Saras Group Half-Year Financial Report as of 30th June 2015

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
IGOR IVANOVICH SECHIN	Director *
GILBERTO CALLERA	Independent Director
ADRIANA CERRETELLI	Independent Director
LAURA FIDANZA	Independent Director
ISABELLE HARVIE-WATT	Independent Director

BOARD OF STATUTORY AUDITORS

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

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

CORRADO COSTANZO	Chief Financial Officer

INDEPENDENT AUDITING FIRM

RECONTA ERNST & YOUNG SpA

* Independent Director elected by the Minority list of Shareholders

Group Activities

The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Group's refinery is situated in Sarroch, on the South-Western coast of Sardinia, and it is one of the biggest and most complex sites in the Mediterranean area. 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. With a production capacity of 15 million tons per year (or 300,000 barrels per day), the Sarroch refinery accounts for about 15% of Italy's total refining capacity.

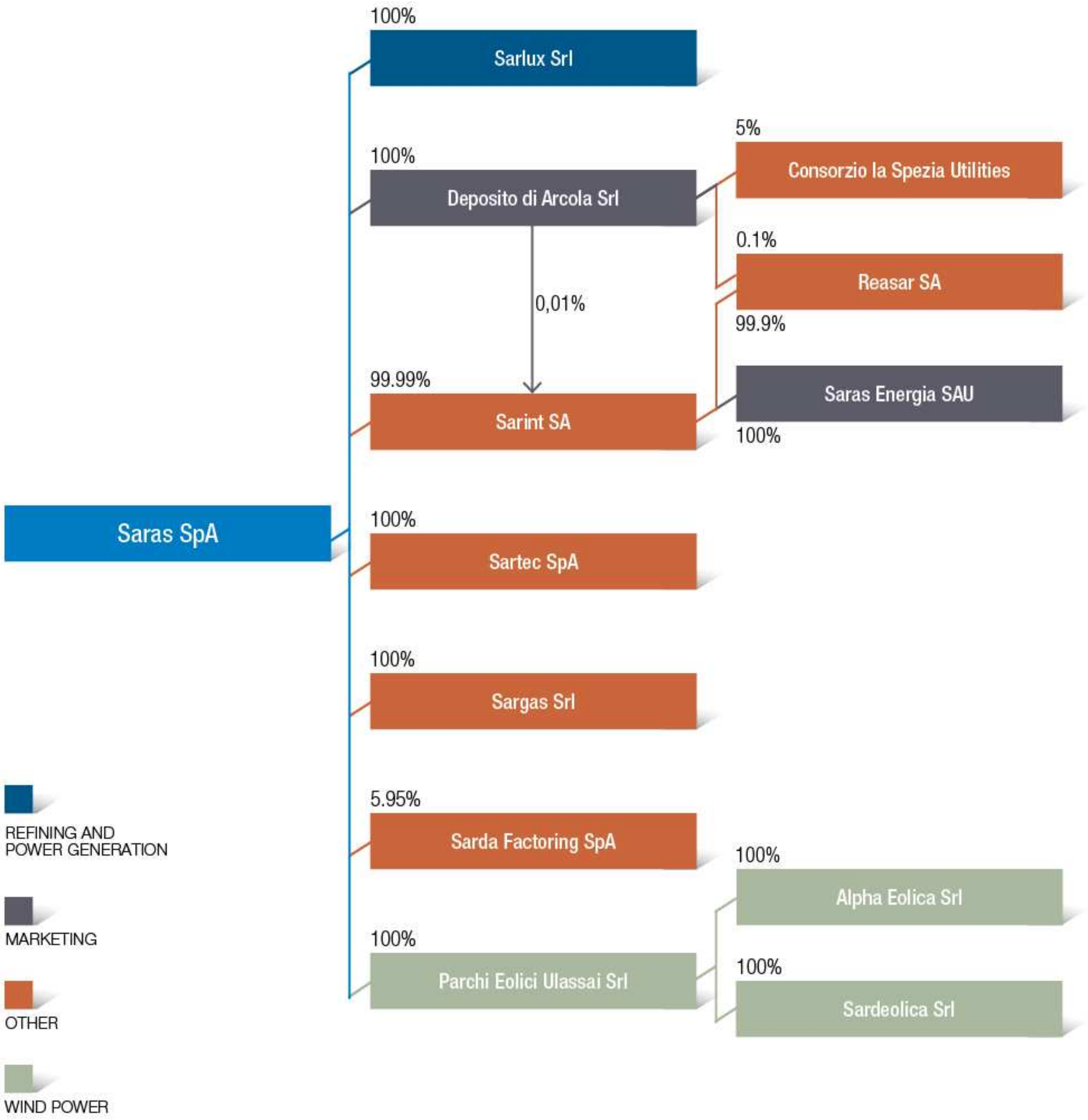
Both directly and through its subsidiaries, the Saras Group sells and distributes oil products including diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel, mainly on the Italian and Spanish markets, but also in various other European and extra-EU countries. In particular, in 2014 approximately 2.45 million tons of oil products were sold in the Italian wholesale market, and a further 1.23 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 the power generation sector with the construction of an IGCC plant (Integrated Gasification plant with Combined Cycle power generation), which has an 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 complete structure of the Saras Group and the various business Segments, with the main companies involved in each segment, as of 30th June 2015.



Saras Stock Performance

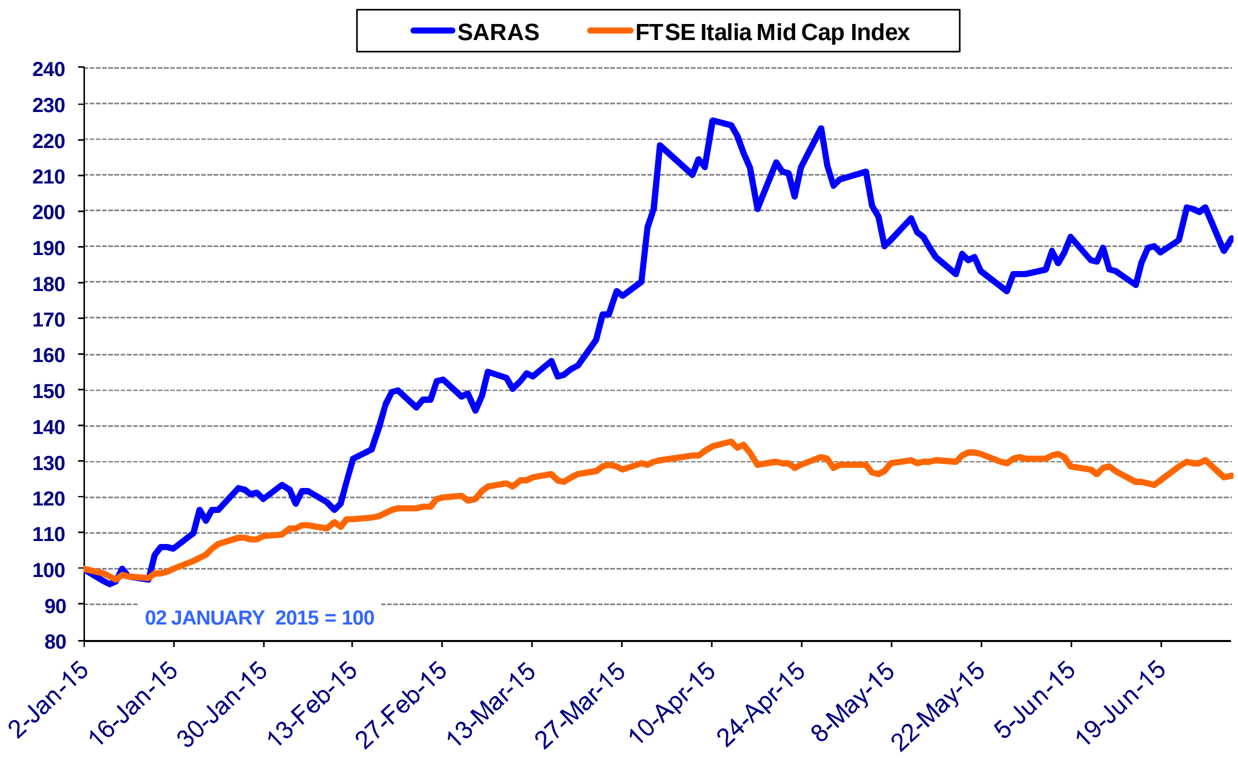
The following data relate to Saras' share prices and the daily volumes, traded during the first six months of 2015.

SHARE PRICE (EUR)	H1/15
Minimum price (06/01/2015)	0.7935
Maximum price (10/04/2015)	1.867
Average price	1.372
Closing price at the end of the first six months of 2015 (30/06/2015)	1.592

DAILY TRADED VOLUMES	H1/15
Maximum traded volume in EUR million (02/04/2015)	39.5
Maximum traded volume in number of shares (million) (02/04/2015)	21.8
Minimum traded volume in EUR million (09/01/2015)	0.4
Minimum traded volume in number of shares (million) (09/01/2015)	0.5
Average traded volume in EUR million	7.7
Average traded volume in number of shares (million)	5.3

The Market capitalization at the end of the first six months of 2015 was equal to approximately EUR 1,514 million and the number of shares outstanding was approximately 930 million.

The following graph shows the daily performance of Saras' share price during the first six months of 2015, 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 used in the Financial Statements). The LIFO methodology does not include revaluations and write downs and it combines the most recent costs with the most recent revenues, thus providing a clearer picture of current operating profitability. Furthermore, for the same reason, non-recurring items and the "*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.

Starting with the financial year 2015, the *comparable* operating results (EBITDA and EBIT) include also the realized results of the derivate instruments, used for hedging transactions on crude oil and refined products, and the net Forex results, which in previous years were classified within the "Financial Income/Expense". Indeed, as explained in our previous Financial Reports, such transactions are standard practice in our commercial activity and, at times characterised by large swings in oil prices and exchange rates between Euro and US dollar, they constitute a meaningful part of our operating results. In order to allow comparison, the financial results for the year 2014 have been reclassified, including at the operating levels the relevant aforementioned transactions, whose amounts in each individual quarter were explicitly disclosed in our Financial Reports.

Group consolidated income statement figures

EUR Million	Q2/15	Q2/14	Change %	Q1/15	H1/2015	H1/2014	Change %
REVENUES	2,728	2,778	-2%	1,985	4,713	5,537	-15%
EBITDA	339.2	32.6	941%	135.6	474.9	15.6	2944%
Comparable EBITDA	**252.2**	**6.0**	**4120%**	**144.2**	**396.4**	**14.3**	**2665%**
EBIT	260.8	(16.8)	1652%	78.6	339.4	(82.3)	512%
Comparable EBIT	**196.6**	**(42.2)**	**566%**	**87.2**	**283.8**	**(82.4)**	**445%**
NET RESULT	155.9	(31.7)	592%	74.2	230.1	(83.3)	376%
***Adjusted* NET RESULT**	**132.5**	**(38.4)**	**445%**	**54.5**	**187.0**	**(78.8)**	**337%**

Other Group figures

EUR Million	Q2/15	Q2/14		Q1/15	H1/2015	H1/2014	
NET FINANCIAL POSITION	**72**	**(43)**		**(38)**	**72**	**(43)**	
CAPEX	**21.4**	**18.0**		**22.7**	**44.1**	**41.7**	
OPERATING CASH FLOW	**166**	**44**		**(68)**	**99**	**12**	

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

Comments to First Half 2015 results

Group Revenues in H1/15 were EUR 4,713 million, down versus EUR 5,537 million in H1/14. This change is due to the drop in oil prices versus the same period of last year, with consequently lower revenues generated by the Refining segment (down by approx. EUR 560 million) and by the Marketing segment (down by approx. EUR 240 million). For reference purposes, gasoline quotations had an average of 602 $/ton in H1/15 (versus 985 $/ton in H1/14), and diesel quotations stood at an average of 545 $/ton (versus 918 $/ton in H1/14). Revenues from the other segments, however, had only minor changes.

Group *reported* EBITDA in H1/15 was EUR 474.9 million, strongly increased from EUR 15.6 million in H1/14. The difference is almost entirely due to the Refining segment, which was able to capture in full the favourable market conditions during H1/15, with the refinery units running at full capacity (+16% vs. H1/14), and achieving a substantially larger operating margin than the one realized in the first half of last year.

Group *reported* Net Result stood at EUR 230.1 million in H1/15, remarkably up from EUR -83.3 million in H1/14, basically for the same reasons discussed at EBITDA level. Nonetheless, it can be noticed that charges for depreciation and amortisation in Q2/15 increased, due to the depreciation of some intangible assets. As such, the total charges for depreciation and amortisation in H1/15 stood at EUR 135.5 million, vs. EUR 97.9 million in H1/14. Finally, the net interest charges are almost at the same level in the two periods under comparison (approx. EUR 20 million in H1/15, vs. approx. EUR 17 million in H1/14).

Group *comparable* EBITDA amounted to EUR 396.4 million in H1/15, largely up from EUR 14.3 million earned in H1/14. As per previous comments, the large improvement between the two semesters being compared, can be primarily attributed to the Refining segment. This trend was also reflected all the way down to the bottom line, with the **Group *adjusted* Net Result positive for EUR 187.0 million**, strongly up from the Group *adjusted* Net Result of EUR -78.8 million in H1/14.

CAPEX in H1/15 was EUR 44.1 million, in line with the investment programme planned for 2015, and mainly directed to the Refining segment (EUR 38.0 million) and, to a lower extent, also to the Power Generation segment (EUR 5.1 million).

Finally, **Group Net Financial Position on 30th June 2015 was positive and equal to EUR 72 million**, basically in line with the net cash position at the beginning of the year (EUR +108 million), and improved versus the debt position on 31st March 2015 (EUR -38 million), for the reasons illustrated in the dedicated chapter.

Comments to Second Quarter 2015 results

Group Revenues in Q2/15 were EUR 2,728 million, almost at the same level of the revenues earned in Q2/14, which stood at EUR 2,778 million. Indeed, the Refining segment achieved a 19% increase in refinery runs versus the same quarter of last year, and the boost in quantities of products sold was able to more than off-set the steep decline of the oil quotations: in particular, the average price of gasoline was 661 $/ton (vs. 1,008 $/ton in Q2/14), and the average price of diesel was 574 $/ton (vs. 917 $/ton in Q2/14). Consequently, revenues from the Refining segment in Q2/15 increased by approx. EUR 74 million versus Q2/14. On the contrary, the drop in oil prices penalised revenues generated by the Marketing segment, which decreased by approx. EUR 110 million. Finally, the changes of revenues generated by the other segments of the Group were not particularly meaningful.

Group *reported* EBITDA in Q2/15 was EUR 339.2 million, strongly increased versus EUR 32.6 million in Q2/14. As already discussed in the comments to the half year results, also in the second quarter of 2015 the large difference versus same period of last year is mainly due to the excellent result obtained by the Refining segment, which run at full capacity (as already mentioned) and captured entirely the favourable market conditions, thanks to its optimal industrial and commercial performance. Conversely, in Q2/14 margins were depressed by the extremely harsh market conditions and, as a result, the refinery runs were purposely trimmed down for economic reasons.

Group *reported* Net Result stood at EUR 155.9 million, remarkably up from EUR -31.7 million in Q2/14, for the same reasons discussed at EBITDA level. Moreover, as disclosed in the comments to the half year results, the increased charges for depreciation and amortisation in Q2/15 (EUR 78.5 million vs. EUR 49.4 million in Q2/14), were due to the depreciation of some intangible assets. Finally, the net interest charges were equal to EUR 11.5 million in Q2/15, versus EUR 8.6 million in Q2/14.

Group *comparable* EBITDA amounted to EUR 252.2 million in Q2/15, largely up from EUR 6.0 million in Q2/14, mainly thanks to the results of the Refining segment. From this, it then follows a **Group *adjusted* Net Income at EUR 132.5 million in Q2/15**, which compares with a Group *adjusted* Net Loss of EUR 38.4 million in Q2/14.

Finally, **CAPEX in Q2/15 was EUR 21.4 million**, of which EUR 18.9 million were used for the Refining segment, in line with the programme for the quarter.

Group *comparable* EBITDA and *adjusted* Net Result

As mentioned at the beginning of this section, "*reported*" figures differ from "*comparable*" and "*adjusted*" figures primarily because of the different methodologies used to evaluate the oil inventories. More specifically, the *reported* (IFRS) figures evaluate oil inventories according to the FIFO methodology, while the *comparable* figures are based on the LIFO methodology. Moreover, the *comparable* and *adjusted* figures do not take into account the "*fair value*" of the open positions of the derivative instruments, and the non-recurring items. The relevance of the various items in Q2/15 and H1/15 results is shown in the following tables.

Group *comparable* EBITDA

EUR Million	Q2/15	Q2/14	H1/2015	H1/2014
***Reported* EBITDA**	**339.2**	**32.6**	**474.9**	**15.6**
Inventories at LIFO - inventories at FIFO	(61.8)	(24.3)	(75.1)	0.0
Non-recurring items	0.0	0.0	0.0	0.0
Realized result of derivatives and net FOREX	(25.3)	(2.3)	(3.4)	(1.3)
***Comparable* EBITDA**	**252.2**	**6.0**	**396.4**	**14.3**

Group *adjusted* Net Result

EUR Million	Q2/15	Q2/14	H1/2015	H1/2014
***Reported* NET RESULT**	**155.9**	**(31.7)**	**230.1**	**(83.3)**
(Inventories at LIFO - Inventories at FIFO) net of taxes	(44.2)	(14.9)	(53.9)	0.1
Non-recurring items net of taxes	17.3	1.2	17.3	1.2
Fair value of derivatives' open positions net of taxes	3.5	6.9	(6.4)	3.2
***Adjusted* NET RESULT**	**132.5**	**(38.4)**	**187.0**	**(78.8)**

Net Financial Position

The Net Financial Position on 30th June 2015 was positive and it stood at EUR 72 million, basically in line with the position at the beginning of the year (EUR +108 million), and improved versus the position on 31st March 2015 (EUR -38 million), mainly thanks to the strong cash generation coming from operations.

Moreover, the CAPEX during the first half of 2015 (equal to approx. EUR 44 million) were largely off-set with the self-financing from the provisions for depreciation (equal to approx. EUR 135 million).

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 (the 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]	Q1/15	Q2/15		H1/15
Crude Oil prices and differential ($/bl)				
Brent Dated (FOB Med)	53.9	61.9		57.8
Urals (CIF Med)	53.3	62.2		57.6
"Heavy-Light" price differential	-0.6	+0.4		-0.2
***Crack spreads* for refined oil products ($/bl)**				
ULSD *crack spread*	15.5	15.0		15.2
Gasoline 10ppm *crack spread*	11.3	17.3		14.2
Reference Margin ($/bl)				
EMC Benchmark	+4.0	+4.1		+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:

In Q1/15 crude oil quotations swung between 45 and 60 $/bl and the average price of Brent Dated for the period stood at 53.9 $/bl. With crude supply largely exceeding consumption, in January, Brent Dated continued its descending trajectory started in the fourth quarter of 2014, and it reached the lowest value of the period at 45.2 $/bl, on January 13th. However, at the beginning of February, quotations climbed back above 50 $/bl and crude oil posted a progressive recovery up to the maximum quarterly value of 62.0 $/bl on February 27th. Such reversal is primarily attributed to the reduction in Iraqi oil exports, both for production problems (Kirkuk) and for bad weather conditions (Bashra), and to the almost complete shut-down of Libyan oil production, due to the armed conflicts in various areas of the country. Additional bullish factors came from the data reporting a slow-down in the number of new exploration rigs drilled in the USA, for the research and development of "*tight oil*" fields. Finally, in March, spring maintenance activities started in many European and American refineries, leading to a subsequent reduction in crude oil demand. Brent Dated slipped down once again, and it closed the first quarter at 54 $/bl.

Q2/15 saw Brent Dated moving initially upwards, during the month of April and the first half of May, reaching its highest quotation at 66.7 $/bl on May 13th. This 20% spike derived from a reduction in the production of tight oil in the United States, and also from the beginning of the Saudi military operations against Yemen, which created fears of potential disruptions of maritime flows in the Aden Gulf and in the Bab al-Mandeb strait, which is a choke-point for exports of a large portion of the crude oil produced in region. Interestingly, the upwards trend of prices in those weeks was not even interrupted by the record-high production of Saudi Arabian's crude oil. However, towards the end of May, oil quotations reversed their trend under the destabilising pressure coming from the Greek crisis, and the disappointing macroeconomic data in China, accompanied by huge turmoil in the local financial markets. Given the above, Brent Dated closed the second quarter at 61.1 $/bl, with the average of the period at 61.9 $/bl.

Price differential between "heavy" and "light" crude oil grades ("Urals" vs. "Brent"):

During Q1/15 the "heavy-light" crude oil price differential was very volatile, with the quarterly average settling at -0.6 $/bl. In general, the reduction in the export volumes of Libyan crude oil (light sweet grades) acted as a support to the "light crude complex" especially in the first part of the quarter. The differential reached its peak at -1.7 $/bl towards the middle of January. Subsequently, the contraction of Urals' volumes assigned for export compounded with the production problems of the Iraqi Kirkuk crude oil, and the "heavy crude complex" rebounded, actually climbing to a premium versus light crudes: the differential reached +0.7 $/bl at the end of January. Later, towards the end of February and for the entire month of March, the seasonal maintenance of many Russian refineries influenced the price of Urals, and the differential gradually widened again, closing the quarter at -0.6 $/bl.

Subsequently, the "heavy-light" differential was positive for almost the entire second quarter, touching a peak value of +1.1 $/bl on June 18th, and also a positive quarterly average, equal to +0.4 $/bl. Such unusual situation came as a consequence of the reduction in "heavy sour" crude availability in the Mediterranean basin, mainly due to some loading delays of Kirkuk crude oil, and the decision to shift high quantities of Urals crude oil towards Asian buyers.

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

During Q1/15, the gasoline *crack spread* posted a very strong performance, with a quarterly average equal to 11.3 $/bl. Such performance can be explained with robust demand materialising in the Persian Gulf region and in Central America, at the same time with the shut-down of some refineries in the United States, due to strikes and bad weather. Towards the end of the quarter, the gasoline *crack spread* touched its highest level (+17.6 $/bl on March 25th), coincidentally with the switch to summer grades.

In Q2/15 the gasoline *crack spread* further strengthened thanks to a robust increase in US consumption, at the time of the so called "driving season". This circumstance opened the US East coast to numerous arbitrage cargoes coming from

European refineries. As such, the quarterly average for the gasoline *crack spread* stood at 17.3 $/bl in Q2/15, with the highest value of 23.6 $/bl reached on June 16th.

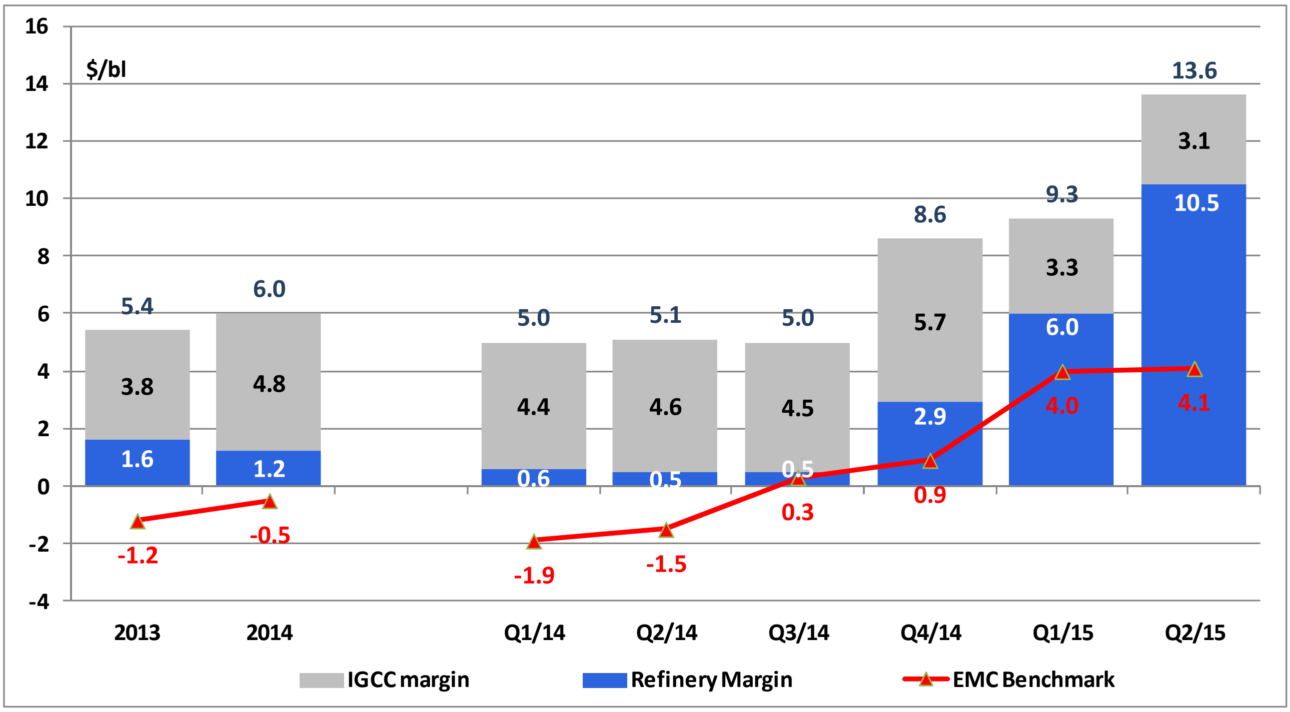
Moving to the analysis of the middle distillates, in Q1/15 the crack spread of the automotive diesel remained at a good level, with a quarterly average of 15.5 $/bl, in line with the same quarter of last year, also thanks to the support received from heating gasoil consumption.
Moreover, in Q2/15, the *crack spread* of the auto motive diesel slightly weakened due to the increase in crude oil prices, and notwithstanding the first signals of improvement in consumption, driven by the economic recovery. Overall, the average of the diesel *crack spread* stood at 15.0 $/bl in Q2/15.

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 Sea, 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 (+0.3 $/bl in Q3/14 and +0.9 $/bl in Q4/14), thanks to the drop in crude oil prices which, for the reasons previously discussed, fell from approx. 110 $/bl (average of the quotations in H1/14), down to approx. 55 $/bl (closing quotation on the 31st December 2014).

Subsequently, the EMC Benchmark reached very strong levels in the first half of 2015 (posting the quarterly average of +4.0 $/bl in Q1/15, followed by the average of +4.1 $/bl in Q2/15). Indeed, in a context of relatively stable crude oil prices, floating in the range between 50 – 65 $/bl, consumption of refined oil products started to pick-up and, the gasoline crack spread, in particular, climbed to record heights in Q2/15.

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, constantly manages to achieve a refining margin sustainably higher than the EMC Benchmark, with a premium which varies from quarter to quarter, according to the specific market conditions and the performance of the 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 strategically positioned on the South-Western coast of Sardinia, and it is one of the largest and most complex refineries in the Mediterranean area. It has a production capacity of 15 million tons per year, which corresponds to approximately 15% of Italy's total refining capacity. Below are the financial and operational highlights of this segment:

EUR Million	Q2/15	Q2/14	Change %	Q1/15	H1/2015	H1/2014	Change %
EBITDA	280.3	(29.9)	1037%	68.3	348.6	(105.6)	430%
***Comparable* EBITDA**	**196.2**	**(57.9)**	**439%**	**83.3**	**279.4**	**(108.0)**	**359%**
EBIT	233.9	(58.6)	499%	38.2	272.0	(163.0)	267%
***Comparable* EBIT**	**167.7**	**(86.6)**	**294%**	**53.1**	**220.8**	**(165.4)**	**234%**
CAPEX	**18.9**	**16.4**		**19.1**	**38.0**	**34.6**	

Margins and refinery runs

		Q2/15	Q2/14	Change %	Q1/15	H1/2015	H1/2014	Change %
REFINERY RUNS	Tons (thousand)	3,712	3,124	19%	3,705	7,418	6,421	16%
	Barrels (million)	27.1	22.8	19%	27.0	54.1	46.9	16%
	Bl/day (thousand)	298	251	19%	301	299	259	16%
COMPLEMETARY FEEDSTOCK	Tons (thousand)	256	232	10%	236	493	294	68%
EXCHANGE RATE	EUR/USD	1.105	1.371	-19%	1.126	1.116	1.370	-19%
EMC BENCHMARK MARGIN	$/bl	4.1	(1.5)		4.0	4.0	(1.7)	
SARAS REFINERY MARGIN	$/bl	10.5	0.4		6.0	8.3	0.5	

Comments to First Half 2015 results

Refinery runs in H1/15 stood at 7.42 million tons (54.1 million barrels, corresponding to 299 thousand barrels per calendar day), up 16% versus the same period of last year. In both the semesters under comparison, the scheduled maintenance activities did not involve any crude distillation unit. However, the very favourable market scenario in H1/15 allowed to push the units up to maximum capacity while, in the first half of last year, the refinery runs had been trimmed-down for economic reasons.

***Comparable* EBITDA was EUR 279.4 million in H1/15**, supported by Saras refinery margin at +8.3 $/bl. This compares with *comparable* EBITDA at EUR -108.0 million and Saras refinery margin at +0.5 $/bl in H1/14. Such wide improvement derives from a combination of factors among which, firstly, the structural change of the market conditions and, in addition to that, also the capabilities of the Saras Group to achieve an excellent operational and commercial performance.

More specifically, when analysing the market conditions, it can be noticed that the strong rebound of the refining margins came as a consequence of the drop in crude oil prices, together with a certain pick-up in consumption of refined oil products (both themes were already discussed in the section dedicated to the oil market). The reference margin "EMC Benchmark" posted an average equal to +4.0 $/bl in H1/15, almost six dollars per barrel higher than the average of -1.7 $/bl in H1/14.

Still on the macroeconomic aspects, a supportive role to H1/15 results has been played also by the strengthening of the US Dollar against the Euro (the average of the exchange rate stood at 1.116 US Dollars for 1 Euro vs. the average of 1.370 in H1/14). Indeed, as it is well known, the Refining segment pays its fixed and variable costs in Euro, while it earns a gross margin in US dollars.

From an operational point of view, in H1/15 Sarroch refinery run very smoothly and efficiently, and it could benefit also from a meaningful reduction of the cost of “consumption & losses”, thanks to the drop in absolute value of crude oil prices. Moreover, scheduled maintenance activities, carried out exclusively during the first quarter, led to an EBITDA reduction of approx. EUR 19 million (which compares with a reduction of approx. EUR 7 million in H1/14).

Looking at the commercial aspects, the characteristics of flexibility and complexity of the Group’s refinery allowed it to capture several opportunities offered by the market, concerning the procurement of both crude oil and also other kinds of feedstock (such as, for example, semi-finished products like “vacuum gasoil” and “straight run” residues), which turned out to be highly profitable. Such opportunities had not been available during H1/14. Moreover, in addition to the opportunities on the procurement of crudes and feedstock, in the last weeks of the first half 2015 it was decided to increase also the sale of finished products (in particular gasoil and gasoline), in order to take advantage of the particularly favourable *crack spreads*.

Finally, H1/15 could benefit also from the petrochemical plants acquired from Versalis, whose contribution turned out to be larger than originally anticipated, with the forecasts made at the beginning of the year. On the other hand, H1/14 did not have such contribution, because the Versalis’ acquisition was finalised at the end of December 2014.

Refining CAPEX in H1/15 was EUR 38.0 million, in line with the programme of the semester.

Comments to Second Quarter 2015 results

Refinery runs in Q2/15 stood at 3.71 million tons (27.1 million barrels, corresponding to 298 thousand barrels per calendar day), up 19% versus the same quarter of 2014. As already disclosed in the comments to the results of the half year, the favourable market scenario created the conditions to push the plants at maximum capacity in Q2/15; on the contrary, the extremely harsh market conditions registered in Q2/14 suggested to make economic run-cuts. Moreover, in Q2/15 there were no scheduled maintenance activities, while in Q2/14 maintenance had been carried out on one of the refinery’s conversion units.

***Comparable* EBITDA was EUR 196.2 million**, largely improved versus EUR -57.9 million in Q2/14. This particularly strong result is due to a combination of numerous drivers. Firstly, there was a structural change of the market conditions, as shown by the EMC Benchmark margin (whose average stood at +4.1 $/bl, versus the average of -1.5 $/bl in Q2/14).

Furthermore, Saras premium on top of the EMC Benchmark in Q2/15 was exceptionally wide (+6.4 $/bl vs. a premium of +1.9 $/bl in Q2/14), supported by the factors already discussed in the comments for the first semester. In particular, the refinery achieved an optimal operational performance, running at full capacity and without any penalisation, thanks also to the absence of scheduled maintenance activities in the quarter (whereas in Q2/14 there had been an EBITDA reduction worth approx. EUR 4 million due to scheduled maintenance on the MildHydroCracking 2 Unit, and also the refinery runs had been trimmed-down for economic reasons). Moreover, like already mentioned in the first semester, also in Q2/15 the cost of “consumption & losses” was largely lower than in Q2/14, due to significant drop in crude oil prices.

Similarly to the comments for the half year, in Q2/15 the commercial performance was excellent, managing to capture numerous opportunities both on the purchase of raw materials and also on the sale of finished products (mainly gasoline and gasoil). With regards to the purchase of raw materials, the trading department was able to take advantage of the availability of ample discounts for non-conventional crude oils. Moreover, market conditions granted very favourable returns for the purchase and processing of semi-finished feedstock, complementary to crude oil, like for example the “straight run” residues and some kind of gasoil (the “vacuum gasoil”). Such opportunities had not been available during Q2/14. With regards to the commercial opportunities related to the sale of finished products, at the beginning of Q2/15 we completed some sales delayed from the last decade of March (due to port closed for bad weather); later, in June, we exploited the favourable crack spreads, increasing sales of gasoline and diesel above the original programme. In such way, oil inventory stocks at the end of the second quarter came below the levels held at the beginning of April.

Also the contribution from the petrochemical plants acquired from Versalis was very strong in Q2/15, thanks to a very rewarding gasoline crack spread, which drove upwards the reforming margin. The comparison with Q2/14 cannot be made because the Versalis’ acquisition was finalised at the end of December 2014, as already discussed before.

Regarding the EUR/USD exchange rate, in Q2/15 the US dollar was remarkably stronger than in the same period of last year, leading to large positive effects on the results of the Refining segment (the average of the exchange rate in Q2/15 was equal to 1.105 US Dollars for 1 Euro, which is 20% stronger than the average of 1.371 in Q2/14).

Finally, **Refining CAPEX in Q2/15 was EUR 18.9 million**.

Crude Oil slate and Production

The crude mix processed by the Sarroch refinery in H1/15 had an average density of 33.4°API, significantly lighter than the mix processed in H1/14. When looking in detail at the various crude grades used in the feedstock, it can be noted a strong increase in the percentage of light crude oils with sulphur content ranging from low to extremely low (so called "*light sweet*" and "*light extra sweet*"), with a corresponding decrease in the percentage of the crude oils with average density, especially those with high sulphur content (so called *"medium sour"*). These changes in the feedstock mix are mainly due to economic and commercial choices, made in order to exploit the recent strength of the gasoline *crack spread*, as well as the new opportunities to extract higher value from naphtha in the units acquired from Versalis.

		Q2/15	H1/2015	H1/2014
Light extra sweet		32%	40%	36%
Light sweet		20%	14%	2%
Medium sweet/extra sweet		1%	2%	6%
Medium sour		14%	13%	22%
Heavy sour/sweet		32%	32%	34%
Average crude gravity	°API	33.3	33.4	31.0

Moving on to the product slate, it can be observed that in H1/15 the yields in LPG (2.1%), light distillates (25.8%), and also middle distillates (53.0%) reached excellent levels and, in some cases, even greater than the high yields already achieved in H1/14. This came as a consequence of various factors: firstly, the optimal performance of the refinery; secondly, the decision to process also some other feedstock (such as "vacuum gasoil" and "straight run" residues, as already mentioned in the previous chapter); and lastly, the lightening of the crude slate mix, which also allowed to reduce the heavy distillates yield (5.3%). Overall, the cumulative yield of high value added products stood at 80.8% in H1/15, which represents an outstanding performance within the European competitive context.

		Q2/15	H1/2015	H1/2014
LPG	Tons (thousand)	75	167	91
	yield (%)	1.9%	2.1%	1.4%
NAPHTHA + GASOLINE	Tons (thousand)	1,031	2,037	1,740
	yield (%)	26.0%	25.8%	25.9%
MIDDLE DISTILLATES	Tons (thousand)	2,132	4,190	3,470
	yield (%)	53.7%	53.0%	51.7%
FUEL OIL & OTHERS	Tons (thousand)	159	422	467.7
	yield (%)	4.0%	5.3%	7.0%
TAR	Tons (thousand)	315	588	582
	yield (%)	7.9%	7.4%	8.7%

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	Q2/15	Q2/14	Change %	Q1/15	H1/2015	H1/2014	Change %
EBITDA	(0.3)	4.0	-107%	5.1	4.8	3.1	55%
***Comparable* EBITDA**	**(3.2)**	**5.4**	**-159%**	**(1.3)**	**(4.5)**	**4.2**	**-207%**
EBIT	(6.7)	3.3	-303%	3.3	(3.4)	0.3	-1243%
***Comparable* EBIT**	**(4.7)**	**3.4**	**-238%**	**(3.1)**	**(7.8)**	**0.1**	**-7930%**
CAPEX	**0.3**	**1.0**		**0.2**	**0.5**	**1.6**	

Sales

		Q2/15	Q2/14	Change %	Q1/15	H1/2015	H1/2014	Change %
TOTAL SALES	Tons (thousand)	981	925	6%	990	1,971	1,798	10%
of which: in Italy	Tons (thousand)	640	613	4%	621	1,260	1,166	8%
of which: in Spain	Tons (thousand)	342	312	10%	369	711	632	12%

Comments to First Half 2015 results

During the first half of 2015, oil products consumption started to give some encouraging recovery signals in the Italian market, which represents the main output channel for the wholesale Marketing activities of the Saras Group. On the contrary, Spanish demand for oil products remained basically flat, versus the same period of last year.

In particular, in H1/15 total consumption of oil products in Italy increased by +1.3% driven by healthy demand for gasoil and automotive diesel (+2.5%, equal to +294ktons), which more than offset the reduction in gasoline consumption (-2.1%, equal to -80ktons). Nonetheless, wholesale margins dropped mainly because of the intensified competitive pressure from inland refineries (all running at maximum capacity), and also because of the increase in the minimum mandatory level of blending with biofuels (which became 5% as of January 1st 2015, up from the previous level of 4.5%). In such a context, the Saras Group still gained market share (with volumes sold up by 8% vs. H1/14), while its gross commercial margin went down.

Moving to the analysis of the Spanish market, as previously mentioned it remained approximately flat in H1/15, with total oil products' demand down by 0.3% versus H1/14. More precisely, the drop in consumption of gasoline (-2.3%) and fuel oils (-8.4%), was almost entirely compensated by the increase in demand for total gasoil (+3.3%). The Spanish subsidiary Saras Energia increased sales by 12%, and it also managed to limit the contraction of the commercial margin, mainly thanks to 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 -4.5 million in H1/15,** down versus EUR 4.2 million in H1/14.

Comments to Second Quarter 2015 results

During Q2/15, consumption of oil products in Italy bounced (overall +2.3% versus Q2/14), with a striking jump of +5.9% in the month of June versus the same month of last year; Spanish demand, instead, went slightly down (-0.6%).

In Italy, the Saras Group increased sales by 4% versus Q2/14, but suffered a squeeze of its gross margin, amid severe competition and increased blending costs with biofuels. Similarly, the Spanish subsidiary Saras Energia increased the volumes sold (+10%), notwithstanding the intensified competitive pressure. Actually, thanks to its policy aimed at the optimization of the sale channels, it could minimise the reduction of its commercial margin.

***Comparable* EBITDA of the Marketing segment in Q2/15 stood at EUR -3.2 million**.

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	Q2/15	Q2/14	Change %	Q1/15	H1/2015	H1/2014	Change %
EBITDA	55.8	52.4	6%	53.9	109.7	103.9	6%
***Comparable* EBITDA**	**55.8**	**52.4**	**6%**	**53.9**	**109.7**	**103.9**	**6%**
EBIT	31.3	36.0	-13%	30.2	61.5	71.1	-14%
***Comparable* EBIT**	**31.3**	**36.0**	**-13%**	**30.2**	**61.5**	**71.1**	**-14%**
EBITDA ITALIAN GAAP	**52.9**	**29.5**	**79%**	**35.9**	**88.8**	**62.2**	**43%**
EBIT ITALIAN GAAP	**36.8**	**14.0**	**162%**	**20.7**	**57.4**	**31.3**	**84%**
CAPEX	**1.9**	**0.2**		**3.2**	**5.1**	**4.6**	

Other figures

		Q2/15	Q2/14	Change %	Q1/15	H1/2015	H1/2014	Change %
ELECTRICITY PRODUCTION	MWh/1000	1,241	1,115	11%	1,017	2,258	2,200	3%
POWER TARIFF	**Eurocent/KWh**	**9.7**	**10.1**	**-4%**	**9.7**	**9.7**	**10.1**	**-4%**
POWER IGCC MARGIN	$/bl	3.1	4.6	-33%	3.3	3.2	4.5	-29%

Comments to First Half 2015 results

The Power Generation segment achieved a strong operational performance in H1/15 and, as a matter of fact, its **production of electricity reached 2.258 TWh.** This 3% increase versus H1/14 can be explained mainly with the different maintenance programmes carried out in the two semesters under comparison. Indeed, in H1/15 maintenance activities involved only one of the three trains of "Gasifier – combined cycle Turbine" and one of the two "H_2S Absorbers". Conversely, last year maintenance was completed on one train of "Gasifier – combined cycle Turbine" during Q1/14, and it was started on another train of "Gasifier – combined cycle Turbine" and one of the "H_2S Absorbers" towards the end of Q2/14, in order to be later completed in Q3/14.

IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 109.7 million in H1/15, up 6% versus H1/14. The difference is mainly due to the update, made in Q4/14, of the outlook for the prices of crude oil and gas used in the calculation of the IFRS results, which turned out to be more favourable than the prices in the previous outlook. On the other hand, H1/14 results could benefit from higher sales of hydrogen and steam (up by approx. EUR 9.4, versus the sales in H1/15). As it is well known, such sales are not subject to the IFRS equalisation procedure.

Moving to the **Italian GAAP EBITDA, it stood at EUR 88.8 million in H1/15,** strongly up versus EUR 62.2 million in H1/14, primarily because of the steep decline in the procurement cost of the feedstock (-37%) and, secondly, thanks to the higher production and sale of electricity (+3% vs. the first half of 2014). The combination of these two factors more than off-set the lower value of the CIP6/92 tariff (-4%), as well as the previously mentioned lower sales of hydrogen and steam.

Finally, CAPEX in H1/15 was EUR 5.1 million, coherently with the ordinary maintenance activities carried out in the period.

Comments to Second Quarter 2015 results

In Q2/15, the results of the Power Generation segment were excellent. The **production of electricity stood at 1.241 TWh,** which is one of the highest quarterly levels ever achieved. When comparing with Q2/14, the production of electricity was up 11%, mainly thanks to the optimal operational performance. Nonetheless, it should also be mentioned that no scheduled maintenance activities were carried out in Q2/15, while in Q2/14 maintenance began on one train of "Gasifier – combined cycle Turbine" and one "H_2S Absorbers".

IFRS EBITDA (coincident with *comparable* EBITDA) stood at EUR 55.8 million in Q2/15, up 6% versus Q2/14. As already discussed in the comments to the half year results, such difference can be mainly explained with the update, made in Q4/14, of the outlook for the prices of crude oil and gas, which are used in the calculation of the IFRS results.

Conversely, in Q2/15 the sales of hydrogen and steam, not subject to the IFRS equalisation procedure, were approx. EUR 3.6 million lower than in Q2/14.

Finally, the **Italian GAAP EBITDA was equal to EUR 52.9 million in Q2/15,** up 79% versus EUR 29.5 million in Q2/14. Such increase is primarily due to the higher production of electricity and the lower procurement cost of the feedstock, whose effects more than compensated the reduced value of the CIP6/92 tariff, and the lower sales of hydrogen and steam.

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	Q2/15	Q2/14	Change %	Q1/15	H1/2015	H1/2014	Change %
EBITDA	3.1	4.3	-27%	8.6	11.7	12.9	-9%
***Comparable* EBITDA**	**3.1**	**4.3**	**-27%**	**8.6**	**11.7**	**12.9**	**-9%**
EBIT	2.2	0.7	210%	7.3	9.4	8.1	17%
***Comparable* EBIT**	**2.2**	**3.2**	**-32%**	**7.3**	**9.4**	**10.6**	**-11%**
CAPEX	**0.0**	**0.1**		**0.0**	**0.0**	**0.3**	

Other figures

		Q2/15	Q2/14	Change %	Q1/15	H1/2015	H1/2014	Change %
ELECTRICITY PRODUCTION	MWh	33,748	36,880	-8%	69,019	102,767	98,426	4%
POWER TARIFF	EURcent/KWh	4.3	4.4	-2%	4.9	4.7	4.6	1%
GREEN CERTIFICATES	EURcent/KWh	10.5	10.4	1%	10.0	10.2	10.1	1%

Comments to First Half 2015 results

IFRS EBITDA of the Wind segment (which is equal to the *comparable* EBITDA) stood at EUR 11.7 million in H1/15, slightly lower than the result achieved in H1/14, which however benefited from certain capitalizations of costs. Indeed, in H1/15, electricity production was up 4% versus the same period of last year, and also the power tariff and the Green Certificates had higher values (both up by 0.1 EURcent/kWh, versus their values in H1/14).

Comments to Second Quarter 2015 results

IFRS EBITDA of the Wind segment (equal to the *comparable* EBITDA) stood at EUR 3.1 million in Q2/15, down versus EUR 4.3 million achieved in Q2/14. This difference can be primarily explained with the lower production of electricity (down by 8% versus Q2/14). Indeed, the slight decline of the power tariff (-0.1 EURcent/kWh versus Q2/14) was entirely compensated by the increase in value of the Green Certificates (+0.1 EURcent/kWh).

Other Activities

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

EUR Million	Q2/15	Q2/14	Change %	Q1/15	H1/2015	H1/2014	Change %
EBITDA	0.3	1.8	-83%	(0.2)	0.1	1.3	-93%
***Comparable* EBITDA**	**0.3**	**1.8**	**-83%**	**(0.2)**	**0.1**	**1.3**	**-93%**
EBIT	0.2	1.8	-89%	(0.3)	(0.1)	1.2	-111%
***Comparable* EBIT**	**0.2**	**1.8**	**-89%**	**(0.3)**	**(0.1)**	**1.2**	**-111%**
CAPEX	**0.2**	**0.3**		**0.2**	**0.4**	**0.6**	

Strategy and Outlook

So far, the third quarter of 2015 has confirmed the strength of the refining margins seen in the first half of the year, thanks to the support received from the consumption of refined products, and in particular of high quality gasoline (whose *crack spread* reached an average of approx. 21 $/bl in July). At the time of writing this Half-Year Financial Report, the EMC Benchmark for Q3-to-date is standing at an average of +4.2 $/bl, further progressing from H1/15 average.

Crude oil supply continues to exceed demand, creating very 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 (sold at interesting discounts vs. Brent – the reference crude oil). Indeed, with the goal of extracting maximum value for the current market scenario, Saras launched in 2014 and it is currently implementing it, a project of supply chain integration (called project “SCORE”). Overall, nowadays still persist all the conditions which allowed Saras to achieve a premium above the EMC Benchmark of 4.3 $/bl in H1/15.

From an operational stand-point, the Group’s Refining segment will start towards the end of the third quarter a new cycle of scheduled maintenance, which will be subsequently completed between October and November, with a total impact of approx. 0.5 $/bl. Overall, refinery runs for the full year 2015 are expected to reach approx. 15 million tons of crude oil (equivalent to 110 million barrels), which represents an increase of more than 2.5 million tons vs. FY 2014.

The activities aimed at integrating the petrochemical plants acquired from Versalis, within the operations of Saras’ wholly owned subsidiary Sarlux Srl, continue steadily and better than originally planned. In particular, the EBITDA contribution on a yearly basis is expected to exceed EUR 20 million (twice as much the estimates made at the end of 2014), thanks to higher runs, larger cost savings, and thanks also to the support from strong reforming margins.

Another positive catalyst is the strength of the US dollar which, also in July, posted a monthly average of approx. 1.10 USD for 1 Euro, in line with the average of 1.12 in H1/15, and remarkably higher (+17%) than the average of 1.33 set in 2014.

Progress continues with regards to the plan of creating a new trading company in Geneva, which shall be operational already before the end of 2015. Positioning the Saras Group’s trading offices in one of the main international trading floors for oil commodities, shall enhance the access to additional information, which are decisive in order to capture new commercial opportunities.

Moving to the Power Generation segment, its financial results in FY 2015 are expected to be very strong, thanks to a combination of stable revenues and decreasing costs for the procurement of the feedstock.

Finally, there are signals which confirm the progressive recovery in oil products’ consumption, in various countries of the Euro zone, as a consequence of improving macroeconomic conditions and the reduction of fuels’ retail prices. Such effects should allow for a gradual recovery of the profitability of Saras Group’s Marketing segment, in the second half of the year.

Investments by business Segment

EUR Million	Q2/15	H1/2015	H1/2014
REFINING	18.9	38.0	34.6
POWER GENERATION	1.9	5.1	4.6
MARKETING	0.3	0.5	1.6
WIND	0.0	0.0	0.3
OTHER	0.2	0.4	0.6
Total	**21.4**	**44.1**	**41.7**

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 Half of 2015

On July 7th, 2015 Saras Energia SA created a wholly owned subsidiary called “Terminal Logistica de Cartagena SLU”. In due course, Saras Energia will transfer to this new company all its assets & business activities related to the Cartagena Tank Terminal.

On July 15th, 2015 Saras SpA signed a loan agreement for a principal amount of EUR 50 million and 3-year maturity, with a primary bank. The loan is not subject to collaterals, and it will be repaid in a single instalment on July 15th, 2018. Finally, the interest rate of the loan is equal to EURIBOR, plus a fixed yearly component.

On July 21st, 2015 it expired and was regularly repaid, the bond issued by Saras SpA on July 16th, 2010, with a total principal amount of EUR 250 million and a 5-year maturity.

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 half of 2015.

Own shares

During the first half of 2015 no transactions took place, involving the sale or purchase of Saras SpA own shares.

Information on the accidents happened in 2009 and 2011

In relation to the lawsuit opened following the accident in 2011 at the Sarroch refinery, which involved three workers from a subcontractor, in March 2014 the Public Prosecutor requested that, for the Company, the following be committed for trial (for liability pursuant to Legislative Decree 231/2001): the Chairman; the CEO, the General Manager, the Refinery Manager, three managers and three staff of the Company. For the firm which employed the injured workers, the owner, a manager and a team leader were committed for trial. The preliminary hearing was held on 16th July 2015, and it was accepted the request made by the labour union called “FIOM CGIL Sardegna” to join proceedings as a civil party, and to sue Saras SpA for civil liabilities. The trial has been has been postponed to 5th November 2015, for further discussions and decisions on the requests made by the Prosecutor.

In relation to the lawsuit opened following the accident in 2009 at the Sarroch refinery, which involved three workers from a subcontractor, in March 2014 the appeal process came to a conclusion. The acquittals in first instance of the company and of two managers, pursuant to Legislative Decree 231/2001, were upheld. The suspended sentences of the General Manager and the Refinery Manager, handed down by the Court of first instance, were upheld with a reduction in the term, while damages awarded to the plaintiffs were also upheld. Lastly, the sentence of the owner of the external firm was upheld, with no reduction in the term and confirmation of the damages awarded to the plaintiffs. Currently, an appeal requested by the General Manager and by the former Refinery Manager is pending before the Court of Cassation, against the suspended sentence handed down by the Court of Appeal.

For the Board of Directors
The Chairman

Gian Marco Moratti

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Financial Statements

Statement of consolidated Financial Position as of: 30th June 2015 and 31st December 2014

EUR thousand	30/06/2015	31/12/2014
ASSETS		
Current assets	**2,333,661**	**2,240,608**
Cash and cash equivalents	785,707	633,544
Other financial assets	59,674	294,514
Trade receivables	595,362	426,816
Inventories	668,650	670,065
Current tax assets	48,993	78,264
Other assets	175,275	137,405
Non-current assets	**1,473,426**	**1,621,400**
Property, plant and equipment	1,082,933	1,121,128
Intangible assets	246,223	286,134
Other equity interests	502	502
Deferred tax assets	138,304	208,511
Other financial assets	5,464	5,125
Total assets	**3,807,087**	**3,862,008**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**2,132,418**	**2,506,190**
Short-term financial liabilities	389,504	550,119
Trade and other payables	1,423,326	1,714,284
Current tax liabilities	238,752	168,664
Other current liabilities	80,836	73,123
Non-current liabilities	**784,071**	**696,075**
Long-term financial liabilities	388,636	276,595
Provisions for risks and charges	64,793	72,033
Provisions for employee benefits	11,850	12,011
Deferred tax liabilities	8,780	4,236
Other non-current liabilities	310,012	331,200
Total liabilities	**2,916,489**	**3,202,265**
SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	594,959	856,034
Profit/(loss) for the period	230,083	(261,847)
Total equity attributable to owners of the Parent company	**890,598**	**659,743**
Minority interests	0	0
Total equity	**890,598**	**659,743**
Total liabilities and shareholders' equity	**3,807,087**	**3,862,008**

Consolidated Income Statement and Statement of Comprehensive Income for the periods: 1st January – 30th June 2015 and 2014

Consolidated Income Statement for the periods: 1st January - 30th June 2015 and 2014

EUR thousand	1st January 30th June 2015	of which non recurring	1st January 30th June 2014	of which non recurring
Revenues from ordinary operations	4,653,069		5,484,475	
Other income	59,898		52,374	
Total revenues	**4,712,967**	***0***	**5,536,849**	***0***
Purchases of raw materials, spare parts and consumables	(3,884,711)		(5,157,553)	
Cost of services and sundry costs	(275,315)		(295,655)	
Personnel costs	(78,020)		(67,994)	
Depreciation, amortisation and write-downs	(135,546)	(22,914)	(97,936)	(1,218)
Total costs	**(4,373,592)**	***(22,914)***	**(5,619,138)**	***(1,218)***
Operating results	**339,375**	***(22,914)***	**(82,289)**	***(1,218)***
Net income/(charges) from equity interests				
Financial income	213,231		72,386	
Financial charges	(228,291)		(101,173)	
Profit/(loss) before taxes	**324,315**	***(22,914)***	**(111,076)**	***(1,218)***
Income tax for the period	(94,232)	5,652	27,739	
Net profit/(loss) for the period	**230,083**	***(17,262)***	**(83,337)**	***(1,218)***
Net profit/(loss) for the year attributable to:				
Owners of the Parent Company	230,083		(83,337)	
Minority interests	0		0	
Earnings per share - basic (EUR cent)	**24.86**		**(9.01)**	
Earnings per share - diluted (EUR cent)	**24.86**		**(9.01)**	

Statement of Comprehensive Income for the periods: 1st January - 30th June 2015 and 2014

EUR thousand	1st January 30th June 2015	1st January 30th June 2014
Net result for the period (A)	**230,083**	**(83,337)**
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	(4)
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**	**(4)**
Consolidated Comprehensive Result for the period (A + B)	**230,090**	**(83,341)**
Net consolidated Comprehensive Result for the period attributable to:		
Owners of the Parent Company	230,090	(83,341)
Minority interests	0	0

Statement of Changes in Consolidated Shareholders' Equity: From 31st December 2013 to 30th June 2015

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 31/12/2013	**54,630**	**10,926**	**1,126,726**	**(271,080)**	**921,202**	**0**	**921,202**
Period 1/1/2014 - 30/06/2014							
Appropriation of previous year's profit			(271,080)	271,080	0		0
Reserve for share plan			765		765		765
Effect of translation of F/S in foreign currency			(4)		(4)		(4)
Net profit/(loss) for the period				(83,337)	(83,337)		(83,337)
Total comprehensive profit/(loss) for the period			*(4)*	*(83,337)*	*(83,341)*		*(83,341)*
Balance as of 30/06/2014	**54,630**	**10,926**	**856,407**	**(83,337)**	**838,626**	**0**	**838,626**
Period 1/7/2014 - 31/12/2014							
Reserve for share plan			764		764		764
Effect of translation of F/S in foreign currency			7		7		7
IAS 19 actuarial effect			(1,144)		(1,144)		(1,144)
Net profit/(loss) for the period				(178,510)	(178,510)		(178,510)
Total comprehensive profit/(loss) for the period			*(1,137)*	*(178,510)*	*(179,647)*		*(179,647)*
Balance as of 31/12/2014	**54,630**	**10,926**	**856,034**	**(261,847)**	**659,743**	**0**	**659,743**
Period 1/1/2015 - 30/6/2015							
Appropriation of previous year's profit			(261,847)	261,847	0		0
Reserve for share plan			765		765		765
Effect of translation of F/S in foreign currency			7		7		7
Net profit/(loss) for the period				230,083	230,083		230,083
Total comprehensive profit/(loss) for the period			*7*	*230,083*	*230,090*		*230,090*
Balance as of 30/06/2015	**54,630**	**10,926**	**594,959**	**230,083**	**890,598**	**0**	**890,598**

Consolidated Cash Flows Statement as of:
30th June 2015 and 30th June 2014

EUR thousand	1/1/2015 - 30/06/2015	1/1/2014 - 30/06/2014
A - Cash and cash equivalents at the beginning of the year	**633,544**	**506,827**
B -Cash generated from/(used in) operating activities		
Net Profit / (Loss) for the period	230,083	(83,337)
Unrealised exchange losses/(gains) on bank accounts	(1,937)	1,223
Amortisation, depreciation and write-downs of fixed assets	135,546	97,936
Net change in provisions for risks and charges	(7,240)	(5,467)
Net change in employee benefits	(161)	(3,628)
Net change in deferred tax liabilities and deferred tax assets	74,751	(28,957)
Net interest income (expense)	7,878	17,524
Accrued income tax	19,481	1,218
Change in fair value of derivatives, green certificates	22,775	(10,126)
Other non cash items	772	765
(Increase)/Decrease in trade receivables	(168,546)	128,061
(Increase)/Decrease in inventory	1,415	(75,532)
Increase/(Decrease) in trade and other payables	(290,958)	(25,099)
Change in other current assets	43,570	(26,170)
Change in other current liabilities	58,326	76,886
Interest received	336	289
Interest paid	(8,214)	(10,120)
Tax paid	(6)	0
Change in other non-current liabilities	(21,188)	(42,317)
Total (B)	**96,683**	**13,149**
C - Cash flow from/(used in) investing activities		
(Investments) in tangible and intangible assets	(57,440)	(42,222)
Change in other financial assets	(339)	25,735
Total (C)	**(57,779)**	**(16,487)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	0	0
Increase/(Decrease) in short term borrowings	111,322	(51,489)
Total (D)	**111,322**	**(51,489)**
E - Cashflow for the period (B+C+D)	**150,226**	**(54,827)**
Unrealised exchange losses/(gains) on bank accounts	1,937	(1,223)
F - Cash and cash equivalents at the end of the period	**785,707**	**450,777**

For the Board of Directors
The Chairman
Gian Marco Moratti

Explanatory Notes To The Condensed Consolidated Financial Statements as of 30th June 2015

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1. Introduction

Publication of the condensed consolidated half-year financial statements of the Saras Group to 30 June 2015 was authorised by the Board of Directors on 6 August 2015.

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

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 the 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. Reporting principles and changes in the Group's accounting principles

2.1 Reporting principles

The condensed consolidated financial statements for the half year to 30 June 2015 were prepared on the basis of IAS 34 Interim Financial Reporting.

The condensed consolidated half-year financial statements do not contain all the information required for preparation of the annual financial statements. The condensed consolidated half-year financial statements should therefore be read in conjunction with the consolidated financial statements to 31 December 2014.

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

The accounting standards adopted in the preparation of the condensed consolidated half-year financial statements are consistent with those used to prepare the consolidated financial statements for the year ended 31 December 2014. The Group has not adopted early any new standards, interpretations or amendments that have been issued but are not yet effective. The new standards, amendments and interpretations effective on 1 January 2015 do not have a significant impact on the Group's consolidated financial statements or condensed consolidated half-year financial statements.

The nature and effects of these changes are shown below.

Changes to IAS 19 Employee contributions to defined benefit plans

IAS 19 requires an entity to account for contributions from employees or third parties to defined benefit plans. Contributions that are linked to service should be attributed to the periods of service as a negative contribution. This change clarifies that if the amount of the contributions is independent of the number of years of service, the entity can recognise these contributions as a reduction in the service cost in the period in which the service was rendered, as well as attribute the contributions to the periods of service.

Annual improvements to IFRSs – 2010-2012 cycle

The effective date of these improvements is 1 July 2014. They do not have a significant impact on the Group's consolidated financial statements or condensed consolidated half-year financial statements.

IFRS 2 – Share-based Payment

This improvement applies prospectively and clarifies various points linked to the definition of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering the service.
- A performance target can refer to the operations or activities of an entity or to those of another entity within the same group.
- A performance condition can be a market condition or a non-market condition.

- If the counterparty, regardless of the reason, ceases to render the service during the vesting period, it has failed to satisfy the service condition.

IFRS 3 Business Combinations

The amendment applies prospectively and clarifies that all contractual arrangements regarding contingent consideration classified as liabilities (or assets) that derives from a business combination must be measured at fair value at each reporting date, with changes recognised in profit or loss, whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments

The amendment applies retrospectively and clarifies that:
- An entity must disclose information about the judgements used by management in applying the aggregation criteria specified in para. 12 of IFRS 8, including a brief description of the operating segments that have been aggregated and the economic characteristics (e.g. sales, gross margin) used to define whether the segments are "similar"
- Reconciliation of segment assets to total assets need only be disclosed if the reconciliation is reported to the chief operating decision maker, as is required for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment applies retrospectively, and clarifies that according to IAS 16 and IAS 38, an asset may be revalued with reference to observable data, either by adjusting the asset's gross carrying amount to its revalued amount, or by proportionately restating the gross carrying amount of the asset so that its carrying amount equals its revalued amount. In addition, accumulated depreciation/amortisation is the difference between the gross carrying amount and the net carrying amount.

IAS 24 Related Party Disclosures

The amendment applies retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party, subject to disclosures about transactions with related parties. In addition, a reporting entity that obtains services from an entity providing management entity must disclose the compensation paid for the management services.

Annual improvements to IFRSs – 2011-2013 cycle

The effective date of these improvements is 1 July 2014. They do not have a significant impact on the Group's consolidated financial statements or condensed consolidated half-year financial statements.

IFRS 3 Business Combinations

The amendment applies prospectively and, pursuant to the scope of exception under IFRS 3, clarifies that:
- Joint arrangements, as well as joint ventures, are excluded from the scope of IFRS 3.
- This exclusion from the scope only applies to the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement

The amendment applies prospectively and clarifies that the portfolio exception under IFRS 13 can be applied not only to financial assets and liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 Investment Property

The description of additional services in IAS 40 differentiates between investment property and owner-occupied property (e.g. property, plant and equipment). The amendment applies prospectively and clarifies that IFRS 3, and not the description of additional services in IAS 40, must be used to define whether a transaction represents the purchase of an asset or a business combination.

2.3 Basis of consolidation

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 SpA	100%
Sarint SA and subsidiaries:	100%
Saras Energia SA	100%
Reasar SA	100%
Parchi Eolici Ulassai Srl and subsidiaries:	100%
Sardeolica Srl	100%
Labor Eolica Srl	100%

Other equity investments valued at cost

Consorzio La Spezia Utilities	5%
Sarda Factoring	5.95%

During the first half of 2015, the merger by incorporation of Labor Eolica Srl in Alpha Eolica Srl was completed; the merger did not generate any effect on these consolidated financial statements.

2.4 Use of estimates

The preparation of the financial statements requires the directors to apply accounting standards and methodology that, in certain situations, are based on difficult and subjective valuations and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The use of such estimates and assumptions influences both the recognition of various assets and liabilities and the valuation of potential assets and liabilities. The main estimates relate to determining the value in use of cash-flow generating assets and to estimates for provisions for risk and future liabilities and for impairments. Estimates and valuations are reviewed periodically and the effects of each are recorded in the income statement. A summary of the most significant estimates is provided in the Group's consolidated financial statements for the year ended 31 December 2014.

3. Information by business segment and geographical area

3.1 Preliminary remarks

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

1. Refining activities carried out by Parent Company Saras SpA and subsidiary Sarlux Srl relate to:

[A] the sale of oil products obtained:
- upon completion of the entire production cycle, ranging from the sourcing of raw materials to the refining and production of finished products, which is carried out at the Company's site in Sarroch, Sardinia;
- by acquiring oil products from third parties that were previously refined on behalf of these same third parties at the Sarroch site in Sardinia;
- and, to a lesser extent, by acquiring oil products from third parties.

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

[B] revenues from refining services provided to third parties, which only represent the income from refining activities conducted on behalf of third parties.

2. Marketing activities concern the distribution of oil products, an activity aimed at smaller-sized customers and/or those with distribution procedures that differ from those described above in relation to refining. These activities are undertaken:
- in Italy, by Saras SpA (Off-network Division) for off-network customers (wholesalers, purchasing consortia, local authority-owned utility companies and resellers) and oil companies (ENI, Tamoil, Total, etc.) through a logistics network comprising both its own bases (at Sarroch) and those of third-party operators by way of a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata and Torre Annunziata) as well as Deposito di Arcola Srl for the logistics management of the Arcola storage facility;
- in Spain, by Saras Energia SA for third-party and Group-owned service stations, supermarkets and resellers via an extensive network of storage facilities located throughout the Iberian peninsula, the most important of which, the Cartagena storage facility, is owned by the company itself.

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

4. The generation of power by wind farms relates to the activity carried out at the Ulassai wind farm owned by subsidiary Sardeolica Srl.

5. Other activities include reinsurance activities undertaken for the Group by Reasar SA and research for environmental sectors undertaken by Sartec SpA.

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 consolidated financial statements for the year ended 31 December 2014.

3.2 Segment information

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

	Refining	Marketing	Power Generation	Wind Power	Other	Total
30th June 2014						
Revenues from ordinary operations	5.025.148	1.327.032	287.842	4.557	13.453	6.658.032
less: intersegment revenues	(1.115.027)	(29.188)	(25.895)	0	(3.447)	(1.173.557)
Revenues from third parties	**3.910.121**	**1.297.844**	**261.947**	**4.557**	**10.006**	**5.484.475**
Other revenues	69.168	2.183	23.897	10.547	311	106.106
less: intersegment revenues	(41.873)	0	(11.795)	0	(64)	(53.732)
Other revenues from third parties	**27.295**	**2.183**	**12.102**	**10.547**	**247**	**52.374**
Amortisation and depreciation	**(57.420)**	**(2.821)**	**(32.756)**	**(4.817)**	**(122)**	**(97.936)**
Operating profit (a)	**(163.028)**	**336**	**71.128**	**8.081**	**1.194**	**(82.289)**
Financial income (a)	77.928	1.982	4.107	574	209	84.800
Financial charges (a)	(107.742)	(4.364)	(621)	(794)	(66)	(113.587)
Income taxes	60.692	(275)	(28.837)	(3.374)	(467)	27.739
Net result for the period (a)	**(132.150)**	**(2.321)**	**45.777**	**4.487**	**870**	**(83.337)**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2.394.171**	**580.580**	**593.450**	**109.863**	**38.038**	**3.716.102**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1.961.668**	**391.778**	**465.140**	**44.645**	**14.245**	**2.877.476**
Investments in tangible assets	34.396	794	4.134	100	412	**39.836**
Investments in intangible assets	184	793	484	212	160	**1.833**

30th June 2015	Refining	Marketing	Power Generation	Wind Power	Other	Total
Revenues from ordinary operations	4.569.970	1.059.290	267.690	4.802	11.567	5.913.319
less: intersegment revenues	(1.225.880)	(1.566)	(28.157)	0	(4.647)	(1.260.250)
Revenues from third parties	**3.344.090**	**1.057.724**	**239.533**	**4.802**	**6.920**	**4.653.069**
Other revenues	70.476	1.452	12.851	11.163	96	96.038
less: intersegment revenues	(35.923)	0	(139)	0	(78)	(36.140)
Other revenues from third parties	**34.553**	**1.452**	**12.712**	**11.163**	**18**	**59.898**
Amortisation and depreciation	**(76.610)**	**(8.210)**	**(48.236)**	**(2.265)**	**(225)**	**(135.546)**
Operating profit (a)	**272.017**	**(3.441)**	**61.478**	**9.449**	**(128)**	**339.375**
Financial income (a)	217.570	2.230	5.923	633	150	226.506
Financial charges (a)	(237.529)	(2.910)	(372)	(698)	(57)	(241.566)
Income taxes	(73.855)	(3)	(17.915)	(2.468)	9	(94.232)
Net result for the period (a)	**178.203**	**(4.124)**	**49.114**	**6.916**	**(26)**	**230.083**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2.537.451**	**516.817**	**657.802**	**91.348**	**21.370**	**3.824.788**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**2.131.301**	**338.686**	**403.382**	**46.266**	**14.555**	**2.934.190**
Investments in tangible assets	37.298	441	5.128	7	406	**43.280**
Investments in intangible assets	728	77	0	0	17	**822**

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

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

4. Testing for impairment of goodwill and intangible assets with an indefinite useful life

The Group tests for impairment every year (at 31 December) and when circumstances suggest that the recoverable amount of goodwill may have decreased. The impairment test of goodwill and intangible assets with an 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) are shown in the consolidated financial statements to 31 December 2014.

When checking its impairment indicators, the Group considers, inter alia, the ratio of its market capitalisation to the carrying value of shareholders' equity. At 30 June 2015, the Group's market capitalisation was higher than the carrying value of shareholders' equity, which indicates that there is no potential impairment of the tangible and intangible assets recorded on the statement of financial position. As a consequence, the directors did not test the above segments for impairment at 30 June 2015.

It should also be noted that the forecasts used in the Company's business plans for the various impairment tests at 31 December 2014 were largely met at 30 June 2015.

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.

	30/06/2015	31/12/2014	Change
Bank and postal deposits	783,494	631,740	151,754
Cash	2,213	1,804	409
Total	**785,707**	**633,544**	**152,163**

Bank deposits are mainly attributable to Saras SpA (EUR 746,211 thousand), Sarlux Srl (EUR 11,827 thousand), Sardeolica Srl (EUR 11,570 thousand) and Saras Energia SAU (EUR 8,760 thousand). For further details on the net financial position, see both the relevant section in 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:

	30/06/2015	31/12/2014	Change
Derivative instruments	28,599	211,270	(182,671)
Other financial assets	31,075	83,244	(52,169)
Total	**59,674**	**294,514**	**(234,840)**

The “Financial derivatives” item comprises the positive fair value of derivatives outstanding at the end of the reporting period: the decrease compared with 31 December 2014 is due to the lower price volatility for crude oil and oil products.
"Other financial assets" mainly comprise collateral deposits for derivatives.
At 31 December 2014, "Other financial assets" comprised green certificates, which have been reclassified under "Other current assets": these were valued at EUR 10,731 thousand at 30 June 2015.

5.1.3 Trade receivables

This item totalled EUR 595,362 thousand, a decrease of EUR 168,546 thousand compared with the previous year. The item is presented net of bad debt provisions, which amounted to EUR 15,774 thousand.

5.1.4 Inventories

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

	30/06/2015	31/12/2014	Change
Raw materials, spare parts and consumables	331,977	260,335	71,642
Semi-finished products and work in progress	52,319	63,126	(10,807)
Finished products and goods held for resale	281,412	346,441	(65,029)
Advance payments	2,942	163	2,779
Total	**668,650**	**670,065**	**(1,415)**

The recording of inventories at net realisable value led to a write-down of crude oil inventories of around EUR 2.5 million. This valuation is thus equivalent to the market value.

No inventories are used as collateral for liabilities.

At 30 June 2015, the Sarroch refinery held oil products belonging to third parties worth EUR 14.8 million.

5.1.5 Current tax assets

Current tax assets break down as follows.

	30/06/2015	31/12/2014	Change
VAT	6,437	2,575	3,862
IRES (corporate income tax, including income tax of foreign companies)	23,074	56,018	(32,944)
IRAP (regional income tax)	6,751	9,537	(2,786)
Other tax receivables	12,731	10,134	2,597
Total	**48,993**	**78,264**	**(29,271)**

IRES (corporate income tax) and IRAP (regional tax on productive activity) receivables are attributable to the overpayment of taxes in previous years, while "Other receivables" comprises, in addition to tax refunds requested or provisional tax paid (EUR 5,886 thousand), tax credits for investment incentives in 2014/2015 pursuant to article18 of legislative Decree 91/14 (EUR 6,680 thousand).

5.1.6 Other assets

The balance breaks down as follows.

	30/06/2015	31/12/2014	Change
Accrued income	2,847	491	2,356
Prepaid expenses	21,198	6,480	14,718
Other receivables	151,230	130,434	20,796
Total	**175,275**	**137,405**	**37,870**

Deferred charges mainly relate to insurance premiums.

“Other receivables” mainly comprise:

- the receivable of EUR 30,109 thousand claimed by the subsidiary Sarlux Srl from the Compensation Fund for the Electricity Sector due to the approval, pursuant to Title II, point 7-bis of CIP Order 6/92, of charges arising from Directive 2003/87/EC (Emissions Trading), in application of the resolution of the Italian Regulatory Authority for Electricity and Gas of 11 June 2008, ARG/ELT 77/08, in connection with the year 2014 (EUR 18,627 thousand to be collected in the second half of 2015) and the first half of 2015 (EUR 11,482 thousand);
- recovery of the amount of EUR 62,823 thousand paid by subsidiary Sarlux Srl to GSE, as described in section 7.1 (EUR 59,582 thousand the previous year);

- white certificates for EUR 12,471 thousand (of which EUR 1,324 thousand have already been awarded) relating to energy savings made in the Sarroch refinery (EUR 6,535 thousand in 2014). These are sold on an appropriate regulated market or through bilateral agreements between market operators. The certificates in the portfolio are valued at the market price on 30 June 2015 (EUR 103.01 per certificate for the period, compared with EUR 99.55 in 2014);
- the receivable of EUR 17,960 thousand claimed by the subsidiary Sarlux Srl in connection with the status of energy-intensive business granted by the Compensation Fund for the Electricity Sector. The subsidy is provided for in Decree Law 83 of 22 June 2012, which identifies energy-intensive companies entitled to relief from the payment of systemic charges. The Company was designated an energy-intensive company for 2013 and believes that it also meets the requirements to be so designated for 2014 (already requested) and 2015. The European Commission in Brussels is currently conducting an inquiry to determine whether this subsidy qualifies as state aid. The Company, like other industry firms, does not believe that there is a basis for such a conclusion.
- green certificates essentially relate to power generation from renewable sources by subsidiary Sardeolica Srl (EUR 10,458 thousand). They are sold on a specific regulated market or through bilateral agreements between market operators, or through withdrawal by GSE at a pre-determined price; the certificates in the portfolio earned during the reporting period are valued at the price defined for withdrawal by GSE (estimated at EUR 101.77/MWh for 2015 compared with EUR 97.4/MWh for 2014). Gains and losses realised for the period, and any write-downs applied in cases where the market value is lower than the carrying value at the end of the period, are booked to the income statement under “Other income” or “Services and sundry costs”.

5.2 Non-current assets

5.2.1 Property, plant and equipment

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

COST	31/12/2013	Additions	(Disposals)	(write-downs)	Other changes	31/12/2014
Land & buildings	234,380	3,795	(19,471)	(1,474)	(869)	216,361
Plant & machinery	2,889,428	39,448	(34,474)	(11,041)	27,132	2,910,493
Industrial & commercial equipment	28,479	372	(879)		388	28,360
Other assets	495,281	1,445	(10,455)		15,294	501,565
Assets under construction and payments on account	117,218	88,000	(4)	(22,736)	(48,505)	133,973
Total	**3,764,786**	**133,060**	**(65,283)**	**(35,251)**	**(6,560)**	**3,790,752**

ACCUMULATED DEPRECIATION	31/12/2013	Additions	(Disposals)	(write-downs)	Other changes	31/12/2014
Land & buildings	107,325	9,780	(15,156)		(337)	101,612
Plant & machinery	2,022,550	160,402	(28,006)	(6,915)	(6,059)	2,141,972
Industrial & commercial equipment	19,833	2,062	(665)		(14)	21,216
Other assets	397,653	18,020	(8,933)		(1,916)	404,824
Total	**2,547,361**	**190,264**	**(52,760)**	**(6,915)**	**(8,326)**	**2,669,624**

NET BOOK VALUE	31/12/2013	Additions	(Disposals)	(Depreciation and write-downs)	(write-downs)	Other Changes and Revaluations	31/12/2014
Land & buildings	127,055	3,795	(4,315)	(9,780)	(1,474)	(532)	114,749
Plant & machinery	866,878	39,448	(6,468)	(160,402)	(4,126)	33,191	768,521
Industrial & commercial equipment	8,646	372	(214)	(2,062)	0	402	7,144
Other assets	97,628	1,445	(1,522)	(18,020)	0	17,210	96,741
Assets under construction and payments on account	117,218	88,000	(4)	0	(22,736)	(48,505)	133,973
Total	**1,217,425**	**133,060**	**(12,523)**	**(190,264)**	**(28,336)**	**1,766**	**1,121,128**

COST	31/12/2014	Additions	(Disposals)	(write-downs)	Other changes	30/6/2015
Land & buildings	216,361	228	(436)		3,986	220,139
Plant & machinery	2,910,493	10,025	(111)		80,451	3,000,858
Industrial & commercial equipment	28,360	81	(50)		1,321	29,712
Other assets	501,565	283	(417)		14,528	515,959
Assets under construction and payments on account	133,973	32,663			(79,815)	86,821
Total	**3,790,752**	**43,280**	**(1,014)**	**0**	**20,471**	**3,853,489**

ACCUMULATED DEPRECIATION	31/12/2014	Additions	(Disposals)	(write-downs)	Other changes	30/6/2015
Land & buildings	101,612	4,253			(248)	105,617
Plant & machinery	2,141,972	81,066			6,190	2,229,228
Industrial & commercial equipment	21,216	370			750	22,336
Other assets	404,824	9,734			(1,183)	413,375
Total	**2,669,624**	**95,423**	**0**	**0**	**5,509**	**2,770,556**

NET BOOK VALUE	31/12/2014	Additions	(Disposals)	(Depreciation and write-downs)	(write-downs)	Other Changes and Revaluations	30/6/2015
Land & buildings	114,749	228	(436)	(4,253)	0	4,234	114,522
Plant & machinery	768,521	10,025	(111)	(81,066)	0	74,261	771,630
Industrial & commercial equipment	7,144	81	(50)	(370)	0	571	7,376
Other assets	96,741	283	(417)	(9,734)	0	15,711	102,584
Assets under construction and payments on account	133,973	32,663	0	0	0	(79,815)	86,821
Total	**1,121,128**	**43,280**	**(1,014)**	**(95,423)**	**0**	**14,962**	**1,082,933**

Historical costs are shown net of grants received for investments. The gross value of grants deducted from fixed assets was EUR 188,448 thousand, and related to the programme agreements entered into with the Ministry of Industry, Commerce and Crafts on 19 June 1995, with the Ministry of Productive Activities on 10 October 1997 and with the Ministry of Economic Development on 10 June 2002 whose final concession decree was submitted on 14 May 2013.
At 30 June 2015, the residual value of these grants was EUR 1,215 thousand (EUR 2,124 thousand at 31 December 2014).

The item “Land and buildings” chiefly includes industrial buildings, offices and warehouses with a net value of EUR 70,175 thousand, civic buildings in Milan and Rome belonging to the Parent Company and used as offices with a net value of EUR 4,121 thousand and land largely relating to the Sarroch and Arcola sites owned by the Parent Company Sarlux Srl and the subsidiary Deposito di Arcola Srl respectively, totalling EUR 40,226 thousand.

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

The “Industrial and commercial equipment” item includes equipment for the chemicals laboratory and the control room for refining activities, as well as miscellaneous production equipment.

“Other assets” mainly include tanks and pipelines used to carry the products and crude oil of Group companies (Sarlux Srl, Saras Energia SAU and Deposito di Arcola Srl).

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

Increases during the period totalled EUR 43,280 thousand and mainly relate to technological work on the 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%

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

Internal costs capitalised in the period totalled EUR 1,593 thousand.

5.2.2 Intangible assets

The following tables show the changes in intangible assets.

COST	**31/12/2013**	**Additions**	**Disposals**	**Revaluation Reversals of impairment loss**	**Other changes**	**31/12/2014**
Industrial & other patent rights	40,849	1,462	(98)		(39)	42,174
Concessions, licences, trademarks & similar rights	57,742		(96)		(1)	57,645
Goodwill	21,909					21,909
Other intangible assets	512,105	733			17,632	530,470
Assets in progress & payments on account	22,488	1,021	(2,476)		(668)	20,365
Total	**655,093**	**3,216**	**(2,670)**	**0**	**16,924**	**672,563**

ACCUMULATED AMORTISATION	**31/12/2013**	**Amortisation**	**Disposals**	**Write-downs**	**Other changes**	**31/12/2014**
Industrial & other patent rights	36,790	2,094	(52)		(119)	38,713
Concessions, licences, trademarks & similar rights	18,552	2,557	(14)		(49)	21,046
Goodwill	0					0
Other intangible assets	502,668	4,120		(180,000)	(118)	326,670
Total	**558,010**	**8,771**	**(66)**	**(180,000)**	**(286)**	**386,429**

NET BOOK VALUE	**31/12/2013**	**Additions**	**Disposals**	**Write-downs Reversals of impairment losses on Sarlux/GSE contract**	**Other changes**	**(Amortisation)**	**31/12/2014**
Industrial & other patent rights	4,059	1,462	(46)	0	80	(2,094)	3,461
Concessions, licences, trademarks & similar rights	39,190	0	(82)	0	48	(2,557)	36,599
Goodwill	21,909	0	0	0	0	0	21,909
Other intangible assets	9,437	733	0	180,000	17,750	(4,120)	203,800
Assets in progress & payments on account	22,488	1,021	(2,476)	0	(668)	0	20,365
Total	**97,083**	**3,216**	**(2,604)**	**180,000**	**17,210**	**(8,771)**	**286,134**

COST	31/12/2014	Additions	Disposals	Revaluation Reversals of impaiment losses	Other changes	30/06/2015
Industrial & other patent rights	42,174	175			38	42,387
Concessions, licences, trademarks & similar rights	57,645				(193)	57,452
Goodwill	21,909					21,909
Other intangible assets	530,470	420				530,890
Assets in progress & payments on account	20,365	330			(351)	20,344
Total	**672,563**	**925**	**0**	**0**	**(506)**	**672,982**

ACCUMULATED AMORTISATION	31/12/2014	Amortisation	Disposals	Write-downs	Other changes	30/06/2015
Industrial & other patent rights	38,713	348			1	39,062
Concessions, licences, trademarks & similar rights	21,046	836		4,914	206	27,002
Goodwill	0					0
Other intangible assets	326,670	16,025				342,695
Assets in progress & payments on account				18,000		18,000
Total	**386,429**	**17,209**	**0**	**22,914**	**207**	**426,759**

NET BOOK VALUE	31/12/2014	Additions	Disposals	Revaluation Reversals of impaiment losses	Other changes	(Amortisation)	30/06/2015
Industrial & other patent rights	3,461	175	0	0	37	(348)	3,325
Concessions, licences, trademarks & similar rights	36,599	0	0	(4,914)	(399)	(836)	30,450
Goodwill	21,909	0	0	0	0	0	21,909
Other intangible assets	203,800	420	0	0	0	(16,025)	188,195
Assets in progress & payments on account	20,365	330	0	(18,000)	(351)	0	2,344
Total	**286,134**	**925**	**0**	**(22,914)**	**(713)**	**(17,209)**	**246,223**

Amortisation of intangible assets totalled EUR 8,890 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
The balance of the item mainly refers to the concessions relating to Estaciones de Servicio Caprabo SA (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
This item mainly relates to goodwill (EUR 21,408 thousand) paid for the purchase of subsidiary Parchi Eolici Ulassai Srl: the goodwill was calculated using cash flow projections prepared by the subsidiary Sardeolica Srl for the period to 2035, when the concessions expire.

Other intangible assets

The item mainly expresses the value of the long-term contract in force for the supply of electricity according to the CIP6 scheme agreed between the subsidiary Sarlux Srl and Gestore dei Servizi Elettrici SpA (GSE). The contract expires in

2020 and was valued according to the criteria set out in IAS 36. On 31 December 2014, an external consultant set its value at EUR 180,000 thousand; amortisation relating to the first half of 2015 was EUR 15,000 thousand.

5.2.3 Equity investments

The table below shows a list of equity investments held at 30 June 2015, with the main figures relating to each subsidiary.

Company name	HQ	Currency	Share Capital	% owned by Group as of 06-15	% owned by Group as of 12-14	% 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.	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Reasar S.A.	Luxemburg	EUR	2,225,000	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Sarlux S.r.l.	Sarroch (CA)	EUR	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
Labor Eolica S.r.l.	Bucarest (Romania)	Leu	63,894	0.00%	100.00%	0.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Merged into Alpha Eolica S.r.l.
Sargas S.r.l.	Uta (CA)	EUR	10,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Consorzio La Spezia Utilities	La Spezia	EUR	122,143	5.00%	5.00%	5.00%	Deposito di Arcola S.r.l.	5.00%	Other equity interests
Sarda Factoring	Cagliari	EUR	9,027,079	5.95%	5.95%	5.95%	Saras S.p.A.	5.95%	Other equity interests

As previously mentioned, the merger by incorporation of Labor Eolica Srl into Alpha Eolica Srl was completed during the first half of 2015.

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

5.2.3.1 Other equity investments

Other equity investments break down as follows:

	30/06/2015	31/12/2014
Consorzio La Spezia Utilities	7	7
Sarda Factoring	495	495
Total	**502**	**502**

5.2.4 Deferred tax assets

The balance of EUR 138,304 thousand at 30 June 2015 essentially comprises:

- net deferred tax assets of EUR 96,022 thousand relating to tax assets on tax losses still to be used in connection with the IRES tax consolidation scheme;
- net deferred tax assets of the subsidiary Sarlux Srl totalling EUR 14,714 thousand, consisting of deferred tax assets of EUR 95,416 thousand for the straight-line reporting of revenues – IAS 17 and IFRIC 4 – and deferred tax liabilities of EUR 84,694 thousand relating to the valuation of the contract with GSE of EUR 51,400 thousand, and excess and accelerated depreciation of EUR 33,294 thousand respectively;
- net deferred tax assets of the subsidiary Saras Energia SAU of EUR 19,839 thousand, which mainly comprises tax assets on tax losses.

The decrease of EUR 71,149 thousand versus 31 December 2014 was mainly due to the release of deferred tax assets on past tax losses used, within the limits set out in law, to offset against taxable income for the period, under the IRES tax consolidation scheme.

The taxes were deemed to be recoverable based on the Group's future earnings prospects.

5.2.5 Other financial assets

At 30 June 2015, the balance of this item was EUR 5,464 thousand (EUR 5,125 thousand in the previous year) and mainly relates to the long-term portion of a financial receivable of the Parent Company Saras SpA due from third parties (EUR 4,684 thousand).

5.3 Current liabilities

5.3.1 Short-term financial liabilities

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

	30/06/2015	31/12/2014	Change
Bond	249,972	249,723	249
Bank loans	50,286	31,668	18,618
Bank accounts	49,240	68,749	(19,509)
Derivative instruments	12,452	172,348	(159,896)
Other short term financial liabilities	27,554	27,631	(77)
Total short-term financial liabilities	**389,504**	**550,119**	**(160,615)**
Total long-term financial liabilities	**388,636**	**276,595**	**112,041**
Total financial liabilities	**778,140**	**826,714**	**(48,574)**

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

On 16 July 2010, Saras SpA issued a bond with a nominal value of EUR 250 million and a five-year duration, expiring on 21 July 2015. The bonds, which are listed on the Luxembourg stock exchange, have a coupon of 5.583%. They are not secured by collateral and are not subject to any covenants. The bonds were regularly redeemed on their contractual maturity date.

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

"Short-term financial liabilities" mainly comprises the interest accrued on the bond issued by the Parent Company.

Bank loans and bond issues are valued at amortised cost.

For further details, please see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	30/06/2015	31/12/2014	Change
Advances from customers: portion due within the period	1,670	845	825
Trade payables: portion due within the period	1,421,656	1,713,439	(291,783)
Total	**1,423,326**	**1,714,284**	**(290,958)**

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

The balance of "Payables to suppliers" includes the payable for the provision of crude oil purchased from Iran in 2012, the payment for which continues to be suspended due to restrictions in international banking networks resulting from the total oil embargo imposed by the European Union.

5.3.3 Current tax liabilities

This item breaks down as shown below.

	30/6/2015	31/12/2014	Change
VAT	95,841	56,355	39,486
IRES (corporation tax and income tax of foreign companies)	576	17,870	(17,294)
IRAP (regional income tax)	5,004	4,801	203
Other tax payables	137,331	89,638	47,693
Total	**238,752**	**168,664**	**70,088**

The change in VAT payables is due to an advance tax payment made in December 2014, as required by law, but which did not recur during the year.
The "Other tax payables" item chiefly includes excise duties on products introduced into the market by the parent company Saras SpA (EUR 126,810 thousand) and by the subsidiary Saras Energia SAU (EUR 6,137 thousand). The increase was largely due to advance payments of excise duties which were made only in December, as required by Italian regulations.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below.

	30/6/2015	31/12/2014	Change
Social security payables: portions due within one period	10,291	8,401	1,890
Due to personnel	24,364	22,121	2,243
Payables to Ministry for grants	15,679	15,679	0
Other payables	25,101	25,533	(432)
Other accrued liabilities	170	342	(172)
Other deferred income	5,231	1,047	4,184
Total	**80,836**	**73,123**	**7,713**

The "Payables to personnel" item includes salaries not yet paid for June, the portion of additional monthly payments accrued and performance bonuses for achieving business targets.

The "Payables to Ministry for grants" item relates to the advance (EUR 15,679 thousand) received by the subsidiary Sardeolica Srl from the Ministry of Economic Development for the construction of the Ulassai wind farm, for which the final decree has yet to be issued.

The item "Other payables" mainly refers to port taxes payable (EUR 15,115 thousand), previously assessed by the Customs Authority on the Parent Company for the period 2005-2007. The appeal filed with the Provincial Tax Commission resulted in an unfavourable outcome for the Company and the date of the hearing before the Regional Tax Commission remains to be set.

5.4 Non-current liabilities

5.4.1. Long-term financial liabilities

This item breaks down as shown below.

	30/06/2015	31/12/2014	Change
Bond	173,728	173,727	1
Bank loans	214,908	102,868	112,040
Total long-term financial liabilities	**388,636**	**276,595**	**112,041**

On 17 July 2014, the Parent Company Saras SpA issued a private placement of bonds with a total nominal value of EUR 175 million. The bonds, which mature on 17 July 2019, pay a 5% fixed coupon each year. The bonds are admitted to trading on the Third Market of Weiner Börse AG, the Austrian multilateral trading system.

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

On 23 March 2015, Saras SpA signed a four-year loan agreement for EUR 150 million with a group 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 component and is repayable in seven instalments, of which the first, equal to 5% of the capital, is due on 6 March 2016 and the last on 6 March 2019.

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 31/12/14	Net book value at 30/06/15	Maturity			Collateral
						1 year	from 1 to 5 years	after 5 years	
Saras S.p.A.									
Loan in pool	23-Mar-15	150.0	Euribor 6M	-	148.2	7.1	141.1		
Loan in pool	3-Jul-12	170.0	Euribor 6M	111.8	96.0	40.4	55.6		
				111.8	**244.2**	**47.5**	**196.7**		
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	22.7	21.0	2.8	18.2		
				22.7	**21.0**	**2.8**	**18.2**		
Total payables to banks for loans				**134.5**	**265.2**	**50.3**	**214.9**		

Saras SpA's loan agreement for EUR 170 million is subject to certain covenants:
- financial, whereby the Company will have to meet the following ratios: net debt/EBITDA < 3.25 and net debt/shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements for the previous 12 months) at 30 June and 31 December each year.
- corporate, 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.
- as regards dividends, the Company is allowed to pay out a maximum amount of 60% consolidated adjusted net profit provided that, after distribution, it still complies with the net debt/EBITDA ratio covenant. Note that the covenant in question is consistent with the policy adopted some time ago by the Parent Company.

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

Saras SpA's loan agreement for EUR 150 million is subject to certain covenants:
- financial, whereby the Company will have to meet the following ratios: net debt/EBITDA < 3.5 and net debt/shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements for the previous 12 months, at 31 December each year.
- corporate, 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 pool of lending banks has the right to demand early repayment of the loan.

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

- financial, mainly comprising liquidity parameters that must be met every six months and a ban on carrying out derivatives transactions unless authorised by the pool 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 pool of lending banks has the right to demand early repayment of the loan.

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

The financial covenants, which were due for verification at 30 June 2015, have been complied with.

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows.

	31/12/2014	Additions	Decrease for use and reversals	Other changes	30/06/2015
Provision for dismantling of plants	18,963	41	0	0	19,004
Provision for CO2 allowances	32,273	14,561	(21,644)	0	25,190
Other provisions	20,797	10	(208)	0	20,599
Total	**72,033**	**14,612**	**(21,852)**	**0**	**64,793**

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

The provision for CO_2 emission allowances (EUR 25,190 thousand) was made pursuant to Legislative Decree 216 of 4 April 2006, which introduced limits on CO_2 emissions from plants. If these limits are exceeded, allowances covering the excess amount of CO_2 must be purchased on the appropriate market. The provision in question represents allowances required and not yet purchased.

Under the “allocation plan” for allowances in the period 2013-2020, the Sarroch site has been allocated 2,815,928 tons (304,891 tons of which related to plants in the north yet to be accredited) of CO_2 for 2015; within this allocation, the portion technically relating to the refinery plants, calculated using methodology compliant with the provisions set by the new allocation plan, is 2,196,430 tons of CO_2, while the portion relating to the cogeneration plant is 619,498 tons of CO_2.

This results in the following situation:
- for the refinery plants, actual emissions as of 30 March totalled 1,436,702 tons of CO_2. A provision was made for the shortfall for the period, net of purchases and sales made (382,355 tons, worth EUR 2,760 thousand);
- for the cogeneration plants, actual emissions as of 30 March totalled 1,919,146 tons of CO_2. A provision was made for the shortfall for the period, net of purchases and sales made (1,634,843 tons, worth EUR 11,801 thousand).

Over the year, EUR 21,644 thousand was used from the provisions, to buy (and deliver) allowances relating to the previous year.

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

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	30/06/2015	31/12/2014	Change
Employee end-of-service payments	11,756	11,917	(161)
Other supplementary pension funds	94	94	0
Total	**11,850**	**12,011**	**(161)**

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 was calculated using actuarial techniques. On 30 June 2010, following the cancellation by the 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, however, disputed the termination of the fund, and a number of the employees involved have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision. Having taken legal advice from the lawyers assisting the Company in this matter, the Company is confident that the propriety of its actions will be upheld in court. Following the above-mentioned 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 31.12.2013	**13,440**
Accruals for defined contribution plan (TFR)	6,853
Deductions	(3,321)
Payments to supplementary pension schemes (or to INPS treasury funds)	(5,055)
Balance at 31.12.2014	**11,917**
Accruals for defined contribution plan (TFR)	3,036
Deductions	(161)
Payments to supplementary pension schemes (or to INPS treasury funds)	(3,036)
Balance at 30.06.2015	**11,756**

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

Balance at 31.12.2013	**6,466**
Accrual for the period	0
Amount used during the period	(6,372)
Balance at 31.12.2014	**94**
Accruals for defined contribution plan (TFR)	0
Deductions	0
Payments to supplementary pension schemes (or to as INPS treasury funds)	0
Balance at 30.06.2015	**94**

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 8,780 thousand, relate to the foreign subsidiaries and the subsidiary Sardeolica.

5.5.5 Other non-current liabilities

Other non-current liabilities break down as follows.

	30/6/2015	31/12/2014	Change
Deferred income	308,181	329,369	(21,188)
Other	1,831	1,831	0
Total	**310,012**	**331,200**	**(21,188)**

The change compared with 31 December 2014 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 the subsidiary and GSE, which was accounted for according to IFRIC 4. Revenues from the sale of energy are calculated on a straight-line basis since the electricity supply contract, pursuant to IAS 17 (Leases) and IFRIC 4 (Determining Whether an Arrangement Contains a Lease), has been recognised as a contract regulating the use of the plant by the customer of Sarlux Srl, meaning that it is comparable to an operating lease. Such revenues have therefore been stated on a straight-line basis in accordance with both the duration of the contract (20 years) and gas price forecasts, which constitute a determining factor for electricity tariffs.

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	30/06/2015	31/12/2014	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	594,959	856,034	(261,075)
Profit/(Loss) for the period	230,083	(261,847)	491,930
Total Shareholders Equity	**890,598**	**659,743**	**230,855**

Share capital
At 30 June 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 594,959 thousand, a net decrease of EUR 261,075 thousand compared with the previous year. The net decrease was the combined result of:

- the allocation of the loss from the previous year (EUR 261,847 thousand);
- an increase of EUR 765 thousand relating to the establishment of a reserve for the bonus allocation of shares to employees and management under stock grant plans;
- an increase of EUR 7,000 due to the translation of the financial statements of subsidiaries into foreign currency.

Pursuant to IAS 1, paragraphs 1 and 97, please note that no transactions relating to shareholders' equity were carried out with owners of the Company's shares.

Net profit (loss)
The consolidated profit for the period was EUR 230,083 thousand.

Dividends
On 28 April 2015, the ordinary shareholders' meeting of Saras SpA called to approve the financial statements for the year ended 31 December 2014 voted not to pay any dividends.

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

The “Revenues from ordinary operations” item breaks down as follows:

	30/06/2015	30/06/2014	Change
Sales and services revenues	4,402,430	5,206,136	(803,706)
Sale of electricity	243,843	265,808	(21,965)
Other revenues	5,670	12,349	(6,679)
Change in contract work in progress	1,126	182	944
Total	**4,653,069**	**5,484,475**	**(831,406)**

Sales and services revenues decreased by EUR 803,706 thousand, mainly due to oil product price trends.

Revenues from the sale of electricity include EUR 239,040 thousand relating to the gasification plant of subsidiary Sarlux Srl and EUR 4,803 thousand relating to the wind farm owned by subsidiary Sardeolica Srl.

Revenues from the sale of electricity by Sarlux Srl reflect the reporting on a straight-line basis, calculated according to the remaining duration of the contract that expires in 2021, principally taking into account the tariff amount and forward curves relating to both gas prices and the EUR/USD exchange rate until the contract expires; these projections are reviewed when there are significant changes.
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 in accordance with Legislative Decree 69/2013 (known as the "Decree of Doing").

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 revenues

The following table shows a breakdown of other revenues:

	30/06/2015	30/06/2014	Change
Revenues for storage of mandatory stocks	2,361	4,160	(1,799)
Sales of sundry materials	179	1,346	(1,167)
Grants	10,472	9,933	539
Chartering of tankers	312	2,894	(2,582)
Recoveries from claims and damages	746	2,797	(2,051)
Reimbursment of emission trading charges	11,481	9,086	2,395
Other income	34,347	22,158	12,189
Total	**59,898**	**52,374**	**7,524**

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

The item “Reimbursement of emissions trading charges” comprises income posted by the subsidiary Sarlux Srl, 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 increase compared with the previous year was due to the rise in the price of allowances (from EUR 5.57 per allowance in 2014 to EUR 7.12 per allowance in 2015).

The item “Other income” mainly includes income from energy efficiency credits (white certificates) accrued during the period of EUR 10,734 thousand (compared with EUR 6,897 thousand in the first half of the previous year), as well as EUR 10,362 thousand for services provided at the Sarroch site by subsidiary Sarlux Srl to leading operators in the oil sector.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, replacement parts and consumables

	30/06/2015	30/06/2014	Change
Purchases of raw materials	3,170,193	4,272,167	(1,101,974)
Purchases of semifinished materials	155,332	113,094	42,238
Purchases of spare parts and consumables	41,291	37,065	4,226
Purchases of finished products	537,115	810,575	(273,460)
Change in inventories	(19,220)	(75,348)	56,128
Total	**3,884,711**	**5,157,553**	**(1,272,842)**

Costs for the purchase of raw materials, replacement parts and consumables decreased by EUR 1,272,842 thousand compared with the same period of the previous year, mainly due to the above-mentioned trends in crude oil and oil product prices.

6.2.2 Services and sundry costs

	30/06/2015	30/06/2014	Change
Service costs	242,696	264,608	(21,912)
Rent, leasing and similar costs	6,725	7,104	(379)
Provisions for risks and charges	13,694	12,732	962
Other operating charges	12,200	11,211	989
Total	**275,315**	**295,655**	**(20,340)**

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

“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 and Rome, government concessions for the Sarroch site and the leasing of equipment) and by the subsidiary Saras Energia SAU for rents on the distribution network.

“Provisions for risks” essentially consist of a provision relating to CO_2 allowances applicable to the period that had not yet been purchased as of 30 June 2015.

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

6.2.3 Personnel costs

“Personnel costs” break down as follows:

	30/06/2015	30/06/2014	Change
Wages and salaries	54,740	46,888	7,852
Social security	16,550	14,521	2,029
Employee end-of-service payments	3,036	2,862	174
Other costs	1,914	1,908	6
Directors’ remuneration	1,780	1,815	(35)
Total	**78,020**	**67,994**	**10,026**

The increase in the item is mainly due to the larger average workforce - a consequence of the acquisition of the Versalis business unit, which was completed during the previous year

On 24 April 2013, the Shareholders' Meeting approved the "Plan to grant free company shares to the Saras Group management" (the "2013-2015 Stock Grant Plan" or the "Plan"), assigning the Board of Directors all powers necessary and appropriate to implement the Plan.
Beneficiaries of the Plan are:

- managers with strategic responsibilities within the Company;
- directors of Italian and/or foreign companies controlled by the Company;
- other senior managers in the Group, including those with an independent employment contract.

Each beneficiary is assigned the right to receive free shares upon achieving performance objectives determined in relation to the performance of Saras' Total Shareholder Return (TSR) compared with the TSR of a group of industrial companies forming a part of the FTSE Italia Mid Cap Index (the "Peer Group"). TSR is calculated as the change in the value of Saras shares and the shares of Peer Groups during the three-year period 2013-2015; the change will be calculated using as a reference the initial value (average value of shares recorded on the Milan Stock Exchange from 1 October 2012 to 31 December 2012) and the ending value (average value of shares recorded on the Milan Stock Exchange from 1 October 2015 to 31 December 2015).
The maximum number of shares covered by the Plan is 9,500,000. Shares are to be delivered within six months of the end of the Plan, and the beneficiary undertakes not to sell, transfer, dispose of or subject to any restriction a number of shares equivalent to 20% of the shares for a period of 24 months from the delivery date.
On 8 August 2013, the Board of Directors set the maximum number of shares to be assigned to individual beneficiaries, with a cost of EUR 765 thousand in the consolidated financial statements.

6.2.4 Depreciation, amortisation and write-downs

Depreciation and amortisation figures are shown below:

	30/06/2015	30/06/2014	Change
Amortisation of intangible assets	17,209	3,140	14,069
Write-downs of intangible assets	22,914	2,518	20,396
Reversal of write-downs of intangible assets		(5)	5
Depreciation of tangible assets	95,423	93,578	1,845
Reversal of write-downs of tangible assets		(1,295)	1,295
Total	**135,546**	**97,936**	**37,610**

The increase in the amortisation of intangible assets is mainly due to the amortisation of the value of the contract, renewed between GSE and the subsidiary Sarlux Srl at the end of the previous year; intangible assets were also written down during the period.

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	30/06/2015	30/06/2014	Change
Financial income :			
- from financial assets recorded under current assets	0		0
Other income:			
- Interest on bank and post office accounts	336	280	56
- Fair value of derivatives held at the reporting date	19,099	14,188	4,911
- Positive differences on derivatives	131,975	25,223	106,752
- Other income	180	312	(132)
Exchange gains	61,641	32,383	29,258
Total Financial Income	**213,231**	**72,386**	**140,845**
Financial charges:			
- Fair value of derivatives held at the reporting date	(10,531)	(24,356)	13,825
- Negative differences on derivatives	(88,287)	(22,679)	(65,608)
- Other (interest on loans, late payment interest, etc.)	(20,736)	(17,945)	(2,791)
Exchange losses	(108,737)	(36,193)	(72,544)
Total Financial Charges	**(228,291)**	**(101,173)**	**(127,118)**
Total	**(15,060)**	**(28,787)**	**13,727**

The table below shows net income/charges by type:

	30/06/2015	30/06/2014	Change
Net interest income / (expense)	(20,400)	(17,665)	(2,735)
Net result from derivative financial instruments	52,256	(7,624)	59,880
- Realised gains (losses)	*43,688*	*2,544*	*41,144*
- Fair value of the open positions	*8,568*	*(10,168)*	*18,736*
Net exchange gains/(losses)	(47,096)	(3,810)	(43,286)
Other	180	312	(132)
Total	**(15,060)**	**(28,787)**	**13,727**

The fair value of outstanding derivatives at 30 June 2015 represented net income of EUR 8,568 thousand, compared with net costs of EUR 10,168 thousand in the same period of the previous year.

The derivatives in question relate to hedging transactions to which hedge accounting is not applied.

6.4 Income tax

Income tax breaks down as follows.

	30/06/2015	30/06/2014	Change
Current taxes	18,917	885	18,032
Deferred tax (income)/expense, net	75,315	(28,624)	103,939
Total	**94,232**	**(27,739)**	**121,971**

Current taxes relating to the period consist of IRES, calculated, where due, on the taxable income of Italian companies, and IRAP. The year-on-year change is due to the positive results recorded in the period by some companies consolidated for the purposes of the IRES tax consolidation scheme.

Deferred tax income/expenses relate to both the use of deferred tax assets (recorded in previous years on accumulated tax losses) and changes during the period in the temporary differences between values recorded in the financial statements and those recognised for tax purposes.

7. Other information

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

7.1 Main legal actions pending

The Parent Company Saras SpA and Sarlux Srl were subject to tax inspections and assessments by the tax authorities that led, in some cases, to disputes pending before tax courts.
Although the decisions made by the tax courts were not consistent, the Company assumes that any liability is likely to be remote. No events occurred during the period to change this risk assessment.
In addition, with regard to the subsidiary Sarlux Srl, legal action is pending relating to the IGCC plant not being recognised as a cogeneration plant, resulting in the company being required to purchase green certificates. Companies producing electricity that is not from renewable sources or cogeneration (pursuant to Legislative Decree 79/99 and AEEG Resolution 42/02) are required to purchase green certificates in respect of a certain percentage of electricity introduced into the grid. Specifically:

i) Production: 2002-2005. A specific AEEG committee created as a result of an inspection of the IGCC plan in 2007 interpreted *a posteriori* the above-mentioned resolution differently from at the time of production. As a result, the AEEG deemed the company subject to the obligation to purchase green certificates for the years 2002 to 2005. Sarlux initiated legal proceedings for all the years contested. In March 2015, the high court accepted, as its final decision, Sarlux's appeal for the years 2002-2005, overturning the results of the inspection and the contested measures that had led to the imposition of the obligation to purchase green certificates. On 23 July 2015, the AEEG resolved that the GSE, in compliance with the above-mentioned ruling, should refund Sarlux's net costs incurred in purchasing green certificates, totalling around EUR 11.8 million. It also resolved to bring a high court action to obtain clarification purely on other net costs incurred by Sarlux, of some EUR 5.9 million, which based on a literal interpretation of the ruling should also be refunded to Sarlux. As Sarlux considers that the high court's ruling does not need further clarification and that the arguments already put forward in the appeal are exhaustive, it is assessing the validity of the observations expressed by the AEEG. These financial statements show a net receivable of EUR 17,700,910 for the years 2002-2005 (gross liability of EUR 31,937,498 net of a repayment of EUR 14,236,588 pursuant to CIP 6/92).

ii) Production 2009. In its ruling mentioned in the previous section, the high court did not deal with one point of the appeal (hydrogen produced by the plant qualifying as "useful heat"). If this interpretation had been accepted, the subsidiary could have been considered a cogeneration plant for its production in 2009. As Sarlux considers the arguments already submitted to the high court to be justified, it intends to launch further legal action with the aim of achieving recognition of its arguments that cogeneration from the production of hydrogen is "useful heat". These financial statements show a net receivable of EUR 4,966,320 for 2009 (gross liability of EUR 12,331,199 net of a repayment of EUR 7,364,879 pursuant to CIP 6/92).

iii) Production: 2011, 2012 and subsequently. 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 this resolution was still in effect. GSE, however, ruled that, starting with the 2012 obligation (2011 production onwards), the only applicable regulation was that for high yield cogeneration as set out in the Ministerial Decree of 4 April 2011, and therefore rejected the Company's application. Sarlux Srl therefore lodged various appeals to the TAR with the aim of receiving confirmation that Resolution 42/02 was applicable or, if the regulation for high yield cogeneration applied, that the cogeneration conditions were complied with for the years in question. In the meantime, in order to avoid incurring administrative fines, the Company purchased green certificates for 2011, 2012 and 2013 production as per GSE's calculations totalling EUR 67,041,292 and immediately forwarded a request for a refund to the AEEG, of which EUR 11,744,546 was obtained for 2011 and EUR 15,140,666 for 2012; the refund estimated for the 2013 obligation is approximately EUR 9 million. The situation described above also applies to 2014 and 2015; for 2014, specifically, GSE has already rejected the cogeneration statement submitted by the Company and, to date, no communication about the number of green certificates to be purchased has been received. Should the Company lose the case, the estimated net cost for 2014 would amount to about EUR 5 million. Although the appeal lodged with the TAR to confirm the applicability of Resolution 42/02 was rejected in February 2015, Sarlux Srl considers that the arguments supporting this appeal (the dismissal of which may in any case be appealed) and the appeal to confirm that the cogeneration conditions have been satisfied, should the CAR ruling be applied, are valid and applicable for all the years contested. It has, therefore, not recorded any liability or income for 2011 onwards.

7.2 Early withdrawal from CIP 6/92 agreement

Based on the provisions of article 3, paragraph 1 of the Ministry for Economic Development Decree of 2 December 2009, on 16 December 2009, Sarlux Srl, as a party to an agreement signed under the CIP 6/92 programme in force at 1 January 2010 for plants that use process fuels from residues, expressed its interest in an early withdrawal from the agreement to GSE, on a non-binding basis.

GSE calculated the fees payable under which such withdrawal could be effected: the Ministry for Economic Development subsequently extended the deadline for presentation of the binding application for voluntary early withdrawal from the CIP6 agreement to 30 September 2015.

The Company is assessing the alternatives available, in order to arrive at a decision by the deadline.

7.3 Transactions with related parties

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

7.4 Disclosure on financial instruments (IFRS 7 and IFRS 13)

To the extent that it is applicable to the Saras Group, the disclosure on financial instruments to be provided in annual and interim financial statements is mainly set out in IFRS 7 and 13.
IFRS 7 - Financial instruments: Disclosures requires entities to provide supplementary disclosures in financial statements that make it possible to evaluate:

a) the value of financial instruments reported in the financial statements;
b) the nature and extent of the risks deriving from financial instruments to which the company is exposed during the year and at the reporting date, and the way in which this is managed.

IFRS 13 - Fair Value Measurement, which is applicable from 1 January 2013, requires supplementary disclosures on fair value, some of which are also required for interim reports. In general, the standard clarifies how fair value should be calculated for the purposes of financial statements, and it applies to all IFRS standards that require or permit fair value measurement or the presentation of information based on fair value.

Fair value hierarchy

Points a) and b) of paragraph 93 of the standard in question require the submission of the amount of assets and liabilities measured at fair value broken down by fair value hierarchy. To this end, IFRS 13 defines a precise three-tier fair value hierarchy. The criterion used concerns the actual degree to which inputs used for the estimate can be observed. As such, the hierarchy establishes the various levels of reliability of fair value, depending on whether it is based on:

(a) (unadjusted) prices taken from an active market – as defined by IAS 39 – for the assets and liabilities being valued (level 1);
(b) valuation techniques that use inputs other than listed prices, as indicated in the point above, as a reference, which can either be observed directly (prices) or indirectly (derived from prices) on the market (level 2);
(c) valuation techniques that use inputs that are not based on observable market data as a reference (level 3).

Based on the above, the following table shows assets and liabilities measured at fair value by the Group at 30 June 2015, broken down by fair value hierarchy:

Assets	**commodities**		**Exchange rates**		**Interest rates**	
	Level 1	**Level 2**	**Level 1**	**Level 2**	**Level 1**	**Level 2**
FUTURES	12,562			2,609		
SWAPS	7,926				391	
OPTIONS	5,111					
Total	**25,599**	**0**	**0**	**2,609**	**391**	**0**

Liabilities	**commodities**		**Exchange rates**		**Interest rates**	
	Level 1	**Level 2**	**Level 1**	**Level 2**	**Level 1**	**Level 2**
FUTURES	(4,845)					
SWAPS	(5,220)				(2,387)	
OPTIONS						
Total	**(10,065)**	**0**	**0**	**0**	**(2,387)**	**0**

Valuation techniques

As can be seen from the table in the section above, financial instruments measured at fair value by the Saras Group largely consisted of derivatives that were mainly entered into by the Parent Company (but also by subsidiary Sardeolica Srl) to mitigate exchange and interest rate risks and the risks of fluctuating crude oil and oil product prices.

Specifically, the measurement at fair value of these instruments is carried out:

- for interest and exchange rate derivatives, based on regular official statements received from counterparties (financial intermediaries) with which the instruments were created;
- for commodity-based derivatives, based on account statements on open positions that are periodically received from the clearing broker through which the instruments are agreed.

For all types of derivatives described above, the fair value measurements received from the counterparties in open positions are verified by comparing them to the fair value measurement carried out within the Group for the same positions. These internal measurements are carried out using reference parameters observable on markets (spot and forward interest rates, exchange rates, and crude oil and oil product prices available in active regulated markets).

The measurement does not take into account counterparty risk as the effect of this is not significant given the deposits securing the positions.

The fair value of non-current assets held for sale was determined based on the selling price negotiated with the counterparty net of transaction costs.

The Saras Group has no financial assets or liabilities that are measured at fair value level 3 pursuant to IFRS 13.

The criterion used by the Group specifies that financial assets and liabilities measured at fair value should be transferred from one level of the hierarchy to another on the date the circumstances that determine the transfer arise.
There were no transfers between levels of fair value from the previous year.

With regard to the remaining financial assets and liabilities that are not directly measured at fair value, their carrying value is close to their fair value.

7.5 Other

Please refer to the Report on Operations of the condensed consolidated half-year financial statements for details of any atypical and/or unusual operations as well as the accidents that occurred in 2009 and 2011.

Declaration in respect of the Half-Year Financial Report, pursuant to the article 81-ter of Consob Regulation n. 11971 of 14th May 1999 and subsequent amendments and additions thereto

The undersigned, Dario Scaffardi, Executive Vice President of the Board of Directors, and Corrado Costanzo, the Executive responsible for the preparation of Saras S.p.A. financial reporting, hereby attest, pursuant also to the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24th February 1998:

- the appropriateness in respect of the type of company, and
- the efficient application of the administrative and accounting procedures for the preparation of the interim consolidated half year financial statements, for the period 1st January 2015 to 30th June 2015.

In addition, the undersigned declare that:

1. the Half-Year Financial Report as at 30th June 2015:
   a) was prepared in accordance with the applicable international accounting standards recognised in the European Union, pursuant to European Parliament and Council Regulation (EC) n. 1606/2002 of 19th July 2002;
   b) accurately represents the figures in the company's accounting records;
   c) gives a true and fair view of the assets, liabilities and financial position of Saras S.p.A. and all consolidated companies.

2. the interim "report on operations" includes a reliable analysis of the main events which took place during the first semester of the financial year and their impact on company results together with a description of the main risks and uncertainties for the remaining semester of the financial year.
The Half-Year Financial Report also contains a reliable analysis of the transactions with related parties.

This declaration is made pursuant to article 154-bis, paragraphs 2 and 5, of the Legislative Decree 58, dated 24th February 1998.

Milan, 6th August 2015

Signature: delegated authority	Signature: director responsible for drawing up the accounting statements
(Ing. Dario Scaffardi)	(Dott. Corrado Costanzo)

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Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
Saras S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of consolidated financial position, the consolidated income statement, the statement of comprehensive income, the statement of changes in consolidated shareholders' equity and the consolidated cash flows statement and the related explanatory notes of Saras S.p.A. and its subsidiaries (the "Saras Group") as of 30 June 2015. The Directors of Saras S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Saras Group as of 30 June 2015 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Other matters

The consolidated financial statements for the year ended 31 December 2014 and the interim condensed consolidated financial statements for the half-year period ended 30 June 2014 have been respectively audited and reviewed by another auditor who expressed an unqualified opinion on the consolidated financial statements on 3 April 2015 and expressed an unqualified conclusion on the interim condensed consolidated financial statements on 8 August 2014.

Milan, 7 August 2015,

Reconta Ernst & Young S.p.A.
Signed by: Alberto Romeo, Partner

This report has been translated into the English language solely for the convenience of international readers

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