
Purchases of raw materials, supplies and consumables	1,706,491	0	0.0%	7,677,346	0	0.0%	3,623,743	0	0.0%
Cost of services and sundry costs	264,755	959	0.4%	592,948	2,002	0.3%	300,439	773	0.3%
Net income (charges) from equity investment	0	0	0.0%	421	421	100.0%	1,367	1,367	100.0%
Other net financial income (charges)	(14,166)	0	n.a.	1,402	130	9.3%	(1,810)	137	n.a.

The main financial flows with related parties are shown in the table below:

#### Flows with related parties

	30/06/2009	31/12/2008	30/06/2008
(Income) and net charges on equity investments	0	(421)	(1,367)
(Increase) Decrease of trade receivables	239	203	307
Increase (Decrease) of trade payables and other payables	59	(242)	154
Changes of other current assets	0	8,528	6,028
Changes other non current liabilities	0	0	0
<b>Monetary flows from (to) assets of the year</b>	<b>298</b>	<b>8,068</b>	<b>5,122</b>
Interest received \ (paid)	0	130	137
<b>Monetary flows from (to) investments</b>	<b>0</b>	<b>130</b>	<b>137</b>
Increase / (decrease) short term financial debts	0	(1,198)	(1,198)
<b>Monetary flows from (to) financial assets</b>	<b>0</b>	<b>(1,198)</b>	<b>(1,198)</b>
<b>Total financial flows vs related parties</b>	<b>298</b>	<b>7,000</b>	<b>4,061</b>

The effects of financial flows with related parties are shown in the table below:

<b>30.6.2009</b>			
	Total	Related Parties	Proportion %
Monetary flows from (to) assets in the year	202,452	298	0.15%
Monetary Flows from (to) investments	(187,704)	0	n.a.
Monetary flows from (to) financial assets	76,000	0	0.00%
<b>31.12.2008</b>			
	Total	Related Parties	Proportion %
Monetary flows from (to) assets in the year	289,343	8,068	2.79%
Monetary Flows from (to) investments	(322,817)	130	n.a.
Monetary flows from (to) financial assets	(220,755)	(1,198)	0.54%
<b>30.6.2008</b>			
	Total	Related Parties	Proportion %
Monetary flows from (to) assets in the year	198,185	5,122	2.6%
Monetary Flows from (to) investments	(161,895)	137	n.a.
Monetary flows from (to) financial assets	(228,702)	(1,198)	0.5%

## 7.4 Commitments

As at 30 June 2009 and 31 December 2008 the group had made no irrevocable, multi-year commitments to purchase materials or services.

As part of its normal activities, Saras has issued sureties, whose value at 30 June 2009 totalled EUR 37,655 thousand, mainly comprising EUR 10,400 thousand to UHDE GmbH as a guarantee for the construction of a hydrogen plant, EUR 6,760 thousand to subsidiaries, EUR 3,162 to the Cagliari port authorities as a guarantee for state maritime concessions and EUR 14,236 thousand to the Ministry of Productive Activities as a guarantee for the advance payment of taxes required by the programme agreement signed on 10 June 2002.

## 7.5 Extraordinary events and transactions and atypical and/or unusual operations

No atypical and/or unusual operations were carried out in the first half 2009. We highlight that on the 26 May 2009 a tragic event happened at the Mildhydrocracking 1 unit in the refinery of Sarroch, during the scheduled maintenance activities, that caused the death three employees of one of our contractors.

## 8. Publication of the consolidated half-year accounts

At its meeting on 6 August 2009, the Board of Directors of Saras authorised the publication of the consolidated half-year accounts.



For the Board of Directors  
The Chairman  
Gian Marco Moratti

**AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

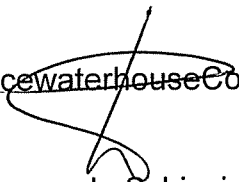
To the Shareholders of  
Saras SpA

1. We have reviewed the consolidated condensed interim financial statements of Saras SpA and its subsidiaries (Saras Group) as of 30 June 2009 and for the six months then ended, comprising the statement of financial position, the statement of comprehensive income, the statements of changes in shareholders' equity and cash flows and the related selected explanatory notes. Saras SpA's directors are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.
2. Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express a professional audit opinion on the consolidated condensed interim financial statements.

Regarding the amounts of the consolidated financial statements of the prior year and the consolidated condensed interim financial statements of the prior year presented for comparative purposes, reclassified to reflect the changes to the financial statements presentation introduced by IAS 1 (2007), reference should be made to our reports dated 10 April 2009 and 7 August 2008, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Group Saras have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, 7 August 2009

  
PricewaterhouseCoopers SpA

Pierangelo Schiavi  
(Partner)

*This report has been translated into the English language solely for the convenience of international readers.*