Saras Group Quarterly Report as of 31 March 2011

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Statutory and Control Bodies

BOARD OF DIRECTORS

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

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	Chief Financial Officer

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 independent oil refiners in Europe. With a production capacity of 15 million tons per year (or 300,000 barrels per day), the Saras refinery situated in Sarroch, on the South-Western coast of Sardinia, accounts for about 15% of Italy's total refining capacity. It is also one of the biggest and most complex sites in the Mediterranean area, and it enjoys a strategic location at the heart of the main oil routes. Moreover, Saras refinery is regarded as a model of efficiency and environmental sustainability, thanks to a wealth of know-how, technology and human resources accrued in almost 50 years of business, and thanks also to continuous investments in plant upgrades.

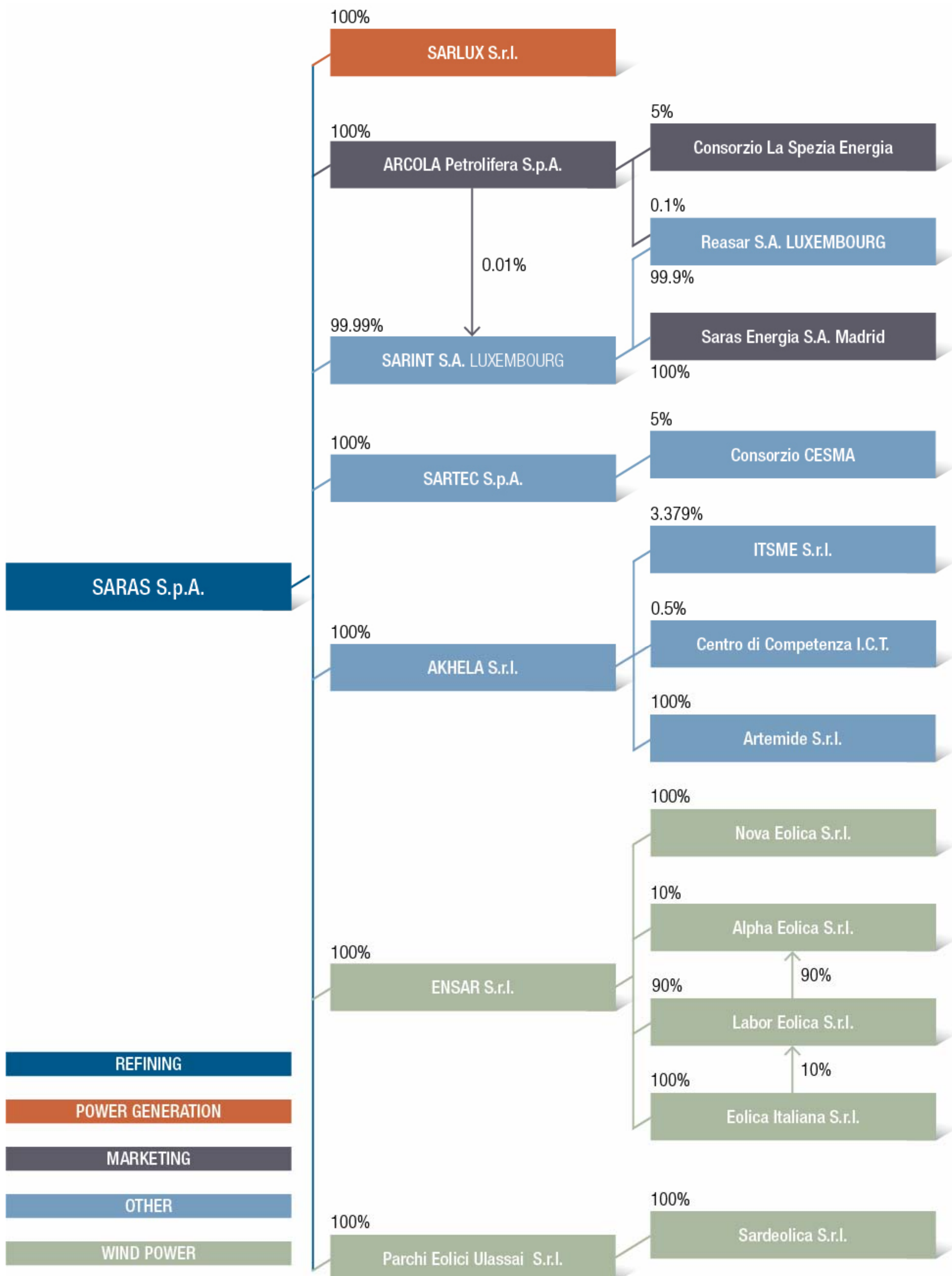
Both directly and through our subsidiaries Arcola Petrolifera S.p.A. (Italy) and Saras Energia S.A. (Spain), the Saras Group sells and distributes oil products including diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel on the Italian, European and international markets. In particular, in 2010 approximately 1.7 million tons of oil products were sold in Italy, through the subsidiary Arcola Petrolifera, which operates solely in the wholesale market. Arcola Petrolifera also manages a tank farm for petroleum products with a capacity of 200,000 cubic metres, owned by the Group and located in Arcola (La Spezia). A further 2.5 million tons of oil products were sold in the Spanish market through the subsidiary Saras Energia, which is active both in the wholesale and in the retail markets. Saras Energia manages a petroleum products tank farm with a capacity of 112,000 cubic metres, owned by the Group and located in Cartagena (Spain), and also a biodiesel plant with a capacity of 200.000 tons per year, which is also located in Cartagena, in order to generate synergies with the tank farm. Finally, Saras Energia manages a retail network of 124 service stations, primarily located on the Spanish Mediterranean Coast.

In recent years, the Saras Group expanded from oil refining and marketing, also into other areas. In particular, the Group is active in the energy sector with the subsidiary Sarlux S.r.l., which specialises in the generation of electricity through an IGCC (Integrated Gasification Combined Cycle) plant, with a total capacity of 575MW. The feedstock used by the IGCC plant is the heavy residue of the refinery, and the plant produces over 4 billion kWh of electricity each year, which corresponds to more than 30% of the electricity requirements in Sardinia.

Moreover, in the island of Sardinia, the Group is also involved in the production of power from renewable sources, through a wind farm situated in Ulassai, which has been recently re-powered and it will achieve its full capacity of 96MW already during the second quarter of 2011. Finally, Saras operates also in the information technology services sector through its subsidiary Akhela S.r.l., and it 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

The following picture illustrates the complete structure of the Saras Group and the various segments of business, with the main companies for each segment.



Stock Performance

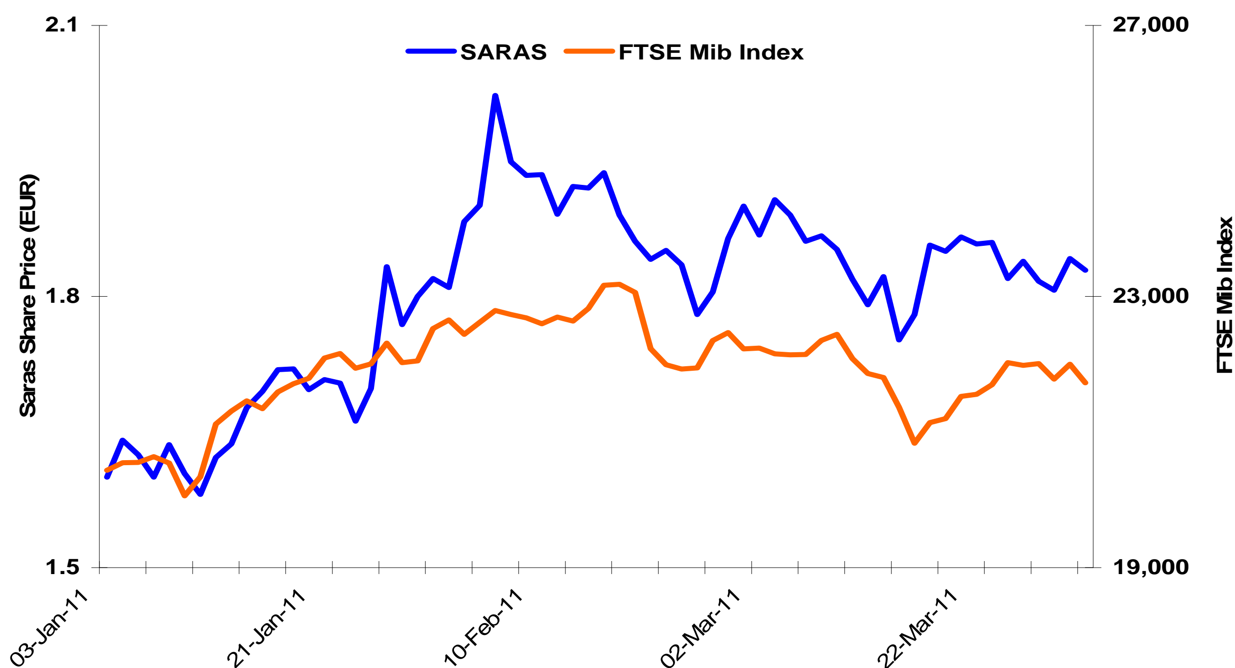
Below are some data concerning prices and daily volumes relating to the Saras share, in the period between 03rd January 2011 and 31st March 2011.

SHARE PRICE (EUR)	Q1/11
Minimum price (11/01/2011)	1.581
Maximum price (07/02/2011)	2.023
Average price	1.801
Closing price at the end of the period	1.829

DAILY TRADED VOLUMES (Million)	Q1/11
Maximum traded volume in EUR ml (07/02/2011)	40.4
Maximum traded volume in number of shares ml (07/02/2011)	20.0
Minimum traded volume in EUR ml (23/03/2011)	1.2
Minimum traded volume in number of shares ml (23/03/2011)	0.7
Average volume in EUR ml	6.8
Average volume in number of shares ml	3.7

Market capitalization on the 31st of March 2011 amounts to EUR 1,739 million, and outstanding shares as of 31st of March 2011 were approximately 928 million.

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



REPORT ON OPERATIONS

Comments on Group results[1]

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 and EBIT) and the Net Result 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 operating profitability. Furthermore, for the same reason, non recurring items are also deducted, both from the operating results and from the Net Result. Operating results and Net Result calculated as above are called respectively "*comparable*" and "*adjusted*", and they are not subject to audit.

Highlights for the First Quarter 2011

- **Group *reported* EBITDA** at EUR 310.4 ml, up 512% vs. EUR 50.7 ml in Q1/10
- **Group *comparable*[2] EBITDA** at EUR 154.3 ml, up 1018% vs. EUR 13.8 ml in Q1/10
- **Group *reported* Net Result** at EUR 122.8 ml, up 1420% vs. EUR (9.3) ml in Q1/10
- **Group *adjusted*[3] Net Result** at EUR 39.5 ml, up 232% vs. EUR (29.9) ml in Q1/10
- **Saras refining margin after variable costs** at 7.6 $/bl, vs. 0.9 $/bl in Q1/10
- **On 31st March 2011, Net Financial Position was negative for EUR 524 ml,** improved versus the Net Financial Position on 31st December 2010, which was negative for EUR 560 ml

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[1] Pursuant to the provisions of article 154 bis, paragraph 2, of the Consolidated Finance Act, Mr. Corrado Costanzo, the Executive Director responsible for the preparation of the company's financial reporting, states that the financial information set out in this press release corresponds to the company's documents, books and accounting records.

[2] ***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.

[3] ***Adjusted* Net Result:** Net Result 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*, *adjusted* and quarterly results are not subject to audit review.

Saras Group Key Consolidated financial figures

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

Group consolidated income statement figures

EUR Million	Q1/11	Q1/10	Var %	Q4/10
REVENUES	2,672	1,882	42%	2,507
EBITDA	310.4	50.7	512%	85.8
Comparable EBITDA	**154.3**	**13.8**	**1018%**	**80.5**
EBIT	258.0	0.1	257900%	31.7
Comparable EBIT	**101.9**	**(36.8)**	**377%**	**26.5**
NET RESULT	122.8	(9.3)	1420%	(10.3)
***Adjusted* NET RESULT**	**39.5**	**(29.9)**	**232%**	**(3.5)**

Detail of Group Net Result *adjustment*

EUR Million	Q1/11	Q1/10	Q4/10
***Reported* NET RESULT**	**122.8**	**(9.3)**	**(10.3)**
(inventories at LIFO - inventories at FIFO) net of taxes	(97.8)	(24.2)	(5.3)
non recurring items net of taxes	0.0	0.0	0.0
change in derivatives fair value net of taxes	14.5	3.6	12.1
***Adjusted* NET RESULT**	**39.5**	**(29.9)**	**(3.5)**

Detail of Group EBITDA *adjustment*

EUR Million	Q1/11	Q1/10	Q4/10
***Reported* EBITDA**	**310.4**	**50.7**	**85.8**
inventories at LIFO - inventories at FIFO	(156.1)	(36.9)	(5.3)
non recurring items	0.0	0.0	0.0
***Comparable* EBITDA**	**154.3**	**13.8**	**80.5**

Other Group figures

EUR Million	Q1/11	Q1/10	Q4/10
NET FINANCIAL POSITION	**(524)**	**(643)**	**(560)**
CAPEX	**20**	**23**	**26**
OPERATING CASH FLOW (*)	**56**	**(87)**	**110**

(*) **Cash Flow** reclassified to highlight changes in the Net Financial Position

Comments on First Quarter 2011 results

Group Revenues in Q1/11 were EUR 2,672 ml, up 42% vs. Q1/10, with substantially higher revenues coming from the Refining and Marketing segments, in the light of significantly higher oil products' prices (for quick reference, in Q1/11 diesel traded at an average of 910 $/ton vs. 639 $/ton in Q1/10, and gasoline priced at 923 $/ton vs. 717 $/ton in Q1/10). Moreover, the higher revenues in Q1/11 derive also from an increase in sales volumes, and from a lower percentage of third party processing activity.

Group *reported* EBITDA in Q1/11 was EUR 310.4 ml, up 512% vs. Q1/10. This result came primarily as a consequence of a strong revaluation of the oil inventories, related to the growing trend followed by oil prices in the first quarter of 2011. The higher operational performance of the Sarroch refinery and of the IGCC plant also supported the results of Saras Group in Q1/11. **Group *reported* Net Result stood at EUR 122.8 ml**, up 1420% vs. EUR -9.3 ml in Q1/10 essentially for the same reason explained at EBITDA level.

Group *comparable* EBITDA amounted to EUR 154.3 ml in Q1/11, up 1018% vs. Q1/10, and **Group *adjusted* Net Result stood at EUR 39.5 ml**, up 232% vs. Q1/10. The large improvements versus same period last year can be explained primarily with the better results of the Refining segment, thanks to higher runs and margins achieved by the Sarroch refinery (for the reasons explained in the comments to the segment). Moreover, in Q1/11, Group results had larger contribution than in Q1/10 also from the Power Generation segment, thanks to the high service factor of the IGCC power plant, and from the Marketing segment. On the contrary, it should be noted that in Q1/11 the financial charges were negative for EUR 55.6 ml, while in Q1/10 the financial charges were negative for EUR 12.8 ml.

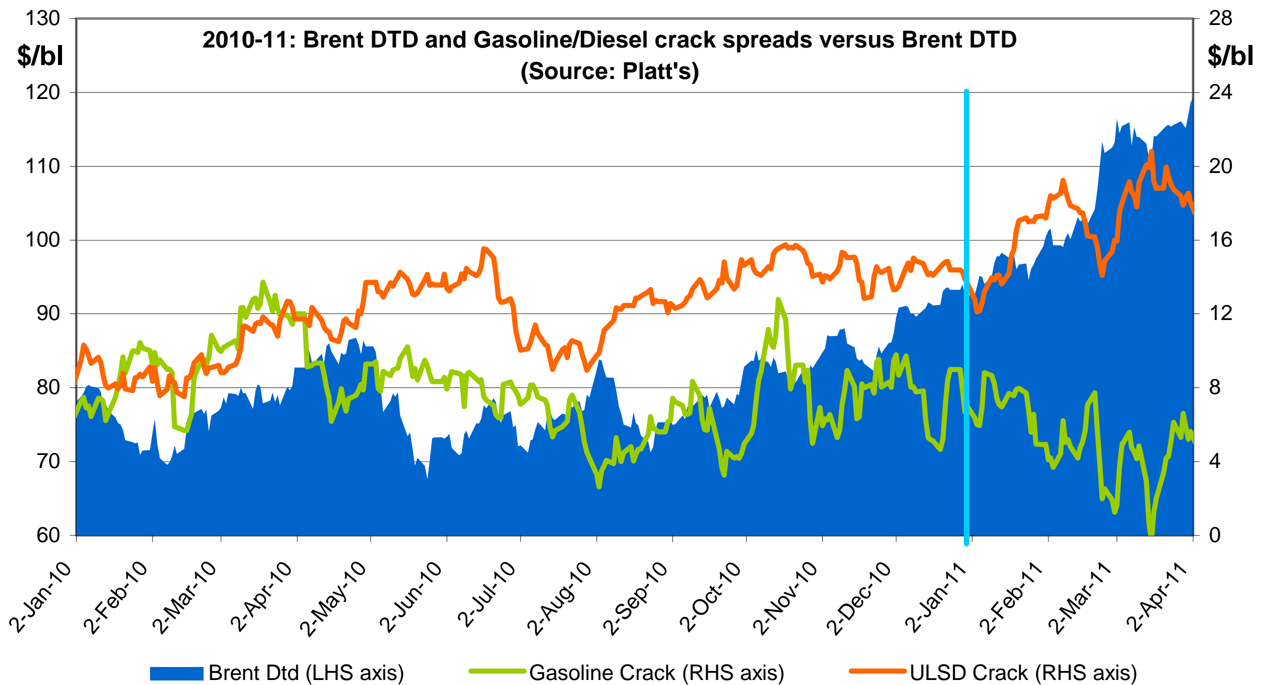
As mentioned at the beginning, *comparable* and *reported* figures differ primarily because of the different methodologies used to evaluate the oil inventories. More specifically, the *reported* (IFRS) figures evaluate oil inventories according to the FIFO methodology, while the *comparable* figures are based on the LIFO methodology. In Q1/11, the above mentioned LIFO/FIFO difference after tax was equal to EUR -97.8 ml, due to the increase in crude and oil products prices. The remaining difference relates to positive changes in fair value of derivative instruments net of taxes, worth approximately EUR 14.5 ml.

CAPEX in Q1/11 stood at EUR 19.9 ml, in line with the investment programme for the year 2011, and distributed primarily between the Refining Segment (EUR 12.9 ml) and the Power Generation segment (EUR 5.6 ml).

Group Net Financial Position on 31st of March 2011 was negative by EUR 524 ml, improved versus the negative figure of EUR 560 ml on 31st December 2010. This difference can be primarily explained with the positive cashflow from operations and self-financing from provisions for depreciation and amortisation, which more than compensated the negative cashflow, due to a large increase in working capital (specifically related to the increase in value of inventories) and to the CAPEX for the period.

The Oil Market and Refining Margins

The graph here below shows Brent Dated crude oil prices and crack spread[5] values for ULSD and Unleaded Gasoline.



In January and early February, crude oil prices continued the growing trend they began in the fourth quarter of 2010, boosted by robust growth in global oil products' demand (particularly strong in the Far East), as well as concerns about possible disruptions in crude oil supply. Indeed, at that time, social unrest was shaking Egypt, an important transit route for Middle Eastern crude oil directed towards the Mediterranean basin (Suez Canal and SUMED pipeline). Brent Dated quotations had a gradual progression from slightly above 90 $/bl in early January, up to approximately 105 $/bl in mid-February.

However, on the 17th of February, conflicts began also in Libya, an important member of the OPEC organization, with a crude oil production capacity of approx. 1.7 million barrels per day. This event greatly amplified the fears of shortages in crude oil supply, and crude oil prices gained almost 10 $/bl in just a few days, reaching their highest level since summer 2008.

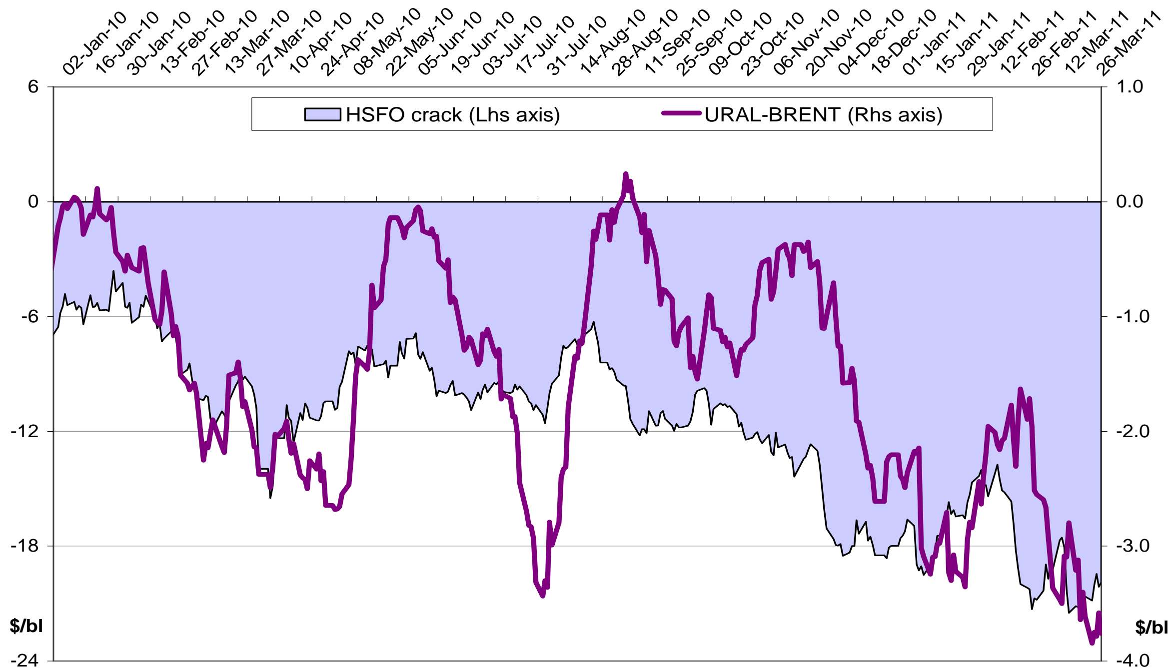
Subsequently, in early March, oil prices had a temporary down turn due to concerns over a possible slow-down in global economic growth, following the devastation caused by a terrifying earthquake and tsunami in Japan. However, this trend was short lived, and prices resumed their upwards move, mainly driven by worsening conditions in the North African unrest, and the fear of contagion to Syria, Bahrain, and possibly also Saudi Arabia (the world's largest crude oil producing country). Under these circumstances, Brent Dated ended the first quarter above 120 $/bl.

While absolute crude oil prices continued to climb during the first quarter 2011, the differential between "heavy" and "light" grades (i.e. "Urals" and "Brent" respectively) widened significantly, thus providing an important support to the profitability of complex refineries. In particular, the average of the "Urals-Brent" differential in Q1/11 stood at -2.7 $/bl, from -1.2 $/bl in Q4/10.

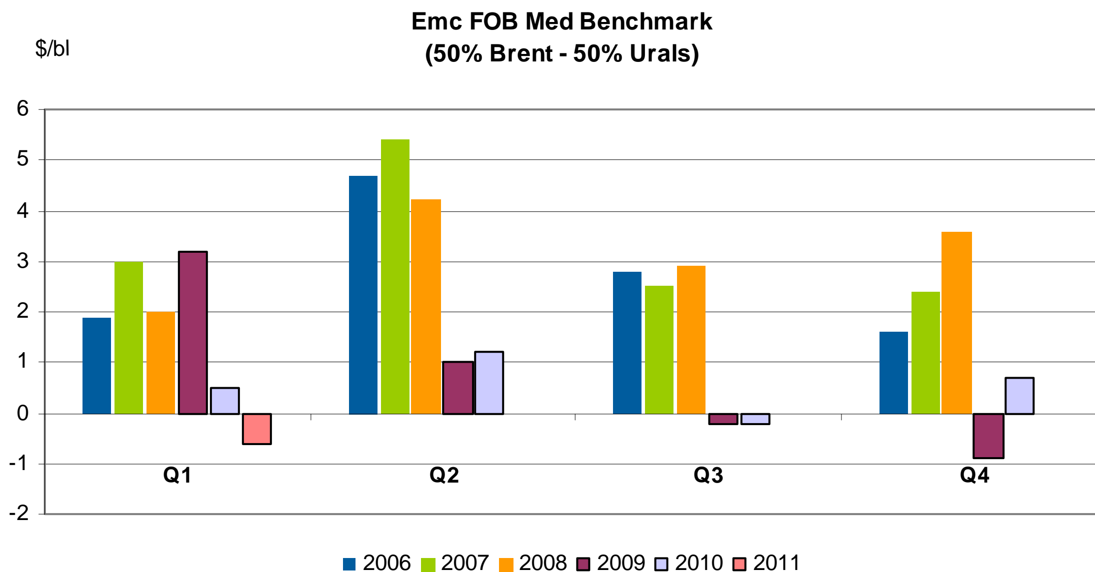
Indeed, several factors combined to push further apart the prices of the two benchmarks: on one hand, softer demand for fuel oil limited refiners' appetite for heavier grades; on the other hand, the missing Libyan barrels are primarily "light sweet", hence pushing upwards the price of these grades. Possibly, a further depressing effect on heavy grades came as a consequence of the attempt of Russia and Saudi Arabia to replace the

[5] **Crack spread**: difference between the price of a refined oil product and the reference crude oil (usually Brent DTD).

missing Libyan production, by increasing their own output which, however, is primarily made of medium and heavy sour crude oils. Therefore, this move further contributed to widen the “heavy-light” differential.



Moving to the refinery profitability analysis, 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. This margin is traditionally used by Saras as a benchmark.



The EMC Benchmark weakened in Q1/11, posting an average of -0.6 $/bl vs. 0.7 $/bl in the fourth quarter of 2010, because the gains in crude oil prices largely outpaced products quotations. Gasoline crack spread declined due to seasonally weak demand for most of the period, and it started to improve only towards the end of the quarter, ahead of the driving season. On the contrary, middle distillates crack spread strengthened throughout Q1/11, reflecting strong demand backed by lower seasonal maintenance-related refinery output, and proved quite resilient in front of the cooling down of the Chinese economy and the drop in Japanese demand, following the impact of the earthquakes and the tsunami. Fuel oil crack spread weakened in comparison to the previous quarter, as a result of feeble demand and higher prices for crude oil.

Segment Review

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

Refining

Saras refinery is positioned in Sarroch (on the South-Western coast of Sardinia), and it has a production capacity of 15 ml tons per year, corresponding to approx. 15% of Italy's total refining capacity. It is one of the biggest and most complex sites in the Mediterranean area.

EUR Million	Q1/11	Q1/10	Var %	Q4/10
EBITDA	235.8	(18.5)	1375%	7.3
***Comparable* EBITDA**	**91.2**	**(39.0)**	**334%**	**26.6**
EBIT	208.6	(44.1)	573%	(21.4)
***Comparable* EBIT**	**64.0**	**(64.6)**	**199%**	**(2.0)**
CAPEX	**12.9**	**19.9**		**16.9**

Margins and refinery runs

		Q1/11	Q1/10	Var %	Q4/10
REFINERY RUNS	thousand tons	3,704	3,469	7%	3,873
	Million bl	27.0	25.3	7%	28.3
	thousand bl/day	300	281	7%	307
of which:					
Processing for own account	thousand tons	3,704	3,235	14%	3,777
Processing on behalf of third parties	thousand tons	0	234	-100%	96
EXCHANGE RATE	EUR/USD	1.368	1.383	-1%	1.358
EMC BENCHMARK MARGIN	$/bl	(0.6)	0.5		0.7
SARAS REFINERY MARGIN	$/bl	7.6	0.9		4.1

Comments on First Quarter 2011 results

Refinery runs in Q1/11 stood at 3.7 ml tons (27.0 ml barrels, corresponding to 300 thousand barrels per calendar day), up 7% versus same period last year. This can be explained when considering that Q1/10 maintenance involved a topping unit (RT2), while in Q1/11 there were no meaningful scheduled maintenance activities. Moreover, processing on behalf of third parties went down to zero (vs. 7% of total runs in Q1/10), due to the expiry of all third party contracts.

***Comparable* EBITDA of the Refining segment was EUR 91.2 ml in Q1/11**, (up from EUR -39.0 ml in Q1/10) and the Saras refining margin stood at 7.6 $/bl (vs. 0.9 $/bl in Q1/10), driven by a combination of positive factors.

Firstly, market conditions in Q1/11 were unfavourable for simple refineries (the "EMC benchmark" margin stood at -0.6 $/bl, vs. 0.5 $/bl in Q1/10), but they proved quite positive for highly complex refineries geared towards the production of middle distillates, like our Sarroch refinery (the "conversion spread", which is the premium of converting fuel oil into diesel, widened to an average of 343 $/ton, vs. 193 $/ton in Q1/10, and the "heavy-light" crude price differential averaged at -2.7 $/bl, vs. -0.9 $/bl in Q1/10).

Secondly, it should be remembered that Q1/10 results were penalised by some technical issues and scheduled maintenance activities (which reduced runs and caused conversion losses). On the contrary, in Q1/11 all units were running under optimal operating conditions.

Thirdly, Q1/11 benefited from robust trading profits, due to time differences between purchases and sales, in an oil market characterized by prices on a steep rising trend. In regard of this matter, it should be noted that it is company policy to systematically cover all physical positions with the use of derivative instruments, whose effects are reported within the "Financial Income/Expense".

Moreover, in preparation for the scheduled turnaround of various units in Q2/11, there was a reduction of inventory levels for some oil products in March 2011, which brought a benefit of approx. EUR 20 ml to the results of Q1/11. However, this effect could be reversible, in all or in part, in the remainder of the year.

Finally, within Q1/11 there was a remarkable devaluation of the USD versus the EUR (the USD/EUR exchange rate moved from 1.33 at the beginning of the period, to 1.42 at the end of March), which brought benefits worth approximately EUR 15 ml in Q1/11, due to payables dynamics.

Refining CAPEX **in Q1/11 was EUR 12.9 ml,** in line with the investment programme planned for the year.

Crude Oil slate and Production

		Q1/11	FY 2010
Light extra sweet		43%	47%
Light sweet		4%	3%
Medium sweet		0%	1%
Light sour		0%	0%
Medium sour		24%	27%
Heavy Sour		29%	23%
Average crude gravity	°API	32.2	32.4

With an average density of 32.2°API, the crude mix in Q1/11 was broadly in line with the average of last year. It should be noted that in the quarter the percentages of "light extra sweet" and "medium sour" crude oils were slightly lower than in 2010, compensated by a corresponding increase in heavy sour crude oil. This decision was taken in order to benefit in full from the market scenario which materialized during the first quarter, characterized by a widening discount of "heavy" crude oils versus "light" and "medium" grades.

The dramatic Libyan crisis, with the halt in crude oil production and the trading bans imposed by EU and UN, did not meaningfully alter Saras' crude oil slate in Q1/11. Indeed, at the time when the crisis broke out, there were plentiful stocks of Libyan crude oil in Sarroch refinery's tank farm.

However, from Q2/11 onwards, and depending on the duration and developments of the Libyan crisis, the Saras Group will process alternative crude oils in its refinery, with the objective of maintaining the units at full capacity, and of minimising the potential economic impact of the above mentioned situation.

Moving on to the product slate, it can be observed that in Q1/11 the middle distillates yield increased, reaching 53.9% thanks to the excellent conversion performance of the Mildhydrocracking2, while the light distillates yield stood at 27.5%, substantially in line with previous periods. Therefore, in Q1/11 the cumulative percentage of high value products exceeded 83% (when considering also 1.9% of LPG).

		Q1/11	FY 2010
LPG	thousand tons	71	323
	yield	1.9%	2.3%
NAPHTHA + GASOLINE	thousand tons	1,019	4,024
	yield	27.5%	28.1%
MIDDLE DISTILLATES	thousand tons	1,996	7,517
	yield	53.9%	52.4%
FUEL OIL & OTHERS	thousand tons	91	463
	yield	2.5%	3.2%
TAR	thousand tons	314	1,166
	yield	8.5%	8.1%

Balance to 100% is "Consumption & Losses"

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	Q1/11	Q1/10	Var %	Q4/10
EBITDA	15.2	14.0	9%	18.1
***Comparable* EBITDA**	**3.8**	**(2.4)**	**258%**	**(6.5)**
EBIT	12.3	11.0	12%	15.0
***Comparable* EBIT**	**0.9**	**(5.4)**	**117%**	**(9.6)**
CAPEX	**0.5**	**0.8**		**0.5**

Sales

		Q1/11	Q1/10	Var %	Q4/10
TOTAL SALES	thousand tons	1,101	1,052	5%	1,082
of which: in Italy	thousand tons	537	382	41%	482
of which: in Spain	thousand tons	564	670	-16%	600

Comments on First Quarter 2011 results

Q1/11 was characterized by continued weakness in consumption of oil products in Spain and Italy, where our Marketing activities are concentrated. Moreover, the first quarter is typically conditioned by seasonality effects, which tend to limit the results of the Marketing segment.

Notwithstanding the above context, ***Comparable* EBITDA in Q1/11 stood at EUR 3.8 ml**, up 258% vs. Q1/10 for EUR -2.4 ml, thanks primarily to strong growth in the Italian wholesale market (due primarily to the expansion in the Sardinian market and the access to a new logistic base in central Italy). Furthermore, Saras Energia maintained gross margins in the Spanish market at the same level as in Q1/10, by continuing to pursue its strategy of improving the mix of sales channels (reducing opportunity sales towards commercial operators and oil companies). This also gave the opportunity of optimizing inventory levels of finished oil products in the period. On the contrary, the bio-diesel plant continued to suffer from the high cost of the feedstock, and consequently it alternated periods of operation and periods of stand-by.

Finally, **CAPEX in Q1/11 were EUR 0.5 ml,** in line with our plan for the period.

Power Generation

Below are the main financial data of the Power Generation segment related to the subsidiary Sarlux S.r.l., which operates an IGCC (Integrated Gasification Combined Cycle) plant, with a total capacity of 575MW, integrated with the Group refinery, and located within the same industrial complex in Sarroch (Sardinia).

EUR Milion	Q1/11	Q1/10	Var %	Q4/10
EBITDA	54.6	47.0	16%	51.9
***Comparable* EBITDA**	**54.6**	**47.0**	**16%**	**51.9**
EBIT	35.3	27.7	27%	32.6
***Comparable* EBIT**	**35.3**	**27.7**	**27%**	**32.6**
EBITDA ITALIAN GAAP	**34.8**	**20.6**	**69%**	**38.2**
EBIT ITALIAN GAAP	**24.1**	**6.4**	**274%**	**27.5**
NET INCOME ITALIAN GAAP	**15.1**	**3.1**	**387%**	**17.2**
CAPEX	**5.6**	**1.8**		**2.9**

Other figures

		Q1/11	Q1/10	Var %	Q4/10
ELECTRICITY PRODUCTION	MWh/1000	1,174	939	25%	1,201
POWER TARIFF	**Eurocent/KWh**	**9.8**	**9.2**	**6%**	**10.2**
POWER IGCC MARGIN	$/bl	4.2	4.1	2%	3.8

Comments on First Quarter 2011 results

The results of the Power Generation segment in the Q1/11 were strong, with **power production reaching 1.174 TWh**, up 25% versus Q1/10. The main difference between the two comparison periods is related to the scheduled maintenance activities carried out on one of the three parallel trains of "Gasifier - Turbine" in Q1/10, while in Q1/11 no maintenance took place at the IGCC plant.

Italian GAAP EBITDA in Q1/11 was EUR 34.8 ml, up 69% versus Q1/10, primarily because of the higher production of electricity, the higher sales of hydrogen and steam, and the higher value of the CIP6/92 power tariff (at 9.8 EURcent/kWh, up 6% versus Q1/10).

***Comparable* EBITDA in Q1/11 was EUR 54.6 ml**, up 16% vs. same period last year, mainly due to higher sales of hydrogen and steam (for approx. EUR 6 ml), whose revenues are not subject to the IFRS equalization procedure.

Finally, **CAPEX in Q1/11 were EUR 5.6 ml,** in line with our investment plan.

Wind

Saras Group is active in the renewable power production and sale through its subsidiary Parchi Eolici Ulassai S.r.l. (PEU), which operates a wind park located in Ulassai (Sardinia).

EUR million	Q1/11	Q1/10	Var %	Q4/10
EBITDA	5.0	8.4	-40%	7.2
***Comparable* EBITDA**	**5.0**	**8.4**	**-40%**	**7.2**
EBIT	2.4	6.1	-61%	4.7
***Comparable* EBIT**	**2.4**	**6.1**	**-61%**	**4.7**
CAPEX	**0.0**	**0.1**		**0.6**

Other figures

		Q1/11	Q1/10	Var %	Q4/10
ELECTRICITY PRODUCTION	MWh	37,949	61,737	-39%	58,670
POWER TARIFF	EURcent/KWh	6.5	7.1	-8%	6.8
GREEN CERTIFICATES	EURcent/KWh	8.2	8.5	-4%	7.3

Comments on First Quarter 2011 results

***Comparable* EBITDA in Q1/11 stood at EUR 5.0 ml** (down 40% vs. EUR 8.4 ml in Q1/10), due to unfavourable wind conditions in the period, and lower values of the power tariff (down 8% vs. Q1/10) and of the Green Certificates (down 4% vs. Q1/10). On the other hand, Q1/11 results received a positive contribution worth approx. EUR 1 ml, from the sales of Green Certificates related to the previous year.

On 2nd February 2011, the Group received authorisation from the Sardinian Regional Administration to operate the Ulassai wind park with the capacity of 96MW. Therefore, pending completion of some minor construction work and the installation of a MT/AT transformer, the Ulassai wind park will achieve the full capacity of 96MW already during Q2/11.

Other Activities

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	Q1/11	Q1/10	Var %	Q4/10
EBITDA	(0.2)	(0.2)	0%	1.3
***Comparable* EBITDA**	**(0.2)**	**(0.2)**	**0%**	**1.3**
EBIT	(0.6)	(0.6)	0%	0.8
***Comparable* EBIT**	**(0.6)**	**(0.6)**	**0%**	**0.8**
CAPEX	**1.0**	**0.5**		**4.9**

Strategy and Investments

In Q1/11, Saras Group strategy continued along the direction outlined at the beginning of the year.

In particular, in the refining segment Saras made further progress on the asset management programme called "Project Focus", improving its production efficiency, operations' effectiveness and availability of the various refinery units, in line with initial expectations. Moreover, the Board of Directors approved the partial restart of the multi-year investment plan announced in 2008. More specifically, a total investment of approx. EUR 60 ml has been approved, in order to complete the project for the revamping of the MildHydroCracking2 unit. The revamping will come to fruition in the first half of 2013, and it will bring benefits which are quantifiable in approx. 600 thousand tons of additional diesel production (in exchange of heating oil), and an increase in refinery runs for approximately 650 thousand tons

In the Marketing segment, the Group further expanded its market share in the Italian wholesale business, benefiting also from the new contract for storage and transit, signed towards the end of 2010 with a tank farm operator in Central Italy.

In the Wind segment, the Ulassai wind park will achieve the full capacity of 96MW during Q2/11, following the imminent completion of some minor construction work and the installation of a new MT/AT transformer. The Group will also continue to develop some other projects in its pipeline, concerning sites located in Sardinia and also overseas (Romania).

Finally, regarding gas exploration activities, the Group is proceeding along the permitting path, which will eventually lead towards the beginning of drilling activities.

CAPEX by segment

EUR Million	Q1/11	Q1/10	FY 2010
REFINING	12.9	19.9	92.5
POWER GENERATION	5.6	1.8	10.3
MARKETING	0.5	0.8	5.1
WIND	0.0	0.1	14.9
OTHER	1.0	0.5	6.2
Total	**19.9**	**23.1**	**129.0**

Outlook

The world economic recovery continues, according to the latest IMF "World Economic Outlook" published in April 2011, at a forecasted pace of 4.4% in 2011 and 4.5% in 2012. However, advanced economies will grow at a meagre 2.5%, still conditioned by high levels of unemployment and public debt. Conversely, emerging and developing economies are projected to grow at a much higher rate (6.5% per year), thanks to booming internal demand, robust public investments and job creation, and strong export activities.

Many of the earlier fears for a "double-dip" recession have dissolved, and the economic growth has proven surprisingly resilient. Indeed, now that the fiscal stimulus is gradually receding in many OECD countries, private demand has stepped up, and it is playing a primary role in sustaining the pace of industrial activity.

In the above macro-economic context, experts forecast a balanced outlook for oil markets, with trends in oil products' consumption expected to remaining robust (in particular for middle distillates, which have the closest link with the economic cycle), and oil inventory levels rapidly decreasing, on a global scale.

REFINING

- **Saras refinery Maintenance and Operations:** 2011 maintenance schedule has been slightly modified from the one previously elaborated. In particular, the management decided to postpone the turnaround activities originally due in the first quarter of the year, in order to achieve optimal operational availability in the period, and capture a superior "complexity premium" granted by the peculiar market conditions. Looking forward, in the second quarter the Sarroch refinery shall undergo scheduled maintenance work at the two MildHydroCracking units (MHC1 and MHC2), at the Visbreaking unit (VSB), at one Crude Distillation unit (T1), and also at one Vacuum unit (V1). During this turnaround, refinery runs will slightly decrease (runs expected between 3.2 ÷ 3.4 ml tons), and there will be also a penalisation due to reduced conversion capacity (worth approx. USD 20 ml). Subsequently, in the second half of the year, only minor activities are scheduled to take place, with almost negligible impacts on refinery runs and conversion capacity. Therefore, total refinery runs for 2011 are projected between 14.3÷ 14.9 million tons (104 ÷ 109 million barrels), with remarkably high utilisation rates.
- **Crude Slate:** In the second half of March 2011, the dramatic developments of the Libyan crisis forced the United Nations Organization and the European Union to adopt trading restrictions towards a number of Libyan companies, including also the Libyan National Oil Company (NOC). Accordingly, since then, the Saras Group suspended all commercial relationships with NOC, which traditionally represented an important supplier of crude oil to the Sarroch refinery (between 35% ÷ 40% of the total runs on a yearly basis). Before the beginning of the trading restrictions, Saras held sufficient stocks of Libyan crude oil in its refinery's tank farm. Therefore, the impact of the Libyan supply disruption on Saras' crude slate was almost negligible in the first quarter. However, from Q2/11 the Saras Group has obviously started to introduce alternative crude oils in the refinery, with the objective of maintaining the units at full capacity, while also minimising the potential economic impact of the above mentioned situation. Moreover, it is important to underline that, having shifted all scheduled maintenance activities in the second quarter of the year, Saras will minimise the opportunity costs associated with the reduction in throughput and conversion capacity during the turnaround cycle.
- **Refining margins:** the harsh social conflicts in North Africa and Middle East produced a noticeable squeeze in refining margins. Looking forward, however, Libya will eventually restart crude oil production and export activities, since those are a necessary source of revenues for the country. Saras will therefore continue to be an obvious outlet channel for Libyan oil production, also thanks to its logistic position in the Mediterranean Sea. More in general, however, the resolution of the Libyan crisis will lead to a normalization of crude oil prices, bringing refining margins back to healthy levels. In the meanwhile, with diesel continuing to be in strong demand and high sulphur fuel oil expected to weaken further, the market conditions should remain favourable to complex refiners.

POWER GENERATION

- **IGCC Maintenance and Operations:** After 10 year of continuous operations, the IGCC plant will have a major turnaround during the second quarter of 2011. At that time, all units which do not have a spare will be fully inspected and maintained. Obviously, production of electricity will decrease during the above mentioned maintenance cycle (current expectations stand at 0.75 ÷ 0.85 TWh in Q2/11). Nevertheless, full year projections for 2011 do not substantially differ from those of a standard year, with total yearly power production expected between 4.00 ÷ 4.40 TWh.
- **EBITDA:** Due to IFRS equalization procedure, *comparable* EBITDA is expected at EUR 200 ml per year, stable until 2021. On the contrary, Italian GAAP EBITDA will continue to reflect oil price volatility, due to the formulas used to calculate the CIP/6 tariff. In particular, the current projections for 2011 stand at EUR 130÷150 ml.
- **CIP/6 power tariff:** The 9-month delay in the formula used to calculate the “fuel component” implies that the CIP/6 power tariff will be range bound for most of 2011, in line with the trend of crude oil prices. Indeed, Brent Dated fluctuated between 70÷85 $/bl for the first nine months of 2010, and then rapidly climbed above 90 $/bl in Q4/10, and continued climbing rapidly also during Q1/11, boosted by several bullish factors, as already discussed in the section dedicated to “The Oil Market and Refining Margins”.

Main events after the end of the period

On the 11th April 2011, a tragic event took place at the DEA3 unit of the Sarroch refinery, while the unit was idle for scheduled maintenance. The incident involved three workers from the contracting company Star Service S.r.l., one of which, Pierpaolo Pulvirenti, died in the early hours of the following morning. The conditions of the other two workers rapidly improved in the following days. The company participates in the mourning with the Pulvirenti family.

On the 28th April 2011, the Annual General Meeting (AGM) of Saras S.p.A. approved the separate Financial Statements of Saras S.p.A as of 31st December 2010, and decided to carry forward the net loss of EUR 110,086,524.

The AGM also approved a new "share buyback programme", up to a maximum number of 72,423,602 ordinary shares of Saras S.p.A., to be implemented in several stages, as appropriate, and to take place in the twelve months following the expiry of the "buyback programme" previously approved by the AGM on the 27th April 2010 (which means, in the twelve months following the 27th October 2011). Moreover, the AGM authorised the disposal of the shares purchased under the above "share buyback programme", to be done also in several stages as appropriate, pursuant to Article 2357 of the Italian Civil Code, Article 132 of the Legislative Decree no. 58/1998 (the Italian Financial Services Act, also know as "TUF") and related norms, and Article 2357-ter of the Italian Civil Code.

The new share buyback programme shall not alter the Group's current growth plans, and it represents a good opportunity to maximise value creation for shareholders. Purchased shares may be used to take advantage of any investment opportunities and they will therefore be held in treasury.

Finally, coherently with the negative *adjusted* Net Result posted by Saras Group in FY 2010, and in line with our dividend policy, the AGM deliberated no dividends distribution for the financial year 2010.

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 such 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, principally 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 these inventories is subject to the fluctuations of market prices.
Also subject to fluctuations is the sale price of electricity, produced and sold by our subsidiaries, as well as the prices of green certificates and emissions credits.
The risk of price fluctuation and of the related financial flows is closely linked to the very nature of the business and it can be only partly mitigated, through the use of appropriate risk management policies, including agreements to refine oil for third parties, at partially preset prices. To mitigate the risks deriving from price fluctuation, the Saras 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 the procurement of crude oil and for the sale of the vast majority of refined oil products 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 payments. Loans at fixed interest rates expose the Group to the risk of variation of the fair value of the loans received. The principal existing loan contracts are stipulated in part at variable market rates and in part at fixed rates. The Saras Group also uses derivates 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. Sales in the retail and wholesale markets are small on an individual basis; nontheless, also these sales are usually guaranteed or insured.

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

Other risks

Risk related to the procurement of crude oil

A relevant portion of the crude oil refined by Saras originates from countries exposed to political, economical and social uncertainties, higher than in other countries: changes in legislation, political rulings, economic stability and social unrest could have a negative impact on the commercial relationships between Saras and those countries, with potential negative effects on the Group's economic and financial position.
In the past few months, dramatic social unrest involved also Libya, which traditionally represents and important sourcing market for the company. The supply of Libyan crude oil could therefore be negatively influenced by such events, with potential negative effects on Saras refining margins.

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, under certain circumstances, this programme may not be sufficient to prevent the Group from bearing costs in the event of accidents and/or interruption to 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 (Regulatory) risk

The Sarlux S.r.l. subsidiary sells the electricity generated to GSE (the Italian National Grid Operator) 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 Sarlux S.r.l. subsidiary, depends on raw materials derived from crude oil, 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 to source at similar economic conditions.

Other Information

Transactions with related parties

The effects on the Balance Sheet and the Income Statement of the Saras Group of transactions or positions with related parties are not significant.

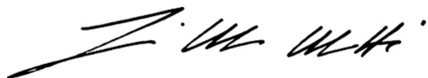
Research and Development

Saras did not have a meaningful research and development activity in the period, therefore no significant cost where capitalized or accounted in the Income Statement during the first quarter 2011.

Own shares

During the first quarter of 2011 Saras did not acquire or sell Company's own shares.

For the Board of Directors
The Chairman
Gian Marco Moratti



SARAS GROUP: CONSOLIDATED FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of: 31st March 2011 and 31st December 2010

EUR thousand	31/03/2011	31/12/2010
ASSETS		
Current assets	**2,248,241**	**1,936,994**
Cash and cash equivalents	117,833	80,835
Other financial assets held for trading or available for sale	30,990	28,800
Trade receivables	884,401	868,537
Inventories	1,103,173	812,162
Current tax assets	6,656	39,266
Other assets	105,188	107,394
Non-current assets	**1,886,883**	**1,956,224**
Property, plant and equipment	1,449,100	1,473,284
Intangible assets	405,810	414,206
Other equity interests	571	571
Deferred tax assets	30,540	67,283
Other financial assets	862	880
Total assets	**4,135,124**	**3,893,218**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**1,628,320**	**1,495,547**
Short-term financial liabilities	190,697	187,790
Trade and other payables	1,165,316	1,123,500
Current tax liabilities	167,565	89,990
Other liabilities	104,742	94,267
Non-current liabilities	**1,162,881**	**1,177,286**
Long-term financial liabilities	481,765	481,937
Provisions for risks and charges	86,425	78,533
Provisions for employee benefits	28,354	30,547
Other liabilities	566,337	586,269
Total liabilities	**2,791,201**	**2,672,833**
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	1,155,567	1,164,297
Profit/(loss) for the period	122,800	(9,468)
Total equity attributable to owners of the company	**1,343,923**	**1,220,385**
Minority interest	0	0
Total Equity	**1,343,923**	**1,220,385**
Total liabilities and equity	**4,135,124**	**3,893,218**

Consolidated Income Statement and Statement of Comprehensive Income for the periods:
1st January – 31st March 2011 and 1st January – 31st March 2010

EUR thousand	1st January 31st March 2011	of which non recurring	1st January 31st March 2010	of which non recurring
Revenues from ordinary operations	2,650,683		1,850,729	
Other income	21,716		31,615	
Total revenues	**2,672,399**	***0***	**1,882,344**	***0***
Purchases of raw materials, spare parts and consumables	(2,166,872)		(1,637,532)	
Cost of services and sundry costs	(153,522)		(157,818)	
Personnel costs	(41,615)		(36,299)	
Depreciation, amortization and write-downs	(52,354)		(50,590)	
Total costs	**(2,414,363)**	***0***	**(1,882,239)**	***0***
Operating results	**258,036**	***0***	**105**	***0***
Net income (charges) from equity interests				
Other financial income	20,782		7,039	
Other financial charges	(76,378)		(19,799)	
Profit before taxes	**202,440**	***0***	**(12,655)**	***0***
Income tax for the period	(79,640)		3,388	
Net profit/(loss) for the period	**122,800**	***0***	**(9,267)**	***0***
Net profit/(loss) for the period attributable to:				
Equity holders of the company	122,800		(9,267)	
Minority interest	0		0	
Earnings per share - basic (Euro cent)	**13.23**		**(1.00)**	
Earnings per share - diluited (Euro cent)	**13.23**		**(1.00)**	

EUR thousand	1st January 31st March 2011	1st January 31st March 2010
Net result of the period (A)	**122,800**	**(9,267)**
Effect of exchange rate on financial accounts	16	0
Income / (loss), net of fiscal effect (B)	**16**	**0**
Consolidated Comprehensive Result o f the period (A + B)	**122,816**	**(9,267)**
Net consolidated Comprehensive Result o f the period perteining to:		
Parent Company shareholding	122,816	(9,267)
Minority Interessence	0	0

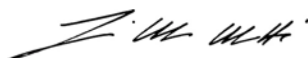
Statement of Changes in Consolidated Shareholders' Equity from: 31st December 2009 to 31st March 2011

EUR thousand	Share Capital	Legal Reserve	Other Reserves	Profit (Loss)	Total equity attributable to owners of the company	Minority Interest	Total Equity
Balance as of 31/12/2009	**54,630**	**10,926**	**1,089,884**	**72,552**	**1,227,992**	**48**	**1,228,040**
Period 1/1/2010 - 31/3/2010							
Allocation of previous year profit			72,552	(72,552)	0		0
Effect of exchange rate on financial accounts			14		14		14
Net profit (loss)				(9,267)	(9,267)		(9,267)
Balance as of 31/03/2010	**54,630**	**10,926**	**1,162,450**	**(9,267)**	**1,218,739**	**48**	**1,218,787**
Period 1/4/2010 - 31/12/2010							
Reserve for employees stock plan			2,219		2,219		2,219
Effect of exchange rate on financial accounts			(24)		(24)		(24)
Acquisition 49% Artemide S.r.l.			(348)		(348)	(48)	(396)
Net profit (loss)				(201)	(201)		(201)
Balance as of 31/12/2010	**54,630**	**10,926**	**1,164,297**	**(9,468)**	**1,220,385**	**0**	**1,220,385**
Period 1/1/2011 - 31/3/2011							
Allocation of previous year profit			(9,468)	9,468	0		0
Reserve for employees stock plan			722		722		722
Effect of exchange rate on financial accounts			16		16		16
Net profit (loss)				122,800	122,800		122,800
Balance as of 31/03/2011	**54,630**	**10,926**	**1,155,567**	**122,800**	**1,343,923**	**0**	**1,343,923**

Consolidated Cash Flow Statements as of: 31st March 2011 and 31st March 2010

(EUR thousand)	1/1/2011 - 31/03/2011	1/1/2010 - 31/03/2010
Cash and cash equivalents at the beginning of period	**80,835**	**111,372**
B - Cash generated from/(used in) operating activities		
Net Profit / (Loss) for the period	122,800	(9,267)
Amortization, depreciation and write-down of fixed assets	52,354	50,590
Net (income) / charges from equity interests	0	0
Net change in provisions for risks and charges	7,892	22,851
Net change in employee benefits	(2,193)	(155)
Net Change in tax liabilities and tax assets	36,743	(8,991)
Income tax	79,640	(3,388)
Change in Fair Value of negotiable financial assets, and of financial liabilities	18,152	0
Other non cash items	738	14
Profit / (Loss) from operating activities before changes in working capital	**316,126**	**51,654**
(Increase) / Decrease in trade receivables	(15,864)	(199,400)
(Increase) / Decrease in inventory	(291,011)	(108,314)
Increase / (Decrease) in trade and other payables	41,816	147,087
Change in other current assets	34,816	(1,264)
Change in other current liabilities	10,247	58,817
Income tax paid	0	0
Change in other non-current liabilities	(19,932)	(28,807)
Total (B)	**76,198**	**(80,227)**
C - Cash flow from / (to) investment activities		
Investments in tangible and intangible assets	(19,892)	(23,095)
Change in financial assets	1,665	(4,614)
Interest received	85	26
Other non cash items	118	402
Total (C)	**(18,024)**	**(27,281)**
D - Cash generated from / (used in) financing activities		
Increase / (Decrease) in medium/long term borrowings	(172)	(404)
Increase / (Decrease) in short term borrowings	(19,082)	88,420
Interest paid	(1,922)	(4,124)
Total (D)	**(21,176)**	**83,892**
E - Cashflow for the period (B+C+D)	**36,998**	**(23,616)**
F - Cash from new consolidated subsidiaries	**0**	**0**
G - Cash and cash equivalents at the end of period	**117,833**	**87,756**

For the Board of Directors
The Chairman
Gian Marco Moratti



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2011

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1. Preliminary remarks

Saras S.p.A. (the parent company) is a company limited by shares listed on the Milan stock market. Its registered office is at S.S. 195 Sulcitana, km 19, Sarroch (CA), Italy, and it is 62.461% owned (excluding own shares) by Angelo Moratti SAPA (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.

These consolidated financial statements for the quarter ended 31 March 2011 are presented in euro, since the euro is the currency of the economy in which the Group operates. They consist of the 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.

The consolidated financial statements for the quarter ended 31 March 2011 should be read in conjunction with the consolidated accounts of the Saras Group for the year ended 31 December 2010.

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

The Group's consolidated financial statements for the quarter ended 31 March 2011 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. Legislative Decree 38 was subsequently issued on 20 February 2005, introducing the obligation to incorporate IFRS into Italian law, extending it to the preparation of annual accounts by companies having 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 consolidated financial statements of Saras S.p.A. were approved by its Board of Directors and set out in the relevant EU regulations published as of 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: income statement 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.

3. Accounting standards applied

These consolidated financial statements were prepared in abbreviated 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 consolidated accounts for the year ended 31 December 2010.
The accounting standards and valuation and consolidation criteria adopted to prepare the abbreviated consolidated quarterly report are consistent with those used for the consolidated accounts for the year ended 31 December 2010, to which reference should be made for more comprehensive information. The above-mentioned standards have been applied consistently for all periods shown.

Accounting standards, amendments and interpretations applicable from 1 January 2010

The following accounting standards, amendments and interpretations were applied by the Group for the first time from 1 January 2010. For a more detailed description of these accounting standards, please refer to the consolidated financial statements for the year ended 31 December 2010.

IFRS 3 – Business combinations
The updated version of IFRS 3 introduced important changes, mainly regarding the acquisition of subsidiaries in stages, the option of measuring any minority interests acquired in a partial acquisition at fair value, the allocation of all costs associated with a business combination to the income statement and the recognition of liabilities for conditional payments at the date of acquisition.
The application of the above amendments had no significant impact.

IAS 27 – Consolidated and Separate Financial Statements
The amendments to IAS 27 relate primarily to the accounting treatment of transactions or events that change the stake held in a subsidiary and the allocation of the subsidiary's losses to minority interests.
The application of the above amendments had no significant impact.

IFRS 2 – Share-based Payments: Group cash-settled share-based payment transactions
The main aim of the amendments was to define the accounting treatment of cash-settled share-based payment transactions.
The application of the above amendments – which replace the interpretations IFRIC 8 and IFRIC 11 – had no impact on the Group.

Amendment to IAS 39 – Financial Instruments: Recognition and Measurement - Eligible hedged items
This addition to the current version of IAS 39 clarifies the conditions under which financial/non-financial instruments can be considered hedged items in a hedge relationship. The application of this standard had no impact.

Accounting standards, amendments and interpretations effective from 1 January 2010 and not relevant for the Group

The following amendments, improvements and interpretations, effective from 1 January 2010, refer to cases and situations that were not relevant to the Group as of the date of these financial statements, but may have accounting effects on future transactions or agreements:

Improvement to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

Amendment to IAS 28 – Investments in Associates and *IAS 31 – Investments in joint ventures,* following the changes made to IAS 27

Improvements to IAS/IFRS

IFRIC 12 – Service Concession Arrangements

IFRIC 15 – Agreements for the Construction of Real Estate

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

IFRIC 17 – Distribution of Non-cash Assets to Owners

IFRIC 18 – Transfers of Assets from Customers

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

On 8 October 2009, the IASB issued an amendment to *IAS 32 – Financial Instruments: Presentation – Classification of rights issues* governing the accounting treatment of rights issues (rights, options or warrants) denominated in a currency other than the issuer's functional currency.

On 4 November 2009, the IASB issued a revised version of *IAS 24 – Related Party Disclosures* that simplifies the type of information required in the event of transactions with related parties that are state-controlled entities and clarifies the definition of related parties.

On 12 November 2009, the IASB published accounting standard *IFRS 9 – Financial Instruments* on the classification and measurement of financial assets, which is applicable from 1 January 2013.

On 26 November 2009, the IASB issued a minor amendment to *IFRIC 14 – Prepayment of a Minimum Funding Requirement*, allowing companies making prepayments of a minimum funding requirement to defined benefit pension plans to recognise these payments as assets.

On 26 November 2009, IFRIC issued the interpretation *IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments*, which provides guidelines regarding the recognition of a financial liability that has been extinguished using equity instruments.

On 6 May 2010, the IASB issued a series of modifications to the *IFRS ("Improvements")* that are applicable from 1 January 2011.

On 7 October 2010, the IASB published a number of amendments to *IFRS 7 – Financial Instruments: Disclosures,* which apply to financial years starting on or after 1 July 2011.

3.1 Basis of consolidation

Subsidiaries consolidated on a line-by-line basis that are included in the basis of consolidation are listed below:

Consolidated on a line-by-line basis	% owned
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 subsidiary:	100%
Artemide S.r.l.	100%
Sarint S.A. and subsidiaries:	100%
Saras Energia S.A.	100%
Reasar S.A.	100%
Parchi Eolici Ulassai S.r.l. and subsidiary:	100%
Sardeolica S.r.l.	100%

The Group also holds the following other investments:

Other investments: of insignificant value (valued at cost)	
ITSME S.r.l.	3.379%
Consorzio Cesma	5%
Consorzio La Spezia Energia	5%
Sarda Factoring	5.95%
I.C.T. Competence Centre	0.5%

No changes occurred over the period in the basis of consolidation compared with 31 December 2010.

3.2 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, i.e. the statement of financial position, statement of

comprehensive income and cash flow statement, as well as the accompanying disclosures. Actual amounts may differ from those reported in the financial statements due to the uncertainty surrounding these 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's consolidated financial statements for the year ended 31 December 2010.

4. Information by business segment

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. generation of power by wind farms;
5. other activities.

1. Refining activities refer to:

[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 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 minor quantities of semi-finished oil products.

Finished products are sold to major international operators such as the Total Group, Polimeri Europa, ENI, Shell, British Petroleum and Repsol.

[B] Revenues from refining activities undertaken on behalf of third parties, which represent only the income from refining activities that the parent company carries out on behalf of third parties; this service is provided to major clients.

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 in relation to 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, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata);
- in Spain, by Saras Energia S.A. for third-party and Group-owned service stations, supermarkets and resellers via an extensive network of depots located throughout the Iberian peninsula, the most important of which, the Cartagena depot, is owned by the company itself. In addition, the Cartagena site also produces biodiesel; this activity has been merged with the Group's marketing business as the management considers it to be an integral part of the marketing business (analysing its performance within the business), and in view of its minor significance in terms of resources used and volumes produced.

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. This electricity is sold exclusively to the grid operator GSE (Gestore dei Servizi Elettrici S.p.A.), with sales benefiting from tariffs included in the CIP 6/92 agreement.

4. Wind power is generated:
- by the Ulassai wind farm owned by subsidiary Sardeolica 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 Sartec S.p.A.

The management monitors the operating results for individual business segments separately, in order to define the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses.

4.2 Segment information

	Refining	Marketing	Power Generation	Wind Power	Other	Total
31st March 2010						
Revenues from ordinary operations	1,579,308	594,845	121,887	4,389	11,106	2,311,535
deduction: revenues infrasector	(435,092)	(12,287)	(9,007)	0	(4,420)	(460,806)
Revenues from third parties	**1,144,216**	**582,558**	**112,880**	**4,389**	**6,686**	**1,850,729**
Other revenues	35,626	202	13,072	5,273	168	54,341
deduction: revenues infrasector	(19,294)	(15)	(3,345)	0	(72)	(22,726)
Other revenues from third parties	**16,332**	**187**	**9,727**	**5,273**	**96**	**31,615**
Amortisation and Depreciation	**(25,613)**	**(3,067)**	**(19,258)**	**(2,238)**	**(414)**	**(50,590)**
Operating profit (a)	**(44,056)**	**10,969**	**27,708**	**6,134**	**(650)**	**105**
Net income from non-consolidated equity investments						**0**
Financial Income	6,909	72	11	19	28	7,039
Financial Charges	(16,960)	(372)	(1,060)	(1,392)	(15)	(19,799)
Income taxes	18,027	(2,518)	(10,615)	(1,531)	25	3,388
Net Profit (Loss) for the period	**(35,635)**	**7,643**	**16,099**	**3,268**	**(642)**	**(9,267)**
31st March 2011						
Revenues from ordinary operations	2,284,120	963,519	153,433	2,471	10,472	3,414,015
deduction: revenues infrasector	(707,528)	(37,950)	(13,514)	0	(4,340)	(763,332)
Revenues from third parties	**1,576,592**	**925,569**	**139,919**	**2,471**	**6,132**	**2,650,683**
Other revenues	33,232	233	18,401	3,976	134	55,976
deduction: revenues infrasector	(29,166)	(18)	(4,981)	0	(95)	(34,260)
Other revenues from third parties	**4,066**	**215**	**13,420**	**3,976**	**39**	**21,716**
Amortisation and Depreciation	**(27,220)**	**(2,941)**	**(19,313)**	**(2,559)**	**(321)**	**(52,354)**
Operating profit (a)	**208,585**	**12,281**	**35,305**	**2,458**	**(593)**	**258,036**
Net income from non-consolidated equity investments						
Total						**0**
Financial Income (a)	20,516	450	345	598	25	21,934
Financial Charges (a)	(74,799)	(2,087)	(19)	(554)	(71)	(77,530)
Income taxes	(61,875)	(3,431)	(13,600)	(751)	17	(79,640)
Net Profit (Loss)	**92,427**	**7,213**	**22,031**	**1,751**	**(622)**	**122,800**

(a) Calculated without taking into account intra-segment eliminations

5. Notes to the statement of financial position

The most significant changes to the statement of financial position compared with 31 December 2010 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.

	31/03/2011	31/12/2010	Change
Bank and postal deposits	115,803	79,033	36,770
Cash	2,030	1,802	228
Total	**117,833**	**80,835**	**36,998**

Bank deposits were mainly attributable to Saras S.p.A. (EUR 87,433 thousand), Arcola Petrolifera S.p.A. (EUR 12,321 thousand) and Sardeolica S.r.l. (EUR 7,107 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

This item (EUR 30,990 thousand) mainly includes Italian and foreign equities and government bonds held by the parent company (EUR 14,547 thousand) and green certificates (EUR 16,443 thousand) obtained by Sardeolica S.r.l. for the generation of energy from renewable sources and still held as of the reporting date.
Gains and losses realised and changes in fair value since the start of the period are recorded in the income statement under “Financial income” or “Financial charges” for Italian or foreign equities and government bonds, and under “Other income” or “Sundry costs” where these relate to green certificates.
The green certificates relating to subsidiary Sardeolica S.r.l. are sold on an appropriate regulated market or via bilateral agreements between market operators; the certificates accrued in the first three months of 2011 were valued at the average market price for the period (EUR 81.94/MWh).

Changes in the item are as follows

	Investments	Green Certificates	Total
Balance at 31/12/2009	**17,549**	**3,752**	**21,301**
Increases for the period	10,650	14,065	24,715
Decreases for the period	(11,926)	(5,290)	(17,216)
Balance at 31/12/2010	**16,273**	**12,527**	**28,800**
Increases for the period	1,780	3,916	5,696
Decreases for the period	(3,506)	0	(3,506)
Balance at 31/03/2011	**14,547**	**16,443**	**30,990**

5.1.3 Trade receivables

Trade receivables totalled EUR 884,401 thousand, net of an impairment provision of EUR 15,234 thousand, with an increase versus 31 December 2010 of EUR 15,864 thousand, due to higher sales than in the last quarter of the previous year for Arcola Petrolifera S.p.A. (mainly in Sardinia).

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred during the period.

	31/03/2011	31/12/2010	Change
Raw materials, spare parts and consumables	345,873	306,668	39,205
Semi-finished products and work in progress	70,831	70,650	181
Finished products and good held for resale	685,815	434,608	251,207
Advance payments	654	236	418
Total	**1,103,173**	**812,162**	**291,011**

The valuation of inventories of crude and other oil products at market value led to a write-down of EUR 0.8 million as of 31 March 2011. This valuation is thus equivalent to the market value.
The increase in the value of inventories is attributable to the general increase in prices, mainly finished product prices.

No stocks are put up as guarantees for liabilities.

5.1.5 Current tax assets

The following table shows a breakdown of current tax assets.

	31/03/2011	31/12/2010	Change
VAT	1,816	239	1,577
IRES	2,635	32,768	(30,133)
IRAP (regional income tax)	27	4,672	(4,645)
Other tax credits	2,178	1,587	591
Total	**6,656**	**39,266**	**(32,610)**

The items “IRES receivables” and “IRAP receivables” mainly refer to the surplus payments on account made in the previous year for tax liabilities for the year, which take into account the reduction in the related taxable amounts. The decrease recorded during the period is the result of the recognition of tax liabilities.

5.1.6. Other current assets

The balance is detailed below.

	31/03/2011	31/12/2010	Change
Accrued Income	2,747	1,495	1,252
Prepaid expenses	17,413	12,842	4,571
Other receivables	85,028	93,057	(8,029)
Total	**105,188**	**107,394**	**(2,206)**

Deferred charges mainly refer to insurance premiums for the parent company and its subsidiary Sarlux S.r.l.

“Other receivables” mainly comprise:

- the receivable of EUR 60,503 thousand due to the subsidiary Sarlux S.r.l. arising from the recognition pursuant to section II, point 7-*bis* of CIP Provision 6/92 of the refund of charges applicable to 2010 and the first quarter of 2011 relating to the application of EC Directive 2003/87 (Emissions Trading), as per AEEG Resolution 77/08;
- the recovery of the amount paid by Sarlux S.r.l. to GSE of EUR 17,701, as described in point 7.1;

5.2 Non-current assets

5.2.1 Property, plant and equipment

The following table shows a breakdown of changes in property, plant and equipment.

COST	31/12/2009	Additions	(Disposals)	Revaluations (write-down)	Other Changes	31/12/2010
Land & buildings	224,655	4,885	0		4,566	234,106
Plant & machinery	2,542,809	18,853	(2,404)		80,319	2,639,577
Industrial & commercial equipment	30,631	1,752	(88)		1,276	33,571
Other assets	443,662	543	(622)		22,297	465,880
Work in progress and advances	185,159	96,804	(1,920)		(112,232)	167,811
Total	**3,426,916**	**122,837**	**(5,034)**	**0**	**(3,774)**	**3,540,945**

ACCUMULATED DEPRECIATION	31/12/2009	Depreciation	(Disposals)	Revaluations (write-down)	Other Changes	31/12/2010
Land & buildings	58,000	9,707	0		0	67,707
Plant & machinery	1,486,452	138,361	(2,403)		718	1,623,128
Industrial & commercial equipment	23,039	2,310	(19)		(846)	24,484
Other assets	333,878	19,303	(622)		(217)	352,342
Total	**1,901,369**	**169,681**	**(3,044)**	**0**	**(345)**	**2,067,661**

NET BOOK VALUE	31/12/2009	Additions	(Disposals)	(Depreciation)	Other changes revaluations/write-down	31/12/2010
Land & buildings	166,655	4,885	0	(9,707)	4,566	166,399
Plant & machinery	1,056,357	18,853	(1)	(138,361)	79,601	1,016,449
Industrial & commercial equipment	7,592	1,752	(69)	(2,310)	2,122	9,087
Other assets	109,784	543	0	(19,303)	22,514	113,538
Work in progress and advances	185,159	96,804	(1,920)	0	(112,232)	167,811
Total	**1,525,547**	**122,837**	**(1,990)**	**(169,681)**	**(3,429)**	**1,473,284**

COST	31/12/2010	Additions	(Disposals)	Revaluations (write-down)	Other Changes	31/3/2011
Land & buildings	234,106	279	(89)		1,172	235,468
Plant & machinery	2,639,577	629	(113)		8,896	2,648,989
Industrial & commercial equipment	33,571	47	(54)		(19)	33,545
Other assets	465,880	261	(15)		4,000	470,126
Work in progress and advances	167,811	17,900	(1)		(14,089)	171,621
Total	**3,540,945**	**19,116**	**(272)**	**0**	**(40)**	**3,559,749**

ACCUMULATED DEPRECIATION	31/12/2010	Depreciation	(Disposals)	Revaluations (write-down)	Other Changes	31/3/2011
Land & buildings	67,707	2,503				70,210
Plant & machinery	1,623,128	35,244	(113)			1,658,259
Industrial & commercial equipment	24,484	509	(47)			24,946
Other assets	352,342	4,903	(11)			357,234
Total	**2,067,661**	**43,159**	**(171)**	**0**	**0**	**2,110,649**

NET BOOK VALUE	31/12/2010	Additions	(Disposals)	(Depreciation)	Other changes revaluations/write-down	31/3/2011
Land & buildings	166,399	279	(89)	(2,503)	1,172	165,258
Plant & machinery	1,016,449	629	0	(35,244)	8,896	990,730
Industrial & commercial equipment	9,087	47	(7)	(509)	(19)	8,599
Other assets	113,538	261	(4)	(4,903)	4,000	112,892
Work in progress and advances	167,811	17,900	(1)	0	(14,089)	171,621
Total	**1,473,284**	**19,116**	**(101)**	**(43,159)**	**(40)**	**1,449,100**

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 at 31 March 2011 was EUR 5,702 thousand, compared with EUR 6,126 thousand at 31 December 2010.

The item “Land and buildings” includes industrial buildings used as offices and warehouses (net value: EUR 113,026 thousand), civic buildings in Milan, Cagliari and Rome used as offices (net value: EUR 15,401 thousand) and land, which largely relates to the Sarroch and Arcola sites belonging to the parent company and Arcola Petrolifera S.p.A. respectively, and service stations belonging to Saras Energia S.A. (EUR 36,831 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 both the parent company and the Group’s 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 during the period totalled EUR 19,116 thousand and mainly referred to technological work on the parent company's plants.

The most significant depreciation rates used are as follows:

Industrial buildings (land and buildings)	5.50%
Generic plant (plant and machinery)	8.38% - 6.25%
Highly corrosive plant (plant and machinery)	11.73% - 8.75%
Pipeline and storage (plant and machinery)	8.38% - 6.25%
Thermoelectric plant	4.50%
Wind farm	10.00% - 4.00%
Supplies (equipment)	25.00%
Electronic office equipment (other assets)	20.00%
Office furniture and machinery (other assets)	12.00%
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 desalinisation, 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.

Financial charges of EUR 1,190 thousand and internal costs of EUR 2,112 thousand were capitalised during the period.

5.2.2 Intangible assets

The following table shows the changes in intangible assets.

CATEGORY	31/12/2009	Additions	Disposals	Other Changes	(Amortisation)	31/12/2010
Industrial & other patent rights	2,951	725	(5)	373	(1,936)	2,108
Concessions, licences, trademarks & similar rights	50,362	88	0	0	(2,689)	47,761
Goodwill	24,409	0	(9)	0	0	24,400
Assets in progress & payments on account	13,878	4,931	(9)	(157)	0	18,643
Other intangible assets	353,949	370	0	(4)	(33,021)	321,294
Total	**445,549**	**6,114**	**(23)**	**212**	**(37,646)**	**414,206**

CATEGORY	31/12/2010	Additions	Disposals	Other Changes	(Amortisation)	31/03/2011
Industrial & other patent rights	2,108	41	0	407	(344)	2,212
Concessions, licences, trademarks & similar rights	47,761	7	0	0	(671)	47,097
Goodwil	24,400	0	0	0	0	24,400
Assets in progress & payments on account	18,643	728	0	(386)	0	18,985
Other intangible assets	321,294	0	0	0	(8,178)	313,116
Total	**414,206**	**776**	**0**	**21**	**(9,193)**	**405,810**

The main items are set out in detail below.

Concessions, licences, trademarks and similar rights
The balance of the item mainly refers to the concessions relating to Estaciones de Servicio Caprabo S.A. (merged with Saras Energia S.A.) for the operation of the service stations in Spain, and to Sardeolica S.r.l. for the operation of the Ulassai wind farm.

Goodwill

This item mainly refers to goodwill paid for the purchase of 30% of Parchi Eolici Ulassai S.r.l.: the goodwill was calculated using a projection of future cash flows by Sardeolica until 2035 when the concessions expire.

As an asset with a non-finite useful life, goodwill is not amortised, but is subject to annual impairment tests at the end of every financial year, or whenever there are indications of losses in value. As of 31 March 2011, there were no such indications.

Intangible assets in progress and payments on account

This item mainly includes the cost of natural gas exploration in Sardinia.

Other intangible assets

This item largely refers to the booking at fair value of the existing agreement between Sarlux S.r.l. and GSE (Gestore dei Servizi Elettrici S.p.A.), which stands at EUR 302 million.

Amortisation of intangible assets totalled EUR 9,194 thousand, and was calculated using the annual rates shown below.

Industrial patent rights and intellectual property rights	20%
Concessions, licences, trademarks and 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 31 March 2011, with the main figures relating to each subsidiary.

Company name	Registered office	Currency	Share Capital	% owned by Group as of 03-11	% owned by Group as of 12-10	% 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. and subsidiaries:	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. and 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	100.00%	100.00%	100.00%	Akhela S.r.l.	100.00%	Indirect Subsidiary
ITSME S.r.l.	Milan	EUR	39,632	3.38%	3.38%	3.38%	Akhela S.r.l.	3.38%	Other Interests
Sarint S.A. and subsidiaries:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Energia S.A.	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect Subsidiary
Reasar S.A.	Luxemburg	EUR	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. and 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
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
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 equity interests

Other investments break down as follows:

	31/03/2011	31/12/2010
ITSME S.r.l.	50	50
Consorzio Cesma	3	3
Consorzio La Spezia Energia	2	2
Sarda Factoring	495	495
Centro di Competenza I.C.T.	21	21
Total	**571**	**571**

5.2.4 Deferred tax assets

At 31 March 2011, deferred tax assets stood at EUR 30,540 thousand, and mainly comprised net deferred tax assets of Saras S.p.A. (including EUR 4,227 thousand relating to unused tax losses) and Sarlux S.r.l. (relating to the reporting of revenues on a linear basis net of deferred taxes relating to the accounting at fair value of the contract in place with GSE (Gestore dei Servizi Elettrici S.p.A.).

5.2.5 Other financial assets

The balance at 31 March 2011 was EUR 862 thousand (EUR 880 thousand at 31 December 2010) and is chiefly represented by deposits paid by the parent company Saras S.p.A. and its subsidiary Energia S.A.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table shows short-term financial liabilities.

	31/3/2011	31/12/2010	Change
Bank loans	8,118	7,977	141
Bank accounts	136,754	154,501	(17,747)
Financial Derivatives	45,825	25,312	20,513
Total short-term financial liabilities	**190,697**	**187,790**	**2,907**
Total long-term financial liabilities	**481,765**	**481,937**	**(172)**
Total financial liabilities	**672,462**	**669,727**	**2,735**

The terms and conditions of the company's loans are explained in the note on the item "5.4.1 - Long-term financial liabilities".

For further details, please see the cash flow statement.

The "Financial derivatives" item includes the fair value of the financial derivatives in place at the reporting date.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	31/3/2011	31/12/2010	Change
Advances from clients: portion due within the period	21,553	29,264	(7,711)
Payables to suppliers: portion due within the period	1,143,763	1,094,236	49,527
Total	**1,165,316**	**1,123,500**	**41,816**

Trade payables increased versus the previous year, mainly because of the trend in oil prices and the greater quantities of crude acquired by the parent company.

5.3.3 Current tax liabilities

This item is broken down below.

	31/3/2011	31/12/2010	Change
VAT payables	51,407	38,167	13,240
IRES (Corporate Tax)	6,438	297	6,141
IRAP (Regional Tax)	5,405	438	4,967
Other tax payables	104,315	51,088	53,227
Total	**167,565**	**89,990**	**77,575**

The item “VAT payables” is chiefly attributable to the debt position accrued under the VAT consolidation scheme entered into by the Italian companies (EUR 26,285 thousand) and by Saras Energia S.A. (EUR 25,120 thousand).

The item “Other tax payables” mainly includes excise duties on products introduced into the market by Arcola Petrolifera S.p.A. (EUR 91,011 thousand); the increase was largely due to the above-mentioned rise in the company's sales on the Sardinian market, and to advance payments of excise duties made in December, as required by the regulations.

5.3.4 Other current liabilities

A breakdown of other current liabilities is shown below.

	31/3/2011	31/12/2010	Change
Amount payable to welfare and social security bodies: portions due within the year	7,040	8,050	(1,010)
Due to personnel	25,156	17,658	7,498
Payables to Ministry for grants	43,414	43,141	273
Other payables	15,757	17,520	(1,763)
Other accrued liabilities	12,735	7,448	5,287
Other deferred income	640	450	190
Total	**104,742**	**94,267**	**10,475**

The item “Payables to personnel” includes salaries not yet paid for March 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 with the ministry signed on 10 June 2002, for which the final concession decree has yet to be granted (EUR 24,736 thousand), and by the subsidiary Sardeolica S.r.l. for the construction of the Ulassai wind farm (EUR 15,679 thousand). The increase for the period refers to the payment on account received by Akhela S.r.l. in respect of the third programme agreement signed with the above-mentioned ministry.

The item “Other payables” mainly relates to port duties as determined by the customs authority in respect of the parent company (EUR 15,115 thousand); 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 decision.
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 the current year, as well as for previous years, has been booked on an accruals basis under “Cost of services and sundry costs”.

5.4 Non-current liabilities

5.4.1. Long-term financial liabilities

Long-term financial liabilities break down as follows.

	31/3/2011	31/12/2010	Change
Euro Bond	247,848	247,725	123
Bank loans	233,917	234,212	(295)
Total long-term financial liabilities	**481,765**	**481,937**	**(172)**

On 16 July 2010, Saras S.p.A., an unrated company, carried out a bond issue aimed solely at institutional investors, with a nominal value of EUR 250 million and a five-year duration. The bond, which is listed on the Luxembourg stock exchange, has a coupon of 5.583% and will mature on 21 July 2015. It is not supported by a guarantee and is not subject to any covenants. The bond issue is recorded net of issue charges incurred.

For further details, please see the cash flow statement.

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

Figures in EUR million	Date of borrowing	Amount originally borrowed	Base rate	Outstanding 31/12/10	Outstanding 31/03/11	Maturity			Collateral
						1 year	from 1 to 5 years	beyond 5 years	
Saras S.p.A.									
IntesaSanPaolo in pool	3-giu-09	100.0	Euribor 6M	99.7	99.7		99.7		
IntesaSanPaolo in pool	16-giu-09	90.0	Euribor 6M	89.6	89.7		89.7		
				189.3	**189.4**	**-**	**189.4**	**-**	
				-	**-**	**-**	**-**	**-**	
Akhela S.r.l.									
Unicredit	6-ago-08	0.2	0.74%	0.2	-	-			
				0.2	**-**	**-**	**-**	**-**	
Artemide S.r.l.									
Banca Intesa	11-apr-07	0.3	Euribor 3M	0.1	0.1	0.1			
				0.1	**0.1**	**0.1**	**-**	**-**	
Saras Energia S.A.									
Banca Esp. De Credito	11-set-02	10.0	Euribor 6M	2.2	1.7	1.3	0.6		
				2.2	**1.7**	**1.3**	**0.6**	**-**	
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-dic-05	90.0	Euribor 6M	50.4	50.6	6.7	24.4	19.5	
				50.4	**50.6**	**6.7**	**24.4**	**19.5**	
Total payables to banks for loans				**242.2**	**241.8**	**8.1**	**214.4**	**19.5**	

The weighted average interest rate at 31 March 2011 was 4.34%.

Sardeolica S.r.l. entered into a loan agreement divided into five credit lines with a pool of banks (led by Banca Nazionale del Lavoro), which was signed on 6 December 2005. 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 loan agreement imposes certain restrictions on the subsidiary:

- financial (mainly liquidity parameters set out in the agreement 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.
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 a nominal amount of 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 term of the loan is three years; it is repayable in a single instalment in June 2012 and carries a six-monthly interest rate based on Euribor.
The loan agreement imposes certain restrictions on the company:

- in financial terms, it will have to meet the following ratios: net debt/EBITDA < 3.5 and net debt/shareholders' equity < 1.5;
- in corporate terms, mainly in relation to ownership structure, a prohibition on changes in business activities, reductions in share capital and 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.
At the last contractual date for assessing compliance with the restrictions relating to the above-mentioned loans, the conditions had been met.

The table below shows the composition of the Group's net debt at 31 March 2011 and 31 December 2010.

	31/03/11	31/12/10
Medium-/long-term bank loans	(233,917)	(234,212)
Euro Bond	(247,848)	(247,725)
Short-term bank loans	(8,118)	(7,977)
Bank overdrafts	(136,754)	(154,501)
Fair value net derivatives	(45,825)	(25,312)
Other held for trading financial assets	30,990	28,800
Cash and equivalents	117,833	80,835
Total net debt	**(523,639)**	**(560,092)**

The change in net financial position can be largely attributed to the positive cash flow from operations, which supported the investments made during the period. For further details, please see the cash flow statement.

5.4.2 Provisions for risks and charges

Provisions for risks and charges break down as follows:

	31/12/2009	Additions	Decrease for use	Other changes	31/12/2010
Provisions for dismantling of plants	16,826	320			17,146
Provisions for CO2 quotas	18,713	46,978	(18,713)		46,978
Other risk provisions	5,579	5,314	(322)	3,838	14,409
Total	**41,118**	**52,612**	**(19,035)**	**3,838**	**78,533**

	31/12/2010	Additions	Decrease for use	Other changes	31/03/2011
Provisions for dismantling of plants	17,146				17,146
Provisions for CO2 quotas	46,978	25,887	(13,167)		59,698
Other risk provisions	14,409	9	(4,837)		9,581
Total	**78,533**	**25,896**	**(18,004)**	**0**	**86,425**

The provisions for dismantling plants relate to the future costs of dismantling plants and machinery, which are made wherever there is a legal and implicit obligation to be met in this regard.

The provision for CO_2 emission quotas, EUR 59,698 thousand in respect of the parent company, was made pursuant to Legislative Decree 216 of 4 April 2006, which introduced limits on CO_2 emissions from plants. If these limits are exceeded allowances covering the excess amount of CO_2 must be purchased on the appropriate market. The provision in question represents allowances required and not yet purchased.
Under Italy's National Allocation Plan, the parent company Saras S.p.A. receives CO_2 allowances from the government, and is responsible for CO_2 emissions at the whole Sarroch site, including the IGCC plant owned by its subsidiary Sarlux S.r.l.
For 2011, the CO_2 allowances assigned under the National Allocation Plan for the period 2008-2012 were:
- 2,159,696 tons of CO_2 for the refinery plants owned by the parent company, which had emitted 601,450 tons of CO_2 as of 31 March. A provision was made for the shortfall for the period, net of purchases, of 509,215 tons, worth EUR 7,954 thousand;
- 444,404 tons of CO_2 for the cogeneration plants owned by Sarlux S.r.l., which had emitted 1,020,892 tons of CO_2 as of 31 March. A provision was made for the shortfall for the period, net of purchases, of 1,088,182 tons, worth EUR 17,933 thousand.

The item "Other risk provisions" mainly relates to provisions made for possible legal and tax liabilities.

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	31/03/2011	31/12/2010	Change
Employee end-of-service payments	14,604	14,529	75
Other complementary provisions	13,750	16,018	(2,268)
Total	**28,354**	**30,547**	**(2,193)**

Employee end-of-service payments are governed by article 2120 of the 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.
On 30 June 2010, following the cancellation by the parent company of the agreement establishing CPAS, the company's supplementary employee pension fund, the fund was dissolved and put into liquidation, with workers given the option of transferring the contributions accrued up until that date to another supplementary pension scheme or of redeeming the funds completely. The trade unions contested the cancellation of the fund, and a number of the employees involved have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision. Having taken legal advice from the lawyers assisting the company in this matter, the company is confident that the correctness of its actions will be upheld in court.

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

Balance at 31.12.2009	**15,412**
Accrual for the year	7,287
Amount used during the year	(8,170)
Balance at 31.12.2010	**14,529**
Accrual for the year	1,701
Amount used during the period	(1,626)
Balance at 31.03.2011	**14,604**

Changes in "Other funds" are as follows:

Balance at 31.12.2009	**20,008**
Accrual for the year	1,214
Amount used during the year / Settlement	(5,204)
Balance at 31.12.2010	**16,018**
Accrual for the year	0
Amount used during the period / Settlement	(2,268)
Balance at 31.03.2011	**13,750**

5.4.4 Other non-current liabilities

Other non-current liabilities break down as follows:

	31/3/2011	31/12/2010	Change
Payables to welfare and social security bodies	304	357	(53)
Deferred income	563,421	583,300	(19,879)
Other	2,612	2,612	0
Total	**566,337**	**586,269**	**(19,932)**

The change compared with 31 December 2010 is mainly due to the decrease 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 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 calculated on a linear basis since 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.

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	31/03/2011	31/12/2010	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	1,155,567	1,164,297	(8,730)
Profit (Loss) for the period	122,800	(9,468)	132,268
	1,343,923	**1,220,385**	**123,538**
Share capital and reserves attributable to minority interests			0
Profit (loss) for the period attributable to minority interests			0
Total minority interests	**0**	**0**	**0**
Total Shareholders Equity	**1,343,923**	**1,220,385**	**123,538**

Share capital
At 31 March 2011, 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 1,155,567 thousand, a net decrease of EUR 8,730 thousand compared with the previous period. The net decrease was the combined result of:

- a decrease of EUR 9,468 thousand due to the allocation of the loss from the previous year;
- an increase owing to the translation of the financial statements of subsidiaries in foreign currency (EUR 16 thousand);
- an increase of EUR 722 thousand relating to the establishment of a reserve for the bonus allocation of shares to employees and management under the stock grant plans.

The item is shown net of an amount of EUR 17,881 thousand (after the fiscal effect of EUR 10,119 thousand) for charges arising from the listing operation which took place in 2006.

Pursuant to IAS 1, paragraphs 1 and 97, please note that no transactions were carried out during the period with owners of the company's shares.

Profit for the period
Consolidated net profit for the period was EUR 122,800 thousand.

Dividends
On 28 April 2011, the ordinary shareholders' meeting of Saras S.p.A. voted not to pay any dividends.

No own shares were acquired or sold during the period.

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

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

	31/03/2011	31/03/2010	Change
Sales and services revenues	2,502,194	1,726,068	776,126
Processing fee from third parties	0	1,826	(1,826)
Sale of electricity	142,169	117,029	25,140
Other revenues	5,963	5,026	937
Change in construction contracts	357	780	(423)
Total	**2,650,683**	**1,850,729**	**799,954**

Sales and services revenues increased by EUR 776,126 thousand compared to the same period of the previous year. The change was mainly due to the larger quantities sold and the trend in oil prices.

Revenues from the sale of electricity include EUR 139,698 thousand relating to the gasification plant of subsidiary Sarlux S.r.l. and EUR 2,471 thousand relating to the wind farm owned by subsidiary Sardeolica S.r.l.
Revenues from the sale of electricity by Sarlux S.r.l. reflect the reporting of figures on a linear basis (as indicated in point 5.4.4 – Other non-current liabilities, above), 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 projections of the EUR/USD exchange rate until the contract expires.
Note that, pending the settlement of the dispute with the AEEG (gas and electricity regulator) over the method of calculating the avoided fuel cost component (CEC), for the purposes of the half-year results, revenues from the sale of electricity were determined in accordance with AEEG Resolution PAS 09/10.

The early weeks of 2011 started in a positive way for the refining sector, with year on year demand growth of 5.1% in the Top25 consuming nations, and diesel being the key driver of profitability. However, margins rapidly collapsed for simple refineries, in February and March, due to a sudden spike of crude oil prices, on the back of the turmoil in North Africa and Middle East. The situation was however quite favourable for complex refiners like Saras, thanks to a widening of the price differential between "heavy" and "light" crude oils, as well as a remarkable increase in the conversion premium of the fuel oil into middle distillates. Saras Refining segment was therefore capable of capitalizing on its high gearing towards the production of middle distillates, and on the "complexity advantage" of the Sarroch site.

Notwithstanding seasonal effects and persistently slow oil products' consumption both in Spain and in Italy, the results of Saras Group Marketing segment were positive, thanks primarily to the increase in sales volumes of the Italian subsidiary. Finally, the Power Generation segment brought further strength to the Group first quarter results, thanks to efficient operations and a high service factor, more than compensating the weaker performance of the Wind segment, due to unfavourable wind conditions.

6.1.2 Other income

The following table shows a breakdown of other income.

	31/03/2011	31/03/2010	Change
Revenues for stocking of mandatory supplies	772	261	511
Sales of sundry materials	1,230	1,202	28
Grants	3,917	5,269	(1,352)
Chartering of tanker	1,455	1,103	352
Recover for demages and compensation	135	385	(250)
Reimbursment of emission trading charges	13,131	9,458	3,673
Other income	1,076	13,937	(12,861)
Total	**21,716**	**31,615**	**(9,899)**

"Other income" largely comprises revenues recorded by Sarlux S.r.l. following the recognition of the reimbursement of charges relating to the application of Directive 2003/87/EC (Emission Trading).

In the first quarter of 2010, the "Other revenues" item included income of EUR 12,507 thousand from the sale of CO_2 allowances by the parent company, whereas no allowances were sold in the first quarter of 2011.

The item "Grants" includes the revenues from green certificates obtained by Sardeolica S.r.l.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, spare parts and consumables

	31/03/2011	31/03/2010	Change
Purchases of raw materials	2,096,725	1,392,857	703,868
Purchases of semifinished materials	14	270	(256)
Purchases of replacement parts and consumables	17,492	17,584	(92)
Purchases of finished products	343,213	334,918	8,295
Other purchases	35	63	(28)
Inventory's change	(290,607)	(108,160)	(182,447)
Total	**2,166,872**	**1,637,532**	**529,340**

Costs for the purchase of raw materials, spare parts and consumables totalled EUR 2,166,872 thousand, an increase of EUR 529,340 thousand compared to the same period of the previous year: this rise was chiefly due to the trend in average prices of crude and oil products.

6.2.2 Cost of services and sundry costs

	31/03/2011	31/03/2010	Change
Service costs	119,146	118,932	214
Use of third-party assets	3,645	3,866	(221)
Provisions for risks and charges	26,090	27,555	(1,465)
Other operating charges	4,641	7,465	(2,824)
Total	**153,522**	**157,818**	**(4,296)**

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

The item "Use of third-party assets" includes EUR 519 thousand in parent company costs relating to rental of the building that houses the new registered office in Milan. The cost has been reported on a linear basis according to IAS 17 – Leasing,

IAS 1, IAS 8 and SIC Interpretation 15, for the eight-year duration of the contract, which expires on 31 October 2015. Minimum future payments under the terms of the contract are EUR 2,188 thousand for the next twelve months, and EUR 9,200 thousand for the following years up to five 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 risks and charges" mainly relates to the cost of acquiring CO_2 emission allowances (EUR 25,887 thousand, for further information please see 5.4.2. above). The consolidated net charge for the period for compliance with CO_2 emissions regulations comes in at EUR 3,213 thousand.

The item "Other operating charges" mainly comprises non-income tax (local property taxes, atmospheric emission taxes) and membership fees.

6.2.3 Personnel costs

Personnel costs are broken down as follows:

	31/03/2011	31/03/2010	Change
Wages and salaries	28,869	24,503	4,366
Social security	8,241	7,331	910
Staff several indemnity	1,701	1,507	194
Pensions and similar	26	524	(498)
Other costs	1,258	997	261
Directors' remuneration	1,520	1,437	83
Total	**41,615**	**36,299**	**5,316**

On 27 April 2010, 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 2010/2012").

The employee share plan provides for a bonus allocation to employees:
- for the year 2011, a share for every six additional shares held by the beneficiary at 31 December 2010 compared with 31 December 2009;
- for the year 2012, a share for every six additional shares purchased by the beneficiary in 2011, on condition that the number of shares held by the beneficiary on a daily basis during the year is never lower than the number of shares held at 31 December 2010.

Under the employee share plan, the total value of the shares allocated to each beneficiary cannot exceed EUR 2,065 each year. Furthermore, the maximum value of the shares assignable overall may never exceed the sum of EUR 2 million. The share allocation for 2011 is scheduled to take place in June.

The Stock Grant Plan 2010/2012 (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, as recorded at the end of each year.

6.2.4 Depreciation and amortisation

Depreciation and amortisation figures are shown below.

	31/03/2011	31/03/2010	Change
Amortisation of intangible assets	9,194	9,436	(242)
Depreciation of tangible assets	43,160	41,154	2,006
Total	**52,354**	**50,590**	**1,764**

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	31/03/2011	31/03/2010	Change
Financial income:			
- from financial assets recorded under current assets	11	16	(5)
Other income			
- interest on bank and post office accounts	58	24	34
- fair value of held for trading financial assets	78	599	(521)
- fair value of derivatives outstanding on reporting date	634	0	634
- positive differences on derivatives	2,512	5,269	(2,757)
- other income	79	151	(72)
Exchange rate gains	17,410	980	16,430
Total Financial Income	**20,782**	**7,039**	**13,743**
Financial charges :			
- fair value of derivatives outstanding on reporting date	(22,623)	(5,794)	(16,829)
- fair value of held for trading financial assets	(157)	(73)	(84)
- negative differences on derivatives	(40,798)	(8,284)	(32,514)
- other (interest on loans, arrears, etc.)	(7,795)	(4,525)	(3,270)
Exchange rate losses	(5,005)	(1,123)	(3,882)
Total Financial Charges	**(76,378)**	**(19,799)**	**(56,579)**
Total	**(55,596)**	**(12,760)**	**(42,836)**

The summary table below is provided to allow an analysis of the main changes during the year:

	31/03/2011	31/03/2010	Change
Net interest gains (losses)	(7,737)	(4,501)	(3,236)
Net result from derivative financial instruments	(60,275)	(8,809)	(51,466)
- realised	*(38,286)*	*(3,015)*	*(35,271)*
- fair value of the open positions	*(21,989)*	*(5,794)*	*(16,195)*
Net exchange rate gains (losses)	12,405	(143)	12,548
Other	11	693	(682)
Total	**(55,596)**	**(12,760)**	**(42,836)**

The higher charges from financial management are largely attributable to:

- higher charges resulting from 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 (EUR 51,466 thousand);
- the difference in value between the exchange rate gains obtained this year and the exchange rate losses in the same period of the previous year (EUR 12,548 thousand);
- the increase in net interest due to the parent company's higher average net debt (EUR 3,236 thousand).

6.4 Income tax

Income tax breaks down as follows:

	31/03/2011	31/03/2010	Change
Current taxes	22,026	4,324	17,702
Net deferred taxes	57,614	(7,712)	65,326
Total	**79,640**	**(3,388)**	**83,028**

Current taxes essentially include IRES and IRAP for the Italian companies, which amount to EUR 47,794 thousand (including EUR 1,920 thousand in additional tax) and EUR 9,618 thousand respectively.

Net deferred tax assets/liabilities refer to changes during the year in the temporary differences between values recorded in the accounts and those recognised for tax purposes.
The most significant changes regard:

- the reversal of deferred tax assets for the linear reporting of Sarlux's margin (EUR 5,688 thousand);
- the reversal of deferred tax assets following the use of tax losses from previous periods (EUR 8,842 thousand);
- the recognition of deferred tax liabilities on unrealised currency gains (EUR 7,218 thousand).

7. Other information

For information on events that took place after the reporting date, please see the relevant section in the report on operations.

7.1 Main legal actions pending

Parent company Saras S.p.A. and subsidiaries Arcola Petrolifera S.p.A., Sarlux S.r.l. and Akhela S.r.l. were subject to tax inspections 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 (as defined by 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, based on the opinion of its advisers, and believes that its appeal will be successful. As a result, no provision was made in the accounts at 30 June 2010 for this case. The liabilities arising from this dispute, as determined by the GSE, which has already adopted this interpretation, are estimated at about EUR 32 million (requested by the GSE and paid by the subsidiary); however, these liabilities would qualify for partial relief pursuant to section II, point 7-*bis* of CIP Provision 6/92 in respect of costs arising from article 11 of Legislative Decree 79/99 in application of AEEG Resolution 113/06, as supplemented by AEEG Resolution ARG/elt 80/08, of around EUR 14 million (the refund was carried out during the first half of the year through the compensation fund for the electricity sector – *CCSE*).
If the interpretation of the above-mentioned AEEG committee is confirmed, the obligation in question would be extended to 2009, adding a further potential liability of around EUR 17 million, with the related refund estimated at around EUR 8 million.

7.2 Transactions with related parties

The effects on the Saras Group statement of financial position and statement of comprehensive income of transactions or positions with related parties are not significant.

7.3 Extraordinary events and transactions and atypical and/or unusual operations

No atypical and/or unusual operations were carried out during the period.