Saras Group Quarterly Report as of 31 March 2010

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 BORRE’	Stand-in Auditor
MARCO VISENTIN	Stand-in Auditor

Executive Responsible for Financial Reporting

CORRADO COSTANZO

INDEPENDENT AUDITING FIRM

PRICEWATERHOUSECOOPERS S.p.A.

* Independent Director elected by the Minority list of Shareholders

Group Activities

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

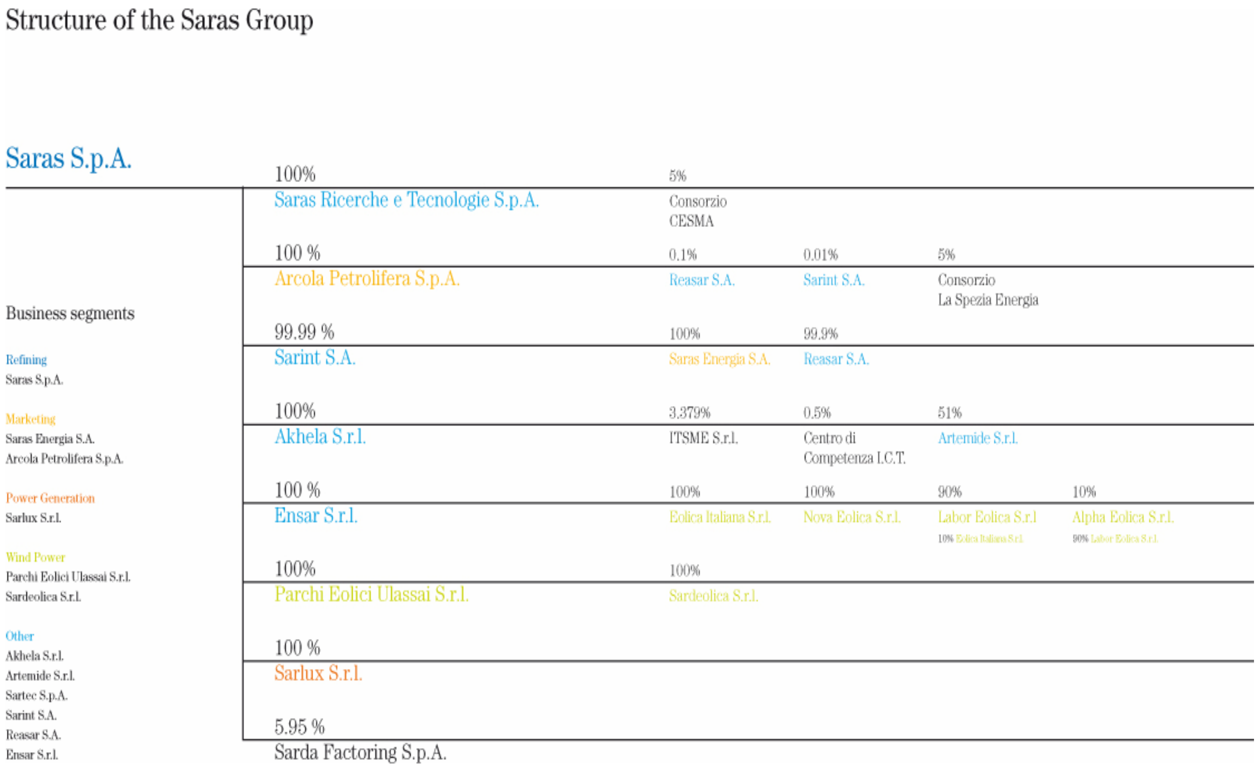
Both directly and through our subsidiaries Arcola Petrolifera S.p.A. (Italy) and Saras Energia S.A. (Spain), the Saras Group sells and distributes oil products including diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel on the Italian, European and international markets. In particular, in 2009 approximately 1.2 million tons of oil products were sold in Italy, through our subsidiary Arcola Petrolifera, which operates solely in the wholesale market, and it manages a tank farm for petroleum products owned by the Group, and located in Arcola (La Spezia), with a capacity of 200,000 cubic metres. A further 2.7 million tons of oil products were sold in the Spanish market through Saras Energia, which is active both in the wholesale and in the retail market. More in details, Saras Energia manages a retail network made by 124 service stations, of which 88 fully owned and 36 on long term lease, mainly located on the Spanish Mediterranean Coast. Furthermore, Saras Energia manages also a biodiesel plant, with a capacity of 200.000 tons per year, which was built in Cartagena (Spain) at the end of 2008, and it has reached stable full scale production during the second half of 2009. Important synergies can also be generated by the biodiesel plant, thanks to its location in the proximity of an oil products tank farm already owned by the Group, with a capacity of 112,000 cubic metres.

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

Moreover, in the island of Sardinia, the Group is also involved in the production of power from renewable sources, through a wind farm situated in Ulassai, with a capacity of 72MW (upgradeable to 96MW). Finally, Saras operates also in the information technology services sector through its subsidiary Akhela S.r.l., and it provides industrial engineering and scientific research services to the oil, energy and environment industry via its subsidiary Sartec S.p.A..

Structure of the Saras Group

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



Stock Performance

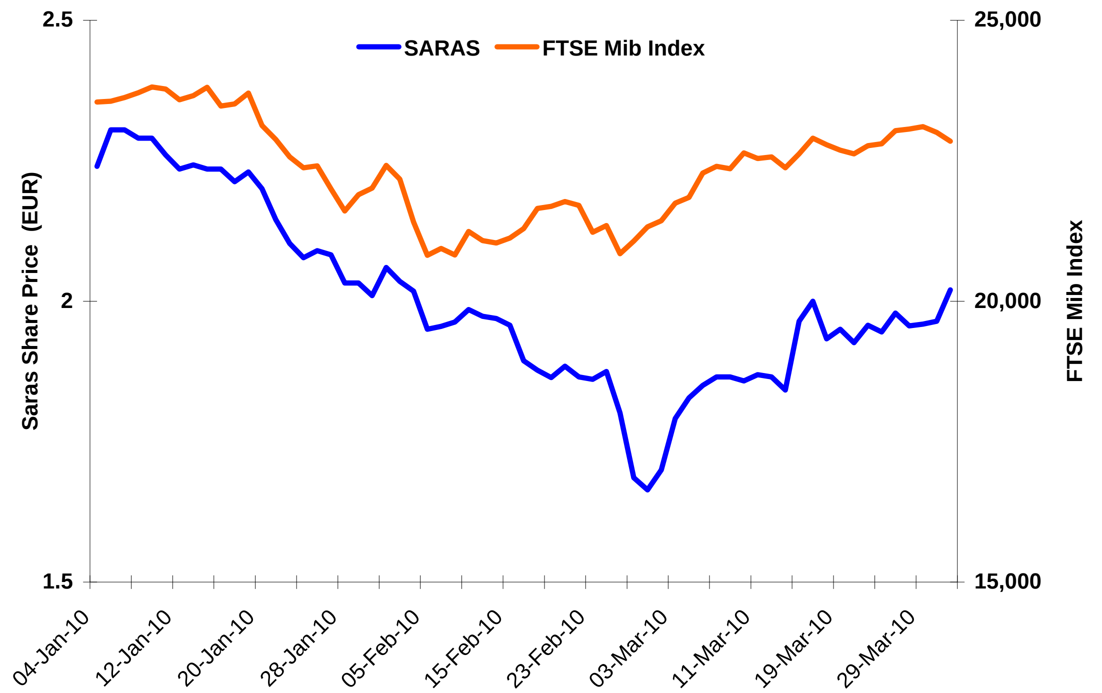
Below are some data concerning prices and daily volumes relating to the Saras share, in the period between 04th January 2010 and 31st March 2010.

SHARE PRICE (EUR)	Q1/10
Minimum price (01/03/2010)	1.664
Maximum price (06/01/2010)	2.305
Average price	1.998
Closing price at the end of the period	2.02

DAILY TRADED VOLUMES (Million)	Q1/10
Maximum traded volume in EUR (26/02/2010)	31.6
Maximum traded volume in number of shares (26/02/2010)	18.8
Minimum traded volume in EUR (12/02/2010)	1.8
Minimum traded volume in number of shares (12/02/2010)	0.9
Average volume in EUR	7.3
Average volume in number of shares	3.8

Market capitalization on the 31st of March 2010 amounts to EUR 1,921 million, and outstanding shares as of 31st of March 2010 were approximately 928 million.

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



REPORT ON OPERATIONS

Comments on Group results[1]

In order to give a better representation of the Group's operating performance, and in line with the standard practice in the oil industry, the operating results (EBITDA[2] and EBIT[3]) and the Net Income are provided also with an evaluation of oil inventories based on the LIFO methodology (and not only according to FIFO methodology, as requested by IFRS accounting principles). The LIFO methodology does not include revaluations and write downs and it combines the most recent costs with the most recent revenues, thus providing a clearer picture of current operating profitability. Furthermore, for the same reason, non recurring items are deducted both from the operating results and from Net Income. Operating results and Net Income calculated as above are called respectively "*comparable*" and "*adjusted*", and they are not subject to audit.

Highlights for the first quarter 2010

Refining margins improved quite rapidly in March 2010, on the back of strong gasoline crack spreads, deriving from the "spring maintenance" season of several refineries both in Europe and in the USA. Saras was capable of capturing a part of the margin improvement, because the results of our Refining segment were affected by maintenance activities being carried out in our Sarroch production site.
The Power Generation segment, owing to the IFRS linearisation procedure, achieved results in line with expectations in Q1/10, despite the scheduled maintenance cycle which caused a reduction in electricity production.
On the contrary, the Marketing segment posted a negative performance during the first quarter of 2010, characterised by a drop in margins for our Italian wholesale business, and a contraction in sale volumes in our Spanish market. This came as a result of the generalised reduction in oil products consumption both in Spain and in Italy, together with seasonality effects.
Finally, the Wind segment had a strong performance in Q1/10, thanks to very favourable wind conditions, which pushed electricity production beyond 61 GWh (setting the quarterly production record since the wind park became operational in late 2005). The record production more than compensated the 9% drop in power tariff, related to the economic recession.

- **Group *reported* EBITDA** at EUR 50.7 ml, down 65% vs. EUR 144.6 ml in Q1/09
- **Group *comparable*[4] EBITDA** at EUR 13.8 ml, down 85% vs. EUR 91.1 ml in Q1/09
- **Group *reported* Net Income (Loss)** at EUR (9.3) ml, down 116% vs. EUR 58.2 ml in Q1/09
- **Group *adjusted*[5] Net Income (Loss)** at EUR (29.9) ml, down 218% vs. EUR 25.3 ml in Q1/09
- **Saras refining margin at 0.9 $/bl,** down 82% compared to Q1/09
    - In Q1/10, Saras premium above the EMC benchmark margin was 0.4 $/bl, vs. 1.7 $/bl in Q1/09, penalised by weak conversion spread and tight "heavy-light" differentials, which eroded part of the "complexity advantage" of top class refineries
- **On 31st March 2010, Net Financial Position was negative for EUR 643 ml,** primarily due to an increase in working capital

---

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

[2] **EBITDA:** Operating result before Depreciation & Amortization.

[3] **EBIT:** Operating result.

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

[5] ***Adjusted* Net Income (Loss):** Net income (loss) adjusted for the differences between LIFO and FIFO inventories after taxes, non recurring items after taxes and change in the derivatives' fair value after taxes. Quarterly, *comparable* and *adjusted* figures are un-audited.

Key Consolidated financial figures

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

Saras Group income statement figures:

EUR Million	Q1/10	Q1/09	Var %	Q4/09
REVENUES	1,882	1,228	53%	1,564
EBITDA	50.7	144.6	-65%	70.1
Comparable EBITDA	**13.8**	**91.1**	**-85%**	**24.6**
EBIT	0.1	100.0	-100%	15.6
Comparable EBIT	**(36.8)**	**46.5**	**-179%**	**(29.9)**
NET INCOME / (LOSS)	(9.3)	58.2	-116%	5.2
***Adjusted* NET INCOME / (LOSS)**	**(29.9)**	**25.3**	**-218%**	**(24.0)**

Other Group figures:

EUR Million	Q1/10	Q1/09	Q4/09
NET FINANCIAL POSITION	**(643)**	**(223)**	**(533)**
CAPEX	**23**	**61**	**65**
OPERATING CASH FLOW	**(87)**	**170**	**(5)**

Comments on First Quarter 2010 results

Refining margins improved quite rapidly in March 2010, on the back of strong gasoline crack spreads, deriving from the “spring maintenance” season of several refineries both in Europe and in the USA. Saras was capable of capturing a part of the margin improvement, but the results of our Refining segment were affected by maintenance activities being carried out in our Sarroch production site.

Owing to the IFRS linearisation procedure, the Power Generation segment achieved results in line with expectations in Q1/10, despite the scheduled maintenance cycle which caused a reduction in electricity production.

The reduction in oil products consumption both in Spain and in Italy, together with some seasonality effects, forced our Marketing segment to post a negative performance during the first quarter of 2010, with a drop in margins in our Italian wholesale business, and a contraction in sale volumes in our Spanish subsidiary.

Finally, the Wind segment had a strong performance in Q1/10, thanks to very favourable wind conditions, which pushed electricity production beyond 61 GWh (setting the quarterly production record, since the wind park became operational in late 2005). The record production more than compensated the 9% drop in power tariff, related to the economic recession.

Group Revenues in Q1/10 were EUR 1,882 ml, up 53% compared to Q1/09. The substantially higher revenues came primarily from the Refining and Marketing segments, in the light of significantly higher oil products’ prices (for quick reference, in Q1/10 diesel traded at an average of 638.6 $/ton vs. 436.4 $/ton in Q1/09, and gasoline priced at 717.0 $/ton vs. 419.9 $/ton in Q1/09). The higher prices more than offset the decline in volumes sold.

Group *comparable* EBITDA in Q1/10 amounted to EUR 13.8 ml, down 85% vs. EUR 91.1 ml posted in Q1/09. The large difference versus same quarter last year can be explained almost entirely with the weaker performance of the Refining segment, which experienced smaller margins and lower refinery runs in Q1/10, versus same period last year (In Q1/10 Saras margin was down 82%, and runs were down 7% vs. Q1/09).

Group *reported* EBITDA in Q1/10 was EUR 50.7 ml, down 65% vs. Q1/09. This result can be almost entirely explained with the combination of lower refining margins and lower refinery runs in Q1/10 versus same period last year. However, an important role was played also by inventory evaluations, considering their changes both in terms of prices and quantities.

At the bottom line level, **in Q1/10 Saras posted a Group *adjusted* Loss for EUR 29.9 ml**, which compares with the Group *adjusted* Net Income of EUR 25.3 ml in Q1/09. This sharp difference can be explained primarily by the lower *comparable* EBITDA, and the higher depreciation and amortization charges (EUR 50.6 ml in Q1/10 vs. EUR 44.6 ml in Q1/09). Moreover, the financial charges in Q1/10 were negative for EUR 12.8 ml, made of approx. EUR 4.3 ml of interest expense, plus other approx. EUR 8 ml of losses on derivative instruments, in part realized and in part due to changes of fair value. In Q1/09 instead, the financial charges were negative for EUR 3.4 ml, with interest expense worth EUR 4.1 ml, and gains on derivative instruments worth EUR 0.7 ml.

Similarly, when looking at IFRS results, **Saras made a Group *reported* Loss for EUR (9.3) ml in Q1/10**, down 116% vs. the Group *reported* Net Income of EUR 58.2 ml Q1/09, for the same reasons explained at *reported* EBITDA level. However, at the bottom line level the difference quarter on quarter is larger in percentage terms than the difference observed at EBITDA level. This depends on the higher depreciation and amortization charges and also on the higher financial charges in Q1/10 vs. Q1/09.

Detail of Consolidated Net Income *Adjustments*

EUR Million	Q1/10	Q1/09
***Group reported* NET INCOME / (LOSS)**	**(9.3)**	**58.2**
(inventories at LIFO - inventories at FIFO) net of taxes	(24.2)	(34.0)
non recurring items net of taxes	0.0	0.0
change in derivatives fair value net of taxes	3.6	1.1
***Group adjusted* NET INCOME / (LOSS)**	**(29.9)**	**25.3**

Detail of Consolidated *Comparable* EBITDA

EUR Million	Q1/10	Q1/09
***Group reported* EBITDA**	**50.7**	**144.6**
inventories at LIFO - inventories at FIFO	(36.9)	(53.5)
non recurring items	0.0	0.0
***Group comparable* EBITDA**	**13.8**	**91.1**

As it can be observed in the previous tables, in Q1/10 the difference between *comparable* and *reported* figures is almost entirely justified by the different methodologies used to evaluate the oil inventories. Indeed, as it has been explained in all previous occasions, the *reported* (IFRS) figures evaluate oil inventories according to the FIFO methodology, while the *comparable* figures are based on the LIFO methodology.

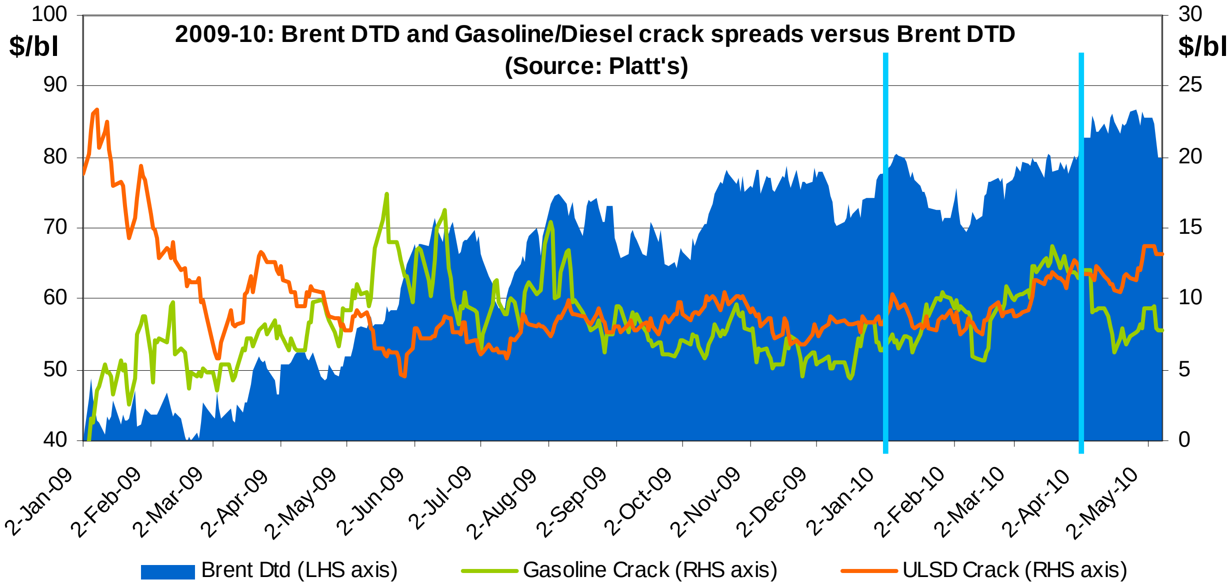
In Q1/10, the above mentioned LIFO/FIFO difference after-tax was equal to EUR -24.2 ml, due to the afore mentioned increase in crude oil and petroleum products prices. Such inventory appreciation is reflected only in the FIFO evaluation, while it is not included in the inventory evaluation based on LIFO methodology.

CAPEX in Q1/10, amounted to EUR 23.1 ml, in line with the announced investment programme to be carried out during 2010.

Net Financial Position on 31st March 2010 was negative by EUR 643 ml, compared to a negative figure of EUR 533 ml at the end of 2009. The change can be primarily explained with capital expenditures (EUR 23.1 ml), and an increase in working capital.

The Oil Market

The graph here below shows the course of Brent Dated crude oil prices, and the crack spread[6] values for ULSD and Unleaded Gasoline.



As it can be observed, the first quarter of 2009 was characterised by a swinging pattern for Brent Dated crude oil prices: opening at 77.6 $/bl on 1st Jan 2010, prices initially climbed to approx. 80 $/bl in the first week of the year, and subsequently fell down to 70 $/bl by early February. Later on, prices started to gradually raise again, closing the quarter at 80.3 $/bl.

The above mentioned trends can be interpreted as a confirmation that OPEC is satisfied with price stability within the 70 ÷ 80 $/bl trading range. Indeed, this level is regarded as sufficiently remunerative in order sustain investments in research and development of new oil fields and, at the same time, it is deemed reasonably inexpensive, with little risks of chocking the still uncertain economic recovery.

However, it should also be noted that, while prices remained confined in the above mentioned range, several OPEC countries started producing well above their allocated quotas during the first quarter 2010. As an effect, “compliance” quickly slid below 50%, sending a clear signal of the growing discord among OPEC Ministers over the fair allocation of the production quotas.

Furthermore, the low compliance was instrumental in putting back on the market an increasing quantity of heavy crude oil, thus allowing the “heavy-light” price differential to widen again, towards the end of March. In turn, this recent market development will restore part of the competitive advantage of complex refineries, which could start benefiting from a cheaper feedstock already during the second quarter of the year.

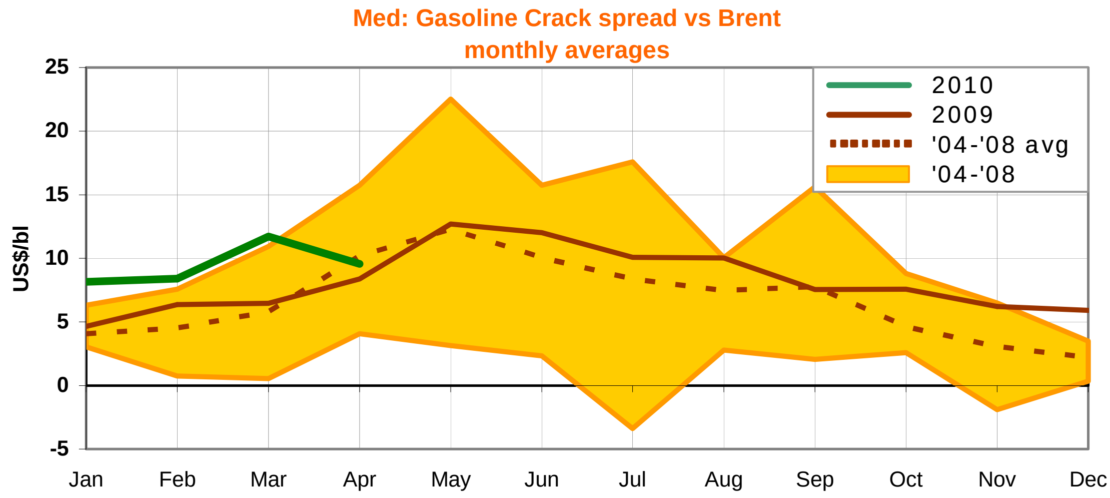
It should also be noted that, the greater availability of heavy crude oils could have the further beneficial effect of removing support to the fuel oil crack, hence allowing the “conversion spread” to widen again, to the advantage of complex refineries like Saras.

Moving on to oil products, throughout the first quarter of the year, demand experienced only modest signals of improvement for the various product categories.

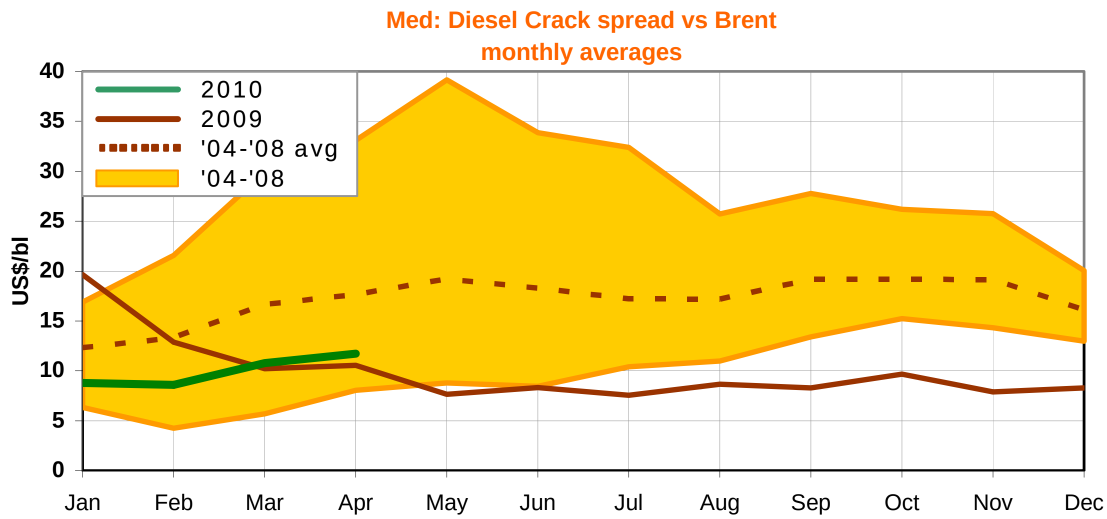
In particular, starting with gasoline, in January and February 2010, the crack spread remained at a very similar level as in Q4/09, with MED monthly average just above 8 $/bl. Subsequently, in March, gasoline crack had a considerable rebound, reaching a peak value of 14 $/bl. This came as a consequence of a supply reduction from various refineries in the USA and Europe, which started the traditional “spring maintenance”. At the same time, robust buying interest came from West Africa and Middle East. Therefore,

[6] **Crack spread**: difference between price of a product and reference crude oil.

the monthly average of the gasoline MED crack in March settled at 11.7 $/bl, up 40% vs. previous month, and this translated in a welcome improvement in refining margins.

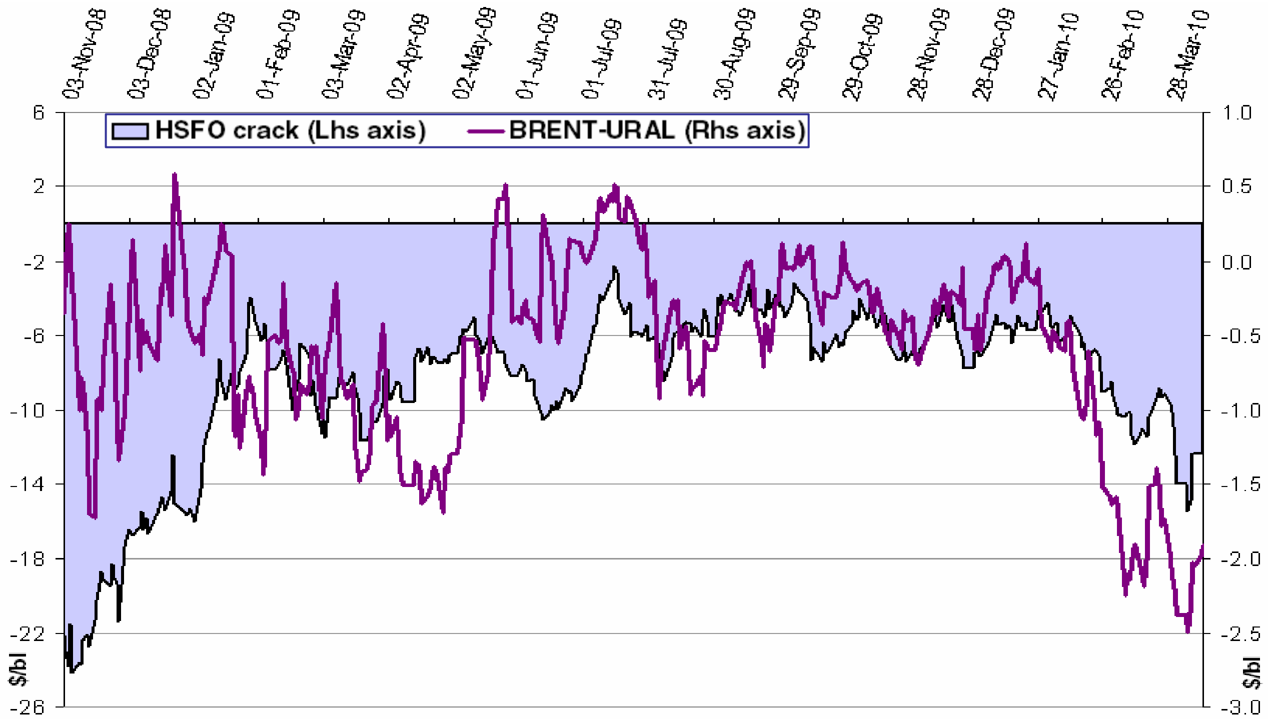


Middle distillates instead remained quite depressed in the first two months of Q1/10, due to ample inventories and weak demand trends, which moved in synchrony with the slow pace of the industrial and economic recovery. Later on, in March, the above mentioned refinery "spring maintenance" played a fundamental role in reducing the massive overhang in diesel and gasoil inventories. In particular, volumes held in floating storage for middle distillates went down to less than 50 ml barrels by the end of March, coming from the peak level of 105 ml barrels, reached between the end of November and early December 2009.



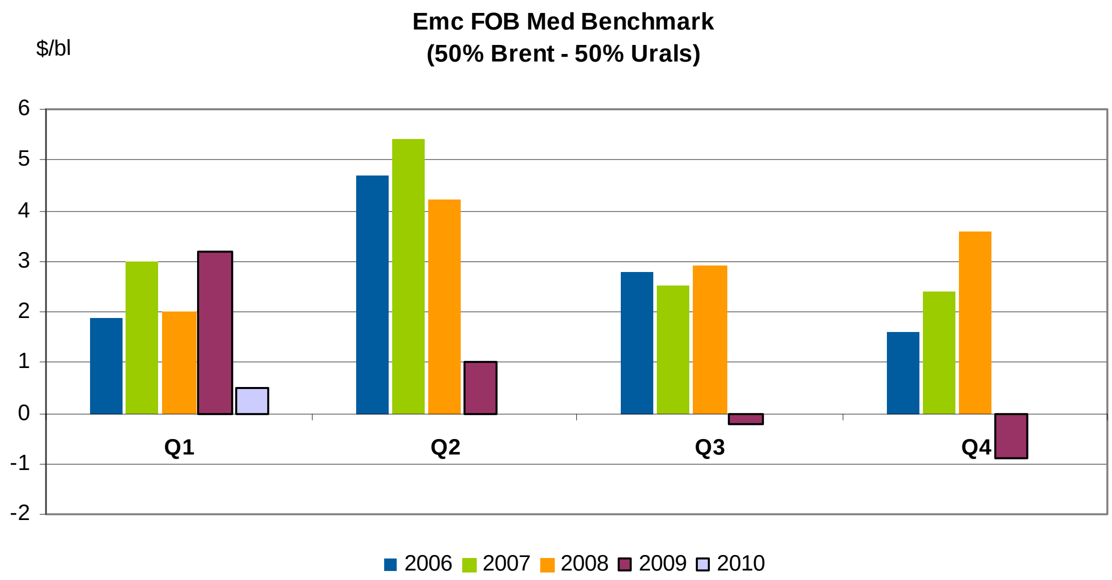
Moving on to fuel oil, it is renown that its price is very much linked to crude oil, particularly of heavy grades. Indeed, throughout 2009, fuel oil was very strong thanks to the support received by OPEC production cuts which affected specifically the heavy sour crude oils, brining a consequent reduction in fuel oil yields and supplies. Afterwards, in January and the first half of February 2010, fuel oil crack spreads remained at a sustained level, primarily because of strong buying interest in Asia.

However, from mid February onwards, the reduction in OPEC compliance with their production quotas, combined with higher supplies from Russia, weakened fuel oil, bringing its crack spread to -14 $/bl, a level not seen since late 2008. This is obviously a good development, especially for complex refiners like Saras, which base their margins on the "conversion spread" (i.e. the premium of upgrading fuel oil into diesel).



Finally, the graph below shows the refining margin after variable costs calculated by EMC (Energy Market Consultants) for a mid complexity coastal refinery in the Mediterranean sea. This margin is traditionally used by Saras as a benchmark.

The average of the EMC margin in Q1/10 was 0.5 $/bl (vs. 3.2 $/bl in same quarter last year). While this level is a clear improvement versus the negative margins observed at the end of 2009 (the EMC average in Q4/09 was -0.9 $/bl), it should, however, be noted that the margin rebound came primarily as a result of a gasoline driven rally in March, while margins were still pretty disappointing during January and February.



Segment Review

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

Refining

EUR Million	Q1/10	Q1/09	Var %	Q4/09
EBITDA	(18.5)	89.3	-121%	(0.8)
Comparable EBITDA	**(39.0)**	**39.4**	**-199%**	**(49.6)**
EBIT	(44.1)	68.2	-165%	(30.6)
Comparable EBIT	**(64.6)**	**18.3**	**-453%**	**(79.4)**
CAPEX	**19.9**	**52.6**	**-62%**	**56.9**

Margins and refinery runs

		Q1/10	Q1/09	Var %	Q4/09
REFINERY RUNS	thousand tons	3,469	3,723	-7%	3,432
	Million bl	25.3	27.2	-7%	25.0
	thousand bl/day	281	302	-7%	272
of which:					
Processing for own account	thousand tons	3,235	2,688	20%	2,373
Processing on behalf of third parties	thousand tons	234	1,035	-77%	1,059
EXCHANGE RATE	EUR/USD	1.383	1.303	6%	1.478
EMC BENCHMARK MARGIN	$/bl	0.5	3.2	-84%	(0.9)
SARAS REFINERY MARGIN	$/bl	0.9	4.9	-82%	0.5

Comments on First Quarter 2010 results

Refinery runs in Q1/10 stood at 3.47 ml tons (25.3 ml barrels, corresponding to 281 thousand barrels per day). This operating result was 7% lower than same period last year. The main difference in refinery runs can be explained when considering that Q1/10 maintenance involved a topping unit (RT2), while in Q1/09 all primary distillation units were up and running regularly.

Processing on behalf of third parties went down to approximately 7% of total runs (vs. 28% in Q1/09), because we did not renew a contract due to expire at the end of 2009. Indeed, at the time of renegotiating the aforementioned contract, the prevailing market conditions were characterised by an extremely depressed refining margin. Under the circumstances, Saras choose not to lock a considerable part of its refining capacity in a processing contract with a low “base fee”, in order to take benefit of the forecasted margin improvement which should take place (gradually but consistently) throughout 2010 and 2011

***Comparable* EBITDA of the Refining segment was EUR -39.0 ml in Q1/10**, down 199% versus EUR 39.4 ml in Q1/09, driven by the above mentioned lower refinery runs, as well as a narrower refining margin (for the reasons described in the following paragraphs), and also because of a weaker USD versus the EUR (the exchange rate USD to EUR averaged at 1.383 in Q1/10, vs. 1.303 in Q1/09).

Coming to a detailed profitability analysis of the Refining segment, our **EMC benchmark for refining margin in Q1/10 stood at 0.5 $/bl** (vs. 3.2 $/bl in Q1/09), and **Saras premium above the EMC margin fell to 0.4 $/bl** (vs. 1.7 $/bl in Q1/09).

The narrow premium added by Saras on top of the EMC benchmark is the consequence of various combined effects. Firstly, the tight price differential between diesel and fuel oil (the so called "conversion spread"), which suffered from the persisting weakness in middle distillates. To be more specific, in Q1/10, the average of the "conversion spread" was 193 $/ton vs. 200 $/ton in Q1/09.

Secondly, the price differential between "Heavy" and "Light" crude oils remained at a narrow level (average 0.9 $/bl in Q1/10), hence eroding the part of our "complexity advantage" which relies on the possibility of procuring a cheaper feedstock for the refinery.

Finally, there have been losses of conversion capacity (worth approx. Eur 8 ml) related to the scheduled maintenance activities carried out in March. It should be noted that March was the only month in Q1/10 when refining margins were at an healthy level, and we could not profit in full of this rebound. Some other losses, worth Eur 12 ml, were incurred because of performance decay, due to fouling problems on conversion units ahead of their planned maintenance, and also because of penalisations on certain sales channels.

Refining CAPEX **in Q1/10 was EUR 19.9 ml,** in line with the limited investment programme planned for the year, and in line with the information previously disclosed to the financial markets.

Crude Oil slate and Production

		Q1/10	FY 2009	FY 2008
Light extra sweet		48%	48%	51%
Light sweet		2%	0%	0%
Medium sweet		2%	0%	0%
Light sour		0%	0%	0%
Medium sour		26%	28%	22%
Heavy Sour		22%	24%	27%
Average crude gravity	°API	32.4	32.4	32.7

With an average density of 32.4°API, the crude mix in Q1/10 was in line with the average of last year. It should be noted that in the quarter the percentages of light extra sweet crude oil was in line with the average of 2009, while medium and heavy sour crude oils decreased versus 2009 values, and were replaced by light and medium sweet crude oils. This slight change of crude slate is the consequence of the maintenance activities carried out during the period, and also of the decision not to renew the processing contract which expired at the end of 2009.

The product slate obtained in Q1/10, shows a middle distillates yield at 51.7%, and the light distillates yield at 27.8%, thus bringing the percentage of high value products close to 82% (considering also 2.2% of LPG).

		Q1/10	FY 2009	FY 2008
LPG	thousand tons	77	221	337
	yield	2,2%	1,7%	2,2%
NAPHTHA + GASOLINE	thousand tons	966	3.343	4.056
	yield	27,8%	25,1%	26,1%
MIDDLE DISTILLATES	thousand tons	1.792	6.769	8.275
	yield	51,7%	50,9%	53,3%
FUEL OIL & OTHERS	thousand tons	154	1.119	825
	yield	4,4%	8,4%	5,3%
TAR	thousand tons	262	1.077	1.121
	yield	7,6%	8,1%	7,2%

Balance to 100% is "Consumption & Losses"

Marketing

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

EUR Million	Q1/10	Q1/09	Var %	Q4/09
EBITDA	14.0	2.8	400%	13.0
Comparable EBITDA	**(2.4)**	**(0.8)**	**-200%**	**16.3**
EBIT	11.0	1.5	633%	10.1
***Comparable* EBIT**	**(5.4)**	**(2.1)**	**-157%**	**13.4**
CAPEX	**0.8**	**4.2**		**3.9**

Sales

		Q1/10	Q1/09	Var %	Q4/09
TOTAL SALES	thousand tons	1,052	1,013	4%	1,005
of which: in Italy	thousand tons	382	308	24%	308
of which: in Spain	thousand tons	670	705	-5%	697

Comments on First Quarter 2010 results

Q1/10 was still characterized by continued weakness in consumption of oil products, particularly acute in the developed economies (OECD), including countries like Spain and Italy, where our sales are concentrated. In addition to this already difficult scenario, the usual seasonality effects brought further weakness to the results of our Marketing segment, which, ultimately, posted a negative performance characterized by lower margins in Italy, and lower sale volumes in Spain.

From a macro perspective, in Q1/10 the Spanish market posted a 8.5% decrease in gasoline demand vs. Q1/09, and a further 5.6% contraction middle distillates (with a split of -3% for diesel, and -10.6% for heating and agricultural gasoil). In this difficult context, **Saras Energia continued its strategy of reducing opportunity sales** of gasoline and diesel towards commercial operators and other oil companies. On the contrary, Saras Energia increased sales towards more profitable channels (i.e. unbranded service stations, small retail operators, etc.). As a result of this initiative, **gross margins improved, but there was also an overall contraction in sale volumes (-5% vs. Q1/09)**, with total gasoil down by 3.9% vs. Q1/09 (-1.9% for diesel, and -9.3% for heating and agricultural gasoil), and gasoline also down by 11.7%.

Looking at the Italian market, in Q1/10 total demand for oil products decreased by 4% vs. Q1/09. Gasoline was down by 6.6%, while middle distillates were down by 2.1% (with a split of -2.1% for diesel, -8.9% for heating oil, and agricultural gasoil also down by 20.6%). In this scenario, **sales of Arcola (Italy) were 382 ktons, up 24% vs. Q1/09**, due to the take over of ENI business in Sardegna. More in details, sales for gasoline went up by 140.4%, diesel went up by 15.4%, while sales of other gasoil were down by 20.4%, vs. same period last year. However, from a profitability stand-point, the difficult market conditions caused a contraction in the gross margins of the Italian subsidiary.

Moving on to the financial analysis, **in Q1/10 *comparable* EBITDA from the Marketing segment was negative for EUR 2.4 ml**, down 200% vs. same period last year, primarily because of the lower margins, and also because of a negative contribution from the bio-diesel plant (approx. EUR -1 ml), which suffered for the high cost of the feedstock.

Finally, **CAPEX in Q1/10 were EUR 0.8 ml** in line with our plan.

Power Generation

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

EUR Milion	Q1/10	Q1/09	Var %	Q4/09
EBITDA	47.0	43.8	7%	48.5
***Comparable* EBITDA**	**47.0**	**43.8**	**7%**	**48.5**
EBIT	27.7	24.6	13%	29.4
***Comparable* EBIT**	**27.7**	**24.6**	**13%**	**29.4**
EBITDA ITALIAN GAAP	**20.6**	**57.9**	**-64%**	**33.5**
EBIT ITALIAN GAAP	**6.4**	**43.9**	**-85%**	**19.3**
NET INCOME ITALIAN GAAP	**3.1**	**26.1**	**-88%**	**11.9**
CAPEX	**1.8**	**2.7**		**3.4**

Other figures

		Q1/10	Q1/09	Var %	Q4/09
ELECTRICITY PRODUCTION	MWh/1000	939	897	5%	1,128
POWER TARIFF	**Eurocent/KWh**	**9.2**	**14.1**	**-35%**	**8.6**
POWER IGCC MARGIN	$/bl	4.1	3.5	17%	4.3

Comments on First Quarter 2010 results

Results of the Power Generation segment in the Q1/10 were in line with guidance, with **power production at 0.939 TWh**, up 5% when compared to Q1/09. The reason for this performance is related primarily to the scheduled maintenance activities carried out in Q1/09 on one of the three parallel trains of “Gasifier - Turbine”, which turned out to be heavier than originally planned, whereas the maintenance carried out in Q1/10 went as per original schedule.

Italian GAAP EBITDA in Q1/10 was EUR 20.6 ml, down 64% versus Q1/09, primarily because of the expiry in April 2009 of the “incentive” component of the CIP6/92 tariff, which led to a reduction of approx. EUR 40 ml at Italian GAAP EBITDA level. Indeed, the average value of the total CIP6/92 power tariff in Q1/10 stood at 9.2 EURcent/kWh, down 35% versus Q1/09. Only partial compensation came from the higher production of electricity (for the reasons explained above), and also from the higher sales of hydrogen and steam.

***Comparable* EBITDA in Q1/10 was EUR 47 ml**, up 7% vs. same period last year, due to higher sales of Hydrogen and Steam, whose revenues are not subject to the IFRS linearization procedure. Indeed, although penalised by the scheduled maintenance cycle, sales of H2 and steam in Q1/10 were still higher than in Q1/09 (up by EUR 2.6 ml), because of significantly longer maintenance last year vs. this year.

Finally, **CAPEX in Q1/10 were EUR 1.8 ml,** in line with our investment plan.

Wind

The Group operates in the renewable electric power production and sale, through its subsidiary Parchi Eolici Ulassai S.r.l. (PEU), which has been fully consolidated starting from 30th June 2008.

EUR million	Q1/10	Q1/09	Var %	Q4/09
EBITDA	8.4	8.3	1%	6.8
***Comparable* EBITDA**	**8.4**	**8.3**	**1%**	**6.8**
EBIT	6.1	5.9	3%	5.1
***Comparable* EBIT**	**6.1**	**5.9**	**3%**	**5.1**

Other figures

		Q1/10	Q1/09	Var %	Q4/09
ELECTRICITY PRODUCTION	MWh	61,737	58,556	5%	55,209
POWER TARIFF	EURcent/KWh	7.1	7.8	-9%	5.6
GREEN CERTIFICATES	EURcent/KWh	8.5	8.4	2%	8.9

Comments on First Quarter 2010 results

The Ulassai wind farm posted strong results **in Q1/10, with *comparable* EBITDA at EUR 8.4 ml** (up 1% vs. Q1/09), thanks to very favourable wind conditions in the period, which boosted electricity production up to 61,737 MWh (+5% vs. Q1/09), thus setting the quarterly production record, since the park started operations in late 2005.

Green Certificates in Q1/10 had an average price of 8.5 EURcent/kWh, up 2% vs. Q1/09, and their sales more than compensated the reduction in electricity tariff (-9%), as a consequence of the economic downturn, which caused lower industrial activity and reduced demand for electricity.

Other Activities

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

EUR Million	Q1/10	Q1/09	Var %	Q4/09
EBITDA	(0.2)	0.4	-150%	2.6
***Comparable* EBITDA**	**(0.2)**	**0.4**	**-150%**	**2.6**
EBIT	(0.6)	(0.2)	-200%	1.6
***Comparable* EBIT**	**(0.6)**	**(0.2)**	**-200%**	**1.6**

Net Financial Position

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

EUR Million	31-Mar-10	31-Dec-09
Medium/long term bank loans	(289)	(290)
total long term net financial position	**(289)**	**(290)**
Short term bank loans	(70)	(70)
Bank overdrafts	(337)	(276)
Other loans	(52)	(31)
Fair value on derivatives	(9)	1
Other marketable financial assets	26	21
Cash and cash equivalents	88	111
total short term net financial position	**(354)**	**(244)**
Total net financial position	**(643)**	**(533)**

At the 31st of March 2010, the Group Net Financial Position was negative by EUR 643 ml, compared to a negative figure of EUR 533 ml at the 31st December 2009. The difference can be primarily explained with outflows for EUR 23 ml related to the CAPEX of the period, and also with an increase in working capital for approx. EUR 135 ml, which was partially compensated by self-financing, of which EUR 50 ml came from provisions for depreciation and amortisation.

Strategy and Investments

The global recession in 2009 had a severe impact on demand for petroleum products and brought a drastic reduction of refining margins. During these challenging times, refining profitability has become progressively more dependent on introducing initiatives to reduce costs, increase operational efficiency and asset productivity.

Accordingly, at the beginning of Q1/10, we started an “asset management” programme in our Sarroch refinery, with three main pillars:

- ✓ “Asset Integrity” (enhancing both routine and turn-around maintenance procedures)
- ✓ “Asset Efficiency” (addressing consumption and losses)
- ✓ “Asset Effectiveness” (i.e. productivity)

Immediate results for the programme are expected to be worth approx. EUR 10 ml for the year, while for the mid-term the evaluations are still ongoing.

Looking beyond the Refining segment, the Group strategy in 2010 will focus on consolidating the performance achieved by the Marketing segment in the previous years. This will be achieved with the complete integration of the new retail stations acquired in Spain during 2009, and also of the 200,000 tons/year Biodiesel plant built in Cartagena at the end of 2008, and operating at stable full scale production since the second half of 2009. Moreover, we will pursue opportunities to expand in the Spanish retail business, with a "small steps" approach, considering acquisitions of stations which can generate synergies with our existing network

In the Wind segment, the Group intends to carry out a re-powering project for the Ulassai wind park, which consists in the construction of another 6 “Vestas V80” aero-generators, hence increasing the total installed capacity up to 96MW. We will also continue developing other projects in our pipeline, both in southern Italy and also abroad

Finally, regarding gas exploration activities, the studies carried out during the second half of 2009 were quite encouraging, and showed the presence of methane gas. Therefore, we are currently doing campaigns of geophysical infilling, as well as approx. 170 kilometres of deep drilling lines, in order to determine the optimal location for the exploration well.

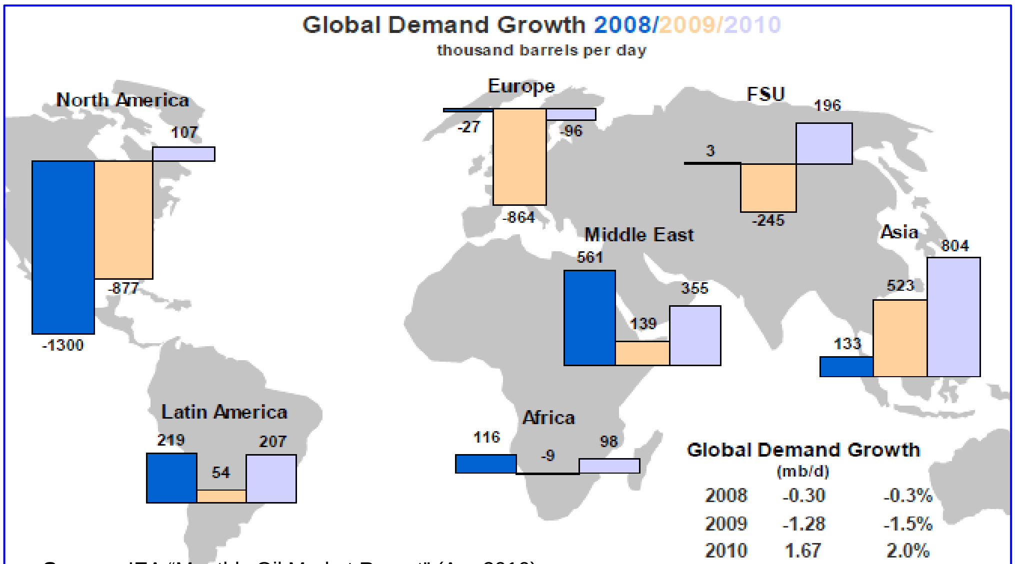
CAPEX by segment

EUR Million	Q1/10	FY 2009	FY 2008
REFINING	19.9	244.4	182.3
POWER GENERATION	1.8	12.4	26.5
MARKETING	0.8	56.6	45.9
WIND	0.1	0.3	0.0
OTHER	0.5	3.3	1.8
Total	**23.1**	**317.0**	**256.5**

Outlook

REFINING

- The International Energy Agency (IEA) is optimistic on oil demand trends in 2010, thanks to a return to GDP growth, as detailed in the recent IMF "World Economic Outlook". More specifically, 2010 global oil demand is expected to climb back at 86.6 mb/d (+1.67 mb/d year-on-year), close to pre-crisis levels.
- However, growth will not be homogeneous. Six non-OECD countries (China, Saudi Arabia, India, Brazil, Russia and Iran) are expected to account for almost three-quarters of global oil demand growth in 2010.



Source: IEA "Monthly Oil Market Report" (Apr 2010)

- On the supply side, in mid-March OPEC decided again to leave output targets unchanged. This came as a signal of satisfaction with current price levels, but also of growing discord over production quotas (indeed, compliance is now less than 50%).
- The low compliance is putting back on the market increasing quantities of heavy crude oil, and the heavy-light price differential is widening again, thus restoring part of the competitive advantage of complex refineries.
- Looking at oil products' inventories, recent reports from shipbrokers and newswire sources confirm that several oil tankers used during 2009 for floating storage, have unloaded their cargoes in Q1/10. As a consequence, middle distillates stocks are moving back towards seasonal norms. If de-stocking trends continue at a similar pace, inventories could normalize by end of summer.
- Therefore, the outlook for refining margins appears to be positive, although the rebound will be only gradual during the year.

POWER GENERATION

- Standard maintenance activities on 2 trains of "Gasifier – Turbine" of our Sarlux IGCC plant, started as planned in Q1/10, and they will be completed in Q2/10. Due to IFRS linearisation procedure, *comparable* EBITDA is expected at EUR 180÷190 ml per year, stable until 2021. On the contrary, Italian GAAP EBITDA will reflect oil price volatility, due to the formulas used to calculate CIP/6 tariff.
- The 9-month delay in the formula used to calculate the "fuel component", will progressively increase the CIP/6 power tariff in 2010, in line with the trend of crude oil prices during 2009 (in Jan09 Brent DTD started off at 40 $/bl, and rapidly increased during H1/09 to reach a stable range between 65 ÷ 75 $/bl for remainder of the year).

Main events after the end of First Quarter 2010

On the 14th April 2010, Saras SpA gave mandate to four international banks (Banca IMI, BNP Paribas, Crédit Agricole CIB and Deutsche Bank) to explore debt markets in order to provide feedback on a possible Euro denominated bond transaction.

On the 22nd April 2010, Saras S.p.A. decided, based on market conditions, for the moment not to proceed with a bond issue.

On the 27th April 2010, the AGM of Saras S.p.A. deliberated to expand the Board of Directors from nine to ten members, with the appointment of a new Director, Mr. Gabriele Moratti, who will remain in charge until the date of the AGM called for the approval of the Annual Financial Statements for the year 2011.

The Annual General Meeting approved also a new “Stock Grant” plan for the Management and a new “Stock Plan” for the employees.
The new “Stock Grant” plan directed towards the management of the Company and of its subsidiaries will involve the awarding of Company ordinary shares in the years 2010, 2011 and 2012, according to terms and conditions which take into account Saras’ share performance.

The new “Stock Plan” for the employees involves the award of one free ordinary share for each six shares bought by the employee. The plan is directed towards the employees of the Company and of its subsidiaries, and it will last for three years (2010, 2011 and 2012), serving as a loyalty scheme, aimed to further reinforce sense of belonging to the Group for all employees.

The Annual General Meeting also approved a new “Share Buyback” programme, up to the maximum limit of 10% of the Company’s outstanding shares, which corresponds to a maximum number of 71,911,326 ordinary shares, taking into consideration the shares already owned by the Company. The “Buyback” programme will be carried out within 18 months of the date of approval.

Finally, coherently with the *adjusted* Loss posted by Saras Group in FY2009, and in line with our dividend policy, the AGM deliberated no dividends distribution for the financial year 2009.

Risk Analysis

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

The principal risks are reported to and discussed by the Group's top management, to create the prerequisites for their management and to assess the acceptable residual risk. Management of the risks found in the company processes is based on the principle by which the operational or financial risk is managed by the person responsible for the related process, based on the indications of top management, while the control function measures and controls the level of exposure to risk and the results of the actions to reduce the risk.

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

Financial risks

Price fluctuation risk

The results of Saras Group are influenced by the trend in oil prices and especially by the effects that this trend has on refining margins (represented by the difference between the prices of the oil products generated by the refining process and the price of the raw materials, principally crude oil). In addition, to carry out production, the Saras Group is required to maintain adequate stores of crude oil and finished products, and the value of the stores is subject to the fluctuations of market prices. Also subject to variation are the electricity sale prices charged by controlled companies, as well as the prices of green certificates and emissions credits.
The price variation risk and the related financial flow risk is closely linked to the very nature of the business and can only be partly mitigated through the use of appropriate risk management policies, including agreements to refine oil for other companies at partially preset prices. To mitigate the risks deriving from price variations, the group also takes out derivative contracts on commodities.

Exchange rate risk

The Group's oil business is structurally exposed to fluctuations in exchange rates, because the reference prices for buying crude and for most product sales are linked to the US dollar. To reduce both the exchange rate risk for transactions that will be executed in the future and the risk originating from payables and receivables expressed in currencies other than the functional currency, Saras also uses derivative instruments.

Interest rate risk

Loans at variable interest rates expose the Group to the risk of variations in results and in cash flows, due to interest. Loans at fixed interest rates expose the Group to the risk of variation of the fair value of the loans received. The principal existing loan contracts are stipulated at variable market 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. Retail and wholesale sales are particularly small, and these are often also 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 significant capacity for self-financing, together with the low level of debt, lead us to consider that the liquidity risk is moderate.

Other risks

Risks of interruption of production

The activity of the Saras Group depends heavily on its refinery located in Sardinia, and on the contiguous IGCC plant. This activity is subject to the risks of accident and of interruption due to non-scheduled plant shutdowns.
Saras believes that the complexity and modularity of its systems limit the negative effects of unscheduled shutdowns and that the safety plans in place (which are continuously improved) reduce any risks of accident to a minimum: in addition Saras has a major programme of insurance cover in place to offset such risks. However, in certain circumstances this programme may not be sufficient to prevent the Group from bearing costs in the event of accident or interruption to production.

Environmental risk

The activities of the Saras Group are regulated by many European, national, regional and local laws regarding the environment.
The highest priority of the Saras Group is to conduct its activity with the utmost respect for the requirements of environmental legislation. The risk of environmental responsibility is, however, inherent in our activity, and it is not possible to say with certainty that new legislation will not impose further costs in the future

Legal (Regulatory) risk

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

Other information

Transactions with related parties

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

Research and development

Saras did not have a meaningful research and development activity in the period, therefore no significant cost where capitalized or accounted in the Income Statement during the first quarter 2010.

Own shares

During Q1/10 Saras did not acquire or sell Company’s own shares.

For the Board of Directors
The Chairman
Gian Marco Moratti

SARAS GROUP CONSOLIDATED FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of 31st March 2010 and as of 31st December 2009

EUR thousand	31/03/2010	31/12/2009
ASSETS		
Current assets	**1,695,996**	**1,405,678**
Cash and cash equivalents	87,756	111,372
Other financial assets held for trading	26,257	21,301
Trade receivables	596,354	396,954
Inventories	840,391	732,077
Current tax assets	52,049	39,983
Other assets	93,189	103,991
Non-current assets	**2,000,738**	**2,019,986**
Property, plant and equipment	1,504,022	1,525,547
Intangible assets	439,177	445,549
Other equity interests	571	571
Deferred tax assets	55,923	46,932
Other financial assets	1,045	1,387
Total assets	**3,696,734**	**3,425,664**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**1,468,609**	**1,181,771**
Short-term financial liabilities	467,982	379,562
Trade and other payables	794,079	646,992
Current tax liabilities	115,242	67,955
Other liabilities	91,306	87,262
Non-current liabilities	**1,009,338**	**1,015,853**
Long-term financial liabilities	289,148	289,552
Provisions for risks	63,969	41,118
Provisions for employee benefits	35,265	35,420
Other liabilities	620,956	649,763
Total liabilities	**2,477,947**	**2,197,624**
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	1,162,450	1,089,884
Profit/(loss) for the year	(9,267)	72,552
Total equity attributable to owners of the company	**1,218,739**	**1,227,992**
Minority interest	48	48
Total Equity	**1,218,787**	**1,228,040**
Total liabilities and equity	**3,696,734**	**3,425,664**

Statement of Comprehensive Income for the period: 1st January – 31st March 2010 and for the period: 1st January – 31st March 2009

EUR thousand	1st January 31st March 2010	of which non recurring	1st January 31st March 2009	of which non recurring
Revenues from ordinary operations	1,850,729		1,210,946	
Other income	31,615		16,568	
Total revenues	**1,882,344**	***0***	**1,227,514**	***0***
Purchases of raw materials, spare parts and consumables	(1,637,532)		(901,797)	
Cost of services and sundry costs	(157,818)		(143,283)	
Personnel costs	(36,299)		(37,811)	
Depreciation, amortization and write-downs	(50,590)		(44,586)	
Total costs	**(1,882,239)**	***0***	**(1,127,477)**	***0***
Operating results	**105**	***0***	**100,037**	***0***
Net income (charges) from equity interests				
Financial income	7,039		8,273	
Financial charges	(19,799)		(11,680)	
Profit before taxes	**(12,655)**	***0***	**96,630**	***0***
Income tax	3,388		(38,393)	
Net profit/(loss) for the year	**(9,267)**	***0***	**58,237**	***0***
Net profit/(loss) for the year attributable to:				
Equity Holders of the company	(9,267)		58,237	
Minority interest				
Earnings per share - basic (Euro cent)	**(1.00)**		**6.28**	
Earnings per share - diluted (Euro cent)	**(1.00)**		**6.28**	

Statement of Comprehensive Income for the periods 1st January - 31st March 2010 and 2009

EUR thousand	1st January 31st March 2010	1st January 31st March 2009
Result of the period (A)	**(9,267)**	**58,237**
Income / (loss), net of fiscal effect (B)	**0**	**0**
Consolidated Comprehensive Result (A + B)	**(9,267)**	**58,237**
Consolidated Comprehensive Result perteining to:		
Parent Company shareholding	(9,267)	58,237
Minority Interest	0	0

Statement of Changes in Consolidated Shareholders' Equity from 31st December 2008 to 31st March 2010

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 31/12/2008	**54,630**	**10,926**	**1,183,675**	**61,822**	**1,311,053**	**0**	**1,311,053**
Period 1/1/2009 - 31/3/2009							
Allocation of previous year profit			61,822	(61,822)	0		0
Reserve for employees stock plan			2,024		2,024		2,024
Profit for the period				58,237	58,237		58,237
Balance as of 31/03/2009	**54,630**	**10,926**	**1,247,521**	**58,237**	**1,371,314**	**0**	**1,371,314**
Period 1/4/2009 - 31/12/2009							
Reserve for employees stock plan			27		27		27
Dividends			(157,721)		(157,721)		(157,721)
Effect of Corporate tax rate reduction (IRES)			55		55		55
Minority on Artemide Srl acquisition					0	42	42
Effect of exchange rate on financial accounts			2		2		2
Profit for the period				14,315	14,315	6	14,321
Balance as of 31/12/2009	**54,630**	**10,926**	**1,089,884**	**72,552**	**1,227,992**	**48**	**1,228,040**
Period 1/1/2010 - 31/3/2010							
Allocation of previous year profit			72,552	(72,552)	0		0
Effect of Corporate tax rate reduction (IRES)					0		0
Minority on Artemide Srl acquisition					0		0
Effect of exchange rate on financial accounts			14		14		14
Profit (loss) for the period				(9,267)	(9,267)		(9,267)
Balance as of 31/03/2010	**54,630**	**10,926**	**1,162,450**	**(9,267)**	**1,218,739**	**48**	**1,218,787**

Consolidated Cash Flow Statements as of 31st March 2010 and as of 31st March 2009

EUR thousand	1/1/2010 - 31/03/2010	1/1/2009 - 31/03/2009
A - Cash and cash equivalents at the beginning of year	**111,372**	**65,180**
B - Cash generated from/(used in) operating activities		
Profit/ (Loss) of the Group	(9,267)	58,237
Amortization, depreciation and write-down of fixed assets	50,590	44,586
Net change in provisions for risks and charges	22,851	3,963
Net change in employee benefits	(155)	(313)
Net Change in tax liabilities and tax assets	(8,991)	(5,987)
Income tax	(3,388)	38,393
Other non cash items	14	2,024
Profit (Loss) from operating activities before changes in working capital	**51,654**	**140,903**
(Increase)/Decrease in trade receivables	(199,400)	143,125
(Increase)/Decrease in inventory	(108,314)	(114,243)
Increase/(Decrease) in trade and other payables	147,087	(32,131)
Change in other current assets	(1,264)	(15,211)
Change in other current liabilities	58,817	34,185
Income tax paid	0	0
Change in other non-current liabilities	(28,807)	8,672
Total (B)	**(80,227)**	**165,300**
C - Cash flow from (to) investment activities		
(Investments) in tangible and intangible assets	(23,095)	(60,528)
(Investments) disinvestments in other holdings	0	485
Change in financial assets	(4,614)	0
Interest received	26	301
Other non cash items	402	7,812
Total (C)	**(27,281)**	**(51,930)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	(404)	(67,249)
Increase/(Decrease) in short term borrowings	88,420	(4,446)
Change in other financial assets	0	1,930
Interest paid	(4,124)	(4,516)
Total (D)	**83,892**	**(74,281)**
E - Cashflow for the year (B+C+D)	**(23,616)**	**39,089**
G - Cash and cash equivalents at the end of year	**87,756**	**104,269**

For the Board of Directors
The Chairman
Gian Marco Moratti

Table of contents of the Notes to the Consolidated Financial Statements at 31 March 2010

Notes to the Consolidated Financial Statements at 31 March 2010

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 is 62.461% owned (excluding own shares) by Angelo Moratti S.A.P.A. (registered office: Foro Bonaparte 69, Milan).

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

These consolidated financial statements for the quarter 31 March 2010 are presented in euro, since the euro is the currency of the economy in which the group operates. They consist of the balance sheet, comprehensive income statement, 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 first quarter of 2010 should be read in conjunction with the consolidated accounts of the Saras Group for the year ending 31 December 2009.

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

The consolidated financial statements of the group for the quarter ending 31 March 2010 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. Pursuant to this regulation, Legislative Decree 38 was issued on 20 February 2005, introducing the obligation to incorporate IFRS into Italian law, extending it to the preparation of annual accounts by companies having equity or debt securities listed on a regulated market in the EU from the 2006 financial year.

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

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

- balance sheet: assets and liabilities are divided into current and non-current items, according to liquidity;
- comprehensive income statement: 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.

NB: the balance sheet and the income statement have been adjusted to take account of new additions under IAS 1 (revised in 2007).

3. Accounting principles applied

These consolidated financial statements were prepared in summary form, in accordance with the international accounting standard that applies to interim financial statements (IAS 34 "Interim Financial Reporting"), adopted

according to the procedures set out in article 6 of regulation (EC) 1606 of 2002, and must be read in conjunction with the consolidated accounts for the year to 31 December 2009.
The accounting standards have been applied consistently for all the periods shown.

Basis of consolidation

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

Consolidated on a line-by-line basis	% owned
Arcola Petrolifera S.p.A.	100%
Sarlux S.r.l.	100%
Saras Ricerche e Tecnologie S.p.A.	100%
Ensar S.r.l. and subsidiaries:	100%
Nova Eolica S.r.l.	100%
Eolica Italiana S.r.l.	100%
Labor Eolica S.r.l.	100%
Alpha Eolica S.r.l.	100%
Akhela S.r.l. and subsidiary:	100%
Artemide S.r.l.	51%
Sarint S.A. and subsidiaries:	100%
Saras Energia S.A.	100%
Reasar S.A.	100%
Parchi Eolici Ulassai S.r.l. and subsidiary:	100%
Sardeolica S.r.l.	100%

The group also holds the following other investments:

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

No changes occurred over the quarter in the basis of consolidation compared with 31 December 2009.

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 balance sheet, comprehensive income statement and cash flow statement, as well as the accompanying disclosures. Actual amounts may differ from those reported in the financial statements due to the uncertainty surrounding these assumptions and the conditions upon which the estimates are based.
These types of valuations, particularly those which are more complex, such as establishing any loss in value of fixed assets, are only fully carried out when the annual consolidated financial statements are prepared, at which time all the required information is available, except in cases where there are impairment indicators requiring an immediate valuation of loss in value.
A summary of the most significant estimates is provided in the group consolidated financial statements to 31 December 2009.

4. Information by business segment

4.1 Preliminary remarks

The Saras Group operates primarily in the following segments:
1. refining
2. marketing
3. generation of power by the combined cycle plant
4. generation of power by wind farms
5. other activities.

1. Refining activities refer to:

[A] the sale of oil products obtained:

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

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

[B] revenues from refining activities undertaken on behalf of third parties, which represents income from refining activities carried out by the parent company on behalf of third parties; this service is provided to major clients such as ENI and Statoil-Hydro

2. Marketing activities concern the distribution of oil products, an activity aimed at smaller-sized customers and/or those with distribution procedures that differ from those described above in relation to refining. These activities are undertaken:

- in Italy, by Arcola Petrolifera S.p.A. for off-network customers (wholesalers, buying consortia, local authority-owned utility companies and resellers) and oil companies (ENI, Tamoil, Total, etc.) through a logistics network comprising both its own bases (at Arcola and Sarroch) and those of third-party operators via transit agreements (Livorno, Civitavecchia, Fiorenzuola, Marghera, Ravenna)
- in Spain, by Saras Energia S.A. for third-party and group-owned service stations, supermarkets and resellers via an extensive network of depots located throughout the Iberian peninsula, the most important of which, the Cartagena depot, is owned by the company itself. In addition, the Cartagena site also produces biodiesel; this activity has been merged with the group's marketing business as the management considers it to be an integral part of the marketing business (analysing its performance within the business), and in view of its minor significance in terms of resources used and volumes produced

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

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

4. Wind power is generated:

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

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

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

4.2 Segment information

	Refining	Marketing	Power Generation	Wind Power	Other	Total
			31st March 2009			
Revenues from ordinary operations	1,064,124	384,090	120,105	4,575	10,663	1,583,557
deduction: revenues infrasector	(344,660)	(17,321)	(7,143)	0	(3,487)	(372,611)
Revenues from third parties	**719,464**	**366,769**	**112,962**	**4,575**	**7,176**	**1,210,946**
Other revenues	19,479	362	11,417	4,915	111	36,284
deduction: revenues infrasector	(16,179)	(42)	(3,455)	0	(40)	(19,716)
Other revenues from third parties	**3,300**	**320**	**7,962**	**4,915**	**71**	**16,568**
Amortisation and Depreciation	**(21,103)**	**(1,337)**	**(19,237)**	**(2,406)**	**(503)**	**(44,586)**
Operating profit (a)	**68,182**	**1,481**	**24,557**	**5,884**	**(67)**	**100,037**
Net income from non-consolidated equity investments						
- Hangzhou Dadi Encon Env. Equipment Co.					(26)	(26)
- Consorzio Techno Mobility					(5)	(5)
- Dynergy S.r.l.					28	28
Total				**0**	**(3)**	**(3)**
Financial Income	7,933	75	156	60	49	8,273
Financial Charges	(7,119)	(443)	(2,382)	(1,693)	(43)	(11,680)
Income taxes	(26,793)	(1,397)	(8,833)	(1,373)	3	(38,393)
Net Profit	**42,380**	**(691)**	**13,710**	**2,878**	**(40)**	**58,237**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**1,293,684**	**463,914**	**1,348,199**	**138,821**	**35,136**	**3,279,754**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**667,106**	**224,059**	**914,896**	**85,492**	**16,887**	**1,908,440**
Investments in tangible assets	52,466	4,216	2,670	27	262	**59,641**
Investments in intangible assets	91	0	0	0	796	**887**
			31st March 2010			
Revenues from ordinary operations	1,579,308	594,845	121,887	4,389	11,106	2,311,535
deduction: revenues infrasector	(435,092)	(12,287)	(9,007)	0	(4,420)	(460,806)
Revenues from third parties	**1,144,216**	**582,558**	**112,880**	**4,389**	**6,686**	**1,850,729**
Other revenues	35,626	202	13,072	5,273	168	54,341
deduction: revenues infrasector	(19,294)	(15)	(3,345)	0	(72)	(22,726)
Other revenues from third parties	**16,332**	**187**	**9,727**	**5,273**	**96**	**31,615**
Amortisation and Depreciation	**(25,613)**	**(3,067)**	**(19,258)**	**(2,238)**	**(414)**	**(50,590)**
Operating profit (a)	**(44,056)**	**10,969**	**27,708**	**6,134**	**(650)**	**105**
Net income from non-consolidated equity investments						**0**
Financial Income	6,909	72	11	19	28	7,039
Financial Charges	(16,960)	(372)	(1,060)	(1,392)	(15)	(19,799)
Income taxes	18,027	(2,518)	(10,615)	(1,531)	25	3,388
Net Income	**(35,635)**	**7,643**	**16,099**	**3,268**	**(642)**	**(9,267)**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**1,799,822**	**650,425**	**1,100,221**	**107,495**	**38,771**	**3,696,734**
Investments valued at equity						**0**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1,339,783**	**241,050**	**806,710**	**76,929**	**13,475**	**2,477,947**
Investments in tangible assets	17,329	608	1,804	61	220	**20,022**
Investments in intangible assets	2,536	229	0	0	308	**3,073**

(a) Operating profit is determined without taking into account intra-segment eliminations

(b) Total assets and liabilities are calculated after intra-segment eliminations. Intra-segment revenues fully reflect market conditions

5. Notes to the balance sheet

The most significant changes to the balance sheet and income statement compared with the same period last year are shown below.

5.1 Current assets

5.1.1 Cash and cash equivalents

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

	31/03/2010	31/12/2009	Change
Bank and postal deposits	86,005	110,044	(24,039)
Cash	1,751	1,328	423
Total	**87,756**	**111,372**	**(23,616)**

Bank deposits were mainly attributable to Sarlux S.r.l. (€44,762 thousand, including cash contractually due for future loan repayments), Sardeolica S.r.l. (€17,440 thousand) and Arcola Petrolifera S.p.A. (€9,383 thousand). For further details, please refer to section 5.4.1 “Long-term financial liabilities” and the cash flow statement.

5.1.2 Other financial assets held for trading

The item (€26,257 thousand) mainly includes:

1. Italian and foreign equities and government bonds held by the parent company (€17,669 thousand); Gains and losses for the period, together with changes in fair value occurring during the period, are recorded in the income statement under the items “Net financial income” and “Financial charges”.
2. green certificates (€8,588 thousand) obtained by subsidiary Sardeolica S.r.l. during the period for the generation of energy from renewable sources and still held as at 31 March; green certificates are awarded when the energy is generated and are sold on an appropriate regulated market or through bilateral agreements between the operators of this market. The certificates accrued over the year are valued at average market prices, while decreases due to the sale of green certificates accrued in the period or in previous years, are valued at sales price.

This item (€26,257 thousand) mainly includes Italian and foreign equities and government bonds held by the parent company (€17,669 thousand) and green certificates (€8,588 thousand) obtained by Sardeolica S.r.l. for the generation of energy from renewable sources and still held as of the reporting date.
Gains and losses, together with changes in fair value, are recorded in the income statement under “Financial income” or “Financial charges”.
Green certificates obtained by Sardeolica S.r.l. were sold on an appropriate regulated market or via bilateral agreements between market operators; the certificates held at 31 March relating to the previous year were valued at the average annual market price of €86.30/MWh for 2009, while the certificates obtained in the first quarter of 2010 were valued at the average market price for the quarter (€85.32/MWh).
The decreases due to the sale of green certificates allocated in the period or in previous years, are valued at the sale price.

Changes in the item are as follows:

Investments	
Balance as of 31/12/2009	**17,549**
Increase for the period	407
Decrease for the period	(287)
Balance as of 31/03/2010	**17,669**

Green Certificates	
Balance as of 31/12/2009	**3,752**
Increase for the period	5,267
Decrease for the period	(431)
Balance as of 31/03/2010	**8,588**

5.1.3 Trade receivables

Trade receivables totalled €596,354 thousand, net of an impairment provision of €10,198 thousand, with an increase versus 31 December 2009 of €199,400 thousand, due to higher sales than the last quarter of the previous year for the parent company and subsidiary Arcola Petrolifera S.p.A. (the latter mainly in Sardinia).

5.1.4 Inventories

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

	31/03/2010	31/12/2009	Change
Inventories:			
Raw materials, replacements parts and consumab	301,329	213,437	87,892
Semi-finished products and work in progress	63,620	54,647	8,973
Finished products and good held for resale	464,770	453,555	11,215
Advance payments	10,672	10,438	234
Total	**840,391**	**732,077**	**108,314**

The increase in the value of inventories was due to the general increase in prices in the period under review and the greater quantities of inventories of the parent company. The valuation of crude and oil product inventories at market value did not lead to any write-down as of 31 March 2010.

No stocks are put up as guarantees for liabilities.

5.1.5 Current tax assets

The following table shows a breakdown of current tax assets:

	31/03/2010	31/12/2009	Change
VAT	14,237	150	14,087
IRES	31,949	32,051	(102)
IRAP (regional income tax)	4,394	5,896	(1,502)
Other tax credits	1,469	1,886	(417)
Total	**52,049**	**39,983**	**12,066**

The increase in VAT credits is mainly due to higher imports of crude made in the quarter compared with the last quarter of the previous year.
The other tax credits include credits mainly for the reimbursement of port charges on EU traffic imposed by the customs authority.

5.1.6. Other current assets

The balance is detailed below.

	31/03/2010	31/12/2009	Change
Accrued Income	3,518	991	2,527
Prepaid expenses	16,070	12,787	3,283
Other receivables	73,600	90,213	(16,613)
Total	**93,188**	**103,991**	**(10,803)**

"Other receivables" at 31 March 2010 mainly included the receivable of €50,411 thousand due to the subsidiary Sarlux S.r.l. and arising from the recognition of the refund of charges relating to the application of EC Directive 2003/87 (Emissions Trading) with reference to 2009 (€40,953 thousand) and the first quarter of 2010 (€9,458 thousand); the item further includes €17.7 million relating to the recovery of the amount paid by subsidiary Sarlux S.r.l. to GSE, as described in point 7.1.

5.2 Non-current assets

5.2.1 Property, plant and equipment

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

COST	31/12/2008	Additions	(Disposals)	Revaluations (write-down)	Other changes	31/12/2009
Land & buildings	159,046	21,202			44,407	224,655
Plant & machinery	2,326,263	43,326	(5,670)		178,890	2,542,809
Industrial & commercial equipment	18,663	344	(171)		11,795	30,631
Other assets	449,018	5,469	(2,663)		(8,162)	443,662
Work in progress and advances	177,435	240,981	(81)		(233,176)	185,159
Total	**3,130,425**	**311,322**	**(8,585)**	**0**	**(6,246)**	**3,426,916**

ACCUMULATED DEPRECIATION	31/12/2008	Depreciation	(Disposals)	Revaluations (write-downs)	Other changes	31/12/2009
Land & buildings	48,660	7,713			1,627	58,000
Plants & machinery	1,364,958	127,537	(5,660)		(383)	1,486,452
Industrial & commercial equipment	13,973	2,385	(171)		6,852	23,039
Other assets	325,816	18,216	(2,638)		(7,516)	333,878
Total	**1,753,407**	**155,851**	**(8,469)**	**0**	**580**	**1,901,369**

NET BOOK VALUE	31/12/2008	Additions	(Disposals)	(Depreciation)	Other changes Rev./W.D.	31/12/2009
Land & buildings	110,386	21,202	0	(7,713)	42,780	166,655
Plants & machinery	961,305	43,326	(10)	(127,537)	179,273	1,056,357
Industrial & commercial equipment	4,690	344	0	(2,385)	4,943	7,592
Other assets	123,202	5,469	(25)	(18,216)	(646)	109,784
Work in progress and advances	177,435	240,981	(81)		(233,176)	185,159
Total	**1,377,018**	**311,322**	**(116)**	**(155,851)**	**(6,826)**	**1,525,547**

COST	31/12/2009	Additions	(Disposals)	Revaluations (write-down)	Other changes	31/3/2010
Land & buildings	224,655	39			(22)	224,672
Plant & machinery	2,542,809	1,587	(1,918)		19,227	2,561,705
Industrial & commercial equipment	30,631	462	(86)		1	31,008
Other assets	443,662	102	(180)		4,372	447,956
Work in progress and advances	185,159	17,832			(24,237)	178,754
Total	**3,426,916**	**20,022**	**(2,184)**	**0**	**(659)**	**3,444,095**

ACCUMULATED DEPRECIATION	31/12/2009	Depreciation	(Disposals)	Revaluations (write-downs)	Other changes	31/3/2010
Terreni e Fabbricati	58,000	2,332			1	60,333
Impianti e Macchinari	1,486,452	33,642	(1,918)		717	1,518,893
Attrezzature industriali e commerciali	23,039	520	(18)		(844)	22,697
Altri beni	333,878	4,660	(171)		(217)	338,150
Totale	**1,901,369**	**41,154**	**(2,107)**	**0**	**(343)**	**1,940,073**

NET BOOK VALUE	31/12/2009	Additions	(Disposals)	(Depreciation)	Other changes Rev./W.D.	31/3/2010
Land & buildings	166,655	39	0	(2,332)	(23)	164,339
Plant & machinery	1,056,357	1,587	0	(33,642)	18,510	1,042,812
Industrial & commercial equipment	7,592	462	(68)	(520)	845	8,311
Other assets	109,784	102	(9)	(4,660)	4,589	109,806
Work in progress and advances	185,159	17,832	0		(24,237)	178,754
Total	**1,525,547**	**20,022**	**(77)**	**(41,154)**	**(316)**	**1,504,022**

Costs are shown net of grants received for investments. The gross value of grants deducted from fixed assets was €167,089 thousand, and related to the programme agreements entered into with the Ministry of Industry, Commerce and Crafts on 19 June 1995 and the Ministry of Productive Activities on 10 October 1997. The residual value of these grants was €8,827 thousand at 31 March 2010, compared with €9,728 thousand at 31 December 2009.

The item "Land and buildings" includes industrial buildings used as offices and warehouses (net value: €112,172 thousand), civic buildings in Cagliari and Rome used as offices (net value: €15,336 thousand) and land largely relating to the Sarroch and Arcola sites and service stations belonging to the parent company, subsidiary Arcola Petrolifera S.p.A. and subsidiary Saras Energia S.A. respectively (€36,831 thousand).

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

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

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

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

Increases in the period totalled €20,022 thousand and mainly referred to technological work on parent company plants, particularly the cracking.

The net balance of "Other changes" at 31 December 2009 mainly related to the raw materials used to start up the biodiesel production plant of subsidiary Saras Energia S.A., initially capitalised as work in progress and subsequently, for the portion not used during the start up phase, reclassified as warehouse inventories.

The most significant depreciation rates used are as follows:

Industrial buildings (land and buildings)	5,50%
Generic plant (plant and equipment)	8.38% - 6.25%
Highly corrosive plant (plant and equipment)	11.73% - 8.75%
Pipeline and storage (plant and equipment)	8.38% - 6.25%
Thermoelectric plant	4.50%
Wind farm	10.00% - 4.00%
Supplies (equipment)	25.00%
Electronic office equipment (other assets)	20.00%
Office furniture and machinery (other assets)	12.00%
Vehicles (other assets)	25.00%

No fixed assets are held for sale.
The group has a concession from the Cagliari Port Authority allowing it to occupy state-owned areas until 31 December 2015. These areas contain the Sarroch refinery's service facilities (waste-water treatment, seawater desalinisation, blow-down, flare system and landing stage). Currently there is no reason to believe that the concession will not be renewed on expiry.
Leased assets, booked as "Vehicles", totalled €14,663 thousand, with a residual net value of zero.

Financial charges of €760 thousand and internal costs of €2,103 thousand were capitalised in the quarter.

5.2.2 Intangible assets

The following table shows the changes in intangible assets.

CATEGORY	31/12/2008	Additions	Disposals	Other changes	(Amortisation)	31/12/2009
Industrial & other patent rights	0			4,759	(1,808)	2,951
Concessions, licences, trademarks & similar rights	50,504	856		459	(1,457)	50,362
Goodwill	23,483	926				24,409
Assets in progress & payments on account	10,699	1,998	(637)	1,818		13,878
Other intangible assets	399,889	1,870		(13,796)	(34,014)	353,949
Total	**484,575**	**5,650**	**(637)**	**(6,760)**	**(37,279)**	**445,549**

CATEGORY	31/12/2009	Additions	Disposals	Other changes	(Amortisation)	31/03/2010
Industrial & other patent rights	2,951	148		155	(441)	2,813
Concessions, licences, trademarks & similar rights	50,362			271	(952)	49,681
Goodwill	24,409					24,409
Assets in progress & payments on account	13,878	2,787		(158)		16,507
Other intangible assets	353,949	138		(277)	(8,043)	345,767
Total	**445,549**	**3,073**	**0**	**(9)**	**(9,436)**	**439,177**

The main items are set out in detail below.

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

Goodwill
This item mainly refers to goodwill paid to acquire a shareholding of 30% of subsidiary Parchi Eolici Ulassai S.r.l.: the goodwill was calculated using a projection of future cash flows by Sardeolica until 2035 when the concessions expire.
Intangible assets with a non-finite useful life are not amortised, but are subject to annual impairment tests at the end of every financial year, or whenever there are indications of losses in value. For the quarter ending 31 March 2010, there were no such indications.

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

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

Amortisation of intangible assets totalled €9,436 thousand, and was calculated using the annual rates shown below.

Industrial patent rights and intellectual property rights	20%
Concessions, licences, trademarks and similar rights	5% - 33%
Other intangible assets	6% - 33%

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

5.2.3 Equity investments

The table below shows a list of equity investments held at 31 March 2010, with the main figures relating to each subsidiary.

Company name	Registered Office	Currency	Share Capit	% owned by Group as of 03-10	% owned by Group as of 12-09	% share Capital	Shareholder	% of voting rights	Category
Arcola Petrolifera S.p.A.	Sarroch (CA)	EUR	7,755,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie S.p.A.	Assemini (CA)	EUR	3,600,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Ensar S.r.l. e società controllate:	Milan	EUR	100,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Eolica Italiana S.r.l.	Cagliari	EUR	100,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Nova Eolica S.r.l.	Cagliari	EUR	10,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Alpha Eolica S.r.l.	Bucarest (Romania)	EUR	251	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Labor Eolica S.r.l.	Bucarest (Romania)	EUR	251	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Akhela S.r.l. e società controllate:	Uta (CA)	EUR	3,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Artemide S.r.l.	Roma	EUR	20,000	51.00%	51.00%	51.00%	Akhela S.r.l.	51.00%	Subsidiary
ITSME S.r.l.	Milan	EUR	39,632	3.38%	3.38%	3.38%	Akhela S.r.l.	3.38%	Other Interests
Sarint S.A. e società controllate:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Energia S.A.	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect Subsidiary
Reasar S.A.	Luxemburg	EUR	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 società controllata:	Cagliari	EUR	500,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sardeolica S.r.l.	Cagliari	EUR	56,696	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect Subsidiary
Consorzio Cesma	Castellamonte (TO)	EUR	51,000	5.00%	5.00%	5.00%	Saras Ricerche e Tecnologie S.p.A.	5.00%	Other Interests
Consorzio La Spezia Energia	La Spezia	EUR	50,000	5.00%	5.00%	5.00%	Arcola Petrolifera S.p.A.	5.00%	Other Interests
Sarda Factoring	Cagliari	EUR	8,320,000	5.95%	5.95%	5.95%	Saras S.p.A.	5.95%	Other Interests
Centro di Competenza I.C.T.	Cagliari	EUR	20,000	0.50%	0.50%	0.50%	Akhela S.r.l.	0.50%	Other Interests

5.2.3.1 Other investments

Other investments break down as follows:

	31/03/2010	31/12/2009
ITSME S.r.l.	50	50
Consorzio Cesma	3	3
Consorzio La Spezia Energia	2	2
Sarda Factoring	495	495
Centro di Competenza I.C.T.	21	21
Total	**571**	**571**

5.2.4 Deferred tax assets

The balance at 31 March 2010 of €55,923 thousand largely comprises the net deferred tax of subsidiary Sarlux S.r.l. mainly arising from the reporting of EUR 260,968 thousand in revenues on a linear basis net of deferred tax,, mainly arising from the reporting of revenues on a linear basis net of deferred tax to the booking of the contract between GSE (Gestore dei Servizi Elettrici S.p.A.) and Sarlux S.r.l. at fair value, and off-balance sheet amortisation.

5.2.5 Other financial assets

The balance at 31 March 2010 was €1,045 thousand (€1,387 thousand at 31 December 2009) and is chiefly represented by deposits.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table shows short-term financial liabilities.

	31/3/2010	31/12/2009	Change
Bank loans	69,691	69,598	93
Bank accounts	337,293	276,038	61,255
Financial Derivatives	9,253	2,540	6,713
Other short term financial liabilities	51,745	31,386	20,359
Total short-term financial liabilities	**467,982**	**379,562**	**88,420**
Total long-term financial liabilities	**289,148**	**289,552**	**(404)**
Total fiancial liabilities	**757,130**	**669,114**	**88,016**

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

The overall increase in financial liabilities is due mainly to lower operating cash flows. For further details, please see the cash flow statement.

The item "Other short-term financial liabilities" chiefly refers to sales transactions with the obligation to purchase CO2 allowances.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	31/3/2010	31/12/2009	Change
Advances from clients: portion due within the year	541	16,661	(16,120)
Payables to suppliers: portion due within the year	793,538	630,331	163,207
Total	**794,079**	**646,992**	**147,087**

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

5.3.3 Current tax liabilities

This item is broken down below.

	31/3/2010	31/12/2009	Change
VAT payables	21,969	40,890	(18,921)
IRES (Corporate Tax)	3,655	218	3,437
IRAP (Regional Tax)	676	191	485
Other tax payables	88,942	26,656	62,286
Total	**115,242**	**67,955**	**47,287**

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

The item “Other tax payables” mainly includes excise duties on products introduced into the market by the Spanish subsidiary Saras Energia S.A. and the Italian subsidiary Arcola Petrolifera S.p.A.; the increase was largely due to the abovementioned expansion of sales on the Sardinian market.

5.3.4 Other current liabilities

A breakdown of other current liabilities is shown below.

	31/3/2010	31/12/2009	Change
Amount payable to welfare and social security bodies: portions due within the year	7,668	9,936	(2,268)
Due to personnel	22,417	16,598	5,819
Payables to Ministry for grants	42,260	42,197	63
Other payables	16,725	16,714	11
Other accrued liabilities	1,838	1,226	612
Other deferred income	398	591	(193)
Total	**91,306**	**87,262**	**4,044**

The item “Payables to personnel” includes salaries not yet paid for March and the portion of additional monthly payments accrued.

The item “Payables to ministry for grants” mainly includes advances received from the Ministry of Productive Activities by both the parent company in connection with the programme agreement signed on 10 June 2002, for which the final concession decree has yet to be granted (€24,736 thousand), and by the subsidiary Sardeolica S.r.l. for the construction of the Ulassai wind farm (€15,679 thousand).

The item “Other payables” mainly relates to port duties as determined by the customs authority in respect of the parent company; please note that the initial phase of the company’s long-standing dispute with the Italian tax authority regarding port duties payable for the Sarroch landing dock for the 1994-1995 period was settled to the full satisfaction

of Saras, after the Court of Cassation found in favour of the company and issued a definitive ruling declaring that the taxes were not due.
A second phase of the dispute is now under way, and despite a favourable decision by the court of Cagliari, an unfavourable ruling was handed down by the Cagliari Court of Appeal. The company has now lodged an appeal with the Court of Cassation, which has yet to announce its 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 2008, as well as for previous years, has been booked on an accruals basis under "Service costs".

5.4 Non-current liabilities

5.4.1. Long-term financial liabilities

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

	Date of borrowing	Amount originally borrowed	Base rate	Outstanding 31/12/09	Outstanding 31/03/10	Maturity			Collateral
						1 year	from 1 to 5 years	beyond 5 years	
Saras S.p.A.									
IntesaSanPaolo in pool	3-Jun-09	100.0	Euribor 6M	99.4	99.4		99.4		
IntesaSanPaolo in pool	16-Jun-09	90.0	Euribor 6M	89.4	89.5		89.5		
				188.8	**188.9**	**-**	**188.9**	**-**	
Sartec S.p.A.									
San Paolo Imi	30-Jun-01	1.7	2.35%	0.1	0.1	0.1			
				0.1	**0.1**	**0.1**	**-**	**-**	
Akhela S.r.l.									
Unicredit	6-Aug-08	0.2	0.74%	0.2	0.1	0.1			
				0.2	**0.1**	**0.1**	**-**	**-**	
Artemide S.r.l.									
Banca Intesa	11-Apr-07	0.3	Euribor 3M	0.2	0.2	0.1			
				0.2	**0.2**	**0.1**	**-**	**-**	
Saras Energia S.A.									
Banca Esp. De Credito	11-Sep-02	10.0	Euribor 6M	3.3	2.8	1.1	1.7		
				3.3	**2.8**	**1.1**	**1.7**	**-**	
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	56.7	57.0	7.4	27.1	22.5	57.0
				56.7	**57.0**	**7.4**	**27.1**	**22.5**	
Sarlux S.r.l.									
Banca Intesa	29-Nov-96	572.0	Libor 3M	65.5	65.5	36.3	29.2		65.5
BEI	29-Nov-96	180.0	7.35%	22.3	22.3	12.3	10.0		22.3
BEI	29-Nov-96	208.0	Euribor 3M	22.1	22.1	12.3	9.8		22.1
				109.9	**109.9**	**60.9**	**49.0**	**-**	
Total payables to banks for loans				**359.2**	**359.0**	**69.7**	**266.7**	**22.5**	

The weighted average interest rate at 31 March 2010 was 2.50% (including guarantees and commitment fees for the subsidiary Sarlux S.r.l.).

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

- the following current accounts held by Sarlux at Banca Intesa in London must be sufficiently in credit to fulfil the purposes for which the accounts were opened:
  [1] debt service reserve account: includes repayments to be made to banks (capital plus interest) on loans due in the next half-year
  [2] Air Liquide account: includes amounts guaranteeing oxygen supplies to be provided by Air Liquide Italia in the next half-year

- the following ratios, taken from Sarlux's annual accounts figures and projections, must be achieved:
  [1] annual debt service coverage ratio: the ratio of available post-tax cash flow for the next 12 months to total debt to be repaid in the same period must be more than 1.15
  [2] loan life coverage ratio: the ratio of the net present value of post-tax cash flow expected over the remaining life of the contract to total remaining debt to be repaid must be more than 1.2

All of the loans granted to Sarlux S.r.l. must be repaid on request of the Facilities Agent in the event that: (i) the loan life coverage ratio falls below 1.05; (ii) the annual debt service coverage ratio falls below 1; (iii) the forecast annual debt service coverage ratio falls below 1.

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

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

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

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

A simple loan agreement for a nominal amount of €190 million was signed on 25 May 2009 by parent company Saras S.p.A. with a pool of banks (led by Intesa Sanpaolo). The term of the loan is three years; it is repayable in a single instalment in June 2012 and carries a six-monthly interest rate based on Euribor.
The loan agreement imposes certain restrictions on the company:

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

If the company fails to comply with these restrictions, the pool of lending banks has the right to demand early repayment of the loan.
At the last contractual date for assessing compliance with the restrictions relating to the above-mentioned loans, the conditions had been met.

The table below shows the composition of the group's net debt at 31 March 2010 and 31 December 2009.

	31/03/10	31/12/09
Medium-/long-term bank loans	(289,148)	(289,552)
Short-term bank loans	(69,691)	(69,598)
Bank overdrafts	(337,293)	(276,038)
Other financial debts	(51,745)	(31,386)
Fair value net derivatives	(9,253)	691
Other held for trading financial assets	26,257	21,301
Cash and equivalents	87,756	111,372
Total net debt	**(643,117)**	**(533,210)**

The change is mainly due to operating requirements as well as investments made during the period.

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows:

	31/12/2008	Additions	Decrease for use	31/12/2009
Provisions for dismantling of plants	16,826			16,826
Provisions for CO2 quotas	5,135	18,713	(5,135)	18,713
Other risk provisions	7,234	672	(2,327)	5,579
Total	**29,195**	**19,385**	**(7,462)**	**41,118**

	31/12/2009	Additions	Decrease for use	31/03/2010
Provisions for dismantling of plants	16,826			16,826
Provisions for CO2 quotas	18,713	27,555	(4,735)	41,533
Other risk provisions	5,579	46	(15)	5,610
Total	**41,118**	**27,601**	**(4,750)**	**63,969**

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

The provision for CO_2 emission quotas, €41,533 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.
The CO_2 allowances assigned under the National Allocation Plan for the full-year 2010 were:
- 2,159,696 tons of CO_2 for refining plants belonging to the parent company; actual emissions at 31 March 2010 were 665,712 tons of CO_2; the proportional deficit in the quarter compared with estimated emissions for the full year was 66,001 tons. The overall value of the deficit for the period and related quotas for the previous year still to be acquired was €27,399 thousand.
- 444,404 tons of CO_2 for the cogeneration plant belonging to subsidiary Sarluz S.r.l.; actual emissions at 31 March 2010 were 840,994 tons of CO_2; the proportional deficit in the quarter compared with estimated emissions for the full year was 740,052 tons. The overall value of the deficit for the period and related quotas for the previous year still to be acquired was €14,134 thousand.

The item "Other risk provisions" mainly relates to provisions made by the subsidiary Saras Energia S.A. for possible legal and tax liabilities.

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	31/03/2010	31/12/2009	Change
Employee end-of-service payments	15,006	15,412	(406)
Other complementary provisions	20,259	20,008	251
Total	**35,265**	**35,420**	**(155)**

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. The CPAS fund is the company's supplementary employee pension fund; this is also measured using actuarial techniques.

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

Balance at 31.12.2008	**17,480**
Accrual for the period	6,722
Amount used for external pension fund	(8,790)
Balance at 31.12.2009	**15,412**
Accrual for the period	1,507
Amount used for external pension fund	(1,913)
Balance at 31.03.2010	**15,006**

The table below shows changes in the CPAS fund.

Balance at 31.12.2008	**20,014**
Accrual for the year	2,077
Amount used during the period	(2,083)
Balance at 31.12.2009	**20,008**
Accrual for the period	524
Amount used during the period	(273)
Balance at 31.03.2010	**20,259**

5.4.4 Other current liabilities

Other non-current liabilities break down as follows:

	31/3/2010	31/12/2009	Change
Advances from clients: portion due in future years	3,452	5,822	(2,370)
Payables to welfare and social security bodies	365	347	18
Deferred income	614,424	640,876	(26,452)
Other	2,715	2,718	(3)
Total	**620,956**	**649,763**	**(28,807)**

The change compared with 31 December 2009 is mainly due to the decrease in "Deferred income" posted by the subsidiary Sarlux S.r.l. The item in question relates to the agreement for the sale of energy between Sarlux S.r.l. and GSE (Gestore dei Servizi Elettrici S.p.A.), which was accounted for according to IFRIC 4. Revenues from the sale of energy are calculated on a linear basis since the electricity supply contract, pursuant to IAS 17 (Leases) and IFRIC 4 (Determining Whether an Arrangement Contains a Lease), has been recognised as a contract regulating the use of the plant by the customer of Sarlux S.r.l., meaning that it is comparable to an operating lease. Such revenues have therefore been stated on a linear basis in accordance with both the duration of the contract (20 years) and forecasts for the price of crude oil, which constitute a determining factor for electricity tariffs and electricity production costs.

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	31/03/2010	31/12/2009	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	1,162,450	1,089,884	72,566
Profit for the year	(9,267)	72,552	(81,819)
	1,218,739	**1,227,992**	**(9,253)**
Share capital and reserves attributable to minority	48	42	0
Profit (loss) for year attributable to minority intere:	0	6	0
Total minority interests	**48**	**0**	**0**
Totale PatriTotal Shareholders Equity	**1,218,787**	**1,227,992**	**(9,253)**

Share capital
At 31 March 2010, 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 €1,162,450 thousand, a net increase of €72,566 thousand compared with the previous year. The net decrease was the combined result of:

- an increase of €72,552 thousand due to the allocation of profit from the previous year;
- an increase owing to the translation of the financial statements of subsidiaries in foreign currency (€14 thousand).

The item is shown net of an amount of €17,867 thousand (including the fiscal effect) for charges stemming from the listing operation which took place in 2006.

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

Result for the period
The group registered a consolidated loss of €9,267 thousand for the quarter.

Dividends
On 27 April 2010 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:

	31/03/2010	31/03/2009	Changes
Sales and services revenues	1,726,068	1,057,715	668,353
Processing fee from third parties	1,826	24,562	(22,736)
Sale of electricity	117,029	117,389	(360)
Other revenues	5,026	10,481	(5,455)
Change in construction contracts	780	799	(19)
Total	**1,850,729**	**1,210,946**	**639,783**

Sales and services revenues increased by €668,353 thousand compared to the same period of the previous year. The change was mainly due to the larger quantities sold and the trend in oil prices.

Payment for processing for third parties totalled €1,826 thousand and relates to refining services provided by the parent company to third parties; other payments include additional charges connected with processing for quality adjustments and logistical changes. The change in both these items versus the first quarter of 2009 was due to the lower quantities processed for third parties.

Revenues from the sale of electricity include €112,640 thousand relating to the gasification plant of subsidiary Sarlux S.r.l. and €4,389 thousand relating to the wind farm owned by subsidiary Sardeolica S.r.l..
Revenues from the sale of electricity by Sarlux S.r.l. reflect the reporting of figures on a linear basis (as indicated in point 5.4.4 – Other non-current liabilities, above), calculated on the basis of the remaining duration of the contract that expires in 2021, principally taking into account the tariff amount and forward curves of both the crude price and projections of the EUR/USD exchange rate until the contract expires.

Refining margins improved quite rapidly in March 2010, on the back of strong gasoline crack spreads, deriving from the “spring maintenance” season of several refineries both in Europe and in the USA. Saras was capable of capturing a part of the margin improvement, because the results of our Refining segment were affected by maintenance activities being carried out in our Sarroch production site.

The Power Generation segment, owing to the IFRS linearisation procedure, achieved results in line with expectations in Q1/10, despite the scheduled maintenance cycle which caused a reduction in electricity production.

The reduction in oil products consumption both in Spain and in Italy, together with some seasonality effects, forced our Marketing segment to post a negative performance during the first quarter of 2010, with a drop in margins in our Italian wholesale business, and a contraction in sale volumes in our Spanish subsidiary.

Finally, the Wind segment had a strong performance in Q1/10, thanks to very favourable wind conditions, which pushed electricity production beyond 61 GWh (setting the quarterly production record, since the wind park became operational in late 2005). The record production more than compensated the 9% drop in power tariff, related to the economic recession.

6.1.2 Other income

The following table shows a breakdown of other income.

	31/03/2010	31/03/2009	Change
Revenues for stocking of mandatory supplies	261	479	(218)
Sales of sundry materials	1,202	116	1,086
Grants	5,269	4,913	356
Chartering of tanker	1,103	759	344
Recover for demages and compensation	385	314	71
Reimbursment of emission trading charges	9,458	7,702	1,756
Other income	13,937	2,285	11,652
Total	**31,615**	**16,568**	**15,047**

The item “Other income” mainly includes income posted by the parent company deriving from the sale of CO_2 quotas and income posted by subsidiary Sarlux S.r.l., deriving from the recognition of the reimbursement of charges relating to the application of EC Directive 2003/87 (Emissions Trading). The increase versus the same period of the previous year was mainly due to the sales made by the parent company mentioned above.
The item “Grants” includes the revenues from green certificates obtained by Sardeolica S.r.l.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, replacement parts and consumables

	31/03/2010	31/03/2009	Change
Purchases of raw materials	1,392,857	684,221	708,636
Purchases of semifinished materials	270	5,261	(4,991)
Purchases of replacement parts and consumables	17,584	28,666	(11,082)
Purchases of finished products	334,918	286,356	48,562
Other purchases	63	334	(271)
Inventory’s change	(108,160)	(103,041)	(5,119)
Total	**1,637,532**	**901,797**	**735,735**

Costs for the purchase of raw materials, replacement parts and consumables totalled €1,637,532 thousand, an increase of €735,735 thousand compared to the same period of the previous year: this rise was chiefly due to the trend in average prices of crude and oil products.

6.2.2 Cost of services and other costs

	31/03/2010	31/03/2009	Change
Service costs	118,932	124,845	(5,913)
Use of third-party assets	3,866	3,697	169
Provisions for risks	27,555	4,083	23,472
Other operating charges	7,465	10,658	(3,193)
Total	**157,818**	**143,283**	**14,535**

Service costs mainly comprise maintenance, rentals, freight, electricity, steam, hydrogen and other utilities.
The item “Provisions for risks” mainly relates to the cost of acquiring CO_2 emission quotas (€27,555 thousand, for further information please see 5.4.2. above).
Miscellaneous operating costs mainly comprise non-income tax (property tax, emissions tax) and membership fees.

6.2.3 Personnel costs

Personnel costs are broken down as follows:

	31/03/2010	31/03/2009	Change
Wages and salaries	24,503	25,173	(670)
Social security	7,331	7,295	36
Staff several indemnity	1,507	1,639	(132)
Pensions and similar	524	771	(247)
Other costs	997	1,425	(428)
Directors' remuneration	1,437	1,508	(71)
Total	**36,299**	**37,811**	**(1,512)**

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 each year. Furthermore, the maximum value of the shares assignable overall may never exceed the sum of €2 million.

The stock grant plan 2010/2012 (for directors of the parent company, and directors and managers individually specified by the Board of Directors of the parent company and subsidiaries) sets out the allocation of a "base number of shares" for each beneficiary, which is amended according to the difference between the change in value of the parent company's shares and that of the shares of a group of comparable companies.
Furthermore, beneficiaries who also 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 under the 2007/2009 Plan in return for a one-off premium in Shares to be paid out as part of the current "Plan".

6.2.4 Depreciation and amortisation

Depreciation and amortisation figures are shown below.

	31/03/2010	31/03/2009	Change
Amortisation of intangible assets	9,436	9,470	(34)
Depreciation of tangible assets	41,154	35,116	6,038
Total	**50,590**	**44,586**	**6,004**

The increase in "Depreciation and amortisation" is mainly due to the start of depreciation of significant investments made by the parent company at the end of the previous year. Furthermore, the depreciation of the biodiesel plant and service stations acquired by subsidiary Saras Energia S.A. began in the second half of 2009.

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	31/03/2010	31/03/2009	Change
Other financial income:			
from financial assets recorded under current assets	16	76	(60)
Other income			
- interest on bank and post office accounts	24	290	(266)
- fair value of derivatives outstanding on reporting date	423	0	423
- fair value of held for trading financial assets	176	174	2
- positive differences on derivatives	5,269	5,410	(141)
- other income	151	24	127
Exchange rate gains on non-commercial transactions	980	2,299	(1,319)
Total Financial Income	**7,039**	**8,273**	**(1,234)**
Financial charges:			
- fair value of derivatives outstanding on reporting date	(5,794)	(1,069)	(4,725)
- fair value of held for trading financial assets	(73)	(721)	648
- negative differences on derivatives	(8,284)	(448)	(7,836)
- other (interest on loans, arrears, etc.)	(4,525)	(4,517)	(8)
Exchange rate losses on non-commercial transactions	(1,123)	(4,925)	3,802
Total Financial Charges	**(19,799)**	**(11,680)**	**(8,119)**
Total	**(12,760)**	**(3,407)**	**(9,353)**

The change in the item is mainly due to the higher charges attributable to the differences in valuation recorded during the year on derivatives used as hedges in operations where hedge accounting has not been adopted and the change in the fair value of these derivatives (€12,279 thousand), partly offset by net exchange rate gains (€2,483 thousand).

6.4 Income tax

Income tax breaks down as follows:

	31/03/2010	31/03/2009	Change
Current taxes	4,324	40,584	(36,260)
Net deferred taxes	(7,712)	(2,191)	(5,521)
Total	**(3,388)**	**38,393**	**(41,781)**

Current taxes include the income taxes of subsidiary Saras Energia S.A. of €1,769 thousand, and the IRAP and additional IRES of the Italian companies, at €1,961 thousand and €594 thousand respectively.
Deferred tax assets/liabilities refers in the amount of €1,763 thousand to changes during the year in the temporary differences between values recorded in the financial statements and those recognised for tax purposes; a tax asset of €5,948 thousand, calculated on the consolidated tax loss of the Italian companies, was also booked.

7. Other information

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

7.1 Main legal actions pending

Parent company Saras S.p.A. and subsidiaries Arcola Petrolifera S.p.A., Sarlux S.r.l. and Akhela S.r.l. were subject to tax audits and assessments by the tax authorities that led, in some cases, to disputes pending before tax courts.
Although the decisions made by the tax courts were not consistent, the company assumes that liabilities, while possible, are not probable.
Moreover, with reference to the subsidiary Sarlus S.r.l., please note that companies producing electricity that is not from renewable sources or cogeneration (pursuant to AEEG Resolution 42/02) are required to purchase green certificates in respect of a certain percentage of electricity introduced into the grid. A specially-created AEEG committee, in coming to a different interpretation of the resolution subsequently, deemed the subsidiary subject to this obligation for the years 2002-2006. Sarlux appealed against this interpretation, based on the opinion of its advisers, and believes that its appeal will be successful. As a result, no provision was made in the accounts to 31 March 2010 for this case. Potential liabilities arising from this dispute are estimated at about €32 million. If the interpretation of the above-mentioned committee is confirmed, the obligation in question would be extended to 2009, adding a further amount of around €17 million. The liabilities in this case would, however, qualify for partial relief pursuant to section II, point 7-*bis* of CIP Provision 6/92 in respect of the costs arising from article 11 of Legislative Decree 79/99 in application of AEEG Resolution 113/06, as supplemented by Resolution ARG/elt 80/08, which can be quantified at around €23 million.

7.2 Transactions with related parties

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

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

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

For the Board of Directors
The Chairman
Gian Marco Moratti