Saras Group Interim Financial Report as of 30th September 2013

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Statutory and Control Bodies

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

CORRADO COSTANZO	Chief Financial Officer

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 Group's 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.

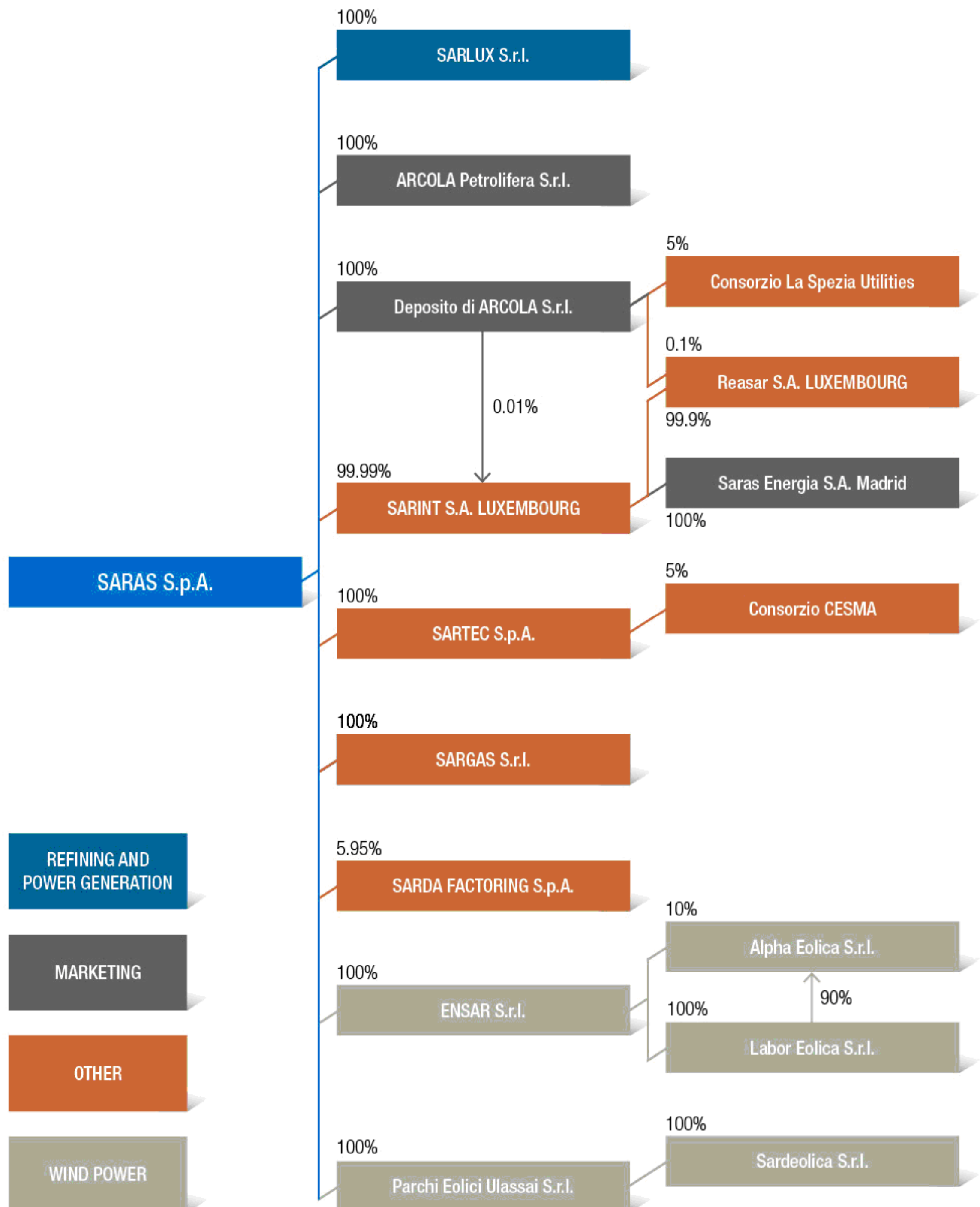
Both directly and through the subsidiaries Arcola Petrolifera S.r.l. and Deposito di Arcola S.r.l. in Italy, and the subsidiary Saras Energia S.A. in Spain, the Group sells and distributes oil products, such as diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation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

Over time, 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 also in the generation of electricity through an IGCC plant (Integrated Gasification plant with Combined Cycle turbines for power generation), with a total installed capacity of 575MW. The feedstock used by the IGCC plant is the heavy residue of the refinery, and the plant produces over 4 billion kWh of electricity each year, which corresponds to more than 30% of the electricity requirements in Sardinia.

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

Structure of the Saras Group

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



Stock Performance

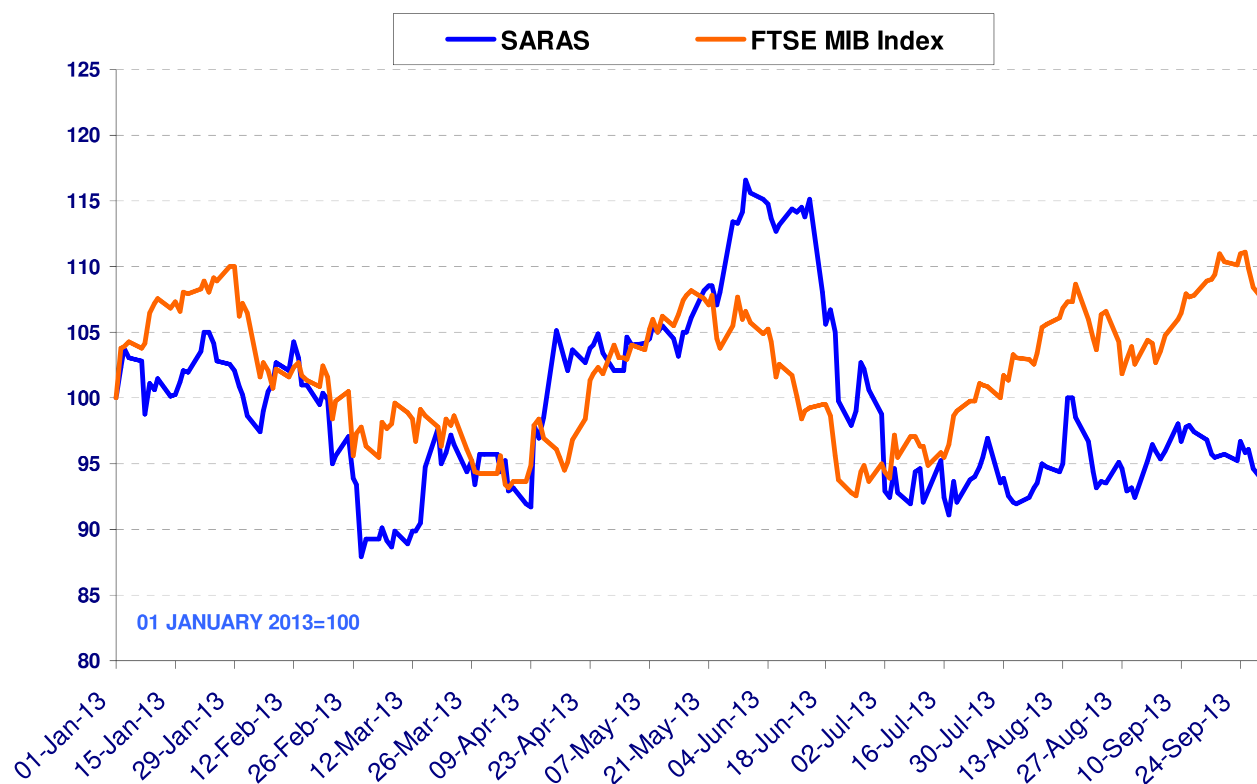
The following data relate to Saras' share prices and the daily volumes traded during the first nine months of 2013.

SHARE PRICE (EUR)	9M/13
Minimum price (28/02/2013)	0.870
Maximum price (30/05/2013)	1.154
Average price	0.983
Closing price at the end of the first nine months of 2013 (30/09/2013)	0.925

DAILY TRADED VOLUMES	9M/13
Maximum traded volume in EUR million (15/04/2013)	18.0
Maximum traded volume in number of shares (million) (15/04/2013)	17.3
Minimum traded volume in EUR million (25/09/2013)	0.3
Minimum traded volume in number of shares (million) (25/09/2013)	0.3
Average volume in EUR million	1.9
Average volume in number of shares (million)	1.8

The Market capitalization at the end of the first nine months of 2013 was equal to approximately EUR 880 ml and the number of shares outstanding was approximately 932 ml.

The following graph shows the daily performance of Saras' share price during the first nine months of 2013, compared to the "FTSE Mib Index" of the Italian Stock Exchange:



REPORT ON OPERATIONS

Saras Group Key financial and operational results[1]

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

Group consolidated income statement figures

EUR Million	Q3/13	Q3/12	Change %	Q2/13	9M/2013	9M/2012
REVENUES	2,884	3,152	-9%	2,774	8,329	8,940
EBITDA	(3.3)	237.5	-101%	(26.1)	25.0	202.1
Comparable EBITDA	**(2.9)**	**145.0**	**-102%**	**5.8**	**51.1**	**199.7**
EBIT	(46.3)	185.1	-125%	(307.2)	(347.6)	46.9
Comparable EBIT	**(46.0)**	**92.6**	**-150%**	**(42.8)**	**(89.0)**	**44.5**
NET RESULT	(36.4)	110.0	-133%	(199.5)	(237.6)	(7.7)
***Adjusted* NET RESULT**	**(32.4)**	**49.5**	**-165%**	**(46.3)**	**(89.4)**	**(16.4)**

Other Group figures

EUR Million	Q3/13	Q3/12		Q2/13	9M/2013	9M/2012
NET FINANCIAL POSITION	**(171)**	**(130)**		**(157)**	**(171)**	**(130)**
CAPEX	**18.4**	**23.6**		**30.9**	**82.7**	**99.5**
OPERATING CASH FLOW	**(14)**	**(47)**		**65**	**111**	**594**

Comments to First Nine Months 2013 results

Group Revenues in 9M/13 were EUR 8,329 ml, down 7% vs. 9M/12. This change is primarily due to the decrease in revenues generated by the Refining and Marketing segments, as a consequence of the lower prices for the refined oil products. In particular, the average price for gasoline stood at 995 $/ton in 9M/13 versus 1,039 $/ton in 9M/12, while diesel traded at an average price of 929 $/ton versus 971 $/ton in 9M/12. Moreover, also the Power Generation segment achieved lower revenues, due to the new calculation methodology applied to the CIP6/92 tariff, which regulates the sale of electricity from the Sarlux subsidiary to the National Grid Operator (Gestore dei Servizi Energetici S.p.A.), as required by Legislative Decree 69/2013.

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

Group *reported* EBITDA was EUR 25.0 ml in 9M/13, down versus EUR 202.1 ml in 9M/12. The main difference between the two periods under comparison (approx. EUR 125 ml) is due to the steep deterioration of the refining margins in 2013, which penalised the results of the Refining segment. The rest of the difference is almost entirely related to the Power Generation segment, which achieved lower results *vis a vis* 9M/12, due to the previously mentioned change in the CIP6/92 tariff. Further details are provided in the following sections and in the Notes to the Financial Statements.

Group *reported* Net Result stood at EUR -237.6 ml, down versus EUR -7.7 ml in 9M/12, primarily because of the same reasons discussed at EBITDA level, and also because of the devaluation of the CIP6/92 contract. Indeed, as established by an independent appraisal, the revision of the CIP6/92 tariff according to the new calculation methodology required by the Legislative Decree 69/2013, determined a devaluation of approx. EUR 232 ml (pre tax) to the above mentioned contract, which was entirely accounted for into Q2/13 results. Further details also on this process are given in the Notes to the Financial Statements.

Moving to the analysis of the "Financial Charges and Income", which include also the net FOREX result and the result of the derivative instruments used for hedging purposes, in 9M/13 the Net Financial Charges were equal to EUR 18.7 ml, while in 9M/12 the charges stood at EUR 46.6 ml.

Group *comparable* EBITDA amounted to EUR 51.1 ml in 9M/13, down from EUR 199.7 ml achieved in 9M/12. As per previous comments, the main difference comes from the Refining segment which operated with extremely penalising market conditions. Moreover, also the Power Generation segment achieved lower results compared to 9M/12, due to the previously mentioned changes in the calculation methodology for the CIP6/92 tariff. Furthermore, it should be mentioned that, for the Power Generation segment, the *comparable* EBITDA is coincident with the *reported* EBITDA.

Finally, the **Group *adjusted* Net Result stood at EUR -89.4 ml**, down versus the Group *adjusted* Net Result in 9M/12 (equal to EUR -16.4 ml), mainly because of the weaker EBITDA results, which were partially compensated by lower Net Financial Charges in 9M/13.

CAPEX in 9M/13 was EUR 82.7 ml, in line with the investment programme for 2013. These CAPEX were primarily dedicated to the Refining segment (EUR 65.6 ml), and also to the Power Generation segment (EUR 12.8 ml).

Group Net Financial Position on the 30th of September 2013 stood at EUR -171 ml, meaningfully improved versus the position at the beginning of the year (EUR -218 ml), for the reasons illustrated in the chapter dedicated to the Net Financial Position.

Comments to Third Quarter 2013 results

Group Revenues in Q3/13 were EUR 2,884 ml, down 9% vs. Q3/12. This result can be mainly explained with the lower revenues from the Refining segment, which reduced refinery runs by 13% versus Q3/12. Furthermore, also the drop in prices of the main refined oil products had an impact on the revenues of both the Refining and the Marketing segment. Indeed, for reference purposes, in Q3/13 the average price for gasoline stood at 994 $/ton (versus 1,044 $/ton in Q3/12), while diesel traded at an average price of 943 $/ton (versus 971 $/ton in Q3/12). Finally, also the revenues of the Power Generation segment had a moderate decrease, for the same reason explained in the comments to the 9M/13 results.

Group *reported* EBITDA in Q3/13 was EUR -3.3 ml, down versus EUR 237.5 ml in Q3/12. As commented already in the 9M/13 results, the difference can be mainly explained with the Refining segment, where margins dropped by 5.0 $/bl in the two quarters under comparison. Moreover, in Q3/13 the devaluation of oil inventories was considerably higher than the one which took place in the same period of last year. Finally, in Q3/13 all the comments already made in 9M/13 are still applicable, with regards to the effects on the Power Generation segment's results of the new calculation methodology for the CIP6/92 tariff.

Group *reported* Net Result in Q3/13 stood at EUR -36.4 ml, down vs. EUR 110.0 ml in Q3/12, for the same reasons explained at EBITDA level. Moreover, in Q3/13 the Net Financial Charges (which include also the result of the derivative instruments used for hedging of the commercial activities and the net FOREX result) stood at EUR 15.2 ml, versus net charges for EUR 7.7 ml in the same quarter of 2012.

Group *comparable* EBITDA in Q3/13 stood at EUR -2.9 ml, down versus EUR 145.0 ml achieved in Q3/12. Likewise, **Group *adjusted* Net Result was EUR -32.4 ml**, versus the Group *adjusted* Net Result of EUR 49.5 ml recorded in Q3/12. The difference in the two periods under comparison mainly relates to the Refining segment, due to the previously highlighted drop of the refining margin.

CAPEX in Q3/13 was EUR 18.4 ml, almost entirely dedicated to Refinery segment (EUR 14.9 ml).

Group *adjusted* Net Result and *comparable* EBITDA

As mentioned at the beginning of this section, "*reported*" figures differ from "*comparable*" and "*adjusted*" figures primarily because of the different methodologies used to evaluate the oil inventories. More specifically, the *reported* (IFRS) figures evaluate oil inventories according to the FIFO methodology, while the *comparable* figures are based on the LIFO methodology. Moreover, the *comparable* and *adjusted* figures do not take into account the change in "*fair value*" of the derivative instruments and the non-recurring items. The relevance of the various items in Q3/13 and in 9M/13 is shown in the following tables.

Group *adjusted* Net Result

EUR Million	Q3/13	Q3/12	9M/2013	9M/2012
***Reported* NET RESULT**	**(36.4)**	**110.0**	**(237.6)**	**(7.7)**
(inventories at LIFO - inventories at FIFO) net of taxes	(0.5)	(53.9)	29.9	(0.1)
non recurring items net of taxes	8.7	0.0	130.1	0.0
change in derivatives fair value net of taxes	(4.2)	(6.6)	(11.7)	(8.6)
***Adjusted* NET RESULT**	**(32.4)**	**49.5**	**(89.4)**	**(16.4)**

Group *comparable* EBITDA

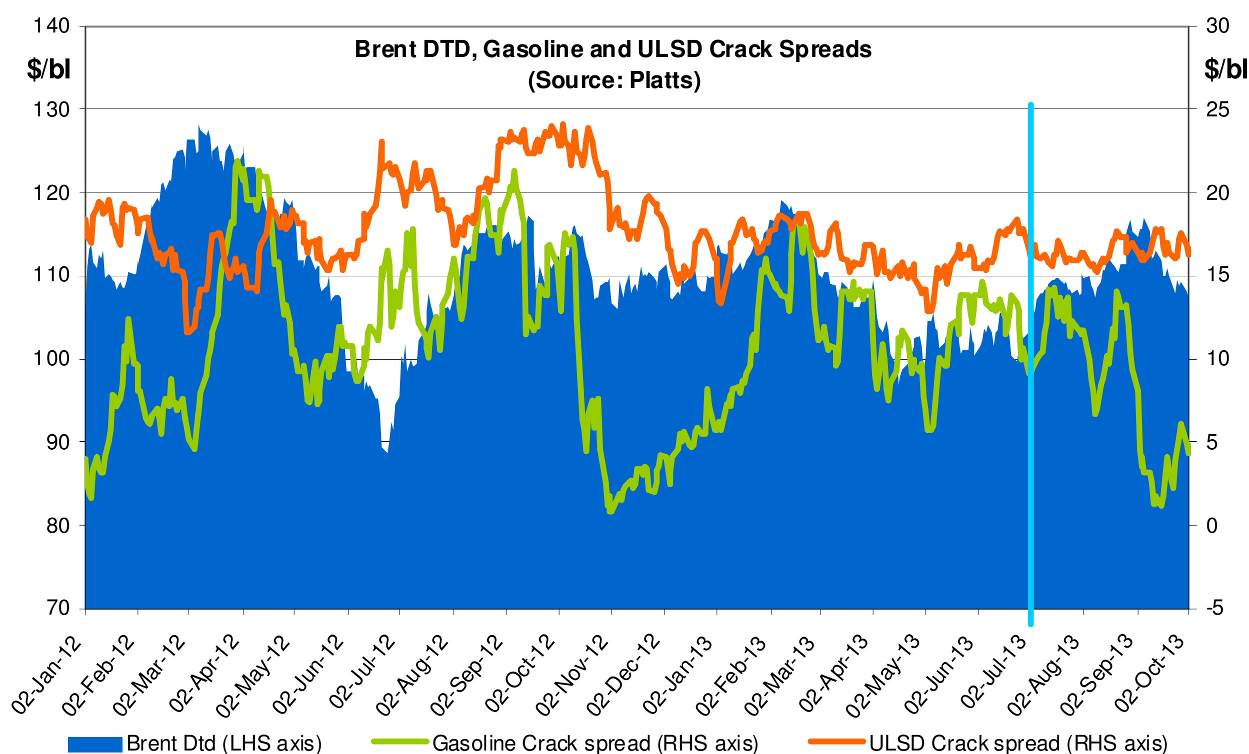
EUR Million	Q3/13	Q3/12	9M/2013	9M/2012
***Reported* EBITDA**	**(3.3)**	**237.5**	**25.0**	**202.1**
inventories at LIFO - inventories at FIFO	0.4	(92.5)	49.7	(2.4)
non recurring items	0.0	0.0	(23.6)	0.0
***Comparable* EBITDA**	**(2.9)**	**145.0**	**51.1**	**199.7**

Net Financial Position

The Net Financial Position at 30th September 2013 stood at EUR -171 ml, improved by 22% versus the position at the beginning of the year (EUR -218 ml). The main contribution comes from the positive cashflow from the self-financing, stemming from the provisions for amortisations, which more than offset the CAPEX for the period. Furthermore, it should be noted that some payments for crude oil are still outstanding, due to the oil embargo declared by the European Union against Iran, as of July 2012. The following table illustrates in details the Group Net Financial Position:

EUR Million	30-Sep-13	30-Jun-13	31-Dec-12
Medium/long term bank loans	(156)	(156)	(176)
Bonds	(249)	(249)	(249)
Other financial assets	6	6	6
Total long term net financial position	**(399)**	**(400)**	**(419)**
Short term loans	(42)	(41)	(33)
Debts due to banks	(71)	(45)	(82)
Other short term financial liabilities	(36)	(22)	(6)
Fair value on derivatives	4	(3)	(14)
Other financial assets held for trading	27	21	20
Cash and cash equivalents	344	322	303
Warranty deposits for derivative instruments	1	10	14
Total short term net financial position	**228**	**243**	**201**
Total net financial position	**(171)**	**(157)**	**(218)**

Oil Market and Refining Margins



Crude oil prices (Source: Platts):

In Q1/13, crude oil prices initially moved along an ascending path, starting from 110 $/bl at the beginning of the quarter, and reaching the peak of 119 $/bl on the 8th of February. Behind this trend there was a combination of factors that affected both the supply and the demand. In particular, on the supply side the concerns related to the geopolitical scenario remained high; on the demand side instead, there were encouraging signals both from China and from the United States. Moreover, the cold temperatures registered in the northern hemisphere at the end of January and in the first half of February also served as encouraging signals for the markets. By mid February however, crude oil prices reversed their trend. A new wave of pessimism regarding the outlook for the global economy overwhelmed the markets, dragging down the quotations of crude oil. Moreover, at the beginning of March, the spring maintenance activities intensified in many European, American and Asian refineries. This caused a drastic drop in crude oil demand, and Brent Dated closed the quarter at 107 $/bl.

In Q2/13, crude oil initially continued along the descending trail started in mid February. In slightly more than two weeks, Brent Dated lost about 10 $/bl, reaching the lowest point of the quarter on the 17th of April, at 97 $/bl. Indeed, besides the already mentioned spring maintenance activities taking place in several refineries, in April the markets became strongly concerned with the news flow related to the possible slowdown of the Chinese economy. In the second half of the month, however, bullish sentiment returned on the back of the geopolitical tensions in Iraq and Libya. Moreover, between the end of April and the beginning of May, spring maintenance came to a formal conclusion and, at the same time, crude oil production form the North Sea sharply dropped. The combination of these factors allowed Brent to climb back to approx. 105 $/b in the second half of May. From that moment, and until the end of the quarter, crude oil quotations moved sideways, showing a substantial balance of forces between the depressing effects of the macro economic context, and the supportive push deriving from the geopolitical tensions. As a point in case, oil markets were shaken in June by the serious popular insurrection in Egypt, given the country's crucial position as a crossroads for the flows of crude oil heading into the Mediterranean Sea. Hence, Brent Dated closed the quarter at approx. 103 $/bl.

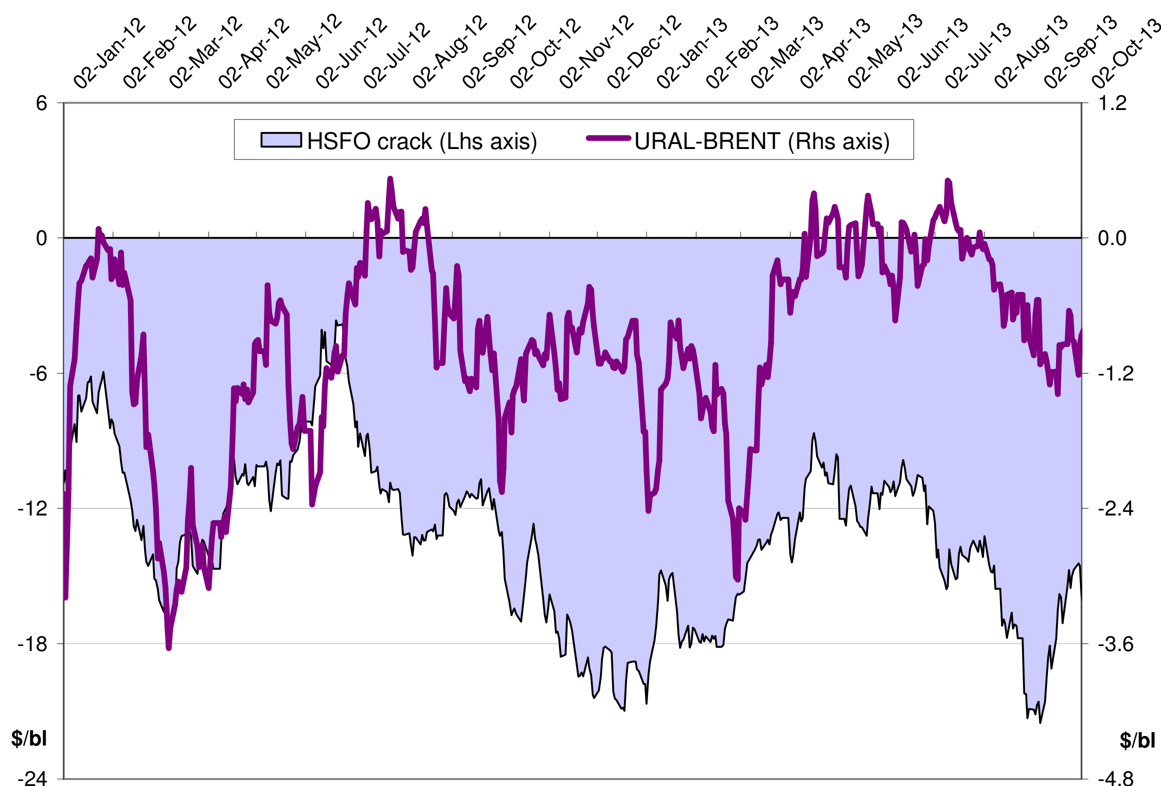
Subsequently, during Q3/13, crude oil prices moved rapidly along an ascending path. Indeed, for almost the entire month of July, various interruptions in the export of crude oil produced in Iraq, Yemen and Sudan, caused bullish sentiment in the markets, and Brent Dated gained more than 6 $/bl, closing the month at 109 $/bl. At the beginning of August, oil quotations climbed up further driven by fears of an escalation of the Syrian conflict, with President Bashar al-Assad being accused of using chemical weapons on the civilian population, and the United States ready to attack, in case Syria would not accept immediate destruction of its chemical arsenal. Obviously, the possibility of a war in Syria involving also the neighbouring nations, and in particular Iraq and Turkey, acted as a further upwards push on crude oil prices. Moreover, in such a troubled context, markets found further reasons to rally when popular unrest broke out in Libya. Production and export of crude oil was almost entirely halted, due to strikes of oil workers and attacks of armed militias, fighting for the control of the territory. Brent Dated reached a peak of 117 $/bl on the 6th of September. However, on September 9th,

Russian political efforts allowed to reach an agreement for the destruction of the Syrian chemical weapons, under the auspices of the United Nations Security Council. Such event reduced risks of conflict escalation, and brought calm to the oil markets. Likewise, a calming effect came from the cooperative attitude of the new Iranian President, Hassan Rouhani, who declared to be seriously determined to find a solution to the current tensions regarding the uranium enrichment programme currently being pursued by his country, and he restarted direct dialogue with President Obama and with the United Nations. Brent Dated closed the third quarter with a price of 108 $/bl.

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

During Q1/13 the "heavy-light" crude oil price differential was extremely volatile, with the average for the period standing at -1.5 $/bl. In general, the oil embargo established by the European Union against Iran, and the consequent decrease in the availability of heavy and medium crude oils in the European markets, kept the differential under pressure for most of the quarter. Only during the last week of February and the first ten days of March the differential widened beyond -2 $/bl, and it reached the peak value of -3 $/bl on the 27th and 28th of February, following a reduction in demand for heavy crude oils, related to the spring maintenance activities of the European refineries. However, already by the end of the quarter, the differential suffered from a new sharp correction, and it closed the period at -0.4 $/bl.

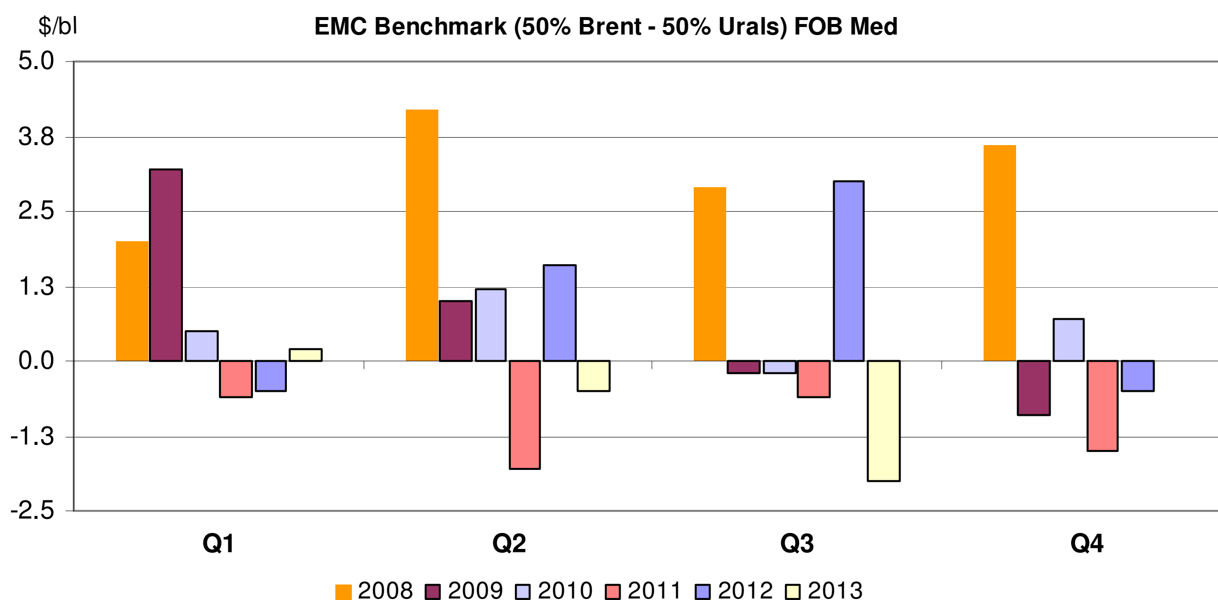
During Q2/13, the reduced availability of heavy and medium sour grades in the Mediterranean completely squeezed the differential. Indeed, besides the well-known unavailability of Iranian crude oils, in the second quarter markets had to deal with a serious shortage of the traditional alternatives for heavy crude oils. Indeed, Iraqi crude oils have been mostly on and off the market, due to the continuing tensions between the Central Government of Baghdad and the regional authorities of Kurdistan. Moreover, as it happens now for over one year, the Russian crude oils continued to flow preferentially out of the terminals on the Baltic Sea (Primorsk, Ust-Luga, and Gdansk), while loading schedules from the Black Sea ports continued to be reduced. Therefore, throughout the entire quarter, it happened several times the so called "inversion" of the differential (Urals crude oil was exchange at premium vs. Brent for 7 times), and Urals' premium over Brent reached a peak of +0.4 $/bl. Overall, the "heavy-light" differential in Q2/13 averaged at just -0.1 $/bl.



Finally, in Q3/13 the "heavy-light" differential remained under strong pressure, due to the previously mentioned turbulences on the crude oil markets, with heavy oils actually trading at a premium versus light oils for the entire month of July and for the first half of August. Subsequently, when fears of a possible US military attack against Syria started to play down, the differential opened again (-1.0 $/bl on the 2nd of September). The widening of the differential was further encouraged, in the second part of the quarter, by the previously mentioned unrests in Libya. Indeed, the closure of the Libyan export terminals and the stoppage of production activities, pushed upwards the quotations of the light sweet and extra sweet crude oils, and the "heavy-light" differential reached -1.4 $/bl in the middle of September. Overall, the Q3/13 average stood at -0.4 $/bl.

Refining Margin:

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



The EMC Benchmark was slightly positive in Q1/13 (average of 0.2 $/bl), moderately improved versus Q4/12 (-0.5 $/bl). However, the situation deteriorated in Q2/13 and in Q3/13, because the unfavourable macro economic context continued to depress demand for refined oil products, while at the same time numerous geopolitical tensions supported crude oil prices at high levels. Therefore, the EMC Benchmark margin came down again into negative territory, with an average of -0.5 $/bl in Q2/13, and even lower at -2.0 $/bl in Q3/13. The latter value actually represents the lowest quarterly average since the EMC Benchmark was introduced, and it clearly reflects the difficulties of the European refining sector.

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

During Q1/13, the gasoline *crack spread* posted a surprisingly strong performance, seasonally unusual, due to a combination of factors. Firstly, there were various production problems both in Northern Europe and in the Mediterranean Basin, which could not be compensated with the release of inventories, due to low stocks at various European logistic hubs. Moreover, support to prices came from the news flow regarding the shut-down of refineries on the two coasts of the Atlantic Ocean (Hess announced the shut-down of the Port Reading refinery, in New Jersey; Shell confirmed the closure of the Hamburg-Harburg refinery, in Germany). The gasoline *crack spread*, therefore, marked a quarterly average of 12.3 $/bl, with some spikes above 18 $/bl in the second half of February.

Subsequently, in Q2/13, the gasoline crack spread remained well supported, with an average of 11.0 $/bl, thanks primarily to the increase of exports towards the United States of America, at the time of the traditional "driving season". European demand, instead, remained subdued, also during Easter holidays, because of the economic crisis, which weighs on consumer expenditures. The peak value for gasoline crack spread was approx. 15 $/bl, at the beginning of June.

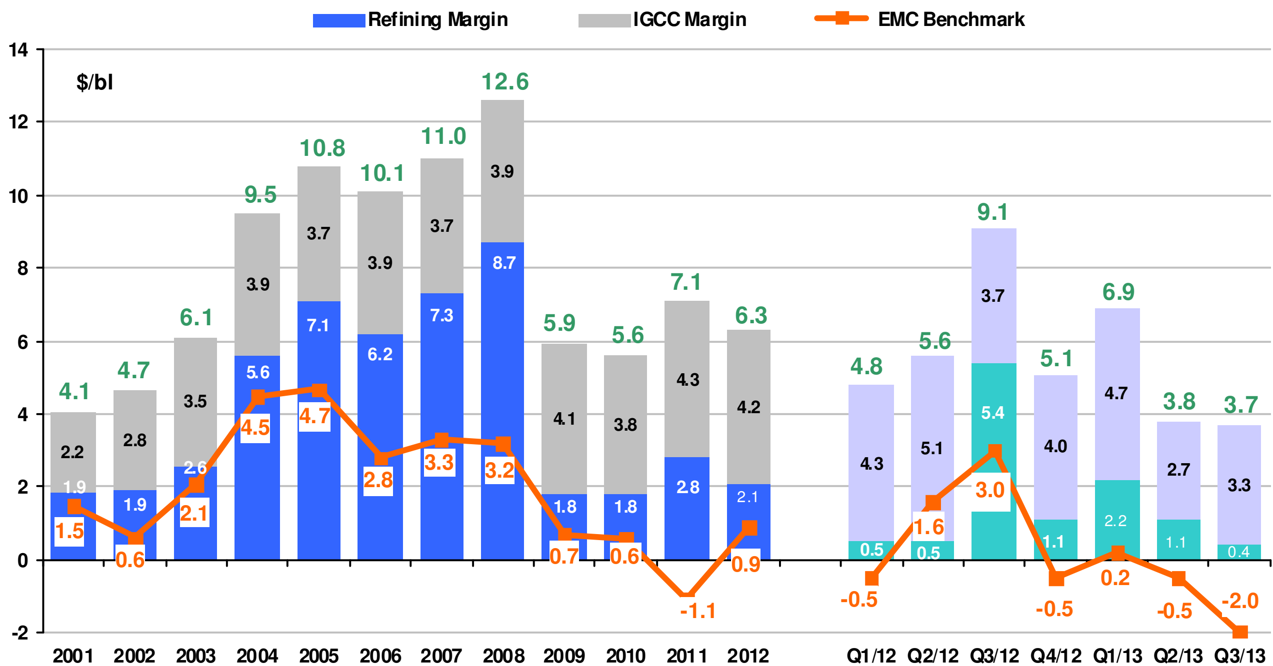
Finally, during Q3/13, the gasoline *crack spread* progressively weakened. Indeed, after July at still healthy levels (approx. 12 $/bl) thanks to the large volumes imported by the USA, gasoline started its decline in August. The *crack spread* deteriorated initially because of a sudden rise of crude oil prices and, subsequently, because of a decrease in gasoline demand from the United States, as it typically happens after the conclusion of the "driving season" (this year, labour day was celebrated on September 2nd). Therefore, the gasoline *crack spread* touched its lowest quarterly value in the middle of September (1.2 $/bl), and its average stood at 8.8 $/bl in Q3/13.

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

In Q2/13, the middle distillates lost further ground, due to vanishing demand for winter heating gasoil and to continued pressure on consumption exerted by the economic recession. Political unrests in North Africa (Libya and Egypt) also caused a reduction in exports. Overall, the average of the ULSD *crack spread* in Q2/13 stood at 15.9 $/bl, with values above 18 $/bl in the last ten days of June, thanks to a rebound in consumption, driven by air conditioning requirements.

Finally, during Q3/13, the ULSD *crack spread* displayed a surprising stability. Indeed, the crack spread opened the quarter at 16.7 $/Bl on July 1st, and then closed at 16.9 $/bl on September 30th, with the quarterly average standing at 16.5 $/bl. Such unusual stability derives from an almost perfect balance of opposite factors. On one hand, gasoil demand continued to be subdued in Europe almost for the entire quarter, except for only a short summer period, when instead motorway traffic had a decent uplift, in coincidence with holiday touristic movements. On the other hand, gasoil found support between the end of august and the beginning of September, thanks to the outage for maintenance of the US refinery in Port Arthur (600,000 barrels per day). Indeed, the unavailability of that refinery considerably reduced the export volumes of gasoil towards Europe.

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



Refining Margin: (*comparable* EBITDA Refining + Fixed Costs) / Refinery runs in the period
IGCC Margin: (EBITDA IGCC plant + Fixed Costs) / Refinery runs in the period
EMC Benchmark: margin calculated by EMC (Energy Market Consultants) with 50% Urals – 50% Brent crude oil slate

Segment Review

Within the corporate reorganisation project approved by the Board of Directors of Saras S.p.A. in January 2013, all the refining activities held by Saras S.p.A. have been transferred to the subsidiary Sarlux S.r.l. on the 1st of July 2013, in order to concentrate in a single company all the industrial activities carried out at the Sarroch site, with the aim to achieve higher organisational and operational efficiency.

At the end of the reorganization, Saras strengthens its coordination role within the Group, while still retaining the direct control over the activities related to supply & trading of crude oil and refined oil products. The project was implemented through the spin-off of the Refining segment from Saras S.p.A. and the contribution in kind to Sarlux S.r.l. of all the assets and liabilities strictly connected with such business segment.

The above mentioned contribution in kind was implemented by writing into Sarlux S.r.l. financial accounts, the Refining assets and liabilities at the same book value at which they were written in Saras S.p.A. financial accounts. The sworn appraisal, prepared by two legal auditors as requested by Art.2465, assessed that the economic value of business segment consigned to Sarlux S.r.l. is at least equal to the book value of the Refining assets and liabilities.

The consignment has legal effect as of 1st July 2013. Therefore, from that date, Sarlux S.r.l. activities include also the Refining segment, as well as the pre existing Power Generation segment. However, with the purpose of providing a clearer analysis of each individual business of the Saras Group, the following information have been organised according to the usual business segments which have always been used in all the previous Interim Financial Reports.

Refining

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

EUR Million	Q3/13	Q3/12	Change %	Q2/13	9M/2013	9M/2012	Change %
EBITDA	(57.9)	162.0	-136%	(57.8)	(129.1)	(4.6)	-2707%
***Comparable* EBITDA**	**(51.1)**	**70.5**	**-172%**	**(36.1)**	**(111.2)**	**(17.8)**	**-525%**
EBIT	(85.6)	135.1	-163%	(83.1)	(207.3)	(83.2)	-149%
***Comparable* EBIT**	**(78.8)**	**43.6**	**-281%**	**(61.4)**	**(189.4)**	**(96.4)**	**-96%**
CAPEX	**14.9**	**16.4**		**24.7**	**65.6**	**83.5**	

Margins and refinery runs

		Q3/13	Q3/12	Change %	Q2/13	9M/2013	9M/2012	Change %
REFINERY RUNS	thousand tons	3,292	3,793	-13%	3,378	9,758	9,880	-1%
	Million bl	24.0	27.7	-13%	24.7	71.2	72.1	-1%
	thousand bl/day	261	301	-13%	271	261	263	-1%
EXCHANGE RATE	EUR/USD	1.324	1.250	6%	1.306	1.317	1.281	3%
EMC BENCHMARK MARGIN	$/bl	(2.0)	3.0		(0.5)	(0.8)	1.4	
SARAS REFINERY MARGIN	$/bl	0.4	5.4		1.1	1.2	2.4	

Comments to First Nine Months 2013 results

Refinery runs in 9M/13 stood at 9.76 ml tons (71.2 million barrels, corresponding to 261 thousand barrels per calendar day), substantially in line with the same period of the last year (-1%). Beyond the differences between the scheduled maintenance activities carried out in the two periods under comparison, it should be noticed that 2013 refinery runs are lower than the original programme established at the beginning of the year, due to economic run cuts.

***Comparable* EBITDA of the Refining segment in 9M/13 was EUR -111.2 ml**, down versus EUR -17.8 ml in 9M/12, and the Saras refining margin had an average of 1.2 $/bl (versus 2.4 $/bl in the same period of last year).

The market scenario was particularly difficult in 9M/13, because the economic crisis of the Euro zone continued to depress demand for refined oil products, while many tensions of geopolitical nature kept crude oil prices supported at high levels. The EMC Benchmark margin, which is used to monitor the average profitability of Mediterranean refineries, was equal to -0.8 $/bl on average (versus +1.4 in the same period of 2012). For a detailed review of oil markets, please refer to the section specifically dedicated to this topic.

In the above context, Saras refining margin was still able to achieve a premium of 2.0 $/bl on top of the Benchmark (+1.0 $/bl in 9M/12), thanks to a robust operational performance, and a lower impact from maintenance. More precisely, in 9M/13, the EBITDA reduction related to the scheduled maintenance activities was approx. EUR 29 ml (US Dollars 39 ml), while in 9M/12 it stood at EUR 58 ml (US Dollars 75 ml). The exchange rate EUR/USD, instead, was substantially aligned in the two periods under comparison (1.317 in 9M/13, up 3% versus 1.281 in 9M/12).

Refining CAPEX in 9M/13 was EUR 65.6 ml, including also the last important activities in the revamping project of the MildHydroCracking2 Unit (MHC2), which started in Q2/13 and were subsequently completed in July.

Comments to Third Quarter 2013 results

Refinery runs in Q3/13 stood at 3.29 ml tons (24.0 ml barrels, corresponding to 261 thousand barrels per calendar day), down 13% versus the same period of last year, for economic run cuts related to the unprofitable margins available in Q3/13.

***Comparable* EBITDA of the Refining segment in Q3/13 was EUR -51.1 ml**, strongly down versus the positive result of EUR 70.5 ml in Q3/12. Such steep decline can be almost entirely explained by the negative market conditions existing during Q3/13. Indeed, as previously discussed, the EMC Benchmark margin was equal to -2.0 $/bl in Q3/13 (versus +3.0 $/bl in Q3/12). This quarterly average is actually the lowest since the EMC Benchmark margin was introduced.

With such a difficult environment, and notwithstanding the scheduled maintenance activities carried out during the period (which caused an EBITDA reduction of approx. EUR 6 ml), the Sarroch refinery still managed to post a premium of 2.4 $/bl on top of the EMC Benchmark margin (i.e. the same premium achieved in Q3/12), thanks to efficient operations.

It is appropriate to note that the high margins in Q3/12 were the consequence of numerous extraordinary circumstances, due to accidents and atmospheric events (the hurricane Isaac). Their combination led to the temporary closure of many refineries in the American continent. Hence, given the global nature of the oil markets, the squeeze on the US refining capacity spread over to Europe, and refining margins rebounded strongly.

Finally, Refining CAPEX in Q3/13 was EUR 14.9 ml, in line with the programme of the period, which included also the conclusion of the revamping project of the MildHydroCracking2 Unit (MHC2).

Crude Oil slate and Production

		Q3/13	9M/2013	9M/2012
Light extra sweet		49%	48%	49%
Light sweet		2%	3%	2%
Medium sweet/extra sweet		0%	1%	3%
Medium sour		29%	29%	31%
Heavy sour/sweet		19%	20%	15%
Average crude gravity	°API	32.2	32.8	32.8

The crude mix processed by the Sarroch refinery in 9M/13 had an average density of 32.8°API, perfectly aligned with the mix processed in the same period of last year. When looking in detail at the various crude grades used in the feedstock, it can be noted a reduction in the percentage of *medium* crude oils (both "sweet" and "sour"), with a corresponding increase in the percentage of the *heavy* crude oils and of the "*straight run*" residues. These changes in the feedstock mix are the result of both the scheduled maintenance activities carried out during the period, and also of economic and commercial choices.

Moving on to the product slate, it can be observed that the yield in middle distillates in 9M/13 increased to 52.6%, thanks to an excellent conversion performance of the MildHydroCracking Units. Conversely, the yield in light distillates slightly decreased (27.3%), certainly because of the previously mentioned change in feedstock, but also because of the maintenance activities carried out on the Alkylation Unit during Q1/13, which led to an increase in the LPG yield (2.2%). Overall, the cumulative yield of high value added products stood at 82% in 9M/13, which represents a prominent performance within the European competitive context.

		Q3/13	9M/2013	9M/2012
LPG	thousand tons	62	212	171
	yield	1.9%	2.2%	1.7%
NAPHTHA + GASOLINE	thousand tons	846	2,660	2,917
	yield	25.7%	27.3%	29.5%
MIDDLE DISTILLATES	thousand tons	1,750	5,131	5,106
	yield	53.2%	52.6%	51.7%
FUEL OIL & OTHERS	thousand tons	163	355	213
	yield	5.0%	3.6%	2.2%
TAR	thousand tons	284	828	879
	yield	8.6%	8.5%	8.9%

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.r.l. and Deposito di Arcola S.r.l. in Italy, and the subsidiary Saras Energia S.A. in Spain.

EUR Million	Q3/13	Q3/12	Change %	Q2/13	9M/2013	9M/2012	Change %
EBITDA	13.6	14.1	-4%	(3.9)	13.6	20.9	-35%
***Comparable* EBITDA**	**7.2**	**13.1**	**-45%**	**6.3**	**21.8**	**31.7**	**-31%**
EBIT	11.6	11.2	4%	(6.0)	7.4	11.9	-38%
***Comparable* EBIT**	**5.2**	**10.2**	**-49%**	**4.2**	**15.6**	**22.7**	**-31%**
CAPEX	**0.6**	**2.7**		**1.3**	**2.6**	**7.8**	

Sales

		Q3/13	Q3/12	Change %	Q2/13	9M/2013	9M/2012	Change %
TOTAL SALES	thousand tons	952	947	1%	864	2,689	2,853	-6%
of which: in Italy	thousand tons	608	556	9%	578	1,739	1,653	5%
of which: in Spain	thousand tons	345	391	-12%	285	950	1,200	-21%

Comments to First Nine Months 2013 results

The persistently difficult macroeconomic conditions in various countries of the Euro zone during 9M/13 had a negative influence on the demand for refined oil products. In particular, an important contraction in consumption took place in Spain and in Italy, which are the markets where the Saras Group conducts its marketing activities. Notwithstanding such context, the Marketing segment posted a good performance, in line with expectations.

In the Italian market, total demand for oil products in 9M/13 registered a drop versus the same period of 2012, with gasoline consumptions down by 5.4%, and total gasoil down by 3.5%. Although still negative, the trend seems to have a slower decline than the one observed with the half-year report, thanks to some moderate signals of improvement noticed during Q3/13. In this scenario, Arcola Petrolifera sold 1,739 ktons, up 5% versus 9M/12, thanks to important efforts in consolidating and developing customers in the channels with the highest profitability (and in particular towards the unbranded retail stations). This approach allowed Arcola to improve also its gross margin (+4% versus the same period of last year).

Demand for the main refined oil products sharply contracted also in the Spanish market (gasoline dropped by 6.7%, and total gasoil was down by 3.6%). Consequently, the Spanish subsidiary Saras Energia continued its defensive policy, optimizing its mix of sale channels and rationalising volumes sold (-21% versus 9M/12), but a the same time achieving a gross margin improvement (+15%).

Overall, ***comparable* EBITDA of the Marketing segment stood at EUR 21.8 ml in 9M/13,** down versus EUR 31.7 ml in the first nine months of 2012. It should be noticed that 9M/12 results benefited from some rationalisations of the oil inventories, following the optimisation in the Spanish mix of sale channels.

Finally, **CAPEX was EUR 2.6 ml.**

Comments to Third Quarter 2013 results

The Saras Group' subsidiaries had a positive performance in Q3/13, with a total ***comparable* EBITDA for the Marketing segment standing at EUR 7.2 ml**. As previously discussed, also Q3/12 results included a contribution deriving from the rationalisation of the oil inventories.

From an operational stand point, Arcola continued to increase the volumes sold (608 ktons, +9% versus Q3/12), while still managing to increase its gross margin notwithstanding an intensified competitive pressure in the market. On the other hand, Saras Energia further rationalized sales (345 ktons, -12%), but improved its gross margins by more than 3 EUR/cubic meter.

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 also 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	Q3/13	Q3/12	Change %	Q2/13	9M/2013	9M/2012	Change %
EBITDA	39.2	58.0	-32%	27.7	121.2	171.3	-29%
***Comparable* EBITDA**	**39.2**	**58.0**	**-32%**	**27.7**	**121.2**	**171.3**	**-29%**
EBIT	27.0	38.1	-29%	(224.9)	(163.5)	111.6	-247%
***Comparable* EBIT**	**27.0**	**38.1**	**-29%**	**7.6**	**69.0**	**111.6**	**-38%**
EBITDA ITALIAN GAAP	**43.9**	**41.4**	**6%**	**45.1**	**125.0**	**134.6**	**-7%**
EBIT ITALIAN GAAP	**32.6**	**30.2**	**8%**	**33.6**	**91.1**	**101.0**	**-10%**
CAPEX	**2.2**	**1.1**		**4.6**	**12.8**	**4.1**	

Other figures

		Q3/13	Q3/12	Change %	Q2/13	H1/2013	H1/2012	Change %
ELECTRICITY PRODUCTION	MWh/1000	1,068	1,048	2%	1,102	3,106	3,220	-4%
POWER TARIFF	**Eurocent/KWh**	**11.5**	**12.5**	**-7%**	**11.8**	**11.9**	**12.1**	**-2%**
POWER IGCC MARGIN	$/bl	3.3	3.7	-11%	2.7	3.5	4.3	-19%

Comments to First Nine Months 2013 results

From the operational point of view, the Power Generation segment achieved satisfactory results in 9M/13. The **power production reached 3.106 TWh**, down 4% versus 9M/12, mainly due to the different nature of the maintenance activities carried out in the two periods under comparison. In particular, in 9M/12 there was only standard maintenance on one of the three trains of "Gasifier – combined cycle Turbine". Conversely, in 9M/13, in addition to the standard activities on one train of "Gasifier – combined cycle Turbine", maintenance was carried out also on one of the two "H_2S Absorber" units. Furthermore, in the last weeks of Q3/13, standard maintenance activities began on another train of "Gasifier – combined cycle Turbine".

From the financial point of view, at the end of June an important regulatory change took place. Indeed, regarding the CIP6/92 tariff, which regulates the selling price of electricity from Sarlux S.r.l to the National Grid Operator (GSE – Gestore dei Servizi Energetici S.p.A.), the Decree Law 69 of 21st June 2013 (the so called "Decreto del Fare") introduced a new methodology to determine the "Avoided Fuel Cost" component (CEC), taking as a reference the gas prices in the spot market, and not anymore the Brent crude oil prices, as it used to be in the past.

On the basis of the long-term scenarios considered for the gas prices (provided by a leading independent consultant specialising in that sector), the new calculation methodology produces a modest reduction of the CIP6/92 tariff in the financial year 2013, but the reduction could become significant starting from the following financial year. Therefore, such change in the CIP6/92 tariff has only a minor effect on 9M/13 results calculated according to Italian GAAP. Conversely, the 9M/13 results calculated according to IFRS principles already carry a penalisation since the beginning of 2013 because the above mentioned change in tariff is implemented retroactively (IAS 17 and IFRIC 4 require an equalization procedure applied from the current year throughout the remaining duration of the contract).

Finally, the IFRS results include also the devaluation of the CIP6/92 contract between Sarlux and the GSE (equal to EUR 232 ml pre-tax), as determined by an independent appraisal, which established the new value in use of the contract on the basis of the new calculation methodology of the CIP6/92 tariff, pursuant to the previously mentioned Decree Law 69/2013.

According to the above, **the Italian GAAP EBITDA in 9M/13 stood at EUR 125.0 ml,** down 7% versus 9M/12, primarily because of the lower production of electricity and the lower sales of steam and hydrogen (down approx. EUR 9.7 ml). Moreover, in 9M/13 the CIP6/92 power tariff was slightly down versus 9M/12 (11.9 EURcent/kWh, -2%).

IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 121.2 ml in 9M/13, down 29% versus 9M/12, mainly because of the previously discussed equalization procedure, throughout the remaining duration of the contract, for the new CIP6/92 tariff calculated according the Decree Law 69/2013, and also because of the lower sales of hydrogen and steam.

CAPEX in 9M/13 was EUR 12.8 ml, coherently with the ordinary maintenance activities carried out in the period.

Comments to Third Quarter 2013 results

The Q3/13 results include the regulatory changes introduced by the Decree Law 69/2013, as previously explained.

From the operational point of view, the IGCC performance in Q3/13 was good, with a **power production standing at 1.068 TWh,** 2% higher than in Q3/12, mainly because last year the plant had some operational hiccups. Indeed, in the last weeks of Q3/13, differently from what was originally planned in the 2013 maintenance schedule, it was decided to start earlier the standard maintenance activities on one train of “Gasifier – combined cycle Turbine”. The maintenance was completed later, during the first weeks of the fourth quarter.

Italian GAAP EBITDA was EUR 43.9 ml in Q3/13, up of 6% versus Q3/12, primarily because of the higher production of electricity, which more than compensated the modest decrease of the CIP6/92 tariff (11.5 EURcent/kWh, -7% versus Q3/12) and the lower sales of steam and hydrogen.

IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 39.2 ml, down 32% versus Q3/12, because it included the effects of the new CIP6/92 tariff, and also because of the lower sales of hydrogen and steam, down approx. EUR 5.3 ml.

CAPEX in Q3/13 was EUR 2.2 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	Q3/13	Q3/12	Change %	Q2/13	9M/2013	9M/2012	Change %
EBITDA	1.8	2.2	-18%	6.2	17.6	12.4	42%
***Comparable* EBITDA**	**1.8**	**2.2**	**-18%**	**6.2**	**17.6**	**12.4**	**42%**
EBIT	0.6	(0.5)	220%	5.1	14.2	4.6	209%
***Comparable* EBIT**	**0.6**	**(0.5)**	**220%**	**5.1**	**14.2**	**4.6**	**209%**
CAPEX	**0.6**	**2.1**		**0.0**	**0.7**	**2.6**	

Other figures

		Q3/13	Q3/12	Change %	Q2/13	9M/2013	9M/2012	Change %
ELECTRICITY PRODUCTION	MWh	23,220	23,447	-1%	55,558	156,830	111,748	40%
POWER TARIFF	EURcent/KWh	5.8	8.2	-29%	5.3	5.8	8.0	-27%
GREEN CERTIFICATES	EURcent/KWh	7.9	7.7	2%	9.4	9.0	7.2	25%

Comments to First Nine Months 2013 results

In 9M/13, the IFRS EBITDA of the Wind segment (which is equal to the *comparable* EBITDA) stood at EUR 17.6 ml, up 42% versus 9M/12, thanks to the excellent weather conditions during the first half of the year, which pushed the **production of electricity up to 156,830 MWh** (+40% versus 9M/12).
Moreover, the increase of revenues due to the higher value of the Green Certificates (9.0 EURcent/kWh, up 25% versus 9M/12) almost entirely offset the decrease in the value of the power tariff (-27%, with an average for the period equal to 5.8 EURcent/kWh).

Comments to Third Quarter 2013 results

In Q3/13 the Wind segment results were in line with the expectations, when considering that wind conditions in Ulassai are usually not favourable during summer months. As such, the **production of electricity was equal to 23,220 MWh** (down 1% versus the same period of last year).
IFRS EBITDA (which is equal to the *comparable* EBITDA) stood at EUR 1.8 ml, slightly down versus EUR 2.2 ml in Q2/12, mainly because of the decrease in the power tariff (5.8 EURcent/kWh, -29% versus Q3/12). Conversely, the Green Certificates (7.9 EURcent/kWh) had a value substantially aligned with the same period of last year.

Other Activities

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

EUR Million	Q3/13	Q3/12	Change %	Q2/13	9M/2013	9M/2012	Change %
EBITDA	0.0	1.2	-100%	1.7	1.7	2.1	-19%
***Comparable* EBITDA**	**0.0**	**1.2**	**-100%**	**1.7**	**1.7**	**2.1**	**-19%**
EBIT	0.0	1.2	-100%	1.7	1.6	2.0	-20%
***Comparable* EBIT**	**0.0**	**1.2**	**-100%**	**1.7**	**1.6**	**2.0**	**-20%**
CAPEX	**0.1**	**1.3**		**0.3**	**1.0**	**1.5**	

Strategy and Investments

In consideration of the persistent economic crisis, especially in Europe, and in a market characterized by sluggish demand for oil products and narrow refining margins, the Saras Group keeps its strategy focused on three main groups of initiatives. In particular:

- *Industrial:* the Group continues to strive for the achievement of the optimal operating performance, through the implementation of "Project Focus". Already in the past years, this *asset management* programme delivered important results concerning cost reduction, improvements of efficiency and effectiveness in the industrial operations, and coordination between refinery production scheduling and supply & trading activities.

- *Organizational:* the Group implemented a corporate reorganisation, transferring of all the refining activities held by Saras S.p.A. to the subsidiary Sarlux S.r.l.. Such consignment of the Refining segment of activities to Sarlux, valid as of 1st July 2013, allows concentrating in a single company all the industrial activities carried out at the Sarroch site, and its main objective is to achieve higher organisational efficiency.

- *Business model:* the Group is developing a commercial partnership, under the form of a 50/50 Joint Venture with the company Rosneft, which will allow the parties to capitalise on their respective upstream and downstream positions. The JV will leverage Rosneft's unique access to supply of crude oil and other feedstock, and Saras' refinery flexibility for what it concerns refining of crude oil and trading opportunities. Moreover, the JV will develop new marketing activities for oil product and it will enter into new markets, in order to complement the existing channels where Saras already operates since many years. In this respect, on the 21st of June 2013, Mr. Igor Sechin, President and Chairman of the Management Board of JSC NK Rosneft, and Mr. Massimo Moratti, C.E.O. of Saras S.p.A., signed in Saint Petersburg (Russia) the agreement for the establishment on parity basis of the above mentioned Joint Venture.

In the Wind segment, the Group continues to develop various projects in Sardinia, with a total combined capacity of approx. 130 MW. For these projects the Environmental Impact Assessment procedure ("V.I.A. – Valutazione di Impatto Ambientale") is currently in progress. Moreover, regarding the pipeline outside Italy, the Group is studying various opportunities to extract value from a project of a wind park with a capacity of approx. 100 MW in Romania, which has recently obtained full authorisation to start construction.

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

CAPEX by segment

EUR Million	Q3/13	9M/2013	9M/2012
REFINING	14.9	65.6	83.5
POWER GENERATION	2.2	12.8	4.1
MARKETING	0.6	2.6	7.8
WIND	0.6	0.7	2.6
OTHER	0.1	1.0	1.5
Total	**18.4**	**82.7**	**99.5**

Between the end of the second quarter and the beginning of the third quarter of 2013, the *revamping* project of the MildHydroCracking2 Unit (MHC2) was completed. This project, dedicated to growth and technological improvement of the site, will deliver benefits which, when fully operational, can be quantified in approx. 600 ktons/year of additional diesel production (instead of heating gasoil), and it will also increase refinery runs of approx. 650 ktons/year.

Outlook

The current macro-economic framework continues to weigh both on the financial market and on the *commodities*, and in particular on crude oil, making it difficult to predict future developments and causing conditions of high volatility. Indeed, investors confidence continues to be influenced by numerous variables: among the most important ones, the economic crisis in the Euro Zone, the slowdown of Asian growth, the cuts in US public spending and the "shutdown" of many US Government Offices for several weeks, as an emergency measure to keep public debt under control and avoid default.

In the above background, the forecasts of the International Energy Agency (IEA), in the "*Monthly Oil Market Report*" published on the 11th of October 2013, show that global oil demand in FY 2013 should slightly increase, reaching 91.0 million barrels per day (mbd), which corresponds to a change of +1.0 mbd versus FY 2012. Later on, growth should be even stronger, with demand expected to reach 92.1 mbd in FY 2014 (+1.1 mbd versus FY 2013). However, it should be noted that the above forecasted growth will come exclusively from the emerging and developing countries (+3.6%), which will overcome the drop in demand from the OECD countries (-1.4%).

Looking at crude oil, in the last quarter of 2013, prices should remain exposed to the same elements that, until today, kept the market highly volatile: on one hand, the mix of geopolitical tensions in many producing countries will continue to represent a bullish factor, underpinning crude oil quotations; on the other hand, the economic and financial crisis, especially in the Euro Zone, will slow down demand for finished products, and it will push down the oil prices.

Finally, looking at the refining margins, it is expected that the largest contribution during the fourth quarter of 2013 will come from the middle distillates, thanks to a seasonal trend of demand which, during winter time, usually picks-up due to consumption of heating gasoil. Notwithstanding the peculiar difficulties of the European competitive environment, the above trend should favour highly complex refineries, such as the one belonging to Saras Group.

REFINING

- **Sarroch refinery Maintenance and Operations:** 2013 maintenance programme proceeded according to schedule during the first nine months of 2013. Looking forward, no further maintenance will take place until the end of 2013, because the standard cleaning and replacement of the catalyst in the MildHydrocracking1 Unit, which was originally planned in Q4/13, has been postponed to 2014. Overall, total refinery runs are expected to be in the range of 13.0 ÷ 13.3 ml tons (which corresponds to 95 ÷ 97 ml barrels), also due to economic choices related to the current market scenario.
- **Crude Oil Slate:** at the moment it is not possible to predict in the short term, the end of the oil embargo declared by European Union against Iran on July 1st 2012. For this reason, the Saras Group will continue to process replacement crudes, in substitution of the missing Iranian barrels. Moreover, the popular unrests which took place in Libya during the third quarter of 2013 caused important discontinuities in the availability of crude oils originating from that country. Also in this case, it is difficult to forecast a reliable timeframe for the normalization of the Libyan production and export activities. As such, the Saras Group will need to procure alternative crude oils, with similar chemical and physical properties.

POWER GENERATION

- **IGCC Maintenance and Operations:** during the first quarter of 2013 scheduled maintenance activities took place on one of the two "H_2S Absorber" units and, at the same time, on one of the three trains of "Gasifier – combined cycle Turbine". During the second quarter there were no scheduled maintenance activities. Subsequently, towards the end of the third quarter, it was decided to start earlier the standard maintenance on another train of "Gasifier – combined cycle Turbine", which was completed during the first weeks of the fourth quarter. The latter activities were originally scheduled entirely during the fourth quarter. According to the activities previously described, the total power production in 2013 is expected in the range between 4.16 ÷ 4.26 TWh.
- **Italian GAAP EBITDA (reflecting the cash generation of the IGCC plant):** in FY 2013, the effects of the change in the calculation of the CIP6/92 tariff are minor. Indeed, according to the long term scenarios for gas prices, forecasted by a leading independent consultant, the Italian GAAP EBITDA in FY 2013 shall be in the range between EUR 150 ÷ 170 ml.
- **IFRS EBITDA (equalized according to IAS 17 and IFRIC 4):** the IFRS equalization procedure, applied from the beginning of the financial year 2013 throughout the remaining duration of the contract, produces a reduction of the IFRS EBITDA quantifiable in approx. EUR 50 ml per year, due to the change in the calculation methodology for the CIP6/92 tariff. Therefore, the revised guidance for the IFRS EBITDA is now equal to approx. EUR 170 ml per year, stable until the end of FY 2020 (in other words, until the expiry date of the contract).
- **Early exit from the CIP6/92 contract:** Based on the provisions of Article 3 of the Ministry for Economic Development Decree of 2nd December 2009, the subsidiary Sarlux S.r.l., as a party to an agreement signed under the CIP6/92 programme for plants that use process fuels from residues, on 16th December 2009 expressed its non-

binding interest to the GSE for an early withdrawal from the CIP6/92 contract. Afterwards, the GSE determined the compensation fees at which such early withdrawal could be settled. The deadline for presentation of the binding application for voluntary early withdrawal from the CIP6/92 contract has currently been postponed to 30th September 2014, according to the latest extension granted by the Ministry for Economic Development. The company is assessing the available alternatives, in order to make a decision by the above deadline.

MARKETING

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

Main events after the end of the First Nine Months of 2013

On 1st October 2013, it became effective the total non-proportional demerger deed of "Angelo Moratti S.a.p.A di Gian Marco Moratti e Massimo Moratti" in favor of two newly-incorporated companies – "Gian Marco Moratti S.a.p.A. di Gian Marco Moratti" and "Massimo Moratti S.a.p.A. di Massimo Moratti" – whose shares are owned respectively by Mr. Gian Marco Moratti and by Mr. Massimo Moratti and their respective sons.
The assets and liabilities of "Angelo Moratti S.a.p.A. di Gian Marco Moratti e Massimo Moratti" include, *inter alia*, no. 475,709,117 ordinary shares of Saras S.p.A., representing 50.02% of the share capital of Saras S.p.A.. As a result of the demerger, all of the assets of "Angelo Moratti S.a.p.A. di Gian Marco Moratti e Massimo Moratti", including the ordinary shares of Saras S.p.A., have been allocated equally to the two aforementioned beneficiary companies and "Angelo Moratti S.a.p.A. di Gian Marco Moratti e Massimo Moratti" has been dissolved.
In order to ensure continuity with respect to the control of Saras S.p.A., "Gian Marco Moratti S.a.p.A. di Gian Marco Moratti" and "Massimo Moratti S.a.p.A. di Massimo Moratti" entered into a Shareholders' Agreement (the Saras Agreement), which provides for the joint exercise of voting rights concerning the ordinary shares of Saras S.p.A., and provides also that each of the beneficiary companies is restricted from transferring to third parties, in whole or in part, its shares without the consent of the other company.
The Saras Agreement shall be effective until the expiration of the third year from the date of effectiveness of the Demerger and shall be automatically renewed for further periods of three years each if none of the Parties gives written notice to the other of its intention not to renew the Saras Agreement at least six months before the first or any subsequent expiration date.

On 15th October 2013, the Ordinary and Extraordinary Shareholders' Meeting of Saras S.p.A. took place, and it approved all the items on its Agenda. In particular:
1) Amendments to Article 6 and Article 18 of the company's Bylaws
Paragraph 3 of Article 6 of the Bylaws has been amended in order to remove the provision which allows the exclusion of the pre-emption rights granted to the shareholders within 10% of the share capital, as provided by the second part of the fourth paragraph of article 2441 of the Italian Civil Code.
Moreover, Article 18 of the Bylaws has been amended in order to allow that, without any prejudice to the provisions of the Bylaws implementing article 147-ter of the Legislative Decree 24th February 1998, n. 58, as amended and supplemented ("TUF"), one Director of the Board shall be chosen from the list of candidates submitted and voted by a shareholder who holds individually at least 12% of the share capital, and that was the second most voted list after the list with the highest number of votes.
2) Appointment of a Director of the Board
Mr. Igor Ivanovich Sechin, previously co-opted in order to replace Mr. Mario Greco, has been appointed as a new Director of the Board. His term will expire, together with the Board currently in office, on the date of the next Shareholders' Meeting, which will be called for the approval of the Financial Statements as of 31st December 2014.

On 27th October 2013, it expired the period authorised for the own shares' Buyback Programme of Saras S.p.A., regarding a maximum number of 72,455,412 ordinary shares, as resolved by the AGM held on the 27th April 2012. In the aforementioned period Saras acquired number 5,689,270 own shares, at an average price of Euro 1.0445 per share.
Furthermore, it should be noted that the AGM of Saras S.p.A. held on the 24th April 2013, pursuant to Article 2357 of the Italian Civil Code and Article 132 of the Legislative Decree no. 58/1998, authorised a new own shares' Buyback Programme as well as the disposal of the purchased shares, up to a maximum number of 190,185,660 shares, also considering the own shares already owned by the Company, to be implemented in several stages as appropriate, and to take place in the 12 months following the expiry of the buyback authorisation approved by the AGM held on the 27th April 2012 (i.e. the 12 months following the 27th October 2013). The start of the buyback operations will be eventually communicated, pursuant to Article 144-bis, paragraph 3 of the "Regulations for Issuers", CONSOB Resolution no. 11971/1999 and subsequent amendments.

Risk Analysis

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

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

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

Financial risks

Price fluctuation risk

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

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

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

Exchange rate risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

Other risks

Risk related to the procurement of crude oil

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

Risks of interruption of production

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

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

Environmental risk

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

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

Regulatory risk

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

Dependencies on third parties

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

Protection of Personal Data

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

Other Information

Non-recurring and/or unusual Transactions

During the first nine months of 2013, the Group did not undertake any non-recurring and/or unusual transactions.

Changes in the Shareholding Structure

On the 23rd of April 2013, the company Angelo Moratti S.a.p.A., Mr. Gian Marco Moratti and Mr. Massimo Moratti completed the sale of a total number of 130,290,883 shares of Saras S.p.A. (representing approximately 13.70% of the issued share capital of Saras S.p.A.), for a total consideration of Euro 178,498,510, to Rosneft JV Projects S.A., an indirect 100% subsidiary of Rosneft, pursuant to the share Sale and Purchase Agreement executed on the 15th of April 2013.

In particular:

I. Angelo Moratti S.a.p.A. transferred to Rosneft JV Projects S.A. 118,290,883 shares of Saras S.p.A., for a price per share equal to Euro 1.370 and a total consideration equal to Euro 162,058,510.00. As a result of such transaction, Angelo Moratti S.a.p.a. retains a controlling stake in Saras S.p.A. equal to approximately 50.02%.

II. Gian Marco Moratti transferred to Rosneft JV Projects S.A. 6,000,000 shares of Saras S.p.A., for a price per share equal to Euro 1.370 and a total consideration equal to Euro 8,220,000.00. As a result of such transaction, Gian Marco Moratti does not personally hold any shares in Saras S.p.A.

III. Massimo Moratti transferred to Rosneft JV Projects S.A. 6,000,000 shares of Saras S.p.A., for a price per share equal to Euro 1.370 and a total consideration equal to Euro 8,220,000.00. As a result of such transaction, Massimo Moratti does not personally hold any shares in Saras S.p.A.

On the 14th of June 2013, it came to a conclusion the acceptance period of the voluntary partial public tender offer (the "Offer") promoted by Rosneft JV Projects S.A. (the "Bidder"), an indirect 100% subsidiary of Rosneft, over a maximum number of 69,310,933 ordinary shares of Saras S.p.A., representing approximately 7,29% of the issued share capital of the latter, for a price per share equal to Euro 1.37.

At the end of the acceptance period of the Offer, no. 213,796,505 ordinary shares of Saras S.p.A were tendered to the Offer, equal to 22.48% of the issued share capital of the said company, and 308.46% of the ordinary shares object of the Offer. Since the number of shares tendered in acceptance of the Offer was higher than the maximum amount of the Offer, a pro-rata method was applied, with an allotment coefficient equal to 0.32419.

Therefore, the Bidder purchased, on the 19th June 2013, no. 69,310,933 shares, for an overall value of EUR 94,955,978.21. The remaining no. 144,485,572 shares tendered in acceptance of the Offer were returned to the relevant shareholders, without any costs or other expenses.

Considering the shares purchased following the Offer, added to those already purchased by the Bidder directly from Angelo Moratti S.a.p.A., Mr. Gian Marco Moratti and Mr. Massimo Moratti, the Bidder currently holds no. 199,601,816 ordinary shares of Saras S.p.A., representing approximately 20,99% of the corporate capital of the same. Finally, it should be noted that, during the acceptance period of the Offer, the Buyer did not purchase, either directly or indirectly, any shares of Saras S.p.A..

Transactions with related parties

At the end of the first nine months of 2013, the effect on Saras Group Balance Sheet and Income Statement, deriving from transactions or positions with related parties, is not significant.

Joint Venture Saras S.p.A. e JSC NK Rosneft

During the first nine months of 2013, Saras S.p.A. e JSC NK Rosneft continued to work together in order to develop the operational and commercial terms for the Joint Venture (the "JV"), and to finalize the negotiations for all the relevant documentation including, among other documents, the JV Charter and certain framework agreements between the parties and the new company.

Once these negotiations will be successfully completed, the incorporation and the subsequent start of operations of the JV will require the prior attainment of the parties' internal corporate approvals and certain external authorizations, including relevant antitrust clearances.

Since Rosneft is a "related party" to Saras pursuant to Italian law, Saras' internal corporate approvals will include the proper fulfilment of the internal procedure for transactions with related parties. The current intention of the parties is to have all conditions satisfied, allowing the new company to start its operations in 2014.

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 2013.

Own shares

During the first nine months of 2013, Saras S.p.A. purchased on the MTA of the Italian Stock Exchange (Borsa Italiana S.p.A.) a total number of 5,689,270 own shares (corresponding to 0.598% of the issued share capital), pursuant to the Buyback programme approved by the Ordinary Shareholders’ Meeting held on 27th April 2012. The commencement of the Buyback operations was duly communicated to the markets in the press release issued on 7th May 2013.

The Ordinary Shareholders’ Meeting authorised the Buyback of Saras shares with the purpose of servicing the stock grant plans reserved to the management and the employees of the Group, as well as to carry out activities aimed at sustaining the liquidity and controlling the volatility of the Company’s share price in the market.

The Buyback was carried out in compliance with Article 132 of the Legislative Decree no. 58/1998 and with Article 144-bis of Consob Regulation no. 11971/1999 (the “Issuers’ Regulation”) and with any other applicable rules, including the operational procedures established by the Italian Stock Exchange.

Further to the above purchase transactions of own shares, at the end of the first nine months of 2013, Saras S.p.A. holds a total number of 19,245,774 own shares, which corresponds to 2.024% of the share capital, included the own shares previously owned by the company.

Stock Grant Plans

The “Stock Grant Plan 2007-2009” and the “Stock Grant Plan 2010-2012” for the senior managers of the Parent Company and the senior managers and directors of the subsidiaries, as individually specified by the Board of Directors of the Parent Company, matured during the second quarter of 2013. These Plans entailed the allocation of 1,368,390 and 6,954,566 shares respectively (at a cost of Euro 833 thousand for the FY 2013). The option exercised by beneficiaries of the 2007-2009 plan, which also matured, entailed the allocation of 740,000 shares (Euro 121 thousand for the FY 2013).

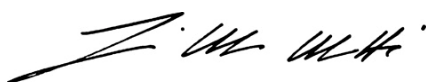
Moreover, on the 24th of April 2013, the Ordinary Shareholders' Meeting approved the new "Plan to grant free Company shares to management of the Saras Group" (the "Stock Grant Plan 2013-2015"), assigning to the Board of Directors all the powers necessary and appropriate to implement the Plan. The recipients of the Plan are the Directors with strategic responsibilities within the Company; the Directors of the Board of Italian and/or foreign subsidiaries controlled by the Company, and some other eligible top executive within the Group, including those with an independent employment contract.

Each beneficiary is assigned the right to receive free shares upon achieving performance objectives determined in relation to the performance of Saras' Total Shareholder Return (TSR) compared to the TSR of a group of companies belonging to the FTSE Italia Mid Cap Index (the "Peer Group"). TSR is calculated as the change in the value of Saras shares and the shares of the Peer Group, during the three-year period 2013-2015.

The maximum number of shares covered by the Stock Grant Plan 2013-2015 is 9,500,000. Shares are to be delivered within six months of the end of the Plan, and the beneficiary undertakes not to sell, transfer, dispose of or subject to any restriction a number of shares equivalent to 20% of the shares for a period of 24 months from the delivery date.

For the Board of Directors
The Chairman

Gian Marco Moratti



CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of: 30th September 2013 and 31st December 2012

EUR thousand	30/09/2013	31/12/2012
ASSETS		(1)
Current assets	**2,339,079**	**2,209,352**
Cash and cash equivalents	343,876	302,950
Other financial assets held for trading or available for sale	39,892	42,326
Trade receivables	724,485	820,215
Inventories	1,096,824	920,891
Current tax assets	44,934	45,699
Other assets	89,068	77,271
Non-current assets	**1,569,654**	**1,730,570**
Property, plant and equipment	1,241,395	1,288,758
Intangible assets	98,514	348,767
Other equity interests	505	526
Deferred tax assets	223,757	86,430
Other financial assets	5,483	6,089
Total assets	**3,908,733**	**3,939,922**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**2,059,880**	**1,817,254**
Short-term financial liabilities	166,286	166,997
Trade and other payables	1,578,115	1,394,342
Current tax liabilities	240,282	161,125
Other liabilities	75,197	94,790
Non-current liabilities	**894,162**	**925,970**
Long-term financial liabilities	404,614	424,891
Provisions for risks and charges	38,952	52,391
Provisions for employee benefits	20,236	22,825
Deferred tax liabilities	3,505	3,163
Other liabilities	426,855	422,700
Total liabilities	**2,954,042**	**2,743,224**
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	1,126,776	1,219,718
Profit/(loss) for the period	(237,641)	(88,576)
Total equity attributable to owners of the company	**954,691**	**1,196,698**
Minority interest	0	0
Total equity	**954,691**	**1,196,698**
Total liabilities and equity	**3,908,733**	**3,939,922**

(1) 2012 values reflect the application of IAS 19 revised

Consolidated Income Statement and Statement of Comprehensive Income for the periods: 1st January – 30th September 2013 and 2012

Consolidated Income Statement for the periods 1st January - 30th September 2013 and 2012

EUR thousand	1st January 30th September 2013	of which non recurring	1st January 30th September 2012	of which non recurring
Revenues from ordinary operations	8,250,858		8,883,419	
Other income	77,724	23,573	56,109	
Total revenues	**8,328,582**	***23,573***	**8,939,528**	***0***
Purchases of raw materials, spare parts and consumables	(7,796,999)		(8,194,733)	
Cost of services and sundry costs	(404,926)		(441,762)	
Personnel costs	(101,581)		(100,937)	
Depreciation, amortisation and write-downs	(372,633)	(232,455)	(155,173)	
Total costs	**(8,676,139)**	***(232,455)***	**(8,892,605)**	***0***
Operating results	**(347,557)**	***(208,882)***	**46,923**	***0***
Net income/(charges) from equity interests				
Financial income	168,793		249,839	
Financial charges	(187,486)		(296,428)	
Profit before taxes	**(366,250)**	***(208,882)***	**334**	***0***
Income tax for the period	128,609	78,843	(7,986)	
Net profit/(loss) for the period	**(237,641)**	***(130,039)***	**(7,652)**	***0***
Net profit/(loss) for the period attributable to:				
Equity holders of the company	(237,641)		(7,652)	
Minority interest	0		0	
Earnings per share - basic (EUR cent)	**(25.67)**		**(0.82)**	
Earnings per share - diluted (EUR cent)	**(25.67)**		**(0.82)**	

Statement of Comprehensive Income for the periods 1st January - 30th September 2013 and 2012

EUR thousand	1st January 30th September 2013	1st January 30th September 2012
Net result for the period (A)	**(237,641)**	**(7,652)**
Effect of translation of f/s in foreign currency	(27)	14
IAS 19 actuarial effect	0	0
Income / (loss), net of fiscal effect (B)	**(27)**	**14**
Consolidated Comprehensive Result for the period (A + B)	**(237,668)**	**(7,638)**
Net consolidated Comprehensive Result for the period attributable to :		
Parent Company shareholding	(237,668)	(7,638)
Minority Interest	0	0

Statement of Changes in Consolidated Shareholders' Equity from: 31st December 2011 to 30th September 2013

EUR thousand	Share Capital	Legal Reserve	Other reserve	Profit (Loss)	Total equity attributable to owners of the company	Minority interest	Total equity
Balance as of 31/12/2011	**54,630**	**10,926**	**1,158,676**	**58,802**	**1,283,034**	**0**	**1,283,034**
Period 1/1/2012 - 30/06/2012							
Appropriation of previous year profit			58,802	(58,802)	0		0
Reserve for employee 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)
Total comprehensive profit (loss) for the period			*(14)*	*(7,652)*	*(7,666)*		*(7,666)*
Balance as of 30/09/2012	**54,630**	**10,926**	**1,220,562**	**(7,652)**	**1,278,466**	**0**	**1,278,466**
Period 1/7/2012 - 31/12/2012							
Reserve for employee share plan			681		681		681
Effect of translation of f/s in foreign currency			0		0		0
Effetto attuariale IAS 19			(1,525)	1,525	0		0
Net profit (loss) for the period				(82,449)	(82,449)		(82,449)
Total comprehensive profit (loss) for the period			*(1,525)*	*(80,924)*	*(82,449)*		*(82,449)*
Balance as of 31/12/2012	**54,630**	**10,926**	**1,219,718**	**(88,576)**	**1,196,698**	**0**	**1,196,698**
Period 1/1/2013 - 30/06/2013							
Appropriation of previous year profit			(88,576)	88,576	0		0
Acquisto azioni proprie			(5,943)		(5,943)		(5,943)
Reserve for employee share plan			1,017		1,017		1,017
Effect of translation of f/s in foreign currency			(37)		(37)		(37)
Net profit (loss) for the period				(201,257)	(201,257)		(201,257)
Total comprehensive profit (loss) for the period			*(37)*	*(201,257)*	*(201,294)*		*(201,294)*
Balance as of 30/06/2013	**54,630**	**10,926**	**1,126,179**	**(201,257)**	**990,478**	**0**	**990,478**
Period 1/7/2013 - 30/09/2013							
Reserve for employee share plan			587		587		587
Effect of translation of f/s in foreign currency			10		10		10
Net profit (loss) for the period				(36,384)	(36,384)		(36,384)
Total comprehensive profit (loss) for the period			*10*	*(36,384)*	*(36,374)*		*(36,374)*
Balance as of 30/09/2013	**54,630**	**10,926**	**1,126,776**	**(237,641)**	**954,691**	**0**	**954,691**

Consolidated Cash Flow Statements as of: 30th September 2013 and 30th September 2012

EUR thousand	1/1/2013 - 30/09/2013	1/1/2012 - 30/09/2012
A - Cash and cash equivalents at the beginning of period	**302,950**	**139,343**
B - Cash generated from/(used in) operating activities		
Net Profit / (Loss) for the period	(237,641)	(7,652)
Amortisation, depreciation and write-downs of fixed assets	372,633	155,173
Grants charged directly to the income statements	(23,573)	0
Net change in provisions for risks and charges	(13,439)	(20,180)
Net change in employee benefits	(2,589)	(1,292)
Net change in deferred tax liabilities and deferred tax assets	(136,985)	(10,669)
Net interest gains (losses)	18,554	17,016
Income tax	25,699	18,655
Change in fair value of derivatives and green certificates	(27,928)	(17,337)
Other non cash items	(4,339)	2,697
(Increase)/Decrease in trade receivables	95,730	(113,242)
(Increase)/Decrease in inventory	(175,933)	14,702
Increase/(Decrease) in trade and other payables	183,773	378,729
Change in other current assets	(11,891)	28,400
Change in other current liabilities	75,924	203,720
Interest received	559	666
Interest paid	(14,919)	(20,893)
Tax paid	(17,323)	(11,632)
Change in other non-current liabilities	4,155	(34,795)
Total (B)	**110,467**	**582,066**
C - Cash flow from (to) investing activities		
(Investments) in tangible and intangible assets	(73,427)	(86,794)
(Investments)/disinvestments in other holdings	21	0
Change in financial assets	52,602	55,719
Total (C)	**(20,804)**	**(31,075)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	(25,433)	160,596
Increase/(Decrease) in short term borrowings	(23,304)	(510,879)
Total (D)	**(48,737)**	**(350,283)**
E - Cashflow for the period (B+C+D)	**40,926**	**200,708**
F - Net Cash from disposal of Akhela/Artemide	**0**	**(366)**
G - Cash and cash equivalents at the end of period	**343,876**	**339,685**

For the Board of Directors
The Chairman
Gian Marco Moratti

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30TH SEPTEMBER 2013

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1. Introduction

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. The Company is controlled jointly (without taking treasury shares into account) by Gian Marco Moratti S.A.P.A. and Massimo Moratti S.A.P.A., each holding 25.01% and together holding 50.02% of the Saras S.p.A. share capital, in virtue of the shareholders' pact they signed on 1 October 2013. 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 buyer of crude and seller of finished products. The Group's activities include refining crude oil and producing and selling electricity via an integrated gasification combined cycle (IGCC) plant operated by subsidiary Sarlux S.r.l. and a wind farm run by subsidiary Parchi Eolici Ulassai S.r.l. (via subsidiary Sardeolica S.r.l.).

These consolidated financial statements for the period to 30 September 2013 are presented in euros, since the euro is the currency of the economy in which the Group operates. They consist of the statement of financial position, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in shareholders' equity and these notes. All amounts shown in these notes are expressed in thousands of euros, unless otherwise stated.

These consolidated financial statements for the period ending 30 September 2013 should be read in conjunction with the consolidated financial statements of the Saras Group for the year ending 31 December 2012.

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

The consolidated financial statements of the Group for the period ending 30 September 2013 were prepared in accordance with the International Financial Reporting Standards ("IFRS" or "international accounting standards") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to article 6 of Regulation (EC) 1606/2002 of the European Parliament and of the 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 at the date the draft consolidated and separate financial statements were approved by the Parent Company's Board of Directors, and set out in the relevant EU Regulations published as at 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 complete picture of the Group's assets and liabilities, results and cash flows:

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

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

3. Accounting standards applied

The accounting standards and measurement and consolidation criteria adopted to prepare the condensed consolidated quarterly financial statements are consistent with those used for the consolidated financial statements for the year ended 31 December 2012, to which reference should be made for more comprehensive information. The above-mentioned standards have been applied consistently to all the periods reported.

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

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

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

On 16 June 2011, the IASB issued a revision of ***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 of the provision to be presented in the statement of financial position, cost components associated with benefits accrued by employees and net financial charges to be recognised in the income statement, and actuarial gains and losses arising from the remeasurement of assets and liabilities to be presented in the statement of comprehensive income. In addition, the yield on assets included in net financial charges must be calculated on the discount rate of the liability rather than on its expected yield as before. Lastly, the amendment introduces additional information to be provided in the notes to the financial statements. The amendment applies retrospectively from the year beginning on 1 January 2013. As a result of the adoption of the new standard, figures for the previous year were revised since changes to the standard must be applied retrospectively to 1 January 2012. These changes to figures at 31 December 2012 resulted in a reduction in the net loss for the year of EUR 1,525 thousand.

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 amendment is applicable prospectively from 1 January 2013. The adoption of this amendment has not had a significant impact on these financial statements.

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

On 16 December 2011, the IASB issued an amendment to ***IFRS 7 – Financial Instruments: Offsetting Financial Assets and Financial Liabilities,*** applicable from 1 January 2013. The adoption of this amendment had no material impact on these financial statements.

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

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

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

The main features introduced by IFRS 9 can be summarised as follows:

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

Application is to be retrospective.

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

On 12 May 2011, the IASB issued the standard ***IFRS 10 – Consolidated Financial Statements***, which will replace *SIC-12 Consolidation – Special Purpose Entities* and parts of *IAS 27 – Consolidated and Separate Financial Statements*, which is to be renamed *Separate Financial Statements* and will govern the accounting treatment of equity investments in the separate financial statements. The new standard moves on from the existing standards, identifying the concept of control as the factor that determines whether or not a company should be consolidated into the parent company's consolidated financial statements. It will also provide a guide for determining the existence of control where this is difficult to ascertain. The standard is applicable retrospectively from 1 January 2014. The adoption of this standard is not expected to have any impact on the financial statements.

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

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

On 28 June 2012, the IASB issued a number of *amendments* to ***IFRS 10, 11*** and ***12***, limiting the obligation to provide additional comparative information only to the period preceding first application. For disclosures relating to unconsolidated entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied. The amendments are applicable from 1 January 2014 and have not had a significant impact on these financial statements.

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

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

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

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

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

3.1 Basis of consolidation

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

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

Other equity interests of insignificant value (valued at cost)	
Consorzio Cesma	5%
Consorzio La Spezia Utilities	5%
Sarda Factoring	5.95%

On 28 March 2013, the shareholders' meeting of Arcola Petrolifera S.p.A. voted to transform the company into a limited liability company with the name Arcola Petrolifera S.r.l. with the same registered office, purpose, capital, duration and shareholders as the transformed company.
As part of the corporate restructuring approved by the Board of Directors of Parent Company Saras S.p.A. in January 2013 and with effect from 1 July 2013, the refining activities of Saras S.p.A. were transferred to subsidiary Sarlux S.r.l. so as to concentrate the industrial operations conducted at the Sarroch site into a single company, thereby increasing operational and management efficiency.
The transfer was conducted on the basis of "accounting continuity", i.e. the recognition in the transferee company's financial statements of all the business division's assets and liabilities present in the transferor's financial statements. The amounts transferred are shown in the table below:

CONSIGNED ASSETS	
Current assets	**78,535**
Cash and cash equivalents	4
Other financial assets held for trading or available for sale	0
Trade receivables	784
Inventories	72,781
Current tax assets	0
Other assets	4,966
Non-current assets	**708,551**
Property, plant and equipment	701,919
Intangible assets	364
Other equity interests	0
Deferred tax assets	0
Other financial assets	6,268
Total assets	**787,086**

CONSIGNED LIABILITIES	
Current liabilities	**320,896**
Short-term financial liabilities	211,887
Trade and other payables	98,909
Current tax liabilities	0
Other liabilities	10,100
Non-current liabilities	**39,601**
Long-term financial liabilities	0
Provisions for risks and charges	14,602
Provisions for employee benefits	8,635
Deferred tax liabilities	3,716
Other liabilities	12,648
Total liabilities	**360,497**

CONSIGNED VALUE	426,589

Following the transfer, the shareholders' equity of subsidiary Sarlux S.r.l. was increased by EUR 426,589 thousand, of which EUR 72,270 thousand related to an increase in the share capital and EUR 354,319 thousand to a transfer reserve.

3.2 Use of estimates

The preparation of the financial statements requires the directors to apply accounting standards and methods that, in certain situations, are based on difficult and subjective valuations and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The use of these estimates and assumptions influences the amounts reported in the financial statements, i.e. the statement of financial position, the income statement, the statement of comprehensive income and the 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 impairment of fixed assets, are fully carried out only 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 measurement of impairment.
A summary of the most significant estimates is provided in the Group's consolidated financial statements for the year ended 31 December 2012.

4. Information by business segment

4.1 Introduction

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

1. Refining activities refer to:

[A] The sale of oil products obtained:

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

Finished products are sold to major international operators such as the Total Group, the ENI Group, NOC (National Oil Corporation), Shell, British Petroleum and Galp.
The activities set out above are conducted by Parent Company Saras S.p.A. and subsidiary Sarlux S.r.l..

[B] Revenues from refining activities undertaken on behalf of third parties, which represent the only income from refining activities conducted on behalf of third parties.

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

- in Italy, by Arcola Petrolifera S.r.l. for off-network customers (wholesalers, purchasing consortia, local authority-owned utility companies and resellers) and oil companies (ENI, Tamoil, Total, etc.) through a logistics network comprising both its own bases (at Sarroch) and those of third-party operators by way of a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata and Torre Annunziata), as well as by 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 subsidiary Sardeoloica S.r.l..

5. Other activities include reinsurance activities undertaken for the Group by Reasar S.A. and environmental research 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 to evaluate performance. The results of each segment are assessed on the basis of operating profits or losses. The breakdown by business segment and the basis on which segment results are determined are the same as in the consolidated financial statements for the year ended 31 December 2012.

4.2 Segment information

Here below a breakdown by segment. For further details, please see the appropriate sections of the report on operations:

	Refining	Marketing	Power Generation	Wind Power	Other	Total
30th September 2012						
Revenues from ordinary operations	7,998,902	2,369,051	476,837	8,910	13,619	10,867,319
less: intersegment revenues	(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
less: intersegment revenues	(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, depreciation and write downs	**(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**
30th September 2013						
Revenues from ordinary operations	7,520,615	2,125,119	397,229	9,076	19,687	10,071,726
less: intersegment revenues	(1,708,183)	(72,980)	(34,430)	0	(5,275)	(1,820,868)
Revenues from third parties	**5,812,432**	**2,052,139**	**362,799**	**9,076**	**14,412**	**8,250,858**
Other revenues	101,454	1,841	25,910	14,466	181	143,852
less: intersegment revenues	(50,127)	(91)	(15,868)	0	(42)	(66,128)
Other revenues from third parties	**51,327**	**1,750**	**10,042**	**14,466**	**139**	**77,724**
Amortisation, depreciation and write downs (c)	**(78,194)**	**(6,226)**	**(284,722)**	**(3,304)**	**(187)**	**(372,633)**
Operating profit (a)	**(207,267)**	**7,428**	**(163,547)**	**14,260**	**1,569**	**(347,557)**
Financial income (a)	175,426	2,674	3,863	1,179	219	183,361
Financial charges (a)	(189,671)	(9,340)	(1,007)	(1,952)	(84)	(202,054)
Income taxes	79,572	(2,065)	57,698	(5,881)	(715)	128,609
Net result for the period (a)	**(141,940)**	**(1,303)**	**(102,993)**	**7,606**	**989**	**(237,641)**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,456,838**	**649,679**	**660,804**	**110,080**	**31,332**	**3,908,733**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1,987,099**	**409,133**	**489,996**	**54,445**	**13,369**	**2,954,042**
Investments in tangible assets	65,227	1,326	12,446	133	219	**79,351**
Investments in intangible assets	382	1,264	342	558	829	**3,375**

(a) Calculated without taking into account intra-segment eliminations
(b) Total assets and liabilities are calculated after intra-segment eliminations.
(c) The electricity generation segment includes EUR 232,455 thousand due to the write-down of the intangible asset related to the agreement between subsidiary Sarlux S.r.l. and the GSE. See section 5.2.2 "Intangible assets."

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:

	30/09/2013	31/12/2012	Change
Bank and postal deposits	340,937	299,983	40,954
Cash	2,939	2,967	(28)
Total	**343,876**	**302,950**	**40,926**

Bank deposits are mainly attributable to Saras S.p.A. (EUR 325,408 thousand), Arcola Petrolifera S.r.l. (EUR 3,367 thousand) and Sardeolica S.r.l. (EUR 7,770 thousand). For information regarding restrictions on the use of the cash of Sardeolica S.r.l., see section 5.4.1. For further details on the net financial position, see the relevant section of the report on operations or the cash flow statement.

5.1.2 Other financial assets held for trading

Other financial assets held for trading break down as follows:

	30/09/2013	31/12/2012	Change
Securities	3,495	0	3,495
Green Certificates	14,108	10,833	3,275
Derivative instruments	22,289	31,493	(9,204)
Total	**39,892**	**42,326**	**(2,434)**

Green certificates relate to power generation from renewable sources by subsidiary Sardeolica S.r.l..
They are sold on a specific regulated market or through bilateral agreements between market operators, or through withdrawal by GSE at a pre-determined price; the certificates in the portfolio accruing during the reporting period are valued at the price estimated for withdrawal by GSE (EUR 89.77/MWh compared with EUR 80.34/MWh for 2012).
This item also includes foreign government bonds related to subsidiary Reasar S.A. (EUR 3,495 thousand).
Gains and losses realised for the period, and any write-downs applied in cases where the market value is lower than the carrying value at the end of the period, are booked to the income statement under “Other income” or “Costs of services and sundry costs”.

Changes in securities and green certificates are shown below.

	Securities	White Certificates	Green Certificates	Total
Balance at 31/12/2011	**1**	**2,315**	**8,592**	**10,908**
Increase	0	0	10,833	10,833
Decrease	(1)	(2,315)	(8,592)	(10,908)
Balance at 31/12/2012	**0**	**0**	**10,833**	**10,833**
Increase	4,122	0	14,083	18,205
Decrease	(627)	0	(10,808)	(11,435)
Balance at 30/09/2013	**3,495**	**0**	**14,108**	**17,603**

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

5.1.3 Trade receivables

This item totalled EUR 724,485 thousand, a decrease of EUR 95,730 thousand compared with the previous year.
The item concerned includes total receivables of EUR 43.5 million due to subsidiary Sarlux S.r.l. from GSE. These receivables include those relating to the 2008 financial year (approximately EUR 6.9 million), still awaiting a ministerial order defining the electricity sale price following the cancellation of AEEG Resolution 154/09 by the Council of State.

5.1.4 Inventories

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

	30/09/2013	31/12/2012	Change
Raw materials, spare parts and consumables	410,467	285,889	124,578
Semi-finished products and work in progress	102,245	93,569	8,676
Finished products and goods held for resale	583,138	541,189	41,949
Advance payments	974	244	730
Total	**1,096,824**	**920,891**	**175,933**

The increase in the value of inventories is due mainly to the increase in stocks of finished and semi-finished products, and is partially offset by the decrease in prices.
The measurement of inventories at net realisable value led to a write-down of around EUR 56.8 million.
This valuation is thus equivalent to the market value.
No inventories are used as collateral for liabilities.

At 30 September 2013, the Sarroch refinery held no crude oil or oil products belonging to third parties (EUR 3 million at 31 December 2012).

5.1.5 Current tax assets

The following table shows a breakdown of current tax assets.

	30/09/2013	31/12/2012	Change
VAT	554	4,254	(3,700)
IRES (income tax foreign companies)	34,726	31,984	2,742
IRAP (regional income tax)	3,532	2,659	873
Other tax receivables	6,122	6,802	(680)
Total	**44,934**	**45,699**	**(765)**

IRES receivables are essentially due to excess tax payments made in previous years.
The VAT receivable is due to positions accrued by Romanian companies active in the wind farm sector.

5.1.6 Other assets

The balance is detailed below:

	30/09/2013	31/12/2012	Change
Accrued income	1,253	613	640
Prepaid expenses	11,230	3,776	7,454
Other receivables	76,585	72,882	3,703
Total	**89,068**	**77,271**	**11,797**

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

“Other receivables” mainly comprise:

- a receivable of EUR 9,992 thousand due to subsidiary Sarlux S.r.l. arising from the recognition pursuant to section II, point 7-bis of CIP Provision 6/92 for the refund of charges applicable to the first nine months of 2013 relating to the application of Directive 2013/87/EC on emissions trading, as per AEEG Resolution 77/08 (EUR 23,824 thousand the previous year);
- the recovery of the EUR 44,039 thousand paid by Sarlux S.r.l. to GSE to fulfil the green certificate purchase obligation, as described in section 7.1;
- EUR 9,583 thousand relating to white certificates for energy savings made in the Sarroch refinery by subsidiary Sarlux S.r.l.. These certificates are sold on an appropriate regulated market or through bilateral agreements between

market operators. The certificates in the portfolio are valued at the price on September 30 since it is lower than the average market price for the reference period (EUR 100.27 per certificate in 2013, compared with EUR 89.70 in 2012).

- EUR 1,818 thousand relating to deposits to guarantee derivatives transactions carried out by the Parent Company (EUR 14,247 thousand the previous year).

5.2 Non-current assets

As at 30 September 2013, the market capitalisation of the Parent Company Saras S.p.A. was lower than the book value of the Group's consolidated shareholders' equity; this difference is due to the unfavourable global economic environment of the past few years rather than to impairment.
Moreover, the instability of prices and refining/marketing margins on oil products is not thought to be an indication of impairment.

5.2.1 Property, plant and equipment

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

COST	31/12/2011	Additions	(Disposals)	Revaluations (write-downs)	Other Changes	31/12/2012
Land & buildings	232,717	1,204	(1,371)	(268)	(2,337)	229,945
Plant & machinery	2,702,284	36,220	(2,941)		16,610	2,752,173
Industrial & commercial equipment	33,986	1,060	(369)		2,354	37,031
Other assets	475,249	4,005	(2,828)		3,006	479,432
Work in progress and advances	185,674	70,650			(48,659)	207,665
Total	**3,629,910**	**113,139**	**(7,509)**	**(268)**	**(29,026)**	**3,706,246**

ACCUMULATED DEPRECIATION	31/12/2011	Depreciation	(Disposals)	(Revaluations) write-downs	Other Changes	31/12/2012
Land & buildings	77,829	9,849	(14)	11,398	(2,527)	96,535
Plant & machinery	1,765,126	139,138	(2,830)	22,355	(9,141)	1,914,648
Industrial & commercial equipment	26,099	2,207	(210)		(415)	27,681
Other assets	368,539	19,230	(2,843)	2,068	(8,370)	378,624
Total	**2,237,593**	**170,424**	**(5,897)**	**35,821**	**(20,453)**	**2,417,488**

NET BOOK VALUE	31/12/2011	Additions	(Disposals)	(Depreciation/ write-downs)	Other changes and rev./(w.d.)	31/12/2012
Land & buildings	154,888	1,204	(1,357)	(21,247)	(78)	133,410
Plant & machinery	937,158	36,220	(111)	(161,493)	25,751	837,525
Industrial & commercial equipment	7,887	1,060	(159)	(2,207)	2,769	9,350
Other assets	106,710	4,005	15	(21,298)	11,376	100,808
Work in progress and advances	185,674	70,650	0	0	(48,659)	207,665
Total	**1,392,317**	**113,139**	**(1,612)**	**(206,245)**	**(8,841)**	**1,288,758**

COST	31/12/2012	Additions	(Disposals)	Grants	Other Changes	30/9/2013
Land & buildings	229,945	234	(90)	(1,524)	5,631	234,196
Plant & machinery	2,752,173	16,038	(4,546)	(21,045)	109,882	2,852,502
Industrial & commercial equipment	37,031	192	(7,814)	(1,978)	29	27,460
Other assets	479,432	778	(5,911)	(2,937)	17,207	488,569
Work in progress and advances	207,665	62,109	(30)		(158,200)	111,544
Total	**3,706,246**	**79,351**	**(18,391)**	**(27,484)**	**(25,451)**	**3,714,271**

ACCUMULATED DEPRECIATION	31/12/2012	Depreciation	(Disposals)	Depreciation on Grants for previous years	Other Changes	30/9/2013
Land & buildings	96,535	7,565	(21)	(708)	1,224	104,595
Plant & machinery	1,914,648	97,098	(2,940)	(18,700)	(28,467)	1,961,639
Industrial & commercial equipment	27,681	1,373	(7,814)	(1,978)	(94)	19,168
Other assets	378,624	14,067	(5,899)	(2,187)	2,869	387,474
Total	**2,417,488**	**120,103**	**(16,674)**	**(23,573)**	**(24,468)**	**2,472,876**

NET BOOK VALUE	31/12/2012	Additions	(Disposals)	(Depreciation)	Grants and other changes	30/9/2013
Land & buildings	133,410	234	(69)	(7,565)	3,591	129,601
Plant & machinery	837,525	16,038	(1,606)	(97,098)	136,004	890,863
Industrial & commercial equipment	9,350	192	0	(1,373)	123	8,292
Other assets	100,808	778	(12)	(14,067)	13,588	101,095
Work in progress and advances	207,665	62,109	(30)	0	(158,200)	111,544
Total	**1,288,758**	**79,351**	**(1,717)**	**(120,103)**	**(4,894)**	**1,241,395**

Costs are shown net of grants received for investments. The gross value of grants deducted from fixed assets was EUR 188,448 thousand and related to the programme agreements entered into with the Ministry of Industry, Commerce and Crafts on 19 June 1995, with the Ministry of Productive Activities on 10 October 1997 and with the Ministry of Economic Development on 10 June 2002 whose final concession decree was submitted on 14 May 2013. This last grant (EUR 27,484 thousand) was amortised taking into account the entry into service of the related assets.

At 30 September 2013, the remaining value of these grants was EUR 4,150 thousand (EUR 2,205 thousand at 31 December 2012).

The item “Land and buildings” chiefly includes industrial buildings, offices and warehouses (net value: EUR 84,610 thousand), civic buildings in Milan and Rome used as offices (net value: EUR 8,365 thousand) and land largely relating to the Sarroch and Arcola sites belonging to the Parent Company and subsidiary Deposito di Arcola S.r.l. respectively (EUR 36,626 thousand).

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

The item “Industrial and commercial equipment” includes equipment for the chemicals laboratory and the control room for subsidiary Sarlux S.r.l.’s refining activities, plus miscellaneous production equipment.

“Other assets” mainly includes tanks and pipelines used to carry the products and crude oil of Group companies (Sarlux S.r.l., 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 EUR 79,351 thousand and mainly related to technological works on plants at Sarroch, particularly the revamping of the MildHydrocracking 2 (MHC2) plant.

The decrease of EUR 158,200 thousand recorded under “Work in progress – Other changes” relates to work finished during the year and consequently recorded under the related asset class, particularly the MHC2 plant mentioned above, which came on stream in the third quarter of 2013.

The main depreciation rates used are as follows:

Industrial buildings (land and buildings)	5.50%
Generic plant (plant and machinery)	8.38% - 6.25%
Highly corrosive plant (plant and machinery)	11.73% - 8.75%
Pipelines and tanks (plant and machinery)	8.38% - 6.25%
Thermoelectric plant (plant and machinery)	4.50%
Wind farm (plant and machinery)	5.00%
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%

From 1 January 2013, subsidiary Sardeolica S.r.l. changed the useful life of the wind turbines from 11 to 20 years. This change in the depreciation period was made in light of the experience gained in the initial years of the facilities' operation. The economic impact of this change is lower depreciation of approximately EUR 4.4 million before taxes.

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

Financial charges of EUR 5,528 thousand (at an annual weighted-average rate of 5.37%) and internal costs of EUR 2,779 thousand were capitalised during the period.

5.2.2 Intangible assets

The following table shows the changes in intangible assets.

COST	31/12/2011	Additions	Disposals	Write-downs	Other changes	31/12/2012
Industrial & other patent rights	51,072	277	(1,603)		(10,609)	39,137
Concessions, licences, trademarks & similar rights	58,521		(69)			58,452
Goodwill	21,909					21,909
Other intangible assets	513,039	985			180	514,204
Assets in progress & payments on account	18,862	4,878	(313)		(1,393)	22,034
Total	**663,403**	**6,140**	**(1,985)**	**0**	**(11,822)**	**655,736**

ACCUMULATED AMORTISATION	31/12/2011	Amortisation	Disposals	Write-downs	Other changes	31/12/2012
Industrial & other patent rights	49,348	2,236	(1,603)	42	(14,494)	35,529
Concessions, licences, trademarks & similar rights	13,437	2,707	(69)	62	49	16,186
Goodwill	0					0
Other intangible assets	222,360	32,810		84		255,254
Total	**285,145**	**37,753**	**(1,672)**	**188**	**(14,445)**	**306,969**

NET	31/12/2011	Additions	Disposals and write-downs	Other changes	(Amortisation / write-downs)	31/12/2012
Industrial & other patent rights	1,724	277	0	3,885	(2,278)	3,608
Concessions, licences, trademarks & similar rights	45,084	0	0	(49)	(2,769)	42,266
Goodwill	21,909	0	0	0	0	21,909
Other intangible assets	290,679	985	0	180	(32,894)	258,950
Assets in progress & payments on account	18,862	4,878	(313)	(1,393)		22,034
Total	**378,258**	**6,140**	**(313)**	**2,623**	**(37,941)**	**348,767**

COST	31/12/2012	Additions	Disposals	Write-downs	Other changes	30/09/2013
Industrial & other patent rights	39,137	162	(750)		51	38,600
Concessions, licences, trademarks & similar rights	58,452		(512)		(260)	57,680
Goodwill	21,909					21,909
Other intangible assets	514,204		(2,090)	(232,455)	(93)	279,566
Assets in progress & payments on account	22,034	3,213	(2,156)		1,399	24,490
Total	**655,736**	**3,375**	**(5,508)**	**(232,455)**	**1,097**	**422,245**

ACCUMULATED AMORTISATION	31/12/2012	Amortisation	Disposals	Write-downs	Other changes	30/09/2013
Industrial & other patent rights	35,529	1,444	(750)		(42)	36,181
Concessions, licences, trademarks & similar rights	16,186	2,028	(346)		(51)	17,817
Goodwill	0					0
Other intangible assets	255,254	16,603	(2,090)		(34)	269,733
Total	**306,969**	**20,075**	**(3,186)**	**0**	**(127)**	**323,731**

NET	31/12/2012	Additions	Disposals	Other changes	(Amortisation / write-downs)	30/09/2013
Industrial & other patent rights	3,608	162	0	93	(1,444)	2,419
Concessions, licences, trademarks & similar rights	42,266	0	(166)	(209)	(2,028)	39,863
Goodwill	21,909	0	0	0	0	21,909
Other intangible assets	258,950	0	0	(59)	(249,058)	9,833
Assets in progress & payments on account	22,034	3,213	(2,156)	1,399	0	24,490
Total	**348,767**	**3,375**	**(2,322)**	**1,224**	**(252,530)**	**98,514**

Amortisation of intangible assets totalled EUR 20,075 thousand and was calculated using the annual rates shown below.

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

There are no significant intangible assets with a finite useful life held for sale.
The main items are set out in detail below.

Concessions, licences, trademarks and similar rights
The item mainly refers to the concessions relating to Estaciones de Servicio Caprabo S.A. (merged into Saras Energia S.A.) for the operation of the service stations in Spain, and to subsidiary Sardeolica S.r.l. for the operation of the Ulassai wind farm, expiring in 2026 and 2035 respectively.

Goodwill
This item mainly relates to goodwill (EUR 21,408 thousand) paid for the purchase of subsidiary Parchi Eolici Ulassai S.r.l.: this goodwill was calculated using a projection of future cash flows from subsidiary Sardeolica 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 signs of impairment. As at 30 September 2013, there were no such signs.

Other intangible assets
Decree Law 69/2013 ("Decreto del Fare") called for the determination of the avoided fuel cost component (CEC) using spot market prices for gas rather than Brent prices as was done in the past for the CIP 6 tariff, which governs the price at which subsidiary Sarlux S.r.l. sells electricity to GSE.

Based on scenarios used for gas prices, the new calculation method results in a slight reduction of the CIP 6 tariff in 2013, which could become greater as of 2014. Based on IAS 36, this has made it necessary to measure the recoverability of the value of the existing agreement between Sarlux S.r.l. and GSE.

As specified in the same accounting standard, the measurement process can be broken down into the following phases:

a) **Definition of the cash-generating units (CGUs):** the complex of plants used for the generation of electricity is identified as a CGU, i.e. as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.
b) **Determination of recoverable value:** in the absence of a binding agreement to sell the asset and an active reference market based on which the fair value can be determined, the recoverable value was determined according to the present value of future cash flows expected to be derived from the CGU. Specifically:
    - the long-term outlook for gas prices was provided by a leading independent company specialising in this sector;
    - the time horizon for cash flows was considered to the end of the electricity sale agreement with GSE (2021). The time horizon greater than three years was based on long-term projected data for the sector and the possibility of actual operating cost projections made in a reasonably reliable manner;
    - a discount rate of 7.5% represents the estimated average cost of capital or WACC;
    - an inflation rate of 2% was estimated for the entire period;
    - the tax rate is based on the rate currently in effect.

Based on the above, the new calculation of the agreement's value in use, which was carried out by an independent expert, resulted in a write-down in the value of the agreement of EUR 232,455 thousand.

Intangible assets in progress and payments on account
This item mainly includes the cost (EUR 17,424 thousand) of natural gas exploration in Sardinia. These costs include capitalisation of internal costs of EUR 93 thousand accrued during the reporting period. No financial charges were capitalised.

5.2.3 Equity investments

The table below shows a list of equity investments held at 30 September 2013, with the main figures relating to each interest.

Company name	HQ	Currency	Share Capital	% owned by Group as of 09-13	% owned by Group as of 12-12	% of Share Capital	Shareholder	% of voting rights	Category
Arcola Petrolifera Srl	Sarroch (CA)	EUR	7,755,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Deposito di Arcola S.r.l.	Arcola (SP)	EUR	1,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie S.p.A.	Assemini (CA)	EUR	3,600,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Ensar S.r.l. and subsidiaries:	Milan	EUR	100,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Alpha Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect subsidiary
Labor Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect subsidiary
Sarint S.A. and subsidiaries:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Energia S.A.	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Reasar S.A.	Luxemburg	EUR	2,225,000	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Sarlux S.r.l.	Sarroch (CA)	EUR	100,000,000	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

There was no change in the basis of consolidation compared with 31 December 2012.

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

5.2.3.1 Other equity interests

Other equity interests break down as follows:

	30/09/2013	31/12/2012
Consorzio Cesma	3	3
Consorzio La Spezia Utilities	7	28
Sarda Factoring	495	495
Total	**505**	**526**

5.2.4 Deferred tax assets

The balance at 30 September 2013 (EUR 223,757 thousand compared with EUR 86,430 thousand at 31 December 2012) mainly consisted of:

- net prepaid taxes of the Parent Company, Saras S.p.A., of EUR 115,954 thousand, including EUR 97,815 thousand still to be used against tax losses under the national corporation tax (IRES) consolidation scheme (EUR 41,824 thousand) and against the additional IRES applicable to the energy sector (EUR 55,991 thousand), excluded from tax consolidation; the amounts in question should be applicable in respect of future taxable income. Specifically, despite part of this additional amount (4%) being valid for the three tax periods following the one ending on 31 December 2010, the corresponding tax asset until 31 December 2012 was considered to be recoverable both because the tax may be reconfirmed for future tax years and because of the possible impact of oil prices on the valuations of inventories as at 31 December 2013;
- net prepaid taxes of the subsidiary Sarlux S.r.l. totalling EUR 93,676 thousand, mainly consisting of prepaid taxes of EUR 161,792 thousand for the straight-line reporting of margins (IAS 17 and IFRIC 14) and deferred taxes of EUR 59,407 thousand relating to excess and accelerated depreciation and amortisation;
- net prepaid taxes of subsidiary Saras Energia S.A. of EUR16,048 thousand, of which EUR 9,900 thousand related to tax assets on tax losses still to be used.

The increase of EUR 137,327 thousand versus 31 December 2012 was mainly due to the elimination of deferred taxes allocated in previous years to reflect the recording under intangible assets of the agreement of subsidiary Sarlux S.r.l. to sell electricity to GSE; this agreement was written down during the period as noted above.

5.2.5 Other financial assets

The balance at 30 September 2013 was EUR 5,483 thousand (EUR 6,089 thousand in the previous year) and mainly comprised the long-term portion of the financial receivable of the Parent Company Saras S.p.A. from Akhela S.r.l. (EUR 4,882 thousand), as well as security deposits granted by the Parent Company Saras S.p.A. and its subsidiary Saras Energia S.A..

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table shows short-term financial liabilities:

	30/09/2013	31/12/2012	Change
Bank loans	41,903	33,239	8,664
Bank accounts	70,608	81,893	(11,285)
Derivative instruments	18,027	45,632	(27,605)
Other short term financial liabilities	35,748	6,233	29,515
Total short-term financial liabilities	**166,286**	**166,997**	**(711)**
Total long-term financial liabilities	**404,614**	**424,891**	**(20,277)**
Total financial liabilities	**570,900**	**591,888**	**(20,988)**

The terms and conditions of the loans are explained in note 5.4.1 “Long-term financial liabilities”.

The “Financial derivatives” item includes the fair value as liabilities of the financial derivatives in place at the reporting date.

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.

	30/09/2013	31/12/2012	Change
Advances from customers: portion due within the period	8,744	6,526	2,218
Payables to suppliers: portion due within the period	1,569,371	1,387,816	181,555
Total	**1,578,115**	**1,394,342**	**183,773**

The item “Customer advances” relates to payments on account received from the Parent Company’s customers for the supply of oil products.
The balance of "Payables to suppliers" includes the payable for the provision of crude oil purchased from Iran, the payment for which continues to be suspended due to restrictions in international banking networks resulting from the total oil embargo decided by the European Union.

5.3.3 Current tax liabilities

This item breaks down as shown below.

	30/9/2013	31/12/2012	Change
VAT payables	108,978	81,180	27,798
IRES (Corporation Tax) and income tax of foreign companies	1,433	5,885	(4,452)
IRAP (Regional Income Tax)	731	2,042	(1,311)
Other tax payables	129,140	72,018	57,122
Total	240,282	161,125	79,157

The change in VAT payables is due to an advance tax payment made in December 2012, as required by law, but not due for the year.
IRES payables include the balance accrued by Italian companies in the energy sector for the additional 10.5% (Robin Hood tax).
The item "Other tax payables" chiefly includes excise duties on products introduced to the market by subsidiaries Arcola Petrolifera S.r.l. (EUR 116,000 thousand) and Saras Energia S.A. (EUR 6,763 thousand). The increase was largely due to advance payments of excise duties made only in December, as required by regulations.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below.

	30/9/2013	31/12/2012	Change
Social security payables: portions due within one period	10,414	9,494	920
Due to personnel	23,360	17,066	6,294
Payables to Ministry for grants	16,561	41,297	(24,736)
Other payables	22,752	25,402	(2,650)
Other accrued liabilities	1,257	798	459
Other deferred income	853	733	120
Total	**75,197**	**94,790**	**(19,593)**

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

The item "Payables to ministry for grants" mainly includes the advance received from the Ministry of Economic Development, for which the final concession decree has yet to be obtained by the subsidiary Sardeolica S.r.l. for the construction of the Ulassai wind farm (EUR 15,679 thousand). As already noted in section 5.2.1 "Property, plant and equipment", the decrease was due to the granting of the final concession decree of 14 May 2013 related to grants received by the Parent Company to support the Programme Agreement signed on 10 June 2002 (EUR 24,737 thousand).
The item “Other payables” mainly relates to port duties as determined by the customs authority in respect of the Parent Company (EUR 15,115 thousand); please note that the initial phase of the Company’s long-standing dispute with the Italian tax authority regarding port duties payable for the Sarroch landing dock for the 1994-1995 period was settled to the full satisfaction of Saras, after the Court of Cassation found in favour of the Company and issued a definitive ruling declaring that the duties were not due.
In the second phase of the dispute, the Court of Cassation ruled against the Parent Company in March 2012, in part due to regulatory amendments that had been introduced in the intervening period.
As a result of this dispute, the entire amount relating to port duties for the current year, as well as for previous years, has always been booked on an accruals basis under “Cost of services and sundry costs”.

5.4 Non-current liabilities

5.4.1. Long-term financial liabilities

This item breaks down as follows:

	30/09/2013	31/12/2012	Change
Euro Bond	249,098	248,724	374
Bank loans	155,516	176,167	(20,651)
Total long-term financial liabilities	**404,614**	**424,891**	**(20,277)**

On 16 July 2010, the Parent Company Saras S.p.A., an unrated company, carried out a five-year bond issue aimed solely at institutional investors, with a nominal value of EUR 250 million. 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.
Market values from the relevant stock market are not available for the bond. The current value of the related cash flows discounted using the market rate does not vary significantly from the carrying value in the financial statements.
On 27 June 2012, the Parent Company entered into an agreement with a group of leading national and international banks for a five-year loan of EUR 170 million. This is a senior loan is not backed by collateral. It bears an interest rate of EURIBOR plus a fixed annual component and is repayable in nine half-yearly instalments, of which the first, equal to 5% of the capital, is due on 27 June 2013 and the last on 27 June 2017.

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

Figures in Euro million	Loan origination date	Amount originally borrowed	Base rate	Net Book value at 31/12/12	Net Book value at 30/09/13	Maturity			Collateral
						1 year	from 1 to 5 years	beyond 5 years	
Saras S.p.A.									
Loan in pool	03-Jul-12	170.0	Euribor 6M	167.8	159.7	31.7	128.0		
				167.8	**159.7**	**31.7**	**128.0**		
Saras Energia S.A.									
Banco Santander	27-Jul-12	5.0	Euribor 12M	5.0	5.0	2.5	2.5		
				5.0	**5.0**	**2.5**	**2.5**		
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	36.6	32.7	7.7	25.0		
				36.6	**32.7**	**7.7**	**25.0**		
Total payables to banks for loans				**209.4**	**197.4**	**41.9**	**155.5**		

The weighted average interest rate at 30 September 2013 was 4.88%.

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

- in financial terms, it will have to meet the following ratios: net debt / EBITDA < 3.25 and net debt / shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements at June 30 (for the previous year) and December 31 each year.
- in corporate terms, mainly in relation to ownership structure, a ban on changing business activities, reducing the share capital, selling the majority of its significant shareholdings or selling a significant portion of its non-current assets;
- as regards dividends, it is allowed to pay out a maximum amount of 60% of consolidated adjusted net profit provided that it complies with the net debt / EBITDA ratio covenant even after this distribution. The covenant in question is consistent with the policy adopted some time ago by the Parent Company.

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

The loan taken out by Sardeolica S.r.l. with a pool of banks (led by Banca Nazionale del Lavoro) on 6 December 2005 was divided into five credit lines. The loan is repayable in half-yearly instalments by the end of 2016 and bears a variable interest rate of Euribor plus another variable component.
This loan agreement imposes certain covenants on the subsidiary:

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

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

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

The covenants relating to the above-mentioned loans were satisfied as at the last contractual deadline.

5.4.2 Provisions for risks and charges

Provisions for risks and charges break down as follows:

	31/12/2011	Additions	Decrease for use and reversals	Other changes	31/12/2012
Provisions for dismantling of plants	18,429	407	0	0	18,836
Provisions for CO2 allowances	45,818	17,924	(39,934)	78	23,886
Other risk provisions	13,020	1,143	(4,462)	(32)	9,669
Total	**77,267**	**19,474**	**(44,396)**	**46**	**52,391**

	31/12/2012	Additions	Decrease for use and reversals	Other changes	30/09/2013
Provisions for dismantling of plants	18,836	122	0	0	18,958
Provisions for CO2 allowances	23,886	10,917	(23,896)	10	10,917
Other risk provisions	9,669	34	(626)	0	9,077
Totale	**52,391**	**11,073**	**(24,522)**	**10**	**38,952**

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

The provision for CO_2 emission quotas (EUR 10,917 thousand) was made pursuant to Legislative Decree 216 of 4 April 2006, which introduced limits on CO_2 emissions from plants. If these limits are exceeded, allowances covering the excess amount of CO_2 must be purchased on the appropriate market. The provision in question includes allowances required and not yet purchased.

Until 30 June 2013, Parent Company Saras S.p.A. was responsible for the CO_2 emissions of the whole Sarroch production site, including the IGCC plant of subsidiary Sarlux S.r.l.; from 1 July 2013, following the transfer of the refining division mentioned above, Sarlux S.r.l. assumed responsibility for the whole Sarroch site.

The EU Allocation Plan, valid for the period 2013-2020, is still being defined; currently there is no indication of the completion time for the procedure which, as things stand, is likely to stipulate a general allocation for the entire EU with a maximum ceiling of free allowances that can be assigned. Based on Decision 2011/278/EC, the Sarroch production site was assigned a preliminary annual allowance of 2,601,956 tonnes of CO_2, which in the absence of related provisions, was divided in proportion to allocations set out in the previous allocation plan for the 2008-2012 period. Specifically:

- 2,157,918 tonnes of CO_2 for the refinery plants, which had emitted 1,621,320 tonnes of CO_2 as at September 30. A provision was made for the shortfall for the period, net of purchases, of 41,063 tonnes, worth EUR 186 thousand;
- 444,038 tonnes of CO_2 for the cogeneration plant, which had emitted 2,698,410 tonnes of CO_2 as at September 30. A provision was made for the shortfall for the period, net of purchases, of 2,367,820 tonnes, worth EUR 10,731 thousand;

Over the period, EUR 23,896 thousand was used from the provisions (EUR 2,815 thousand for Saras and EUR 21,081 thousand for Sarlux) to purchase (and deliver) allowances pertaining to the previous year; CO_2 quotas already held by the Group are taken into account in determining the provision.

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

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	30/09/2013	31/12/2012	Change
Employee end-of-service payments	13,405	13,833	(428)
Other supplementary provisions	6,831	8,992	(2,161)
Total	**20,236**	**22,825**	**(2,589)**

Provisions for severance payments (the TFR provision) are governed by article 2120 of the Italian Civil Code and reflect the estimated amount, based on actuarial estimates, that the Company will be required to pay employees when they leave their employment.

On 30 June 2010, following the cancellation by the Parent Company of the agreements establishing CPAS, the Company’s supplementary employee pension fund, the fund was dissolved and put into liquidation, with workers given the option of transferring the contributions accrued 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 the TFR provision.

Balance at 31.12.2011	12,852
Accruals	8,411
Deductions	(2,051)
Payments to supplementary pension schemes (such as INPS treasury fund)	(5,379)
Balance at 31.12.2012	**13,833**
Accruals	4,535
Deductions	(428)
Payments to supplementary pension schemes (such as INPS treasury fund)	(4,535)
Balance at 30.09.2013	**13,405**

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

Balance at 31.12.2011	10,447
Accrual for the year	0
Amount used during the year	(1,455)
Balance at 31.12.2012	8,992
Accrual for the period	0
Amount used during the period	(2,161)
Balance at 30.09.2013	6,831

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 3,505 thousand, relate to the subsidiary Reasar S.A..

5.4.5 Other non-current liabilities

Other non-current liabilities break down as follows:

	30/9/2013	31/12/2012	Change
Payables to welfare and social security bodies	57	75	(18)
Deferred income	424,186	420,012	4,174
Other	2,612	2,613	(1)
Total	**426,855**	**422,700**	**4,155**

The change compared with 31 December 2012 is mainly due to the decrease in “Deferred income” posted by the subsidiary Sarlux S.r.l.. The item in question relates to the agreement for the sale of energy between Sarlux S.r.l. and GSE, which was accounted for according to IFRIC 4. Revenues from the sale of energy are calculated on a straight-line basis since the electricity supply contract, pursuant to IAS 17 (Leases) and IFRIC 4 (Determining Whether an Arrangement Contains a Lease), has been recognised as a contract regulating the use of the plant by the customer of Sarlux S.r.l., meaning that it is comparable to an operating lease. Such revenues have therefore been stated on a straight-line basis in accordance with both the duration of the contract (20 years) and forecasts for the price of crude oil and gas, which constitute determining factors for electricity tariffs and electricity production costs. The straight-line reporting at 30 September 2013 incorporates the impact of the reduction in the avoided fuel cost component (CEC) starting in 2013 until the end of the agreement as provided for by Decree Law 69/2013.

5.5 Shareholders’ equity

Shareholders’ equity comprises the following:

	30/09/2013	31/12/2012	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	1,126,776	1,219,718	(92,942)
Profit/(Loss) for the period	(237,641)	(88,576)	(149,065)
Total Shareholders Equity	**954,691**	**1,196,698**	**(242,007)**

The “Net profit” and “Other reserves” items of the previous year (originally EUR 90,101 thousand and EUR 1,221,243 thousand) were adjusted to account for actuarial losses totalling EUR 1,525 thousand net of the related tax effect, in line with the provisions of IAS 19R, as shown under section 3 "Accounting standards applied."

Share capital

At 30 September 2013, the share capital of EUR 54,630 thousand, fully subscribed and paid up, comprised 951,000,000 ordinary shares without par value.

Legal reserve

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

Other reserves

This item totalled EUR 1,126,776 thousand, a net decrease of EUR 92,942 thousand compared with the previous year.

This net decrease was the combined result of:

- the decrease of profit allocated from the previous year of EUR 88,576 thousand;
- a reduction for the purchase of treasury shares totalling EUR 5,943 thousand, corresponding to 5,689,270 shares at an average price of EUR 1.04;
- a rise of EUR 1,604 thousand in the reserve for the bonus allocation of shares to employees and management under the companies' stock grant plans.
- a decrease of EUR 27 thousand due to the translation of financial statements in foreign currency.

Furthermore, other reserves reflect the IAS 19 actuarial effect (TFR) of EUR 335 thousand.

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

Net profit/(loss)
The consolidated net loss for the period totalled EUR 237,641 thousand.

Dividends
On 24 April 2013, the ordinary shareholders' meeting of Saras S.p.A. voted not to pay any dividends.

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:

	30/09/2013	30/09/2012	Change
Sales and services revenues	7,869,375	8,435,481	(566,106)
Sale of electricity	370,951	439,569	(68,618)
Other revenues	10,514	7,598	2,916
Change in contract work in progress	18	771	(753)
Total	**8,250,858**	**8,883,419**	**(632,561)**

Sales and services revenues decreased by EUR 566,106 thousand compared with the same period of the previous year. This was due to the fall in oil product prices.

Revenues from the sale of electricity include EUR 361,876 thousand relating to the gasification plant of subsidiary Sarlux S.r.l. and EUR 9,075 thousand relating to the wind farm of subsidiary Sardeolica S.r.l..

Revenues from the sale of electricity by Sarlux S.r.l., which operates in accordance with the CIP 6/92 regulation, reflect the reporting of income on a straight-line basis as required by IAS 17 and IFRIC 4, calculated according to the remaining duration of the agreement that expires in 2021. For these purposes, the main item considered was the amount of the CIP 6/92 tariff, which was specified on the basis of guidelines provided by independent experts regarding future prices for crude oil and gas and the EUR/USD exchange rate until the contract expires.
As indicated in section 5.2.2 above ("Intangible assets"), Decree Law 69/2013 changed the criteria for calculating the avoided fuel cost component (CEC), using gas prices rather than crude oil prices as a reference point; this amendment resulted in a reduction in projected revenues, particularly from 2014. As a result of the straight-line reporting mechanism, the reduction has been taken into account in these financial statements.

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

6.1.2 Other income

The following table shows a breakdown of other income.

	30/09/2013	30/09/2012	Change
Revenues for stocking of mandatory supplies	6,528	4,961	1,567
Sales of sundry materials	2,571	4,881	(2,310)
Grants	14,168	8,724	5,444
Chartering of tankers	691	1,795	(1,104)
Recovery for claims and damages	67	776	(709)
Reimbursement of emission trading charges	9,992	18,127	(8,135)
Other income	43,707	16,845	26,862
Total	**77,724**	**56,109**	**21,615**

The item "Grants" mainly includes the revenues from green certificates obtained by the subsidiary Sardeolica S.r.l.. The change was due both to the increase in prices and to the quantity of green certificates, with the latter due to greater energy production.

The item "Reimbursement of emissions trading charges" comprises income posted by the subsidiary Sarlux S.r.l., deriving from the reimbursement – pursuant to section II, point 7-bis of CIP Provision 6/92 – of charges relating to the application of Directive 2003/87/EC (Emissions Trading), as per AEEG Resolution 77/08. The decrease compared with the same period of the previous year was due to smaller allowances and to the change in the price of these allowances (from EUR 7.29 per allowance in 2012 to EUR 4.15 per allowance in 2013).

The item "Other income" mainly includes income related to energy efficiency credits (white certificates totalling EUR 11,282 thousand) accrued during the period, and the release of depreciation accrued in previous periods (EUR 23,573 thousand) as a result of the final concession decree for grants related to the programme agreement entered into with the Ministry of Economic Development on 10 June 2002, sent by the Parent Company Saras S.p.A. on 14 May 2013

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, spare parts and consumables

	30/09/2013	30/09/2012	Change
Purchases of raw materials	6,590,079	6,824,536	(234,457)
Purchases of semifinished materials	37,587	132,817	(95,230)
Purchases of spare parts and consumables	50,905	51,918	(1,013)
Purchases of finished products	1,294,452	1,170,902	123,550
Change in inventories	(176,024)	14,560	(190,584)
Total	**7,796,999**	**8,194,733**	**(397,734)**

The change in this item, as already discussed under revenues, was due to the decline in oil product prices.

6.2.2 Cost of services and sundry costs

	30/09/2013	30/09/2012	Change
Service costs	374,647	404,501	(29,854)
Use of third-party assets	10,447	10,729	(282)
Provisions for risks and charges	10,917	22,044	(11,127)
Other operating charges	8,915	4,488	4,427
Total	**404,926**	**441,762**	**(36,836)**

Service costs mainly comprise maintenance, rentals, transport, electricity and other utilities, as well as costs for bank charges.
The fall of EUR 29,854 thousand compared with the previous year was mainly due to the decrease in rentals and transport costs.

The item “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).

This item comprises EUR 1,722 thousand relating to the rental of the building that houses the registered office of the Parent Company Saras S.p.A., in Milan. The cost has been reported on a straight-line basis pursuant to IAS 17 – Leases, supplemented by IAS 1, IAS 8 and SIC Interpretation 15, for the eight-year duration of the contract, which expires on 30 September 2015. Minimum future payments under the terms of the contract are EUR 2,300 thousand for the next year and €2,300 thousand for the following years up to five years. The annual rental payments are pegged to the ISTAT consumer price index for the families of manual workers and office workers; the contract will be renewed for a further eight-year period at the expiry date, and at every subsequent expiry date, unless cancelled with at least 12 months’ notice.

Provisions for risks mainly consist of a provision relating to CO_2 allowances for the period that had not yet been purchased as at 30 September 2013. The change from the same period of the previous year is mainly due to the fall in the value of allowances.

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

6.2.3 Personnel costs

Personnel costs are broken down as follows:

	30/09/2013	30/09/2012	Change
Wages and salaries	70,554	70,042	512
Social security	21,027	20,502	525
Employee end-of-service payments	4,535	4,560	(25)
Other costs	2,660	3,028	(368)
Directors' remuneration	2,805	2,805	0
Total	**101,581**	**100,937**	**644**

The 2007-2009 and 2010-2012 stock grant plans, which are for senior managers at the Parent Company, and senior managers and directors of the subsidiaries, individually identified by the Board of Directors of the Parent Company, matured in April 2013.
The plans entailed the allocation of 1,368,390 and 6,954,566 shares respectively (at a cost of EUR 833 thousand for 2013).

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

On 24 April 2013, the shareholders' meeting approved the "Plan to grant free Company shares to management of the Saras Group" (the "2013-2015 stock grant plan" or the "Plan"), assigning the Board of Directors all powers necessary and appropriate to implement the Plan.

Recipients of the Plan are:
- managers with strategic responsibilities within the Company
- directors of Italian and/or foreign companies controlled by the Company
- other eligible persons in the Group, including those with an independent employment contract

Each beneficiary is assigned the right to receive free shares upon achieving performance objectives determined in relation to the performance of Saras' Total Shareholder Return (TSR) compared to the TSR of a group of industrial companies on the FTSE Italia Mid Cap Index (the "Peer Group"). TSR is calculated as the change in the value of Saras shares and the shares of the Peer Group during the three-year period 2013-2015; the change will be calculated using as a reference the initial value (average value of shares recorded on the Milan Stock Exchange from 1 October 2012 to 31 December 2012) and the end value (average value of shares recorded on the Milan Stock Exchange from 1 October 2015 to 31 December 2015).

The maximum number of shares covered by the Plan is 9,500,000. Shares are to be delivered within six months of the end of the Plan, and the beneficiary undertakes not to sell, transfer, dispose of or subject to any restriction 20% of the shares for a period of 24 months from the delivery date.

On 8 August 2013, the Board of Directors set the maximum number of shares to be assigned to individual beneficiaries, with a cost of EUR 587 thousand in these financial statements.

6.2.4 Depreciation and amortisation

Depreciation and amortisation figures are shown below.

	30/09/2013	30/09/2012	Change
Amortisation of intangible assets	20,075	28,278	(8,203)
Write-downs of intangible assets	232,455	0	232,455
Depreciation of tangible assets	120,103	126,895	(6,792)
Total	**372,633**	**155,173**	**217,460**

As described in section 5.2.2 "Intangible assets," the write-down refers to the existing agreement between the subsidiary Sarlux S.r.l. and GSE.

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	30/09/2013	30/09/2012	Change
Financial income:			
- from financial assets recorded under current assets	0	2	(2)
Other income			
- Interest on bank and post office accounts	548	555	(7)
- Fair value of financial assets held for trading		0	0
- Fair value of derivatives held at the reporting date	21,873	73,576	(51,703)
- Positive differences on derivatives	64,215	80,723	(16,508)
- Other income	715	396	319
Exchange gains	81,442	94,587	(13,145)
Total Financial Income	**168,793**	**249,839**	**(81,046)**
Financial charges :			
- from non-consolidated Group companies			0
- Fair value of derivatives held at the reporting date	(13,319)	(67,059)	53,740
- Fair value of financial assets held for trading		0	0
- Negative differences on derivatives	(83,523)	(127,520)	43,997
- Other (interest on loans, late payment interest, etc.)	(20,204)	(24,714)	4,510
Exchange losses	(70,440)	(77,135)	6,695
Total Financial Charges	**(187,486)**	**(296,428)**	**108,942**
Total	**(18,693)**	**(46,589)**	**27,896**

The table below shows net income/charges by type:

	30/09/2013	30/09/2012	Change
Net interest income / (expense)	(19,656)	(24,159)	4,503
Net result from derivative financial instruments	(10,754)	(40,280)	29,526
- realised	*(19,308)*	*(46,797)*	*27,489*
- fair value of the open positions	*8,554*	*6,517*	*2,037*
Net exchange gains/(losses)	11,002	17,452	(6,450)
Other	715	398	317
Total	**(18,693)**	**(46,589)**	**27,896**

The fair value of outstanding derivatives at 30 September 2013 represented net income of EUR8,554 thousand, compared with net income of EUR 6,517 thousand in the same period of the previous year.

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

6.4 Income tax

Income tax breaks down as follows:

	30/09/2013	30/09/2012	Change
Current taxes	7,996	19,361	(11,365)
Deferred tax liabilities/(assets), net	(136,605)	(11,375)	(125,230)
Total	**(128,609)**	**7,986**	**(136,595)**

Current taxes consist mainly of additional IRES calculated, where due, on the taxable income for the period of Italian companies, at a rate of 10.5% for the three-year period 2011-2013 (EUR 5,344 thousand), and of regional production tax (IRAP) (EUR 2,652 thousand).

Deferred tax income/expense refers to changes during the period in the temporary differences between values recorded in the financial statements and those recognised for tax purposes, mainly due to the elimination of deferred taxes allocated by the subsidiary Sarlux S.r.l. to cover the write-down of the electricity sales agreement with GSE (EUR 95,213 thousand) and the recording of the tax asset for tax losses for IRES purposes (as well as the related additional tax) for Italian companies (EUR 22,433 thousand).

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.r.l. and Sarlux S.r.l. were subject to tax audits and assessments by the tax authorities that led, in some cases, to disputes pending before tax courts.
Although the decisions made by the tax courts were not consistent, the Company assumes that any liability is unlikely to be incurred in the near future.
Moreover, with reference to the subsidiary Sarlux S.r.l., please note that companies producing electricity that is not from renewable sources or cogeneration (as defined by AEEG Resolution 42/02) are required to purchase green certificates in respect of a certain percentage of electricity introduced into the grid. In 2007, in subsequently coming to a different interpretation of the resolution, a specially created AEEG committee ruled that the subsidiary was 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 2011. The liabilities arising from this dispute, as determined by GSE, which has already adopted this interpretation, are estimated at approximately EUR 32 million (for the acquisition of green certificates that have already been bought, as required by GSE); however, these liabilities would qualify for partial relief pursuant to section II, point 7-bis of CIP Provision 6/92 in respect of costs arising from article 11 of Legislative Decree 79/99 in application of AEEG Resolution 113/06, as supplemented by AEEG Resolution ARG/elt 80/08, of around EUR 14 million (the refund was made during the previous year through the electricity equalisation fund – CCSE). If the aforementioned interpretation of the committee is confirmed, the obligation in question would be extended to financial year 2009, for which the subsidiary in any event already purchased and delivered the related green certificates in May 2011 totalling approximately EUR 12 million with a related refund estimated at around EUR 7 million.
For 2011 production, in March 2012, subsidiary Sarlux S.r.l. submitted the cogeneration declaration pursuant to the requirements of Resolution 42/02 as in previous years, since it considered this resolution was still in effect. GSE instead ruled that starting with the 2012 obligation (2011 production), the only reference regulation was that for High Yield Cogeneration as set out in the Ministerial Decree of 4 April 2011, and therefore rejected the company's request. As a result, Sarlux S.r.l. lodged an appeal with the TAR. However, in order to avoid incurring administrative penalties, the company purchased green certificates as per GSE's calculation totalling approximately EUR 21 million, and immediately forwarded the reimbursement request to the AEEG. In addition, based on further clarifications with GSE, Sarlux S.r.l. submitted to GSE a request to review the High Yield Cogeneration valuation for 2011 production.
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 Council of State (Consiglio di Stato) and believes that its appeal will be successful. As a result, no provision was made in the financial statements at 30 September 2013 for this case.

7.2 Early withdrawal from CIP 6/92 agreement

Based on the provisions of article 3, paragraph 1 of the Ministry for Economic Development Decree of 2 December 2009, on 16 December 2009 Sarlux S.r.l., as a party to an agreement signed under the CIP 6/92 provision 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, on a non-binding basis.
GSE determined the fees payable to terminate the agreement, and the Ministry for Economic Development subsequently extended the deadline for presentation of the binding application for voluntary early withdrawal from the CIP6 agreement to 30 September 2014.
The company is assessing its options in order to arrive at a decision by the deadline.

7.3 Transactions with related parties

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

7.4 Other

Please see the report on operations for details on atypical and/or unusual transactions.

There are no major updates to report on the accidents that occurred on 26 May 2009 and 12 April 2011. 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 231/2001 in regard to the 2009 accident, are still pending.
With regard to the 2011 accident, preliminary investigations were completed in the first half of 2013. We are awaiting the decisions on merits.