

**Saras Group
Interim Financial
Report as of
31st March 2013**



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Statutory and Control Bodies

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

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

Both directly and through the subsidiaries Arcola Petrolifera S.p.A. and Deposito di Arcola S.r.l. in Italy, and the subsidiary Saras Energia S.A. in Spain, the Group sells and distributes oil products, such as diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel, on the Italian, European and international markets. In particular, in 2012 approximately 2.2 million tons of oil products were sold in Italy, through the subsidiary Arcola Petrolifera, which operates solely in the wholesale market. Arcola Petrolifera uses logistics basis spread across the Italian territory, and also one tank farm for petroleum products owned by the Group, with a capacity of 200,000 cubic metres, managed by the subsidiary Deposito di Arcola, and located indeed in the city of Arcola (La Spezia). Further 1.6 million tons of oil products were sold in the Spanish market through the subsidiary Saras Energia, which is active both in the wholesale and in the retail markets. Saras Energia manages a tank farm for petroleum products with a capacity of 114,000 cubic metres, owned by the Group and located in Cartagena (Spain), and it also uses other logistic basis owned by third parties (CLH, Decal, Tepsa, etc.) and spread across the Iberian peninsula. Saras Energia also manages a retail network of 114 service stations, located mostly along the Spanish Mediterranean Coast, and the Cartagena biodiesel plant, with a capacity of 200,000 tons per year.

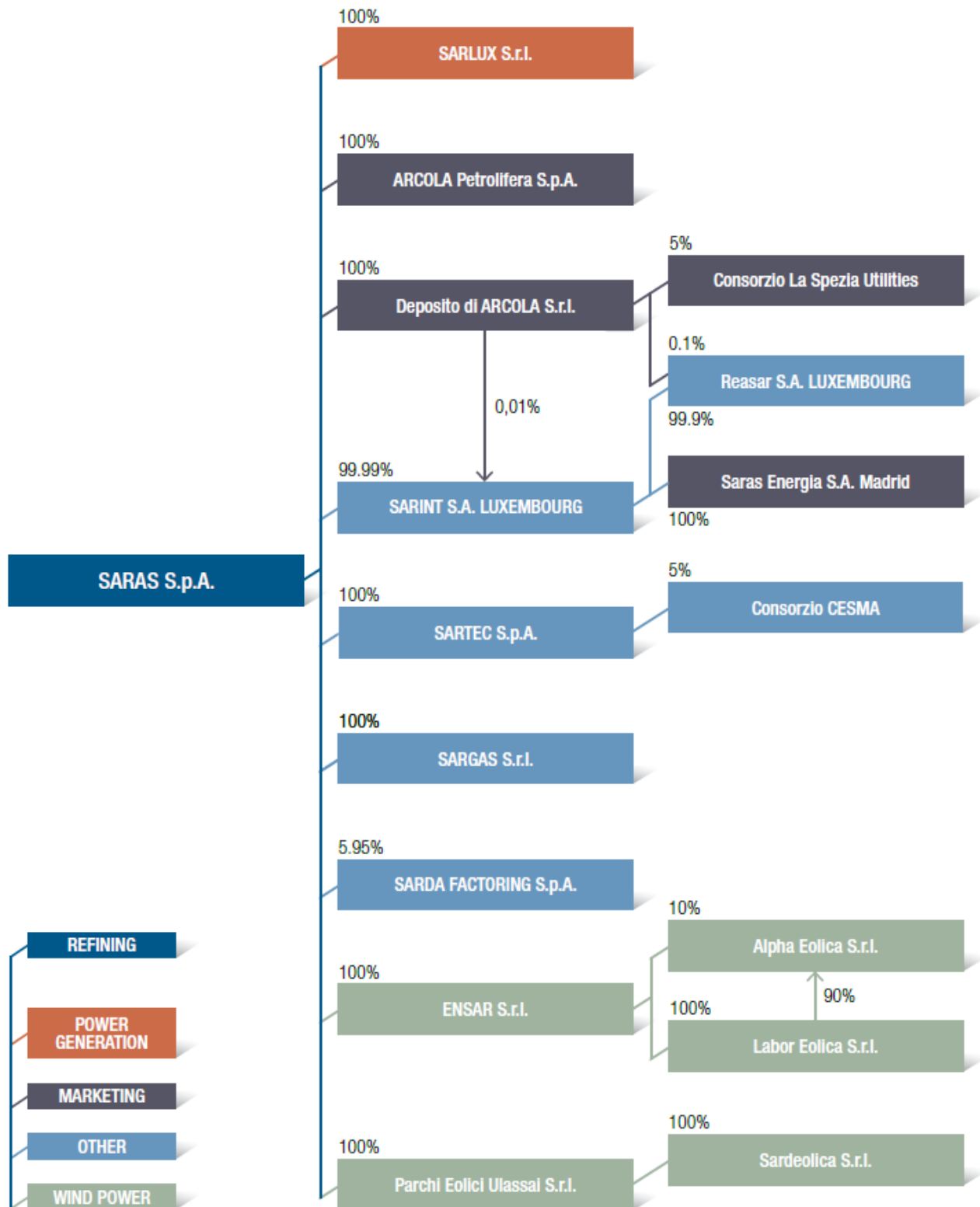
Over the past decade, the Saras Group expanded from oil refining and marketing, also into other areas. In particular, the Group is active in the energy sector with the subsidiary Sarlux S.r.l., which specialises in the generation of electricity through an IGCC plant (Integrated Gasification plant with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

Moreover, in the island of Sardinia, the Group is also involved in the production of power from renewable sources through a wind farm situated in Ulassai, with an installed capacity of 96MW, managed by the subsidiary Sardeolica S.r.l.. Finally, the Saras Group provides industrial engineering and scientific research services to companies which are active in the oil, energy and environmental sectors, via its subsidiary Sartec S.p.A., and it operates also in the field of exploration for gaseous hydrocarbons.



Structure of the Saras Group

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



Note: On 4th April 2013 the subsidiary Arcola Petrolifera S.p.A. was transformed into a Limited Liability Company (S.r.l.)

Stock Performance

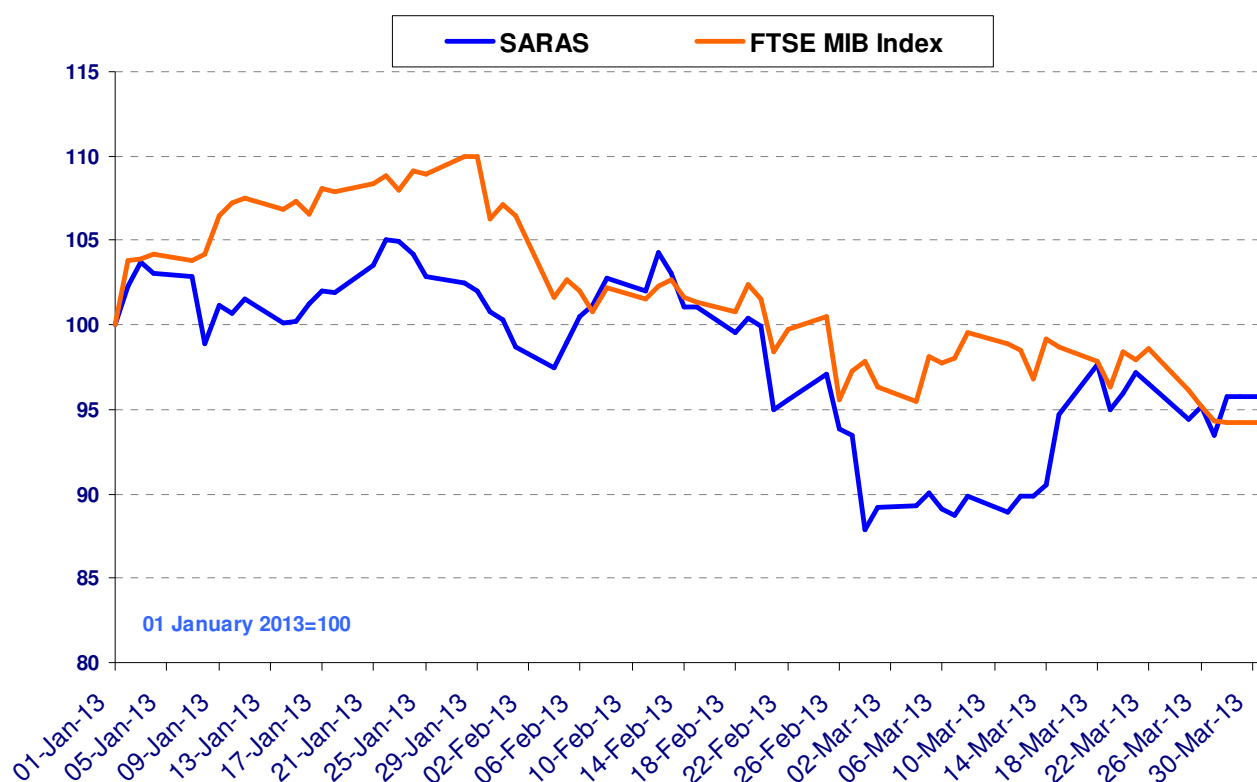
The following data relate to Saras' share prices and daily volumes, during the first quarter of 2013.

SHARE PRICE (EUR)	Q1/13
Minimum price (28/02/2013)	0.870
Maximum price (22/01/2013)	1.040
Average price	0.969
Closing price at the end of the period (29/03/2013)	0.948

DAILY TRADED VOLUMES	Q1/13
Maximum traded volume in EUR million (28/02/2013)	6.0
Maximum traded volume in number of shares (million) (28/02/2013)	7.0
Minimum traded volume in EUR million (26/03/2013)	0.5
Minimum traded volume in number of shares (million) (26/03/2013)	0.6
Average volume in EUR million	1.7
Average volume in number of shares (million)	1.7

The Market capitalization on 29th March 2013 amounts to approximately EUR 901 ml and, at the same date, the number of shares outstanding was approximately 928 ml.

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



REPORT ON OPERATIONS

Saras Group Key financial and operational results¹

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

Group consolidated income statement figures

EUR Million	Q1/13	Q1/12	Change %	Q4/12
REVENUES	2,671	3,115	-14%	2,950
EBITDA	54.4	111.9	-51%	(28.5)
<i>Comparable EBITDA</i>	48.2	21.1	128%	17.6
EBIT	6.0	61.2	-90%	(117.5)
<i>Comparable EBIT</i>	(0.2)	(29.6)	99%	(35.4)
NET RESULT	(1.8)	14.1	-113%	(82.4)
<i>Adjusted NET RESULT</i>	(10.7)	(36.6)	71%	(18.8)

Other Group figures

EUR Million	Q1/13	Q1/12	Q4/12
NET FINANCIAL POSITION	(168)	(473)	(218)
CAPEX	33.4	36.1	19.8
OPERATING CASH FLOW	60	206	(59)

Comments to First Quarter 2013 results

Group Revenues in Q1/13 were EUR 2,671 ml, down 14% vs. Q1/12. This change is primarily due to the decrease in revenues generated by the Refining and Marketing segments, because of lower prices for the refined oil products. In particular, the quarterly average price for gasoline stood at 1,042 \$/ton in Q1/13 versus 1,060 \$/ton in Q1/12, while diesel traded at an average price of 963 \$/ton versus 1,005 \$/ton in Q1/12.

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

Group reported EBITDA was EUR 54.4 ml in Q1/13, down versus EUR 111.9 ml in Q1/12. This reduction can be attributed mainly to the Refining segment, whose results have been influenced by a lower revaluation of the inventories, both for crude oil and for the refined products.

Group reported Net Result stood at EUR -1.8 ml, down versus EUR 14.1 ml in Q1/12, essentially for the same reason explained at EBITDA level. Depreciation and Amortisation stood at EUR 48.4 ml, substantially in line with EUR 50.7 ml in the same period of 2012, while Net Financial Charges (which include also the result of the derivative instruments used for hedging of the commercial activities and the net FOREX result) stood at EUR 2.8 ml in Q1/13, significantly lower than EUR 36.5 ml in the same quarter of 2012.

Group comparable EBITDA amounted to EUR 48.2 ml in Q1/13, strongly improved versus EUR 21.1 ml achieved in Q1/12. In a similar way, the **Group adjusted Net Result stood at EUR -10.7 ml**, improved versus the Group adjusted Net Result of EUR -36.6 ml in Q1/12. The difference at the EBITDA level in the two periods under comparison is mainly due to the better result of the Refining segment in Q1/13, thanks to a slight improvement of refining margins and lower penalizations deriving from the scheduled maintenance activities. The results of the other segments were broadly in line with the same period of last year.

CAPEX in Q1/13 was EUR 33.4 ml, in line with the programme of investments planned for the period, and almost entirely directed to the Refining and the Power Generation segments (respectively EUR 26 ml and EUR 6 ml).

Group Net Financial Position on the 31st of March 2013 stood at EUR -168 ml, improved versus the position at the beginning of the year (EUR -218 ml), for the reasons illustrated in detail in the chapter specifically dedicated to the Net Financial Position.

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

As mentioned at the beginning of this section, “*reported*” and “*comparable*” figures differ primarily because of the different methodologies used to evaluate the oil inventories. More specifically, the *reported* (IFRS) figures evaluate oil inventories according to the FIFO methodology, while the *comparable* figures are based on the LIFO methodology. Moreover, the *comparable* figures do not take into account the change in “*fair value*” of the derivative instruments and the non recurring items. The relevance of the various items in Q1/13 is shown in the following tables.

Group *adjusted* Net Result

EUR Million	Q1/13	Q1/12
<i>Reported</i> NET RESULT	(1.8)	14.1
(inventories at LIFO - inventories at FIFO) net of taxes	(3.1)	(53.2)
non recurring items net of taxes	0.0	0.0
change in derivatives fair value net of taxes	(5.8)	2.5
<i>Adjusted</i> NET RESULT	(10.7)	(36.6)

Group *comparable* EBITDA

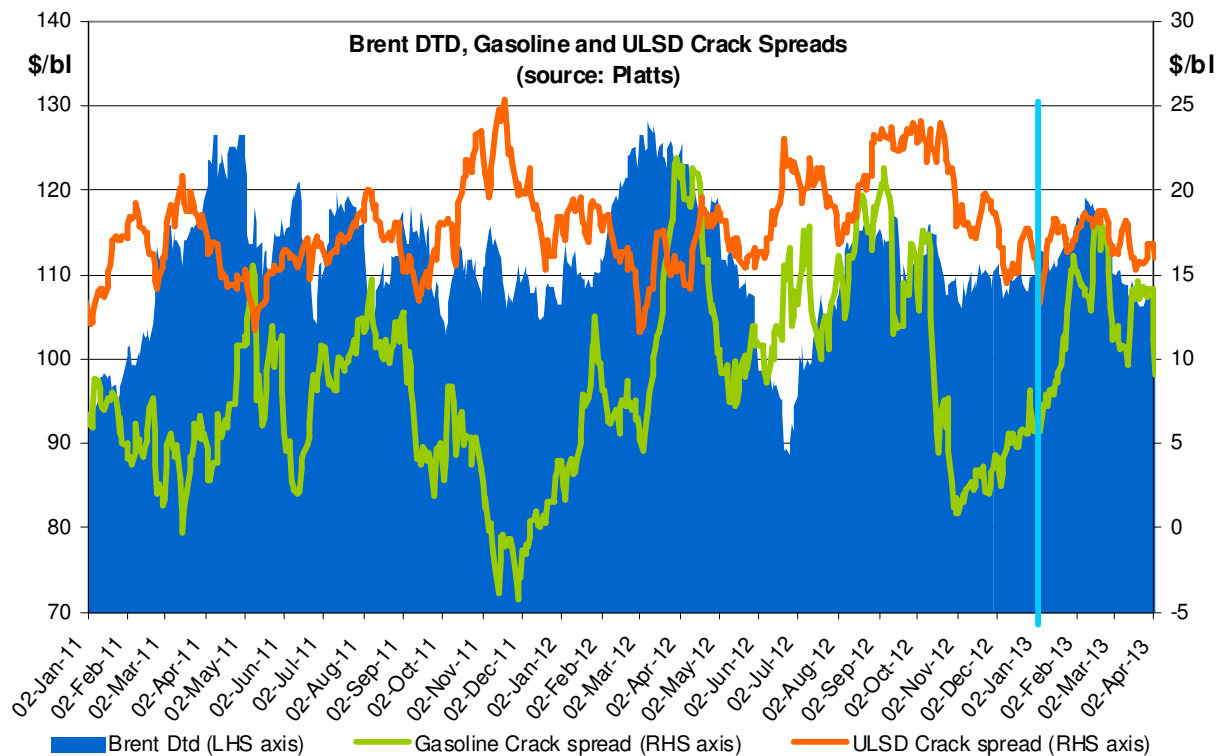
EUR Million	Q1/13	Q1/12
<i>Reported</i> EBITDA	54.4	111.9
inventories at LIFO - inventories at FIFO	(6.2)	(90.8)
non recurring items	0.0	0.0
<i>Comparable</i> EBITDA	48.2	21.1

Net Financial Position

EUR Million	31-Mar-13	31-Dec-12
Medium/long term bank loans	(176)	(176)
Bonds	(249)	(249)
Other financial assets	6	6
Total long term net financial position	(419)	(419)
Short term loans	(34)	(33)
Short term bank loans	(69)	(82)
Other short term financial liabilities	(12)	(6)
Fair value on derivatives	(5)	(14)
Other marketable financial assets	21	20
Cash and cash equivalents	339	303
Warranty deposits for derivative instruments	10	14
Total short term net financial position	251	201
Total net financial position	(168)	(218)

The Net Financial Position at 31st March 2013 stood at EUR -168 ml, up 23% versus the position at the beginning of the year (EUR -218 ml). The main contribution comes from the positive cashflow from Operations, which benefited from some optimisation in working capital. Actually, some payments of crude oil are still outstanding, due to the oil embargo declared by the European Union against Iran. Moreover, self-financing from provisions for depreciation and amortisation (EUR 48.4 ml), more than compensated CAPEX of the period (EUR 33.4 ml).

Oil Market and Refining Margins

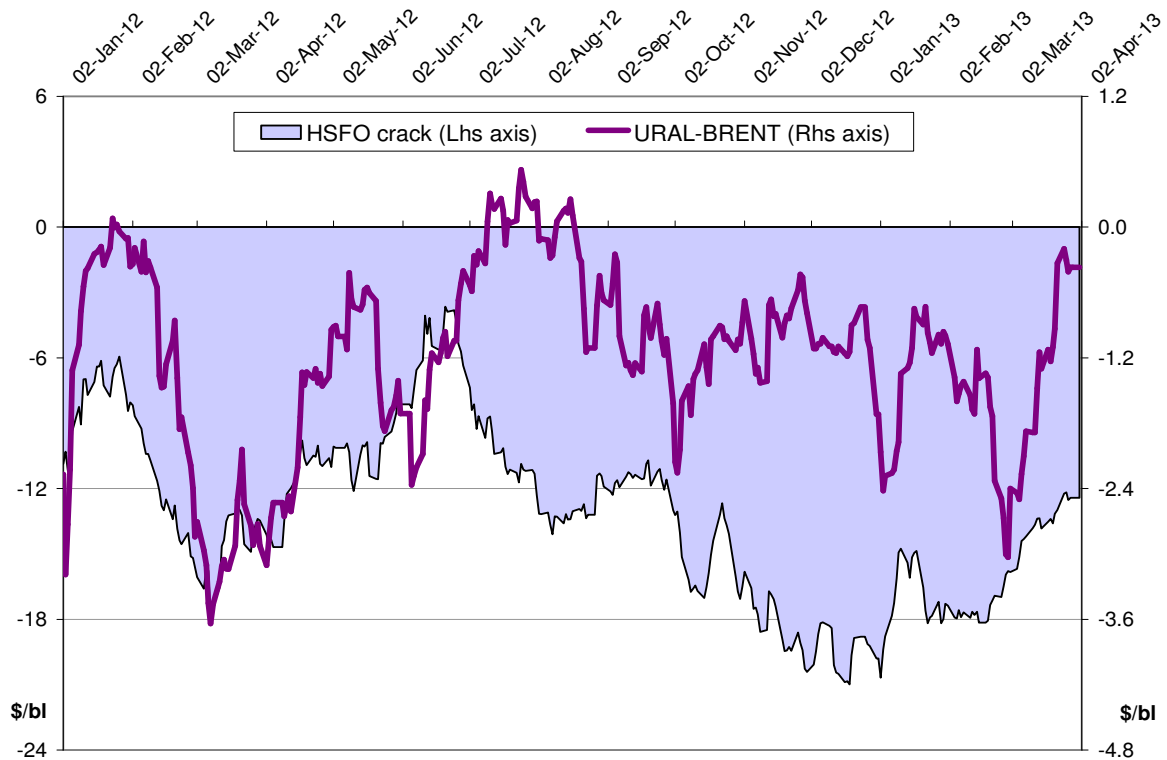


Crude oil prices (Source: Platts):

In the first quarter of 2013, crude oil prices initially moved along an ascending path, starting from 110 \$/bl at the beginning of the quarter, and reaching the peak of 119 \$/bl on the 8th of February. Behind this trend there was a combination of factors that affected both the supply and the demand. In particular, on the supply side the concerns related to the geopolitical scenario remained high; on the demand side instead, there were encouraging signals both from China and from the United States; moreover, the cold temperatures registered in the northern hemisphere at the end of January and in the first half of February also served as encouraging signals for the markets. By mid February however, crude oil prices reversed their trend. A new wave of pessimism regarding the outlook for the global economy overwhelmed the markets, dragging down quotations of crude oil. Moreover, at the beginning of March, the spring maintenance activities intensified in many European, American and Asian refineries. This caused a drastic drop in crude oil demand, and Brent Dated closed the quarter at 107 \$/bl.

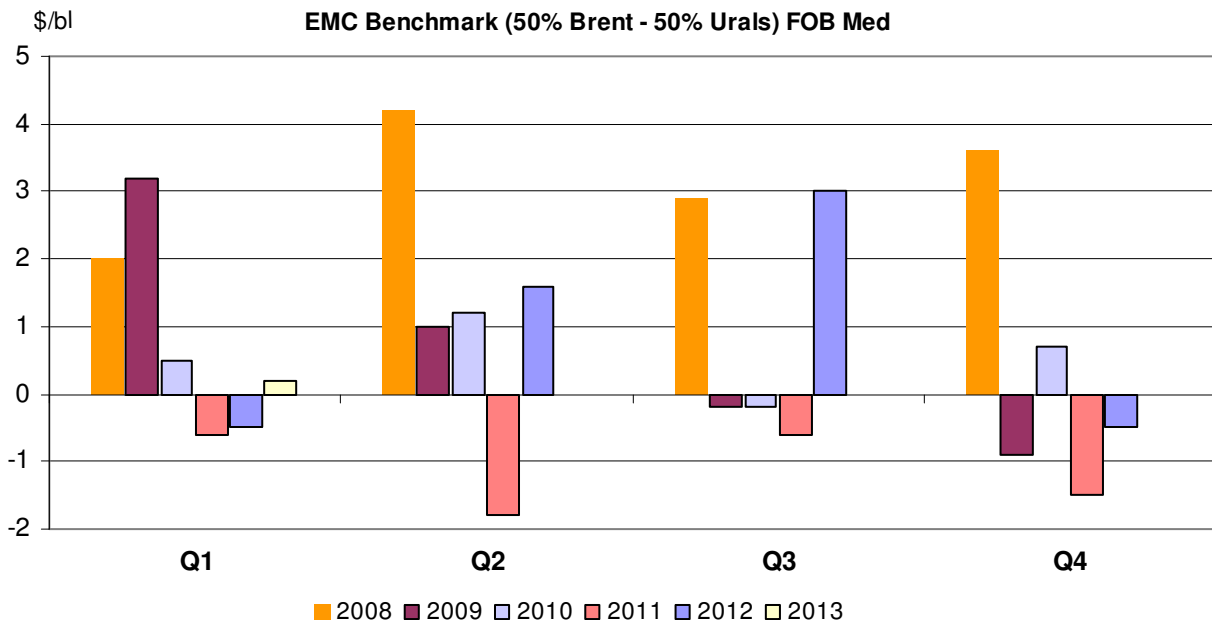
Price differential between “heavy” and “light” crude oil grades (i.e. “Urals” and “Brent” respectively):

During the first quarter of 2013 the “heavy-light” crude oil price differential was extremely volatile, with an average for the period equal to -1.5 \$/bl. In general, the oil embargo established by the European Union against Iran, and the consequent decrease in the availability of heavy and medium crude oils in the European markets, kept the differential under pressure for most of the quarter. Only during the last week of February and the first ten days of March the differential widened above -2 \$/bl, reaching the peak value of -3 \$/bl on the 27th and 28th of February, following a reduction in demand for heavy crude oils, related to the spring maintenance activities of the European refineries. However, already by the end of the quarter, the differential had a new sharp correction, closing the period at -0.4 \$/bl.



Refining Margin:

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



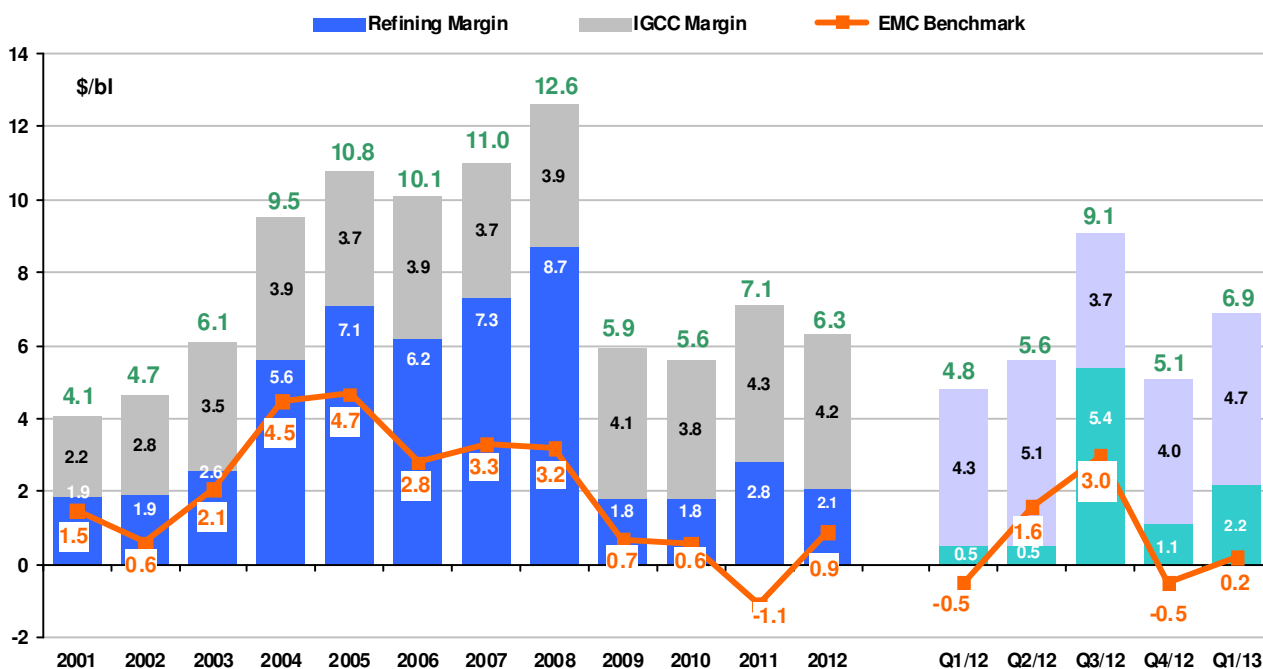
The EMC Benchmark remained weak in Q1/13 (average of 0.2 \$/bl), although at higher level than in Q1/12 (-0.5 \$/bl) and also in Q4/12 (-0.5 \$/bl). The weakness in the EMC Benchmark margin reflected the continuing difficulties of the European refining sector, squeezed between high prices of crude oil and inadequate prices for refined products, due to the negative economic scenario.

Crack spreads of the main products (i.e. the difference between the value of the product and the price of the crude):

During the first quarter of 2013, the gasoline *crack spread* posted a surprisingly strong performance. Indeed, although this quarter is typically not favourable to light distillates for seasonality reasons, in Q1/13 there was a combination of factors that supported the gasoline prices. Firstly, there were various production problems both in North of Europe and in the Mediterranean (for example, a fire damaged the *reforming* units of the Stanlow refinery, in England, owned by Essar; almost simultaneously, Algerian and Libyan refineries went out of service due to technical problems). The consequent reduction of production could not be compensated with the release of inventories, because various logistic hubs in Northern Europe were holding low levels of stocks. Finally, further support to prices came from the news flow regarding the shut-down of refineries on the two coasts of the Atlantic Ocean: on one side, the company Hess announced the shut-down of the Port Reading refinery, in New Jersey; on the other side, Shell confirmed the closure of the Hamburg-Harburg refinery. The gasoline *crack spread*, therefore, marked a quarterly average of 12.3 \$/bl, with some spikes above 18 \$/bl in the second half of February.

With regards to the middle distillates *crack spread*, it remained at a reasonable level in Q1/13, thanks to the support coming from the seasonal demand for heating oil, typical of the winter season. On the contrary, consumption of automotive diesel remained limited, especially in Southern Europe, due to persistent economic crisis. Overall, the ULSD *crack spread* posted an average of 17.0 \$/bl in Q1/13.

Finally, the following graph illustrates the Saras refining margin, net of variable costs.



Refining Margin: (comparable EBITDA Refining + Fixed Costs) / Refinery runs in the period

IGCC Margin: (EBITDA IGCC plant + Fixed Costs) / Refinery runs in the period

EMC Benchmark: margin calculated by EMC (Energy Market Consultants) with 50% Urals – 50% Brent crude oil slate

Segment Review

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

Refining

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

EUR Million	Q1/13	Q1/12	Change %	Q4/12
EBITDA	(13.4)	37.7	-136%	(88.7)
<i>Comparable EBITDA</i>	<i>(24.0)</i>	<i>(49.0)</i>	<i>51%</i>	<i>(45.5)</i>
EBIT	(38.6)	12.6	-406%	(115.9)
<i>Comparable EBIT</i>	<i>(49.2)</i>	<i>(74.1)</i>	<i>34%</i>	<i>(72.7)</i>
CAPEX	26.0	32.4		13.5

Margins and refinery runs

		Q1/13	Q1/12	Change %	Q4/12
REFINERY RUNS	thousand tons	3,088	3,293	-6%	3,429
	Million bl	22.5	24.0	-6%	25.0
	thousand bl/day	250	264	-5%	272
EXCHANGE RATE	EUR/USD	1.321	1.311	1%	1.297
EMC BENCHMARK MARGIN	\$/bl	0.2	(0.5)		(0.5)
SARAS REFINERY MARGIN	\$/bl	2.2	0.5		1.1

Comments to First Quarter 2013 results

Refinery runs in Q1/13 stood at 3.1 ml tons (22.5 million barrels, corresponding to 250 thousand barrels per calendar day), down 6% versus the same period of the last year. This decrease is mainly due to the scheduled maintenance activities carried out on the atmospheric crude distillation units, which in Q1/13 lasted longer than in Q1/12.

Comparable EBITDA of the Refining segment in Q1/13 was EUR -24.0 ml, up 51% versus EUR -49.0 ml in Q1/12, **and the Saras refining margin stood at 2.2 \$/bl** versus 0.5 \$/bl in the same period of last year. Moreover, in Q1/13 the result of the derivative instruments used for hedging of the commercial transactions and the net FOREX result stood at EUR -0.2 ml, versus EUR -19.8 ml in Q1/12.

The depressed macroeconomic scenario and the continuous decrease in the demand for refined oil products kept the European refining margins under severe pressure during Q1/13. In particular, in the Mediterranean Sea, the reference margin EMC Benchmark had a quarterly average of 0.2 \$/bl (-0.5 \$/bl in Q1/12).

With such difficult market conditions, and notwithstanding the scheduled maintenance activities carried out during the period (which caused an EBITDA reduction of approx. US Dollars 15 ml), the Sarroch refinery still managed to post a premium of 2 \$/bl on top of the EMC Benchmark margin in Q1/13, thanks to a good operational performance.

Conversely, in Q1/12, the premium achieved by Saras refinery above the EMC Benchmark margin was only 1 \$/bl, because the scheduled maintenance activities were very heavy at that time, and they caused an EBITDA reduction worth approx. US Dollars 39 ml. This element explains almost entirely the different results achieved by the Refining segment in the two quarters under comparison.

Finally, Refining CAPEX in Q1/13 was EUR 26.0 ml, in line with the programme for the period.

Crude Oil slate and Production

		Q1/13	FY 2012
Light extra sweet		49.2%	51%
Light sweet		0.1%	3%
Medium sweet/extra sweet		0.0%	2%
Medium sour		26.5%	29%
Heavy sour/sweet		24.2%	15%
Average crude gravity	°API	32.7	33.1

The crude mix processed by the Sarroch refinery in Q1/13 had an average density of 32.7°API, thus heavier than the average °API in FY 2012. When looking in detail at the various crude categories used in the quarter, a reduction in the percentage of *light extra sweet* crude oils can be noted, with a corresponding percentage increase of the heavy and medium crude oils, as well as some “*straight run*” residues. These changes in the crude mix processed in the Sarroch refinery came as a consequence of both the scheduled maintenance activities carried out during the period, and also of economic and commercial choices.

Moving on to the product slate, it can be observed that the yield in middle distillates increased at 52.9% in Q1/13, thanks to a very good conversion performance of the MildHydroCracking Units. Conversely, the yield in light distillates slightly decreased (28.5%), because of the maintenance activities carried out on the Alkylation Unit in Q1/13. These maintenance activities also caused an increase in the yield of LPG (2.6%). Overall, the cumulative yield of high value added products was 84% in Q1/13, which represents prominent performance, within the European competitive context.

		Q1/13	FY 2012
LPG	thousand tons	80	205
	yield	2.6%	1.5%
NAPHTHA + GASOLINE	thousand tons	881	4,002
	yield	28.5%	30.1%
MIDDLE DISTILLATES	thousand tons	1,633	6,891
	yield	52.9%	51.8%
FUEL OIL & OTHERS	thousand tons	54	272
	yield	1.7%	2.0%
TAR	thousand tons	255	1,146
	yield	8.3%	8.6%

Note: Balance to 100% of the production is “Consumption & Losses”.

Marketing

Below are the financial and operational highlights of the Marketing segment, which is primarily focused on the wholesale business, through the subsidiaries Arcola Petrolifera S.p.A. (which became Arcola Petrolifera S.r.l. from April, 4th 2013) and Deposito di Arcola S.r.l. in Italy, and the subsidiary Saras Energia S.A. in Spain.

EUR Million	Q1/13	Q1/12	Change %	Q4/12
EBITDA	3.9	10.2	-62%	(3.0)
Comparable EBITDA	8.3	6.1	36%	(0.1)
EBIT	1.8	7.0	-74%	(41.9)
Comparable EBIT	6.2	2.9	114%	(3.0)
CAPEX	0.7	1.5		0.4

Sales

		Q1/13	Q1/12	Change %	Q4/12
TOTAL SALES	thousand tons	873	971	-10%	941
of which: in Italy	thousand tons	554	547	1%	557
of which: in Spain	thousand tons	320	424	-25%	384

Comments to First Quarter 2013 results

Macroeconomic conditions in Q1/13 had a negative influence on the consumption of oil products in the peripheral countries of the Euro Zone and, in particular, in Spain and in Italy, which are the markets where the Saras Group conducts its Marketing activities. Notwithstanding this context, the Marketing segment posted a solid performance.

In the Italian market total demand for oil products registered a further drop in Q1/13, with gasoline consumption down by 6.5% versus Q1/12, and middle distillates down by 5.5%. In this scenario, the sales of Arcola Petrolifera stood at 554 ktons, substantially in line with the previous year (+1%). Moreover, the gross margin improved by 5%, as a result of commercial policies aimed at increasing the penetration into the channels with higher profitability.

Also in the Spanish market there was a sharp contraction in consumption of the main refined oil products (gasoline was down by 11.5% and middle distillates also down by 8.0%). The Spanish subsidiary Saras Energia continued its strategy of optimization in the mix of sale channels, hence achieving a good improvement in gross margin (+9%), although this came with a rationalization of the total volumes sold (-25% versus Q1/12).

Overall, **comparable EBITDA of the Marketing segment in Q1/13 stood at EUR 8.3 ml**, up 36% vs. the same period of last year.

CAPEX in the Marketing segment was equal to EUR 0.7 ml.

Power Generation

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

EUR Million	Q1/13	Q1/12	Change %	Q4/12
EBITDA	54.3	57.5	-6%	55.5
<i>Comparable EBITDA</i>	54.3	57.5	-6%	55.5
EBIT	34.4	37.8	-9%	35.4
<i>Comparable EBIT</i>	34.4	37.8	-9%	35.4
EBITDA ITALIAN GAAP	36.0	54.9	-34%	43.7
EBIT ITALIAN GAAP	24.9	43.9	-43%	32.2
NET INCOME ITALIAN GAAP	14.6	26.8	-45%	10.6
CAPEX	6.0	1.8		4.6

Other figures

		Q1/13	Q1/12	Change %	Q4/12
ELECTRICITY PRODUCTION	MWh/1000	937	1,176	-20%	974
POWER TARIFF	Eurocent/KWh	12.6	11.9	6%	12.5
POWER IGCC MARGIN	\$/bl	4.7	4.3	9%	4.0

Comments to First Quarter 2013 results

The results achieved by the Power Generation segment in Q1/13 have been satisfactory and in line with expectations. The **power production reached 0.937 TWh**, down 20% versus the same period of last year, because of the ordinary maintenance activities carried out on one of the three trains of "Gasifier – combined cycle Turbine" and on one of the two "H₂S Absorber" Units. Conversely, in Q1/12 no maintenance activities took place on the IGCC plant.

Italian GAAP EBITDA was EUR 36.0 ml in Q1/13, down 34% versus Q1/12 primarily because of the lower production of electricity. On the other hand, the higher value of the CIP6/92 power tariff (which had an average of 12.6 EURcent/kWh, up 6% versus Q1/12) partially compensated the effects of the lower production.

IFRS EBITDA (which is coincident with the comparable EBITDA) was EUR 54.3 ml, down 6% versus Q1/12, also because of the lower sales of steam and hydrogen from the IGCC to the refinery, whose revenues are not subject to the IFRS equalization procedure.

CAPEX in Q1/13 was EUR 6.0 ml, coherently with the ordinary maintenance activities carried out in the quarter.

Wind

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

EUR million	Q1/13	Q1/12	Change %	Q4/12
EBITDA	9.6	6.0	60%	7.6
Comparable EBITDA	9.6	6.0	60%	7.6
EBIT	8.5	3.4	150%	5.0
Comparable EBIT	8.5	3.4	150%	5.0
CAPEX	0.1	0.3		1.2

Other figures

		Q1/13	Q1/12	Change %	Q4/12
ELECTRICITY PRODUCTION	MWh	78,052	47,039	66%	59,302
POWER TARIFF	EURcent/KWh	6.1	8.6	-29%	5.6
GREEN CERTIFICATES	EURcent/KWh	9.0	7.2	25%	9.5

Comments to First Quarter 2013 results

In Q1/13 the results achieved by the Wind segment were very positive. The **comparable EBITDA stood at EUR 9.6 ml**, up 60% versus Q1/12. This result derives from very favourable weather conditions, which allowed a **production of electricity equal to 78,052 MWh** (+66% versus the same period of last year). The decrease in the value of the power tariff (-29% versus Q1/12) was almost entirely compensated by the higher value of the Green Certificates (+25%).

Other Activities

The following table shows the financial highlights of the subsidiary Sartec S.p.A., Reasar S.A. and others.

EUR Million	Q1/13	Q1/12	Change %	Q4/12
EBITDA	0.0	0.5	-100%	0.1
Comparable EBITDA	0.0	0.5	-100%	0.1
EBIT	(0.1)	0.4	-125%	(0.1)
Comparable EBIT	(0.1)	0.4	-125%	(0.1)

Strategy and Investments

In consideration of the persistent economic crisis, especially in Europe, and in a market characterized by sluggish demand for oil products and narrow refining margins, the Saras Group chose to focus its industrial strategy on the achievement of the optimal operating performance.

In particular, in the Refining segment, also in FY 2013 Saras continues the implementation of “Project Focus”, an asset management programme which is primarily aimed at reducing costs, improving production efficiency and operational effectiveness, and increasing coordination between refinery production scheduling and supply & trading activities.

Moreover, in order to achieve higher organisational efficiency at Group level, and to optimise both the managerial procedures and the operational performance, the Saras Group is implementing a corporate reorganisation which will lead to the transfer of all the refining activities held by Saras S.p.A. to the subsidiary Sarlux S.r.l.. Such consignment of the Refining segment of activities to Sarlux will allow concentrating in a single company all the industrial activities that take place at the Sarroch site.

Finally, from the point of view of CAPEX dedicated to growth and technological improvement of the site, between the end of the second quarter and the beginning of the third quarter of 2013, it is expected the completion of the *revamping* project of the MildHydroCracking2 Unit (MHC2). This project, when fully operational, will deliver benefits which can be quantified in approx. 600 ktons/year of additional diesel production instead of heating gasoil, and an increase in refinery runs of approx. 650 ktons/year.

In the Wind segment, the Group continues to develop two projects in Sardinia, with a total combined capacity of approx. 100 MW. For both projects, the Environmental Impact Assessment procedure (“V.I.A.”) is currently in progress. Moreover, regarding the pipeline outside Italy, the Group recently obtained full authorisation to start construction of a wind farm in Romania, with a capacity of approx. 100 MW.

Finally, regarding Gas Exploration activities, the Group is currently proceeding along the authorisation path to start drilling in an area located in Sardinia (the “Eleonora” project), where prudentially it estimates to obtain an annual production of 70 up to 170 million cubic meters of natural gas, for a production period of more than 20 years. The time required to drill the exploration well will be between 4 and 6 months, following the completion of the authorisation path which, according to the procedures defined by the local authorities, will require the Environmental Impact Assessment (“V.I.A.”).

CAPEX by segment

EUR Million	Q1/13	FY 2012
REFINING	26.0	97.0
POWER GENERATION	6.0	8.7
MARKETING	0.7	8.2
WIND	0.1	3.8
OTHER	0.7	1.6
Total	33.4	119.3

Outlook

The current macro-economic framework continues to weigh both on the financial market and on the *commodities*, and in particular crude oil, making it difficult to predict future developments and causing high volatility conditions. Indeed, investors confidence continues to be conditioned by the context of economic crisis in the Euro Zone, concerns for the slowdown of Asian growth, and also the possible recessionary effects arising from the recent cuts in US public spending, which came as emergency measures to keep under control public debt.

The forecasts of the International Energy Agency (IEA), in the last “*Monthly Oil Market Report*” published on the 11th of April 2013, show a rising global oil demand in FY 2013. However, this growth will come exclusively from the emerging and developing countries, whose increase in consumption (+3%) will more than compensate the drop in demand from the OECD countries (-1%). More in detail, FY 2013 oil consumption will be equal to 90.6 million barrels per day (mbd) (+0.8 mbd versus FY 2012), with the OECD countries contracting (from 46.0 mbd in FY 2012 to 45.5 mbd in FY 2013) and the non-OECD countries strongly expanding (from 43.8 mbd to 45.1 mbd).

Looking at crude oil prices, at least for the first part of FY 2013, they should remain exposed to the elements that have caused so far high volatility: on one hand, the geopolitical tensions in many producing countries, and on the other hand, the economic and financial crisis, especially in the Euro Zone. Finally, looking at the refining margins, it is expected that the largest contribution will continue to come from the middle distillates. Highly complex refineries, such as the Saras Group’s refinery, will continue to have a good positioning within the European competitive environment.

REFINING

- **Sarroch refinery Maintenance and Operations:** 2013 maintenance programme proceeded according to schedule. Looking forward, there will be some maintenance activities on one of the atmospheric distillation units (T1) in Q2/13 and, between the end of Q2/13 and the beginning of Q3/13, there will be the completion of the *revamping* project of the MildHydroCracking2 Unit (MHC2). Finally, in Q4/13 there will be standard cleaning and replacement of the catalyst in the MildHydrocracking1 Unit. Overall, total refinery runs are expected to be in the range of 13.8 ÷ 14.2 ml tons (which corresponds to 100.7 ÷ 103.6 ml barrels).
- **Crude Oil Slate:** at the moment it is not possible to predict in the short term, the end of the oil embargo declared by European Union against Iran on July 1st 2012. For this reason, the Saras Group expects to process a crude oil mix substantially similar to the one used in the second half of FY 2012, when the Iranian crude oils stopped to be available in the European markets.

POWER GENERATION

- **IGCC Maintenance and Operations:** during the first quarter of 2013 it was regularly carried out a scheduled maintenance programme on one of the two “H₂S Absorber” Units and, at the same time, standard maintenance activities on one of the three trains of “Gasifier – combined cycle Turbine”. There are no maintenance activities in the second and third quarter of the year, while there will be in Q4/13 a cycle of standard maintenance on another train of “Gasifier – combined cycle Turbine”. Total power production in 2013 is therefore expected in the range between 4.04 ÷ 4.44 TWh.

MARKETING

- Given the difficult economic conjuncture in Italy and in Spain, it is not possible to expect in the near term any significant change in the market scenario. For this reason, in the Marketing segment, the Group will continue to follow an operational strategy aimed at optimizing the mix of sales channels. However, there will also be the completion of the restructuring programme started at the end of 2012, with the objective to finalize it during the first half of 2013, and to achieve a structural improvement of the segment’s results, estimated at approx. EUR 10 ml per year.

Main events after the end of the First Quarter 2013

On the **4th of April 2013** the subsidiary Arcola Petrolifera S.p.A. was transformed into a Limited Liability Company (S.r.l.).

On the **5th of April 2013** Saras S.p.A. Board of Directors approved the project to transfer its Refining business to the company Sarlux S.r.l., which is a wholly owned subsidiary of Saras S.p.A., with legal office registered in Sarroch, Strada Statale 195 Km.19, and share capital equal to Euro 27,730,466.66, with the consignment of the corresponding segment of activities.

On the **24th of April 2013** Saras S.p.A. Ordinary Shareholders' Meeting approved the Saras S.p.A. Financial Statements as of 31st December 2012, and decided to carry forward the net loss for the year, equal to EUR 154,009,279, and deliberated no dividends distribution for FY 2012. The Shareholders' Meeting also approved the General Remuneration Policy pursuant to Art. 123-ter of the Legislative Decree 58/98, the purchase plan of own shares (the "Buyback Plan") and the act of disposal of the shares purchased under the "Buyback Plan", as well as the "2013 – 2015 Stock Grant Plan" for the management of the Saras Group.

On the **7th of May 2013** Saras S.p.A. announced the launch of a share buy-back programme of Saras' shares, pursuant to the resolution of the Ordinary Shareholders' Meeting held on April 27th, 2012 and disclosed to the market on the same date. The buy-back programme will target up to a maximum of 72,455,412 Saras shares and it will be carried out, also in several steps, until October 27th, 2013.

Risk Analysis

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

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

The management of the risks found in the company processes is based on the principle by which the operational or financial risk is managed by the person responsible for the related process, based on the indications of top management, while the control function measures and controls the level of exposure to risk and the results of the actions to reduce such risk. To manage financial risks, the Saras Group policy includes the use of derivatives, only for the purposes of cover and without resorting to complex structures.

Financial risks

Price fluctuation risk

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

Also subject to fluctuations is the selling price of electricity, produced and sold by our subsidiaries, as well as the prices of green certificates and emissions credits.

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

Exchange rate risk

The Group's oil business is structurally exposed to fluctuations in exchange rates, because the reference prices for the procurement of crude oil and for the sale of the vast majority of refined oil products are linked to the US dollar.

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

Interest rate risk

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

Credit risk

The refining sector represents the Group's reference market and it is principally made up of multinational companies operating in the oil sector. Transactions executed are generally settled very quickly and are often guaranteed by primary credit institutions. Sales in the retail and wholesale markets are small on an individual basis; nonetheless, also these sales are usually guaranteed or insured.

Liquidity risk

The Group finances its activities both through the cash flows generated by operating activities and through the use of externally-sourced financing, and it is therefore exposed to liquidity risk, comprising the capacity to source adequate lines of credit as well as fulfil contractual obligations deriving from the financing contracts entered into. The capacity for self-financing, together with the low level of debt, leads us to consider that the liquidity risk is moderate.

Other risks

Risk related to the procurement of crude oil

A relevant portion of the crude oil refined by Saras originates from countries exposed to political, economical and social uncertainties, higher than in other countries: changes in legislation, political rulings, economic stability and social unrest could have a negative impact on the commercial relationships between Saras and those countries, with potential negative effects on the Group's economic and financial position.

Risks of interruption of production

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

Saras believes that the complexity and modularity of its systems limit the negative effects of unscheduled shutdowns and that the safety plans in place (which are continuously improved) reduce any risks of accident to a minimum: in addition Saras has a major programme of insurance cover in place to offset such risks. However, under certain circumstances, this programme may not be sufficient to prevent the Group from bearing costs in the event of accidents and/or interruption to production.

Environmental risk

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

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

Regulatory risk

The Sarlux S.r.l. subsidiary sells the electricity generated to GSE (the Italian National Grid Operator) at the conditions specified by the legislation in force (law no. 9/1991, law no. 10/1991, CIP resolution no. 6/92 and subsequent modifications, law no. 481/1995) which remunerate the electricity produced by plants powered by renewable and assimilated sources based on the costs avoided and time-limited incentives, linked to the actual production. The risk is therefore linked to possible unfavourable modifications to the legislation, which could have significant negative effects.

Dependencies on third parties

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

Protection of Personal Data

Pursuant to the provisions of Legislative Decree 196 of the 30th June 2003 "Norms related to the protection of sensitive personal data", the Group adopted all minimum safety measures required in the Annex B of such Decree (Article 34); in particular, the Safety Document (DPS), as required by the item 19 of the above mentioned Annex B, has been updated on the 31st of March 2012.

Other Information

Non-recurring and/or unusual Transactions

During the first quarter of 2013, the Group did not undertake any non-recurring and/or unusual transaction.

Transactions with related parties

The effect on Saras Group Balance Sheet and Income Statement, deriving from transactions or positions with related parties, is not significant.

Research and Development

Saras did not undertake meaningful "Research and Development" activities in the period; therefore, no significant cost was capitalized or accounted in the Income Statement during the first quarter of 2013.

Own shares

During the first quarter of 2013 Saras did not acquire or sell Company's own shares.

For the Board of Directors
The Chairman

Gian Marco Moratti



CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of:
31st march 2013 and 31st December 2012

EUR thousand	31/03/2013	31/12/2012
ASSETS		
Current assets	2,297,860	2,209,352
Cash and cash equivalents	339,120	302,950
Other financial assets held for trading or available for sale	34,261	42,326
Trade receivables	761,828	820,215
Inventories	1,025,575	920,891
Current tax assets	43,764	45,699
Other assets	93,312	77,271
Non-current assets	1,714,144	1,730,570
Property, plant and equipment	1,280,957	1,288,758
Intangible assets	339,799	348,767
Other equity interests	505	526
Deferred tax assets	86,869	86,430
Other financial assets	6,014	6,089
Total assets	4,012,004	3,939,922
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	1,929,889	1,817,254
Short-term financial liabilities	139,774	166,997
Trade and other payables	1,444,902	1,394,342
Current tax liabilities	249,136	161,125
Other liabilities	96,077	94,790
Non-current liabilities	886,221	925,970
Long-term financial liabilities	424,488	424,891
Provisions for risks and charges	31,922	52,391
Provisions for employee benefits	22,050	22,825
Deferred tax liabilities	3,436	3,163
Other liabilities	404,325	422,700
Total liabilities	2,816,110	2,743,224
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	1,132,121	1,221,243
Profit/(loss) for the period	(1,783)	(90,101)
Total equity attributable to owners of the company	1,195,894	1,196,698
Minority interest	0	0
Total equity	1,195,894	1,196,698
Total liabilities and equity	4,012,004	3,939,922

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

(2) Please refer to the Notes, chapter 3.2 "Summary of accounting standards and policies"

Consolidated Income Statement and Statement of Comprehensive Income for the periods: 1st January – 31st March 2013 and 1st January – 31st March 2012

Consolidated Income Statement for the periods: 1st January - 31st March 2013 and 2012

EUR thousand	1st January 31st March 2013	of which non recurring	1st January 31st March 2012	of which non recurring
Revenues from ordinary operations	2,654,669		3,098,945	
Other income	16,572		15,968	
Total revenues	2,671,241	0	3,114,913	0
Purchases of raw materials, spare parts and consumables	(2,449,236)		(2,812,387)	
Cost of services and sundry costs	(131,588)		(155,503)	
Personnel costs	(36,076)		(35,159)	
Depreciation, amortisation and write-downs	(48,344)		(50,625)	
Total costs	(2,665,244)	0	(3,053,674)	0
Operating results	5,997	0	61,239	0
Net income/(charges) from equity interests				
Financial income	82,400		119,964	
Financial charges	(85,218)		(156,465)	
Profit before taxes	3,179	0	24,738	0
Income tax for the period	(4,962)		(10,632)	
Net profit/(loss) for the period	(1,783)	0	14,106	0
Net profit/(loss) for the period attributable to:				
Equity holders of the company	(1,783)		14,106	
Minority interest	0		0	
Earnings per share - basic (EUR cent)	(0.19)		1.52	
Earnings per share - diluted (EUR cent)	(0.19)		1.52	

Statement of Comprehensive Income for the periods 1st January - 31st March 2013 and 2012

EUR thousand	1st January 31st March 2013	1st January 31st March 2012
Net result for the period (A)	(1,783)	14,106
Effect of translation of f/s in foreign currency	(38)	(16)
Income / (loss), net of fiscal effect (B)	(38)	(16)
Consolidated Comprehensive Result for the period (A + B)	(1,821)	14,090
Net consolidated Comprehensive Result for the period attributable to :		
Parent Company shareholding	(1,821)	14,090
Minority Interest	0	0

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

Statement of Changes in Consolidated Shareholders' Equity from: 31st December 2011 to 31st March 2013

EUR thousand	Share Capital	Legal Reserve	Other reserve	Profit (Loss)	Total equity attributable to owners of the company	Minority interest	Total equity
Balance as of 31/12/2011	54,630	10,926	1,158,676	58,802	1,283,034	0	1,283,034
Period 1/1/2012 - 31/03/2012							
Appropriation of previous year profit			58,802	(58,802)	0		0
Reserve for employee share plan			1,003		1,003		1,003
Effect of translation of f/s in foreign currency			(16)		(16)		(16)
Net profit (loss) for the period				14,106	14,106		14,106
Balance as of 31/03/2012	54,630	10,926	1,218,465	14,106	1,298,127	0	1,298,127
Period 1/4/2012 - 31/12/2012							
Reserve for employee share plan			2,776		2,776		2,776
Effect of translation of f/s in foreign currency			2		2		2
Net profit (loss) for the period				(104,207)	(104,207)		(104,207)
Balance as of 31/12/2012	54,630	10,926	1,221,243	(90,101)	1,196,698	0	1,196,698
Period 1/1/2013 - 31/03/2013							
Appropriation of previous year profit			(90,101)	90,101	0		0
Reserve for employee share plan			1,017		1,017		1,017
Effect of translation of f/s in foreign currency			(38)		(38)		(38)
Net profit (loss) for the period				(1,783)	(1,783)		(1,783)
Balance as of 31/03/2013	54,630	10,926	1,132,121	(1,783)	1,195,894	0	1,195,894

Consolidated Cash Flow Statements as of: 31st March 2013 and 31st March 2012

EUR thousand	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
A - Cash and cash equivalents at the beginning of period	302,950	139,343
B - Cash generated from/(used in) operating activities		
Net Profit / (Loss) for the period	(1,783)	14,106
Amortisation, depreciation and write-downs of fixed assets	48,344	50,625
Net change in provisions for risks and charges	(20,469)	(24,062)
Net change in employee benefits	(775)	(2,028)
Net change in deferred tax liabilities and deferred tax assets	(166)	(316)
Net interest gains (losses)	13,688	4,742
Income tax	5,128	10,948
Change in fair value of derivatives, green certificates and white certificates	(24,793)	581
Other non cash items	1,017	987
(Increase)/Decrease in trade receivables	58,387	(140,231)
(Increase)/Decrease in inventory	(104,684)	(37,288)
Increase/(Decrease) in trade and other payables	50,560	186,996
Change in other current assets	(16,951)	(21,451)
Change in other current liabilities	77,987	163,804
Interest received	212	264
Interest paid	(7,385)	(5,006)
Tax paid	0	0
Change in other non-current liabilities	(18,375)	3,480
Total (B)	59,942	206,151
C - Cash flow from (to) investing activities		
(Investments) in tangible and intangible assets	(28,749)	(36,068)
- of which interest paid capitalized	(2,864)	(2,249)
(Investments)/disinvestments in other holdings	21	
Change in financial assets	15,480	2,856
Other non cash items	0	7,696
Total (C)	(13,248)	(25,516)
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	(2,864)	310
Increase/(Decrease) in short term borrowings	(7,660)	(206,086)
Total (D)	(10,524)	(205,776)
E - Cashflow for the period (B+C+D)	36,170	(25,141)
F - Net Cash from disposal of Akhela/Artemide	0	0
G - Cash and cash equivalents at the end of period	339,120	114,202

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

(2) Refer to the Notes, chapter 3.2 "Summary of accounting standards and policies"

For the Board of Directors
The Chairman
Gian Marco Moratti



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 31ST MARCH 2013

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1. Preliminary remarks

Saras S.p.A. (the Parent Company) is a company limited by shares listed on the Milan stock market. Its registered office is at S.S. 195 Sulcitana, km 19, Sarroch (CA), Italy, and it is 50.02% owned (excluding own shares) by Angelo Moratti S.A.P.A. (registered office: Foro Bonaparte 69, Milan). The company is established, as stated in its incorporation documents, until 31 December 2056.

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

These consolidated financial statements for the period to 31 March 2013 are presented in euro, since the euro is the currency of the economy in which the Group operates. They consist of the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and these notes to the accounts. All amounts shown in these notes are expressed in thousand euro, unless otherwise stated.

The consolidated financial statements for the first quarter of 2013 should be read in conjunction with the consolidated financial statements of the Saras Group for the year ending 31 December 2012.

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

The consolidated financial statements of the Group for the period ending 31 March 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS or "International Accounting Standards") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002.

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

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

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

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

3. Accounting standards applied

The IASB and IFRIC have approved some changes to and interpretations of the IFRS, which were published in part in the Official Journal of the European Union and apply for the first time from 1 January 2013. They have also published some changes in interpretations already issued but applicable to financial statements referring to periods beginning after 1 January 2013.

Accounting standards, amendments and related interpretations applicable from 1 January 2013

On 16 June 2011, the IASB issued an amendment to **IAS 1 – Presentation of Financial Statements**, which requires entities to group all the components presented in the statement of comprehensive income based on whether or not they can be reclassified subsequently to profit or loss. The amendment is applicable retrospectively from financial years that started on or after 1 July 2012. The adoption of this amendment has not had a significant impact on these financial statements.

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

On 12 May 2011, the IASB issued **IFRS 13 – Fair Value Measurement**, which clarifies how fair value should be calculated for the purposes of recording it in the financial statements. It applies to all IFRS standards that require or permit measurement of fair value or the presentation of information based on fair value. The amendment is applicable prospectively from 1 January 2013. The adoption of this amendment has not had a significant impact on these financial statements.

On 21 May 2012, the IASB issued a series of amendments to the **IFRS - Improvements**, applicable from 1 January 2013, the impact of which is currently being evaluated. The amendments relate to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

On 28 June 2012, the IASB issued a number of *amendments* to **IFRS 10, 11 and 12**, limiting the obligation to provide adjusted comparative information to only the preceding period on first application. For disclosures relating to unconsolidated entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied. The amendments are applicable from 1 January 2013, and have not had a significant impact on these financial statements.

On 16 December 2011, the IASB issued an amendment to **IFRS 7 – Financial Instruments: Offsetting Financial Assets and Financial Liabilities**, applicable from 1 January 2013. The adoption of this amendment has not had a significant impact on these financial statements.

On 12 March 2012, the IASB issued an amendment to **IFRS 1 - Government Loans**, applicable from 1 January 2013, which allows first-time IFRS adopters not to recognise the benefit derived from government loans with below-market rates as a government grant. It is believed that the adoption of this amendment has had a significant impact on these financial statements.

Accounting standards and amendments not yet applicable and not adopted in advance

On 12 November 2009, the IASB published **IFRS 9 – Financial Instruments**, which was then amended on 28 October 2010. The standard represents the first step in a process to fully replace IAS 39. The main features introduced by IFRS 9 can be summarised as follows:

- Financial assets can be booked in one of two categories – at fair value or amortised cost. The categories loans and receivables, financial assets available for sale and financial assets held to maturity therefore disappear. Which of the two categories is used depends on the entity's business model and the characteristics of the cash flows generated by its assets. A financial asset is measured at amortised cost if both the following conditions are met: according to the entity's business model, the financial asset is held for the purpose of collecting the related cash flows (rather than for making trading gains) and the cash flow of the assets consists solely of payments of principal and interest. If this is not the case, the financial asset must be measured at fair value;
- The accounting rules for embedded derivatives have been simplified: an embedded derivative and its "host" financial asset no longer need to be booked separately;
- All equity instruments – both listed and unlisted – must be measured at fair value. IAS 39 establishes, however, that if the fair value cannot be reliably determined, unlisted equity instruments are to be measured at cost;
- The entity has the option to recognise in shareholders' equity changes in the fair value of equity instruments that are not held for trading. This option is not permitted, however, if such instruments are held for trading. Designation as such is permitted at initial recognition, can be adopted for individual instruments and is irrevocable. If we use this option, fair value changes in such instruments can never be reclassified from shareholders' equity to the income statement. Dividends, however, will continue to be charged to the income statement;
- IFRS 9 does not permit reclassification between the two categories of financial asset except in rare cases where there is a change in the entity's business model. In such a case, the effects of reclassification are applied prospectively;
- The information required in the notes has been brought into line with the classification and the measurement rules introduced by IFRS 9.

Application is to be retrospective. On 16 December 2011, the IASB published the Mandatory Effective Date and Transition Disclosures (amendment to IFRS 9 and IFRS 7), which defer the effective date of IFRS 9 from 1 January 2013 to 1 January 2015; however, early application of IFRS 9 is still permitted. The effects of applying this standard to the financial statements are currently being assessed.

On 12 May 2011, the IASB issued the standard **IFRS 10 – Consolidated Financial Statements**, which will replace *SIC-12 Consolidation – Special Purpose Entities* and parts of *IAS 27 – Consolidated and Separate Financial Statements*, which is to be renamed *Separate Financial Statements* and will govern the accounting treatment of equity investments in the separate financial statements. The new standard moves on from the existing standards, identifying the factor within

the concept of control that determines whether or not a company should be consolidated into the Parent Company's consolidated financial statements. It will also provide a guide for determining the existence of control where this is difficult to ascertain. The standard is applicable retrospectively from 1 January 2014. The adoption of this standard is not expected to have any impact on the financial statements.

On 12 May 2011, the IASB issued the standard **IFRS 11 – Joint Arrangements**, which will replace IAS 31 – Interests in Joint Ventures and SIC-13 – Jointly Controlled Entities – Non-monetary Contributions by Venturers. The new standard sets out the criteria for identifying joint arrangements based on the rights and obligations arising from the agreement rather than on the legal form of the agreement itself, and establishes that equity investments in jointly controlled entities may only be accounted for in the consolidated financial statements using the equity method. IFRS 11 is applicable retrospectively from 1 January 2014. Following the issue of this standard, IAS 28 – Investments in Associates was amended to include equity investments in jointly controlled entities within its scope of application, from the effective date of application of IFRS 11. The adoption of this standard is not expected to have an impact on the financial statements.

In May 2011, the IASB issued **IFRS 12 – Disclosure of Interests in Other Entities**, a new and complete standard on additional information to be provided on any type of equity investment, including in subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated structured entities. The standard is applicable retrospectively from 1 January 2014. The adoption of this standard is not expected to have any significant impact on the financial statements.

On 12 May 2011, the IASB issued **IAS 27 (a revision of the 2011 standard) – Separate Financial Statements**, following the issue of IFRS 10 which includes new provisions on consolidated financial statements that were previously contained in IAS 27. The revised IAS 27 maintains the provisions on accounting for equity investments in subsidiaries, associates and joint ventures in the separate financial statements. The standard is applicable from 1 January 2014. The adoption of this standard is not expected to have any significant impact on the financial statements.

On 12 May 2011, the IASB published **IAS 28 Revised - Investments in Associates and Joint Ventures**, which establishes the criteria for recognising investments in associates and joint ventures. An entity that exercises joint control or significant influence over another entity must recognise its own investment using the equity method. The standard is applicable from 1 January 2014. The adoption of this standard is not expected to have any significant impact on the financial statements.

On 19 October 2011, the IASB issued the interpretation **IFRIC 20**, which gives guidelines on stripping costs in the production phase of a surface mine. The adoption of this interpretation is not expected to have an impact on the financial statements.

On 16 December 2011, the IASB issued an amendment to **IAS 32 – Financial Instruments: Offsetting Financial Assets and Financial Liabilities**, applicable retrospectively from 1 January 2014. The adoption of these amendments is not expected to have any significant impact on the financial statements.

On 31 October 2012, the IASB issued a number of amendments to **IFRS 10, IFRS 12, IAS 27** and **IAS 28**, applicable from 1 January 2014, which introduce an exemption to IFRS 10 whereby investment entities will measure particular subsidiaries at fair value through profit and loss, rather than consolidate them. The adoption of these amendments is not expected to have an impact on the financial statements.

3.1 Consolidation method

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

Consolidated on a line-by-line basis	% owned
Arcola Petrolifera S.r.l.	100%
Deposito di Arcola S.r.l.	100%
Sarlux S.r.l.	100%
Saras Ricerche e Tecnologie S.p.A.	100%
Ensar S.r.l. and subsidiaries:	100%
Labor Eolica S.r.l.	100%
Alpha Eolica S.r.l.	100%
Sarint S.A. and subsidiaries:	100%
Saras Energia S.A.	100%
Reasar S.A.	100%
Parchi Eolici Ulassai S.r.l. and subsidiary:	100%
Sardealica S.r.l.	100%
Sargas S.r.l.	100%

Other equity interests: valued at cost as immaterial amounts

Consorzio Cesma	5%
Consorzio La Spezia Utilities	5%
Sarda Factoring	5.95%

3.2 Use of estimates

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

4. Information by business segment

4.1 Preliminary remarks

The Saras Group operates primarily in the following business 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 the sourcing of raw materials to the 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 in Sardinia;
- and to a lesser extent, by acquiring oil products from third parties.

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

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

2. **Marketing 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. (transformed in S.r.l. as of April 4th 2013) for off-network customers (wholesalers, purchasing consortia, local authority-owned utility companies and resellers) and oil companies (ENI, Tamoil, Total, etc.) through a logistics network comprising both its own bases (at Sarroch) and those of third-party operators by way of a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata and Torre Annunziata) as well as Deposito di Arcola S.r.l. for the logistics management of the Arcola storage facility in Liguria;
- in Spain, by Saras Energia S.A. for third-party and Group-owned service stations, supermarkets and resellers via an extensive network of storage facilities located throughout the Iberian peninsula, the most important of which, the Cartagena storage facility, is owned by the company itself. In addition, the Cartagena site also produces biodiesel; this activity has been merged with the Group's marketing business, as the management considers it to be an integral part of marketing (analysing its performance within the business), and in view of its minor significance in terms of resources used and volumes produced.

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

4. **The generation of power by wind farms** relates to the activity carried out at the Ulassai wind farm owned by the subsidiary Sardeoloica S.r.l..

5. Other activities include reinsurance activities undertaken for the Group by Reasar S.A. and research for environmental sectors undertaken by Sartec S.p.A..

The management monitors the operating results for individual business segments separately, in order to determine the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses. The breakdown by business segment and the basis on which segment results are determined are the same as in the financial statements for the year ended 31 December 2012.

4.2 Segment information

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

	Refining	Marketing	Power Generation	Wind Power	Other	Total
31st March 2012						
Revenues from ordinary operations	2,853,554	822,276	162,107	4,068	3,587	3,845,592
less: intersegment revenues	(700,919)	(28,577)	(15,256)	0	(1,895)	(746,647)
Revenues from third parties	2,152,635	793,699	146,851	4,068	1,692	3,098,945
Other revenues	25,027	166	11,630	3,653	32	40,508
less: intersegment revenues	(19,283)	0	(5,171)	(65)	(21)	(24,540)
Other revenues from third parties	5,744	166	6,459	3,588	11	15,968
Amortisation and depreciation	(25,060)	(3,225)	(19,700)	(2,569)	(71)	(50,625)
Operating profit (a)	12,578	6,972	37,820	3,464	405	61,239
Financial income (a)	121,567	0	1,039	103	70	122,779
Financial charges (a)	(156,343)	(1,921)	(283)	(722)	(11)	(159,280)
Income taxes	7,873	(1,376)	(15,340)	(1,613)	(176)	(10,632)
Net result for the period (a)	(14,325)	3,675	23,236	1,232	288	14,106
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	2,452,541	777,125	995,174	128,683	15,710	4,369,233
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	2,115,870	345,176	532,009	64,858	13,193	3,071,106
Investments in tangible assets	31,521	753	1,816	86	53	34,229
Investments in intangible assets	865	795	0	179	0	1,839
31st March 2013						
Revenues from ordinary operations	2,393,199	707,033	144,698	4,794	5,836	3,255,560
less: intersegment revenues	(567,818)	(19,087)	(12,599)	0	(1,387)	(600,891)
Revenues from third parties	1,825,381	687,946	132,099	4,794	4,449	2,654,669
Other revenues	21,776	1,348	7,213	7,218	35	37,590
less: intersegment revenues	(15,728)	(33)	(5,236)	0	(21)	(21,018)
Other revenues from third parties	6,048	1,315	1,977	7,218	14	16,572
Amortisation and depreciation	(25,209)	(2,106)	(19,866)	(1,102)	(61)	(48,344)
Operating profit (a)	(38,647)	1,755	34,434	8,519	(64)	5,997
Financial income (a)	84,893	1,921	1,147	260	57	88,278
Financial charges (a)	(86,074)	(4,424)	(131)	(410)	(57)	(91,096)
Income taxes	13,916	28	(15,275)	(3,580)	(51)	(4,962)
Net result for the period (a)	(25,912)	(720)	20,175	4,789	(115)	(1,783)
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	2,281,048	653,358	919,655	126,859	31,084	4,012,004
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	1,948,464	340,348	458,093	59,606	9,599	2,816,110
Investments in tangible assets	25,719	674	5,980	0	60	32,433
Investments in intangible assets	256	4	0	69	629	958

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

(b) Total assets and liabilities are calculated after intra-segment eliminations.

5. Notes to the statement of financial position

5.1 Current assets

5.1.1 Cash and cash equivalents

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

	31/03/2013	31/12/2012	Change
Bank and postal deposits	335,096	299,983	35,113
Cash	4,024	2,967	1,057
Total	339,120	302,950	36,170

Bank deposits are mainly attributable to Saras S.p.A. (EUR 259,335 thousand), Arcola Petrolifera S.r.l. (EUR 48,782 thousand) and Sardeolica S.r.l. (EUR 18,007 thousand). For information regarding restrictions on the use of the cash of Sardeolica S.r.l. see paragraph 5.4.1. For further details on the net financial position, see the relevant section of the Report on Operations or the cash flow statement.

5.1.2 Other financial assets held for trading

Other financial assets held for trading break down as follows:

	31/03/2013	31/12/2012	Change
Securities	2,025	0	2,025
Green Certificates	11,778	10,833	945
Derivative instruments	20,458	31,493	(11,035)
Total	34,261	42,326	(8,065)

Green certificates relate to power generation from renewable sources by subsidiary Sardeolica S.r.l. They are sold on a specific regulated market or through bilateral agreements between market operators, or through withdrawal by GSE at a pre-determined price; the certificates in the portfolio accruing during the reporting period are valued at the price estimated for withdrawal by GSE (EUR 89.80/MWh for 2013 compared with EUR 80.34/MWh for 2012). Gains and losses realised for the period, and any write-downs applied in cases where the market value is lower than the carrying value at the end of the period, are booked to the income statement under "Other income" or "Costs of services and sundry costs".

Changes in securities and green certificates are shown below.

	Securities	White Certificates	Green Certificates	Total
Balance at 31/12/2011	1	2,315	8,592	10,908
Increase	0	0	10,833	10,833
Decrease	(1)	(2,315)	(8,592)	(10,908)
Balance at 31/12/2012	0	0	10,833	10,833
Increase	2,025	0	8,293	10,318
Decrease	0	0	(7,348)	(7,348)
Balance at 31/03/2013	2,025	0	11,778	13,803

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

5.1.3 Trade receivables

This item totalled EUR 761,828 thousand, a decrease of EUR 58,387 thousand compared with the previous year.

The item includes receivables due to subsidiary Sarlux S.r.l. from GSE for a total of EUR 141,503 thousand. These receivables include:

- those relating to the 2008 financial year (approximately EUR 6.9 million), still awaiting a ministerial provision defining the electricity sale price following the cancellation of AEEG Resolution 154/09 by the Council of State;
- those relating to the 2010, 2011 and 2012 financial years and to the period 1 January to 31 March 2013 (approximately EUR 34.3 million), calculated on the basis of AEEG PAS Resolution 09/10. The subsidiary is waiting for its request to be granted, pursuant to article 3, paragraph 2 of Ministerial Decree of 20 November 2012, and for the application of a more favourable electricity sale price; this has already been taken into account in this statement of financial position, considering that the request is virtually certain to be granted.

Finally, it should be noted that the AEEG has sent the Ministry for Economic Development a proposal for a new calculation of the avoided fuel cost (economically less favourable than the one determined by the current PAS 09/10), the effects of which should be felt from 2013. However, should the following decree be applied retrospectively from 1 January 2012, the receivables may need to be adjusted downwards.

5.1.4 Inventories

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

	31/03/2013	31/12/2012	Change
Raw materials, spare parts and consumables	287,954	285,889	2,065
Semi-finished products and work in progress	114,093	93,569	20,524
Finished products and goods held for resale	622,498	541,189	81,309
Advance payments	1,030	244	786
Total	1,025,575	920,891	104,684

The increase in the value of inventories is due mainly to the increase in stocks of finished and semi-finished products. The recording of inventories at net realisable value led to a write-down of around EUR 27.8 million. This valuation is thus equivalent to the market value.

No inventories are used as collateral for liabilities.

5.1.5 Current tax assets

The following table shows a breakdown of current tax assets.

	31/03/2013	31/12/2012	Change
VAT	1,102	4,254	(3,152)
IRES (income tax foreign companies)	33,918	31,984	1,934
IRAP (regional income tax)	3,425	2,659	766
Other tax receivables	5,319	6,802	(1,483)
Total	43,764	45,699	(1,935)

IRES receivables are essentially due to excess tax generated in previous years.

The VAT receivable is due to positions accrued by Romanian companies active in the wind farm sector.

5.1.6 Other assets

The balance is detailed below:

	31/03/2013	31/12/2012	Change
Accrued income	2,090	613	1,477
Prepaid expenses	16,411	3,776	12,635
Other receivables	74,811	72,882	1,929
Total	93,312	77,271	16,041

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

“Other receivables” mainly comprise:

- a receivable of EUR 25,801 thousand due to the subsidiary Sarlux S.r.l. arising from the recognition pursuant to section II, para. 7-*bis* of CIP Provision 6/92 for the refund of charges applicable to 2012 and to the first quarter of 2013, relating to the application of EC Directive 2003/87 on emissions trading, as per AEEG Resolution 77/08 (EUR 23,824 thousand the previous year);
- the recovery of the amount paid by Sarlux S.r.l. to GSE of EUR 22,667 thousand, as described in section 7.1;
- white certificates for EUR 7,237 thousand for energy savings made in the Sarroch refinery by the Parent Company. These certificates are sold on an appropriate regulated market or through bilateral agreements between market operators. The certificates in the portfolio are valued at the average annual market price (EUR 101.50 per certificate in 2013, compared with EUR 89.70 in 2012).
- deposits to guarantee derivatives transactions carried out by the Parent Company of EUR 10.082 thousand (EUR 14,247 thousand the previous year).

5.2 Non-current assets

5.2.1 Property, plant and equipment

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

COST	31/12/2011	Additions	(Disposals)	Revaluations (write-downs)	Other Changes	31/12/2012
Land & buildings	232,717	1,204	(1,371)	(268)	(2,337)	229,945
Plant & machinery	2,702,284	36,220	(2,941)		16,610	2,752,173
Industrial & commercial equipment	33,986	1,060	(369)		2,354	37,031
Other assets	475,249	4,005	(2,828)		3,006	479,432
Work in progress and advances	185,674	70,650			(48,659)	207,665
Total	3,629,910	113,139	(7,509)	(268)	(29,026)	3,706,246
ACCUMULATED DEPRECIATION	31/12/2011	Depreciation	(Disposals)	(Revaluations) write-downs	Other Changes	31/12/2012
Land & buildings	77,829	9,849	(14)	11,398	(2,527)	96,535
Plant & machinery	1,765,126	139,138	(2,830)	22,355	(9,141)	1,914,648
Industrial & commercial equipment	26,099	2,207	(210)		(415)	27,681
Other assets	368,539	19,230	(2,843)	2,068	(8,370)	378,624
Total	2,237,593	170,424	(5,897)	35,821	(20,453)	2,417,488
NET BOOK VALUE	31/12/2011	Additions	(Disposals)	(Depreciation/ write-downs)	Other changes and rev./(w.d.)	31/12/2012
Land & buildings	154,888	1,204	(1,357)	(21,247)	(78)	133,410
Plant & machinery	937,158	36,220	(111)	(161,493)	25,751	837,525
Industrial & commercial equipment	7,887	1,060	(159)	(2,207)	2,769	9,350
Other assets	106,710	4,005	15	(21,298)	11,376	100,808
Work in progress and advances	185,674	70,650	0	0	(48,659)	207,665
Total	1,392,317	113,139	(1,612)	(206,245)	(8,841)	1,288,758

COST	31/12/2012	Additions	(Disposals)	Revaluations (write-downs)	Other Changes	31/3/2013
Land & buildings	229,945	0	(90)		3,615	233,470
Plant & machinery	2,752,173	3,954	(3,133)		(5,307)	2,747,687
Industrial & commercial equipment	37,031	23	(4,398)		761	33,417
Other assets	479,432	85	(1,187)		16,291	494,621
Work in progress and advances	207,665	28,371			(19,174)	216,862
Total	3,706,246	32,433	(8,808)	0	(3,814)	3,726,057

ACCUMULATED DEPRECIATION	31/12/2012	Depreciation	(Disposals)	(Revaluations) write-downs	Other Changes	31/3/2013
Land & buildings	96,535	2,503	(38)		1,281	100,281
Plant & machinery	1,914,648	31,360	(1,944)		(10,371)	1,933,693
Industrial & commercial equipment	27,681	477	(4,397)		560	24,321
Other assets	378,624	4,676	(1,187)		4,692	386,805
Total	2,417,488	39,016	(7,566)	0	(3,838)	2,445,100

NET BOOK VALUE	31/12/2012	Additions	(Disposals)	(Depreciation/ write-downs)	Other changes and rev./(w.d.)	31/3/2013
Land & buildings	133,410	0	(52)	(2,503)	2,334	133,189
Plant & machinery	837,525	3,954	(1,189)	(31,360)	5,064	813,994
Industrial & commercial equipment	9,350	23	(1)	(477)	201	9,096
Other assets	100,808	85	0	(4,676)	11,599	107,816
Work in progress and advances	207,665	28,371	0	0	(19,174)	216,862
Total	1,288,758	32,433	(1,242)	(39,016)	24	1,280,957

Costs are shown net of grants received for investments. The gross value of grants deducted from fixed assets was EUR 160,963 thousand, and related to the programme agreements entered into with the Ministry of Industry, Commerce and Crafts on 19 June 1995 and the Ministry of Productive Activities on 10 October 1997. The residual value of these grants was EUR 1,958 thousand at 31 March 2013, compared with EUR 2,205 thousand at 31 December 2012.

The item "Land and buildings" chiefly includes industrial buildings, offices and warehouses (net value: EUR 86,960 thousand), civic buildings in Milan, Cagliari and Rome used as offices (net value: EUR 9,603 thousand) and land largely relating to the Sarroch and Arcola sites belonging to the Parent Company and subsidiary Deposito di Arcola S.r.l. respectively (EUR 36,626 thousand).

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

The item "Industrial and commercial equipment" includes equipment for the chemicals laboratory and the control room for the Parent Company's refining activities, as well as miscellaneous production equipment.

"Other assets" mainly includes tanks and pipelines used to carry the products and crude oil of both the Parent Company and the Group companies (Saras Energia S.A. and Deposito Arcola S.r.l.).

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

The item increased by EUR 32,433 thousand year-on-year, mainly reflecting technological work on Parent Company plants, in particular the revamping of the MildHydrocracking 2 (MHC) plant, which will be completed during 2013. The main depreciation rates used are as follows:

Industrial buildings (land and buildings)	5.50%
Generic plant (plant and machinery)	8.38% - 6.25%
Highly corrosive plant (plant and machinery)	11.73% - 8.75%
Pipelines and tanks (plant and machinery)	8.38% - 6.25%
Thermoelectric plant (plant and machinery)	4.50%
Wind farm (plant and machinery)	10.00% - 4.00%
Supplies (equipment, plant and machinery)	25.00%

Electronic office equipment (other assets)	20.00%
Office furniture and machinery (other assets)	12.00%
Vehicles (other assets)	25.00%

No fixed assets are held for sale.

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

Financial charges of EUR 2,864 thousand (at an annual weighted-average rate of 5.74%) and internal costs of EUR 850 thousand were capitalised during the period.

5.2.2 Intangible assets

The following table shows the changes in intangible assets.

<i>COST</i>	31/12/2011	Additions	Disposals	Write-downs	Other changes	31/12/2012
Industrial & other patent rights	51,072	277	(1,603)		(10,609)	39,137
Concessions, licences, trademarks & similar rights	58,521		(69)			58,452
Goodwill	21,909					21,909
Other intangible assets	513,039	985			180	514,204
Assets in progress & payments on account	18,862	4,878	(313)		(1,393)	22,034
Total	663,403	6,140	(1,985)	0	(11,822)	655,736
<i>ACCUMULATED DEPRECIATION</i>	31/12/2011	Amortisation	Disposals	Write-downs	Other changes	31/12/2012
Industrial & other patent rights	49,348	2,236	(1,603)	42	(14,494)	35,529
Concessions, licences, trademarks & similar rights	13,437	2,707	(69)	62	49	16,186
Goodwill	0					0
Other intangible assets	222,360	32,810		84		255,254
Total	285,145	37,753	(1,672)	188	(14,445)	306,969
<i>NET</i>	31/12/2011	Additions	Disposals	Other changes	(Amortisation / write-downs)	31/12/2012
Industrial & other patent rights	1,724	277	0	3,885	(2,278)	3,608
Concessions, licences, trademarks & similar rights	45,084	0	0	(49)	(2,769)	42,266
Goodwill	21,909	0	0	0	0	21,909
Other intangible assets	290,679	985	0	180	(32,894)	258,950
Assets in progress & payments on account	18,862	4,878	(313)	(1,393)	0	22,034
Total	378,258	6,140	(313)	2,623	(37,941)	348,767

COST	31/12/2012	Additions	Disposals	Write-downs	Other changes	31/03/2013
Industrial & other patent rights	39,137	4	(750)		93	38,484
Concessions, licences, trademarks & similar rights	58,452		(512)		(198)	57,742
Goodwill	21,909					21,909
Other intangible assets	514,204	954	(225)		(93)	514,840
Assets in progress & payments on account	22,034		(2,090)		(9)	19,935
Total	655,736	958	(3,577)	0	(207)	652,910
ACCUMULATED DEPRECIATION	31/12/2012	Amortisation	Disposals	Write-downs	Other changes	31/03/2013
Industrial & other patent rights	35,529	500	(750)			35,279
Concessions, licences, trademarks & similar rights	16,186	676	(346)		9	16,525
Goodwill	0					0
Other intangible assets	255,254	8,152	(2,090)		(9)	261,307
Total	306,969	9,328	(3,186)	0	0	313,111
NET	31/12/2012	Additions	Disposals	Other changes	(Amortisation / write-downs)	31/03/2013
Industrial & other patent rights	3,608	4	0	93	(500)	3,205
Concessions, licences, trademarks & similar rights	42,266	0	(166)	(207)	(676)	41,217
Goodwill	21,909	0	0	0	0	21,909
Other intangible assets	258,950	954	1,865	(84)	(8,152)	253,533
Assets in progress & payments on account	22,034	0	(2,090)	(9)		19,935
Total	348,767	958	(391)	(207)	(9,328)	339,799

Amortisation of intangible assets totalled EUR 9,328 thousand, and was calculated using the annual rates shown below:

Industrial patent rights and intellectual property rights	20%
Concessions, licences, trademarks and similar rights	3% - 33%
Other intangible assets	6% - 33%

There are no significant intangible assets with a finite useful life held for sale.

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, which will be fully amortised by 2026 and 2035 respectively.

Goodwill

The item mainly relates to goodwill recorded for the subsidiary Parchi Eolici Ulassai S.r.l. (EUR 21,408 thousand), which was paid to acquire this company: the goodwill was justified given the projection of future cash flows by Sardeolica S.r.l. until 2035 when the concessions expire.

As an asset with an indefinite useful life, goodwill is not amortised, but is subject to annual impairment tests at the end of each financial year, or whenever there are indications of losses in value. As at 31 March 2013, there were no such indications.

Other intangible assets

This item mainly relates to the booking at fair value of the existing contract between the subsidiary Sarlux S.r.l. and GSE (Gestore dei Servizi Energetici S.p.A.) in 2006, which stood at EUR 240 million at 31 March 2013 net of amortisation (which will be complete in 2020).

Intangible assets in progress and payments on account

This item mainly includes the cost (EUR 17,230 thousand) of natural gas exploration in Sardinia. These costs include capitalisation of internal costs of EUR 49 thousand accrued during the reporting period. No financial charges were capitalised.

5.2.3 Equity investments

The table below shows a list of equity investments held at 31 March 2013, with the main figures relating to each subsidiary.

Company name	HQ	Currency	Share Capital	% owned by Group as of 03-13	% owned by Group as of 12-12	% of Share Capital	Shareholder	% of voting rights	Category
Arcola Petrolifera Srl	Sarroch (CA)	EUR	7,755,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Deposito di Arcola S.r.l.	Arcola (SP)	EUR	1,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie S.p.A.	Assemini (CA)	EUR	3,600,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Ensar S.r.l. and subsidiaries:	Milan	EUR	100,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Alpha Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect subsidiary
Labor Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect subsidiary
Sarint S.A. and subsidiaries:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Energia S.A.	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Reasar S.A.	Luxemburg	EUR	2,225,000	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Sarlux S.r.l.	Sarroch (CA)	EUR	27,730,467	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Parchi Eolici Ulissai S.r.l. and subsidiary:	Cagliari	EUR	500,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sardeolica S.r.l.	Cagliari	EUR	56,696	100.00%	100.00%	100.00%	Parchi Eolici Ulissai S.r.l.	100.00%	Indirect subsidiary
Sargas S.r.l.	Uta (CA)	EUR	10,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Consorzio Cesma	Castellamonte (TO)	EUR	51,000	5.00%	5.00%	5.00%	Saras Ricerche e Tecnologie S.p.A.	5.00%	Other equity investments
Consorzio La Spezia Utilities	La Spezia	EUR	114,000	5.00%	5.00%	5.00%	Deposito di Arcola S.r.l.	5.00%	Other equity investments
Sarda Factoring	Cagliari	EUR	8,320,000	5.95%	5.95%	5.95%	Saras S.p.A.	5.95%	Other equity investments

There were no changes compared with 31 December 2012.

As previously mentioned, equity investments in subsidiaries are consolidated on a line-by-line basis in these financial statements.

5.2.3.1 Other equity interests

Other equity interests break down as follows:

	31/03/2013	31/12/2012
Consorzio Cesma	3	3
Consorzio La Spezia Utilities	7	28
Sarda Factoring	495	495
Total	505	526

5.2.4 Deferred tax assets

The balance of EUR 86,869 thousand at 31 March 2013 mainly breaks down as follows:

- net deferred tax assets of the Parent Company, Saras S.p.A., of EUR 88,067 thousand, including EUR 78,008 thousand still to be used against tax losses under the national tax consolidation scheme (EUR 24,876 thousand), and against the additional IRES applicable to the energy sector (10.5% or EUR 53,132 thousand), excluded from tax consolidation; the amounts in question should be applicable in respect of future taxable income. Specifically, despite part of this additional amount (4%) being valid for the three tax periods following the one ending on 31 December 2010, the corresponding tax assets are considered to be recoverable both because the tax is expected to be reconfirmed for future tax years and because of the possible impact of oil prices on the valuations of inventories as at 31 December 2013;
- net deferred tax assets of the subsidiary Sarlux S.r.l. of EUR 11,190 thousand (including deferred tax assets of EUR 155,353 thousand for the straight-line reporting of margins - IAS 17 and IFRIC 4 -, and deferred tax liabilities of EUR 91,967 thousand for the booking at fair value of the existing agreement with GSE, and of EUR 72,488 thousand relating to excess and accelerated depreciation.
- net deferred tax assets of the subsidiary Saras Energia S.A. of EUR 11,701 thousand, including EUR 9,900 thousand relating to depreciation of the biofuel production plant.

The variation of EUR 439 thousand compared with 31 December 2012 is due to releases relating to the period.

5.2.5 Other financial assets

The balance at 31 March 2013 was EUR 6,014 thousand (EUR 6,089 thousand in the previous year) and is chiefly represented by the long-term portion of the financial receivable of the Parent Company Saras S.p.A. from Akhela S.r.l. (EUR 5,421 thousand), and security deposits granted by the Parent Company Saras S.p.A. and its subsidiary Saras Energia S.A.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table shows short-term financial liabilities:

	31/03/2013	31/12/2012	Change
Bank loans	33,974	33,239	735
Bank accounts	68,688	81,893	(13,205)
Derivative investments	25,334	45,632	(20,298)
Other short term financial liabilities	11,778	6,233	5,545
Total short-term financial liabilities	139,774	166,997	(27,223)
Total long-term financial liabilities	424,488	424,891	(403)
Total financial liabilities	564,262	591,888	(27,626)

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

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

“Short-term financial liabilities” mainly comprises the interest accrued on the bond issued by the Parent Company. For further details, please see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	31/03/2013	31/12/2012	Change
Advances from customers: portion due within the period	43,877	6,526	37,351
Payables to suppliers: portion due within the period	1,401,025	1,387,816	13,209
Total	1,444,902	1,394,342	50,560

The item “Customer advances” relates to payments on account received from the Parent Company’s customers for the supply of oil products.

5.3.3 Current tax liabilities

This item breaks down as shown below.

	31/3/2013	31/12/2012	Change
VAT payables	95,793	81,180	14,613
IRES (Corporation Tax) and income tax of foreign companies	10,334	5,885	4,449
IRAP (Regional Income Tax)	3,818	2,042	1,776
Other tax payables	139,191	72,018	67,173
Total	249,136	161,125	88,011

The change in VAT payables is due to an advance tax payment made in December 2012, as required by law, but not due for the year.

IRES payables include the balance accrued by Italian companies in the energy sector for the additional 10.5% (Robin Hood tax) plus the tax due for the period.

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

The item “Other tax payables” chiefly includes excise duties on products introduced into the market by subsidiary Arcola Petrolifera S.p.A. (EUR 127,709 thousand) and by subsidiary Saras Energia S.A. (EUR 5,116 thousand). The increase was largely due to advance payments of excise duties made in December, as required by the regulations for that month only.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below.

	31/3/2013	31/12/2012	Change
Social security payables: portions due within one period	8,256	9,494	(1,238)
Due to personnel	23,477	17,066	6,411
Payables to Ministry for grants	41,297	41,297	0
Other payables	18,562	25,402	(6,840)
Other accrued liabilities	2,405	798	1,607
Other deferred income	2,080	733	1,347
Total	96,077	94,790	1,287

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

The item "Payables to Ministry for grants" mainly includes advances received from the Ministry for Economic Development, for which the final concession decrees have yet to be granted

- by the Parent Company in connection with the programme agreement signed on 10 June 2002 for EUR 24,736 thousand;
- by the subsidiary Sardeolica S.r.l. for the construction of the Ulassai wind farm (EUR 15,679 thousand).

The item "Other payables" mainly relates to port duties as determined by the customs authority in respect of the Parent Company (EUR 15,115 thousand); please note that the initial phase of the company's longstanding dispute with the Italian tax authority regarding port duties payable for the Sarroch landing dock for the 1994-1995 period was settled to the full satisfaction of Saras, after the Court of Cassation found in favour of the company and issued a definitive ruling declaring that the taxes were not due.

In the second phase of the dispute, the Court of Cassation ruled against the Parent Company in March 2012, in part due to regulatory amendments that had been introduced in the intervening period. As a result of the outcome of this dispute, the entire amount relating to port duties for the current year, as well as for previous years, has always been booked on an accruals basis under "Cost of services and sundry costs".

5.4 Non-current liabilities

5.4.1. Long-term financial liabilities

This item breaks down as follows:

	31/03/2013	31/12/2012	Change
Euro Bond	248,847	248,724	123
Bank loans	175,641	176,167	(526)
Total long-term financial liabilities	424,488	424,891	(403)

On 16 July 2010, the Parent Company Saras S.p.A., an unrated company, carried out a bond issue aimed solely at institutional investors, with a nominal value of EUR 250 million and a five-year duration. The bond, which is listed on the Luxembourg stock exchange, has a coupon of 5.583% and will mature on 21 July 2015. It is not supported by a guarantee and is not subject to any covenants. The bond issue is recorded net of issue charges incurred. Note that market values from the relevant stock market are not available for the bond loan. The current value of the related cash flows discounted to present value using the market rate does not vary significantly from the carrying value in the financial statements.

On 27 June 2012, the company signed a five-year loan agreement, disbursed on 3 July, for EUR 170 million with a group of leading national and international banks. This is a senior loan that is not backed by collateral. It carries an interest rate equal to Euribor plus a fixed annual component and is repayable in nine half-yearly instalments, of which the first, equal to 5% of the capital, is due on 27 June 2013 and the last on 27 June 2017.

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

Figures in Euro million	Loan origination date	Amount originally borrowed	Base rate	Net book value at 31/12/12	Net book value at 31/03/13	Maturity			Collateral
						1 year	from 1 to 5 years	beyond 5 years	
Saras S.p.A.									
Loan in pool	3-Jul-12	170.0	Euribor 6M	167.8	168.0	25.0	143.0		
				167.8	168.0	25.0	143.0		
Saras Energia S.A.									
Banca Esp. De Credito	11-Sep-02	10.0	Euribor 6M	-	-				
Banco Santander	27-Jul-12	5.0	Euribor 12M	5.0	5.0	1.3	3.7		
				5.0	5.0	1.3	3.7		
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	36.6	36.6	7.7	28.9		
				36.6	36.6	7.7	28.9		
Total payables to banks for loans				209.4	209.6	34.0	175.6		

The weighted average interest rate at 31 March 2013 was 5.10%.

Saras S.p.A.'s loan agreement for EUR 170 million is subject to covenants:

- in financial terms, it will have to meet the following ratios: net debt/EBITDA < 3.25 and net debt/shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements) at 30 June and 31 December each year.

- in corporate terms, mainly in relation to ownership structure, a ban on changing business activities, reducing the share capital, selling the majority of its significant shareholdings or selling a significant portion of its non-current assets;

- as regards dividends, it is allowed to pay out a maximum amount of 60% consolidated adjusted net profit provided that it complies with the net debt/EBITDA ratio covenant even after this distribution. Note that the covenant in question is consistent with the policy adopted some time ago by the Parent Company.

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

Sardegolica 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 by 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 covenants on the subsidiary:

- Financial (mainly comprising liquidity parameters to be checked every six months and a ban on carrying out derivatives transactions unless authorised by the pool of banks);
- Operational, as regards the management of the wind farm and the obligation to provide insurance cover;
- Corporate, connected to the company's ownership structure, specifically a ban on carrying out extraordinary financing transactions without the authorisation of the lending banks or making changes to the licences and permits the company needs to carry out the project.

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

In addition, to guarantee the loan taken out by Sardegolica, all of the shares in the company were pledged as collateral to the financing banks.

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

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows:

	31/12/2011	Additions	Decrease for use and reversals	Other changes	31/12/2012
Provisions for dismantling of plants	18,429	407	0	0	18,836
Provisions for CO ₂ allowances	45,818	17,924	(39,934)	78	23,886
Other risk provisions	13,020	1,143	(4,462)	(32)	9,669
Total	77,267	19,474	(44,396)	46	52,391

	31/12/2012	Additions	Decrease for use and reversals	Other changes	31/03/2013
Provisions for dismantling of plants	18,836	86	0	0	18,922
Provisions for CO ₂ allowances	23,886	2,962	(22,937)	7	3,918
Other risk provisions	9,669	0	(587)	0	9,082
Total	52,391	3,048	(23,524)	7	31,922

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. This was adjusted during the year on the basis of ISTAT changes. The increase in the period comprises EUR 69 thousand due to the above-mentioned ISTAT adjustment for the Parent Company Saras S.p.A. and EUR 17 thousand for subsidiary Sarlux S.r.l.

The provision for CO₂ emission quotas (EUR 3,918 thousand in respect of the Parent Company) was made pursuant to Legislative Decree 216 of 4 April 2006, which introduced limits on CO₂ emissions from plants. If these limits are exceeded allowances covering the excess amount of CO₂ must be purchased on the appropriate market. The provision in question represents allowances required and not yet purchased.

Under the "EU Allocation Plan", the Parent Company Saras S.p.A. receives CO₂ allowances from the government, and is responsible for CO₂ emissions at the whole Sarroch site, including the IGCC plant owned by its subsidiary Sarlux S.r.l.

The EU Allocation Plan, valid for the period 2013-2020, is still being defined; currently there is no indication of the completion time for the procedure which, as things stand, is likely to stipulate a general allocation for the entire EU with a

maximum ceiling of free allowances that can be assigned. Based on EC Decision 2011/278, the SARAS Group's productive site was assigned a preliminary annual allowance of 2,760,047 tons of CO₂, which was divided up on the basis of estimated CO₂ emissions for the various types of plant. Specifically:

- 1,049,258 tons of CO₂ for the refinery plants owned by the Parent Company, which had emitted 499,366 tons of CO₂ as of 31 March. A provision was made for the shortfall for the period, net of purchases, of 264,040 tons, worth EUR 1,107 thousand;

- 1,710,789 tons of CO₂ for the cogeneration plants owned by Sarlux S.r.l., which had emitted 836,505 tons of CO₂ as of 31 March. A provision was made for the shortfall for the period, net of purchases, of 442,303 tons, worth EUR 1,855 thousand;

Over the quarter, EUR 22,937 thousand was used from the provisions (EUR 13,024 thousand for Saras and EUR 26,910 thousand for Sarlux) to make (and deliver) purchases to cover the shortfall relating to the previous year; CO₂ quotas already held by the Group are taken into account in determining the provision.

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

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	31/03/2013	31/12/2012	Change
Employee end-of-service payments	13,670	13,833	(163)
Other supplementary provisions	8,380	8,992	(612)
Total	22,050	22,825	(775)

Employee end-of-service payments are governed by article 2120 of the Italian Civil Code and reflect the estimated amount, based on actuarial estimates, that the company will be required to pay employees when they leave their employment.

On 30 June 2010, following the cancellation by the Parent Company of the agreement establishing CPAS, the company's supplementary employee pension fund, the fund was dissolved and put into liquidation, with employees given the option of transferring the contributions accrued up until that date to another supplementary pension scheme or of redeeming the funds completely. The trade unions disputed the cancellation of the fund, and a number of the employees involved have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision. Having taken legal advice from the lawyers acting for the company in this matter, the company is confident that the propriety of its actions will be upheld in court.

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

Balance at 31.12.2011	12,852
Accruals	8,411
Deductions	(2,051)
Payments to supplementary pension schemes (such as INPS treasury fund)	(5,379)
Balance at 31.12.2012	13,833
Accruals	1,377
Deductions	(163)
Payments to supplementary pension schemes (such as INPS treasury fund)	(1,377)
Balance at 31.03.2013	13,670

The table below shows the changes in the CPAS fund, which is a defined contribution plan:

Balance at 31.12.2011	10,447
Accrual for the year	0
Amount used during the year	(1,455)
Balance at 31.12.2012	8,992
Accrual for the period	0
Amount used during the period	(612)
Balance at 31.03.2013	8,380

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 3,436 thousand, relate to the foreign subsidiaries.

5.4.5 Other non-current liabilities

Other non-current liabilities break down as follows:

	31/3/2013	31/12/2012	Change
Payables to welfare and social security bodies	22	75	(53)
Deferred income	401,690	420,012	(18,322)
Other	2,613	2,613	0
Total	404,325	422,700	(18,375)

The change compared with 31 December 2012 is mainly due to the decrease in "Deferred income" posted by the subsidiary Sarlux S.r.l. The item in question relates to the agreement for the sale of energy between Sarlux S.r.l. and GSE (Gestore dei Servizi Energetici S.p.A.), which was accounted for according to IFRIC 4. Revenues from the sale of energy are calculated on a straight-line 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 straight-line 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:

	31/03/2013	31/12/2012	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	1,132,121	1,221,243	(89,122)
Profit/(Loss) for the period	(1,783)	(90,101)	88,318
Total Shareholders Equity	1,195,894	1,196,698	(804)

Share capital

At 31 March 2013, the share capital of EUR 54,630 thousand, fully subscribed and paid up, comprised 951,000,000 ordinary shares with no nominal value.

Legal reserve

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

Other reserves

This item totalled EUR 1,132,121 thousand, a net decrease of EUR 89,122 thousand compared with the previous period. The net increase was the combined result of:

- the allocation of profit from the previous year of EUR 90,101 thousand;
- a rise of EUR 1,017 thousand relating to the establishment of a reserve for the bonus allocation of shares to employees and management under the companies' Stock Grant Plans.
- a decrease of EUR 38 thousand due to the translation of the financial statements of subsidiaries into foreign currency.

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

Net profit/(loss)

The consolidated net loss totalled EUR 1,783 thousand.

Dividends

On 24 April 2013, 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:

	31/03/2013	31/03/2012	Change
Sales and services revenues	2,515,072	2,946,736	(431,664)
Sale of electricity	136,365	150,526	(14,161)
Other revenues	3,176	1,282	1,894
Change in contract work in progress	56	401	(345)
Total	2,654,669	3,098,945	(444,276)

Sales and services revenues fell by EUR 431,664 thousand compared with the previous year. This is due to the fall in both quantities sold and oil product prices recorded in the same period of the previous year.

Revenues from the sale of electricity include EUR 131,571 thousand relating to the gasification plant of subsidiary Sarlux S.r.l. and EUR 4,794 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 straight-line basis, calculated according to the remaining duration of the contract that expires in 2021, principally taking into account the tariff amount and forward curves of both the crude price and projections of the EUR/USD exchange rate until the contract expires. Note that, pending the settlement of the dispute with the AEEG (gas and electricity regulator) over the method of calculating the avoided fuel cost component, as indicated in section 5.1.3 "Trade receivables", for the purposes of these financial statements, revenues from the sale of electricity were determined in accordance with AEEG Resolution PAS 09/10.

Other payments are mainly attributable to revenues posted by the subsidiaries Sartec S.p.A. and Reasar S.A. in their respective business segments.

6.1.2 Other income

The following table shows a breakdown of other income.

	31/03/2013	31/03/2012	Change
Revenues for stocking of mandatory supplies	1,855	1,549	306
Sales of sundry materials	249	1,247	(998)
Grants	7,035	3,560	3,475
Chartering of tankers	0	719	(719)
Recovery for claims and damages	2	2	0
Reimbursement of emission trading charges	1,977	6,458	(4,481)
Other income	5,454	2,433	3,021
Total	16,572	15,968	604

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

The item "Reimbursement of emissions trading charges" comprises income posted by the subsidiary Sarlux S.r.l., deriving from the reimbursement – pursuant to section II, point 7-bis of CIP Provision 6/92 – of charges relating to the application of Directive 2003/87/EC (Emissions Trading), as per AEEG Resolution 77/08. The decrease compared with the previous year was due to smaller allowances and to the change in the price of allowances (from EUR 7.3 per allowance in the first quarter 2012 to EUR 4.47 per allowance in the first quarter 2013).

The item "Other income" mainly includes the income from energy efficiency credits (white certificates) accrued in the period by the Parent Company Saras S.p.A.

6.2 Costs

Herebelow the main costs are analysed:

6.2.1 Purchases of raw materials, spare parts and consumables

	31/03/2013	31/03/2012	Change
Purchases of raw materials	2,058,906	2,486,768	(427,862)
Purchases of semifinished materials	37,376	413	36,963
Purchases of spare parts and consumables	23,255	26,415	(3,160)
Purchases of finished products	434,326	336,122	98,204
Other purchases	36	34	2
Change in inventories	(104,663)	(37,365)	(67,298)
Total	2,449,236	2,812,387	(363,151)

The change in this item, as already discussed under revenues, was mainly due to the general decline in both the quantities of crude oil and the prices of oil products recorded in the same period of the previous year.

6.2.2 Cost of services and sundry costs

	31/03/2013	31/03/2012	Change
Service costs	120,120	140,190	(20,070)
Rent, leasing and similar costs	3,553	3,937	(384)
Provisions for risks and charges	3,012	6,795	(3,783)
Other operating charges	4,903	4,581	322
Total	131,588	155,503	(23,915)

Service costs mainly comprise maintenance, rentals, transport, electricity and utilities, as well as costs for bank charges. The rise of EUR 20,070 thousand compared with the previous year was mainly due to the decrease in rentals and transport costs.

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

The item "Use of third-party assets" includes EUR 519 thousand relating to the rental of the building that houses the registered office of the Parent Company, Saras S.p.A., in Milan. The cost has been reported on a straight-line basis according to IAS 17 – *Leasing*, supplemented by IAS 1, IAS 8 and SIC Interpretation 15, for the eight-year duration of the contract, which expires on 30 September 2015. Minimum future payments under the terms of the contract are EUR 2,300 thousand for the subsequent year and EUR 4,025 thousand for the following years up to five years.

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

Provisions for risks mainly consist of a provision relating to CO₂ allowances for the first quarter of 2013 that had not yet been purchased as of 31 March 2013. The change from the same period of the previous year is mainly due to the fall in the value of allowances.

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

6.2.3 Personnel costs

Personnel costs are broken down as follows:

	31/03/2013	31/03/2012	Change
Wages and salaries	25,351	24,479	872
Social security	7,580	7,259	321
Employee end-of-service payments	1,377	1,392	(15)
Other costs	850	1,076	(226)
Directors' remuneration	918	953	(35)
Total	36,076	35,159	917

The Stock Grant Plans 2007/2009 and 2010/2012 are for senior managers at the Parent Company, and senior managers and directors of the subsidiaries, individually specified by the Board of Directors of the Parent Company. The plans will entail the allocation of 1,368,390 and 6,954,566 shares respectively (at a cost of EUR 833 thousand for 2013).

The option exercised by beneficiaries of the 2007/2009 plan, which has also been completed, will entail the allocation of 740,000 shares (EUR 121 thousand for 2013).

In addition, on 24 April 2013, the shareholders' meeting of the Parent Company approved a new plan for the bonus allocation of ordinary shares of the Company (Stock Grant Plan 2013-2015) to individuals in the following categories:

- Senior managers with strategic responsibilities;
- Executive directors of subsidiaries;
- other eligible persons in the Group, including those with an independent employment contract.

The plan provides for a single cycle of allocation of rights with a performance period covering the years 2013, 2014 and 2015 and a maximum number of 9,500,000 shares allocated to beneficiaries.

6.2.4 Depreciation and amortisation

Depreciation and amortisation figures are shown below.

	31/03/2013	31/03/2012	Change
Amortisation of intangible assets	9,328	9,153	175
Depreciation of tangible assets	39,016	41,472	(2,456)
Total	48,344	50,625	(2,281)

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	31/03/2013	31/03/2012	Change
Financial income:			
- from financial assets recorded under current assets	1,300	0	1,300
Other income			
- Interest on bank and post office accounts	212	157	55
- Fair value of derivatives held at the reporting date	18,450	84,095	(65,645)
- Positive differences on derivatives	37,886	19,737	18,149
- Other income	164	137	27
Exchange gains	24,388	15,838	8,550
Total Financial Income	82,400	119,964	(37,564)
Financial charges :			
- Fair value of derivatives held at the reporting date	(16,805)	(90,329)	73,524
- Negative differences on derivatives	(27,800)	(52,216)	24,416
- Other (interest on loans, late payment interest, etc.)	(5,879)	(10,768)	4,889
Exchange losses	(34,734)	(3,152)	(31,582)
Total Financial Charges	(85,218)	(156,465)	71,247
Total	(2,818)	(36,501)	33,683

The table below shows net income/charges by type:

	31/03/2013	31/03/2012	Change
Net interest income / (expense)	(5,667)	(10,611)	4,944
Net result from derivative financial instruments	11,731	(38,713)	50,444
- realised	10,086	(32,479)	42,565
- fair value of the open positions	1,645	(6,234)	7,879
Net exchange gains/(losses)	(10,346)	12,686	(23,032)
Other	1,464	137	1,327
Total	(2,818)	(36,501)	33,683

The fair value of derivative instruments in existence at 31 March 2013 represented net income of EUR 1,645 thousand (compared with a net cost of EUR 6,234 thousand the previous year).

As shown, the main changes relate to net gains/losses on derivatives, partially offset by net exchange rate differences. The financial derivatives in question relate to hedging transactions to which hedge accounting is not applied.

6.4 Income tax

Income tax breaks down as follows:

	31/03/2013	31/03/2012	Change
Current taxes	7,878	11,782	(3,904)
Deferred tax (assets)/liabilities, net	(2,916)	(1,150)	(1,766)
Total	4,962	10,632	(5,670)

Current taxes consist mainly of IRES for the Group (EUR 1,988 thousand), additional IRES calculated, where due, on the taxable income of Italian companies, which temporarily increased from 6.5% to 10.5% for the three-year period 2011-2013 (EUR 4,076 thousand), and IRAP (EUR 1,814 thousand).

The change is due to the effect of the fall in income subject to these taxes.

Deferred tax assets/liabilities relate to changes in temporary differences between the values recorded in the financial statements and those recognised for tax purposes during the period.

7. Other information

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

7.1 Main legal actions pending

The Parent Company Saras S.p.A. and subsidiaries Arcola Petrolifera S.p.A. and Sarlux 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 any liability is likely to be remote.

Moreover, with reference to the subsidiary Sarlux S.r.l., please note that companies producing electricity that is not from renewable sources or cogeneration (as defined by AEEG Resolution 42/02) are required to purchase green certificates in respect of a certain percentage of electricity introduced into the grid. In 2007, a specially created AEEG committee, in coming to a different interpretation of the resolution subsequently, deemed the subsidiary subject to this obligation for the years 2002-2005. Sarlux appealed against this interpretation to the Lombardy regional administrative court (TAR); the appeal was rejected on 14 June. The liabilities arising from this dispute, as determined by GSE, which has already adopted this interpretation, are estimated at about EUR 32 million (for the acquisition of green certificates that have already been bought, as required by GSE); however, these liabilities would qualify for partial relief pursuant to section II, point 7-bis of CIP Provision 6/92 in respect of costs arising from article 11 of Legislative Decree 79/99 in application of AEEG Resolution 113/06, as supplemented by AEEG Resolution ARG/elt 80/08, of around EUR 14 million (the refund was made during the previous year through the compensation fund for the electricity sector – CCSE). If the interpretation of the above-mentioned AEEG committee is confirmed, the obligation in question would be extended to 2009, adding a further potential liability of around EUR 12 million, with the related refund estimated at around EUR 7 million.

Based on the considerations expressed by its advisors on the TAR's rejection of the appeal, Sarlux appealed against the TAR's ruling to the high court (Consiglio di Stato) and believes that its appeal will be successful. As a result, no provision was made in the financial statements at 31 March 2013 for this case.

7.2 Early withdrawal from CIP 6/92 agreement

As provided for in article 3, paragraph 1 of the Ministry for Economic Development Decree of 2 December 2009, Sarlux S.r.l., as a party to an agreement signed under the CIP 6/92 programme valid as of 1 January 2010 for plants that use process fuels from residues, expressed its interest in an early withdrawal from the agreement to GSE S.p.A., on a non-binding basis.

GSE has established the fees payable to settle this decision; the Ministry for Economic Development has extended the deadline for presentation by Sarlux S.r.l. of the binding application for voluntary early withdrawal from the CIP6 agreement firstly until 30 June 2012 and subsequently to 30 September 2013.

The company's managers are currently assessing the various alternatives available based on affordability. This assessment is ongoing to date.

7.3 Transactions with related parties

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

7.4 Other

Please refer to the Report on Operations for details on atypical and/or unusual operations.

There were no updates during the period regarding the information previously provided about the accidents that took place in 2009 and 2011.