Saras Group Interim Financial Report as of 31st March 2016

SARAS

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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
ANDREY NIKOLAYEVICH SHISHKIN	Director
GILBERTO CALLERA	Independent Director
ADRIANA CERRETELLI	Independent Director
LAURA FIDANZA	Independent Director
ISABELLE HARVIE-WATT	Independent Director

BOARD OF STATUTORY AUDITORS

GIANCARLA BRANDA	Chairman
GIOVANNI LUIGI CAMERA	Permanent Auditor
PAOLA SIMONELLI	Permanent Auditor
PINUCCIA MAZZA	Stand-in Auditor
GIOVANNI FIORI	Stand-in Auditor

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

FRANCO BALSAMO	Chief Financial Officer

INDEPENDENT AUDITING FIRM

RECONTA ERNST & YOUNG SpA

Group Activities

The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Group's refinery in Sarroch, on the South-Western coast of Sardinia, is one of the biggest sites in the Mediterranean area in terms of production capacity (15 million tons per year, corresponding to 300,000 barrels per day), and one of the most advanced in terms of complexity (Nelson Index equal to 10.0). Owned and managed by the subsidiary Sarlux Srl, the refinery enjoys a strategic location at the heart of the Mediterranean Sea and is regarded as a model of efficiency and environmental sustainability, thanks to a wealth of know-how, technology and human resources accumulated in more than 50 years of business. In order to fully exploit such valuable assets, Saras introduced a business model based on the integration of its Supply Chain, with a very tight coordination between refinery operations and commercial activities. Precisely for this purpose, a subsidiary called Saras Trading SA has been incorporated in Geneva in September 2015. Based in one of the most important global hubs for the trading of oil commodities, Saras Trading purchases crude oils and other feedstock for the Group refinery, sells the refined oil products, and it is also active in third party trading.

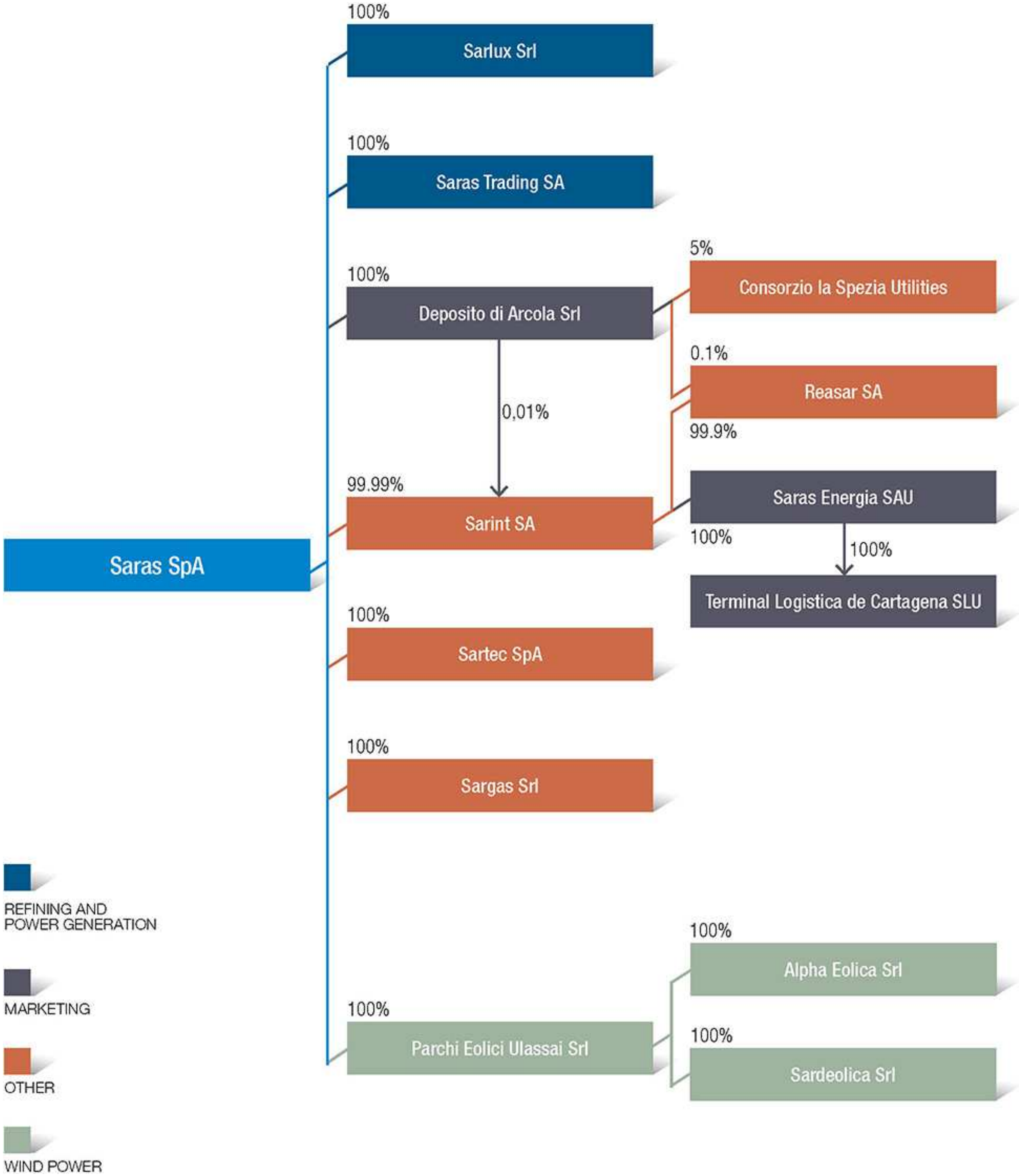
Both directly and through its subsidiaries, the Saras Group sells and distributes oil products including diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel, mainly on the Italian and Spanish markets, but also in various other European and extra-EU countries. In particular, in 2015 approximately 2.57 million tons of oil products were sold in the Italian wholesale market, and a further 1.39 million tons of oil products were sold in the Spanish market through the subsidiary Saras Energia SAU, which is active both in the wholesale and in the retail channels.

In the early 2000s, the Saras Group entered also in the power generation business with the construction of an IGCC plant (Integrated Gasification plant with Combined Cycle power generation), which has a total installed capacity of 575MW and it also is owned and managed by the subsidiary Sarlux Srl. The feedstock used by the IGCC plant is obtained from the heavy oil products of the refinery, and the plant generates over 4 billion kWh of electricity each year, which corresponds to more than 30% of the electricity requirements in Sardinia. Moreover, still in Sardinia, the Group produces and sells electricity from renewable sources, through a wind farm situated in Ulassai. The wind farm which started operations in 2005, is owned and managed by the subsidiary Sardeolica Srl and it has an installed capacity equal to 96MW.

Lastly, the Saras Group provides industrial engineering and scientific research services to the petroleum, energy and environment industries, via its subsidiary Sartec SpA, and it operates also in the research and development of gaseous hydrocarbons.

Structure of the Saras Group

The following picture illustrates the structure of the Saras Group and the main companies involved in each business segment, as of 31st March 2016.



Saras Stock Performance

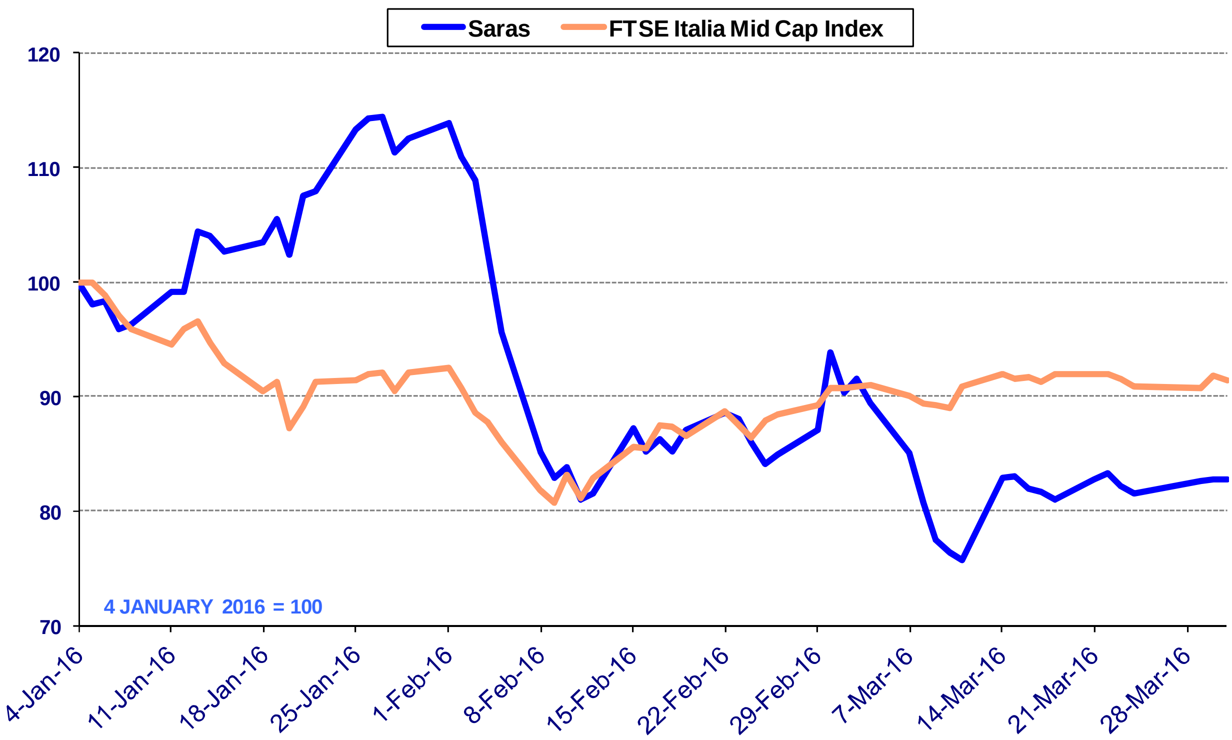
The following data relate to Saras' share prices and the daily volumes, traded during the first quarter of 2016.

SHARE PRICE (EUR)	Q1/16
Minimum price (11/03/2016)	1.29
Maximum price (27/01/2016)	1.952
Average price	1.577
Closing price at the end of the first quarter of 2016 (31/03/2016)	1.411

DAILY TRADED VOLUMES	Q1/16
Maximum traded volume in EUR million (15/03/2016)	29.5
Maximum traded volume in number of shares (million) (15/03/2016)	20.8
Minimum traded volume in EUR million (06/01/2016)	3.7
Minimum traded volume in number of shares (million) (06/01/2016)	2.2
Average traded volume in EUR million	12.4
Average traded volume in number of shares (million)	8.0

The Market capitalization at the end of the first quarter of 2016 was equal to approximately EUR 1,342 million and the number of shares outstanding was approximately 932 million.

The following graph shows the daily performance of Saras' share price during the first quarter of 2016, compared to the "FTSE Italia Mid Cap" Index of the Italian Stock Exchange:



REPORT ON OPERATIONS

Key financial and operational Group Results[1]

In order to give a better representation of the Group's operating performance, and in line with the standard practice in the oil industry, the operating results (EBITDA and EBIT) and the Net Result are provided also with an evaluation of oil inventories based on the LIFO methodology (and not only according to FIFO methodology, which is adopted in the Financial Statements prepared according to IFRS accounting principles), because LIFO methodology does not include end-of-period revaluations and write-downs, hence providing a more representative view of the Group's operating performance. Furthermore, for the same reason, non-recurring items and the "*fair value*" of the open positions of the derivative instruments are also excluded, 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 the quarterly results.

Group consolidated income statement figures

EUR Million	Q1/16	Q1/15	Change %	Q4/15
REVENUES	1,305	1,985	-34%	1,565
EBITDA	67.8	135.6	-50%	(5.9)
Comparable EBITDA	**124.2**	**144.2**	**-14%**	**130.0**
EBIT	11.5	78.6	-85%	(60.8)
Comparable EBIT	**67.9**	**87.2**	**-22%**	**75.5**
NET RESULT	(0.2)	74.2	-100%	(53.0)
***Adjusted* NET RESULT**	**40.2**	**54.5**	**-26%**	**29.5**

Other Group figures

EUR Million	Q1/16	Q1/15		Q4/15
NET FINANCIAL POSITION	**253**	**(38)**		**162**
CAPEX	**28.6**	**22.7**		**21.4**

Comments to First Quarter 2016 Group Results

Group Revenues in Q1/16 were EUR 1,305 million. The difference versus EUR 1,985 million in the first quarter of last year is mainly due to the drop in oil prices. More precisely, in Q1/16 gasoline quotations had an average of 396 $/ton (versus the average of 545 $/ton in Q1/15), while diesel quotations stood at an average of 311 $/ton (versus the average of 518 $/ton in Q1/15).
Such decline in products' quotations caused lower revenue generation, both in the Refining segment (down by approx. EUR 489 million, also due to the 22% reduction in refinery runs and subsequent sales of finished products), as well as in the Marketing segment (down by approx. EUR 162 million, with sale volumes in Italy and Spain practically unchanged versus the same quarter of last year). Finally, also the revenues of the Power Generation segment were lower by approx. EUR 20 million versus Q1/15, due to the reduction in value of the power tariff and to the lower production and sale of electricity.

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

Group *reported* EBITDA in Q1/16 was EUR 67.8 million, versus EUR 135.6 million in Q1/15. The difference is almost entirely due to the Refining segment where, in addition to the lower refinery runs due to the maintenance activities, in the two quarters under comparison there were also differences in the LIFO-FIFO inventories as well as in the realized results of the derivative instruments and the net Forex (as shown in the table here below).

Group *reported* Net Result stood at EUR -0.2 million, down from EUR 74.2 million in Q1/15, basically for the same reasons discussed at EBITDA level. Moreover, in the two quarters under comparison, the charges for depreciation and amortisation stood at approximately the same level (EUR 56.3 million in Q1/16, versus EUR 57 million in Q1/15). On the contrary, in Q1/16 there were net financial charges worth approx. EUR -8 million, while in Q1/15 there was a net financial income of approx. EUR +26.8 million, mainly due to the realized gains with the hedging instruments.

Group *comparable* EBITDA amounted to EUR 124.2 million in Q1/16, down by 14% versus EUR 144.2 million earned in Q1/15. As per the previous comments made for the *reported* results, the difference can be primarily attributed to the Refining segment and, to a minor degree, also to the Power Generation segment. The reduction in EBITDA was then reflected down to the bottom line, with the **Group *adjusted* Net Result standing at EUR 40.2 million in Q1/16**, versus EUR 54.5 million in the first quarter of last year.

Finally, CAPEX in Q1/16 was EUR 28.6 million, in line with the scheduled investment programme, and mainly directed to the Refining segment (EUR 25.6 million).

The following tables show the details on the calculations of the *Comparable* EBITDA and the *Adjusted* Net Income in Q1/16.

Calculation of the Group *comparable* EBITDA

EUR Million	Q1/16	Q1/15
***Reported* EBITDA**	**67.8**	**135.6**
Inventories at LIFO - inventories at FIFO	51.8	(13.3)
Non-recurring items	0.0	0.0
Realized result of derivatives and net FOREX	4.6	21.9
***Comparable* EBITDA**	**124.2**	**144.2**

Calculation of the Group *adjusted* Net Result

EUR Million	Q1/16	Q1/15
***Reported* NET RESULT**	**(0.2)**	**74.2**
(Inventories at LIFO - Inventories at FIFO) net of taxes	35.5	(9.7)
Non-recurring items net of taxes	0.0	0.0
Fair value of derivatives' open positions net of taxes	4.9	(9.9)
***Adjusted* NET RESULT**	**40.2**	**54.5**

Net Financial Position

The Net Financial Position on 31st March 2016 was positive and it stood at EUR 253 million, improved versus the positive position for EUR 162 million as of 31st December 2015, because the cash generation from operations and the release of working capital allowed to more than compensate the CAPEX and the payment of interest charges made during the first quarter of 2016.

Finally, it should be noted that some payments for crude oil are still outstanding, due to the oil embargo declared by the European Union against Iran, which started on July 2012.

Oil Market and Refining Margins

Here below there is a short analysis of the trends followed by crude oil quotations, by the *crack spreads* of the main refined oil products, and also by the reference refining margin (EMC Benchmark) in the European market, which is the most relevant geographical context in which the Refining segment of the Saras Group conducts its operations.

Average Values[1]	Q1/16	Q1/15
Crude Oil prices and differential ($/bl)		
Brent Dated (FOB Med)	33.9	53.9
Urals (CIF Med)	32.7	53.3
"Heavy-Light" price differential	-1.2	-0.6
***Crack spreads* for refined oil products ($/bl)**		
ULSD *crack spread*	7.8	15.5
Gasoline 10ppm *crack spread*	13.5	11.3
Reference Margin ($/bl)		
EMC Benchmark	+3.6	+4.0

(1) Sources: "Platts" for prices and crack spreads, and "EMC – Energy Market Consultants" for the reference refining margin EMC Benchmark

Crude oil prices:
Q1/16 started with crude oil quotations on a descending path, mainly due to persistent oversupply in the market, along with signals of further deterioration in global economic conditions, and strong turbulences shaking the financial markets. Brent Dated fell to the lowest quotation in more than 10 years, reaching 26 $/bl on the 20th of January. Later, between February and March, prices posted a remarkable recovery, due to data showing diminishing production of "*tight oil*" in the USA, and rumours of a possible agreement between crude oil producing countries to freeze output in order to rebalance the market. As such, the period closed at 38.7 $/bl, with a quarterly average equal to 33.9 $/bl, down by more than 20 $/bl versus the average of the same quarter last year.

Price differential between "heavy" and "light" crude oil grades ("Urals" vs. "Brent"):
During Q1/16 the "heavy-light" crude oil price differential posted a quarterly average equal to -1.2 $/bl. In general, notwithstanding the sabotage of the oil pipelines in the northern territories of Iraq in mid-February, there was large availability of heavy sour crude oils, both of Russian and Saudi origins. Indeed, spring maintenance of Russian refineries made important volumes of Urals available for export, towards North Europe and the Mediterranean Basin. Finally, the market found renewed availability of the Iranian heavy crude oil barrels, following the lifting of the sanctions.

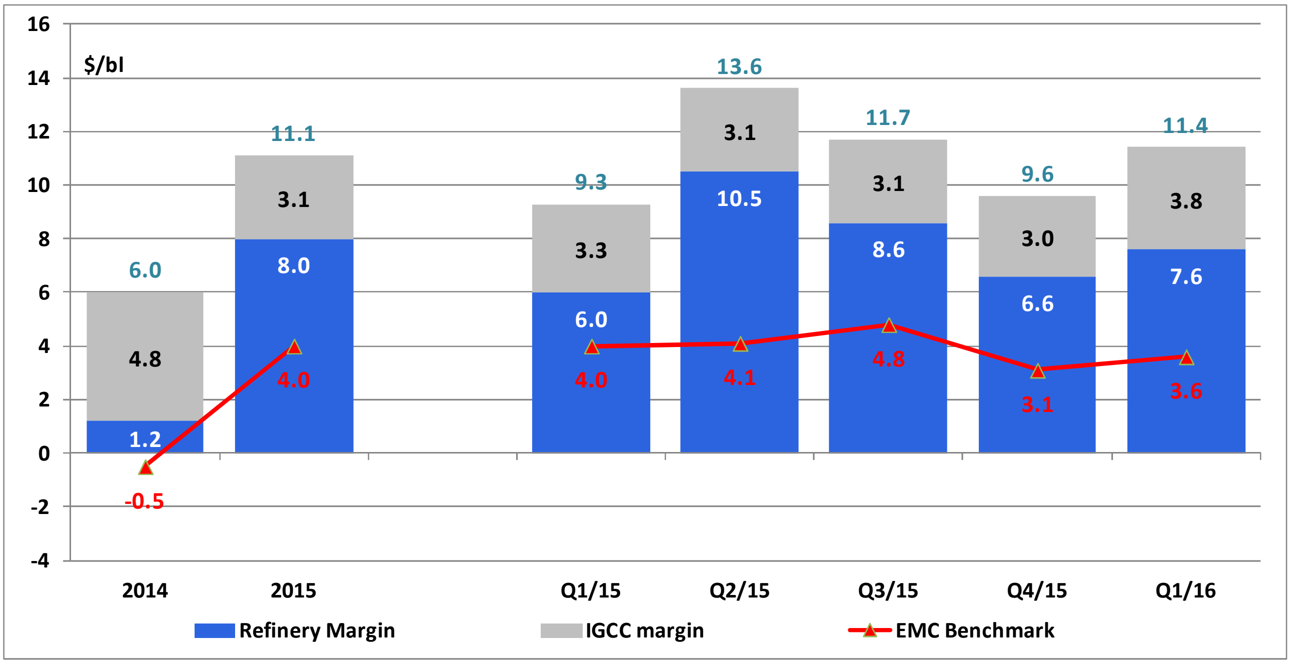
***Crack spreads* of the main products** (i.e. the difference between the value of the product and the price of the crude):
During Q1/16, the gasoline *crack spread* progressively strengthened, reaching interesting values especially towards the end of the quarter, in coincidence with the switch to summer grade specifications. Demand was robust in the Persian Gulf region and also in West African countries, and in particular in Nigeria. Moreover, inventory levels decreased across the main logistic hubs, and the average of the gasoline *crack spread* settled at 13.5 $/bl in Q1/16.

Moving to the analysis of the middle distillates, in Q1/16 consumption of automotive diesel remained relatively low, and the diesel *crack spread* couldn't even be supported from the consumption of heating gasoil, because winter temperatures turned out warmer than seasonal averages. Given the circumstances, and with all the refineries running at full capacity in order to produce gasoline, the inventories of gasoil reached extremely high levels. The average of the diesel *crack spread* was therefore equal to 7.8 $/bl in Q1/16.

Refining Margin:
Moving to the profitability analysis of the refining industry, Saras traditionally uses a reference refining margin calculated by EMC (Energy Market Consultants) for a mid-complexity coastal refinery, located in the Mediterranean Basin, which processes a feedstock made of 50% Brent and 50% Urals crude oils.

The above mentioned margin (called "EMC Benchmark") began a progressive recovery in the second half of 2014, reaching very high levels for the entire duration of 2015 (+4.0 $/bl as a yearly average), which are being reconfirmed also in the first quarter of 2016 (+3.6 $/bl). Among the main factors which support the refining margin, it should be mentioned the progressive increase in consumption of gasoline (whose crack spread reached record high levels during 2015), in a context of crude oil prices stably ranging between 30 – 50 $/bl.

Finally, as shown in detail in the graph here below, the Saras Group's refinery, thanks to the flexibility and complexity of its industrial units, manages to achieve a refining margin higher than the EMC Benchmark. Nonetheless, the premium of Saras margin above the EMC Benchmark does vary from quarter to quarter, according to the specific market conditions and the performance of Saras industrial and commercial operations.



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

With the purpose of providing a consistent disclosure of the results for each business of the Saras Group, the financial information of the individual companies within the Group have been calculated and reported according to the same business segments adopted in all previous Financial Reports, including also the intercompany services, which ceased to exist as a consequence of some corporate reorganisations, at the same economic conditions applied in the previously existing contracts.

Refining

Sarroch refinery is positioned on the South-Western coast of Sardinia, and it is one of the largest and most complex refineries in the Mediterranean area. It enjoys a strategic location in the centre of the Mediterranean Sea, and it has a production capacity of 15 million tons per year, which corresponds to approximately 15% of Italy's total refining capacity. Below are the financial and operational highlights of this segment:

EUR Million	Q1/16	Q1/15	Change %	Q4/15
EBITDA	14.4	68.3	-79%	(48.5)
***Comparable* EBITDA**	**71.5**	**83.3**	**-14%**	**75.7**
EBIT	(14.8)	38.2	-139%	(76.2)
***Comparable* EBIT**	**42.3**	**53.1**	**-20%**	**48.5**
CAPEX	**25.6**	**19.1**		**18.3**

Margins and refinery runs

		Q1/16	Q1/15	Change %	Q4/15
REFINERY RUNS	Tons (thousand)	2,880	3,705	-22%	3,460
	Barrels (million)	21.0	27.0	-22%	25.3
	Bl/day (thousand)	231	301	-23%	275
COMPLEMETARY FEEDSTOCK	Tons (thousand)	384	236	62%	287
EXCHANGE RATE	EUR/USD	1.102	1.126	-2%	1.095
EMC BENCHMARK MARGIN	$/bl	3.6	4.0		3.1
SARAS REFINERY MARGIN	$/bl	7.6	6.0		6.6

Comments to First Quarter 2016 Results

Refinery crude oil runs in Q1/16 stood at 2.88 million tons (21 million barrels, corresponding to 231 thousand barrels per calendar day), down 22% versus the same period of last year. However, it should be noted that the runs of other feedstock, complementary to crude oil, increased 62% versus Q1/15. Such differences are mainly due to Q1/16 maintenance programme, which involved both distillation units and also conversion units, and the activities carried out were larger than those carried out in Q1/15, because they included also work started towards the end of last year.

***Comparable* EBITDA was EUR 71.5 million in Q1/16**, supported by Saras refinery margin at +7.6 $/bl. This compares with *comparable* EBITDA at EUR 83.3 million and Saras refinery margin equal to +6.0 $/bl in the same quarter of 2015. As usual, the comparison must take into account the market conditions and the specific performance of the Saras Group, both from the operational and the commercial perspectives.

More specifically, when analysing the market conditions, the drop in crude oil prices brought an advantage worth approx. EUR 50 million versus Q1/15 (including also the reduction in the cost of the "consumption & losses"). On the contrary, the weaker *crack spread* of the diesel was only partially compensated by the stronger gasoline *crack spread*, and overall in Q1/16 the value of the production was approx. EUR 60 million lower than in Q1/15. Instead, the effect of the exchange rate Euro/US dollar was essentially neutral, because the averages were almost the same in the two quarters under comparison (1.102 US Dollars for 1 Euro in Q1/16, vs. 1.126 in Q1/15). Finally, the effect of inventory changes, and the realized results of derivative instruments and net Forex, increased EBITDA for approx. EUR 30 million versus the same quarter of last year.

From an operational point of view, in Q1/16 the production planning (which consists in the optimization of the crude mix to be refined, the management of semi-finished products, and the production of finished products, including specialty products) achieved an increase in EBITDA worth approx. EUR 20 million versus Q1/15. However, the production execution (which takes into account the penalisation due to maintenance, both scheduled and un-scheduled, and the higher consumption versus technical targets for some utilities like, for instance, fuel oil, steam, electricity, and fuel gas) produced a reduction of EBITDA worth approx. EUR 50 million versus the first quarter of last year.

Finally, the commercial performance (which concerns procurement of crude oil and other kinds of feedstock, sale of finished products, chartering and inventory management, including also compulsory stocks) had a neutral effect at EBITDA level in the two quarters under comparison.

Refining CAPEX in Q1/16 was EUR 25.6 million, due to the important maintenance programme which was carried out during the period.

Crude Oil slate and Production

The crude mix processed by the Sarroch refinery in Q1/16 had an average density of 33.4°API, apparently similar to the mix processed in 2015. However, when looking in detail at the various crude grades used in the feedstock, it can be noted a remarkable increase in the percentage of the crude oils with average density and high sulphur content (so called *"medium sour"*), with a corresponding decrease in the percentage of light crude oils with sulphur content ranging from low to extremely low (so called "*light sweet*" and "*light extra sweet*"). These changes in the feedstock mix are mainly due to the contingent refinery configuration (deriving from the important maintenance cycle carried out in Q1/16), and also to economic and commercial choices.

		Q1/16	FY 2015	Q1/15
Light extra sweet		36%	40%	48%
Light sweet		6%	13%	8%
Medium sweet/extra sweet		0%	1%	2%
Medium sour		34%	17%	11%
Heavy sour/sweet		24%	29%	31%
Average crude gravity	°API	33.4	33.7	33.1

Moving on to the product slate, it can be observed that in Q1/16 the yields in LPG (2.9%) and light distillates (31.7%) reached very high levels (even greater than last year), in order to exploit the good commercial opportunities existing for those products. Conversely, the yield in middle distillates decreased (44.7%), because the maintenance activities carried out in Q1/16 involved the MildHydroCracking Unit MHC2, and the timing chosen for such work took into consideration the less favourable market conditions for middle distillates. Lastly, the yield of heavy distillates remained broadly in line with the averages of last year.

		Q1/16	FY 2015	Q1/15
LPG	Tons (thousand)	95	307	92
	yield (%)	2.9%	2.0%	2.3%
NAPHTHA + GASOLINE	Tons (thousand)	1,035	4,072	1,006
	yield (%)	31.7%	26.1%	25.5%
MIDDLE DISTILLATES	Tons (thousand)	1,459	7,986	2,057
	yield (%)	44.7%	51.3%	52.2%
FUEL OIL & OTHERS	Tons (thousand)	219	1,055	264
	yield (%)	6.7%	6.8%	6.7%
TAR	Tons (thousand)	223	1,158	273
	yield (%)	6.8%	7.4%	6.9%
		79.3%	79.4%	80.0%

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

Marketing

The Saras Group is active in the Marketing segment in Italy and Spain, directly and through its subsidiaries, primarily in the wholesale channel. Below are the financial and operational highlights of the segment.

EUR Million	Q1/16	Q1/15	Change %	Q4/15
EBITDA	(2.6)	5.1	-151%	(6.7)
***Comparable* EBITDA**	**(3.3)**	**(1.3)**	**-151%**	**0.0**
EBIT	(4.0)	3.3	-223%	(8.2)
***Comparable* EBIT**	**(4.7)**	**(3.1)**	**-50%**	**(1.5)**
CAPEX	**0.1**	**0.2**		**0.2**

Sales

		Q1/16	Q1/15	Change %	Q4/15
TOTAL SALES	Tons (thousand)	1,003	990	1%	977
of which: in Italy	Tons (thousand)	581	621	-6%	633
of which: in Spain	Tons (thousand)	422	369	15%	344

Comments to First Quarter 2016 Results

According to data collected by UP (Unione Petrolifera), during the first quarter of 2016 oil products' consumption increased by 4.2% in the Italian market, which represents the main output channel for the wholesale marketing activities of the Saras Group. In Spain, instead, data compiled by CORES show that demand for oil products decreased (-2.7%) versus the same period of last year.

In particular, the increase in Italian demand for oil products derives from healthy consumption of gasoil (+1.9%, equal to +120ktons), which more than offset the slight reduction in gasoline demand (-0.5%, equal to -8ktons), also thanks to a remarkable increase (+21%) in new car registrations, with diesel vehicles accounting for 56.3% of the total (versus 55.8% in Q1/15). Nonetheless, wholesale margins further declined versus Q1/15, mainly because of strong competitive pressure from inland refineries, which continued to run at maximum capacity in order to exploit the favourable trend of the refining margins. In such a context, the Saras Group reduced volumes sold by 6%, and it limited the contraction of its gross commercial margin.

Moving to the analysis of the Spanish market, the drop in consumption of gasoil (-6.4%, equal to 433ktons), was only in small part compensated by the increase in demand for fuel oil (+4.3%, equal to 45ktons) and gasoline (+0.6%, equal to 6ktons). The Spanish subsidiary Saras Energia increased its sales by 15%, and it tried to contain the decrease of the commercial margin, through its policies of sale channels optimisation, which are ongoing since a couple of years.

According to the trends in sales and margins discussed in the previous paragraphs, the ***comparable*** **EBITDA of the Marketing segment stood at EUR -3.3 million in Q1/16,** down versus EUR -1.3 million in Q1/15.

Power Generation

Below are the main financial and operational data of the Power Generation segment, which uses an IGCC power plant (Integrated Gasification and Combined Cycle power generation) with an installed capacity of 575MW, fully integrated with the Group's refinery and located within the same industrial complex in Sarroch (Sardinia).

EUR Milion	Q1/16	Q1/15	Change %	Q4/15
EBITDA	46.2	53.9	-14%	41.8
***Comparable* EBITDA**	**46.2**	**53.9**	**-14%**	**46.8**
EBIT	21.8	30.2	-28%	17.4
***Comparable* EBIT**	**21.8**	**30.2**	**-28%**	**22.4**
EBITDA ITALIAN GAAP	**16.6**	**35.9**	**-54%**	**36.7**
EBIT ITALIAN GAAP	**0.7**	**20.7**	**-97%**	**20.7**
CAPEX	**2.8**	**3.2**		**2.6**

Other figures

		Q1/16	Q1/15	Change %	Q4/15
ELECTRICITY PRODUCTION	MWh/1000	863	1,017	-15%	1,042
POWER TARIFF	**Eurocent/KWh**	**8.0**	**9.6**	**-16%**	**9.6**
POWER IGCC MARGIN	$/bl	3.8	3.3	15%	3.0

Comments to First Quarter 2016 Results

The entire cycle of maintenance activities scheduled for the year 2016 was carried out on the IGCC plant during Q1/16, and it involved two trains of "Gasifier – combined cycle Turbine" and one of the two "H_2S Absorbers". This planning decision derives also from a failure, occurred in mid February, on the step-up transformer of one combined cycle Turbine, which forced to bring forward the maintenance on that train. As such, the production of electricity in Q1/16 was equal to 0.863 TWh. The 15% decrease versus the production in the same quarter of last year, is due to the fact that in Q1/15 the maintenance activities were carried out only on one train of "Gasifier – combined cycle Turbine" and one of the "H_2S Absorbers".

***Comparable* EBITDA (coincident with IFRS EBITDA) was EUR 46.2 million**, down versus EUR 53.9 million in Q1/15. The difference is partly due to the lower value of the CIP6/92 tariff (-16%), as a consequence of the updated outlook for the prices of crude oil and gas used in its calculation procedure. Moreover, the sales of hydrogen and steam (which are not subject to the equalisation procedure) in Q1/15 were higher by approx. EUR 5.5 million versus the sales in Q1/16.

Moving to the **Italian GAAP EBITDA, it stood at EUR 16.6 million in Q1/16,** down versus EUR 35.9 million in the same quarter of last year. Such difference is due to the combined effect of the lower production and sale of electricity (-15%), together with the lower value of the CIP6/92 tariff (-16%) and the lower sales of hydrogen and steam (down by approx. EUR 5.5 million, as already mentioned before). These factors were only partially compensated by the decline (-45%) in the procurement cost of the TAR feedstock.

CAPEX in Q1/16 was EUR 2.8 million, coherently with the scheduled maintenance activities carried out in the period.

Wind

Saras Group is active in the production and sale of electricity from renewable sources, through its subsidiary Sardeolica Srl, which operates a wind park located in Ulassai (Sardinia). Below are the financial and operational highlights of the segment.

EUR million	Q1/16	Q1/15	Change %	Q4/15
EBITDA	9.9	8.6	15%	4.2
***Comparable* EBITDA**	**9.9**	**8.6**	**15%**	**4.2**
EBIT	8.9	7.3	22%	3.1
***Comparable* EBIT**	**8.9**	**7.3**	**22%**	**3.1**
CAPEX	**0.0**	**0.0**		**0.2**

Other figures

		Q1/16	Q1/15	Change %	Q4/15
ELECTRICITY PRODUCTION	MWh	77,577	69,019	12%	32,285
POWER TARIFF	EURcent/KWh	3.7	4.9	-24%	4.8
INCENTIVE (prev. GREEN CERTIFICATES)	EURcent/KWh	11.1	10.0	11%	10.9

Comments to First Quarter 2016 Results

In Q1/16 the *comparable* EBITDA of the Wind segment (which is equal to the IFRS EBITDA) stood at EUR 9.9 million, up from EUR 8.6 million achieved in Q1/15, mainly due to more favourable wind conditions, almost at record levels, which caused a production of electricity higher by 12% versus the same period of last year. On the other hand, the reduction in the value of the Power Tariff (-1.2 EURcent/kWh vs. Q1/15), was almost entirely offset by the increase in the value of the Incentive Tariff (+1.1 EURcent/kWh vs. the value of the Green Certificates, which were the incentive mechanism valid until the end of 2015).

To this regards, it should be mentioned that the Ministerial Decree issued on 6th July 2012, introduced a new mechanism of economic incentives applicable for the electricity produced by all the renewable sources, with the exception only of the production of photovoltaic energy. In particular, the Decree established that, for all the plants which started operations after 01.01.2013, the old incentive mechanism based on the Green Certificates must be replaced by a new incentive mechanism based on the system of the "lowest-bid auctions". On the contrary, for all the plants which started operations before 31.12.2012 (as it is the case of Sardeolica Srl), the Decree established that the mechanism based on the Green Certificates should remain valid until 31.12.2015. Beyond such date, those plants with the period of incentive expiring after 2015, shall receive an Incentive Tariff in replacement of the Green Certificates. The value of such Incentive Tariff, however, is based upon the same formula used to calculate the price at which the Green Certificates were purchased by the National Grid Manager (GSE).

Other Activities

The following table shows the financial highlights of the subsidiaries Sartec SpA, Reasar SA, and others.

EUR Million	Q1/16	Q1/15	Change %	Q4/15
EBITDA	(0.1)	(0.2)	55%	3.2
***Comparable* EBITDA**	**(0.1)**	**(0.2)**	**55%**	**3.2**
EBIT	(0.3)	(0.3)	9%	3.1
***Comparable* EBIT**	**(0.3)**	**(0.3)**	**9%**	**3.1**
CAPEX	**0.0**	**0.2**		**0.2**

Strategy and Outlook

The year 2016 started in a positive manner for the European refining industry, with refining margins similar to last year's level. This trend is mainly due to the crude oil supply which continues to largely exceed demand, thus creating favourable conditions for complex and versatile refineries, such as the one owned and operated by the Saras Group, that is capable of processing even the unconventional kind of feedstock (such as medium and heavy crudes, with high sulphur content), whose discounts vs. Brent remain very attractive. To the point, it seems probable that the availability of such qualities of crude oil will further increase, with positive effects on the refining margins. Indeed, in January 2016, the crude oil embargo against Iran has been lifted, and Teheran has already started to increase the production and export of its crude oils.

Looking at consumption of refined products, in its most recent report dated April 2016, the International Energy Agency (IEA) updated its estimates for global demand growth which, after hitting the 5-year high in 2015 (+1.8 million barrels/day versus 2014) it's expected to continue growing also in 2016. More precisely, the IEA forecasts global demand growing by an average of approximately +1.2 mbl/d in 2016, mainly thanks to the constant increase in gasoline consumption. On the other hand, the outlook for middle distillates continues to remain uncertain, due to the high inventory levels accumulated during the first quarter of the year, which are now causing the market to be oversupplied.

In order to extract maximum value from the favourable market scenario, Saras Group successfully continues the implementation of Supply Chain integration programme (called project "SCORE"), focused on the tight coordination between refinery operations and commercial activities. In such scope it perfectly fits the new trading company, which started its operations in Geneva at the beginning of January 2016. Indeed, its positioning in one of the main international trading hubs for oil commodities, shall enhance the capture of new commercial opportunities, both for the purchase of crude oils and for the sale of refined products.

With regards to the operations of the Sarroch refinery, the scheduled maintenance activities in Q1/16 were carried out smoothly and according to plans. For the remaining part of the year, maintenance in Q2/16 will involve the Distillation Unit "RT2" and the VisBreaking Unit "VSB". Finally, in Q4/16 there will be a turnaround in the "Northern Plants", and the change of the catalyst in the MildHydroCracking Unit "MHC1". Overall, refinery runs for the full year 2016 are expected to reach approx. 14.3 ÷ 14.6 million tons (104 ÷ 107 million barrels), with further runs for approx. 1 million tons of other feedstock, complementary to crude oil. With regards to the expected EBITDA reduction due to maintenance activities, the estimate is approximately 65 ÷ 75 million USD.

Moving to the operations of the IGCC plant in the Power Generation segment, the entire scheduled maintenance for the year 2016 has been completed during Q1/16. Total production of electricity for 2016 is expected as usual between 4.16 ÷ 4.46 TWh.

With regards to the Marketing segment, margins continue to remain under pressure, notwithstanding some signals of gradual recovery in the European oil products' consumption trends. Prudentially, the Group will continue to pursue a consolidation strategy, aimed at optimizing the mix of sales channels.

In the Wind segment, the subsidiary Sardaeolica presented in April 2016 its request for the Environmental Impact Assessment procedure ("V.I.A. – Valutazione di Impatto Ambientale") with regards to the upgrading project of its wind farm in Ulassai (located on lands belonging to the municipalities of Ulassai and Perdasdefogu). The upgrade aims at increasing the installed capacity by further 30 MW. Moreover, the Group expects to complete the procedure to obtain all the necessary construction permits ("Autorizzazione Unica") regarding a project in the municipality of Onanì (NU), with installed capacity of approx. 15 MW.

Investments by business Segment

EUR Million	Q1/16	FY 2015
REFINING	25.6	75.0
POWER GENERATION	2.8	9.1
MARKETING	0.1	1.2
WIND	0.0	0.3
OTHER	0.0	0.6
Total	**28.6**	**86.2**

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 Srl 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 Srl 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 March 2012.

Main events after the end of the First Quarter of 2016

On **April 5th 2016**, according to the outcome of the "Stock Grant Plan 2013 – 2015", number 4,255,920 ordinary shares of Saras SpA were assigned to the management of the Saras Group. Therefore, the number of ordinary shares in circulation became 936,010,146, and the number of own shares held in treasury became 14,989,854.

On **April 22nd 2016**, Saras SpA Ordinary Shareholders' Meeting was held, and it approved the separate Financial Statements of Saras SpA as of 31st December 2015, which show a net profit of EUR 247,841,874.
The Shareholders' Meeting resolved to distribute a dividend of EUR 0.17 for each of the 936,010,146 ordinary shares in circulation, for a total amount of EUR 159,121,724.82 drawing it from the income for the year, and to allocate to "Other Reserves" the remaining part of the income, equal to EUR 88,720,149.18. The above mentioned dividend will be paid on 25th May 2016.
Futhermore, the Shareholders' Meeting appointed Mr. Andrey Nikolayevich Shishkin as new member of the Board of Directors of Saras SpA. Also, the Shareholders' Meeting confirmed the appointment of Mrs. Giancarla Branda as permanent Auditor and Chairman of the Board of Statutory Auditors, and it resolved to complete the Board of Statutory Auditors, by appointing Mr. Giovanni Fiori as new stand-in Auditor.
Finally, the Shareholders' Meeting approved the new "Stock Grant Plan 2016 – 2018", as well as a new programme to purchase own shares and to dispose of them (the "Buyback Plan").
For more details, please refer to the press release related to the Shareholders' Meeting, published on April 22nd.

Other Information

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 2016.

Own shares
During the first quarter of 2016 no transactions took place, involving the sale or purchase of Saras SpA own shares. Therefore, as of 31st March 2016, Saras SpA held in treasury 19,245,774 own shares, corresponding to 2.024% of the company's issued share capital.

Non-recurring and unusual Transactions
During the first quarter of 2016 there were no activities originated from non-recurring and/or unusual transactions, and there are no open positions originating from such transactions.

"Stock Grant 2016 – 2018" Plan
The Shareholders' Meeting of Saras SpA, held on 22nd April 2016, approved the "Stock Grant Plan 2016 – 2018" (the "Plan"), which is directed towards managers with strategic responsibilities and other top managers within the Group, including those with self-employment contract. The Plan has been created with the aim to ensure that the interests of the top management are aligned with those of the Shareholders, to implement a long-term incentive scheme that can create a strong link between remuneration, company performance and creation of Shareholders' value, to support retention of key resources in the medium/long-term, and to ensure that the ratio between the part of the remuneration based on financial instruments and the other components of the remuneration is in line with the common practice among listed companies in Italy.

Buyback Plan
The Shareholders' Meeting of Saras SpA, held on 22nd April 2016, authorised a new programme to purchase Saras SpA own shares and to dispose of them (the "Buyback programme"), pursuant respectively to Articles 2357 and 2357-ter of the Italian Civil Code, and to Article 132 of the Legislative Decree 58/1998 (hereinafter the "TUF"). More in details, the new resolution authorises to buyback Saras SpA ordinary shares up to the maximum number of shares permitted by law, which is equal to 20% of the issued share capital, also taking into account the own shares already held in treasury by the Company. The new Buyback programme can be implemented also in several stages as appropriate, and it shall take place in the twelve (12) months following the authorisation resolved on 22nd April 2016 by the Shareholders' Meeting, which means during the 12 months ending on 22nd April 2017. Moreover, the new resolution authorises acts of disposal, to be implemented also in various stages as appropriate, of the shares purchased under the above Buyback programme, as well as of the shares already purchased according to previously authorised buyback programmes and currently held in treasury by the Company. It should be specified that the purchase of own shares within the new Buyback programme is not related to the reduction of the Company's issued share capital, and therefore the purchased shares will not be cancelled.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of: 31st March 2016 and 31st December 2015

EUR thousand	31/03/2016	31/12/2015
ASSETS		
Current assets	**1,972,383**	**1,929,396**
Cash and cash equivalents	960,998	856,843
Other financial assets	85,634	89,533
Trade receivables	262,898	260,636
Inventories	470,232	564,803
Current tax assets	31,241	32,194
Other assets	161,380	125,387
Non-current assets	**1,357,276**	**1,388,180**
Property, plant and equipment	1,014,644	1,033,546
Intangible assets	218,531	227,416
Other equity interests	502	502
Deferred tax assets	118,502	121,714
Other financial assets	5,097	5,002
Non-current assets held for disposal	**0**	**0**
Property, plant and equipment		
Intangible assets		
Total assets	**3,329,659**	**3,317,576**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**1,525,003**	**1,444,696**
Short-term financial liabilities	220,046	203,097
Trade and other payables	1,030,156	1,043,440
Current tax liabilities	188,868	123,412
Other current liabilities	85,933	74,747
Non-current liabilities	**919,969**	**987,976**
Long-term financial liabilities	578,495	585,848
Provisions for risks and charges	59,694	90,426
Provisions for employee benefits	11,083	11,445
Deferred tax liabilities	4,821	4,717
Other non-current liabilities	265,876	295,540
Total liabilities	**2,444,972**	**2,432,672**
SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	819,355	595,688
Profit/(loss) for the period	(224)	223,660
Total equity attributable to owners of the Parent company	**884,687**	**884,904**
Minority interests	0	0
Total equity	**884,687**	**884,904**
Total liabilities and shareholders' equity	**3,329,659**	**3,317,576**

Consolidated Income Statement and Statement of Comprehensive Income for the periods: 1st January – 31st March 2016 and 2015

Consolidated Income Statement for the periods: 1st January - 31st March 2016 and 2015

EUR thousand	1 January 31 March 2016	of which non recurring	1 January 31 March 2015	of which non recurring
Revenues from ordinary operations	1,282,839		1,960,117	
Other income	21,802		24,481	
Total revenues	**1,304,641**	***0***	**1,984,598**	***0***
Purchases of raw materials, spare parts and consumables	(1,079,170)		(1,679,241)	
Cost of services and sundry costs	(119,827)		(131,297)	
Personnel costs	(37,870)		(38,412)	
Depreciation, amortisation and write-downs	(56,299)		(57,037)	
Write-offs and reversals of write-offs for Sarlux\GSE contract				
Total costs	**(1,293,166)**	***0***	**(1,905,987)**	***0***
Operating results	**11,475**	***0***	**78,611**	***0***
Net income/(charges) from equity interests				
Financial income	47,825		156,190	
Financial charges	(55,824)		(129,378)	
Profit/(loss) before taxes	**3,476**	***0***	**105,423**	***0***
Income tax for the period	(3,700)		(31,257)	
Net profit/(loss) for the period	**(224)**	***0***	**74,166**	***0***
Net profit/(loss) for the period attributable to:				
Owners of the Parent Company	(224)		74,166	
Minority interests	0		0	
Earnings per share - basic (EUR cent)	**(0.02)**		**8.01**	
Earnings per share - diluted (EUR cent)	**(0.02)**		**8.01**	

Statement of Comprehensive Income for the periods: 1st January - 31st March 2016 and 2015

EUR thousand	1 January 31 March 2016	1 January 31 March 2015
Net result for the period (A)	**(224)**	**74,166**
Items included in comprehensive income which will be reclassified subsequently to profit or loss (when specific conditions are met)		
Effect of translation of F/S in foreign currency	7	0
Items included in comprehensive income which will not be reclassified subsequently to profit or loss (when specific conditions are met)		
IAS 19 actuarial effect on end-of-service payments	0	0
Income / (loss), net of fiscal effect (B)	**7**	**0**
Consolidated Comprehensive Result for the period (A + B)	**(217)**	**74,166**
Net consolidated Comprehensive Result for the period attributable to:		
Owners of the Parent Company	(217)	74,166
Minority interests	0	0

Statement of Changes in Consolidated Shareholders' Equity: From 31st December 2014 to 31st March 2016

EUR thousand	Share Capital	Legal Reserve	Other Reserve	Profit / (Loss)	Total equity attributable to owners of the Parent Company	Minority Interests	Total equity
Balance as of 31/12/2014	**54,630**	**10,926**	**856,034**	**(261,847)**	**659,743**	**0**	**659,743**
Appropriation of previous year's profit			(261,847)	261,847	0		0
Reserve for share plan			1,530		1,530		1,530
Effect of translation of F/S in foreign currency			14		14		14
IAS 19 actuarial effect			(43)		(43)		(43)
Net profit/(loss) for the year				223,660	223,660		223,660
Total comprehensive profit/(loss) for the year			*14*	*223,660*	*223,674*		*223,674*
Balance as of 31/12/2015	**54,630**	**10,926**	**595,688**	**223,660**	**884,904**	**0**	**884,904**
Appropriation of previous year's profit			223,660	(223,660)	0		0
Effect of translation of F/S in foreign currency			7		7		7
Net profit/(loss) for the period				(224)	(224)		(224)
Total comprehensive profit/(loss) for the period			*7*	*(224)*	*(217)*		*(217)*
Balance as of 31/03/2016	**54,630**	**10,926**	**819,355**	**(224)**	**884,687**	**0**	**884,687**

Consolidated Cash Flows Statement as of: 31st March 2016 and 31st March 2015

EUR thousand	1/1/2016- 31/03/2016	1/1/2015 - 31/03/2015
A - Cash and cash equivalents at the beginning of the period	**856,843**	**633,544**
B - Cash generated from/(used in) operating activities		
Net Profit / (Loss) for the period	(224)	74,166
Unrealised exchange losses/(gains) on bank accounts	(720)	(3,992)
Amortisation, depreciation and write-downs of fixed assets	56,299	57,037
Net change in provisions for risks and charges	(30,732)	(14,834)
Net change in employee benefits	(362)	(83)
Net change in deferred tax liabilities and deferred tax assets	3,316	26,652
Net interest income (expense)	5,571	377
Accrued income tax	384	51,314
Change in fair value of derivatives	(139)	2,587
Other non cash items	7	382
Profit (Loss) before changes in working capital	**33,400**	**193,606**
(Increase)/Decrease in trade receivables	(2,262)	23,992
(Increase)/Decrease in inventory	94,571	(63,784)
Increase/(Decrease) in trade and other payables	(13,284)	(275,627)
Change in other current assets	(35,040)	(7,585)
Change in other current liabilities	76,258	76,072
Interest received	312	198
Interest paid	(5,883)	(575)
Tax paid	0	0
Change in other non-current liabilities	(29,664)	(17,922)
Total (B)	**118,408**	**(71,625)**
C - Cash flow from/(used in) investing activities		
(Investments) in tangible and intangible assets	(28,512)	(22,390)
(Investments)/disinvestments in other share holdings	71,397	(42)
Total (C)	**42,885**	**(22,432)**
D - Cash flow from/(used in) investing activities		
Increase/(Decrease) in medium/long term borrowings	0	141,475
Increase/(Decrease) in short term borrowings	(57,858)	(25,639)
Total (D)	**(57,858)**	**115,836**
E - Cashflow for the period (B+C+D)	**103,435**	**21,779**
F - Net Cash from disposal of Akhela/Artemide	**0**	**0**
Unrealised exchange losses/(gains) on bank accounts	720	3,992
F - Cash and cash equivalents at the end of the period	**960,998**	**659,315**

For the Board of Directors
The Chairman
Gian Marco Moratti

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31ST MARCH 2016

1. Introduction

The publication of the abbreviated consolidated financial statements of the Saras Group for the three months closed as at 31 March 2016 was authorised by the Board of Directors on 13 May 2016.

Saras SpA (the Parent Company) is a company limited by shares listed on the Milan stock exchange. Its registered office is in Sarroch (CA), Italy, 195 "Sulcitana" Km. 19. It is jointly controlled by Gian Marco Moratti S.A.P.A. and Massimo Moratti S.A.P.A., which own 25.01% each and 50.02% jointly of the share capital of Saras SpA. (excluding treasury shares), under the shareholders' agreement signed by the two companies on 1 October 2013. The company is established until 31 December 2056, as stated in its articles of association.

Saras SpA operates in the Italian and international oil markets as a buyer of crude oil and a seller of finished products. The Group's activities include refining of crude, the production and sale of electricity via an integrated gasification combined cycle (IGCC) plant operated by its subsidiary Sarlux Srl and a wind farm run by the subsidiary Parchi Eolici Ulassai Srl (via the subsidiary Sardeolica Srl).

2. Basis of preparation and change of the Group accounting policies

2.1 Basis of preparation

The abbreviated consolidated financial statements for the three months ended 31 March 2016 were prepared in accordance with IAS 34 - Interim Financial Reporting.

The abbreviated consolidated financial statements do not provide all the information requested in the preparation of the annual consolidated balance sheet. For that reason, it is necessary to read these abbreviated consolidated financial statements together with the consolidated financial statement for the year ended 31 December 2015.

2.2 New accounting standards, interpretations and changes adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those used in preparing the consolidated financial statements at 31 December 2015. The Group was not an early adopter of any new standard, interpretation or amendment issued but not yet in force. The application of the new standards, amendments and interpretations in force since 1 January 2016 has not had any significant impact on these abbreviated consolidated financial statements.

2.3 Consolidation scope

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
Deposito di Arcola Srl	100%
Sarlux Srl	100%
Saras Ricerche e Tecnologie S.p.A.	100%
Sarint S.A. and subsidiaries:	100%
Saras Energia S.A.	100%
Terminal Logistica de Cartagena S.L.U.	100%
Reasar S.A.	100%
Parchi Eolici Ulassai Srl and subsidiaries:	100%
Sardeolica Srl	100%
Alpha Eolica Srl	100%
Saras Trading S.A.	100%
Equity investments recognised at cost	
Consorzio La Spezia Utilities	5%
Sarda Factoring	5.95%

Compared to 31 December 2015, there are no changes in the scope of consolidation.

2.4 Use of estimates

The preparation of the financial statements requires the directors to apply accounting standards and methodologies that, in certain situations, are based on difficult and subjective assessments and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The application of these estimates and assumptions affects both the recognition of certain assets and liabilities and the assessment of contingent assets and liabilities. The main estimates are used in determining the value in use of the cash flow-generating activities and the estimation of provisions for risks and charges and provisions. The estimates and judgments are reviewed periodically and the effects of each of them are recorded in the income statement. A summary of the most significant estimates is provided in the Group's consolidated balance sheet at 31 December 2015, to which reference should be made.

3. Information by business segment and geographical area

3.1 Preliminary remarks

The Saras Group's business segments are:
1. refining;
2. marketing;
3. generation of power by the combined cycle plant;
4. generation of power by wind farms;
5. other activities.

1. The refining activities carried out by Parent Company Saras S.p.A. and subsidiary Sarlux S.r.l. relate to the sale of oil and gas 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;
- and, in part, by acquiring oil products from third parties.

The finished products are sold to major international operators.

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 Saras S.p.A. (Wholesale Division), following the aforementioned absorption of the subsidiary Arcola Petrolifera Srl, through off-network customers (wholesalers, purchasing consortia, local authority-owned utility companies and resellers), oil companies through a logistics network comprising both its own bases (at Sarroch) and those of third-party operators by way of a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata) as well as Deposito di Arcola Srl 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 country, the most important of which, the Cartagena storage facility, is owned by the company itself.

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. The sale is exclusively carried out with the client G.S.E. (Gestore dei Servizi Energetici S.p.A.), and benefits from the CIP 6/92 concession system.

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

5. Other activities include reinsurance activities undertaken 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 2015.

3.2 Segment information

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

	Refining	Marketing	Power Generation	Wind Power	Other	Total
31st March 2015						
Revenues from ordinary operations	1,909,209	499,676	130,580	3,358	4,552	2,547,375
less: intersegment revenues	(571,126)	(1,558)	(13,598)	0	(976)	(587,258)
Revenues from third parties	**1,338,083**	**498,118**	**116,982**	**3,358**	**3,576**	**1,960,117**
Other revenues	26,476	748	5,970	6,915	36	40,145
less: intersegment revenues	(15,564)	0	(70)	0	(30)	(15,664)
Other revenues from third parties	**10,912**	**748**	**5,900**	**6,915**	**6**	**24,481**
Amortisation and depreciation	**(30,114)**	**(1,817)**	**(23,699)**	**(1,300)**	**(107)**	**(57,037)**
Operating profit (a)	**38,175**	**3,269**	**30,207**	**7,280**	**(328)**	**78,603**
Total						**0**
Financial income (a)	158,800	1,168	1,994	165	82	162,209
Financial charges (a)	(133,431)	(1,582)	(300)	(42)	(34)	(135,389)
Income taxes	(19,552)	(851)	(8,865)	(2,100)	110	(31,258)
Net result for the period (a)	**43,992**	**2,004**	**23,036**	**5,303**	**(170)**	**74,165**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,356,340**	**475,669**	**716,023**	**104,355**	**19,765**	**3,672,152**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**2,183,715**	**322,236**	**378,759**	**40,658**	**12,493**	**2,937,861**
Investments in tangible assets	18,388	133	3,194	6	192	**21,913**
Investments in intangible assets	728	77			17	**822**

	Refining	Marketing	Power Generation	Wind Power	Other	Total
31st March 2016						
Revenues from ordinary operations	1,180,432	336,286	104,847	11,488	5,540	1,638,593
less: intersegment revenues	(347,148)	(468)	(5,878)	0	(2,260)	(355,754)
Revenues from third parties	**833,284**	**335,818**	**98,969**	**11,488**	**3,280**	**1,282,839**
Other revenues	38,516	785	5,880	13	65	45,259
less: intersegment revenues	(20,847)	0	(2,571)	0	(39)	(23,457)
Other revenues from third parties	**17,669**	**785**	**3,309**	**13**	**26**	**21,802**
Amortisation and depreciation	**(29,221)**	**(1,418)**	**(24,409)**	**(1,131)**	**(120)**	**(56,299)**
Operating profit (a)	**(14,798)**	**(4,031)**	**21,759**	**8,860**	**(315)**	**11,475**
Total						**0**
Financial income (a)	47,947	131	161	73	54	48,366
Financial charges (a)	(55,292)	(825)	(57)	(185)	(6)	(56,365)
Income taxes	5,978	599	(7,731)	(2,611)	65	(3,700)
Net result for the year (a)	**(16,165)**	**(4,126)**	**14,132**	**6,137**	**(202)**	**(224)**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,231,758**	**393,366**	**575,437**	**103,877**	**25,221**	**3,329,659**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1,766,672**	**308,463**	**316,211**	**38,121**	**15,505**	**2,444,972**
Investments in tangible assets	25,637	66	2,770	17	21	**28,511**
Investments in intangible assets		49		21		**70**

(a) Calculated without taking into account intercompany eliminations.
(b) Total assets and liabilities are calculated after intercompany eliminations.

4. Test of impairment of value of goodwill and intangible assets with indefinite useful life (Impairment test)

The Group carries out impairment tests each year (31 December) and when circumstances indicate the possibility of a reduction of the recoverable value of goodwill. The impairment test on goodwill and intangible assets with indefinite useful life is based on the calculation of value in use. The variables used to determine the recoverable value of the various cash-generating units (CGU) have been presented in the consolidated financial statements at 31 December 2015.

In reviewing their indicators of impairment, the Group takes into account, among other factors, the relationship between its market capitalization and its book value. At 30 September 2015, the Group's market capitalization was higher than the carrying amount of its net assets, thus indicating the absence of a potential loss in value of reported tangible and intangible assets. Consequently, the directors have not carried out an impairment test at 31 March 2016 for the assets mentioned above.

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:

	31/03/2016	31/12/2015	Change
Bank and postal deposits	959,421	855,362	104,059
Cash	1,577	1,481	96
Total	**960,998**	**856,843**	**104,155**

Bank deposits are mainly attributable to Saras SpA (EUR 872,413 thousand), Sarlux Srl (EUR 53,700 thousand), Sardeolica Srl (EUR 10,276 thousand) and Saras Energia SAU (EUR 12,858 thousand).

For further details on the company’s net cash position, reference is made to the relevant section of the Report on Operations and the cash flow statement.

5.1.2 Other financial assets

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

	31/03/2016	31/12/2015	Change
Derivative instruments	67,593	68,387	(794)
Other financial assets	18,041	21,146	(3,105)
Total	**85,634**	**89,533**	**(3,899)**

‘Derivative instruments’ comprises the positive fair value of derivatives outstanding at the end of the period under review. ‘Other financial assets’ consists mainly of the derivative guarantee deposits.

5.1.3 Trade receivables

Trade receivables amounted to EUR 262,898 thousand, substantially in line with the amount of the same as at 31 March 2015.

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred during the period under review:

	31/03/2016	31/12/2015	Change
Raw materials derived from crude oil	97,675	146,427	(48,752)
Semi-finished products and work in progress	36,848	59,226	(22,378)
Finished products and goods held for resale	246,898	268,359	(21,461)
Advance payments	1,880	1,259	621
Spare parts and consumables	86,931	89,532	(2,601)
Total	**470,232**	**564,803**	**(94,571)**

The recording of inventories at net realisable value led to a write-down of the crude oil inventories of around EUR 0.8 million.

The carrying amount of inventories does not differ from their market value.

No inventories are used as collateral for liabilities.

As at 31 March 2016, EUR 15.5 million of third party petroleum products were held at the Sarroch refinery.

5.1.5 Current tax assets

Current tax assets break down as follows.

	31/03/2016	31/12/2015	Change
VAT	1,591	1,514	77
IRES (corporate income tax, including income tax of foreign companies)	16,222	17,467	(1,245)
IRAP (regional income tax)	2,790	633	2,157
Other tax receivables	10,638	12,580	(1,942)
Total	**31,241**	**32,194**	**(953)**

IRES and IRAP credits are attributable to tax surplus generated in prior years while the other tax credits include, in addition to tax refunds requested or paid on a provisional basis (EUR 5,886 thousand), the recognition of the tax credit for the promotion of 2014/2015 investments pursuant to Art.18 DL 91/14 (EUR 4,752 thousand), less any tax payments for the period.

5.1.6 Other assets

The balance breaks down as follows:

	31/03/2016	31/12/2015	Change
Accrued income	997	464	533
Prepaid expenses	22,513	6,361	16,152
Other receivables	137,870	118,562	19,308
Total	**161,380**	**125,387**	**35,993**

Deferred charges mainly relate to insurance premiums.

‘Other receivables’ mainly comprise:
- EUR 27,287 thousand due to the subsidiary Sarlux by the Equalisation Fund for the Electricity Sector for the recognition, pursuant to Title II, paragraph 7 bis, Cip regulation no. 6/92, of charges resulting from Directive 2003/87/EC (Emission Trading), in application of the Authority for Electricity and Gas June 11, 2008, ARG/elt 77/08, referring to the year 2015 (EUR 23,979 thousand) and in the first three months of 2016, (EUR 3,308 thousand);

- recovery of the amount paid by Sarlux Srl to GSE of EUR 39,914 thousand, as described in section 7.1;
- white certificates for EUR 29,716 thousand for energy savings made by the Sarroch refinery (EUR 19,851 thousand in 2015). These are sold on an appropriate regulated market or through bilateral agreements between market operators. The certificates in the portfolio are valued at the average market price from January to March 2016 (EUR 124.24 per certificate in the period, compared with EUR 104.74 in 2015);
- EUR 17,960 thousand, due to the subsidiary Sarlux Srl following recognition of the status as an "energy-consuming enterprise" by the Electricity Sector Equalization Fund. The rebate is provided pursuant Decree Law no. 83 of 22 June 2012, which identifies companies with significant power consumption entitled to rebates on the payment of general system costs. The Company has already been classified as an "energy-consuming business" for 2013 and thinks that it has the necessary requirements to obtain it for 2014 (already requested) and 2015 as well. Please note that there is an ongoing review by a member of the European Commission of Brussels to determine whether the rebate represents "State aid": the company, together with other industry operators, believes there is no basis for drawing such a conclusion.

5.2 Non-current assets

5.2.1 Property, plant and equipment

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

COST	31/12/2014	Additions	(Disposals)	Other changes	31/12/2015
Land & buildings	216,361	352	(307)	4,658	221,064
Plant & machinery	2,910,493	15,171	(1,018)	92,104	3,016,750
Industrial & commercial equipment	28,360	123	(108)	356	28,731
Other assets	501,565	569	(462)	21,587	523,259
Assets under construction and payments on account	133,973	68,801		(97,076)	105,698
Total	**3,790,752**	**85,016**	**(1,895)**	**21,629**	**3,895,502**

ACCUMULATED DEPRECIATION	31/12/2014	Depreciation	(Disposals)	Other changes	31/12/2015
Land & buildings	101,612	8,268	(307)	56	109,629
Plant & machinery	2,141,972	159,938	(903)	6,318	2,307,325
Industrial & commercial equipment	21,216	1,986	(55)		23,147
Other assets	404,824	17,471	(440)		421,855
Total	**2,669,624**	**187,663**	**(1,705)**	**6,374**	**2,861,956**

NET BOOK VALUE	31/12/2014	Additions	(Disposals)	(Depreciation)	Other changes	31/12/2015
Land & buildings	114,749	352	0	(8,268)	4,602	111,435
Plant & machinery	768,521	15,171	(115)	(159,938)	85,786	709,425
Industrial & commercial equipment	7,144	123	(53)	(1,986)	356	5,584
Other assets	96,741	569	(22)	(17,471)	21,587	101,404
Assets under construction and payments on account	133,973	68,801	0	0	(97,076)	105,698
Total	**1,121,128**	**85,016**	**(190)**	**(187,663)**	**15,255**	**1,033,546**

COST	31/12/2015	Additions	(Disposals)	Other changes	31/3/2016
Land & buildings	221,064		(352)	359	221,071
Plant & machinery	3,016,750	3,315	(1,271)	21,074	3,039,868
Industrial & commercial equipment	28,731	26		53	28,810
Other assets	523,259	50	(294)	3,298	526,313
Assets under construction and payments on account	105,698	25,120		(23,731)	107,087
Total	**3,895,502**	**28,511**	**(1,917)**	**1,053**	**3,923,149**

ACCUMULATED DEPRECIATION	31/12/2015	Depreciation	(Disposals)	Other changes	31/3/2016
Land & buildings	109,629	1,545			111,174
Plant & machinery	2,307,325	41,489	(1,188)	1	2,347,627
Industrial & commercial equipment	23,147	415		(1)	23,561
Other assets	421,855	4,288			426,143
Total	**2,861,956**	**47,737**	**(1,188)**	**0**	**2,908,505**

NET BOOK VALUE	31/12/2015	Additions	(Disposals)	(Depreciation)	Other changes	31/3/2016
Land & buildings	111,435	0	(352)	(1,545)	359	109,897
Plant & machinery	709,425	3,315	(83)	(41,489)	21,073	692,241
Industrial & commercial equipment	5,584	26	0	(415)	54	5,249
Other assets	101,404	50	(294)	(4,288)	3,298	100,170
Assets under construction and payments on account	105,698	25,120	0	0	(23,731)	107,087
Total	**1,033,546**	**28,511**	**(729)**	**(47,737)**	**1,053**	**1,014,644**

The item ‘Land and buildings’ chiefly includes industrial buildings, offices and warehouses with a carrying amount of EUR 66,584 thousand, office buildings in Milan and Rome belonging to the Parent Company with a carrying amount of EUR 3,087 thousand and land largely relating to the Sarroch and Arcola sites belonging to the Sarlux Srl subsidiary and the Deposito di Arcola Srl subsidiary, respectively, with a carrying amount of EUR 40,226 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 chemical laboratory and the control room for refining activities, as well as miscellaneous production equipment.

‘Other assets’ mainly includes tanks and pipelines used to carry the products and crude oil of Group companies (Sarlux Srl Saras Energia SA and Deposito Arcola Srl).

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

The item increased by EUR 28,511 thousand year-on-year, mainly reflecting technological work on refinery plants.

The main depreciation rates used are as follows.

	I.G.C.C. plant	Other Assets (annual rates)
Industrial buildings (land and buildings)	until 2020	5.50%
Generic plant (plant and machinery)	until 2020	8.38%
Highly corrosive plant (plant and machinery)	until 2020	11.73%
Pipelines and tanks (plant and machinery)		8.38%
Thermoelectric plant (plant and machinery)	until 2020	
Wind farm (plant and machinery)		10.00%
Equipment (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%

During the previous year, Sarlux Srl has been formally started to activities aimed to the acquisition of an additional ten-year renewal of concessions for the use of public lands on which the service facilities of the Sarroch refinery (wastewater treatment, desalination sea water, blow-down, flare and landing stage) are located, issued by the Port Authority of Cagliari and expired on 31 December 2015. The activities proceed in parallel with the Port Authority, in full compliance with the requirements of the licensing authority: there is no impediment to the release of the same item by the Port Authority.

5.2.2 Intangible assets

The following table shows the changes in intangible assets:

COST	31/12/2014	Additions	Disposals	Write-downs/ Reversals of impairment losses	Other changes	31/12/2015
Industrial & other patent rights	42,174	395			38	42,607
Concessions, licences, trademarks & similar rights	57,645			(4,914)	(3,902)	48,829
Goodwill	21,909					21,909
Other intangible assets	527,997				(2,700)	525,297
Assets in progress & payments on account	22,838	744		(18,396)	(2,094)	3,092
Total	**672,563**	**1,139**	**0**	**(23,310)**	**(8,658)**	**641,734**

ACCUMULATED AMORTISATION	31/12/2014	Amortisation	Disposals	Write-downs/ Reversals of impairment losses	Other changes	31/12/2015
Industrial & other patent rights	38,713	714				39,427
Concessions, licences, trademarks & similar rights	21,046	2,108			(3,721)	19,433
Goodwill	0					0
Other intangible assets	326,670	31,599			(2,811)	355,458
Total	**386,429**	**34,421**	**0**	**0**	**(6,532)**	**414,318**

NET BOOK VALUE	31/12/2014	Additions	Disposals	Write-downs / Reversals of impairment losses	Other changes	(Amortisation)	31/12/2015
Industrial & other patent rights	3,461	395			38	(714)	3,180
Concessions, licences, trademarks & similar rights	36,599			(4,914)	(181)	(2,108)	29,396
Goodwill	21,909				0	0	21,909
Other intangible assets	201,327				111	(31,599)	169,839
Assets in progress & payments on account	22,838	744		(18,396)	(2,094)	0	3,092
Total	**286,134**	**1,139**	**0**	**(23,310)**	**(2,126)**	**(34,421)**	**227,416**

COST	31/12/2015	Additions	Disposals	Write-downs/ Reversals of impairment losses	Other changes	31/03/2016
Industrial & other patent rights	42,607	34				42,641
Concessions, licences, trademarks & similar rights	48,829					48,829
Goodwill	21,909					21,909
Other intangible assets	525,297	36			(3,998)	521,335
Assets in progress & payments on account	3,092		(50)		3,620	6,662
Total	**641,734**	**70**	**(50)**	**0**	**(378)**	**641,376**

ACCUMULATED AMORTISATION	31/12/2015	Amortisation	Disposals	Write-downs / Reversals of impairment losses	Other changes	31/03/2016
Industrial & other patent rights	39,427	167				39,594
Concessions, licences, trademarks & similar rights	19,433	461				19,894
Goodwill	0					0
Other intangible assets	355,458	7,934	(35)			363,357
Total	**414,318**	**8,562**	**(35)**	**0**	**0**	**422,845**

NET BOOK VALUE	31/12/2015	Additions	Disposals	Write-downs / Reversals of impairment losses	Other changes	(Amortisation)	31/03/2016
Industrial & other patent rights	3,180	34			0	(167)	3,047
Concessions, licences, trademarks & similar rights	29,396			0	0	(461)	28,935
Goodwill	21,909				0	0	21,909
Other intangible assets	169,839	36	35		(3,998)	(7,934)	157,978
Assets in progress & payments on account	3,092		(50)	0	3,620	0	6,662
Total	**227,416**	**70**	**(15)**	**0**	**(378)**	**(8,562)**	**218,531**

Amortisation of intangible assets totalled EUR 8,562 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%

The main items are set out in detail below.

Concessions, licences, trademarks and similar rights

This item mainly refers to the concessions relating to Estaciones de Servicio Caprabo S.A. (merged with Saras Energia SA) for the operation of the service stations in Spain, and to Sardeolica Srl 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 Srl (EUR 21,408 thousand), which was paid to acquire this company. The goodwill was justified given the projection of future cash flows by Sardeolica Srl until 2035 when its concessions expire.

Other intangible assets

The mainly includes the value of the long-term contract for the supply of electricity under the CIP6 regime signed with Sarlux Srl and Gestore dei Servizi Elettrici SpA (GSE). This contract, which expires in 2020, was measured according to the criteria of IAS 36 and, on 31 December 2015, an independent appraiser confirmed its carrying amount.

5.2.3 Equity investments

The table below shows a list of equity investments held at 31 March 2016, with the main figures relating to each subsidiary.

Company name	HQ	Currency	Share Capital	% owned by Group as of 03-16	% owned by Group as of 12-15	% of share capital	Shareholder	% of voting rights	Category
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
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.U. and subsidiary:	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Terminal Logistica de Cartagena S.L.U.	Cartagena (Spain)	EUR	3,000	100.00%	0.00%	100.00%	Saras Energia S.A.	100.00%	Subsidiary, disposed
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	100,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Parchi Eolici Ulassai S.r.l. and subsidiaries:	Cagliari	EUR	500,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sardeolica S.r.l.	Cagliari	EUR	56,696	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect subsidiary
Alpha Eolica S.r.l.	Bucarest (Romania)	Leu	468,046	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect subsidiary
Sargas S.r.l.	Uta (CA)	EUR	10,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Trading S.A.	Geneva (Switzerland)	CHF	1,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Consorzio La Spezia Utilities	La Spezia	Euro	122,143	5.00%	5.00%	5.00%	Deposito di Arcola S.r.l.	5.00%	Other equity interests
Sarda Factoring	Cagliari	Euro	9,027,079	4.01%	5.95%	5.95%	Saras S.p.A.	5.95%	Other equity interests

In addition, to guarantee the loan to Sardeolica Srl, all of the shares in the company were pledged as collateral to the lenders.

5.2.3.1 Other equity interests

Other equity interests break down as follows.

	31/03/2016	31/12/2015
Consorzio La Spezia Utilities	7	7
Sarda Factoring	495	495
Total	**502**	**502**

5.2.4 Deferred tax assets

The balance of EUR 118,502 thousand at 31 March 2016 comprises mainly:

- net deferred tax assets of the parent company, Saras S.p.A., for EUR 89,778 thousand, including EUR 75,808 thousand in tax assets on tax losses to be used for the purposes of IRES National Consolidation;
- Net deferred tax assets of the subsidiary Sarlux Srl totalling EUR 13,733 thousand, mainly consisting of:
  a) deferred tax assets of EUR 78,958 thousand for the straight-line reporting of revenues – IAS 17 and IFRIC 14;
  b) deferred tax assets for EUR 9,741 thousand related to the tax asset on tax losses still to be offset within the tax consolidation scheme
  c) deferred tax liabilities for EUR 31,140 thousand relating to the excess and accelerated depreciation;
  d) deferred tax liabilities for EUR 40,545 thousand relating to the GSE contract value.
- Net deferred tax assets of the subsidiary Saras Energia SAU of EUR 14,484 thousand, which mainly comprised tax assets on tax losses.

These taxes are considered recoverable on the basis of the prospects of future profitability of the Group.

5.2.5 Other financial assets

As at 31 March 2016, the balance was EUR 5,097 thousand (EUR 5,002 thousand in the previous year) and was mainly represented by the long-term share of a financial receivable due to the parent company Saras SpA by third parties.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

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

	31/03/2016	31/12/2015	Change
Bank loans (portion expiring within 12 months)	68,687	68,439	248
Bank accounts	38,784	20,647	18,137
Derivative instruments	67,454	45,294	22,160
Other short term financial liabilities	45,121	68,717	(23,596)
Total short-term financial liabilities	**220,046**	**203,097**	**16,949**
Total long-term financial liabilities	**578,495**	**585,848**	**(7,353)**
Total financial liabilities	**798,541**	**788,945**	**9,596**

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

On 6 March 2015, the company signed a five-year loan agreement for EUR 150 million with a syndicate of leading national and international banks. The loan is not backed by collateral. It carries an interest rate equal to Euribor plus a fixed annual spread and is repayable in seven instalments, of which the first, equal to 5% of principal, is due on 6 March 2016 and the last on 6 March 2019.

On 16 July 2015, Saras SpA signed a loan agreement for an amount of EUR 50 million, maturing in three years, with a syndicate of national and international credit institutions. This loan is not backed by collateral. It carries an interest rate equal to Euribor plus a spread and is repayable upon maturity in a bullet payment on 15 July 2018.

On 10 December 2015, Saras SpA signed a loan agreement in the amount of EUR 265 million falling due in June 2020, with a syndicate of leading national and international banks. The loan is not secured by collateral; the interest rate is Euribor plus a fixed annual spread. The loan is repayable in eight instalments, the first of which, equal to 10% of principal, in December 2016 and the last in June 2020.

The item "Other current liabilities" essentially includes receipts related to receivables sold with non-recourse factoring transactions without notification, received by customers and not relegated to the factors.

The bank loans and the bonds are measured with the amortised cost method.

For further details, see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	31/03/2016	31/12/2015	Change
Advances from customers: portion due within the period	16,895	28,684	(11,789)
Trade payables: portion due within the period	1,013,261	1,014,756	(1,495)
Total	**1,030,156**	**1,043,440**	**(13,284)**

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

The balance of "Supplier Payables" includes the payables for crude oil purchased in 2012 from Iran, the payment of which is still frozen pending the complete removal of the restrictions in international banking.

5.3.3 Current tax liabilities

This item breaks down as shown below.

	31/3/2016	31/12/2015	Change
VAT	46,052	36,120	9,932
IRES (corporation tax) and income tax of foreign companies	0	0	0
IRAP (regional income tax)	10,966	8,456	2,510
Other tax payables	131,850	78,836	53,014
Total	**188,868**	**123,412**	**65,456**

The change in VAT payables is due to the tax advance payment made, by law, in December 2015 but not recurring during the year.

The item "Other tax payables" mainly includes payables for excise duties on products released for consumption by the Parent Company, Saras SpA, (EUR 122,171 thousand) and the subsidiary Saras Energia S.A.U. (EUR 5,390 thousand). The increase mainly arises from the excise tax advance payments made only in December, as required by Italian law.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below.

	31/3/2016	31/12/2015	Change
Social security payables: portions due within the period	10,071	11,516	(1,445)
Due to personnel	25,815	23,277	2,538
Payables to Ministry for grants	15,679	15,679	0
Other payables	25,898	22,771	3,127
Other accrued liabilities	2,647	649	1,998
Other deferred income	5,823	855	4,968
Total	**85,933**	**74,747**	**11,186**

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

The item "Payables to Ministry for grants" relates to the advance (EUR 15,679 thousand) received by the subsidiary Sardeolica Srl for the construction of the Ulassai wind farm by the Ministry of Economic Development for which the company has not yet obtained its final concession decree.

The item "Other payables" mainly refers to liabilities for port taxes (EUR 19,514 thousand) previously determined by the Customs Authority in respect of the Parent Company, for the period 2005-2007. The Company lost the appeal it filed with the Provincial Tax Commission and is now awaiting for a hearing to be scheduled before the Regional Tax Commission.

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below.

	31/03/2016	31/12/2015	Change
Bond	174,077	174,007	70
Bank loans	404,418	411,841	(7,423)
Total long-term financial liabilities	**578,495**	**585,848**	**(7,353)**

On 17 July 2014, the parent company Saras SpA made a "private placement" of bonds for a total nominal value of EUR 175 million. The bonds, maturing on 17 July 2019, have a fixed coupon of 5% per year. The bonds were listed for trading on the Austrian multilateral trading system, Third Market of the Wiener Borse AG.

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 31/12/15	Net book value at 31/03/2016	Maturity			Collateral
						1 year	from 1 to 5 years	after 5 years	
Saras S.p.A.									
Loan in pool	6-Mar-15	150.0	Euribor 6M	148.4	141.1	22.7	118.4		
Loan in pool	10-Jul-15	50.0	Euribor 6M	49.7	49.7		49.7		
Loan in pool	10-Dec-15	265.0	Euribor 6M	262.7	262.9	26.6	236.3		
				460.8	**453.7**	**49.3**	**404.4**		
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	19.4	19.4	19.4	-		
				19.4	**19.4**	**19.4**	**-**		
Total payables to banks for loans				**480.2**	**473.1**	**68.7**	**404.4**	**-**	**-**

The loans obtained by Saras S.p.A. (EUR 150 million signed on 6 March 2015; EUR 50 million signed on 15 July 2015; EUR 265 million signed on 10 December 2015) and the bond of EUR 175 million issued on 17 July 2014 are subject to the following covenants:

- in financial terms, the company will have to meet the following ratios: Net debt/EBITDA < 3.5 and net debt/shareholders' equity < 1.5, with both ratios calculated on the basis of the results reported in the Group's consolidated financial statements for the previous 12 months as measured at 31 December each year;
- in corporate terms, mainly in relation to the company's 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.

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

The loan obtained by the subsidiary Sardeolica S.r.l was entered into on 6 December 2005 and is subject to the following restrictions:

- financial (mainly comprising liquidity standards that must be met every six months and a ban on carrying out derivatives transactions unless authorised by the syndicate of banks);
- operational, in regard to 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 syndicate of lending banks has the right to demand early repayment of the loan.

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

On the last verification date, all covenants had been met.

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows.

	31/12/2015	Additions	Decrease for use and reversals	Other changes	31/03/2016
Provision for dismantling of plants	18,979	5	0	0	18,984
Provision for CO2 allowances	45,241	4,391	(35,144)	0	14,488
Other provisions	26,206	24	(8)	0	26,222
Total	**90,426**	**4,420**	**(35,152)**	**0**	**59,694**

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

The Provision for CO_2 allowances, amounting to EUR 14,488 thousand, arises from the existence of quantitative limits on the CO_2 emissions of the plants established pursuant to Legislative Decree No. 216 of 4 April 2006; overcoming these limits creates the obligation to purchase allowances in the market for any excess CO_2. emitted. The provisions in question represent allowances required and not yet purchased.

As part of the "Allocation Plan" of emission allowances for the 2013-2020 period, the Sarroch production site was the subject of an allocation of 2,464,835 tons of CO_2 for 2016; within this allocation, the part technically attributable to the refining plants, calculated by applying a methodology consistent with the provisions of the new allocation plan, amounted to 1,856,736 tons of CO_2, while that relating only to the cogeneration plant was equivalent to 608,099 tons of CO_2. This results in the following situation:

- The effective emissions of the refinery plants were 663,969 tons of CO_2 at 31 March 2016. Provisions were made for the shortfall for the period (168,230 tons, worth EUR 952 thousand), after accounting for all purchases and sales of allowances.
- The effective emissions of the refinery plants were 731,778 tons of CO2 at 31 March 2016. Provisions were made for the shortfall for the period (607,594 tons, worth EUR 3,439 thousand), after accounting for all purchases and sales of allowances.

During the year, EUR 35,144 thousand was used from the provisions to buy (and deliver) allowances relating to the previous year;

The item "Other risk provisions" mainly relates to provisions made to cover probable legal and tax liabilities, as well as charges related to the acquisition of the Versalis business unit that will be incurred by the subsidiary Sarlux S.r.l. and reimbursed by the seller (EUR 13,309 thousands).

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below:

	31/03/2016	31/12/2015	Change
Employee end-of-service payments	10,989	11,351	(362)
Other supplementary pension funds	94	94	0
Total	**11,083**	**11,445**	**(362)**

Employee end-of-service payments are governed by article 2120 of the Italian Civil Code and reflect the estimated amount that the company will be required to pay employees when they leave their employment. The liability accrued at 31 December 2006 was determined according to actuarial methods.

On 30 June 2010, following the cancellation by the Parent Company of the agreement establishing CPAS, the company's supplementary employee pension fund, the fund was dissolved and put into liquidation, with workers given the option of transferring the benefits earned until that date to another supplementary pension scheme or of redeeming the full amount. The trade unions disputed the dissolution of the fund, and a number of the employees involved have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision. During 2015, two rulings were announced concerning the settlement of the disputes in question, both favourable to the Company; the counterparties filed an appeal against those sentences in Appellate Court and in the Court of Cassation, respectively.

Based on the opinion of legal counsel assisting the company in this matter, the company is confident that the propriety of its actions will be upheld in court. Following the cancellation, the Saras CPAS fund is the company's supplementary employee pension fund, and is structured as a defined contribution fund.

The following table shows the changes in “Employee end-of service payments”:

Balance at 31.12.2014	**11,917**
Accruals for defined contribution plan (TFR)	5,866
Interest	274
Actuarial (gains) / losses	43
Deductions	(837)
Payments to supplementary pension schemes (or to INPS treasury funds)	(5,912)
Balance at 31.12.2015	**11,351**
Accruals for defined contribution plan (TFR)	1,594
Deductions	(1,956)
Balance at 31.03.2016	**10,989**

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

Balance at 31.12.2014	**94**
Accrual for the year	
Amount used during the year	
Balance at 31.12.2015	**94**
Accruals for defined contribution plan (TFR)	
Amount used during the period	
Balance at 31.03.2016	**94**

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 4,821 thousand, relate to the foreign subsidiaries.

5.5.5 Other non-current liabilities

Other non-current liabilities break down as follows.

	31/3/2016	31/12/2015	Change
Deferred income	264,303	293,967	(29,664)
Other	1,573	1,573	0
Total	**265,876**	**295,540**	**(29,664)**

The change compared with 31 December 2015 is mainly due to the decrease in ‘Deferred income’ posted by the subsidiary Sarlux Srl. The item in question relates to the agreement for the sale of energy between Sarlux S.r.l. and G.S.E. which was accounted for according to IFRIC 4. (Gestore dei Servizi Energetici SpA). 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. These revenues have therefore been accounted for on a straight-line basis in accordance with both the duration of the contract (20 years) and forecasts for the price of gas, which is a determining factor for the electricity tariff.

5.5 Shareholders’ equity

Shareholders’ equity comprises the following:

	31/03/2016	31/12/2015	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	819,355	595,688	223,667
Profit/(Loss) for the period	(224)	223,660	(223,884)
Total Shareholders Equity	**884,687**	**884,904**	**(217)**

Share capital
At 30 September 2015, the fully subscribed and paid-up share capital of EUR 54,630 thousand comprised 951,000,000 ordinary shares with no par 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 819,355 thousand, a net decrease of EUR 223,667 thousand compared with the previous period. The net decrease was the combined result of:

- the allocation of income for the prior fiscal year (profit of EUR 223,660 thousand)
- effect of translation of foreign currency financial statements of foreign subsidiaries for EUR 7 thousand

Pursuant to IAS 1, sections 1 and 97, it is worthy of note that no changes in shareholders’ equity were made with owners of the company’s shares.

Net Result
The net loss for the year totalled EUR 224 thousand.

Dividends
On 22 April 2016, the Annual General Meeting of Shareholders of Saras SpA, convened to approve the financial statements closed as at 31 December 2015, resolved to pay a dividend of EUR 0.17 for each of the 936,010,146 ordinary shares in issue, for a total of EUR 159,121 thousand, taking them from profit for fiscal year 2015.

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.

	31/03/2016	31/03/2015	Change
Sales and services revenues	1,168,897	1,836,453	(667,556)
Sale of electricity	110,605	120,036	(9,431)
Other revenues	2,683	2,992	(309)
Change in contract work in progress	654	636	18
Total	**1,282,839**	**1,960,117**	**(677,278)**

The sales and service revenues decreased to EUR 667,556 thousand, mainly because of the price of petroleum products.

Revenues from the sale of electricity include EUR 99,117 thousand relating to the gasification plant of subsidiary Sarlux S.r.l. and EUR 11,488 thousand relating to the wind farm owned by subsidiary Sardeolica S.r.l.

Revenues from the sale of electricity by Sarlux Sr. reflect the reporting of figures on a straight-line basis, calculated according to the remaining duration of the contract that expires in 2020, principally taking into account the tariff amount and forward curves of both the price of gas and projections of the EUR/USD exchange rate until the contract expires. The projections are reviewed when there are significant changes.
It is worthy of 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 for the purposes of these financial statements, revenues from the sale of electricity were determined conservatively in accordance with Law Decree 69/2013 (‘Doing Decree’).

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

6.1.2 Other income

The following table shows a breakdown of other income:

	31/03/2016	31/03/2015	Change
Revenues for storage of mandatory stocks	779	1,388	(609)
Sales of sundry materials	78	118	(40)
Grants	5	6,914	(6,909)
Chartering of tankers	790	100	690
Recoveries from claims and damages	278	476	(198)
Reimbursment of emission trading charges	3,308	5,190	(1,882)
Other income	16,564	10,295	6,269
Total	**21,802**	**24,481**	**(2,679)**

The item "Grants" mainly included the revenues from green certificates obtained by Sardeolica Srl: from 2016 the electricity produced by the wind farm incentive in question is no longer recognized by green certificates but with an increase in the sale price energy.

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 same period was due to the fall in the price of allowances (from EUR 6.95/share in the first quarter of 2015 to EUR 5.44/share in the first quarter of 2016).

The item "Other income" mainly includes income relating to energy efficiency certificates (white certificates for EUR 9,865 thousand compared with EUR 4,298 thousand in the same period last year) accrued during the period, as well as services provided by Sarlux Srl in Sarroch site to leading operators in the oil sector for EUR 3,177 thousand.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, replacement parts and consumables

	31/03/2016	31/03/2015	Change
Purchases of raw materials	673,836	1,416,190	(742,354)
Purchases of semifinished materials	44,411	64,361	(19,950)
Purchases of spare parts and consumables	19,645	13,818	5,827
Purchases of finished products	246,231	248,851	(2,620)
Change in inventories	95,047	(64,000)	159,047
Total	**1,079,170**	**1,679,241**	**(600,071)**

Costs for the purchase of raw materials, replacement parts and consumables fell EUR 600,071 thousand from the same period during the previous year, mainly due to the above-mentioned trend in crude oil and petroleum product prices.

6.2.2 Cost of services and sundry costs

	31/03/2016	31/03/2015	Change
Service costs	106,534	117,090	(10,556)
Rent, leasing and similar costs	2,856	3,418	(562)
Provisions for risks and charges	5,711	5,919	(208)
Other operating charges	4,726	4,870	(144)
Total	**119,827**	**131,297**	**(11,470)**

Service costs mainly comprise maintenance, rentals, transport, electricity and other utilities, as well bank charges.

The item ‘Rent, leasing and similar costs’ includes the costs incurred by the Parent Company and the subsidiary Sarlux Srl (for the lease of its offices in Milan, the state concession at the Sarroch site and the leasing of equipment) and by the subsidiary Saras Energia S.A.U. for leases of the network of distributors.

Provisions for risks mainly consist of provisions relating to CO_2 allowances for the period under review not yet purchased at 31 March 2016.

The item ‘Other operating charges’ chiefly comprises indirect taxes (combined municipal tax on property – IMU and, atmospheric emission taxes) and membership fees.

6.2.3 Personnel costs

“Personnel costs” break down as follows.

	31/03/2016	31/03/2015	Change
Wages and salaries	26,027	26,951	(924)
Social security	8,058	8,229	(171)
Employee end-of-service payments	1,594	1,369	225
Other costs	1,279	973	306
Directors’ remuneration	912	890	22
Total	**37,870**	**38,412**	**(542)**

The "Plan for the free assignment of shares of the Company to the management of the Saras Group" (the "2013/2015 Stock Grant Plan" or the "Plan") is attached at the end.

On February 29, 2016, the Board of Directors verified the achievement of the performance targets in accordance with Article 5 of the Plan and, in the next meeting on March 14, it resolved to grant 4,255,920 shares to the beneficiaries of the Plan.

6.2.4 Depreciation, amortisation and impairments

Depreciation and amortisation figures are shown below.

	31/03/2016	31/03/2015	Change
Amortisation and write-downs of intangible assets	8,562	8,890	(328)
Depreciation and write-downs of tangible assets	47,737	48,147	(410)
Total	**56,299**	**57,037**	**(738)**

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	31/03/2016	31/03/2015	Change
Financial income:			
- from financial assets recorded under current assets		35	(35)
Other income:			
- Interest on bank and post office accounts	312	132	180
- Fair value of derivatives held at the reporting date	15,857	30,878	(15,021)
- Positive differences on derivatives	14,503	101,350	(86,847)
- Other income	270	68	202
Exchange gains	16,883	23,727	(6,844)
Total Financial Income	**47,825**	**156,190**	**(108,365)**
Financial charges:			
- Fair value of derivatives held at the reporting date	(22,578)	(17,195)	(5,383)
- Negative differences on derivatives	(14,336)	(29,760)	15,424
- Other (interest on loans, late payment interest, etc.)	(6,468)	(8,965)	2,497
Exchange losses	(12,442)	(73,458)	61,016
Total Financial Charges	**(55,824)**	**(129,378)**	**73,554**
Total	**(7,999)**	**26,812**	**(34,811)**

The table below shows net income/charges by type:

	31/03/2016	31/03/2015	Change
Net interest income / (expense)	(6,156)	(8,833)	2,677
Net result from derivative financial instruments	(6,554)	85,273	(91,827)
- Realised gains (losses)	*167*	*71,590*	*(71,423)*
- Fair value of the open positions	*(6,721)*	*13,683*	*(20,404)*
Net exchange gains/(losses)	4,441	(49,731)	54,172
Other	270	103	167
Total	**(7,999)**	**26,812**	**(34,811)**

The fair value of derivative instruments held at 31 March 2016 reflected a net loss of EUR 6,721 thousand (compared with a net gain of EUR 13,683 thousand during the same period of the previous year).

Please note that the derivative financial instruments being considered relate to hedging transactions for which "hedge accounting" has not been adopted

6.4 Income tax

Income tax can be shown as follows.

	31/03/2016	31/03/2015	Change
Current taxes	354	29,818	(29,464)
Deferred tax (income)/expense, net	3,346	1,439	1,907
Total	**3,700**	**31,257**	**(27,557)**

Current taxes for the period consist solely of IRAP calculated on the taxable income of the consolidated companies. In terms of IRES, the national tax consolidation scheme shows a loss, which explains the difference vis-à-vis the corresponding period of the previous year.

The net deferred tax amount refers to the difference between the tax asset recognised on tax losses (EUR 10,162 thousand) and the release of tax assets on temporary differences between book value and tax basis (EUR 13,508 thousand).

7. Other information

For information on subsequent events, reference should be made to the relevant section in the Report on Operations.

7.1 Main legal actions pending

The Parent Company Saras SpA, Sarlux Srl, and Sareolica Srl were audited and assessed by the tax authorities; this led, in some cases, to disputes pending before tax courts.

The Group companies are involved in legal disputes filed by various plaintiffs: although the outcome of certain legal actions are hard to predict, it is deemed there is small chance there will be any future liabilities and consequently no provisions were therefore set aside in these financial statements. Although the past decisions made by the tax courts on the alleged violations were not consistent, the company assumes that probability of any liability is remote; where instead the liability was deemed probable, appropriate funds were allocated to provisions for risks.

Moreover, as regards the subsidiary Sarlux Srl, there are ongoing disputes about the non-recognition of the categorisation of the IGCC plant as cogeneration and the subsequent alleged obligation to purchase "green certificates"; the companies producing electricity from non-renewable or cogeneration sources (pursuant to Legislative Decree 79/99 and the Resolution of the Electricity and Gas Authority - AEEG - no. 42/02) are, in fact, subject to the obligation to purchase green certificates for a certain percentage of electricity fed into the grid. Specifically:

i) Generation 2002-2005. An ad hoc AEEG committee, after inspecting the IGCC plant in 2007, came, a posteriori, to a different interpretation than what it made during the generation period relative to the above resolution. As a result, the AEEG deemed that the company was required to buy green certificates for the years from 2002 to 2005; Sarlux initiated administrative proceedings for all the years in question. In March 2015, the Council of State granted, in its final decision, Sarlux's appeal for years 2002-2005, voiding the outcome of the inspection and the challenged acts that had obliged the company to buy green certificates. On 23 July 2015, the Italian Electricity and Gas Authority resolved, on one hand, that the GSE, in compliance with the cited ruling, would repay Sarlux for the net costs it had incurred to buy the green certificates, about EUR 12.1 million, and, on the other hand, submitted a question to the Italian Council of State to obtain clarifications with regards to other net costs incurred by Sarlux, amounting to about EUR 5.6 million, which, based on a literal interpretation of the ruling, should also be returned to Sarlux. Sarlux, deeming that the ruling of the Italian Council of State does not require clarification and that arguments already presented in appeal are extensive, is nevertheless evaluating, on their merits, the substance of the observations expressed by the Authority. Against a net debt of EUR 17.7 million for years 2002-2005 (gross expenses amounting to EUR 31.9 net of a repayment under CIP no.6/92 of EUR 14.2) the GSE paid back a sum of EUR 12.1 million in September 2015.

ii) 2009 Generation. The Council of State, in the decision mentioned in the paragraph above, did not pronounce on one of the points appealed (hydrogen produced by the plant qualifying as "useful heat"), an interpretation that, if granted, would have allowed the subsidiary to be deemed a cogeneration plant with reference to 2009 Generation also. Sarlux, considering the arguments already presented to the Council of State to be justified, intends to launch further legal action with the aim of achieving recognition of its arguments relating to cogeneration deriving from the production of hydrogen as "useful heat".

iii) 2011 and subsequent generation. As regards production in 2011, 2012, 2013, and 2014 the Company submitted the cogeneration declaration pursuant to the requirements of Resolution 42/02 as in previous years, since it considered the resolution still in effect. GSE instead deemed that, starting with the 2012 obligation (2011 and subsequent generation), the only reference regulation was that for High Yield Cogeneration (CAR) as set out in the Ministerial Decree of 4 April 2011, and therefore rejected the Company's request. Sarlux Srl therefore lodged various appeals with the Regional administrative court (TAR) with the aim of receiving confirmation that Resolution 42/02 is applicable or, if the regulation for High Yield Cogeneration is applicable, that cogeneration conditions were satisfied for the years in question. In the meantime, to avoid incurring administrative penalties, the Company purchased green certificates for the generation of years 2011, 2012, 2013, and 2014 in accordance with GSE's calculation of EUR 75.8 million and immediately submitted a claim for a refund to the AEEG, obtaining EUR 11.7 million for the generation relative to 2011, EUR 15.1 million for 2012, and EUR 14.6 million for 2013. The appeal to the Regional Administrative Court relative to the 2012 generation, which sought confirmation regarding the applicability of resolution 42/02, was rejected in February 2015; Sarlux Srl appealed to the Italian Council of State in September 2015 and deems that the grounds for that appeal and petitions to the Regional Administrative Court that sought to obtain confirmation that cogeneration parameters had been observed in the event that High-Yield Cogeneration regulations are valid and applicable for all years in question. Consequently, the company did not post any expenses or any revenue with reference to the generation from 2011 onward.

7.2 Transactions with related parties

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

7.3 Other

Please refer to the Report on Operations of the Abbreviated Consolidated Financial Statements for details of any atypical and/or unusual operations.