

**Saras Group
Interim Financial Report
as of 30th
September 2012**



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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	Director and General Manager
ANGELOMARIO MORATTI	Director
GABRIELE MORATTI	Director
GABRIELE PREVIATI	Director
GILBERTO CALLERA	Independent Director
GIANCARLO CERUTTI*	Independent Director
MARIO GRECO	Independent Director

BOARD OF STATUTORY AUDITORS

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

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

CORRADO COSTANZO	Chief Financial Officer
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INDEPENDENT AUDITING FIRM

PRICEWATERHOUSECOOPERS S.p.A.

* Independent Director elected by the Minority list of Shareholders

Group Activities

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

Both directly and through the subsidiaries Arcola Petrolifera S.p.A. and Deposito di Arcola S.r.l. in Italy, and the subsidiary Saras Energia S.A. in Spain, the Group sells and distributes oil products, such as diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel, on the Italian, European and international markets. In particular, in 2011 approximately 2.4 million tons of oil products were sold in Italy, through the subsidiary Arcola Petrolifera, which operates solely in the wholesale market. Arcola Petrolifera uses logistics basis spread across the Italian territory, and also one tank farm for petroleum products owned by the Group, with a capacity of 200,000 cubic metres, managed by the subsidiary Deposito di Arcola S.r.l., and located indeed in the city of Arcola (La Spezia). Further 1.8 million tons of oil products were sold in the Spanish market through the subsidiary Saras Energia, which is active both in the wholesale and in the retail markets. Saras Energia manages a petroleum products tank farm with a capacity of 114,000 cubic metres, owned by the Group and located in Cartagena (Spain), and it also uses other logistic basis owned by third parties (CLH, Decal, Tepsa, etc.) and spread across the Iberian peninsula. Saras Energia also manages a retail network of 114 service stations, primarily located along the Spanish Mediterranean Coast, and the Cartagena biodiesel plant, with a capacity of 200,000 tons per year.

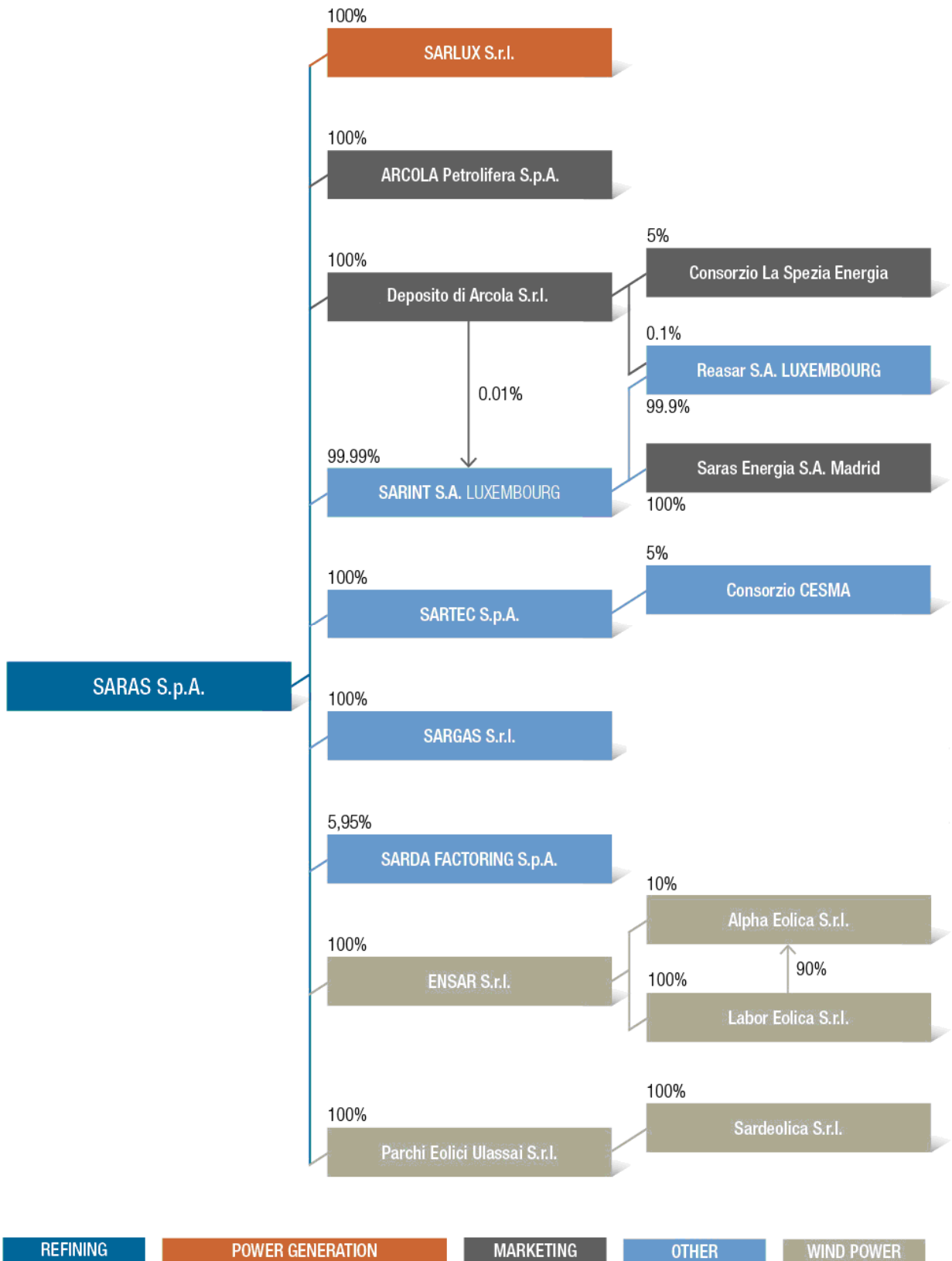
Over the past decade, the Saras Group expanded from oil refining and marketing, also into other areas. In particular, the Group is active in the energy sector with the subsidiary Sarlux S.r.l., which specialises in the generation of electricity through an IGCC plant (Integrated Gasification plant with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

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



Structure of the Saras Group

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



Stock Performance

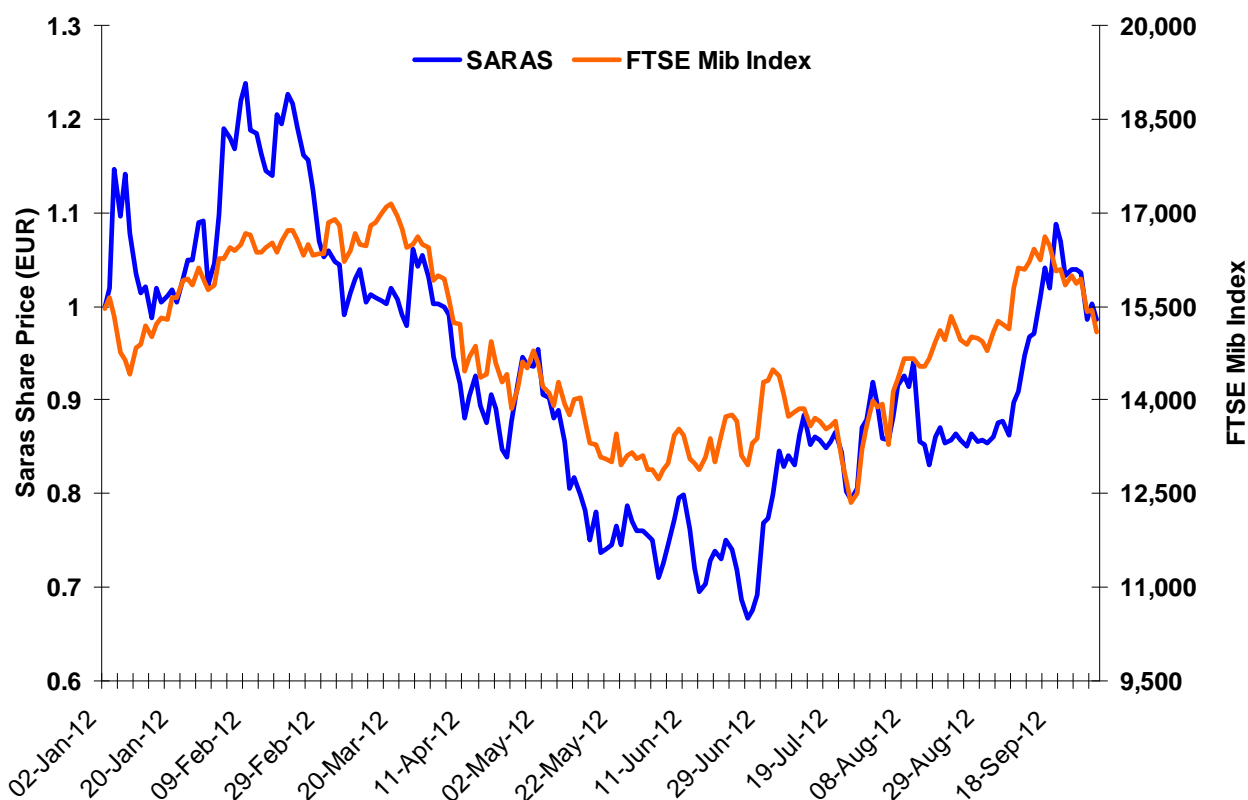
The following data relate to Saras share prices and daily volumes, during the first nine months of 2012.

SHARE PRICE (EUR)	9M/12
Minimum price (26/06/2012)	0.667
Maximum price (08/02/2012)	1.238
Average price	0.929
Closing price at the end of the period (28/09/2012)	0.986

DAILY TRADED VOLUMES	9M/12
Maximum traded volume in EUR million (23/03/2012)	55.1
Maximum traded volume in number of shares (million) (04/07/2012)	56.0
Minimum traded volume in EUR million (30/08/2012)	0.5
Minimum traded volume in number of shares (million) (30/08/2012)	0.6
Average volume in EUR million	4.0
Average volume in number of shares (million)	4.2

The Market capitalization on the 30th of September 2012 amounts to approximately EUR 938 ml and, at the same date, the number of shares outstanding was approximately 928 ml.

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



REPORT ON OPERATIONS

Saras Group Key financial and operational results¹

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

Group consolidated income statement figures

EUR Million	Q3/12	Q3/11	Change %	Q2/12	9M/12	9M/11	Change %
REVENUES	3,152	2,787	13%	2,672	8,940	8,097	10%
EBITDA	237.5	20.8	1042%	(147.3)	202.1	344.0	-41%
<i>Comparable EBITDA</i>	145.0	22.4	547%	33.6	199.7	210.9	-5%
EBIT	185.1	(32.5)	670%	(199.4)	46.9	185.3	-75%
<i>Comparable EBIT</i>	92.6	(30.9)	400%	(18.5)	44.5	52.2	-15%
NET RESULT	110.0	(2.0)	5487%	(131.8)	(7.7)	80.1	-110%
<i>Adjusted NET RESULT</i>	49.5	(24.0)	307%	(29.3)	(16.4)	(28.8)	43%

Other Group figures

EUR Million	Q3/12	Q3/11	Q2/12	9M/12	9M/11
NET FINANCIAL POSITION	(130)	(512)	(82)	(130)	(512)
CAPEX	23.6	14.8	39.8	99.5	74.0
OPERATING CASH FLOW (*)	(24)	30	431	623	122

Comments to January – September 2012 results

Group Revenues in 9M/12 were EUR 8,940 ml, up 10% vs. 9M/11. This is primarily due to the higher revenues coming from the Refining segment, in the light of higher prices for oil products (in particular, gasoline achieved an average of 1,039 \$/ton in 9M/12 vs. 997 \$/ton in 9M/11, while diesel traded at an average of 971 \$/ton vs. 956 \$/ton in 9M/11) and also because of the higher revenues achieved from the Power Generation segment, that benefited from the higher power production as well as from the higher power tariff.

Group reported EBITDA in 9M/12 was EUR 202.1 ml, down vs. EUR 344.0 ml in 9M/11. This reduction can be attributed mainly to the Refining segment, whose results have been influenced by a significant drop in margins, as well as a lower revaluation of the oil inventories, both for crude and refined products.

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

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

Group reported Net Result stood at EUR -7.7 ml, down vs. EUR 80.1 ml in 9M/11, essentially for the same reason explained at EBITDA level. Depreciation and amortisation stood at EUR 155.2 ml (vs. EUR 158.7 ml 9M/11). Finally, net financial charges, which include also the result of the derivative instruments used for hedging purposes, were at a similar level in the two periods under analysis. In more details, net financial charges stood at EUR 46.6 ml in 9M/12, and at EUR 52.0 ml in the same period of last year.

Group comparable EBITDA amounted to EUR 199.7 ml in 9M/12, slightly lower than EUR 210.9 ml achieved in 9M/11. On the other hand, **Group adjusted Net Result stood at EUR -16.4 ml**, improved versus the *adjusted* Net Result of EUR -28.8 ml in 9M/11. The difference at the EBITDA level in the two periods under comparison is mainly due to the lower result of the Refining segment in 9M/12, partially compensated by the stronger result from the Power Generation segment. The other segments had results in line with the same period of last year.

CAPEX in 9M/12 was EUR 99.5 ml, in line with the investment programme for 2012, and almost entirely attributed to the Refining segment (approx. EUR 83 ml).

Group Net Financial Position on the 30th of September 2012 stood at EUR -130 ml, strongly improved versus the position at the beginning of the year (EUR -653 ml), for the reasons which will be commented in detail in the chapter specifically dedicated to the Net Financial Position.

Comments to Third Quarter 2012 results

Group Revenues in Q3/12 were EUR 3,152 ml, up to 13% vs. Q3/2011. This result is primarily due to the higher revenues coming from the Refining segment, thanks to higher quotations of some refined products, and in particular gasoline. More in details, in Q3/12 the international price for gasoline averaged at 1,044 \$/ton (vs. the average of 1,023 \$/ton in Q3/11). Diesel instead traded at similar levels (average price of 971 \$/ton, vs. 969\$/ton in Q3/11).

Group reported EBITDA in Q3/12 was EUR 237.5 ml, up vs. EUR 20.8 ml in Q3/11. As commented already in the results of the first nine months, this increase can be mainly attributed to the rise of oil prices, as well as the revaluation of the inventories of crude oil and refined products, calculated according to the FIFO methodology, adopted by Saras Group in the preparation of the IFRS Financial Statements.

Group reported Net Result stood at EUR 110.0 ml, strongly up vs. EUR -2.0 ml achieved in Q3/11, mainly because of the revaluation of oil inventories described at EBITDA level. Moreover, it should be noted that the net financial charges (that include also the result of the derivative instruments) stood at EUR 7.7 ml in Q3/12, while in Q3/11 there was net financial income worth EUR 18.4 ml.

Group comparable EBITDA in Q3/12 amounted to EUR 145.0 ml, highly improved vs. EUR 22.4 ml achieved in Q3/11, thanks to the outstanding results of the Refining segment (for the reasons that will be explained in the dedicated chapter). A similar progress can be observed also for the **Group adjusted Net Result, which in Q3/12 was EUR 49.5 ml**, vs. the *adjusted* Net Result of EUR -24.0 ml achieved in the same period of the last year.

Finally, CAPEX in Q3/12 was EUR 23.6 ml (of which approx. EUR 16 ml in the Refining segment), according to the programme for the period.

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

As mentioned at the beginning of this section, *reported* and *comparable* figures differ primarily because of the different methodologies used to evaluate the oil inventories. More specifically, the *reported* (IFRS) figures evaluate oil inventories according to the FIFO methodology, while the *comparable* figures are based on the LIFO methodology. The relevance of the various items for Q3/12 and 9M/12 is shown in the following tables.

Group *adjusted* Net Result

EUR Million	Q3/12	Q3/11	9M/12	9M/11
Reported NET RESULT	110.0	(2.0)	(7.7)	80.1
(inventories at LIFO - inventories at FIFO) net of taxes	(53.9)	5.0	(0.1)	(78.0)
non recurring items net of taxes	0.0	0.0	0.0	0.0
change in derivatives fair value net of taxes	(6.6)	(26.9)	(8.6)	(30.9)
Adjusted NET RESULT	49.5	(24.0)	(16.4)	(28.8)

Group comparable EBITDA

EUR Million	Q3/12	Q3/11	9M/12	9M/11
Reported EBITDA	237.5	20.8	202.1	344.0
inventories at LIFO - inventories at FIFO	(92.5)	1.6	(2.4)	(133.1)
non recurring items	0.0	0.0	0.0	0.0
Comparable EBITDA	145.0	22.4	199.7	210.9

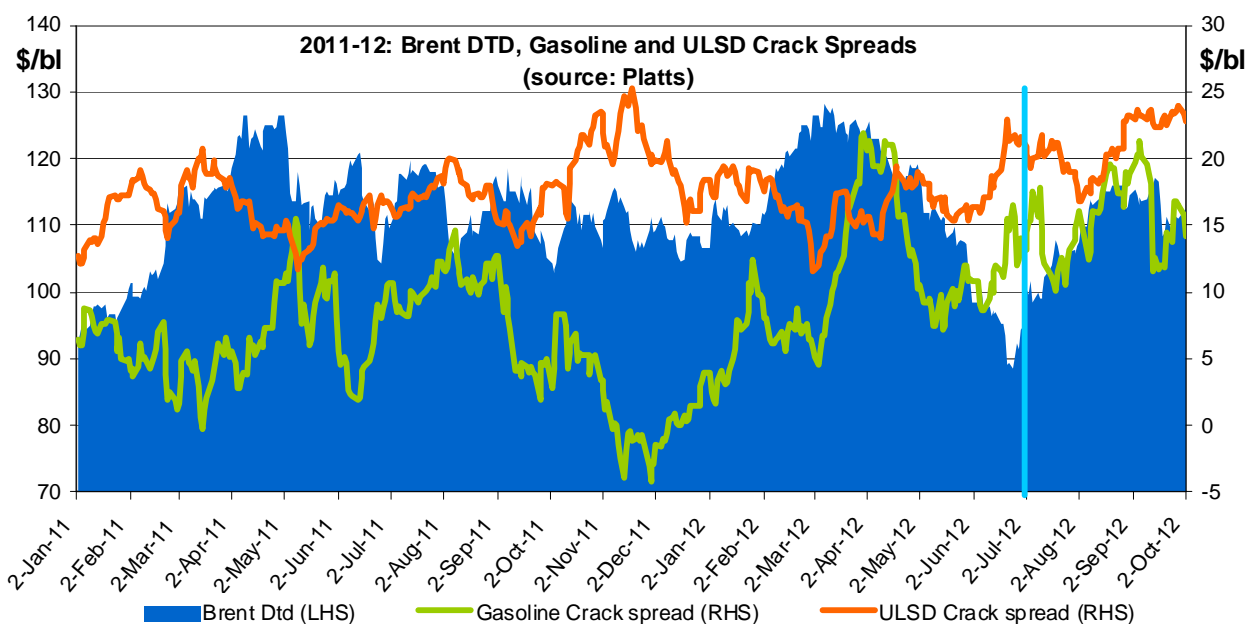
Net Financial Position

EUR Million	30-Sep-12	30-Jun-12	31-Dec-11
Medium/long term bank loans	(197)	(33)	(37)
Bonds	(249)	(248)	(248)
Other financial assets	6	5	
Total long term net financial position	(440)	(276)	(285)
Short term financing instruments	(16)	(8)	(198)
Short term bank loans	(45)	(40)	(327)
Other short term financial liabilities	(6)	(14)	(6)
Fair value on derivatives	5	(7)	(10)
Other marketable financial assets	15	13	11
Cash and cash equivalents	351	240	139
Warranty deposits for derivative instruments	6	10	23
Total short term net financial position	310	194	(369)
Total net financial position	(130)	(82)	(653)

The Net Financial Position at 30th September 2012 stood at EUR -130 ml, strongly improved versus the position at the beginning of the year (EUR -653 ml). The main contribution comes from the positive cashflow from Operations, which benefited from a reduction in working capital due to the optimisation of oil inventories, as well as some delays in the payments of crude oil, related to the Iranian embargo. Furthermore, self-financing from provisions for depreciation and amortisation (approx. EUR 155 ml), more than compensated CAPEX of the period (approx. EUR 100 ml).

Finally, it should be reminded that, on the 25th of June 2012, it expired and it was therefore reimbursed by Saras S.p.A. a loan for a total amount of EUR 190 ml, originally signed in 2009. Subsequently, on the 27th of June 2012, Saras S.p.A signed a new loan agreement, for a total amount of Euro 170 million, to be reimbursed in five years, with a pool of major international and Italian banks, with Banca IMI and BNP Paribas acting as "*Mandated Lead Arrangers*" and "*Bookrunners*". The facility is senior and unsecured, and it confirms the confidence of the credit markets in the mid and long term outlook for the Saras Group.

Oil Market and Refining Margins



Crude oil prices (Source: Platts):

In the first quarter of 2012, crude oil prices registered a strong progression, because supply concerns prevailed on the downward pressures exerted by the deteriorating macro economic conditions. Brent Dated started the period at 106.5 \$/bl, and it progressively climbed, closing the first quarter at 123.5 \$/bl. Among the main events which caused concerns to supply we can mention the following: the worsening tensions between Iran and the Western World; the outbreak of riots in Nigeria, due to the removal of subsidies on fuel prices; and finally, the geopolitical crisis in Syria, Sudan and Yemen, which removed from the markets a combined production of approximately 600 thousand barrels per day.

In the second quarter of 2012, notwithstanding the continuing pressure on the supply side, crude oil prices moved sharply downwards, driven by worsening economical and financial conditions, especially in Europe. Indeed, Brent Dated opened the second quarter at 124.6 \$/bl and closed it at 94.5 \$/bl, down by 30 dollars, after touching a minimum of 88.6 \$/bl on the 25th of June. Behind this remarkable price drop there was, on the one hand, the temporary closures of numerous European and American refineries, in order to carry out the traditional spring maintenance between April and May; on the other hand, the increase of Saudi Arabia's oil production, aimed at reassuring the markets on the availability of crude oil, even after the implementation of the embargo against Iran.

In the third quarter of 2012 crude oil prices inverted their trend, recovering most of the ground lost in the past quarter. Indeed, notwithstanding increased production from Saudi Arabia and more regular exports from Iraq, geopolitical tensions prevailed. The embargo against Iran became effective on the 1st of July, causing a shortage of "heavy-sour" crude oils in the European market. At the same time, tensions in Syria and Yemen remained extremely high, while conflicts in Sudan and Nigeria escalated. In Colombia a bomb attack damaged the Conoco Limon's pipeline. Finally, crude production problems affected the North Sea, Brazil and Angola. Brent Dated posted a sequence of daily rises that pushed it up to 117.5 \$/bl on the 23rd of August. Afterwards, quotations stabilized in the narrow range between 110 and 115 \$/bl, due to a reduction in demand from several American refineries, which suffered unexpected outages due to accidents and extreme weather conditions (Hurricane Isaac). Dated Brent closed the third quarter at 111 \$/bl.

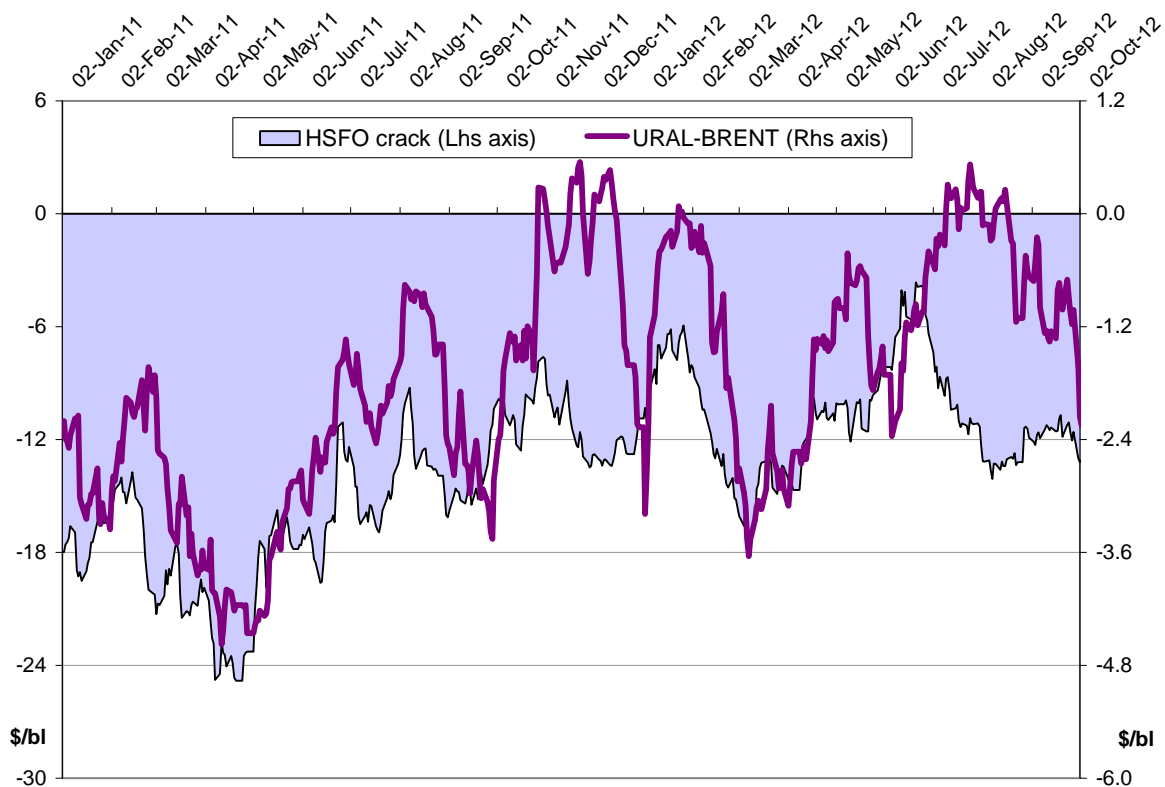
Price differential between "heavy" and "light" crude oil grades (i.e. "Urals" and "Brent" respectively):

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

sour Iranian crude oils. The combination of these two events managed to calm the markets, and the “heavy-light” differential widened again, closing the quarter at -2.9 \$/bl, hence leading to an average for the period equal to -1.6 \$/bl.

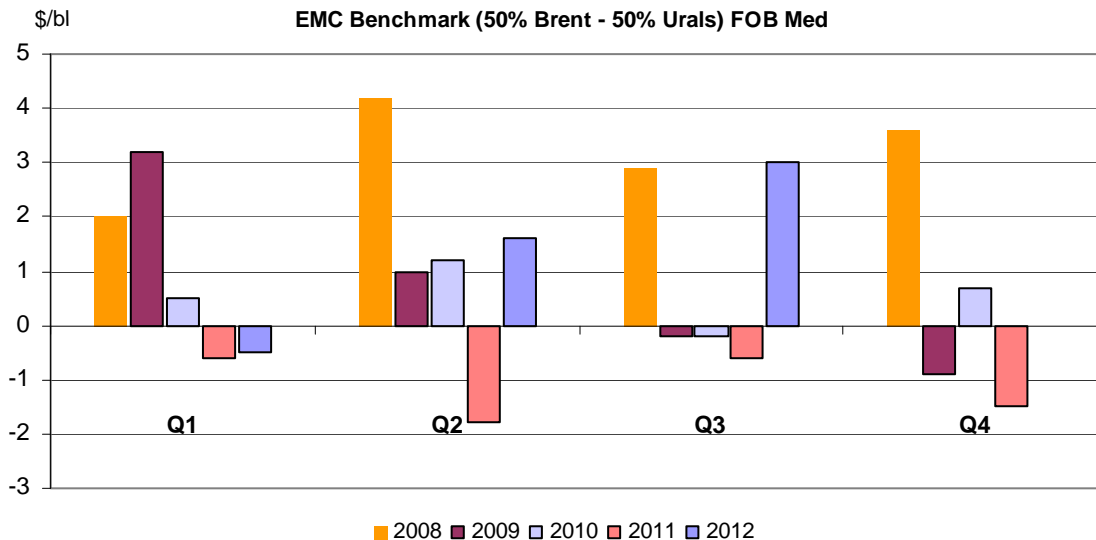
During the second quarter of 2012, the “heavy-light” differential started to shrink again, and it reached a relative minimum of -0.6 \$/bl on the 18th of May. In fact, in a market of decreasing oil prices, “Urals” crude oil found resilient support thanks to the progressively reduced availability of heavy and medium sour grades in the Mediterranean. This came as a consequence of the progressively lower volumes of Iranian crude oil purchased by the European refineries, in the light of the impending embargo. Simultaneously, several technical problems affected the pipeline system which brings Iraqi crude oil to the Mediterranean Sea, and also tensions between Baghdad and the Kurdistan authorities increased. These two events forced SOMO to reduce its export volumes to Europe. Finally, further pressure on “Urals” quotations in the Mediterranean, originated also from the choice of Russian producers, which prioritised loading schedules from the Baltic Sea (thanks also to the availability of a new hub in the port of Ust-Luga), while reducing the number of available cargoes from the ports of the Black Sea. Only for a short period of time, between May and the beginning of June, the “heavy-light” differential reopened, thanks to a reduction in demand for heavy crude oils, during refineries’ spring maintenance, and thanks also to the increase of Iraq’s volumes (particularly Basra Light). However, during the last weeks of June, the price of Urals found renewed support (with the upcoming implementation of the embargo on Iranian crude oil), and the “heavy-light” differential closed the period at -0.4 \$/bl, with a quarterly average of -1.5 \$/bl.

During the third quarter, the “heavy-light” differential was initially affected by the Iranian embargo: for the whole month of July and up until the 20th of August, heavy crudes were under pressure, with frequent inversion periods during which the “Urals” crude oil was exchanged at a premium vs. Dated Brent. Afterwards, the production problems in the oilfields of the North Sea, the attacks to the Nigerian oil installations, and the escalating tensions in the Kufra district (a region in the south-eastern part of the Cyrenaica, close to many oil fields), focused market’s interest again on the “light” crude oils. The “heavy-light” differential widened, reaching approx. -1.0 \$/bl at the end of the quarter. Furthermore, demand for Urals decreased in September, because of maintenance shut-downs in several Russian refineries. This event reduced speculation on the heavy crude oils complex.



Refining Margin:

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



The EMC Benchmark remained weak in Q1/12 (average of -0.5 \$/bl vs. -0.6 \$/bl in Q1/11) although, in sequential terms, there was a slight progression versus the absolutely depressed levels of late 2011 (-1.5 \$/bl in Q4/11). The weakness in the EMC Benchmark margin reflected the difficulties of the European refining sector, squeezed between high prices of crude oil (supported by production problems, supply concerns and geopolitical tensions), and inadequate prices for refined products (as a consequence of the drop in consumption, due to a persistently negative economic scenario).

However, in Q2/12, the economic and financial difficulties of the Euro Zone produced a sudden drop of crude oil prices. Obviously, also the price of the refined products started to decrease, although less rapidly than for crude oil. This trend led to a good rebound of the EMC refining margin, which achieved an average of +1.6 \$/bl in Q2/12 (vs. -1.9 \$/bl in Q2/11).

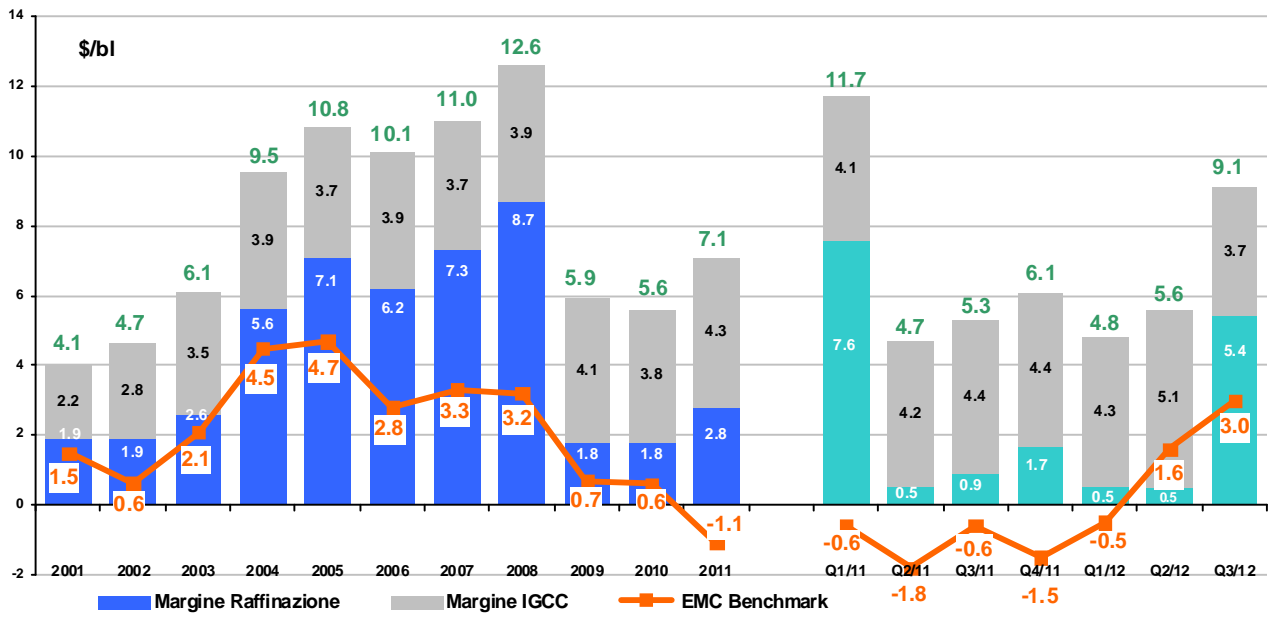
In Q3/12, margins continued to rise driven by gasoline quotations, which posted extraordinary gains, due to unexpected production problems, at the same time when US demand was at its peak. In particular, a sequence of exceptional circumstances occurred (mainly accidents and the arrival of hurricane Isaac) leading to the shut down of numerous refineries in the American continent. Given that the United States are the world largest gasoline's consumer, this production "squeeze" on the American gasoline market, spread all over the world. In Europe, the EMC Benchmark margin stood at an average of 3.0 \$/bl (vs. -0.6 \$/bl in Q3/11), a value unseen since 2008.

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

The gasoline *crack spread* followed a growing trend during the whole period. In particular, the quarterly average increased from 8.5 \$/bl in Q1/12, to 13.0 \$/bl in Q2/12, and it reached 15.4 \$/bl in Q3/12. The main reason behind this trend is related to several factors which, time after time, caused remarkable reductions in refining capacity. Indeed, already in 2011, many refineries located in the East Coast of the United States (PADD 1) were forced to permanently shutdown, in face of particularly challenging market conditions. Later, during spring, an important cycle of maintenance took place in various refineries on both sides of the Atlantic Ocean. Finally, during summer, there was a series of unfortunate events: on July 27th the Enbridge pipeline broke in an internal area of Wisconsin, halting the supply of Canadian crude oil to Mid-Western refineries, hence causing a serious reduction in their runs; on August 6th a huge blaze occurred at the Chevron refinery of Richmond (California), which has a refining capacity of 245,000 barrels per day (kbd); on August 25th a gas leak caused a terrible explosion at the PDVSA refinery in Amuay (Venezuela) that has a production capacity of 645 kbd. Finally, to further worsen the supply disruptions, between the end of August and the beginning of September, the hurricane Isaac raged the coasts of Louisiana, Mississippi and Alabama, forcing five refineries to shut-down (aggregated capacity of 940 kbd), and other six to reduce their runs to minimum levels (1750 kbd).

Concerning the *crack spread* of middle distillates, it remained at reasonable levels in Q1/12 (average at 16.7 \$/bl), thanks to decent seasonal demand for heating oil, as it usually happens during the winter season. Subsequently, it further strengthened in Q2/12 (average at 17.6 \$/bl), notwithstanding the contraction in demand due to the worsening economic crisis in the peripheral countries of the Euro Zone, mainly because of the drop in crude oil prices. Finally, the production difficulties mentioned above, allowed the diesel crack spread to further increase also during summer, hence setting the average of 20.9 \$/bl in Q3/12.

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



Segment Review

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

Refining

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

EUR Million	Q3/12	Q3/11	Change %	Q2/12	9M/12	9M/11	Change %
EBITDA	162.0	(49.4)	428%	(204.3)	(4.6)	142.3	-103%
<i>Comparable EBITDA</i>	70.5	(33.5)	310%	(39.3)	(17.8)	14.9	-219%
EBIT	135.1	(77.0)	275%	(230.9)	(83.2)	60.0	-239%
<i>Comparable EBIT</i>	43.6	(61.1)	171%	(65.9)	(96.4)	(67.3)	-43%
CAPEX	16.4	11.2		34.7	83.5	39.2	

Margins and refinery runs

		Q3/12	Q3/11	Change %	Q2/12	9M/12	9M/11	Change %
REFINERY RUNS	thousand tons	3,793	3,481	9%	2,793	9,880	10,323	-4%
	Million bl	27.7	25.4	9%	20.4	72.1	75.4	-4%
	thousand bl/day	301	276	9%	224	263	276	-5%
EXCHANGE RATE	EUR/USD	1.250	1.413	-12%	1.281	1.281	1.407	-9%
EMC BENCHMARK MARGIN	\$/bl	3.0	(0.6)		1.6	1.4	(1.0)	
SARAS REFINERY MARGIN	\$/bl	5.4	0.9		0.5	2.4	3.3	

Comments to January – September 2012 results

Refinery runs in 9M/12 stood at 9.9 ml tons (72.1 ml barrels, corresponding to 263 thousand barrels per calendar day), down 4% versus the same period of the last year. This decrease is mainly due to the higher scheduled maintenance activities, which were carried out on the atmospheric crude distillation units in Q2/12.

Comparable EBITDA of the Refining segment in 9M/12 was EUR -17.8 ml (down from EUR 14.9 ml in 9M/11), **and the Saras refining margin stood at 2.4 \$/bl** (vs. 3.3 \$/bl in the same period of last year).

9M/12 results were substantially conditioned by the important scheduled maintenance cycle to various refinery units, carried out during H1/12. Besides the above mentioned reduction in refinery runs, the maintenance cycle in H1/12 also limited the conversion capacity, weighting for almost 2 \$/bl on the overall profitability. Further difficulties occurred in Q2/12, because the impending implementation of the embargo against Iran caused some temporary disoptimisation on the heavy crude oil markets. Conversely, the third quarter gave an excellent contribution to the results of the first nine months. In fact, for the first time after almost 3 years, the market was characterized by really healthy margins (for the reasons previously listed in the section dedicated to "oil market and refining margins"). In this contest, the Sarroch refinery was entirely operational, and therefore it managed to seize this opportunity in full.

Conversely, 9M/11 results were affected by robust trading profits, due to time differences between purchases and sales, in a market characterized by oil prices on a steep rising trend. In Q1/11 there was also a remarkable devaluation of the USD versus the EUR, which contributed to the result for approx. EUR 15 ml, deriving from some dynamics on the accounts payable. The performance in Q3/11, instead, was affected by the unavailability of some Libyan crude oils, with peculiar characteristics and hardly replaceable.

Refining CAPEX in 9M/12 was EUR 83.5 ml, in line with the programme for the year, which included also a part of the activities related to the "revamping" of the MildHydroCracking2 Unit (MHC2).

Comments to Third Quarter 2012 results

Refinery runs in Q3/12 stood at 3.8 ml tons (27.7 ml barrels, corresponding to 301 thousand barrels per calendar day), 9% higher than in Q3/11. As already commented above, during Q3/12 the Sarroch refinery was fully operational, without any maintenance activities. Conversely, in Q3/11 there was some scheduled maintenance, involving also one of the three atmospheric distillation units (RT2).

Comparable EBITDA of the Refining segment was EUR 70.5 ml (strongly improved vs. EUR -33.5 ml in Q3/11), and **the Saras refining margin stood at 5.4 \$/bl** (vs. 0.9 \$/bl in Q3/11). As mention above, the high margins during the quarter are due to a series of extraordinary circumstances (accidents and hurricane Isaac), which caused the temporary shut-down of numerous refineries in the American continent. Given that markets are global, the effects of such “squeeze” on the refining capacity spread also to Europe. In this context, Saras’ refinery was entirely operational, and therefore it could fully capture this opportunity.

When comparing with Q3/11 results, it should be considered that, within a significantly lower margins’ scenario, Saras’ refinery suffered some penalizations due to scheduled maintenance activities and to the unavailability of Libyan crude oils.

Refining CAPEX in Q3/12 was EUR 16.4 ml.

Crude Oil slate and Production

	Q3/12	9M/12	FY 2011
Light extra sweet	51%	49%	46%
Light sweet	2%	2%	2%
Medium sweet/extra sweet	1%	3%	3%
Medium sour	35%	31%	30%
Heavy sour/sweet	11%	15%	20%
Average crude gravity °API	33.2	32.8	32.2

The crude mix processed in 9M/12 had an average density of 32.8°API, slightly higher than the crude mix processed in FY 2011. When looking in detail at the various crude categories used in the period, some important differences can be noted, due to the peculiar market conditions in the two periods under comparison. Indeed, in FY 2011, the Libyan crisis reduced the availability of “light sweet” crude oils. Conversely, in 9M/12 the markets faced a limited availability of “heavy sour” crude oils, due to the tensions between EU and Iran, which brought to the unilateral declaration of a total oil embargo, effective as of July 1st.

Moving on to the product slate, it can be observed that the yield in middle distillates in 9M/12 stood at 51.7%, slightly lower than in FY 2011. This is mainly due to the maintenance activities carried out in Q1/12 on the MildHydroCracking2 Unit (MHC2), which reduced the conversion capacity of the refinery. On the contrary, the yield in light distillates stood at 29.5%, higher than in FY 2011. Therefore, in 9M/12 the cumulative yield of high value added products reached 82.9% (when including also the yield of LPG, which was equal to 1.7%). This represents a first quartile performance, within the European competitive framework.

	Q3/12	9M/12	FY 2011	
LPG	thousand tons	61	171	238
	yield	1.6%	1.7%	1.7%
NAPHTHA + GASOLINE	thousand tons	1,098	2,917	3,824
	yield	28.9%	29.5%	27.3%
MIDDLE DISTILLATES	thousand tons	1,989	5,106	7,415
	yield	52.4%	51.7%	52.9%
FUEL OIL & OTHERS	thousand tons	151	213	623
	yield	4.0%	2.2%	4.4%
TAR	thousand tons	292	879	1,075
	yield	7.7%	8.9%	7.7%

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

Marketing

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

EUR Million	Q3/12	Q3/11	Change %	Q2/12	9M/12	9M/11	Change %
EBITDA	14.1	11.1	27%	(3.4)	20.9	33.9	-38%
Comparable EBITDA	13.1	(3.2)	509%	12.5	31.7	28.2	12%
EBIT	11.2	8.3	35%	(6.3)	11.9	25.2	-53%
Comparable EBIT	10.2	(6.0)	270%	9.6	22.7	19.5	16%
CAPEX	2.7	1.0		3.6	7.8	2.6	

Sales

		Q3/12	Q3/11	Change %	Q2/12	9M/12	9M/11	Change %
TOTAL SALES	thousand tons	947	1,019	-7%	934	2,853	3,126	-9%
of which: in Italy	thousand tons	556	613	-9%	550	1,653	1,751	-6%
of which: in Spain	thousand tons	391	406	-4%	384	1,200	1,375	-13%

Comments to January – September 2012 results

Macroeconomic conditions in 9M/12 had a negative influence on consumption of oil products in the peripheral countries of the Euro Zone and, in particular, in Spain and in Italy, which are the markets where the Saras' Group conducts its Marketing activities. Notwithstanding this context, the Marketing segment posted a good performance.

In the Italian market total demand for oil products dropped by 10.3% in 9M/12, versus the same period of the last year. Gasoline demand was down by 10.7%, while middle distillates consumption was down by 9.3% (with automotive diesel actually shrinking by 9.9%). In this scenario, the sales of Arcola Petrolifera stood at 1,653 ktons, down by 6% versus 9M/11 because of a reduction of sales to other oil companies, only partially compensated by an increase of sales towards unbranded retail stations. Lastly, gross margins slightly decreased, due to high competition in a declining market and to higher costs for bio-diesel blending.

Also in the Spanish market there was a sharp contraction in consumption of the main refined oil products (-6.8% for gasoline, and -5.7% for middle distillates). The Spanish subsidiary Saras Energia continued its strategy of optimization in the mix of sale channels, hence achieving a remarkable improvement in gross margin (+17%), although its total sales decreased (-13% vs. 9M/11).

Overall, **comparable EBITDA of the Marketing segment in 9M/12 stood at EUR 31.7 ml**, up 12% vs. the same period of last year.

CAPEX in the Marketing segment was EUR 7.8 ml, of which EUR 2.7ml in Q3/12.

Comments to Third Quarter 2012 results

In Q3/12, both the Group's subsidiaries had a good performance, managing their mix of sale channels, and protecting their gross margins. In Italy, Arcola Petrolifera sold 556 ktons (-9% vs. Q3/11) while, in Spain, Saras Energia sold 391 ktons (-4% vs. Q3/11).

Comparable EBITDA of the Marketing segment stood at EUR 13.1 ml in Q3/12, which is a remarkable result, especially when considering the complicated macroeconomic scenario, with total consumption of refined products down both in Italy (-9.8%) and in Spain (-7.4%).

Power Generation

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

EUR Milion	Q3/12	Q3/11	Change %	Q2/12	9M/12	9M/11	Change %
EBITDA	58.0	56.7	2%	55.8	171.3	158.1	8%
Comparable EBITDA	58.0	56.7	2%	55.8	171.3	158.1	8%
EBIT	38.1	36.7	4%	35.7	111.6	99.0	13%
Comparable EBIT	38.1	36.7	4%	35.7	111.6	99.0	13%
EBITDA ITALIAN GAAP	41.4	36.6	13%	38.2	134.6	79.4	69%
EBIT ITALIAN GAAP	30.2	25.3	20%	26.9	101.0	46.3	118%
NET INCOME ITALIAN GAAP	17.5	12.5	40%	16.0	60.3	25.1	140%
CAPEX	1.1	1.8		1.2	4.1	29.7	

Other figures

		Q3/12	Q3/11	Change %	Q2/12	9M/12	9M/11	Change %
ELECTRICITY PRODUCTION	MWh/1000	1,048	1,125	-7%	996	3,220	2,974	8%
POWER TARIFF	Eurocent/KWh	12.5	10.6	17%	12.1	12.1	10.1	20%
POWER IGCC MARGIN	\$/bl	3.7	4.4	-16%	5.1	4.3	4.4	-2%

Comments to January – September 2012 results

The results achieved in 9M/12 have been very satisfactory, with **power production reaching 3.220 TWh**, up 8% versus the same period of last year. The important change in operational performance is mainly due to the 10-year maintenance cycle carried out on the entire IGCC plant during Q2/11, which compares with standard maintenance activity on only one train of "Gasifier – combined cycle Turbine" in the first nine months of 2012.

Italian GAAP EBITDA was EUR 134.6 ml in 9M/12, up 69% vs. 9M/11, primarily because of the higher power production, as well as the higher value of the CIP6/92 power tariff (which had an average of 12.1 EURcent/kWh, up 20% vs. 9M/11). Further support to the results came also from the sales of steam and hydrogen, which were approx. EUR 9.5 ml higher than in the same period of last year.

IFRS EBITDA (which is coincident with the comparable EBITDA) was EUR 171.3 ml, up 8% versus the first nine months of the last year, thanks mainly to the higher sales of hydrogen and steam, whose revenues are not subject to the IFRS equalization procedure. **CAPEX in 9M/12 was EUR 4.1 ml**, in line with the programme.

Finally, it should be mentioned that, according to Article 3, paragraph 1, of the Ministry of Economic Development's Decree dated 2nd December 2009, the terms for the presentation of Sarlux S.r.l. binding request for a voluntary early exit from the CIP6/92 contract, expired on the 30th of June 2012. The company, after careful evaluations, decided not to exit the CIP6/92 contract.

Comments to Third Quarter 2012 results

In Q3/12 the **power production was 1.048 TWh**, slightly lower than in Q3/11. Nonetheless, **Italian GAAP EBITDA stood at EUR 41.4 ml**, up 13% vs. Q3/11, primarily because of the higher value of the CIP6/92 power tariff (average of 12.5 EURcent/kWh, up 17% vs. Q3/11), and of the higher sales of steam and hydrogen (worth approx. EUR 1 ml).

IFRS EBITDA (which is coincident with the comparable EBITDA) was EUR 58.0 ml in Q3/12, up 2% versus the same period of last year, thanks mainly to the higher sales of hydrogen and steam, whose revenues are not subject to the IFRS equalization procedure. **CAPEX in the quarter was EUR 1.1 ml**.

Wind

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

EUR million	Q3/12	Q3/11	Change %	Q2/12	9M/12	9M/11	Change %
EBITDA	2.2	2.4	-8%	4.2	12.4	10.2	22%
Comparable EBITDA	2.2	2.4	-8%	4.2	12.4	10.2	22%
EBIT	(0.5)	(0.2)	-150%	1.7	4.6	2.5	84%
Comparable EBIT	(0.5)	(0.2)	-150%	1.7	4.6	2.5	84%
CAPEX	2.1	0.7		0.2	2.6	1.7	

Other figures

		Q3/12	Q3/11	Change %	Q2/12	9M/12	9M/11	Change %
ELECTRICITY PRODUCTION	MWh	23,447	24,839	-6%	41,262	111,748	90,182	24%
POWER TARIFF	EURcent/KWh	8.2	8.1	0%	7.1	8.0	7.2	10%
GREEN CERTIFICATES	EURcent/KWh	7.7	7.9	-3%	6.9	7.2	8.1	-11%

Comments to January – September 2012 results

In 9M/12 **comparable EBITDA** stood at EUR 12.4 ml, up 22% vs. 9M/11. This result derives from slightly more favourable weather conditions than in the same period of last year, which pushed **production of electricity up to 111,748 MWh** (+24% vs. 9M/11). Moreover, the results were supported also by the greater value of the power tariff (equal to 8.0 EURcent/kWh, +10%), while the lower value of the Green Certificates (-11%) had the opposite effect.

Comments to Third Quarter 2012 results

In Q3/12 **comparable EBITDA** was EUR 2.2 ml, down 8% vs. Q3/11, due to the combined effects of a lower power production (-6%, because of less favourable wind conditions) and a lower value of the Green Certificates (-3%) versus the same period of the last year. The power tariff, instead, was substantially equal during the two quarters under comparison.

Other Activities

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

EUR Million	Q3/12	Q3/11	Change %	Q2/12	9M/12	9M/11	Change %
EBITDA	1.2	0.0	n/a	0.4	2.1	(0.5)	520%
Comparable EBITDA	1.2	0.0	n/a	0.4	2.1	(0.5)	520%
EBIT	1.2	(0.3)	500%	0.4	2.0	(1.5)	233%
Comparable EBIT	1.2	(0.3)	500%	0.4	2.0	(1.5)	233%

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

Strategy and Investments

Also in 2012 the Saras' Group strategy continued along the directions previously outlined.

In particular, in the Refining segment Saras continues the implementation of its asset management programme called "Project FOCUS", which is primarily aimed at improving production efficiency and operational effectiveness, reducing costs, and also increasing the coordination between the "Planning" department, in charge of refinery production scheduling, and the "Supply & Trading" department, managing all commercial activities.

Furthermore, it is progressing according to plan the revamping project of the MildHydroCracking2 Unit (MHC2), which completed another important "step" during the maintenance turnaround carried out in Q1/12. The remaining "steps" of the project will be completed in the subsequent turnarounds scheduled in H1/2013. When the revamping of the unit will become fully operational, it will deliver approx. 600 ktons/year of additional diesel production in exchange for heating gasoil, and an increase in refinery runs of approximately 650 ktons/year.

In the Wind segment, in August 2011 the Sardinian Regional Authorities published updated guidelines, establishing new "authorised areas" for the construction of wind parks. Within this new framework, the Group is developing two projects with a total combined capacity of approx. 100 MW. For both projects the Environmental Assessment Procedure (called V.I.A.) is in progress, and it should be completed by the end of 2012. Regarding the "pipeline" outside Italy, the Group is developing a project in Romania, for a capacity of approx. 100 MW, which obtained in Q3/12 the full authorisation to start construction of the park.

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

CAPEX by segment

EUR Million	Q3/12	9M/12	FY 2011
REFINING	16.4	83.5	64.6
POWER GENERATION	1.1	4.1	31.2
MARKETING	2.7	7.8	4.8
WIND	2.1	2.6	2.5
OTHER	1.3	1.5	1.9
Total	23.6	99.5	105.0

Outlook

Despite a context of severe economic slowdown in the Euro Zone and highly volatile financial and *commodities* markets, the International Energy Agency (IEA) still forecasts that global demand for oil products will increase, both in 2012 and in 2013. However, this growth will come exclusively from the emerging and developing countries, whose internal consumption will more than compensate the drop in demand from the OECD countries. More in detail, the most recent “*Monthly Oil Market Report*” published by IEA on the 12th of October 2012, expects global demand to reach 89.7 million barrels per day (mbd) in 2012 (+0.6 mbd vs. 2011), and 90.5 mbd in 2013 (+0.6 mbd vs. 2012).

Looking at crude oil prices, at least until the end of the year they will continue to be subjected to a high volatility, due to the geopolitical tensions in many producing countries, and the macroeconomic uncertainties in the Euro Zone.

Finally, looking at refining margins, it's expected that the largest contribution will come from the middle distillates. Highly complex refineries, such as the Saras group refinery, will continue to have the best positioning in the competitive context.

REFINING

- **Sarroch refinery Maintenance and Operations:** 2012 maintenance programme proceeded according to schedule. Almost all activities were carried out in the first semester, while during Q3/12 the refinery was fully operational. Finally, in Q4/12, there will be only some minor scheduled activities. Therefore, total refinery runs in 2012 are expected at 13.4 ÷ 13.7 ml tons (which corresponds to 97.7 ÷ 99.1 ml barrels).
- **Crude Slate:** On July 1st 2012 the oil embargo declared by the European Union against Iran became fully effective. The Saras Group used approx. 10% of Iranian crude in its refinery mix; these crudes were promptly replaced with suitable alternative crude oils.

POWER GENERATION

- **IGCC Maintenance and Operations:** during the second quarter of 2012 scheduled maintenance activities were regularly carried out on one train of “Gasifier – combined cycle Turbine” of the IGCC plant. During Q4/12 there will be some planned activities on one of the two “H₂S Absorber” Units, and on another train of “Gasifier – combined cycle Turbine”. Total power production in 2012 is expected between 4.18 ÷ 4.28 TWh.
- **EBITDA:** *comparable* EBITDA is expected at approx. EUR 220 ml per year, stable until the end of 2020. On the contrary, Italian GAAP EBITDA in 2012 is expected to be approx. EUR 170 ml.
- **CIP/6 power tariff:** The 9-month delay in the formula used to calculate the “fuel component” implies that the CIP6/92 power tariff should see a substantial stability during 2012, in line with the trend of crude oil prices. Indeed, during 2011 Brent Dated remained confined within 105 ÷ 120 \$/bl, although with several fluctuations between the two extremes of the range.

MARKETING

- Given the difficult economic conjuncture in Italy and in Spain, it is not possible to expect significant changes in the near term market scenario. For this reason, in the Marketing segment, the Group will continue to follow the same operational strategy adopted so far.

Main events after the end of the first nine months of 2012

On the 3rd of October 2012, it was published on the Official Bulletin of the Italian Republic (*Gazzetta Ufficiale*) the Decree of the Minister for Economic Development dated 28th June 2012, which extended until the 31st March 2013, the deadline for the presentation of binding requests for voluntary early exit from the CIP6/92 contract, for the power plants fed with process fuels, residues, or energy recoveries.

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, lead us to consider that the liquidity risk is moderate.

Other risks

Risk related to the procurement of crude oil

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

Risks of interruption of production

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

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

Environmental risk

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

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

Regulatory risk

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

Dependencies on third parties

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

Protection of Personal Data

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

Other Information

Non-recurring and/or unusual Transactions

During the first nine months of 2012, the Group did not undertake any non-recurring and/or unusual transaction.

Transactions with related parties

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

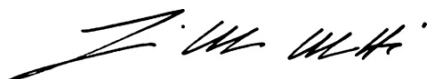
Research and Development

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

Own shares

During the first nine months of 2012 Saras did not acquire or sell Company's own shares.

For the Board of Directors
The Chairman
Gian Marco Moratti



CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of:
30th September 2012 and 31st December 2011

EUR thousand	30/09/2012	31/12/2011
ASSETS		
Current assets	2,655,879	2,348,332
Cash and cash equivalents	351,317	139,343
Other financial assets held for trading	88,524	42,843
Trade receivables	977,231	869,738
Inventories	1,139,648	1,154,350
Current tax assets	38,668	36,499
Other assets	60,491	105,559
Non-current assets	1,753,638	1,804,425
Property, plant and equipment	1,349,120	1,392,317
Intangible assets	356,199	378,258
Other equity interests	526	547
Deferred tax assets	41,784	32,407
Other financial assets	6,009	896
Total assets	4,409,517	4,152,757
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	2,155,632	1,996,740
Short-term financial liabilities	135,434	573,862
Trade and other payables	1,568,729	1,188,503
Current tax liabilities	361,134	141,829
Other liabilities	90,335	92,546
Non-current liabilities	975,419	872,983
Long-term financial liabilities	445,769	284,798
Provisions for risks and charges	57,077	77,267
Provisions for employee benefits	20,723	23,299
Deferred tax liabilities	3,419	4,474
Other liabilities	448,431	483,145
Total liabilities	3,131,051	2,869,723
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	1,220,562	1,158,676
Net profit/(loss) for the period	(7,652)	58,802
Total equity attributable to owners of the company	1,278,466	1,283,034
Minority interest	0	0
Total Equity	1,278,466	1,283,034
Total liabilities and equity	4,409,517	4,152,757

Consolidated Income Statement and Statement of Comprehensive Income for the periods: 1st January–30th September and 1st July–30th September 2012 and 2011

EUR thousand	1st January 30th September 2012	of which non recurring	1st January 30th September 2011	of which non recurring	1st July 30th September 2012	of which non recurring	1st July 30th September 2011	of which non recurring
Revenues from ordinary operations	8,883,419		8,043,464		3,135,692		2,772,569	
Other income	56,109		53,500		16,475		14,067	
Total revenues	8,939,528	0	8,096,964	0	3,152,167	0	2,786,636	0
Purchases of raw materials, spare parts and consumables	(8,194,733)		(7,216,997)		(2,733,523)		(2,580,761)	
Cost of services and sundry costs	(441,762)		(419,035)		(149,539)		(147,968)	
Personnel costs	(100,937)		(116,889)		(31,612)		(37,138)	
Depreciation, amortization and write-downs	(155,173)		(158,752)		(52,326)		(53,316)	
Total costs	(8,892,605)	0	(7,911,673)	0	(2,967,000)	0	(2,819,183)	0
Operating results	46,923	0	185,291	0	185,167	0	(32,547)	0
Net income (charges) from equity interests								
Financial income	249,839		96,740		81,587		67,445	
Financial charges	(296,428)		(148,765)		(89,321)		(48,999)	
Profit before taxes	334	0	133,266	0	177,433	0	(14,101)	0
Income tax for the period	(7,986)		(53,149)		(67,392)		12,059	
Net profit/(loss) for the period	(7,652)	0	80,117	0	110,041	0	(2,042)	0
Net profit/(loss) for the period attributable to:								
Equity holders of the company	(7,652)		80,117		110,041		(2,042)	
Minority interest	0		0		0		0	
Earnings per share - basic (Euro cent)	(0.82)		8.63		11.85		(0.22)	
Earnings per share - diluted (Euro cent)	(0.82)		8.63		11.85		(0.22)	

Statement of Comprehensive Income for the periods 1st January - 30th September 1st July - 30th September 2012 and 2011

EUR thousand	1st January 30th September 2012	1st January 30th September 2011	1st July 30th September 2012	1st July 30th September 2011
Net result of the period (A)	(7,652)	80,117	110,041	(2,042)
Effect of translation of f/s in foreign currency	14	(7)	0	3
Income / (loss), net of fiscal effect (B)	14	(7)	0	3
Consolidated Comprehensive Result of the period (A + B)	(7,638)	80,110	110,041	(2,039)
Net consolidated Comprehensive Result of the period attributable to:				
Equity holders of the Company	(7,638)	80,110	110,041	(2,039)
Minority Interest	0	0	0	0

Statement of Changes in Consolidated Shareholders' Equity from: 31st December 2010 to 30th September 2012

EUR thousand	Share Capital	Legal Reserve	Other Reserves	Profit (loss)	Total equity attributable to owners of the company	Minority interest	Total equity
Balance as of 31/12/2010	54,630	10,926	1,164,297	(9,468)	1,220,385	0	1,220,385
Period 1/1/2011 - 30/9/2011							
Appropriation of previous year profit			(9,468)	9,468	0		0
Reserve for employees share plan			3,275		3,275		3,275
Effect of translation of f/s in foreign currency			(7)		(7)		(7)
Net profit/(loss) for the period				80,117	80,117		80,117
Balance as of 30/09/2011	54,630	10,926	1,158,097	80,117	1,303,770	0	1,303,770
Period 1/10/2011 - 31/12/2011							
Reserve for employees share plan			576		576		576
Effect of translation of f/s in foreign currency			3		3		3
Net profit/ (loss) for the period				(21,315)	(21,315)		(21,315)
Balance as of 31/12/2011	54,630	10,926	1,158,676	58,802	1,283,034	0	1,283,034
Period 1/1/2012 - 30/09/2012							
Appropriation of previous year profit			58,802	(58,802)	0		0
Reserve for employees share plan			3,098		3,098		3,098
Effect of translation of f/s in foreign currency			(14)		(14)		(14)
Net profit /(loss) for the period				(7,652)	(7,652)		(7,652)
Balance as of 30/09/2012	54,630	10,926	1,220,562	(7,652)	1,278,466	0	1,278,466

Consolidated Cash Flow Statements as of: 30th September 2012 and 30th September 2011

EUR thousand	1/1/2012 - 30/09/2012	1/1/2011 - 30/09/2011
A - Cash and cash equivalents at the beginning of the period	139,343	80,835
B - Cash generated from/(used in) operating activities		
Net profit / (loss) for the period	(7,652)	80,117
Amortization, depreciation and write-downs of fixed assets	155,173	158,752
Net change in provisions for risks and charges	(20,180)	4,404
Net change in employee benefits	(1,292)	(5,874)
Net change in deferred tax liabilities and deferred tax assets	(10,669)	22,886
Net interest income (expense)	17,016	5,367
Income tax	18,655	53,149
Change in fair value of financial assets held for trading and of financial liabilities	(17,337)	(4,055)
Other non-cash items	2,697	3,268
Profit / (Loss) from operating activities before changes of working capital	136,411	318,014
(Increase)/Decrease in trade receivables	(113,242)	106,194
(Increase)/Decrease in inventory	14,702	(355,321)
Increase/(Decrease) in trade and other payables	378,729	70,303
Change in other current assets	28,400	9,172
Change in other current liabilities	203,720	6,147
Interest received	666	284
Interest paid	(20,893)	(18,499)
Change in other non-current liabilities	(34,795)	(75,995)
Total (B)	593,698	60,299
C - Cash flow from (to) investment activities		
(Investments) in tangible and intangible assets	(86,794)	(73,778)
Increase/(Decrease) in financial assets	55,719	30,595
Other non cash items	0	493
Total (C)	(31,075)	(42,690)
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium-/long-term borrowings	160,596	(193,356)
Increase/(Decrease) in short-term borrowings	(510,879)	169,311
Total (D)	(350,283)	(24,045)
E - Cashflow for the period (B+C+D)	212,340	(6,436)
F - Net Cash from disposal of Akhela/Artemide	(366)	0
G - Cash and cash equivalents at the end of the period	351,317	74,399

For the Board of Directors
The Chairman
Gian Marco Moratti



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2012

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1. Preliminary remarks

Saras S.p.A. (the Parent Company) is a company limited by shares listed on the Milan stock market. Its registered office is at S.S. 195 Sulcitana, km 19, Sarroch (CA), Italy, and it is 62.461% owned (excluding own shares) by Angelo Moratti S.A.P.A. (registered office: Foro Bonaparte 69, Milan). The company is established, as stated in its incorporation documents, until 31 December 2056.

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

These consolidated financial statements for the period to 30 September 2012 are presented in euro, since the euro is the currency of the economy in which the Group operates. They consist of the statement of financial position, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and these notes to the accounts. All amounts shown in these notes are expressed in thousand euro, unless otherwise stated.

The consolidated financial statements for the quarter ended 30 September 2012 should be read in conjunction with the consolidated accounts of the Saras Group for the year ended 31 December 2011.

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

The consolidated financial statements of the group for the period ending 30 September 2012 were prepared in accordance with the International Financial Reporting Standards (IFRS or "International Accounting Standards") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002.

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

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

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

3. Accounting standards applied

These consolidated financial statements were prepared in abbreviated form, in accordance with the international accounting standard that applies to interim financial statements (IAS 34 "Interim Financial Reporting"), adopted according to the procedures set out in article 6 of regulation (EC) 1606 of 2002, and must be read in conjunction with the consolidated accounts for the year ended 31 December 2011.

The accounting standards and valuation and consolidation criteria adopted to prepare the abbreviated consolidated quarterly report are consistent with those used for the consolidated accounts for the year ended 31 December 2011, to which reference should be made for more comprehensive information. The above-mentioned standards have been applied consistently for all periods shown.

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

Accounting standards, amendments and interpretations applicable from 1 January 2012

On 20 December 2010, the IASB issued a minor amendment to *IAS 12 – Income Taxes*, which requires the company to estimate the value of deferred taxes arising from an asset according to the way in which the carrying value of the asset will be recovered (by continued use or sale).

As a result of this amendment, *SIC-21 – Income Taxes – Recovery of Revalued Non-Depreciable Assets* will no longer apply. The amendment is applicable retrospectively from 1 January 2012. The adoption of the amendment did not have a significant impact on the group's financial statements.

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

On 12 November 2009, the IASB published *IFRS 9 – Financial Instruments*, which was then amended on 28 October 2010. The standard, which is applicable retrospectively from 1 January 2015, represents the first step in a process to fully replace IAS 39.

IFRS 9 introduces two categories of valuation: amortised cost and fair value. All equity instruments will be measured at fair value. Many of the provisions of IAS 39 relating to financial liabilities are unchanged in the new standard. These include reference to the amortised cost for most financial liabilities. The main change regards the accounting treatment of changes in the fair value of a financial liability designated as measured at fair value through profit and loss if such changes are attributable to a change in the credit risk of the liability. According to the new standard, these changes must be recognised in other comprehensive income and will no longer pass through profit and loss. The effects of applying this standard are currently being assessed.

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

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

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

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

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

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

On 16 December 2011, the IASB issued two amendments to *IFRS 7 – Financial Instruments: Offsetting financial assets and liabilities*, and to *IAS 32 – Financial instruments: Presentation: Offsetting financial assets and liabilities*, applicable from 1 January 2013 and from 1 January 2014. It is believed that the adoption of these amendments will have no significant impact on the Group's financial statements.

On 13 March 2012, the IASB issued an amendment to IFRS 1 entitled *Government Loans*, applicable from 1 January 2013. It is believed that the adoption of this amendment will have no significant impact on the Group's financial statements.

On 17 May 2012, the IASB issued various amendments to IFRS (2009-2011), applicable from 1 January 2013, the impact of which for the group is currently being evaluated.

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

3.1 Basis of consolidation

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

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

On 29 February, the sale of subsidiaries Akhela S.r.l. and Artemide S.r.l. and related equity investments in ITSME S.r.l. and the ICT Competence Centre was completed. The impact on the accounts of the need to align the carrying value of the net assets sold with their sale price was shown in the consolidated financial statements for the year ended 31 December 2011, to which reference should be made for further information.

3.2 Use of estimates

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

These types of valuations, particularly those that are more complex, such as the determination of any loss in value of fixed assets, are only fully carried out when the annual consolidated financial statements are prepared, at which time all the required information is available, except in cases where there are impairment indicators requiring an immediate valuation of loss in value.

A summary of the most significant estimates is provided in the group's consolidated financial statements for the year ended 31 December 2011, to which reference should be made for further information.

4. Information by business segment

4.1 Preliminary remarks

The Saras Group operates primarily in the following segments:

1. refining;
2. marketing;
3. generation of power by the combined cycle plant;
4. generation of power by wind farms;
5. other activities.

1. Refining activities refer to:

[A] The sale of oil products obtained:

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

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

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

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

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

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

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

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

The management monitors the operating results for individual business segments separately, in order to determine the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses. The breakdown by business segment and the basis on which segment results are determined are the same as in the financial statements for the year ended 31 December 2011.

4.2 Segment information

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

	Refining	Marketing	Power Generation	Wind Power	Other	Total
30th September 2011						
Revenues from ordinary operations	7,225,230	2,547,189	426,504	6,518	32,147	10,237,588
deduction: revenues intra-segment	(2,083,051)	(58,572)	(38,069)	0	(14,432)	(2,194,124)
Revenues from third parties	5,142,179	2,488,617	388,435	6,518	17,715	8,043,464
Other revenues	84,618	723	44,328	7,879	486	138,034
deduction: revenues intra-segment	(71,669)	(58)	(12,499)	0	(308)	(84,534)
Other revenues from third parties	12,949	665	31,829	7,879	178	53,500
Amortisation and Depreciation	(82,180)	(8,744)	(59,114)	(7,704)	(1,010)	(158,752)
Operating profit (a)	60,128	25,207	99,010	2,478	(1,532)	185,291
Financial Income (a)	103,030	1,068	1,311	214	111	105,734
Financial Charges (a)	(148,158)	(5,951)	(758)	(2,635)	(257)	(157,759)
Income taxes	(1,405)	(9,000)	(40,465)	(1,741)	(538)	(53,149)
Net Profit for the period (a)	13,595	11,324	59,098	(1,684)	(2,216)	80,117
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	2,167,666	708,125	969,652	127,808	29,595	4,002,846
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	1,773,412	280,787	559,538	66,906	18,433	2,699,076
Investments in tangible assets	38,202	2,338	29,717	947	824	72,028
Investments in intangible assets	974	220	0	711	105	2,010
30th September 2012						
Revenues from ordinary operations	7,998,902	2,369,051	476,837	8,910	13,619	10,867,319
deduction: revenues intra-segment	(1,902,269)	(31,261)	(45,157)	0	(5,213)	(1,983,900)
Revenues from third parties	6,096,633	2,337,790	431,680	8,910	8,406	8,883,419
Other revenues	84,522	2,650	33,597	8,344	645	129,758
deduction: revenues intra-segment	(58,619)	(60)	(14,767)	0	(203)	(73,649)
Other revenues from third parties	25,903	2,590	18,830	8,344	442	56,109
Amortisation and Depreciation	(78,612)	(8,972)	(59,653)	(7,718)	(218)	(155,173)
Operating profit (a)	(83,296)	11,897	111,615	4,666	2,041	46,923
Financial Income (a)	252,580	1,220	2,794	490	194	257,278
Financial Charges (a)	(294,423)	(5,648)	(1,307)	(2,465)	(24)	(303,867)
Income taxes	44,487	(3,077)	(46,728)	(1,814)	(854)	(7,986)
Net result for the period (a)	(80,652)	4,392	66,374	877	1,357	(7,652)
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	2,628,482	659,412	962,195	129,314	30,114	4,409,517
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	2,287,786	271,907	501,880	60,851	8,627	3,131,051
Investments in tangible assets	83,369	6,862	4,099	373	276	94,979
Investments in intangible assets	168	960	0	2,219	1,175	4,522

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

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

5. Notes to the statement of financial position

5.1 Current assets

5.1.1 Cash and cash equivalents

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

	30/09/2012	31/12/2011	Change
Bank and postal deposits	348,351	136,963	211,388
Cash	2,966	2,380	586
Total	351,317	139,343	211,974

Bank deposits were mainly attributable to Saras S.p.A. (€290,777 thousand), Arcola Petrolifera S.p.A. (€28,843 thousand) and Sardeolica S.r.l. (€22,968 thousand). For information regarding restrictions on the use of the cash of Sardeolica S.r.l. see paragraph 5.4.1. For further details on the company's net financial position refer to the relevant section of the Report on Operations or to the cash flow statement.

5.1.2 Other financial assets held for trading

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

	30/09/2012	31/12/2011	Change
Securities	0	1	(1)
White Certificates	4,740	2,315	2,425
Green Certificates	10,209	8,592	1,617
Derivative instruments	73,575	31,935	41,640
Total	88,524	42,843	45,681

The white certificates relate to energy savings made at the Sarroch refinery by the Parent Company. They are sold on a specific regulated market or through bilateral agreements between market operators. The certificates in the portfolio are valued at the average annual market price (€102.48 per certificate in the first nine months of 2012, compared with €103.12 in 2011). Gains and losses realised during the period were booked to the income statement under "Other income" or "Miscellaneous costs".

The green certificates relate to electricity generation from renewable sources by the subsidiary Sardeolica S.r.l. They are sold on a specific regulated market or through bilateral agreements between market operators, or by withdrawal by the GSE at a pre-determined price; the certificates in the portfolio accruing during the reporting period are valued at market value at year-end, since this is less than the average market price for the period (71.56 €/MWh for the first nine months of 2012 compared with 79.24 €/MWh for 2011). Gains and losses realised for the period, and any write-downs applied in cases where the market value is lower than the carrying value at the end of the period are booked to the income statement under "Other income" or "Miscellaneous costs".

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

	Securities	White Certificates	Green Certificates	Total
Balance at 31/12/2010	15,793	480	12,527	28,800
Increase for financial year	1	2,764	11,206	13,971
Decrease for financial year	(15,793)	(929)	(15,141)	(31,863)
Balance at 31/12/2011	1	2,315	8,592	10,908
Increase for financial period	0	4,740	8,001	12,741
Decrease for financial period	(1)	(2,315)	(6,384)	(8,700)
Balance at 30/09/2012	0	4,740	10,209	14,949

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

5.1.3 Trade receivables

Trade receivables total €977,231 thousand, an increase of €107,493 thousand compared with the previous year, due to price rises.

Note also that the sale price of electricity for the years 2008 and 2010 is subject to adjustment as a ministerial decision is still pending.

5.1.4 Inventories

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

	30/09/2012	31/12/2011	Change
Raw materials, spare parts and consumables	380,456	246,004	134,452
Semi-finished products and work in progress	110,068	101,993	8,075
Finished products and good held for resale	648,892	805,811	(156,919)
Advance payments	232	542	(310)
Total	1,139,648	1,154,350	(14,702)

The decrease in inventories is mainly the result of the fall in stocks of finished products, partially offset by higher stocks of crude oil to be processed. The recording of inventories at net realisable value led to a write-down of around €2.3 million. This valuation is thus equivalent to the market value.

No inventories are put up as guarantees for liabilities.

5.1.5 Current tax assets

The following table shows a breakdown of current tax assets.

	30/09/2012	31/12/2011	Change
VAT	2,334	285	2,049
IRES	31,434	27,808	3,626
IRAP (regional income tax)	1,803	3,195	(1,392)
Other tax receivables	3,097	5,211	(2,114)
Total	38,668	36,499	2,169

IRES and IRAP receivables are essentially due to surplus payments on account made in the previous year for tax liabilities for the year; the change in IRES receivables is mainly due to the recalculation of withholding tax on oil stocks, pursuant to Legislative Decree 112/2008 (the "Robin Tax").

5.1.6 Other assets

The balance breaks down as follows:

	30/09/2012	31/12/2011	Change
Accrued Income	1,162	837	325
Prepaid expenses	8,465	4,676	3,789
Other receivables	50,864	100,046	(49,182)
Total	60,491	105,559	(45,068)

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

"Other receivables" mainly comprise:

- a receivable of €18,127 thousand due to the subsidiary Sarlux S.r.l. arising from the recognition pursuant to section II, point 7-bis of CIP Provision 6/92 of the refund of charges applicable to 2012 relating to the application of EC Directive 2003/87 (Emissions Trading), as per AEEG Resolution 77/08;

- the recovery of the amount paid by Sarlux S.r.l. to GSE of €22,667 thousand, as described in section 7.1;
- deposits to guarantee derivatives transactions carried out by the Parent Company of €5,943 thousand.

5.2 Non-current assets

As at 30 September 2012 the market capitalisation of the Parent Company Saras S.p.A was lower than the book value of shareholders' equity; there are no indications of impairment for such circumstances given that they are due to the unfavourable global economic situation of the past few years.

Moreover, the instability of prices and refining/marketing margins on oil products is not thought to represent an indication of impairment.

5.2.1 Property, plant and equipment

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

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

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

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

COST	31/12/2011	Additions	(Disposals)	Revaluations (write-down)	Other Changes	30/9/2012
Land & buildings	232,717	891	(57)	(268)	(2,861)	230,422
Plant & machinery	2,702,284	30,933	(493)		5,499	2,738,223
Industrial & commercial equipment	33,986	780	(369)		1	34,398
Other assets	475,249	4,796	(895)		2,282	481,432
Work in progress and advances	185,674	57,579	(3,260)		(33,615)	206,378
Total	3,629,910	94,979	(5,074)	(268)	(28,694)	3,690,853

ACCUMULATED DEPRECIATION	31/12/2011	Depreciation	(Disposals)	Revaluations (write-down)	Other Changes	30/9/2012
Land & buildings	77,829	7,346	(14)		(2,525)	82,636
Plant & machinery	1,765,126	103,626	(430)		(9,142)	1,859,180
Industrial & commercial equipment	26,099	1,351	(207)		(260)	26,983
Other assets	368,539	14,572	(889)		(9,288)	372,934
Total	2,237,593	126,895	(1,540)	0	(21,215)	2,341,733

NET BOOK VALUE	31/12/2011	Additions	(Disposals)	(Depreciation)	Other changes revaluations/ write-down	30/9/2012
Land & buildings	154,888	891	(43)	(7,346)	(604)	147,786
Plant & machinery	937,158	30,933	(63)	(103,626)	14,641	879,043
Industrial & commercial equipment	7,887	780	(162)	(1,351)	261	7,415
Other assets	106,710	4,796	(6)	(14,572)	11,570	108,498
Work in progress and advances	185,674	57,579	(3,260)	0	(33,615)	206,378
Total	1,392,317	94,979	(3,534)	(126,895)	(7,747)	1,349,120

The item "Land and buildings" chiefly includes industrial buildings, offices and warehouses (net value: €99,296 thousand), civic buildings in Milan, Cagliari and Rome used as offices (net value: €12,131 thousand) and land largely relating to the Sarroch and Arcola sites belonging to the Parent Company and subsidiary Deposito di Arcola S.r.l. respectively (€36,359 thousand).

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

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

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

The item "Work in progress and advances" reflects costs 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 €94,979 thousand and mainly relate to technological work on the Parent Company's plants.

The decrease of €33.6 million recorded under "Work in progress - Other changes" relates to work completed during the year and consequently recorded under the related asset class. The other values shown in the "Other changes" columns mainly relate to the exclusion from the scope of consolidation of assets belonging to the subsidiary Akhela S.r.l., which was sold on 29 February 2012.

The main depreciation rates used are as follows:

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

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

There are no fixed assets held for sale.

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

Financial charges of €7,073 thousand (at an annual weighted-average rate of 5.20%) and internal costs of €3,098 thousand were capitalised during the period.

5.2.2 Intangible assets

The following table shows the changes in intangible assets.

COST	31/12/2010	Additions	Disposals	write-down	Other	31/12/2011
					Changes	
Industrial & other patent rights	51,102	277	(1,282)	0	975	51,072
Concessions, licences, trademarks & similar rights	58,515	6	0	0	0	58,521
Goodwill	24,400		0	(926)	(1,565)	21,909
Assets in progress & payments on account	18,643	3,846	0	(2,764)	(863)	18,862
Other intangible assets	511,599	533	0	0	907	513,039
Total	664,259	4,662	(1,282)	(3,690)	(546)	663,403
ACCUMULATED AMORTISATION	31/12/2010	Amortisation	Disposals	write-down	Other	31/12/2011
					Changes	
Industrial & other patent rights	48,994	1,631	(1,277)	0	0	49,348
Concessions, licences, trademarks & similar rights	10,754	2,683	0	0	0	13,437
Goodwill	0	0	0	0	0	0
Other intangible assets	190,305	32,730	0	0	(675)	222,360
Total	250,053	37,044	(1,277)	0	(675)	285,145
NET	31/12/2010	Additions	Disposals	Other	Amortisation	31/12/2011
			write-down	Changes		
Industrial & other patent rights	2,108	277	(5)	975	(1,631)	1,724
Concessions, licences, trademarks & similar rights	47,761	6	0	0	(2,683)	45,084
Goodwill	24,400	0	(926)	(1,565)	0	21,909
Assets in progress & payments on account	18,643	3,846	(2,764)	(863)	0	18,862
Other intangible assets	321,294	533	0	1,582	(32,730)	290,679
Total	414,206	4,662	(3,695)	129	(37,044)	378,258

COST	31/12/2011	Additions	Disposals	write-down	Other	30/09/2012
					Changes	
Industrial & other patent rights	51,072	204			(12,676)	38,600
Concessions, licences, trademarks & similar rights	58,521		(69)			58,452
Goodwill	21,909					21,909
Assets in progress & payments on account	18,862	3,553			(1,917)	20,498
Other intangible assets	513,039	765				513,804
Total	663,403	4,522	(69)	0	(14,593)	653,263

ACCUMULATED AMORTISATION	31/12/2011	Amortisation	Disposals	write-down	Other	30/09/2012
					Changes	
Industrial & other patent rights	49,348	1,654			(16,359)	34,643
Concessions, licences, trademarks & similar rights	13,437	1,989				15,426
Goodwill	0					0
Other intangible assets	222,360	24,635				246,995
Total	285,145	28,278	0	0	(16,359)	297,064

NET	31/12/2011	Additions	Disposals	Other	Amortisation	30/09/2012
			write-down	Changes		
Industrial & other patent rights	1,724	204	0	3,683	(1,654)	3,957
Concessions, licences, trademarks & similar rights	45,084	0	(69)	0	(1,989)	43,026
Goodwill	21,909	0	0	0	0	21,909
Assets in progress & payments on account	18,862	3,553	0	(1,917)	0	20,498
Other intangible assets	290,679	765	0	0	(24,635)	266,809
Total	378,258	4,522	(69)	1,766	(28,278)	356,199

The main items are set out in detail below.

Concessions, licences, trademarks and similar rights

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

Goodwill

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

As an asset with an indefinite useful life, goodwill is not amortised, but is subject to annual impairment tests at the end of each financial year, or whenever there are indications of losses in value. As at 30 September 2012, there were no such indications.

Intangible assets in progress and payments on account

This item mainly includes the cost of natural gas exploration in Sardinia (€16,270 thousand). These costs include capitalisation of internal costs of €92 thousand accrued during the period. No financial charges were capitalised.

Other intangible assets

This item mainly relates to the booking at fair value of the existing contract between the subsidiary Sarlux S.r.l. and GSE (Gestore dei Servizi Energetici S.p.A.), which stood at €256 million at 30 September 2012.

Amortisation of intangible assets totalled €28,278 thousand, and was calculated using the annual rates shown below:

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

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

5.2.3 Equity investments

The table below shows a list of equity investments held at 30 September 2012, with the main figures relating to each subsidiary.

Company name	HQ	Currency	Share Capital	% owned by Group as of 09-12	% owned by Group as of 12-11	% of Share Capital	Shareholder	% of voting rights	Category
Arcola Petrolifera S.p.A.	Sarroch (CA)	EUR	7,755,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Deposito di Arcola S.r.l.	Arcola (SP)	EUR	1,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie S.p.A.	Assemini (CA)	EUR	3,600,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Ensar S.r.l. and subsidiaries:	Milan	EUR	100,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Alpha Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Labor Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Akhela S.r.l. and subsidiaries:	Uta (CA)	EUR	3,000,000	0.00%	100.00%	0.00%	Saras S.p.A.	0.00%	
Artemide S.r.l.	Rome	EUR	20,000	0.00%	100.00%	0.00%	Akhela S.r.l.	0.00%	
ITSME S.r.l.	Milan	EUR	39,632	0.00%	3.38%	0.00%	Akhela S.r.l.	0.00%	
Sarint S.A. and subsidiaries:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Energia S.A.	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect Subsidiary
Reasar S.A.	Luxemburg	EUR	2,225,000	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect Subsidiary
Sarlux S.r.l.	Sarroch (CA)	EUR	27,730,467	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Parchi Eolici Ulassai S.r.l. and subsidiary:	Cagliari	EUR	500,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sardeolica S.r.l.	Cagliari	EUR	56,696	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect Subsidiary
Sargas S.r.l.	Uta (CA)	EUR	10,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Consorzio Cesma	Castellamonte (TO)	EUR	51,000	5.00%	5.00%	5.00%	Saras Ricerche e Tecnologie S.p.A.	5.00%	Other equity investments
Consorzio La Spezia Utilities	La Spezia	EUR	114,000	5.00%	5.00%	5.00%	Deposito di Arcola S.r.l.	5.00%	Other equity investments
Sarda Factoring	Cagliari	EUR	8,320,000	5.95%	5.95%	5.95%	Saras S.p.A.	5.95%	Other equity investments
Centro di Competenza I.C.T.	Cagliari	EUR	20,000	0.00%	0.50%	0.00%	Akhela S.r.l.	0.00%	

Since 31 December 2011, the investments held in Akhela S.r.l., Artemide S.r.l., I.T.S.M.E. S.r.l. and the I.C.T. Competence Centre have been sold.

5.2.3.1 Other equity interests

Other equity interests break down as follows:

	30/09/2012	31/12/2011
Consorzio Cesma	3	3
Consorzio La Spezia Utilities	28	28
Sarda Factoring	495	495
Centro di Competenza I.C.T.	0	21
Total	526	547

5.2.4 Deferred tax assets

The composition of the balance of €41,784 thousand at 30 September 2012 is largely as follows:

- deferred tax assets of the Parent Company, Saras S.p.A., including €38,194 thousand still to be used against tax losses for the additional IRES applicable to the energy sector (€24,802 thousand at 31 December 2011) and €5,970 thousand on the net tax loss for the period under the national tax consolidation scheme; the amounts in question should be applicable in respect of future taxable income.

- net deferred tax assets of the subsidiary Sarlux S.r.l. of €3,160 thousand (including deferred tax assets of €170,141 thousand for the linear reporting of margins - IAS 17 and IFRIC 4 -, and deferred tax liabilities of €98,459 thousand for the booking at fair value of the existing agreement with GSE, and of €73,945 thousand relating to excess and accelerated depreciation.

The change compared with 31 December 2011 (€9,377 thousand) is due to the increase in deferred tax assets allocated against tax losses as described above.

5.2.5 Other financial assets

The balance at 30 September 2012 was €6,009 thousand (€896 thousand in the previous year) and is chiefly represented by the long-term portion of the financial receivable of the Parent Company Saras S.p.A. from Akhela S.r.l. (€5,251 thousand), no longer consolidated at 30 September 2012, and security deposits granted by the Parent Company, Saras S.p.A., and its subsidiary Saras Energia S.A.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

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

	30/09/2012	31/12/2011	Change
Bank loans	16,016	198,054	(182,038)
Bank accounts	44,854	327,441	(282,587)
Financial Derivatives	68,979	42,134	26,845
Other short-term financial liabilities	5,585	6,233	(648)
Total short-term financial liabilities	135,434	573,862	(438,428)
Total long-term financial liabilities	445,769	284,798	160,971
Total financial liabilities	581,203	858,660	(277,457)

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

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

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

For further details, please see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	30/09/2012	31/12/2011	Change
Advances from customers: portion due within the period	6,884	53,512	(46,628)
Trade payables: portion due within the period	1,561,845	1,134,991	426,854
Total	1,568,729	1,188,503	380,226

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

The increase in trade payables is also due, to a significant extent, to difficulties encountered during the period in paying for crude oil purchased in Iran, owing to the restrictions on international banking networks ahead of the total oil embargo decided by the European Union.

5.3.3 Current tax liabilities

This item breaks down as shown below.

	30/9/2012	31/12/2011	Change
VAT payables	226,845	61,698	165,147
IRES (Corporation Tax) and income tax of foreign companies	8,369	5,882	2,487
IRAP (Regional Income Tax)	3,701	41	3,660
Other tax payables	122,219	74,208	48,011
Total	361,134	141,829	219,305

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

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

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

The item "Other tax payables" mainly includes excise duties on products introduced into the market by the subsidiary Arcola Petrolifera S.p.A. (€108,264 thousand); the increase was largely due to advance payments of excise duties made in December, as required by the regulations.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below.

	30/9/2012	31/12/2011	Change
Payables to welfare and social security bodies: portions due within the period	8,090	9,903	(1,813)
Due to personnel	20,306	16,865	3,441
Payables to Ministry for grants	41,297	43,546	(2,249)
Other payables	18,729	19,815	(1,086)
Other accrued liabilities	1,168	1,695	(527)
Other deferred income	745	722	23
Total	90,335	92,546	(2,211)

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

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

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

The decrease versus the previous year is due to the exclusion from the scope of consolidation of Akhela S.r.l., which was sold during the period and which showed a balance of €2,249 thousand at 31 December 2011.

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

A second phase of the dispute is now under way, and despite a favourable decision by the court of Cagliari, an unfavourable ruling was handed down by the Cagliari Court of Appeal. The company has now lodged an appeal with the Court of Cassation, which has yet to announce its decision.

In addition, during 2007, the tax authority asked the Parent Company to pay the tax assessed and put on hold. The company appealed against this measure to the Regional Tax Court, while the tax authority refused to grant a suspension for further assessments.

As a result of this dispute, the entire amount relating to port duties for the current year, as well as for previous years, has been booked on an accruals basis under "Cost of services and sundry costs".

5.4 Non-current liabilities

5.4.1. Long-term financial liabilities

This item breaks down as follows:

	30/09/2012	31/12/2011	Change
Euro Bond	248,598	248,223	375
Bank loans	197,171	36,575	160,596
Total long-term financial liabilities	445,769	284,798	160,971

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

The bond issue is recorded net of issue charges incurred.

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

In June, the Parent Company, Saras S.p.A., repaid a simple loan for a nominal amount of €190 million, in accordance with the terms of the agreement with a pool of banks (led by Intesa San Paolo).

On 27 June 2012, the Parent Company, Saras S.p.A., signed a five-year loan agreement for €170 million with a group of leading national and international banks. This senior loan is not backed by real guarantees, and was disbursed on 3 July 2012.

The loan, which carries an interest rate equal to EURIBOR plus a fixed annual component, is repayable in nine half-yearly instalments, of which the first, equal to 5% of the capital, is due on 27 June 2013 and the last on 27 June 2017.

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

Figures in Euro million	Loan origination date	Amount originally borrowed	Base rate	Net book value at 31/12/11	Net book value at 30/09/12	Maturity			Collateral
						1 year	from 1 to 5 years	beyond 5 years	
Saras S.p.A.									
IntesaSanPaolo in pool	3-Jun-09	100.0	Euribor 6M	100.0	-				
IntesaSanPaolo in pool	16-Jun-09	90.0	Euribor 6M	89.8	-				
				189.8	-				
Saras S.p.A.									
Finanziamento in pool	3-Jul-12	170.0	Euribor 6M	-	167.7	8.5	159.2		
				-	167.7	8.5	159.2		
Saras Energia S.A.									
Banca Esp. De Credito	11-Sep-02	10.0	Euribor 6M	1.1	-				
Banco Santander	27-Jul-12	5.0	Euribor 12M	-	5.0	-	5.0		
				-	5.0	-	5.0		
Sardegolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	43.8	40.5	7.5	33.0		
				43.8	40.5	7.5	33.0		
Total payables to banks for loans				233.6	213.2	16.0	197.2		

The weighted average interest rate at 30 September 2012 was 4.75%.

Saras S.p.A.'s loan agreement is subject to restrictions:

- in financial terms, it will have to meet the following ratios: net debt/EBITDA < 3.25 and net debt/shareholders' equity < 1.5;

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

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

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

Sardeolica S.r.l. entered into a loan agreement divided into five credit lines with a pool of banks (led by Banca Nazionale del Lavoro), which was signed on 6 December 2005. The loan is repayable in half-yearly instalments 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 restrictions on the subsidiary:

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

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

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

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

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows:

	31/12/2010	Additions	Decrease for use and reversal	Other changes	31/12/2011
Provisions for dismantling of plants	17,146	1,283	0	0	18,429
Provisions for CO ₂ allowances	46,978	45,817	(46,809)	(168)	45,818
Other risk provisions	14,409	4,524	(5,913)	0	13,020
Total	78,533	51,624	(52,722)	(168)	77,267

	31/12/2011	Additions	Decrease for use and reversal	Other changes	30/09/2012
Provisions for dismantling of plants	18,429	425	0	0	18,854
Provisions for CO ₂ allowances	45,818	21,092	(37,680)	78	29,308
Other risk provisions	13,020	383	(4,413)	(75)	8,915
Total	77,267	21,900	(42,093)	3	57,077

The provisions for dismantling plants relate to the future costs of dismantling plants and machinery, which are made wherever there is a legal and implicit obligation to be met in this regard. This was adjusted during the year on the basis of ISTAT changes.

The provision for CO₂ emission quotas, €29,308 thousand in respect of the Parent Company, was made pursuant to Legislative Decree 216 of 4 April 2006, which introduced limits on CO₂ emissions from plants. If these limits are exceeded allowances covering the excess amount of CO₂ must be purchased on the appropriate market. The provision in question represents allowances required and not yet purchased.

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

For 2012, the CO₂ allowances assigned under the National Allocation Plan for the period 2008-2012 were:

- 2,159,696 tons of CO₂ for the refinery plants owned by the Parent Company, which had emitted 1,654,956 tons of CO₂ as of 30 September. A provision was made for the shortfall for the period and the remaining requirement for the previous year of 302,951 tons, valued at €919 thousand.

- 444,404 tons of CO₂ for the cogeneration plants owned by subsidiary Sarlux S.r.l., which had emitted 2,832,189 tons of CO₂ as of 30 September. A provision was made for the shortfall for the year, of 2,984,170 tons, valued at €20,173 thousand.

Over the period, €37,680 thousand was used from the provisions (€12,317 thousand for Saras and €25,363 thousand for Sarlux) to make purchases to cover the shortfall relating to the previous year.

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

The decrease compared with 31 December 2011 is mainly due to the release of the provision of €2,381 thousand allocated previously by Arcola Petrolifera S.p.A. in relation to the requirement to use biofuels for 2011. This was recovered through the release of biofuels for sale to consumers in the first half of 2012. The remaining variation was due to an adjustment to the provisions for risks relating to legal disputes.

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	30/09/2012	31/12/2011	Change
Employee end-of-service payments	11,630	12,852	(1,222)
Other supplementary provisions	9,093	10,447	(1,354)
Total	20,723	23,299	(2,576)

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

The change during the period is due mainly to the sale of Akhela S.r.l.

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

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

Balance at 31.12.2010	14,529
Accrual for the year	6,092
Amount used during the year	(7,769)
Balance at 31.12.2011	12,852
Accrual for the period	4,560
Amount used during the period	(5,782)
Balance at 30.09.2012	11,630

The table below shows changes in the CPAS fund.

Balance at 31.12.2010	16,018
Accrual for the year	0
Amount used during the year	(5,571)
Balance at 31.12.2011	10,447
Accrual for the period	0
Amount used during the period	(1,354)
Balance at 30.09.2012	9,093

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling €3,419 thousand, relate to the foreign subsidiaries.

5.4.5 Other non-current liabilities

Other non-current liabilities break down as follows:

	30/9/2012	31/12/2011	Change
Payables to welfare and social security bodies	58	357	(299)
Deferred income	443,678	480,175	(36,497)
Other payable	4,695	2,613	2,082
Total	448,431	483,145	(34,714)

The change compared with 31 December 2011 is mainly due to the decrease in "Deferred income" posted by the subsidiary Sarlux S.r.l. The item in question relates to the agreement for the sale of energy between Sarlux S.r.l. and GSE (Gestore dei Servizi Energetici S.p.A.), which was accounted for according to IFRIC 4. Revenues from the sale of energy are calculated on a linear basis since the electricity supply contract, pursuant to IAS 17 (Leases) and IFRIC 4 (Determining Whether an Arrangement Contains a Lease), has been recognised as a contract regulating the use of the plant by the customer of Sarlux S.r.l., meaning that it is comparable to an operating lease. These revenues have therefore been stated on a linear basis in accordance with both the duration of the contract (20 years) and forecasts for the price of crude oil, which constitute a determining factor for electricity tariffs and electricity production costs.

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	30/09/2012	31/12/2011	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	1,220,562	1,158,676	61,886
Profit (Loss) for the period	(7,652)	58,802	(66,454)
Total Shareholders Equity	1,278,466	1,283,034	(4,568)

Share capital

At 30 September 2012, the share capital of €54,630 thousand, fully subscribed and paid up, comprised 951,000,000 ordinary shares with no nominal value.

Legal reserve

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

Other reserves

This item totalled €1,220,562 thousand, representing a net increase of €61,886 thousand compared with the previous year. The net increase was the combined result of:

- the allocation of profit from the previous year of €58,802 thousand;
- an increase of €3.098 thousand relating to the establishment of a reserve for the bonus allocation of shares to employees and management under the companies' Stock Grant Plans.
- a decrease of €14 thousand due to the translation of the financial statements of subsidiaries in foreign currency.

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

Loss for the period

The consolidated net loss totalled €7,652 thousand.

Dividends

On 27 April 2012, the ordinary shareholders' meeting of Saras S.p.A. voted not to pay any dividends. No own shares were acquired or sold during the period.

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

The item "Revenues from ordinary operations" breaks down as follows:

	30/09/2012	30/09/2011	Change
Sales and services revenues	8,435,481	7,629,595	805,886
Sale of electricity	439,569	394,527	45,042
Other revenues	7,598	18,844	(11,246)
Change in contract work in progress	771	414	357
Total	8,883,419	8,043,464	839,955

Sales and services revenues increased by 805,886 thousand compared with the same period of the previous year. The change was largely due to oil product price increases over the period.

Revenues from the sale of electricity include €430,659 thousand relating to the gasification plant of the subsidiary Sarlux S.r.l. and €8,910 thousand relating to the wind farm owned by the subsidiary Sardeolica S.r.l.

Revenues from the sale of electricity by Sarlux S.r.l. reflect the reporting of figures on a linear basis, calculated according to the remaining duration of the contract that expires in 2021, principally taking into account the tariff amount and forward curves of both the crude price and projections of the €/USD exchange rate until the contract expires. 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 AEEG Resolution PAS 09/10.

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

6.1.2 Other income

The following table shows a breakdown of other income.

	30/09/2012	30/09/2011	Change
Revenues for stocking of mandatory supplies	4,961	1,359	3,602
Sales of sundry materials	4,881	3,182	1,699
Grants	8,724	7,363	1,361
Chartering of tankers	1,795	6,029	(4,234)
Recovery for claims and damages	776	657	119
Reimbursement of emission trading charges	18,127	31,536	(13,409)
Other income	16,845	3,374	13,471
Total	56,109	53,500	2,609

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

The item "Recognition of emissions trading charges" comprises income posted by the subsidiary Sarlux S.r.l., deriving from the recognition – pursuant to section II, point 7-bis of CIP Provision 6/92 – of the reimbursement of charges relating to the application of EC Directive 2003/87 (Emissions Trading), as per AEEG Resolution 77/08. The decrease from the same period of the previous year is mainly due to the fall in the price of quotas (from € 13.72 per quota in 2011 to €7.29 per quota in 2012).

The item "Other income" includes the windfall gains reported mainly by Parent Company Saras S.p.A.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, spare parts and consumables

	30/09/2012	30/09/2011	Change
Purchases of raw materials	6,824,536	6,275,186	549,350
Purchases of semifinished materials	132,817	21,735	111,082
Purchases of replacement parts and consumables	51,833	40,488	11,345
Purchases of finished products	1,170,902	1,234,038	(63,136)
Other purchases	85	104	(19)
Change in inventories	14,560	(354,554)	369,114
Total	8,194,733	7,216,997	977,736

Costs relating to the purchase of raw materials, replacement parts and consumables totalled €8,194,733 thousand, an increase of €977,736 thousand versus the same period of the previous year, mainly due to both the change in inventories and the trend in average prices of crude and oil products.

6.2.2 Cost of services and sundry costs

	30/09/2012	30/09/2011	Change
Service costs	404,501	363,303	41,198
Rent, leasing and similar costs	10,729	10,600	129
Provisions for risks and charges	22,044	35,543	(13,499)
Other operating charges	4,488	9,589	(5,101)
Total	441,762	419,035	22,727

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

The change is mainly due to the increase in the cost of rentals, electricity, technical services and banking charges.

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

Provisions for risks mainly consist of a provision relating to CO₂ allowances for the first nine months of 2012 that had not yet been purchased as of 30 September 2012. The change from the same period of the previous year is mainly due to the fall in the price of allowances.

The item "Other operating charges" mainly comprises windfall losses, non-income taxes (local property taxes, atmospheric emission taxes) and membership fees. The change from the same period of the year before is mainly due to a decrease in provisions for doubtful loans.

6.2.3 Personnel costs

Personnel costs are broken down as follows:

	30/09/2012	30/09/2011	Change
Wages and salaries	70,042	80,372	(10,330)
Social security	20,502	22,396	(1,894)
Employee end-of-service payments	4,560	5,450	(890)
Pensions and similar	55	83	(28)
Other costs	2,973	4,034	(1,061)
Directors' remuneration	2,805	4,554	(1,749)
Total	100,937	116,889	(15,952)

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

On 27 April 2010, the shareholders' meeting approved the plans for the bonus allocation of ordinary shares in the company to:

- employees of the company and its Italian subsidiaries (the "Employee Share Plan");
- the management of the Saras Group (the "Stock Grant Plan 2010/2012").

The Employee Share Plan provides for a bonus allocation to employees:

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

Under the Employee Share Plan, the total value of the shares allocated to each beneficiary must not exceed €2,065 in any given year. Furthermore, the value of the total shares that may be allocated must never exceed the sum of €2 million. The share allocation for 2012 is scheduled to take place in the last quarter of the year.

The Stock Grant Plan 2010/2012 (for senior managers at the Parent Company, and senior managers and directors individually specified by the Board of Directors of the Parent Company and the subsidiaries) provides for the allocation of a "base number of shares" for each beneficiary, which is adjusted based on the ratio between the change in value of the Parent Company's shares and that of the shares of a group of comparable companies.

The plan will involve the allocation of:

- 1,505,000 shares for the 2010 plan, at a cost of €2,248 thousand;
- 1,962,800 shares for the 2011 plan, at a cost of €3,474 thousand (of which €773 thousand relates to the first nine months of 2012).
- €4,249,136 shares for the 2012 plan, of which €2,159 thousand relates to the first nine months of 2012.

Furthermore, beneficiaries who had participated in the 2007/2009 Stock Grant Plan had the option of deferring until the first half of 2013 the transfer of the shares that they are entitled to receive in return for a one-off premium to be paid in shares as part of the current plan.

This option would involve the allocation of 769,000 shares, at a cost of €1,149 thousand (of which €265 thousand relates to the first nine months of 2012).

6.2.4 Depreciation and amortisation

Depreciation and amortisation figures are shown below.

	30/09/2012	30/09/2011	Change
Amortisation of intangible assets	28,278	27,589	689
Depreciation of tangible assets	126,895	131,163	(4,268)
Total	155,173	158,752	(3,579)

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	30/09/2012	30/09/2011	Change
Financial income :			
- from financial assets recorded under current assets	2	135	(133)
Other income			
- interest on bank and post office accounts	555	163	392
- fair value of held for trading financial assets	0	0	0
- fair value on derivative instruments held at the end of the period	73,576	48,641	24,935
- positive differences on derivatives	80,723	45,488	35,235
- other income	396	289	107
Exchange gains	94,587	2,024	92,563
Total Financial Income	249,839	96,740	153,099
Financial charges :			
- fair value on derivative instruments held at the end of the period	(67,059)	(3,431)	(63,628)
- fair value of held for trading financial assets	0	0	0
- negative differences on derivatives	(127,520)	(83,007)	(44,513)
- other (interest on loans, late payment interest, etc.)	(24,714)	(28,103)	3,389
Exchange losses	(77,135)	(34,224)	(42,911)
Total Financial Charges	(296,428)	(148,765)	(147,663)
Total	(46,589)	(52,025)	5,436

The table below shows net income/charges by type:

	30/09/2012	30/09/2011	Change
Net interest income / (expense)	(24,159)	(27,940)	3,781
Net result from derivative financial instruments	(40,280)	7,691	(47,971)
- realised	(46,797)	(37,519)	(9,278)
- fair value of the open positions	6,517	45,210	(38,693)
Net exchange gains (losses)	17,452	(32,200)	49,652
Other	398	424	(26)
Total	(46,589)	(52,025)	5,436

The change in the fair value of the derivatives in place at 30 September 2012 compared with those at 31 December 2011 gave rise to net income of €6,517 thousand (compared with net income of €45,210 thousand in the same period of the previous year).

As shown in the table, the main changes chiefly relate to net gains/losses on derivatives. The financial derivatives in question relate to hedging transactions to which hedge accounting procedures are not applied.

6.4 Income tax

Income tax can be shown as follows:

	30/09/2012	30/09/2011	Change
Current taxes	19,361	49,105	(29,744)
Deferred tax (assets) liabilities, net	(11,375)	4,044	(15,419)
Total	7,986	53,149	(45,163)

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

The change is due to the effect of the net loss for the period accrued under the consolidated law on income tax, compared with the taxable income generated in the same period of the previous year.

Deferred tax assets/liabilities relate to changes during the period in the temporary differences between values recorded in the accounts and those recognised for tax purposes; the change is mainly due to net deferred tax assets for the period, to be used on losses for the period, of which €5,970 thousand relates to the consolidated law on income tax and €13,534 thousand to the additional IRES tax of Parent Company Saras S.p.A.

7. Other information

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

7.1 Main legal actions pending

The parent company, Saras S.p.A., and subsidiaries Arcola Petrolifera S.p.A. and Sarlux S.r.l., were subject to tax inspections and assessments by the tax authorities that led, in some cases, to disputes pending before tax courts. Although the decisions made by the tax courts were not consistent, the Company assumes that any liability is likely to be remote.

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

Based on the considerations expressed by its advisors on the TAR's rejection of the appeal, Sarlux appealed against the TAR's ruling to the High Court and believes that its appeal will be successful. As a result, no provision was made in the accounts at 30 September 2012 for this case.

7.2 Early withdrawal from CIP 6/92 agreement

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

GSE determined the fees payable under which such withdrawal would be governed. The Ministry for Economic Development extended the deadline for presentation by Sarlux S.r.l. of the binding application for voluntary early withdrawal from the CIP6 agreement until 30 June 2012.

After assessing the various alternatives available based on affordability, the company's managers deemed it appropriate not to withdraw from the agreement.

7.3 Transactions with related parties

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

7.4 Other

There are no updates to report on the accidents that occurred on 26 May 2009 and 12 April 2011. Preliminary investigations into the accident in 2011 are still under way, while appeals against the judgment of the court of first instance, which found that Saras S.p.A. had no administrative responsibility pursuant to Legislative Decree 231/200 in regard to the 2009 accident, are still pending. See the Report on Operations of the Consolidated Financial Statements for the year ended 31 December 2011 for details.

Please refer to the Report on Operations for details on non-recurring and/or unusual transactions.