Saras Group Interim Financial Report as at 31st March 2012

SARAS

Table of contents

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 BORRÈ	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, skills and technology accrued in almost 50 years of business.

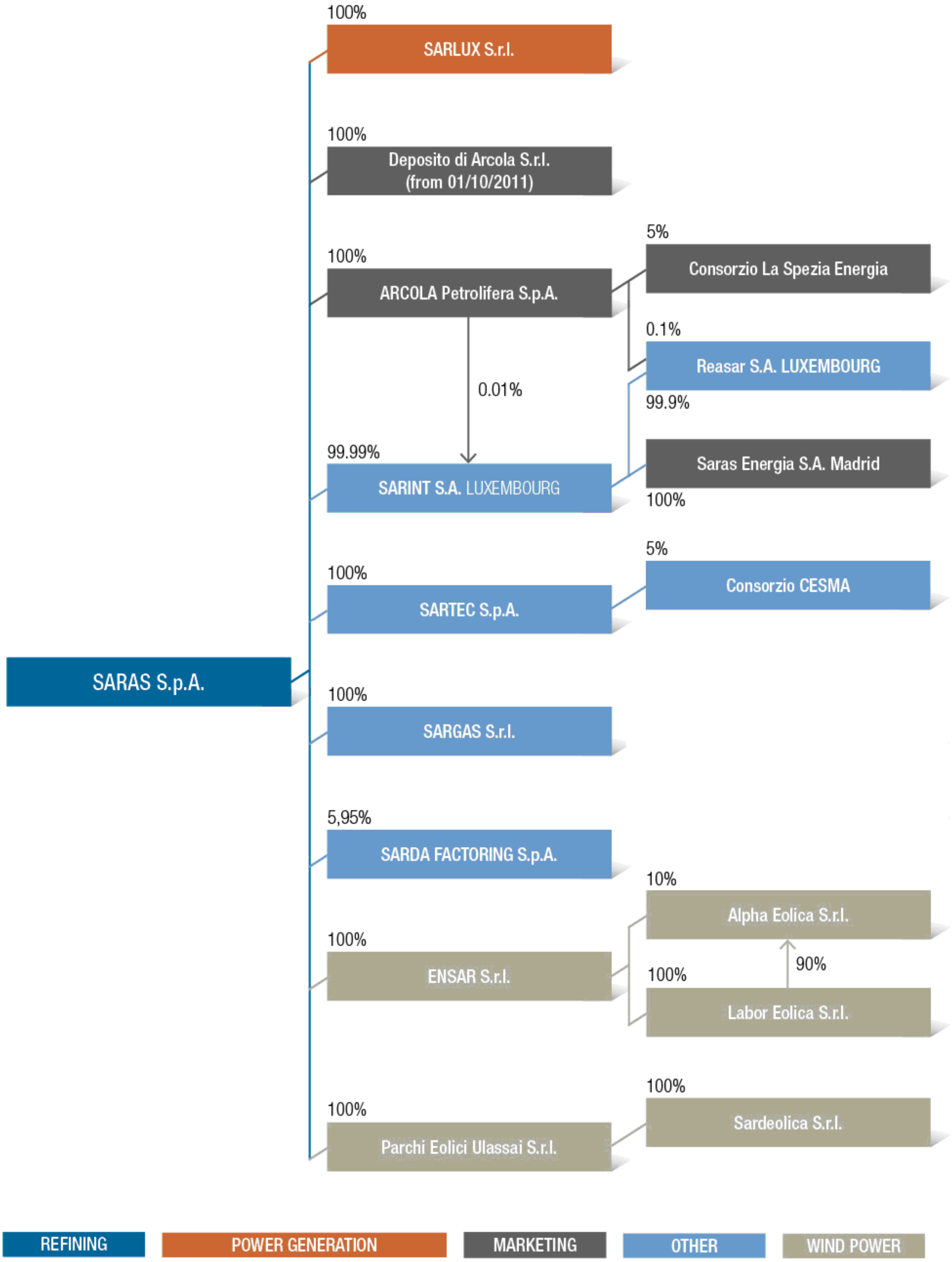
Both directly and through the subsidiaries Arcola Petrolifera S.p.A. and Deposito di Arcola S.r.l. in Italy, and Saras Energia S.A. in Spain, the Group sells and distributes oil products including diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel on the Italian, European and international markets. In particular, in 2011 approximately 2.4 million tons of oil products were sold in Italy, through the subsidiary Arcola Petrolifera, which operates solely in the wholesale market. Arcola Petrolifera uses logistics basis spread across the Italian territory, and also one tank farm for petroleum products owned by the Group, with a capacity of 200,000 cubic metres, managed by the subsidiary Deposito di Arcola S.r.l., and located indeed in the city of Arcola (La Spezia). Further 1.8 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 it also uses other logistic basis owned by third parties (CLH, Decal, Tepsa, etc.) and spread across the Iberian peninsula. Saras Energia also manages a retail network of 124 service stations, primarily located along the Spanish Mediterranean Coast, and the Cartagena biodiesel plant, with a capacity of 200,000 tons per year.

Over the past decades, 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 plant (Integrated Gasification plant with Combined Cycle turbines for power generation), with a total installed 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, with an installed capacity of 96MW, managed by the subsidiary Sardeolica S.r.l.. Finally, the Saras provides industrial engineering and scientific research services to the oil, energy and environment industry via its subsidiary Sartec S.p.A., and operates also in the fields of exploration and development, as well as transport, storage, purchase and sale of gaseous hydrocarbons.

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

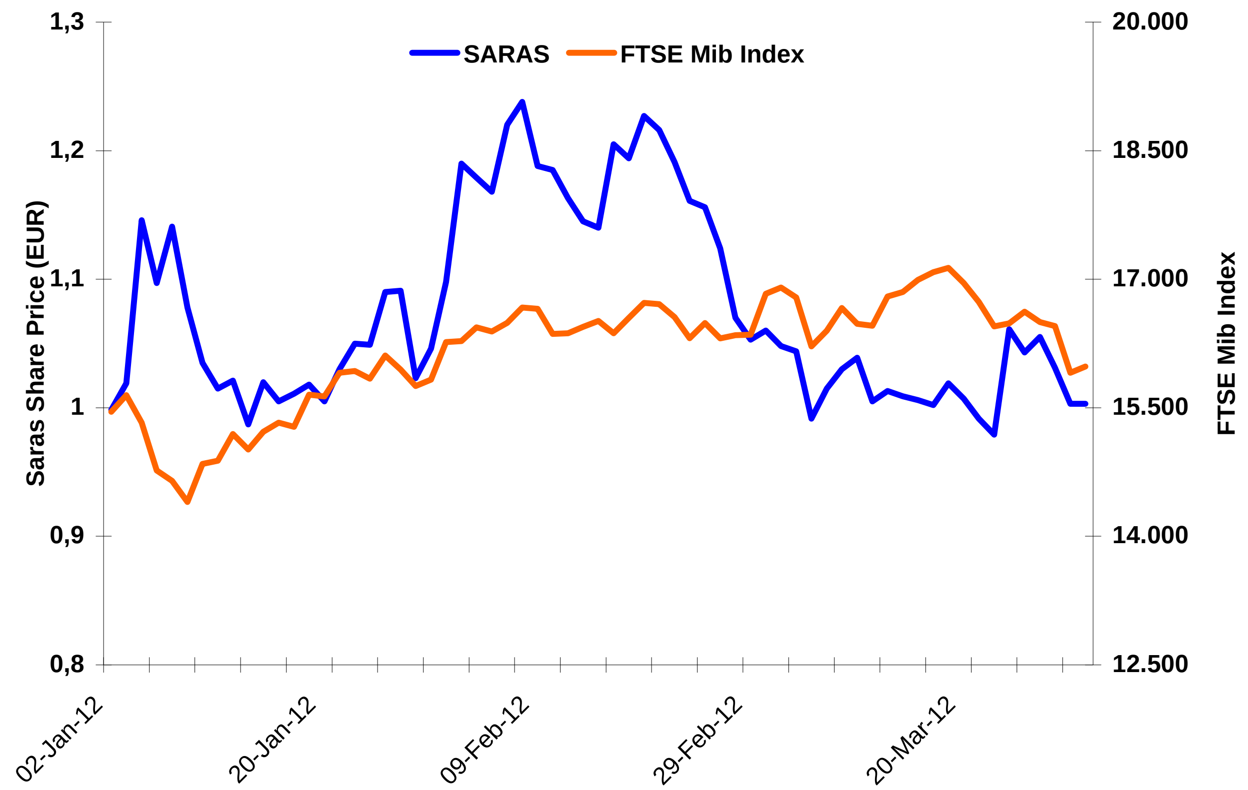
Below are some data concerning prices and daily volumes relating to the Saras share during the First Quarter of 2012.

SHARE PRICE (EUR)	Q1/12
Minimum price (22/03/2012)	0.979
Maximum price (08/02/2012)	1.238
Average price	1.076
Closing price at the end of the period (30/03/2012)	1.003

DAILY TRADED VOLUMES	Q1/12
Maximum traded volume in EUR million (23/03/2012)	55.1
Maximum traded volume in number of shares (million) (23/03/2012)	52.0
Minimum traded volume in EUR million (18/01/2012)	1.3
Minimum traded volume in number of shares (million) (18/01/2012)	1.3
Average volume in EUR million	5.8
Average volume in number of shares (million)	5.4

Market capitalization on the 30th of March 2012 amounts to approximately EUR 954 million and, at the same date, the outstanding shares were approximately 928 million.

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



REPORT ON OPERATIONS

Saras Group Key financial and operational 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 and the change in "*fair value*" of the derivative instruments 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, just like quarterly results.

Group consolidated income statement figures

EUR Million	Q1/12	Q1/11	Change %	Q4/11
REVENUES	3,115	2,672	17%	2,940
EBITDA	111.9	310.4	-64%	50.3
Comparable EBITDA	**21.1**	**154.3**	**-86%**	**56.9**
EBIT	61.2	258.0	-76%	(4.3)
Comparable EBIT	**(29.6)**	**101.9**	**-129%**	**2.3**
NET RESULT	14.1	122.8	-89%	(21.3)
***Adjusted* NET RESULT**	**(36.6)**	**39.5**	**-193%**	**11.1**

Other Group figures

EUR Million	Q1/12	Q1/11	Q4/11
NET FINANCIAL POSITION	**(473)**	**(524)**	**(653)**
CAPEX	**36**	**20**	**31**
OPERATING CASH FLOW (*)	**216**	**56**	**(111)**

Comments to First Quarter 2012 results

Group Revenues in Q2/12 were EUR 3,115 ml, up 17% vs. Q1/11. This is primarily due to the higher revenues generated by the Refining segment, thanks to significantly higher prices for all oil products (for quick reference, in Q1/12 diesel traded at an average of 1,005 $/ton, vs. 910 $/ton in Q1/11, and gasoline priced at an average of 1,060 $/ton vs. 923 $/ton in Q1/11).

[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.

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

Group *reported* EBITDA in Q1/12 was EUR 111.9 ml, down by 64% vs. Q1/11. This reduction versus the same period of last year can be attributed mainly to the results of the Refining segment, which have been influenced by an important maintenance cycle.

Group *reported* Net Result stood at EUR 14.1 ml, down versus EUR 122.8 ml in Q1/11, essentially for the same reason explained at EBITDA level.

Group *comparable* EBITDA amounted to EUR 21.1 ml in Q1/12, down from EUR 154.3 ml in Q1/11; in a similar way, **Group *adjusted* Net Result stood at EUR -36.6 ml**, down versus EUR 39.5 ml in Q1/11. The large difference versus the same period of last year can be explained primarily with the penalisations induced from the maintenance activities carried out in the refinery, in a context of extremely low margins. On the other hand, the contribution from the other segments of the Group has been substantially in line with Q1/11. Furthermore, it should be noted that in Q1/12 the net financial charges, which include also the result of the derivative instruments used for hedging purposes, were equal to EUR 36.5 ml in Q1/12, while in Q1/11 the net financial charges stood at EUR 55.6 ml.

CAPEX in Q1/12 stood at EUR 36.1 ml, in line with the investment programme for the year 2012, and almost entirely attributed to the Refining Segment (EUR 32.4 ml).

Group Net Financial Position on the 31st of March 2012 was negative by EUR 473 ml, strongly improved versus the negative figure of EUR 653 ml on the 31st of December 2011, for the reasons which will be commented in detail in the chapter dedicated to the NFP.

Calculations of the *adjustments* for Group Net Result and EBITDA

As mentioned at the beginning of this section, *reported* and *comparable* 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. The relevance of the various items for the First Quarter of 2012 is shown in the following tables.

Group Net Result *adjustment*

EUR Million	Q1/12	Q1/11
***Reported* NET RESULT**	**14.1**	**122.8**
(inventories at LIFO - inventories at FIFO) net of taxes	(53.2)	(97.8)
non recurring items net of taxes	0.0	0.0
change in derivatives fair value net of taxes	2.5	14.5
***Adjusted* NET RESULT**	**(36.6)**	**39.5**

Group EBITDA *adjustment*

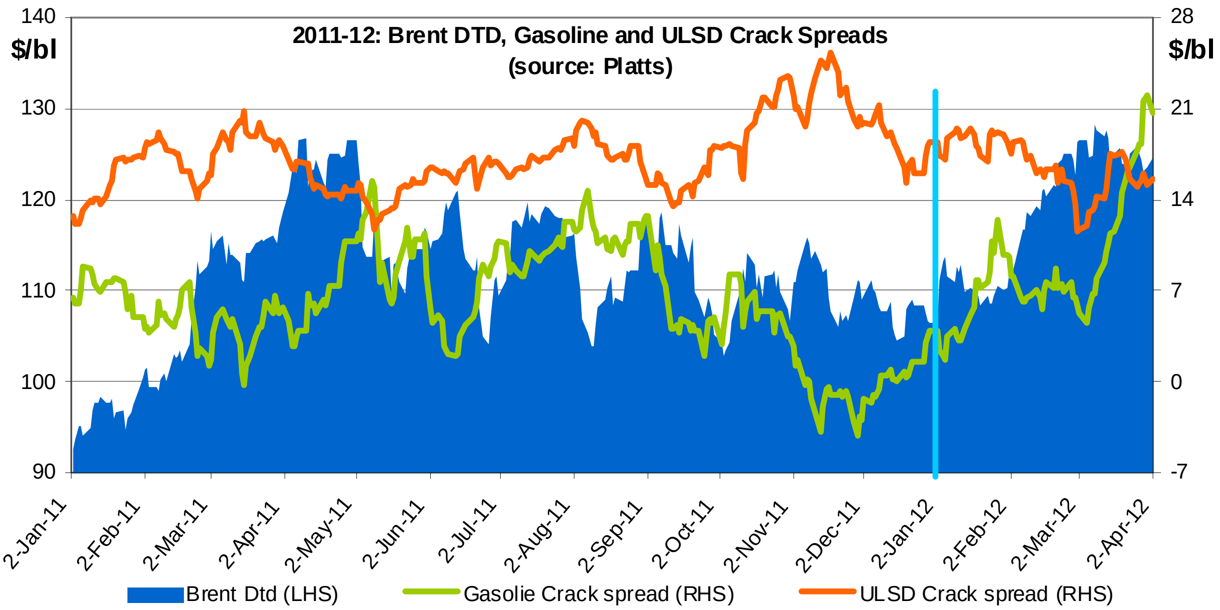
EUR Million	Q1/12	Q1/11
***Reported* EBITDA**	**111.9**	**310.4**
inventories at LIFO - inventories at FIFO	(90.8)	(156.1)
non recurring items	0.0	0.0
***Comparable* EBITDA**	**21.1**	**154.3**

Net Financial Position

EUR Million	31-Mar-12	31-Dec-11
Medium/long term bank loans	(37)	(37)
Bonds	(248)	(248)
Total long term net financial position	**(285)**	**(285)**
Short term financing instruments	(198)	(198)
Short term bank loans	(115)	(327)
Other short term financial liabilities	(6)	(6)
Fair value on derivatives	(14)	(10)
Other marketable financial assets	11	11
Cash and cash equivalents	114	139
Warranty deposits for derivative instruments	20	23
Total short term net financial position	**(188)**	**(369)**
Total net financial position	**(473)**	**(653)**

The large improvement in **Net Financial Position** since the beginning of the year can be primarily explained with the positive cashflow deriving from a reduction of working capital and from ordinary operations (summing up to approx. EUR 200 ml), as well as the self-financing from provisions for depreciation and amortisation (worth approx. EUR 51 ml). These streams of positive cashflow, together, more than offset the investments for the period (approx. EUR 36 ml).

Oil Market and Refining Margins



<u>Crude oil prices (Source: Platts):</u>

In the first quarter 2012 crude oil prices had a strong progression, mainly boosted by supply concerns, which overcame the downward pressure exerted by the deteriorating macro economic conditions, due to worsening financial problems in the Euro Zone. Brent Dated started at 106.5 $/bl at the beginning of the period, and it progressively climbed up to 128.2 $/bl on the 8th of March, and subsequently closed the quarter at 123.5 $/bl. Among the main events which caused concerns to supply we can mention the following: the worsening tensions between Iran and the Western World; the outbreak of riots in Nigeria, due to the removal of subsidies on oil products' prices; the violent crisis in Syria, and to a lesser degree also in Sudan and Yemen, which however removed from the markets a combined production of approximately 600 thousand barrels per day; and finally, on the 25th of March, the news of a serious leak of gas and hydrocarbons in the "Elgin-Franklin" offshore fields, in the British North Sea off the coast of Aberdeen, and the immediate stop of their production.

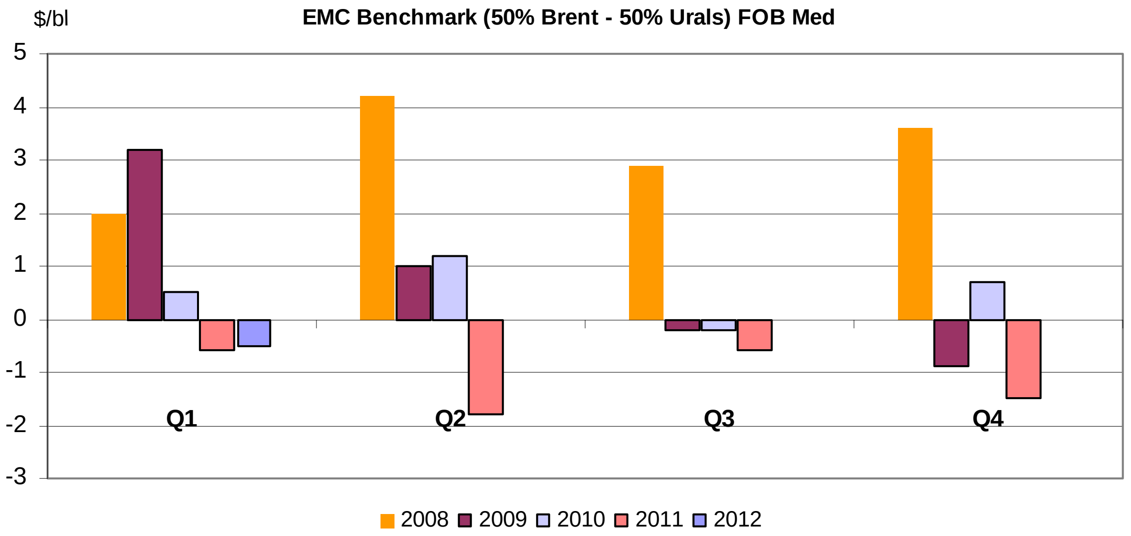
<u>Price differential between "heavy" and "light" crude oil grades (i.e. "Urals" and "Brent" respectively):</u>

During the first quarter of 2012 the "heavy-light" crude price differential was extremely volatile. Indeed, at the start of the period, it stood at -3 $/bl. However, during January the differential rapidly shrunk, due to strong pressures on the heavy sour complex, as a consequence of the escalating confrontation between the Western countries and Iran, whose production is primarily made of heavy sour crude oils. On the 23rd of January, Europe declared a total embargo on Iranian crude oil, and the markets immediately reacted, causing actually a reversal of "heavy-light" differential (+0.1 $/bl on the 24th of January). Subsequently, in mid February, several European and Russian refineries started their traditional spring maintenance, drastically reducing demand for Urals and other heavy sour crudes. At the same time, Saudi Arabia formally committed to increase its production, in order to make up for any potential shortage of the heavy sour Iranian crude oils. The combination of these two events, managed to calm the markets, and the "heavy-light" differential widened again, closing the quarter at -2.9 $/bl, hence leading to an average for the period equal to -1.6 $/bl.

<u>Refining Margin:</u>

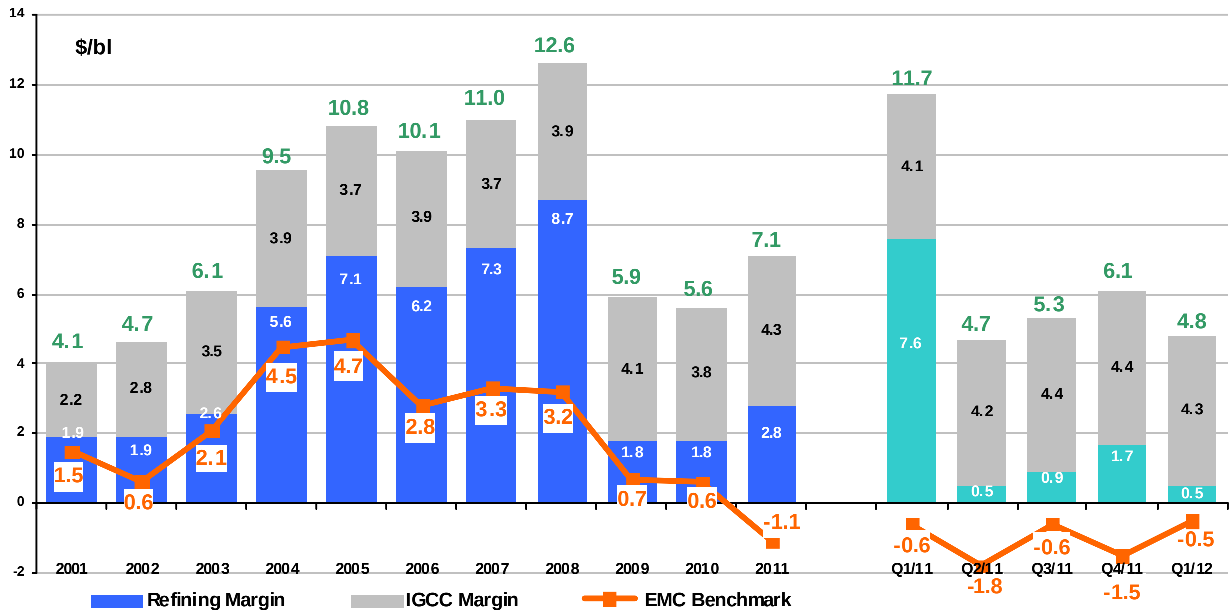
Moving to the profitability analysis of the refining industry, the graph below shows the refining margin after variable costs calculated by EMC (Energy Market Consultants) for a mid complexity coastal refinery in the Mediterranean Sea. This margin is traditionally used by Saras as a benchmark.

As it can be noted, the EMC Benchmark remained weak in Q1/12, posting an average of -0.5 $/bl (vs. -0.6 $/bl in Q1/11), although in slight progression versus the absolutely depressed average of Q4/11, which stood at -1.5 $/bl.



The continued weakness in the EMC Benchmark margin reflects the difficulties of the European refining sector, which lately has been squeezed between the high prices of crude oil (pushed by production problems, supply concerns and geopolitical tensions), and inadequate prices for oil products (as a consequence of the drop in consumption, due to a persistently negative economic scenario).
Gasoline *crack spread* (which is the difference between the value of the refined product and the price of the crude oil from which the product has been derived), was close to zero in early January, and it subsequently grew in the second half of the quarter. Indeed, starting at the end of February, large gasoline inventories started to be re-built in the USA, in order to satisfy the upcoming "driving season". However, right at that time, the market discovered that production capacity had become insufficient, because of the many refineries which closed down during 2011 in the east coast of the United States (PADD 1), and also because of the spring maintenance being carried out in numerous refineries in Europe and in the USA. Therefore, towards the end of the quarter, gasoline *crack spread* spiked above 20 $/bl, and this allowed the average of the period to reach 8.5 $/bl. On the contrary, middle distillates *crack spread* remained at reasonable levels until almost the end of February, thanks to decent seasonal demand for heating oil, as it is typical during the winter season. Subsequently, the worsening economic crisis in the peripheral countries of the Euro Zone, brought a further contraction in demand, which was then reflected on the value of the *crack spread*. The average of Q1/12 stood at 16.7 $/bl, down approx. 2% versus the average of 17.1 $/bl in Q1/11.

The graph here below shows Saras refining margin, net of variable costs.



Segment Review

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

Refining

Saras' refinery is strategically positioned on the South-Western coast of Sardinia, and it has a production capacity of 15 million tons per year, which corresponds to approximately 15% of Italy's total refining capacity. It is one of the biggest and most complex sites in the Mediterranean area.

EUR Million	Q1/12	Q1/11	Change %	Q4/11
EBITDA	37.7	235.8	-84%	(18.6)
***Comparable* EBITDA**	**(49.0)**	**91.2**	**-154%**	**(24.8)**
EBIT	12.6	208.6	-94%	(46.6)
***Comparable* EBIT**	**(74.1)**	**64.0**	**-216%**	**(52.8)**
CAPEX	**32.4**	**12.9**		**25.5**

Margins and refinery runs

		Q1/12	Q1/11	Change %	Q4/11
REFINERY RUNS	thousand tons	3,293	3,704	-11%	3,683
	Million bl	24.0	27.0	-11%	26.9
	thousand bl/day	264	300	-12%	292
EXCHANGE RATE	EUR/USD	1.311	1.350	-3%	1.348
EMC BENCHMARK MARGIN	$/bl	(0.5)	(0.6)		(1.5)
SARAS REFINERY MARGIN	$/bl	0.5	7.6		1.7

Comments to First Quarter 2012 results

Refinery runs in Q1/12 stood at 3.3 ml tons (24 ml barrels, corresponding to 264 thousand barrels per calendar day), 11% lower than in the same period of the last year. This difference is mainly due to the scheduled maintenance activities carried out in Q1/12 (including work on the T2-V2 atmospheric and vacuum distillation train, which started in the second half of March) while in Q1/11 there were only some minor maintenance activities.

***Comparable* EBITDA of the Refining segment was EUR -49.0 ml in Q1/12**, versus EUR 91.2 ml in Q1/11, and the Saras refining margin stood at 0.5 $/bl (vs. 7.6 $/bl in Q1/11), for reasons which can be mainly related to the maintenance cycle. On the contrary, during Q1/11 all refinery units were operating in standard conditions, without any interruption of production.

Finally, it should be mentioned that in Q1/11, the Refining segment profited thanks to a remarkable devaluation of the USD versus the EUR (which contributed to the results for approx. EUR 15 ml, due to the usual dynamics on accounts payable), and thanks also to robust trading profits, due to time differences between purchases and sales, in an oil market characterized by prices on a steep rising trend. Those effects did not materialize in Q1/12.

Refining CAPEX in Q1/12 was EUR 32.4 ml, in line with the programme planned for the year, which includes also a part of the investments related to the revamping of the MildHydroCracking2 (MHC2).

Crude Oil slate and Production

		Q1/12	FY 2011	FY 2010
Light extra sweet		46%	46%	47%
Light sweet		0%	2%	3%
Medium sweet/extra sweet		4%	3%	1%
Light sour		0%	0%	0%
Medium sour		32%	30%	27%
Heavy sour/sweet		18%	20%	23%
Average crude gravity	°API	32.1	32.2	32.4

With an average density of 32.1°API, the crude mix processed in Q1/12 was broadly in line with the mix processed in 2011. Moreover, when looking in detail at the various crude categories used in the quarter, there are no significant differences versus the average of 2011.

Moving on to the product slate, it can be observed that in Q1/12 the yield in middle distillates stood at 48.8%, due to the maintenance activities carried out on the MildHydroCracking2 (MHC2), which obviously reduced the conversion capacity of the refinery. On the contrary, the yield in light distillates stood at 27.7%, substantially in line with the previous periods. Therefore, in Q1/12 the cumulative percentage of high value products reached 78%, when including also the yield of LPG (1.6%).

		Q1/12	FY 2011	FY 2010
LPG	thousand tons	51	238	323
	yield	1.6%	1.7%	2.3%
NAPHTHA + GASOLINE	thousand tons	911	3,824	4,024
	yield	27.7%	27.3%	28.1%
MIDDLE DISTILLATES	thousand tons	1,608	7,415	7,517
	yield	48.8%	52.9%	52.4%
FUEL OIL & OTHERS	thousand tons	222	623	463
	yield	6.7%	4.4%	3.2%
TAR	thousand tons	314	1,075	1,166
	yield	9.5%	7.7%	8.1%

Note: 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. and Deposito di Arcola S.r.l. in Italy, and the subsidiary Saras Energia S.A. in Spain.

EUR Million	Q1/12	Q1/11	Change %	Q4/11
EBITDA	10.2	15.2	-33%	3.5
***Comparable* EBITDA**	**6.1**	**3.8**	**61%**	**16.3**
EBIT	7.0	12.3	-43%	0.0
***Comparable* EBIT**	**2.9**	**0.9**	**222%**	**12.8**
CAPEX	**1.5**	**0.5**		**2.2**

Sales

		Q1/12	Q1/11	Change %	Q4/11
TOTAL SALES	thousand tons	971	1,101	-12%	1,031
of which: in Italy	thousand tons	547	537	2%	615
of which: in Spain	thousand tons	424	564	-25%	416

Comments to First Quarter 2012 results

The macroeconomic conditions recorded in Q1/12 had a negative influence on the consumption of oil products in the peripheral countries of the Euro Zone. In particular, there was a further contraction of demand both in Spain and in Italy, where the Saras Group Marketing activities are concentrated, in the wholesale and retail segments. However, despite this difficult context, the Marketing segment posted a satisfactory performance.

Starting from the analysis of the Italian market, it can be observed that, in the first quarter of 2012, the total demand for oil products dropped by 10.5% versus the same period of the last year. Gasoline demand was down by 9.8%, while middle distillates consumption went cumulatively down by 7.3% (with a split of -8.2% for automotive diesel, -3.5% for heating gasoil, and +3.0% for gasoil used in agriculture and fishing). In this context, the sales of Arcola Petrolifera stood at 547 ktons, up 2% versus Q1/11, while its gross sale margins were substantially stable. The higher volumes sold by Arcola, against the general market trend, can be explained mainly by the achievement of full scale operational performance, in the logistic basis where the company is active since the second half of 2011.

Moving to the Spanish market, in Q1/12 it also suffered from a harsh contraction of demand for oil products. In particular, gasoline consumption went down by 4.3% versus Q1/11, and middle distillates also shrank (with a split made of -4.8% for automotive diesel, -12% for heating gasoil, and -13% for agricultural/fishing gasoil). The Spanish subsidiary Saras Energia continued to protect its gross margins at acceptable levels, through the rationalization in the mix of the sales channels. On the other hand, the reduction of sales to channels with lower profitability, unavoidably conditioned the total volumes sold in the Spanish market, which stood at 424 ktons, down 25% versus Q1/11.

Overall, ***comparable* EBITDA in Q1/12 stood at EUR 6.1 ml**, with a large progress versus EUR 3.8 ml posted in Q1/11.

Finally, **CAPEX in the Marketing segment were EUR 1.5 ml** in Q1/12.

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's refinery, and located within the same industrial complex in Sarroch (Sardinia).

EUR Milion	Q1/12	Q1/11	Change %	Q4/11
EBITDA	57.5	54.6	5%	61.1
***Comparable* EBITDA**	**57.5**	**54.6**	**5%**	**61.1**
EBIT	37.8	35.3	7%	40.9
***Comparable* EBIT**	**37.8**	**35.3**	**7%**	**40.9**
EBITDA ITALIAN GAAP	**54.9**	**34.8**	**58%**	**36.4**
EBIT ITALIAN GAAP	**43.9**	**24.1**	**82%**	**24.9**
NET INCOME ITALIAN GAAP	**26.8**	**15.1**	**77%**	**15.1**
CAPEX	**1.8**	**5.6**		**1.5**

Other figures

		Q1/12	Q1/11	Change %	Q4/11
ELECTRICITY PRODUCTION	MWh/1000	1,176	1,174	0%	1,038
POWER TARIFF	**Eurocent/KWh**	**11.9**	**9.8**	**22%**	**11.4**
POWER IGCC MARGIN	$/bl	4.3	4.1	5%	4.4

Comments to First Quarter 2012 results

The results achieved by the Power Generation segment in Q1/12 have been fully satisfactory, and the total **power production reached 1.176 TWh**, perfectly in line with Q1/11, because in both periods there were no scheduled maintenance activities.

Italian GAAP EBITDA was EUR 54.9 ml in Q1/12, up 58% versus Q1/11, primarily because of the higher value of the CIP6/92 power tariff (which had an average of 11.9 EURcent/kWh, up 22% versus Q1/11), and thanks also to the higher sales of steam and hydrogen.

IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 57.5 ml in Q1/12, up 5% versus the same period of last year, thanks mainly to the higher sales of hydrogen and steam (worth approx. EUR 2 ml), whose revenues are not subject to the IFRS equalization procedure.

Finally, **CAPEX in Q1/12 were EUR 1.8 ml**, in line with the 2012 investment plan for this segment.

Wind

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

EUR million	Q1/12	Q1/11	Change %	Q4/11
EBITDA	6.0	5.0	20%	3.8
***Comparable* EBITDA**	**6.0**	**5.0**	**20%**	**3.8**
EBIT	3.4	2.4	42%	1.3
***Comparable* EBIT**	**3.4**	**2.4**	**42%**	**1.3**
CAPEX	**0.3**	**0.0**		**0.8**

Other figures

		Q1/12	Q1/11	Change %	Q4/11
ELECTRICITY PRODUCTION	MWh	47,039	37,949	24%	50,715
POWER TARIFF	EURcent/KWh	8.6	6.5	33%	7.9
GREEN CERTIFICATES	EURcent/KWh	7.2	8.2	-12%	7.8

Comments to First Quarter 2012 results

In Q1/12, the IFRS EBITDA of the Wind segment (which is equal to the *comparable* EBITDA) stood at EUR 6.0 ml, up 20% versus Q1/11. This result derives from more favourable weather conditions, although still not optimal, which pushed **production of electricity up to 47,039 MWh in Q1/12**, up 24% versus Q1/11. Moreover, the result of the quarter also benefited from the greater value of the power tariff (equal to 8.7 EURcent/kWh, up 33% versus Q1/11), while the lower value of the Green Certificates (-12%) had the opposite effect.

It should be finally mentioned that the results of Q1/11 received a positive contribution (approx. EUR 1 ml) from the sale of Green Certificates pertaining to previous years.

Other Activities

The following table shows the financial highlights of the subsidiary Sartec S.p.A..

EUR Million	Q1/12	Q1/11	Change %	Q4/11
EBITDA	0.5	(0.2)	350%	0.5
***Comparable* EBITDA**	**0.5**	**(0.2)**	**350%**	**0.5**
EBIT	0.4	(0.6)	167%	0.1
***Comparable* EBIT**	**0.4**	**(0.6)**	**167%**	**0.1**
CAPEX	**0.1**	**0.9**		**1.0**

2011 results include also the subsidiary Akhela S.r.l., which was sold during the period.

Strategy and Investments

Also in 2012 the Saras' Group strategy continued along the guidelines previously communicated.

In particular, in the Refining segment Saras continued the implementation of its asset management programme called "Project FOCUS", which is primarily aimed at improving production efficiency, operational effectiveness and reducing costs.
To this regard, it is now possible to appreciate also the first results deriving from the extension of "Project FOCUS" to include also the areas of "Planning" and "Supply & Trading". The approach to refinery planning, previously asset driven, is now mainly commercially driven, in order to capture more value from opportunities arising from a strong market, with highly volatile oil prices.
Furthermore, progress continues to be achieved in the revamping of the MildHydroCracking2 (MHC2) unit, which just completed an important "step", during the maintenance turnaround carried out in Q1/12. The remaining "steps" of the project will be completed in the subsequent turnarounds scheduled in H1/2013. When the revamping of the unit will become fully operational, it will deliver approx. 600 Ktons/year of additional diesel production (in exchange for heating gasoil), and an increase in refinery runs for approx. 650 Ktons/year.

In the Wind segment, in August 2011 the Sardinian Regional Authorities published updated guidelines, establishing new "authorised areas" for the construction of wind parks. Within this new framework, the Group is developing two projects with a total combined capacity of approx. 100 MW. For both projects the Environmental Assessment Procedure (called V.I.A.) is in progress, and it should be completed by the end of 2012. Regarding the "*pipeline*" outside Italy, the Group has a project in Romania, for a capacity of approx. 100 MW, which is now completing the final step of its authorisation procedure.

Finally, regarding Gas Exploration, the Group is currently proceeding along the permitting path to start drilling activities in an area located in Sardinia (called the "Eleonora" exploration block), where prudentially it is estimated to obtain an annual production of 70 up to 170 million cubic meters of natural gas, for a production period of more than 20 years. Once the permitting path will be completed, with the Environmental Assessment Procedure (V.I.A.), it will then take between 4 and 6 months in order to drill the exploration well.

CAPEX by segment

EUR Million	Q1/12	FY 2011	FY 2010
REFINING	32.4	64.6	92.5
POWER GENERATION	1.8	31.2	10.3
MARKETING	1.5	4.8	5.1
WIND	0.3	2.5	14.9
OTHER	0.1	1.9	6.2
Total	**36.1**	**105.0**	**129.0**

Outlook

The outlook for 2012 is characterized by some signals of economic slowdown, in particular in the Euro Zone, and by high volatility in the financial markets and in the “commodities” markets. In this context, the International Energy Agency (IEA) continues to anticipate growth for global demand of oil products, although the progress will come entirely from the emerging and developing countries. More specifically, the “*Monthly Oil Market Report*” published by IEA on the 12th of April 2012 shows global demand at 89.9 million barrels per day (mbd) in 2012 (+0.8 mbd versus 2011). However, OECD countries will see their oil demand decreasing by 0.5 mbd (-1.1%), while in the emerging and developing economies consumption will grow by 1.3 mbd (+2.9% versus 2011).

Looking at prices for crude oil, the geopolitical component is playing a dominant role in 2012. Indeed, strong social tensions persist in Syria, Yemen, Sudan, Nigeria and other important oil producing countries, with lots of uncertainties around possible solutions. Furthermore, it continues the confrontation between Iran and the Western countries, with dangerous implications on the security and stability of the global crude oil supply. On the demand side, OPEC will be on the driving seat (and Saudi Arabia at the far front), with their choices around production quotas. Therefore, the experts now imagine several price scenarios, varying from a minimum of 80 $/bl (in case the entire global economy would fall into a recession), and a higher end of the range which could easily exceed 120 $/bl, in case geopolitical tensions would cause temporary disruptions in crude oil supply.

Finally, forecasts continue to indicate middle distillates as the oil products with the higher margins, and highly complex refineries, such as the one owned by the Saras Group, as the best positioned players within their competitive context.

REFINING

- **Saras refinery Maintenance and Operations:** 2012 maintenance programme is proceeding according to schedule. In Q2/12 maintenance work will be completed on the T2-V2 atmospheric-vacuum distillation train. Moreover, scheduled turnarounds will also involve the Visbreaking unit (VSB), the atmospheric distillation unit (RT2), and two desulphurisation units. In H2/12 instead, there will be only some minor activities. Therefore, as a result, total refinery runs in 2012 are expected at 13.2 ÷ 13.8 ml tons (which corresponds to 96 ÷ 101 ml barrels).
- **Crude Slate:** On the 23rd of January 2012, the European Union decided to establish a total crude oil embargo versus Iran, effective as of 1st of July 2012, in order to contrast its nuclear enrichment programme. If the embargo will actually be enforced, the Saras Group, which currently uses approx. 10% of Iranian crude oils in its refinery mix, will take all necessary actions in order to leverage its commercial flexibility and procure alternative crude oils.

POWER GENERATION

- **IGCC Maintenance and Operations:** Standard maintenance on one train of “Gasifier – combined cycle Turbine” will be carried out in Q2/12 and, subsequently, some planned activities will be carried out on the H2S absorber unit during Q3/12. Total power production is expected between 4.23 ÷ 4.53 TWh for the full year, therefore at a higher level than in 2011.
- **EBITDA:** Following the new forecasts for crude oil prices in 2012 (105 $/bl), calculation for the IFRS equalization procedure have been updated, and the *comparable* EBITDA is now expected at approx. EUR 220 ml per year, stable until the end of 2020. On the contrary, Italian GAAP EBITDA, which reflects more closely the actual cash generation of the IGCC plant, will come at approx. EUR 170 ÷ 180 ml in 2012.
- **CIP/6 power tariff:** The 9-month delay in the formula used to calculate the “fuel component” implies that the CIP6/92 power tariff should see a substantial stability during 2012, in line with the trend of crude oil prices. Indeed, during 2011 Brent Dated remained confined within 105 ÷ 120 $/bl, although with several fluctuations between the two extremes of the range.

MARKETING

- Given the difficult economic conjuncture and the continued tensions on the debt of the Euro Zone, it is currently not possible to expect significant changes in the Italian and Spanish market scenarios during the following quarter of 2012. For this reason, in the Marketing segment, the Group will continue to follow the same operational strategy adopted in 2011.

Main events after the end of the First Quarter 2012

On the 27th of April 2012, the Saras S.p.A. Ordinary Shareholders' Meeting was held and approved the Saras S.p.A. Financial Statements as of 31st December 2011, and the decision to carry forward the net loss for the year of EUR 45,546,701; the Remuneration report, pursuant to Art. 123-ter of the Legislative Decree 58/98; the appointment of the Board of Directors and of the Statutory Auditors; the purchase plan of own shares (the "Buyback Plan") and the disposal of the shares purchased under the "Buyback Plan". The Ordinary Shareholders' Meeting also decided not to distribute any dividend for the Financial Year ended 31st December 2011. The same day, following the appointment by the Shareholders' Meeting, the new Board of Directors of Saras S.p.A. met later in the afternoon, in order to assign the roles and duties to the Directors. For further details, please refer to the corporate press release, which was issued at 17:00 hours, Italian time.

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 also to assess the acceptable residual risk.

The 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.

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.

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.

Protection of Personal Data

Pursuant to the provisions of Legislative Decree 196 of the 30th June 2003 "Norms related to the protection of sensitive personal data", the Group adopted all minimum safety measures required in the Annex B of such Decree (Article 34), and in particular we are currently updating the Safety Document (DPS) as required by the item 19 of the above mentioned Annex B.

Other Information

Transactions with related parties

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

Research and Development

Saras did not have a meaningful "Research and Development" activities in the period, therefore no significant cost was capitalized or accounted in the Income Statement during the first quarter of 2012.

Own shares

During Q1/12 Saras did not acquire or sell Company's own shares.

For the Board of Directors
The Chairman
Gian Marco Moratti

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of: 31st March 2012 and 31st December 2011

EUR thousand		31/03/2012	31/12/2011
ASSETS	(1)		
Current assets	**5.1**	**2,585,822**	**2,348,332**
Cash and cash equivalents	5.1.1	114,202	139,343
Other financial assets held for trading or available for sale	5.1.2	106,504	42,843
Trade receivables	5.1.3	1,009,969	869,738
Inventories	5.1.4	1,191,638	1,154,350
Current tax assets	5.1.5	32,452	36,499
Other assets	5.1.6	131,057	105,559
Non-current assets	**5.2**	**1,783,411**	**1,804,425**
Property, plant and equipment	5.2.1	1,377,847	1,392,317
Intangible assets	5.2.2	370,475	378,258
Other equity interests	5.2.3.1	526	547
Deferred tax assets	5.2.4	33,673	32,407
Other financial assets	5.2.5	890	896
Total assets		**4,369,233**	**4,152,757**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities	**5.3**	**2,219,473**	**1,996,740**
Short-term financial liabilities	5.3.1	434,847	573,862
Trade and other payables	5.3.2	1,375,499	1,188,503
Current tax liabilities	5.3.3	319,226	141,829
Other liabilities	5.3.4	89,901	92,546
Non-current liabilities	**5.4**	**851,633**	**872,983**
Long-term financial liabilities	5.4.1	285,108	284,798
Provisions for risks and charges	5.4.2	53,205	77,267
Provisions for employee benefits	5.4.3	21,271	23,299
Deferred tax liabilities	5.4.4	5,424	4,474
Other liabilities	5.4.5	486,625	483,145
Total liabilities		**3,071,106**	**2,869,723**
EQUITY	**5.5**		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		1,218,465	1,158,676
Profit/(loss) for the period		14,106	58,802
Total equity attributable to owners of the company		**1,298,127**	**1,283,034**
Minority interest		0	0
Total Equity		**1,298,127**	**1,283,034**
Total liabilities and equity		**4,369,233**	**4,152,757**

(1) Please refer to the Notes to the Financial Statements chapter 5 "Notes to the Financial Position"

Consolidated Income Statement and Statement of Comprehensive Income for the periods:
1^{st} Jan–31^{st} March 2012 and 1^{st} Jan–31^{st} March 2011

Consolidated Income Statements for the periods: 1st January - 31st March 2012 and 2011

EUR thousand	(1)	1st January 31 st March 2012	of which non recurring	1st January 31 st March 2011	of which non recurring
Revenues from ordinary operations	6.1.1	3,098,945		2,650,683	
Other income	6.1.2	15,968		21,716	
Total revenues		**3,114,913**	*0*	**2,672,399**	*0*
Purchases of raw materials, spare parts and consumables	6.2.1	(2,812,387)		(2,166,872)	
Cost of services and sundry costs	6.2.2	(155,503)		(153,522)	
Personnel costs	6.2.3	(35,159)		(41,615)	
Depreciation, amortization and write-downs	6.2.4	(50,625)		(52,354)	
Total costs		**(3,053,674)**	*0*	**(2,414,363)**	*0*
Operating results		**61,239**	*0*	**258,036**	*0*
Net income (charges) from equity interests					
Financial income	6.3	119,964		20,782	
Financial charges	6.3	(156,465)		(76,378)	
Profit before taxes		**24,738**	*0*	**202,440**	*0*
Income tax for the period	6.4	(10,632)		(79,640)	
Net profit/(loss) for the period		**14,106**	*0*	**122,800**	*0*
Net profit/(loss) for the period attributable to:					
Equity holders of the company		14,106		122,800	
Minority interest		0		0	
Earnings per share - basic (Euro cent)		**1.52**		**13.23**	
Earnings per share - diluted (Euro cent)		**1.52**		**13.23**	

Statement of Comprehensive Income for the periods: 1st January - 31st March 2012 and 2011

EUR thousand	1st January 31 st March 2012	1st January 31 st March 2011
Net result of the period (A)	**14,106**	**122,800**
Effect of translation of f/s in foreign currency	(16)	16
Income / (loss), net of fiscal effect (B)	**(16)**	**16**
Consolidated Comprehensive Result of the period (A + B)	**14,090**	**122,816**
Net consolidated Comprehensive Result of the period perteining to :		
Equity holders of the Company	14,090	122,816
Minority Interest	0	0

1) Please refer to the Notes to the Financial Statements chapter 6 “Notes to the Income Statement”

Statement of Changes in Consolidated Shareholders' Equity from: 31st December 2010 to 31st March 2012

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 31/12/2010	**54,630**	**10,926**	**1,164,297**	**(9,468)**	**1,220,385**	**0**	**1,220,385**
Period 1/1/2011 - 31/3/2011							
Appropriation of previous year profit			(9,468)	9,468	0		0
Reserve for employees share plan			722		722		722
Effect of translation of f/s in foreign currency			16		16		16
Net profit (loss) for the period				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**
Period 1/4/2011 - 31/12/2011							
Reserve for employees share plan			3,129		3,129		3,129
Effect of translation of f/s in foreign currency			(20)		(20)		(20)
Net profit (loss) for the period				(63,998)	(63,998)		(63,998)
Balance as of 31/12/2011	**54,630**	**10,926**	**1,158,676**	**58,802**	**1,283,034**	**0**	**1,283,034**
Period 1/1/2012 - 31/03/2012							
Appropriation of previous year profit			58,802	(58,802)	0		0
Reserve for employees share plan			1,003		1,003		1,003
Effect of translation of f/s in foreign currency			(16)		(16)		(16)
Net profit (loss) for the period				14,106	14,106		14,106
Balance as of 31/03/2012	**54,630**	**10,926**	**1,218,465**	**14,106**	**1,298,127**	**0**	**1,298,127**

Consolidated Cash Flow Statements as of: 31st March 2012 and 31st March 2012

EUR thousand	1/1/2012 - 31/03/2012	1/1/2011 - 31/03/2011
A - Cash and cash equivalents at the beginning of the period	**139,343**	**80,835**
B - Cash generated from/(used in) operating activities		
Net Profit / (Loss) for the period	14,106	122,800
Amortization, depreciation and write-down of fixed assets	50,625	52,354
Net change in provisions for risks and charges	(24,062)	7,892
Net change in employee benefits	(2,028)	(2,193)
Net change in deferred tax liabilities and tax assets	(316)	36,743
Net interest income (expense)	4,742	1,837
Income tax	10,948	79,640
Change in Fair Value of financial assets held for trading and of financial liabilities	581	18,152
Other non cash items	987	738
Profit / (Loss) from operating activities before changes in working capital	**55,583**	**317,963**
(Increase)/Decrease in trade receivables	(140,231)	(15,864)
(Increase)/Decrease in inventory	(37,288)	(291,011)
Increase/(Decrease) in trade and other payables	186,996	41,816
Change in other current assets	(21,451)	34,816
Change in other current liabilities	163,804	8,410
Interest received	264	85
Interest paid	(5,006)	(1,922)
Change in other non-current liabilities	3,480	(19,932)
Total (B)	**206,151**	**74,361**
C - Cash flow from (to) investment activities		
(Investments) in tangible and intangible assets	(36,068)	(19,892)
Increase/(Decrease) in financial assets	2,856	1,665
Other non cash items	7,696	118
Total (C)	**(25,516)**	**(18,109)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	310	(172)
Increase/(Decrease) in short term borrowings	(206,086)	(19,082)
Total (D)	**(205,776)**	**(19,254)**
E - Cashflow for the period (B+C+D)	**(25,141)**	**36,998**
F - Cash from new consolidated subsidiaries	**0**	**0**
G - Cash and cash equivalents at the end of the period	**114,202**	**117,833**

For the Board of Directors
The Chairman
Gian Marco Moratti

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 S.A.P.A. (registered office: Foro Bonaparte 69, Milan). The company is established, as stated in its incorporation documents, until 31 December 2056.

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 the subsidiary Parchi Eolici Ulassai S.r.l. (via the subsidiary Sardeolica S.r.l.).

These consolidated financial statements for the period to 31 March 2012 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 2012 should be read in conjunction with the consolidated accounts of the Saras Group for the year ended 31 December 2011.

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

The consolidated financial statements of the group for the quarter ending 31 March 2012 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.

The term IFRS is used to mean all International Financial Reporting Standards, all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Commission as of the date the draft consolidated financial statements of the group and the separate 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.

The accounting standards shown below have been applied consistently to all the periods reported.

3. Accounting standards applied

The IASB and IFRIC have approved some changes to and interpretations of the IFRS, which were published in part in the Official Journal of the European Union and apply for the first time from 1 January 2012. They have also approved some changes in interpretations already issued but applicable to financial statements referring to periods beginning after 1 January 2012.

Accounting standards, amendments and interpretations applicable from 1 January 2012

On 7 October 2010, the IASB published a number of amendments to IFRS 7 – Financial Instruments: Disclosures, which apply retrospectively to financial years starting on or after 1 July 2011. The amendments were issued with the aim of improving understanding of transactions involving the transfer of financial assets (derecognition), including the possible impact of any risks still borne by the company transferring the assets. The amendments also require more information to be provided in the event that a disproportionate amount of transactions of this type are generated near the end of the reporting period. The adoption of this amendment did not have a significant impact on the information provided by the group in this quarterly report.

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

On 20 December 2010, the IASB issued a minor amendment to IAS 12 – Income Taxes, which requires the Company to estimate the value of deferred taxes arising from an asset according to the way in which the carrying value of the asset will be recovered (by continued use or sale).
As a result of this amendment, SIC-21 – Income Taxes – Recovery of Revalued Non-Depreciable Assets will no longer apply. The amendment is applicable retrospectively from 1 January 2012. It is believed that the adoption of the amendment will have no significant impact on the group's financial statements.

On 16 June 2011, the IASB issued an amendment to IAS 1 – Presentation of Financial Statements, which requires entities to group all the components presented in the statement of comprehensive income based on whether or not they can be reclassified subsequently to profit or loss. The amendment is applicable retrospectively from financial years starting on or after 1 July 2012. It is believed that the adoption of this amendment will have no significant impact on the group's financial statements.

On 12 November 2009, the IASB published IFRS 9 – Financial Instruments, which was then amended on 28 October 2010. The standard, which is applicable retrospectively from 1 January 2013, represents the first step in a process to fully replace IAS 39.
IFRS 9 introduces two categories of valuation: amortised cost and fair value. All equity instruments will be measured at fair value. Many of the provisions of IAS 39 relating to financial liabilities are unchanged in the new standard. These include reference to the amortised cost for most financial liabilities. The main change regards the accounting treatment of changes in the fair value of a financial liability designated as measured at fair value through profit and loss if such changes are attributable to a change in the credit risk of the liability. According to the new standard, these changes must be recognised in other comprehensive income and will no longer pass through profit and loss. The effects of applying this standard are currently being assessed.

On 12 May 2011, the IASB issued the standard IFRS 10 – Consolidated Financial Statements, which will replace SIC-12 Consolidation – Special Purpose Entities and parts of IAS 27 – Consolidated and Separate Financial Statements, which is to be renamed Separate Financial Statements and will govern the accounting treatment of equity investments in the separate financial statements. The new standard moves on from the existing standards, identifying the factor within the concept of control that determines whether or not a company should be consolidated into the parent company's consolidated financial statements. This will also provide a guide for determining the existence of control where this is difficult to ascertain. The standard is applicable retrospectively from 1 January 2013. The adoption of this standard is not expected to have any impact on the group’s financial statements.

On 12 May 2011, the IASB issued the standard IFRS 11 – Joint Arrangements, which will replace IAS 31 – Interests in Joint Ventures and SIC-13 – Jointly Controlled Entities – Non-monetary Contributions by Venturers. The new standard sets out the criteria for identifying joint arrangements based on the rights and obligations arising from the agreement rather than on the legal form of the agreement itself, and establishes that equity investments in jointly controlled entities may only be accounted for in the consolidated financial statements using the equity method. IFRS 11 is applicable retrospectively from 1 January 2013. Following the issue of this standard, IAS 28 – Investments in Associates was amended to include equity investments in jointly controlled entities within its scope of application, from the effective date of application of the standard. The adoption of this standard is not expected to have an impact on the group's financial statements.

On 12 May 2011, the IASB issued IFRS 12 – Disclosure of Interests in Other Entities, a new and complete standard on additional information to be provided on any type of equity investment, including in subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated structured entities. The standard is applicable retrospectively from 1 January 2013. It is believed that the adoption of this standard will have no significant impact on the group's financial statements.

On 12 May 2011, the IASB issued IFRS 13 – Fair Value Measurement, which clarifies how fair value should be calculated for the purposes of recording it in the financial statements. It applies to all IFRS standards that require or permit measurement at fair value or the presentation of information based on fair value. The standard is applicable retrospectively from 1 January 2013. It is believed that the adoption of this standard will have no significant impact on the group's financial statements.

On 16 June 2011, the IASB issued an amendment to IAS 19 – Employee Benefits, which removes the option to defer recognition of actuarial gains and losses using the corridor method. The amendment requires that the deficit or surplus on the provision should be presented in the financial statements; cost components associated with benefits accrued by employees and net financial liabilities should be recognised in the income statement; and actuarial gains and losses arising from remeasurements of assets and liabilities should be presented in other comprehensive income. In addition, the yield on assets included in net financial liabilities must be calculated on the discount rate of the liability rather than on its expected yield as before. Lastly, the amendment introduces new additional information to be provided in the notes to the financial statements. The amendment is applicable retrospectively from the financial year starting 1 January 2013. The adoption of this amendment is not expected to have any impact on the group's financial statements.

On 10 October 2011, the IASB issued an interpretation on the accounting treatment relating to the production phase of a surface mine. The adoption of this interpretation is not expected to have any impact on the group's financial statements.

On 16 December 2011, the IASB issued an amendment to IFRS 7 – Financial Instruments: Offsetting Financial Assets and Financial Liabilities. It is believed that the adoption of this standard will have no significant impact on the group's financial statements.

On 16 December 2011, the IASB issued an amendment to IAS 32 – Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities. It is believed that the adoption of this standard will have no significant impact on the group's financial statements.

3.1 Consolidation method

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

Consolidated on a line-by-line basis	% owned
Arcola Petrolifera S.p.A.	100%
Deposito di Arcola S.r.l.	100%
Sarlux S.r.l.	100%
Saras Ricerche e Tecnologie S.p.A.	100%
Ensar S.r.l. and subsidiaries:	100%
Labor Eolica S.r.l.	100%
Alpha Eolica 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%
Sargas S.r.l.	100%
Other interests: of insignificant value (valued at cost)	
Consorzio Cesma	5%
Consorzio La Spezia Utilities	5%
Sarda Factoring	5.95%

The sale of subsidiaries Akhela S.r.l. and Artemide S.r.l. and related equity investments in ITSME S.r.l. and the ICT Competence Centre was completed during the period..

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. The actual amounts of accounting entries for which estimates and assumptions have been used may differ from those shown in the financial statements, due to the uncertainty surrounding said assumptions and the conditions upon which the estimates are based.
These types of valuations, particularly those that are more complex, such as the determination of 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 2011.

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 electricity with the IGCC combined cycle plant;
4. Generation of electricity 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 oil products from third parties.

Finished products are sold to major international operators such as the Total Group, the ENI Group, NOC (National Oil Corporation), Shell, BP and Repsol.

[B] Revenues from refining activities undertaken on behalf of third parties, which represent the only income from refining activities that the Parent Company carries out on behalf of third parties.

2. Marketing concerns to:

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, purchasing 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 Sarroch) and those of third-party operators by way of a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata) as well as Deposito di Arcola S.r.l. for the logistics management of the Arcola storage facility in Liguria;
- in Spain, by Saras Energia S.A. for third-party and group-owned service stations, supermarkets and resellers via an extensive network of storage facilities located throughout the Iberian peninsula, the most important of which, the Cartagena storage facility, 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 marketing (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 electricity with the IGCC combined-cycle plant relates to:

the sale of electricity generated at the Sarroch plant owned by Sarlux S.r.l. This electricity is sold exclusively to the grid operator GSE (Gestore dei Servizi Energetici S.p.A.), with sales benefiting from tariffs included in the CIP 6/92 agreement.

4. The Generation of electricity by wind farms relates to:

the activity carried out at the Ulassai wind farm owned by subsidiary Sardeoloica S.r.l..

5. Other activities include:

reinsurance activities undertaken by Reasar S.A. 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 segment result is valued on the basis of the operating profit or loss.

4.2 Segment information

A breakdown by segment is shown below. For further details, please see the Report on Operations:

	Refining	Marketing	Power Generation	Wind Power	Other	Total
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**
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	**92,427**	**7,213**	**22,031**	**1,751**	**(622)**	**122,800**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,203,745**	**734,464**	**1,041,050**	**118,573**	**37,292**	**4,135,124**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1,841,519**	**269,613**	**585,792**	**74,846**	**19,431**	**2,791,201**
Investments in tangible assets	12,521	468	5,555	21	551	**19,116**
Investments in intangible assets	336	31			409	**776**
31st March 2012						
Revenues from ordinary operations	2,853,554	822,276	162,107	4,068	3,587	3,845,592
deduction: revenues infrasector	(700,919)	(28,577)	(15,256)	0	(1,895)	(746,647)
Revenues from third parties	**2,152,635**	**793,699**	**146,851**	**4,068**	**1,692**	**3,098,945**
Other revenues	25,027	166	11,630	3,653	32	40,508
deduction: revenues infrasector	(19,283)	0	(5,171)	(65)	(21)	(24,540)
Other revenues from third parties	**5,744**	**166**	**6,459**	**3,588**	**11**	**15,968**
Amortisation and Depreciation	**(25,060)**	**(3,225)**	**(19,700)**	**(2,569)**	**(71)**	**(50,625)**
Operating profit (a)	**12,578**	**6,972**	**37,820**	**3,464**	**405**	**61,239**
Financial Income (a)	121,567	0	1,039	103	70	122,779
Financial Charges (a)	(156,343)	(1,921)	(283)	(722)	(11)	(159,280)
Income taxes	7,873	(1,376)	(15,340)	(1,613)	(176)	(10,632)
Net Income	**(14,325)**	**3,675**	**23,236**	**1,232**	**288**	**14,106**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,452,541**	**777,125**	**995,174**	**128,683**	**15,710**	**4,369,233**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**2,115,870**	**345,176**	**532,009**	**64,858**	**13,193**	**3,071,106**
Investments in tangible assets	31,521	753	1,816	86	53	**34,229**
Investments in intangible assets	865	795	0	179	0	**1,839**

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

5. Notes to the statement of financial position

5.1 Current assets

5.1.1 Cash and cash equivalents

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

	31/03/2012	31/12/2011	Change
Bank and postal deposits	111,872	136,963	(25,091)
Cash	2,330	2,380	(50)
Total	**114,202**	**139,343**	**(25,141)**

Bank deposits are mainly attributable to Saras S.p.A. (€81,219 thousand), Arcola Petrolifera S.p.A. (€4,815 thousand), Sardeolica S.r.l. (€21,059 thousand) and Saras Energia S.A. (€2,790 thousand).

5.1.2 Other financial assets held for trading

The table below shows the breakdown of other financial assets held for trading:

	31/03/2012	31/12/2011	Change
Securities	0	1	(1)
White Certificates	3,667	2,315	1,352
Green Certificates	7,796	8,592	(796)
Derivative instruments	95,041	31,935	63,106
Total	**106,504**	**42,843**	**63,661**

The white certificates relate to energy savings made at the Sarroch refinery by the Parent Company. They are sold on an appropriate regulated market or through bilateral agreements between market operators. The certificates in the portfolio are valued at the average annual market price (€103.53 in 2012, compared with €103.12 in 2011 per certificate). Gains and losses realised during the period were booked to the income statement under “Other income” or “Miscellaneous costs”.

The green certificates relate to electricity generation from renewable sources by subsidiary Sardeolica S.r.l.. They are sold on a specific regulated market or through bilateral agreements between market operators, or by withdrawal by the GSE at a pre-determined price; the certificates in the portfolio accruing during the reporting period are valued at market value at year-end, since this is less than the average annual market price (71.91 €/MWh for 2012 compared with 79.24 €/MWh for 2011). Gains and losses realised for the period, and any write-downs applied in cases where the market value is lower than the carrying value at the end of the period were booked to the income statement under “Other income” or “Miscellaneous costs”.

Changes in securities, white certificates and green certificates are shown below:

	Securities	White Certificates	Green Certificates	Total
Balance at 31/12/2010	**15,793**	**480**	**12,527**	**28,800**
Increase for financial year	1	2,764	11,206	13,971
Decrease for financial year	(15,793)	(929)	(15,141)	(31,863)
Balance at 31/12/2011	**1**	**2,315**	**8,592**	**10,908**
Increase for financial year	0	1,352	3,384	4,736
Decrease for financial year	(1)	0	(4,180)	(4,181)
Balance at 31/03/2012	**0**	**3,667**	**7,796**	**11,463**

The "Financial derivatives" item comprises the positive fair value of derivatives outstanding at the end of the reporting period.

5.1.3 Trade receivables

This item totalled €1,009,969 thousand, an increase of €140,231 thousand compared with the previous year.
The increase is due to both significant price rises and an increase in sales volumes.

5.1.4 Inventories

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

	31/03/2012	31/12/2011	Change
Raw materials, spare parts and consumables	378,406	246,004	132,402
Semi-finished products and work in progress	124,369	101,993	22,376
Finished products and good held for resale	688,293	805,811	(117,518)
Advance payments	570	542	28
Total	**1,191,638**	**1,154,350**	**37,288**

The increase in the value of inventories is attributable to the general increase in prices, partly offset by the reduction in the quantities of stocks held.
The recording of inventories at net realisable value included write-downs of around €9 million. This valuation is thus equivalent to the market value.
No inventories are put up as guarantees for liabilities.

5.1.5 Current tax assets

The following table shows a breakdown of current tax assets.

	31/03/2012	31/12/2011	Change
VAT	307	285	22
IRES	26,383	27,808	(1,425)
IRAP (regional income tax)	617	3,195	(2,578)
Other tax receivables	5,145	5,211	(66)
Total	**32,452**	**36,499**	**(4,047)**

IRES and IRAP receivables are essentially attributable to excess tax generated in previous years;
The reduction arises from taxable income accrued by the Italian companies in the period, excluding the use of tax losses from previous periods.

5.1.6 Other assets

The balance is broken down below.

	31/03/2012	31/12/2011	Change
Accrued Income	1,932	837	1,095
Prepaid expenses	17,179	4,676	12,503
Other receivables	111,946	100,046	11,900
Total	**131,057**	**105,559**	**25,498**

Deferred charges mainly relate to insurance premiums for the Parent Company and its subsidiary Sarlux S.r.l..

“Other receivables” mainly comprise:

- the receivable of €45,363 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 2011 and the first quarter of 2012 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 €30,032 thousand, as described in section 7.1;
- deposits to guarantee derivatives transactions carried out by the Parent Company of €20,006 thousand.

5.2 Non-current assets

5.2.1 Property, plant and equipment

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

COST	31/12/2010	Additions	(Disposals)	Revaluations (write-down)	Other Changes	31/12/2011
Land & buildings	234,106	126	(257)	(3,493)	2,235	232,717
Plant & machinery	2,639,577	27,481	(2,025)		37,251	2,702,284
Industrial & commercial equipment	33,571	40	(892)		1,267	33,986
Other assets	465,880	286	(3,730)		12,813	475,249
Work in progress and advances	167,811	72,416	(646)		(53,907)	185,674
Total	**3,540,945**	**100,349**	**(7,550)**	**(3,493)**	**(341)**	**3,629,910**

ACCUMULATED DEPRECIATION	31/12/2010	Depreciation	(Disposals)	Revaluations (write-down)	Other Changes	31/12/2011
Land & buildings	67,707	10,109	0		13	77,829
Plant & machinery	1,623,128	143,746	(1,752)		4	1,765,126
Industrial & commercial equipment	24,484	2,506	(482)		(409)	26,099
Other assets	352,342	19,911	(3,715)		1	368,539
Total	**2,067,661**	**176,272**	**(5,949)**	**0**	**(391)**	**2,237,593**

NET BOOK VALUE	31/12/2010	Additions	(Disposals)	(Depreciation)	Other changes revaluations/write-down	31/12/2011
Land & buildings	166,399	126	(257)	(10,109)	(1,271)	154,888
Plant & machinery	1,016,449	27,481	(273)	(143,746)	37,247	937,158
Industrial & commercial equipment	9,087	40	(410)	(2,506)	1,676	7,887
Other assets	113,538	286	(15)	(19,911)	12,812	106,710
Work in progress and advances	167,811	72,416	(646)	0	(53,907)	185,674
Total	**1,473,284**	**100,349**	**(1,601)**	**(176,272)**	**(3,443)**	**1,392,317**

COST	31/12/2011	Additions	(Disposals)	Revaluations (write-down)	Other Changes	31/3/2012
Land & buildings	232,717	126	(3,545)	(268)	(3,711)	225,319
Plant & machinery	2,702,284	1,466	(351)		(4,884)	2,698,515
Industrial & commercial equipment	33,986	380	(325)		(16)	34,025
Other assets	475,249	93	(200)		(4,398)	470,744
Work in progress and advances	185,674	32,164	(1)		(11,527)	206,310
Total	**3,629,910**	**34,229**	**(4,422)**	**(268)**	**(24,536)**	**3,634,913**

ACCUMULATED DEPRECIATION	31/12/2011	Depreciation	(Disposals)	Revaluations (write-down)	Other Changes	31/3/2012
Land & buildings	77,829	2,443			(2,540)	77,732
Plant & machinery	1,765,126	33,743			(9,429)	1,789,440
Industrial & commercial equipment	26,099	586			(579)	26,106
Other assets	368,539	4,700			(9,451)	363,788
Total	**2,237,593**	**41,472**	**0**	**0**	**(21,999)**	**2,257,066**

NET BOOK VALUE	31/12/2011	Additions	(Disposals)	(Depreciation)	Other changes revaluations/write-down	31/3/2012
Land & buildings	154,888	126	(3,545)	(2,443)	(1,439)	147,587
Plant & machinery	937,158	1,466	(351)	(33,743)	4,545	909,075
Industrial & commercial equipment	7,887	380	(325)	(586)	563	7,919
Other assets	106,710	93	(200)	(4,700)	5,053	106,956
Work in progress and advances	185,674	32,164	(1)	0	(11,527)	206,310
Total	**1,392,317**	**34,229**	**(4,422)**	**(41,472)**	**(2,805)**	**1,377,847**

Costs are shown net of grants received for investments. The gross value of grants deducted from fixed assets was €160,963 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 2012 was €3,198 thousand, compared with €4,429 thousand at 31 December 2011.

The item "Land and buildings" chiefly includes industrial buildings, offices and warehouses (net value: €97,911 thousand), civic buildings in Milan, Cagliari and Rome used as offices (net value: €13,317 thousand) and land largely relating to the Sarroch and Arcola sites belonging to the Parent Company and subsidiary Deposito di Arcola S.r.l. respectively (€36,359 thousand).

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

The item "Industrial and commercial equipment" includes equipment for the chemicals laboratory and the control room for the Parent Company's refining activities, as well as 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 companies (Saras Energia S.A. and Deposito Arcola S.r.l.).

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

Increases during the period totalled €34,229 thousand and mainly relate to technological work on the Parent Company's plants.

The decrease of €11.5 million recorded under "Work in progress - Other changes" relates to work completed during the year and consequently recorded under the related asset class.

The values shown in the "Other changes" columns mainly relate to the exclusion from the scope of consolidation of assets belonging to the subsidiary Akhela S.r.l., which were sold during the period.

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 (plant and machinery)	4.50%
Wind farm (plant and machinery)	10.00% - 4.00%
Supplies (equipment, plant and machinery)	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 €14,663 thousand, with a residual net value of zero.
Financial charges of €2,249 thousand (at a rate of 5.16%) and internal costs of €1,151 thousand were capitalised during the period.

5.2.2 Intangible assets

The following table shows the changes in intangible assets:

COST	31/12/2010	Additions	Disposals	write-down	Other Changes	31/12/2011
Industrial & other patent rights	51,102	277	(1,282)	0	975	51,072
Concessions, licences, trademarks & similar rights	58,515	6	0	0	0	58,521
Goodwill	24,400		0	(926)	(1,565)	21,909
Assets in progress & payments on account	18,643	3,846	0	(2,764)	(863)	18,862
Other intangible assets	511,599	533	0	0	907	513,039
Total	**664,259**	**4,662**	**(1,282)**	**(3,690)**	**(546)**	**663,403**

ACCUMULATED DEPRECIATION	31/12/2010	Amortisation	Disposals	write-down	Other Changes	31/12/2011
Industrial & other patent rights	48,994	1,631	(1,277)	0	0	49,348
Concessions, licences, trademarks & similar rights	10,754	2,683	0	0	0	13,437
Goodwill	0	0	0	0	0	0
Other intangible assets	190,305	32,730	0	0	(675)	222,360
Total	**250,053**	**37,044**	**(1,277)**	**0**	**(675)**	**285,145**

NET	31/12/2010	Additions	Disposals write-down	Other Changes	Amortisation	31/12/2011
Industrial & other patent rights	2,108	277	(5)	975	(1,631)	1,724
Concessions, licences, trademarks & similar rights	47,761	6	0	0	(2,683)	45,084
Goodwill	24,400	0	(926)	(1,565)	0	21,909
Assets in progress & payments on account	18,643	3,846	(2,764)	(863)	0	18,862
Other intangible assets	321,294	533	0	1,582	(32,730)	290,679
Total	**414,206**	**4,662**	**(3,695)**	**129**	**(37,044)**	**378,258**

COST	31/12/2011	Additions	Disposals	write-down	Other Changes	30/03/2012
Industrial & other patent rights	51,072	80	(13)		(15,016)	36,123
Concessions, licences, trademarks & similar rights	58,521		(69)			58,452
Goodwill	21,909					21,909
Assets in progress & payments on account	18,862	1,044	(180)		(352)	19,374
Other intangible assets	513,039	715				513,754
Total	**663,403**	**1,839**	**(262)**	**0**	**(15,368)**	**649,612**

ACCUMULATED DEPRECIATION	31/12/2011	Amortisation	Disposals	write-down	Other Changes	30/03/2012
Industrial & other patent rights	49,348	270	(12)		(15,130)	34,476
Concessions, licences, trademarks & similar rights	13,437	668	(19)			14,086
Goodwill	0					0
Other intangible assets	222,360	8,215				230,575
Total	**285,145**	**9,153**	**(31)**	**0**	**(15,130)**	**279,137**

NET	31/12/2011	Additions	Disposals write-down	Other Changes	Amortisation	30/03/2012
Industrial & other patent rights	1,724	80	(1)	114	(270)	1,647
Concessions, licences, trademarks & similar rights	45,084	0	(50)	0	(668)	44,366
Goodwill	21,909	0	0	0	0	21,909
Assets in progress & payments on account	18,862	1,044	(180)	(352)	0	19,374
Other intangible assets	290,679	715	0	0	(8,215)	283,179
Total	**378,258**	**1,839**	**(231)**	**(238)**	**(9,153)**	**370,475**

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

The item mainly relates to goodwill recorded for the subsidiary Parchi Eolici Ulassai S.r.l. (€21,408 thousand), which was paid to acquire this company: the goodwill was justified given the projection of future cash flows by Sardeolica S.r.l. until 2035 when the concessions expire. As an asset with an indefinite 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 2012, there were no such indications.

Other intangible assets

This item mainly relates to the booking at fair value of the existing contract between subsidiary Sarlux S.r.l. and GSE (Gestore dei Servizi Energetici S.p.A.), which stood at €270 million at 31 March 2012.

Intangible assets in progress and payments on account

This item mainly includes the costs incurred for natural gas exploration in Sardinia (€15,929 thousand). These costs include capitalisation of internal costs of €89 thousand accrued during the period. No financial charges were capitalised.

Amortisation of intangible assets totalled €9,153 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 significant 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 2012, with the main figures relating to each subsidiary:

Company name	HQ	Currency	Share Capital	% owned by Group as of 03-12	% owned by Group as of 12-11	% of Share Capital	Shareholder	% of voting rights	Category
Arcola Petrolifera S.p.A.	Sarroch (CA)	EUR	7,755,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Deposito di Arcola S.r.l.	Arcola (SP)	EUR	100,000	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	0.00%	0.00%	0.00%	Ensar S.r.l.	0.00%	Indirect Subsidiary
Nova Eolica S.r.l.	Cagliari	EUR	10,000	0.00%	0.00%	0.00%	Ensar S.r.l.	0.00%	Indirect Subsidiary
Alpha Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Labor Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	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	0.00%	100.00%	0.00%	Saras S.p.A.	100.00%	Subsidiary
Artemide S.r.l.	Rome	EUR	20,000	0.00%	100.00%	0.00%	Akhela S.r.l.	100.00%	Indirect Subsidiary
ITSME S.r.l.	Milan	EUR	39,632	0.00%	3.38%	0.00%	Akhela S.r.l.	0.00%	Other equity investments
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. e 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
Sargas S.r.l.	Uta (CA)	EUR	10,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Consorzio Cesma	Castellamonte (TO)	EUR	51,000	5.00%	5.00%	5.00%	Saras Ricerche e Tecnologie S.p.A.	5.00%	Other equity investments
Consorzio La Spezia Utilities	La Spezia	EUR	114,000	5.00%	5.00%	5.00%	Deposito di Arcola S.r.l.	5.00%	Other equity investments
Sarda Factoring	Cagliari	EUR	8,320,000	5.95%	5.95%	5.95%	Saras S.p.A.	5.95%	Other equity investments
Centro di Competenza I.C.T.	Cagliari	EUR	20,000	0.50%	0.50%	0.50%	Akhela S.r.l.	0.50%	Other equity investments

As explained earlier, equity investments in subsidiaries are consolidated on a line-by-line basis in these financial statements. The investments held in Akhela S.r.l., Artemide S.r.l., I.T.S.M.E. S.r.l. and the ICT Competence Centre were sold during the quarter.

5.2.3.1 Other equity interests

Other equity interests break down as follows:

	31/03/2012	31/12/2011
ITSME S.r.l.	0	0
Consorzio Cesma	3	3
Consorzio La Spezia Energia	0	0
Consorzio La Spezia Utilities	28	28
Sarda Factoring	495	495
Centro di Competenza I.C.T.	0	21
Total	**526**	**547**

5.2.4 Deferred tax assets

The balance of €33,673 thousand at 31 March 2012 mainly comprises net deferred tax assets of the Parent Company Saras S.p.A. (including €29,244 thousand relating to tax losses still to be used for the additional IRES applicable to the energy sector) and of the subsidiary Sarlux S.r.l., relating to the reporting of revenues on a linear basis net of deferred tax liabilities 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

At 31 March 2012, the balance of this item was €890 thousand (€896 thousand in the previous year) and is chiefly represented by deposits paid by Parent Company Saras S.p.A. and subsidiary Saras Energia S.A..

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table provides a breakdown of short-term financial liabilities:

	31/03/2012	31/12/2011	Change
Bank loans	197,918	198,054	(136)
Bank accounts	115,251	327,441	(212,190)
Financial Derivatives	109,205	42,134	67,071
Other short term financial liabilities	12,473	6,233	6,240
Total short-term financial liabilities	**434,847**	**573,862**	**(139,015)**
Total long-term financial liabilities	**285,108**	**284,798**	**310**
Total fiancial liabilities	**719,955**	**858,660**	**(138,705)**

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

The "Financial derivatives" item includes the negative fair value of the financial derivatives in place at the reporting date. For further details, please see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item:

	31/03/2012	31/12/2011	Change
Advances from customers: portion due within the year	7,696	53,512	(45,816)
Payables to suppliers: portion due within the year	1,367,803	1,134,991	232,812
Total	**1,375,499**	**1,188,503**	**186,996**

The item "Customer advances" refers to payments on account received from the Parent Company's customers for the supply of oil products.

The increase in trade payables is due to price trends in crude oil and oil products.

5.3.3 Current tax liabilities

This item is broken down below:

	31/03/2012	31/12/2011	Change
VAT payables	186,043	61,698	124,345
IRES (Corporation Tax) and income tax of foreign companies	11,844	5,882	5,962
IRAP (Regional Income Tax)	1,180	41	1,139
Other tax payables	120,159	74,208	45,951
Total	319,226	141,829	177,397

The change in VAT payables is due to the tax facility granted by the customs authority to the Parent Company Saras S.p.A. to defer payment of tax for up to 90 days from each importation, from 1 January 2012.

IRES payables increased due to the tax calculated on the taxable income for the period, particularly the additional tax required from Italian companies in the energy sector (€5,457 thousand).

IRAP payables rose due to the tax calculated on the taxable income of Italian companies for the period.

The item “Other tax payables” mainly includes excise duties on products introduced into the market by the subsidiary Arcola Petrolifera S.p.A. (€104,521 thousand); the increase was largely due to advance payments of excise duties made in December, as required by the regulations.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below.

	31/03/2012	31/12/2011	Change
Payables to welfare and social security bodies: portions due within one year	7,784	9,903	(2,119)
Due to personnel	21,808	16,865	4,943
Payables to Ministry for grants	41,297	43,546	(2,249)
Other payables	16,206	19,815	(3,609)
Other accrued liabilities	2,113	1,695	418
Other deferred income	693	722	(29)
Total	**89,901**	**92,546**	**(2,645)**

The item “Payables to personnel” includes salaries not yet paid in March, the portion of additional monthly payments accrued and performance bonuses for the achievement of business targets.

The item “Payables to ministry relating to grants” mainly includes advances received from the Ministry for Economic Development:

- by the Parent Company in connection with the programme agreement signed on 10 June 2002, for which the final concession decree has yet to be granted (€24,736 thousand);
- by the subsidiary Sardeolica S.r.l. for the construction of the Ulassai wind farm (€15,679 thousand).

The decrease on the previous year relates to the exclusion from the basis of consolidation of the amount relating to the subsidiary Akhela S.r.l., which was sold during the period.

The item “Other payables” mainly relates to port duties as determined by the customs authority in respect of the Parent Company (€15,115 thousand); please note that the initial phase of the company’s longstanding 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

This item breaks down as follows:

	31/03/2012	31/12/2011	Change
Euro Bond	248,347	248,223	124
Bank loans	36,761	36,575	186
Total long-term financial liabilities	**285,108**	**284,798**	**310**

On the 16th of July 2010, the Parent Company Saras S.p.A., an unrated company, carried out a bond issue aimed solely at institutional investors, with a nominal value of €250 million and a five-year duration. The bonds, which are listed on the Luxembourg stock exchange, have a coupon of 5.583% and will mature on 21 July 2015. They are not supported by a guarantee and are not subject to any covenants.

The bond issue is recorded net of issue charges incurred.

Note that market values from the relevant stock market are not available for the bond loan. The current value of the related cash flows discounted to present value using the market rate does not vary significantly from the carrying value in the financial statements.

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

Figures in Euro million	Loan origination Date	Amount originally borrowed	Base rate	Net book value at 31/12/11	Net book value at31/03/12	Maturity			Collateral
						1 year	from 1 to 5 year	beyond 5 years	
Saras S.p.A.									
IntesaSanPaolo in pool	3-Jun-09	100.0	Euribor 6M	100.0	100.0	100.0			
IntesaSanPaolo in pool	16-Jun-09	90.0	Euribor 6M	89.8	89.8	89.8			
				189.8	**189.8**	**189.8**	**-**	**-**	
Saras Energia S.A.									
Banca Esp. De Credito	11-Sep-02	10.0	Euribor 6M	1.1	0.9	0.9			
				1.1	**0.9**	**0.9**	**-**	**-**	
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	43.8	44.0	7.2	36.8		
				43.8	**44.0**	**7.2**	**36.8**	**-**	
Total payables to banks for loans				**234.7**	**234.7**	**197.9**	**36.8**	**-**	

The weighted average interest rate at 31 March 2012 was 4.53%.

A simple loan agreement for a nominal amount of €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 ban on changing business activities, reducing the share capital or carrying out 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.

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 comprising liquidity parameters set out in the agreement and a ban 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;
- corporate, connected to the company's ownership structure, specifically a ban 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.

At the last contractual deadline, the restrictions relating to the above-mentioned loans had been complied with.

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows:

	31/12/2010	Additions	Decrease for use	Other changes	31/12/2011
Provisions for dismantling of plants	17,146	1,283	0	0	18,429
Provisions for CO2 allowances	46,978	45,817	(46,809)	(168)	45,818
Other risk provisions	14,409	4,524	(5,913)	0	13,020
Total	**78,533**	**51,624**	**(52,722)**	**(168)**	**77,267**

	31/12/2011	Additions	Decrease for use	Other changes	31/03/2012
Provisions for dismantling of plants	18,429	0	0	0	18,429
Provisions for CO2 allowances	45,818	8,216	(34,809)	78	19,303
Other risk provisions	13,020	2,538	0	(85)	15,473
Total	**77,267**	**10,754**	**(34,809)**	**(7)**	**53,205**

The provisions for dismantling plant relate to the future costs of dismantling plant 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 (€19,303 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 2012, 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 528,280 tons of CO_2 as of 31 March. A provision was made for the shortfall for the period of 108,178 tons, worth €641 thousand.
- 444,404 tonnes for the cogeneration plant owned by subsidiary Sarlux S.r.l., which had emitted 1,003,520 tons of CO_2 as of 31 March. A provision was made for the shortfall for the period of 1,056,108 tons, worth €7,575 thousand.
During the period, €34,809 thousand was used from the provisions (€11,579 thousand for Saras and €23,230 thousand for Sarlux).

NB: Any CO_2 allowances held by the group are taken into account in determining the provision.

The item “Other risk provisions” mainly relates to provisions made for potential legal and tax liabilities.

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	31/03/2012	31/12/2011	Change
Employee end-of-service payments	11,612	12,852	(1,240)
Other supplementary provisions	9,659	10,447	(788)
Total	**21,271**	**23,299**	**(2,028)**

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 31.12.2010	**14,529**
Accrual for the year	6,092
Amount used during the year	(7,769)
Balance at 31.12.2011	**12,852**
Accrual for the period	1,393
Amount used during the period	(2,633)
Balance at 31.03.2012	**11,612**

The table below shows changes in the CPAS fund:

Balance at 31.12.2010	**16,018**
Accrual for the year	0
Amount used during the year	(5,571)
Balance at 31.12.2011	**10,447**
Accrual for the period	0
Amount used during the period	(788)
Balance at 31.03.2012	**9,659**

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling €5,424 thousand, relate to the foreign subsidiaries.

5.4.5 Other non-current liabilities

Other non-current liabilities break down as follows:

	31/03/2012	31/12/2011	Change
Payables to welfare and social security bodies	294	357	(63)
Deferred income	483,717	480,175	3,542
Other	2,614	2,613	1
Total	**486,625**	**483,145**	**3,480**

The change compared with 31 December 2011 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 Energetici 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:

	31/03/2012	31/12/2011	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	1,218,465	1,158,676	59,789
Profit (Loss) for the period	14,106	58,802	(44,696)
Total Shareholders Equity	**1,298,127**	**1,283,034**	**15,093**

Share capital

At 31 March 2012, the share capital of €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 €1,218,465 thousand, representing a net increase of €59,789 thousand compared with the previous period. The net increase was the combined result of:

- the allocation of profit from the previous year of €58,802 thousand;
- a rise of €1.003 thousand relating to the establishment of a reserve for the bonus allocation of shares to employees and management under the companies' Stock Grant Plans.
- a decrease of €16 thousand due to the translation of the financial statements of subsidiaries in foreign currency.

Pursuant to IAS 1, paragraphs 1 and 97, please note that no changes in shareholders' equity were conducted with owners of the company's shares.

Profit for the period

Consolidated net profit for the period was €14,106 thousand.

Dividends

On 27 April 2012, 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:

	31/03/2012	31/03/2011	Change
Sales and services revenues	2,946,736	2,502,194	444,542
Sale of electricity	150,526	142,169	8,357
Other revenues	1,282	5,963	(4,681)
Change in contract work in progress	401	357	44
Total	**3,098,945**	**2,650,683**	**448,262**

Sales and services revenues rose by €447,542 thousand compared to the previous year, due to an increase in both the quantities sold and the prices of oil products.

Revenues from the sale of electricity include €146,458 thousand relating to the gasification plant of subsidiary Sarlux S.r.l. and €4,068 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, calculated according to 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 €/USD exchange rate until the contract expires.

Other payments are mainly attributable to revenues posted by the subsidiaries Sartec S.p.A. and Reasar S.A. in their respective sectors. The decrease in the item is mainly due to the exclusion of Akhela S.r.l. from the basis of consolidation.

6.1.2 Other income

The following table shows a breakdown of other income.

	31/03/2012	31/03/2011	Change
Revenues for stocking of mandatory supplies	1,549	772	777
Sales of sundry materials	1,247	1,230	17
Grants	3,560	3,917	(357)
Chartering of tanker	719	1,455	(736)
Recovery for claims and demages	2	135	(133)
Reimbursment of emission trading charges	6,458	13,131	(6,673)
Other income	2,433	1,076	1,357
Total	**15,968**	**21,716**	**(5,748)**

The item “Grants” mainly includes the revenues from green certificates obtained by the subsidiary Sardeolica S.r.l..

The item “Recognition of emissions trading charges” comprises income posted by the subsidiary Sarlux S.r.l., deriving from the recognition – pursuant to section II, point 7-*bis* of CIP Provision 6/92 – of the reimbursement of charges relating to the application of EC Directive 2003/87 (Emissions Trading), as per AEEG Resolution 77/08. The decrease from the same period of the previous year is mainly due to the fall in the price of quotas(from € 14.6 per quota in the first quarter of 2011 to €7.3 per quota in the first quarter of 2012).

The item “Other income” includes the windfall gains reported mainly by Saras.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, spare parts and consumables

	31/03/2012	31/03/2011	Change
Purchases of raw materials	2,486,768	2,096,725	390,043
Purchases of semifinished materials	413	14	399
Purchases of replacement parts and consumables	26,415	17,492	8,923
Purchases of finished products	336,122	343,213	(7,091)
Other purchases	34	35	(1)
Change in inventories	(37,365)	(290,607)	253,242
Total	**2,812,387**	**2,166,872**	**645,515**

As already mentioned under revenues, the change in this item was mainly due to price trends over the period and higher volumes of crude purchased.

6.2.2 Cost of services and sundry costs

	31/03/2012	31/03/2011	Change
Service costs	140,190	119,146	21,044
Rent, leasing and similar costs	3,937	3,645	292
Provisions for risks and charges	6,795	26,090	(19,295)
Other operating charges	4,581	4,641	(60)
Total	**155,503**	**153,522**	**1,981**

Service costs mainly comprise maintenance, rentals, freight, electricity, steam, hydrogen and other utilities, as well as costs for bank charges.

The cost of rentals and freight rose as a result of the higher quantities of crude purchased and products sold; there was a similar increase in the cost of utilities, essentially electricity, due both to the greater volumes used and to the rise in prices.

The item "Cost for use of third-party assets" includes the costs incurred by the Parent Company (for the lease of its offices in Milan and Rome, the state concession at the Sarroch site and the leasing of equipment) and by the subsidiary Saras Energia (for rents on the distribution network).

The item "Use of third-party assets" includes €519 thousand relating to the rental of the building that houses the registered office of Parent Company Saras S.p.A. 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 30 September 2015. Minimum future payments under the terms of the contract are €2,300 thousand for the subsequent year and €5,750 thousand for the following years up to five years.

The annual rental payments are pegged to the ISTAT consumer price index for the families of manual workers and employees; the contract will be renewed for a further eight-year period at the expiry date, and at every subsequent expiry date, unless cancelled with at least 12 months' notice prior to the expiry date.

Provisions for risks mainly consist of a provision relating to CO_2 allowances for the first quarter of 2012 that had not yet been purchased as of 31 March 2012. The change from the same period of the previous year is mainly due to the fall in the price of allowances.

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

6.2.3 Personnel costs

Personnel costs are broken down as follows:

	31/03/2012	31/03/2011	Change
Wages and salaries	24,479	28,869	(4,390)
Social security	7,259	8,241	(982)
Employee end-of-service payments	1,392	1,701	(309)
Pensions and similar	0	26	(26)
Other costs	1,076	1,258	(182)
Directors' remuneration	953	1,520	(567)
Total	**35,159**	**41,615**	**(6,456)**

The decrease in the item is mainly due to the exclusion from the scope of consolidation of Akhela S.r.l., which was sold during the period.

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 2010, a share for every six held by the beneficiary at 31 December 2009;
- for the years 2011 and 2012, a share for every six additional shares purchased by the beneficiary in 2010 and 2011, on condition that the number of shares held by the beneficiary on a daily basis during each of these years is never lower than the number of shares held at 31 December of the previous year.

Under the Employee Share Plan, the total value of the shares allocated to each beneficiary cannot exceed €2,065 in any given year. Furthermore, the value of the total shares allocable may never exceed the sum of €2 million.

The Stock Grant Plan 2010/2012 (for senior managers at the Parent Company, and senior managers and directors individually specified by the Board of Directors of the Parent Company and the subsidiaries) provides for the allocation of a "base number of shares" for each beneficiary, which is amended according to the difference between the change in value of the Parent Company's shares and that of the shares of a group of comparable companies.
The plan will involve the allocation of:
- 1,505,000 shares for the 2010 plan, at a cost of €2,248 thousand;
- 2,126,800 shares for the 2011 plan, at a cost of €3,764 thousand (of which €941 thousand relates to the first quarter of 2012).

Furthermore, beneficiaries who had participated in the 2007/2009 Stock Grant Plan were offered the opportunity of postponing the transfer of the shares that they are entitled to receive until the first half of 2013, in return for a one-off premium to be paid in shares as part of the current plan.
This option would involve the allocation of 891,900 shares, at a cost of €1,332 thousand (of which €102 thousand relates to the first quarter of 2012).

6.2.4 Depreciation and amortisation

Depreciation and amortisation figures are shown below.

	31/03/2012	31/03/2011	Change
Amortisation of intangible assets	9,153	9,194	(41)
Depreciation of tangible assets	41,472	43,160	(1,688)
Total	**50,625**	**52,354**	**(1,729)**

6.3 Financial income and charges

A breakdown of financial income and charges is shown below:

	31/03/2012	31/03/2011	Change
Financial income:			
- from financial assets recorded under current assets	0	11	(11)
Other income			
- interest on bank and post office accounts	157	58	99
- fair value of held for trading financial assets	0	78	(78)
- fair value of derivatives outstanding on reporting date	84,095	108,256	(24,161)
- positive differences on derivatives	19,737	129,569	(109,832)
- other income	137	79	58
Exchange gains	15,838	17,410	(1,572)
Total Financial Income	**119,964**	**255,461**	**(135,497)**
Financial charges :			
- fair value of derivatives outstanding on reporting date	(90,329)	(149,680)	59,351
- fair value of held for trading financial assets	0	(157)	157
- negative differences on derivatives	(52,216)	(148,420)	96,204
- other (interest on loans, late payment interest, etc.)	(10,768)	(7,795)	(2,973)
Exchange losses	(3,152)	(5,005)	1,853
Total Financial Charges	**(156,465)**	**(311,057)**	**154,592**
Total	**(36,501)**	**(55,596)**	**19,095**

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

	31/03/2012	31/03/2011	Change
Net interest income / (expense)	(10,611)	(7,737)	(2,874)
Net result from derivative financial instruments	(38,713)	(60,275)	21,562
- realised	*(32,479)*	*(18,851)*	*(13,628)*
- fair value of the open positions	*(6,234)*	*(41,424)*	*35,190*
Net exchange gains (losses)	12,686	12,405	281
Other	137	11	126
Total	**(36,501)**	**(55,596)**	**19,095**

The change in the fair value of the derivatives existing at 31 March 2012 compared with those existing at 31 December 2011 gave rise to a net charge of €3,965 thousand (compared with a net charge of €21,989 thousand in the same period of the previous year).
As shown in the table, the main changes relate to exchange rate differences and net interest expenses, and to net gains/losses on derivatives. The financial derivates in question relate to hedging transactions to which hedge accounting procedures are not applied.

6.4 Income tax

Income tax can be shown as follows:

	31/03/2012	31/03/2011	Change
Current taxes	11,782	59,432	(47,650)
Deferred tax (assets) liabilities, net	(1,150)	20,208	(21,358)
Total	**10,632**	**79,640**	**(69,008)**

Current taxes consist of taxes calculated on the taxable income of the companies, including the additional IRES tax for Italian companies, where due, which temporarily increased from 6.5% to 10.5% for the three-year period 2011-2013.

Deferred tax assets/liabilities relate to changes in temporary differences between the values recorded in the financial statements and those recognised for tax purposes during the period; the most significant changes concern the reversal of deferred tax assets for the linear reporting of Sarlux's margin (€1,124 thousand) and the use of deferred taxes relating to the fair value of the Sarlux-GSE contract (€3,247 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. and Sarlux 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 any liability is likely to be remote.
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. In 2007, a specially created AEEG committee, coming to a different *a posteriori* interpretation of the resolution, deemed the subsidiary subject to this obligation for the years 2002-2005. Sarlux appealed against this interpretation to the Lombardy regional administrative court (TAR); the appeal was rejected on 14 June. The liabilities arising from this dispute, as determined by the GSE, which has already adopted this interpretation, are estimated at about €32 million (for the acquisition of green certificates that have already been bought, as required by the GSE); 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 €14 million (the refund was made during the previous 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 €12 million, with the related refund estimated at around €7 million.
Based on the considerations expressed by its advisors on the TAR's rejection of the appeal, Sarlux appealed against the TAR's ruling to the High Court and believes that its appeal will be successful. As a result, no provision was made in the accounts at 31 March 2010 for this case.

7.2 Early withdrawal from CIP 6/92 agreement

As provided for in article 3, paragraph 1 of the Ministry for Economic Development Decree of 2 December 2009, Sarlux S.r.l., as a party to an agreement signed under the CIP 6/92 programme valid as of 1 January 2010 for plants that use process fuels from residues, expressed its interest in an early withdrawal from the agreement to GSE S.p.A., on a non-binding basis.
GSE has established the fees payable to settle this decision; the Ministry for Economic Development has extended until 30 June 2012 the deadline for presentation by Sarlux S.r.l. of the binding application for voluntary early withdrawal from the CIP6 agreement. The company's managers are currently assessing the various alternatives available based on affordability. This assessment is ongoing to date.

7.3 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.

7.4 Other

Please refer to the Report on Operations of the Consolidated Financial Statements for details on atypical and/or unusual operations as well as accidents that occurred between 2009 and 2011.