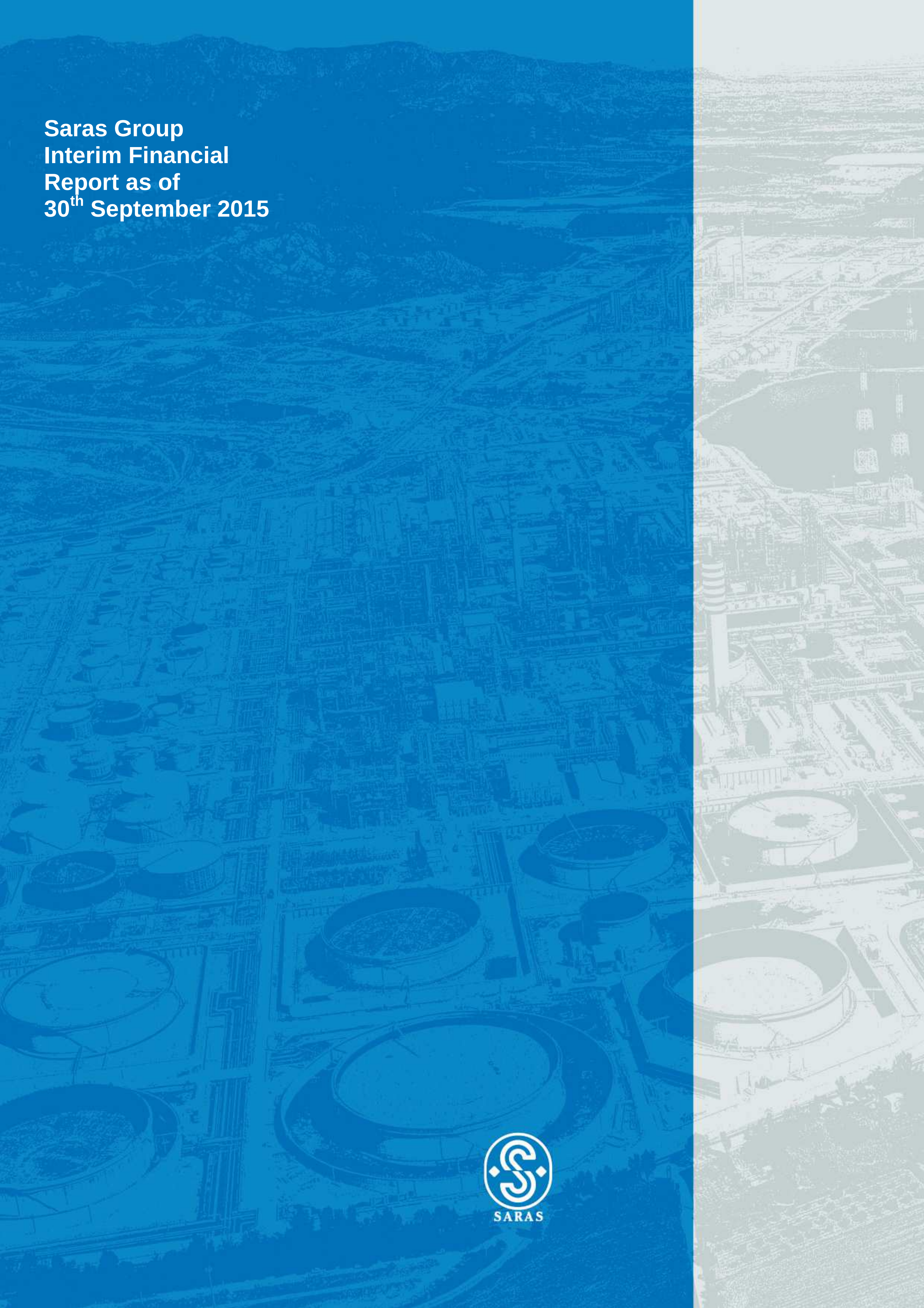
Saras Group Interim Financial Report as of 30th September 2015



SARAS

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Statutory and Control Bodies

BOARD OF DIRECTORS

GIAN MARCO MORATTI	Chairman
MASSIMO MORATTI	Chief Executive Officer
ANGELO MORATTI	Vice Chairman
DARIO SCAFFARDI	Executive Vice President and General Manager
ANGELOMARIO MORATTI	Director
GABRIELE MORATTI	Director
GABRIELE PREVIATI	Director
IGOR IVANOVICH SECHIN	Director *
GILBERTO CALLERA	Independent Director
ADRIANA CERRETELLI	Independent Director
LAURA FIDANZA	Independent Director
ISABELLE HARVIE-WATT	Independent Director

BOARD OF STATUTORY AUDITORS

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

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

FRANCO BALSAMO	Chief Financial Officer

INDEPENDENT AUDITING FIRM

RECONTA ERNST & YOUNG SpA

* Independent Director elected by the Minority list of Shareholders

Group Activities

The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Group's refinery is situated in Sarroch, on the South-Western coast of Sardinia, and it is one of the biggest and most complex sites in the Mediterranean area. Owned and managed by the subsidiary Sarlux Srl, the refinery enjoys a strategic location at the heart of the Mediterranean Sea and is regarded as a model of efficiency and environmental sustainability, thanks to a wealth of know-how, technology and human resources accumulated in more than 50 years of business. With a production capacity of 15 million tons per year (or 300,000 barrels per day), the Sarroch refinery accounts for about 15% of Italy's total refining capacity.

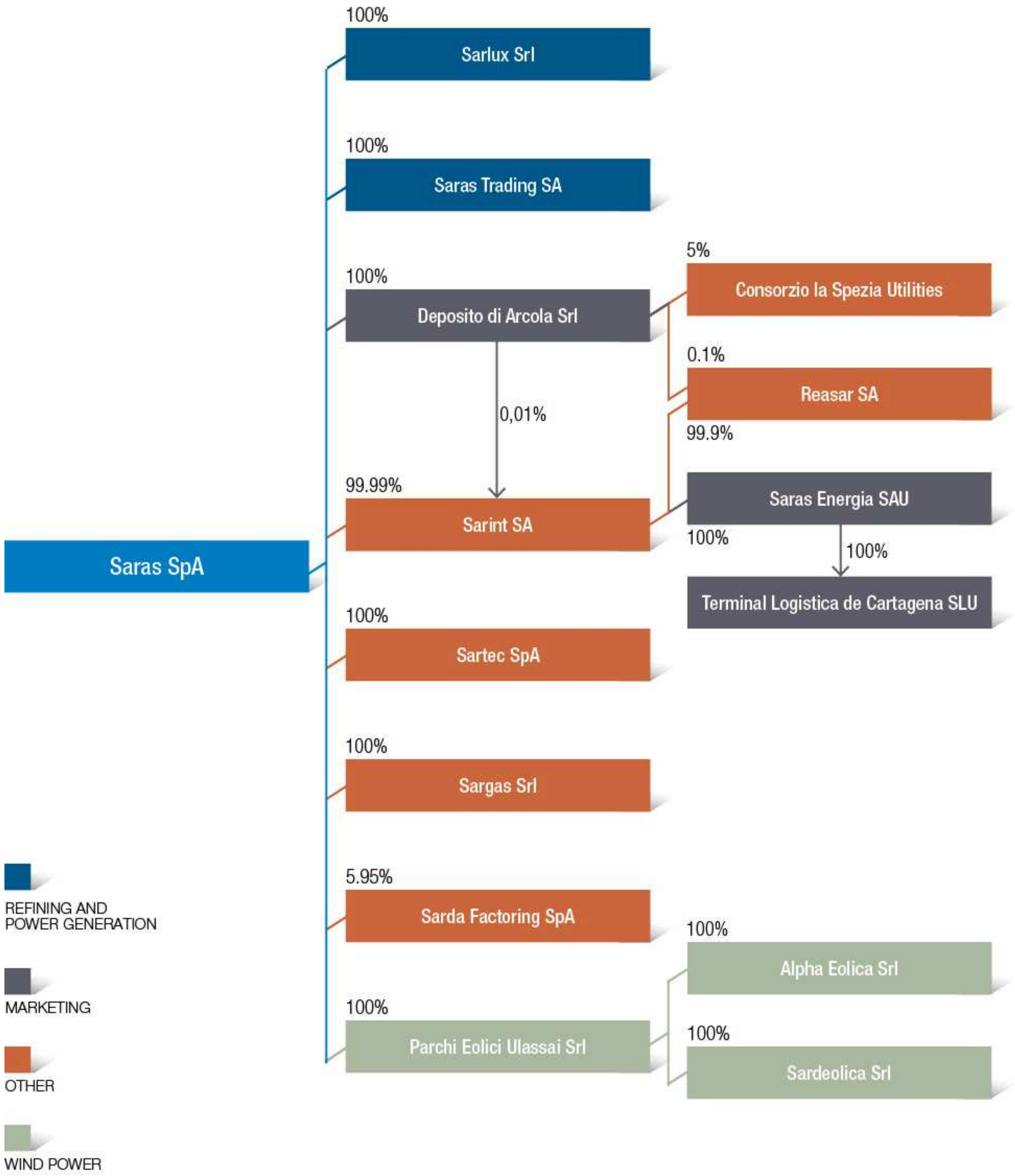
Both directly and through its subsidiaries, the Saras Group sells and distributes oil products including diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel, mainly on the Italian and Spanish markets, but also in various other European and extra-EU countries. In particular, in 2014 approximately 2.45 million tons of oil products were sold in the Italian wholesale market, and a further 1.23 million tons of oil products were sold in the Spanish market through the subsidiary Saras Energia SAU, which is active both in the wholesale and in the retail channels.

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

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

Structure of the Saras Group

The following picture illustrates the complete structure of the Saras Group and the various business Segments, with the main companies involved in each segment, as of 30th September 2015.



Saras Stock Performance

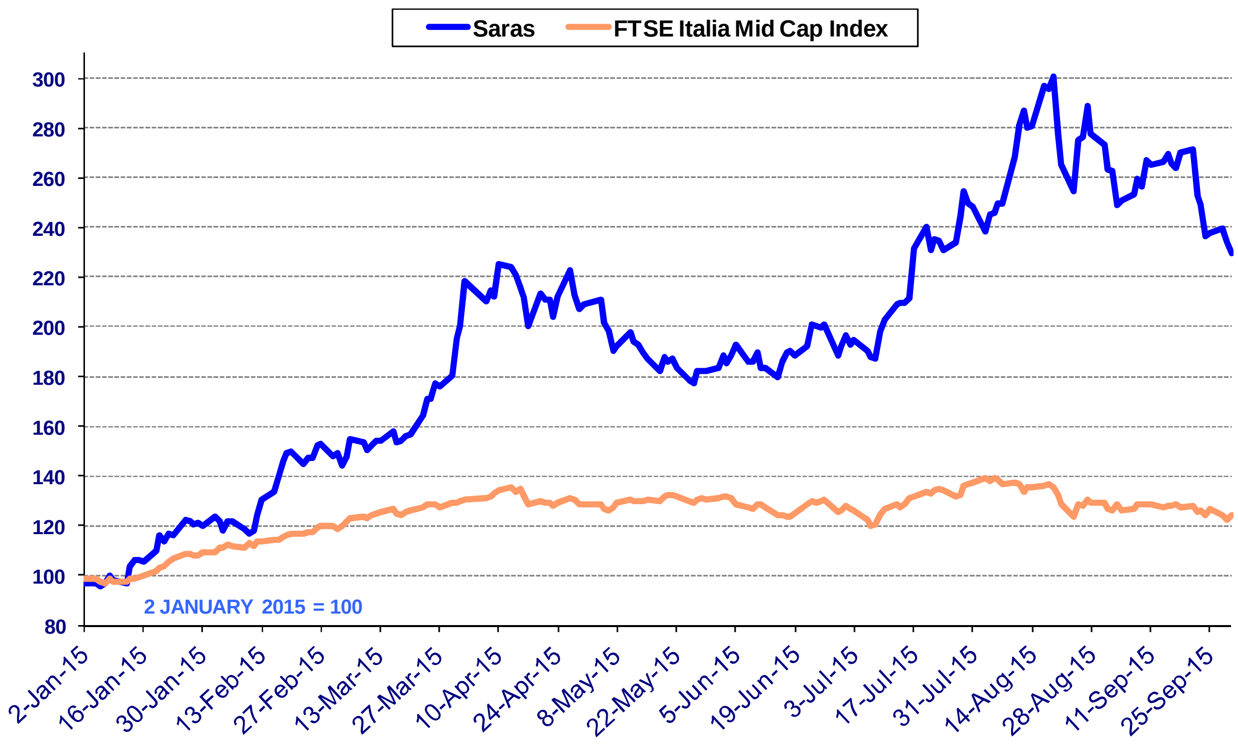
The following data relate to Saras' share prices and the daily volumes, traded during the first nine months of 2015.

SHARE PRICE (EUR)	9M/15
Minimum price (06/01/2015)	0.7935
Maximum price (19/08/2015)	2.492
Average price	1.607
Closing price at the end of the first nine months of 2015 (30/09/2015)	1.900

DAILY TRADED VOLUMES	9M/15
Maximum traded volume in EUR million (12/08/2015)	82.8
Maximum traded volume in number of shares (million) (12/08/2015)	34.8
Minimum traded volume in EUR million (09/01/2015)	0.4
Minimum traded volume in number of shares (million) (09/01/2015)	0.5
Average traded volume in EUR million	10.8
Average traded volume in number of shares (million)	6.2

The Market capitalization at the end of the first nine months of 2015 was equal to approximately EUR 1,807 million and the number of shares outstanding was approximately 925 million.

The following graph shows the daily performance of Saras' share price during the first nine months of 2015, compared to the "FTSE Italia Mid Cap" Index of the Italian Stock Exchange:



REPORT ON OPERATIONS

Key financial and operational Group Results[1]

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

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

Group consolidated income statement figures

EUR Million	Q3/15	Q3/14	Change %	Q2/15	9M/2015	9M/2014	Change %
REVENUES	1,960	2,458	-20%	2,728	6,673	7,995	-17%
EBITDA	87.0	(19.5)	546%	339.2	561.9	(3.9)	14507%
Comparable EBITDA	**214.6**	**18.5**	**1059%**	**252.2**	**611.0**	**32.8**	**1760%**
EBIT	32.0	(69.5)	146%	260.8	371.4	(151.8)	345%
Comparable EBIT	**159.6**	**(31.5)**	**607%**	**196.6**	**443.4**	**(113.8)**	**489%**
NET RESULT	46.6	(43.4)	207%	155.9	276.7	(126.7)	318%
***Adjusted* NET RESULT**	**109.8**	**(29.5)**	**472%**	**132.5**	**296.8**	**(108.3)**	**374%**

Other Group figures

EUR Million	Q3/15	Q3/14		Q2/15	9M/2015	9M/2014	
NET FINANCIAL POSITION	**42**	**(128)**		**72**	**42**	**(128)**	
CAPEX	**20.6**	**49.7**		**21.4**	**64.7**	**91.4**	

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

Comments to First Nine Months of 2015 results

Group Revenues in 9M/15 were EUR 6,673 million, down versus EUR 7,995 million in 9M/14. This change is due to the drop in oil prices versus the same period of last year, with consequently lower revenues generated by the Refining segment (down by approx. EUR 875 million) and by the Marketing segment (down by approx. EUR 420 million). More precisely, gasoline quotations had an average of 589 $/ton in 9M/15 (versus 974 $/ton in 9M/14), and diesel quotations stood at an average of 524 $/ton (versus 905 $/ton in 9M/14). Revenues from the other segments, however, had only minor changes.

Group *reported* EBITDA in 9M/15 was EUR 561.9 million, increased from EUR -3.9 million in 9M/14. The difference is almost entirely due to the Refining segment which was able to capture in full the favourable market conditions, with the refinery units running at full capacity (+19% vs. 9M/14) and achieving substantially larger operating margins than those realized in the first nine months of last year.

Group *reported* Net Result stood at EUR 276.7 million in 9M/15, up from EUR -126.7 million in 9M/14, basically for the same reasons discussed at EBITDA level. Nevertheless, in 9M/15 the charges for depreciation and amortisation stood at EUR 190.5 million (due to the depreciation of some intangible assets in Q2/15), while in 9M/14 depreciation and amortisation charges were equal to EUR 147.9 million. Finally, in the two periods under comparison, the net interest charges have been basically the same, standing at approx. EUR 27 million.

Group *comparable* EBITDA amounted to EUR 611.0 million in 9M/15, up from EUR 32.8 million earned in 9M/14. As per the previous comments made for the *reported* results, the improvement can be primarily attributed to the Refining segment. This trend was reflected all the way down to the bottom line, with the **Group *adjusted* Net Result positive for EUR 296.8 million**, meaningfully up from the Group *adjusted* Net Result of EUR -108.3 million in 9M/14.

CAPEX in 9M/15 was EUR 64.7 million, in line with the investment programme planned for 2015, and mainly directed to the Refining segment (EUR 56.7 million) and, to a lower extent, also to the Power Generation segment (EUR 6.5 million).

Finally, **Group Net Financial Position on 30th September 2015 was positive and equal to EUR 42 million**, improved versus the Net Financial Position on 30th September 2014, which was EUR -128 million.

Comments to Third Quarter 2015 results

Group Revenues in Q3/15 were EUR 1,960 million, versus EUR 2,458 million in Q3/14. The difference can be mainly attributed to the drop in oil prices. In particular, the average price of gasoline was 564 $/ton in Q3/15 (versus 951 $/ton in Q3/14), and the average price of diesel was 482 $/ton (vs. 878 $/ton in Q3/14). The increased refinery runs in the Refining segment (+28% versus the runs in Q3/14), and the higher volumes sold in the Marketing segment (+8%) could only partially offset the effects of the lower oil prices. Consequently, the revenues generated by the Refining segment declined by approx. EUR 315 million and, in a similar manner, the revenues from the Marketing segment decreased by approx. EUR 178 million. Finally, there were no meaningful changes in the revenues generated by the other segments of the Group.

Group *reported* EBITDA in Q3/15 was EUR 87.0 million, increased versus EUR -19.5 million in Q3/14. As already discussed in the comments to the results for the first nine months, also in the third quarter of 2015 the large difference versus the same quarter of last year is mainly due to the excellent results obtained by the Refining segment, which run at full capacity (as it was mentioned in the previous paragraph), and it captured entirely the favourable market conditions. Conversely, the operating margin in Q3/14 was depressed by the harsh market conditions and also by an important five-year maintenance cycle, which began on some key units of the refinery.

Group *reported* Net Result stood at EUR 46.6 million, up from EUR -43.4 million in Q3/14, for the reasons discussed at EBITDA level. On the other hand, in the two quarters under comparison, there was a broad equivalence both for the charges for depreciation and amortisation (EUR 55.0 million, versus EUR 50.0 million in Q3/14), and also for the net interest charges (EUR 7.1 million, versus EUR 10.1 million in Q3/14).

Group *comparable* EBITDA amounted to EUR 214.6 million in Q3/15, up from EUR 18.5 million in Q3/14, mainly thanks to the results of the Refining segment. From this, it follows a **Group *adjusted* Net Income at EUR 109.8 million in Q3/15**, which compares with a Group *adjusted* Net Loss of EUR 29.5 million in Q3/14.

Finally, **CAPEX in Q3/15 was EUR 20.6 million**, of which EUR 18.7 million were used for the Refining segment, in line with the programme for the quarter.

Group *comparable* EBITDA and *adjusted* Net Result

As mentioned at the beginning of this section, "*reported*" figures differ from "*comparable*" and "*adjusted*" figures primarily because of the different methodologies used to evaluate the oil inventories. More specifically, the *reported* (IFRS) figures evaluate oil inventories according to the FIFO methodology, while the *comparable* figures are based on the LIFO methodology. Moreover, the *comparable* and *adjusted* figures do not take into account the "*fair value*" of the open positions of the derivative instruments, and the non-recurring items. The relevance of the various items in Q3/15 and 9M/15 results is shown in the following tables.

Group *comparable* EBITDA

EUR Million	Q3/15	Q3/14	9M/2015	9M/2014
***Reported* EBITDA**	**87.0**	**(19.5)**	**561.9**	**(3.9)**
Inventories at LIFO - inventories at FIFO	85.5	46.8	10.4	46.8
Non-recurring items	0.0	0.0	0.0	0.0
Realized result of derivatives and net FOREX	42.1	(8.8)	38.7	(10.1)
***Comparable* EBITDA**	**214.6**	**18.5**	**611.0**	**32.8**

Group *adjusted* Net Result

EUR Million	Q3/15	Q3/14	9M/2015	9M/2014
***Reported* NET RESULT**	**46.6**	**(43.4)**	**276.7**	**(126.7)**
(Inventories at LIFO - Inventories at FIFO) net of taxes	61.3	30.3	7.4	30.4
Non-recurring items net of taxes	0.0	0.0	17.2	1.2
Fair value of derivatives' open positions net of taxes	1.9	(16.4)	(4.5)	(13.2)
***Adjusted* NET RESULT**	**109.8**	**(29.5)**	**296.8**	**(108.3)**

Net Financial Position

The Net Financial Position on 30th September 2015 was positive and it stood at EUR 42 million, reduced versus the position at the beginning of the year (EUR +108 million). More in details, the strong cash generation from operations and the self-financing from the provisions for depreciation allowed to compensate entirely the CAPEX made during the first nine months of 2015, and also a relevant portion of the changes in Working Capital.

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

Oil Market and Refining Margins

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

Average Values[(1)]	Q1/15	Q2/15	Q3/15	9M/15
Crude Oil prices and differential ($/bl)				
Brent Dated (FOB Med)	53.9	61.9	50.5	55.3
Urals (CIF Med)	53.3	62.2	49.9	55.0
"Heavy-Light" price differential	-0.6	+0.4	-0.6	-0.3
***Crack spreads* for refined oil products ($/bl)**				
ULSD *crack spread*	15.5	15.0	14.1	14.9
Gasoline 10ppm *crack spread*	11.3	17.3	17.0	15.2
Reference Margin ($/bl)				
EMC Benchmark	+4.0	+4.1	+4.8	+4.3

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

Crude oil prices:

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

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

Brent Dated quotations continued to descend also during Q3/15, mainly because of continued oversupply in the crude oil market, along with signals of further deterioration in Chinese macroeconomic conditions. Under these circumstances, on the 24th of August, Brent Dated reached its lowest quotation since 2009, at 41.9 $/bl. Later, towards the end of the quarter, crude oil prices posted a slight recovery, due to news of diminishing tight oil production in the USA. The period closed at 47.2 $/bl, with a quarterly average equal to 50.5 $/bl, down by more than 10 $/bl versus the average of the previous quarter.

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

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

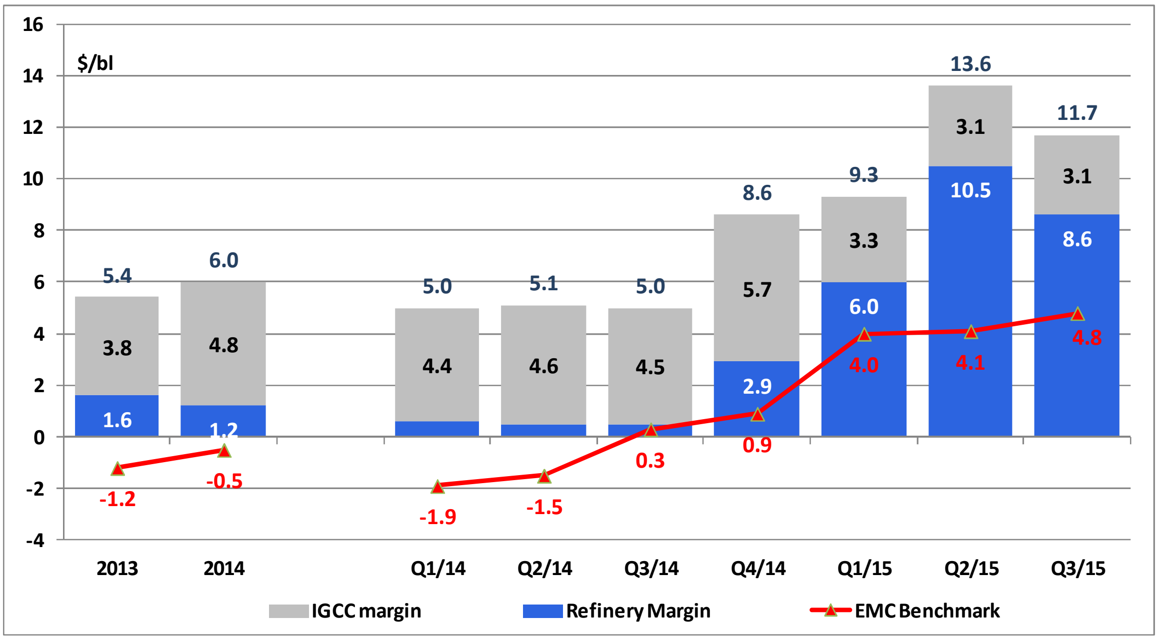
Subsequently, the "heavy-light" differential was positive for almost the entire second quarter, touching a peak value of +1.1 $/bl on June 18th, and also a positive quarterly average, equal to +0.4 $/bl. Such unusual situation came as a consequence of the reduction in "heavy sour" crude availability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

In Q3/15 the "heavy-light" differential reopened, reaching -2.2 $/bl towards the end of July, mainly due to the renewed abundance of Urals crude oil available for export, both from the Baltic ports and from Novorossiysk. Simultaneously, OPEC production of sour crude oils also increased. Therefore, the average of the differential came at -0.6 $/bl in Q3/15.

***Crack spreads* of the main products** (i.e. the difference between the value of the product and the price of the crude):
During Q1/15, the gasoline *crack spread* posted a very strong performance, with a quarterly average equal to 11.3 $/bl. Such performance can be explained with robust demand materialising in the Persian Gulf region and in Central America, at the same time with the shut-down of some refineries in the United States, due to strikes and bad weather. Towards the end of the quarter, the gasoline *crack spread* touched its highest level (+17.6 $/bl on March 25th), coincidentally with the switch to summer grades.
In Q2/15 the gasoline *crack spread* further strengthened thanks to a robust increase in US consumption, at the time of the so called "driving season". This circumstance opened the US East coast to numerous arbitrage cargoes coming from European refineries. As such, the quarterly average for the gasoline *crack spread* stood at 17.3 $/bl in Q2/15, with the highest value of 23.6 $/bl reached on June 16th.
Later, in Q3/15, there was a strong increase in demand for high-octane gasoline in the USA and, at the same time, some American refineries had to be temporarily shut down, due to operational problems and, in some instances, to strikes. This situation reopened the arbitrage towards the USA, and the gasoline *crack spread* reached record-high levels also in Europe. As a consequence, the quarterly average stood at 17.0 $/bl.

Moving to the analysis of the middle distillates, in Q1/15 the crack spread of the automotive diesel remained at a good level, with a quarterly average of 15.5 $/bl, in line with the same quarter of last year, also thanks to the support received from heating gasoil consumption.
Moreover, in Q2/15, the *crack spread* of the auto motive diesel slightly weakened due to the increase in crude oil prices, and notwithstanding the first signals of improvement in consumption, driven by the economic recovery. Overall, the average of the diesel *crack spread* stood at 15.0 $/bl in Q2/15.
Afterwards, for the first part of Q3/15, diesel *crack spread* remained under pressure, especially because of ample stocks both in the USA and in Europe. Starting in August, however, the diesel *crack spread* began to improve, due to the previously discussed decline in crude oil prices, and also to the increase in transportation related to summer tourism. As such, the quarterly average of the diesel *crack spread* stood at 14.1 $/bl.

Refining Margin:
Moving to the profitability analysis of the refining industry, Saras traditionally uses a reference refining margin calculated by EMC (Energy Market Consultants) for a mid-complexity coastal refinery, located in the Mediterranean Sea, which processes a feedstock made of 50% Brent and 50% Urals crude oils.
The above mentioned margin (called "EMC Benchmark") began a progressive recovery in the second half of 2014 (+0.3 $/bl in Q3/14 and +0.9 $/bl in Q4/14), thanks to the drop in crude oil prices. Subsequently, the EMC Benchmark reached very strong levels in 2015 (posting quarterly averages of +4.0 $/bl in Q1/15, +4.1 $/bl in Q2/15, and +4.8 $/bl in Q3/15). Indeed, in a context of crude oil prices stably ranging between 50 – 60 $/bl, consumption of refined oil products started to pick-up and, in particular, the gasoline *crack spread* climbed to record heights.
Finally, as shown in detail in the graph here below, the Saras Group's refinery, thanks to the flexibility and complexity of its industrial units, manages to achieve a refining margin sustainably higher than the EMC Benchmark, with a premium which varies from quarter to quarter, according to the specific market conditions and the performance of the industrial and commercial operations.



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

Segment Review

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

Refining

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

EUR Million	Q3/15	Q3/14	Change %	Q2/15	9M/2015	9M/2014	Change %
EBITDA	37.1	(81.3)	146%	280.3	385.7	(186.9)	306%
***Comparable* EBITDA**	**155.4**	**(43.3)**	**459%**	**196.2**	**434.8**	**(151.3)**	**387%**
EBIT	9.0	(111.6)	108%	233.9	281.0	(274.6)	202%
***Comparable* EBIT**	**127.3**	**(73.6)**	**273%**	**167.7**	**348.1**	**(238.9)**	**246%**
CAPEX	**18.7**	**48.4**		**18.9**	**56.7**	**83.0**	

Margins and refinery runs

		Q3/15	Q3/14	Change %	Q2/15	9M/2015	9M/2014	Change %
REFINERY RUNS	Tons (thousand)	3,672	2,866	28%	3,712	11,090	9,286	19%
	Barrels (million)	26.8	20.9	28%	27.1	81.0	67.8	19%
	Bl/day (thousand)	291	227	28%	298	297	248	19%
COMPLEMETARY FEEDSTOCK	Tons (thousand)	247	104	137%	256	739	398	86%
EXCHANGE RATE	EUR/USD	1.112	1.326	-16%	1.105	1.114	1.355	-18%
EMC BENCHMARK MARGIN	$/bl	4.8	0.3		4.1	4.3	(1.0)	
SARAS REFINERY MARGIN	$/bl	8.6	0.5		10.5	8.4	0.7	

Comments to First Nine Months of 2015 results

Refinery runs in 9M/15 stood at 11.09 million tons (81 million barrels, corresponding to 297 thousand barrels per calendar day), up 19% versus the first nine months of 2014. Indeed, scheduled maintenance activities have been different in the two periods under comparison. Moreover, the favourable market scenario in 9M/15 allowed to push the units up to maximum capacity, while refinery runs were trimmed-down last year for economic reasons.

***Comparable* EBITDA was EUR 434.8 million in 9M/15**, supported by Saras refinery margin at +8.4 $/bl. This compares with *comparable* EBITDA at EUR -151.3 million and Saras refinery margin at +0.7 $/bl in 9M/14. Such wide improvement derives from a combination of factors among which, firstly, the structural change of the market conditions and, in addition to that, also the capabilities of the Saras Group to achieve an excellent operational and commercial performance.

More specifically, when analysing the market conditions, it can be noticed that the strong rebound of the refining margins came as a consequence of the drop in crude oil prices, together with a pick-up in consumption of refined oil products (both themes were already discussed in the section dedicated to the oil market). The reference margin "EMC Benchmark" posted an average equal to +4.3 $/bl in 9M/15, more than 5 $/bl higher than the average of -1.0 $/bl in 9M/14.

Still on the macroeconomic aspects, a supportive role to 9M/15 results has been played also by the strengthening of the US Dollar against the Euro (the average of the exchange rate stood at 1.114 US Dollars for 1 Euro vs. the average of 1.355 in 9M/14). The benefits of this trend are evident because, as it is well known, the Refining segment pays its fixed and variable costs in Euro, while it earns a gross margin in US dollars.

From an operational point of view, in 9M/15 the Sarroch refinery run very efficiently, benefitting also from a meaningful reduction of the cost of “consumption & losses”, thanks to the drop in the absolute value of crude oil prices. Additionally, the scheduled maintenance activities led to an EBITDA reduction of approx. EUR 26 million, which compares with a reduction of approx. EUR 37 million for the maintenance activities carried out in 9M/14.

Looking at the commercial aspects, the characteristics of flexibility and complexity of the Group’s refinery allowed it to capture several opportunities offered by the market, concerning the procurement of both crude oil and also other kinds of feedstock (such as, for example, semi-finished products like “vacuum gasoil” and “straight run” residues), which turned out to be highly profitable. Such opportunities had not been available during 9M/14.

Finally, 9M/15 could benefit also from the petrochemical plants acquired from Versalis, whose profitability turned out to be larger than originally anticipated in the forecasts made at the beginning of the year. On the other hand, 9M/14 did not have such contribution, because the Versalis’ acquisition was finalised at the end of December 2014.

Refining CAPEX in 9M/15 was EUR 56.7 million, in line with the programme of the period.

Comments to Third Quarter 2015 results

Refinery runs in Q3/15 stood at 3.67 million tons (26.8 million barrels, corresponding to 291 thousand barrels per calendar day), up 28% versus the same quarter of 2014. As already disclosed in the comments to the results of the first nine months of the year, the favourable market scenario created the conditions to push the plants at maximum capacity in 2015; on the contrary, the harsh market conditions in 2014 suggested to make economic run-cuts. Moreover, in Q3/15 there was only the beginning of some scheduled maintenance activities (with the large part of the work to be completed in the first weeks of Q4/15), while in Q3/14 important scheduled maintenance activities had been carried out both on conversion units and also on crude distillation units.

***Comparable* EBITDA in Q3/15 was EUR 155.4 million**, largely improved versus EUR -43.3 million in Q3/14. This strong result is due to a combination of numerous factors (similarly to the comments already made for the results of the first nine months). Firstly, there was a structural improvement of the market conditions, as shown by the EMC Benchmark margin, whose average stood at +4.8 $/bl (versus the average of +0.3 $/bl in Q3/14).

Furthermore, Saras refining margin in Q3/15 was very strong (equal to +8.6 $/bl, versus +0.5 $/bl in Q3/14), supported by the drivers already discussed in the comments for the first nine months. In details, the cost of “consumption & losses” was lower than in Q3/14, due to the significant drop in crude oil prices. Additionally, in Q3/15 the refinery achieved an optimal operational performance, running at full capacity and without disruptions caused by maintenance (except for the last 10 days of September, when the scheduled activities began and caused an EBITDA reduction worth approx. EUR 6 million). In comparison, during Q3/14 there was a relevant part of the maintenance activities for the five-year turnaround cycle of the FCC plant and its ancillary units, as well as for one of the crude distillation units. Those activities caused an EBITDA reduction of approximately EUR 31 million, due to the unavailability of the plants during their maintenance.

Similarly to the comments already made for the first nine months, also in Q3/15 the commercial department managed to capture numerous opportunities both on the purchase of raw materials (including also some semi-finished feedstock, complementary to crude oil), and on the sale of finished products (mainly gasoline and gasoil).

Also the contribution from the petrochemical plants acquired from Versalis was excellent in Q3/15, thanks to a very rewarding gasoline *crack spread*, which drove upwards the reforming margin. The comparison with Q3/14 cannot be made because the Versalis’ acquisition was finalised at the end of December 2014, as already discussed before.

Regarding the EUR/USD exchange rate, in Q3/15 the average was equal to 1.112 US Dollars for 1 Euro (which means that the Dollar was 16% stronger than in Q3/14, when the average exchange rate was 1.326), with noticeable positive effects on the results of the Refining segment.

Finally, **Refining CAPEX in Q3/15 was EUR 18.7 million**.

Crude Oil slate and Production

The crude mix processed by the Sarroch refinery in 9M/15 had an average density of 32.8°API, significantly lighter than the mix processed in 9M/14. When looking in detail at the various crude grades used in the feedstock, it can be noted a strong increase in the percentage of light crude oils with sulphur content ranging from low to extremely low (so called “*light sweet*” and “*light extra sweet*”), with a corresponding decrease in the percentage of the crude oils with average density, especially those with high sulphur content (so called *“medium sour”*). These changes in the feedstock mix are mainly due to economic and commercial choices, made in order to exploit the strength of the gasoline *crack spread*, as well as the new opportunities to extract higher value from naphtha in the units acquired from Versalis.

		Q3/15	9M/2015	9M/2014
Light extra sweet		41%	40%	36%
Light sweet		14%	14%	3%
Medium sweet/extra sweet		0%	1%	4%
Medium sour		13%	13%	20%
Heavy sour/sweet		31%	32%	36%
Average crude gravity	°API	33.5	32.8	31.2

Moving on to the product slate, it can be observed that in 9M/15 the yields in LPG (2.0%), light distillates (25.8%), and also middle distillates (52.4%) reached excellent levels, even greater than the high yields already achieved in 9M/14. This came as a consequence of various factors: firstly, the optimal performance of the refinery; secondly, the decision to process also some other feedstock (such as “vacuum gasoil” and “straight run” residues, as already mentioned in the previous chapter); and lastly, the lightening of the crude slate, which also allowed to reduce the yield of heavy distillates (5.9%). Overall, the cumulative yield of high value added products stood at 80.2% in 9M/15, which represents an outstanding performance within the European competitive context.

		Q3/15	9M/2015	9M/2014
LPG	Tons (thousand)	75	242	150
	yield (%)	1.9%	2.0%	1.5%
NAPHTHA + GASOLINE	Tons (thousand)	1,012	3,049	2,442
	yield (%)	25.8%	25.8%	25.2%
MIDDLE DISTILLATES	Tons (thousand)	2,007	6,196	5,051
	yield (%)	51.2%	52.4%	52.2%
FUEL OIL & OTHERS	Tons (thousand)	276	699	646
	yield (%)	7.0%	5.9%	6.7%
TAR	Tons (thousand)	296	884	866
	yield (%)	7.6%	7.5%	8.9%

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

Marketing

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

EUR Million	Q3/15	Q3/14	Change %	Q2/15	9M/2015	9M/2014	Change %
EBITDA	(3.2)	8.5	-138%	(0.3)	1.6	11.6	-87%
***Comparable* EBITDA**	**6.1**	**8.5**	**-29%**	**(3.2)**	**1.6**	**12.7**	**-88%**
EBIT	(4.7)	6.5	-172%	(6.7)	(8.1)	6.8	-219%
***Comparable* EBIT**	**4.6**	**6.5**	**-29%**	**(4.7)**	**(3.2)**	**6.6**	**-148%**
CAPEX	**0.4**	**0.6**		**0.3**	**0.9**	**2.2**	

Sales

		Q3/15	Q3/14	Change %	Q2/15	9M/2015	9M/2014	Change %
TOTAL SALES	Tons (thousand)	1,013	936	8%	981	2,984	2,734	9%
of which: in Italy	Tons (thousand)	680	637	7%	640	1,940	1,803	8%
of which: in Spain	Tons (thousand)	333	298	12%	342	1,044	931	12%

Comments to First Nine Months of 2015 results

According to data collected by UP (Unione Petrolifera), during the first nine months of 2015 oil products' consumption increased by 3.1% in the Italian market, which represents the main output channel for the wholesale Marketing activities of the Saras Group. In Spain, instead, data compiled by CORES show that demand for oil products remained basically flat (+0.2%), versus the same period of last year.

In particular, the increase in Italian demand for oil products derives also from 2 more working days in 9M/15 versus the same period of last year, and it was driven by healthy consumption of gasoil (+2.4%, equal to +470ktons), which more than offset the reduction in gasoline demand (-0.7%, equal to -42ktons). Nonetheless, wholesale margins dropped mainly due to the intensified competitive pressure from inland refineries (all running at maximum capacity). In addition, a negative pressure on margins came from the increase in the minimum mandatory level of blending with biofuels (which became 5% as of January 1st 2015, up from the previous level of 4.5%). In such a context, the Saras Group still gained market share (with volumes sold up by 8% vs. 9M/14), while its gross commercial margin was significantly reduced.

Moving to the analysis of the Spanish market, the drop in consumption of gasoline (-1.9%) and fuel oils (-6.5%), was entirely compensated by the increase in demand for total gasoil (+3.6%). The Spanish subsidiary Saras Energia increased sales by 12%, and it also managed to limit the contraction of the commercial margin, mainly thanks to its policies of sale channels optimisation, which are ongoing since a couple of years.

According to the trends in sales and margins discussed in the previous paragraphs, the ***comparable* EBITDA of the Marketing segment stood at EUR 1.6 million in 9M/15,** down versus EUR 12.7 million in 9M/14.

Comments to Third Quarter 2015 results

During Q3/15, consumption of oil products in Italy bounced (overall +6.5% versus Q3/14), and also Spanish demand went up by 1.2%. In both countries, such trends are coherent with the signals of economic recovery.

In Italy, the Saras Group increased sales by 7% versus Q3/14, but it could not avoid a squeeze of its gross margin, amid severe competition and increased blending costs with biofuels. Similarly, the Spanish subsidiary Saras Energia increased the volumes sold (+12%), but suffered a reduction of profitability due to the intensified competitive pressure.

***Comparable* EBITDA of the Marketing segment in Q3/15 stood at EUR 6.1 million**, versus EUR 8.5 million in Q3/14.

Power Generation

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

EUR Milion	Q3/15	Q3/14	Change %	Q2/15	9M/2015	9M/2014	Change %
EBITDA	51.5	50.4	2%	55.8	161.2	154.3	4%
***Comparable* EBITDA**	**51.5**	**50.4**	**2%**	**55.8**	**161.2**	**154.3**	**4%**
EBIT	27.2	33.9	-20%	31.3	88.7	105.0	-16%
***Comparable* EBIT**	**27.2**	**33.9**	**-20%**	**31.3**	**88.7**	**105.0**	**-16%**
EBITDA ITALIAN GAAP	**42.7**	**37.5**	**14%**	**52.9**	**131.5**	**99.6**	**32%**
EBIT ITALIAN GAAP	**26.9**	**21.9**	**23%**	**36.8**	**84.3**	**53.2**	**58%**
CAPEX	**1.4**	**0.3**		**1.9**	**6.5**	**4.9**	

Other figures

		Q3/15	Q3/14	Change %	Q2/15	9M/2015	9M/2014	Change %
ELECTRICITY PRODUCTION	MWh/1000	1,150	1,085	6%	1,241	3,407	3,285	4%
POWER TARIFF	**Eurocent/KWh**	**9.6**	**10.1**	**-5%**	**9.6**	**9.6**	**10.1**	**-5%**
POWER IGCC MARGIN	$/bl	3.1	4.5	-31%	3.1	3.2	4.5	-29%

Comments to First Nine Months of 2015 results

The Power Generation segment achieved a strong operational performance in 9M/15, reaching a production of electricity equal to 3.407 TWh, up 4% versus 9M/14 also thanks to slightly different maintenance programmes carried out in the two periods under comparison. In particular, in 9M/15 scheduled maintenance involved one of the three trains of "Gasifier – combined cycle Turbine" and one of the two "H_2S Absorbers" in Q1/15, and activities were also started on a second train of "Gasifier – combined cycle Turbine" towards the end of Q3/15 (with work expected to be completed in Q4/15). Conversely, last year's maintenance was carried out on one train of "Gasifier – combined cycle Turbine" during Q1/14, and on another train of "Gasifier – combined cycle Turbine" and one of the "H_2S Absorbers" between the end of Q2/14 and the first part of Q3/14.

IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 161.2 million in 9M/15, up 4% versus 9M/14. The difference is mainly due to the update, made in Q4/14, of the outlook for the prices of crude oil and gas. The new outlook, used in the calculation of the IFRS results, turned out to be more favourable than the previous one. On the other hand, 9M/14 results could benefit from higher sales of hydrogen and steam (approx. EUR 15.3 million higher than the sales in 9M/15). As it is well known, such sales are not subject to the IFRS equalisation procedure.

Moving to the **Italian GAAP EBITDA, it stood at EUR 131.5 million in 9M/15,** strongly up versus EUR 99.6 million in 9M/14, primarily because of the steep decline (-30%) in the procurement cost of the TAR feedstock, and secondly, thanks to the higher production and sale of electricity (+4% vs. the first nine months of 2014). The combination of these two factors more than off-set the lower value of the CIP6/92 tariff (-5%), as well as the previously mentioned lower sales of hydrogen and steam.

Finally, CAPEX in 9M/15 was EUR 6.5 million, coherently with the ordinary maintenance activities carried out in the period.

Comments to Third Quarter 2015 results

In Q3/15, the results of the Power Generation segment were extremely solid and the production of electricity stood at 1.150 TWh, up 6% versus Q3/14, mainly thanks to lower impact coming from the scheduled maintenance activities.

IFRS EBITDA (coincident with *comparable* EBITDA) stood at EUR 51.5 million in Q3/15, up 2% versus Q3/14. As already discussed in the comments to the first nine months, such difference can be mainly explained with the update, made in Q4/14, of the outlook for the prices of crude oil and gas, which are used in the calculation of the IFRS results. Conversely, in Q3/15 the sales of hydrogen and steam, not subject to the IFRS equalisation procedure, were approx. EUR 5.9 million lower than in Q3/14.

Finally, the **Italian GAAP EBITDA was equal to EUR 42.7 million in Q3/15,** up 14% versus EUR 37.5 million in Q3/14. Such increase is primarily due to the higher production of electricity and the lower procurement cost of the TAR feedstock, whose effects more than compensated the reduced value of the CIP6/92 tariff, and the lower sales of hydrogen and steam.

Wind

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

EUR million	Q3/15	Q3/14	Change %	Q2/15	9M/2015	9M/2014	Change %
EBITDA	1.3	3.1	-59%	3.1	13.0	16.0	-19%
***Comparable* EBITDA**	**1.3**	**3.1**	**-59%**	**3.1**	**13.0**	**16.0**	**-19%**
EBIT	0.1	2.0	-95%	2.2	9.6	10.1	-5%
***Comparable* EBIT**	**0.1**	**2.0**	**-95%**	**2.2**	**9.6**	**12.6**	**-24%**
CAPEX	**0.1**	**0.0**		**0.0**	**0.1**	**0.3**	

Other figures

		Q3/15	Q3/14	Change %	Q2/15	9M/2015	9M/2014	Change %
ELECTRICITY PRODUCTION	MWh	20,049	34,302	-42%	33,748	122,816	132,728	-7%
POWER TARIFF	EURcent/KWh	5.1	4.5	14%	4.3	4.7	4.6	3%
GREEN CERTIFICATES	EURcent/KWh	7.7	9.5	-19%	10.5	9.8	9.9	-2%

Comments to First Nine Months of 2015 results

In 9M/15 the IFRS EBITDA of the Wind segment (which is equal to the *comparable* EBITDA) stood at EUR 13.0 million, down versus the result achieved in 9M/14, mainly due to less favourable wind conditions, which caused a lower production of electricity (-7%). On the other hand, the slight reduction in the value of the Green Certificates (-0.1 EURcent/kWh versus 9M/14) was entirely offset by the increase in the value of the power tariff (+0.1 EURcent/kWh).

Comments to Third Quarter 2015 results

IFRS EBITDA of the Wind segment (equal to the *comparable* EBITDA) stood at EUR 1.3 million in Q3/15, down versus EUR 3.1 million achieved in Q3/14. This difference can be primarily explained with the lower production of electricity (-42%) due to unfavourable weather conditions. Moreover, the value of the Green Certificates decreased by 19% (-1.8 EURcent/kWh versus Q3/14), and this was only partially compensated by the increase in the value of the power tariff (+0.6 EURcent/kWh).

Other Activities

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

EUR Million	Q3/15	Q3/14	Change %	Q2/15	9M/2015	9M/2014	Change %
EBITDA	0.5	(0.2)	325%	0.3	0.5	1.1	-51%
***Comparable* EBITDA**	**0.5**	**(0.2)**	**325%**	**0.3**	**0.5**	**1.1**	**-51%**
EBIT	0.3	(0.3)	210%	0.2	0.2	0.9	-78%
***Comparable* EBIT**	**0.3**	**(0.3)**	**210%**	**0.2**	**0.2**	**0.9**	**-78%**
CAPEX	**0.1**	**0.4**		**0.2**	**0.5**	**0.9**	

Strategy and Outlook

In the fourth quarter of 2015 crude oil supply continues to exceed demand, creating favourable conditions for complex and versatile refineries, such as the one owned and operated by the Saras Group, that is capable of processing even the unconventional kind of feedstock, such as medium and heavy crudes with high sulphur content, which are sold at interesting discounts vs. Brent – the reference crude oil. To the point, the potential lifting of the sanctions against Iran would increase the production and availability of such crude oils, with positive effects on the refining margins.

Looking at consumption for refined products, the International Energy Agency (IEA) has recently updated its estimates for global demand, and it is now expecting in Q4/15 an increase of approx. 1.8 million barrels per day versus last year, mainly thanks to the increase in consumption of gasoline.

Finally, refining margins in the last quarter of the year should follow normal seasonal trends, with a weaker *crack spread* for gasoline, which should however be progressively offset by an increase of the diesel *crack spread*. The latter shall benefit also from raising demand for heating gasoil, due to the cold winter weather. At the time of writing the present Interim Financial Report, the EMC Benchmark is standing at an average of +2.5 $/bl for Q4-to-date.

With the goal of extracting maximum value from the current market scenario, Saras launched in 2014 a project of supply chain integration (called project "SCORE"), and it is still progressing with its implementation. This project focuses on the tight coordination between refinery operations and commercial activities. In such scope it perfectly fits the new trading company incorporated last September in Geneva. Indeed, its positioning in one of the main international trading floors for oil commodities, shall enhance the capture of new commercial opportunities.

From an operational stand-point, between October and November all scheduled maintenance activities in the Sarroch refinery will be completed. Overall, refinery runs for the full year 2015 are expected to reach approx. 110 million barrels, which represents an increase of approx. 20 million barrels vs. FY 2014.

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

Another positive catalyst is the strength of the US dollar which, also in October, posted a monthly average of approx. 1.12 USD for 1 Euro, in line with the average of 1.11 in 9M/15, and remarkably higher (+15%) than the average of 1.33 set in 2014.

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

Finally, the progressive recovery in oil products' consumption in various countries of the Euro zone, as a consequence of improving macroeconomic conditions and the reduction of fuels' retail prices, is leading to a gradual recovery of the profitability of Saras Group's Marketing segment, in the second half of the year.

Investments by business Segment

EUR Million	Q3/15	9M/2015	9M/2014
REFINING	18.7	56.7	83.0
POWER GENERATION	1.4	6.5	4.9
MARKETING	0.4	0.9	2.2
WIND	0.1	0.1	0.3
OTHER	0.1	0.5	0.9
Total	**20.6**	**64.7**	**91.4**

Risk Analysis

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

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

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

Financial risks

Price fluctuation risk

The results of Saras Group are influenced by the trend in oil prices and especially by the effects that this trend has on refining margins (represented by the difference between the prices of the oil products generated by the refining process and the price of the raw materials, principally crude oil). In addition, to carry out production, the Saras Group is required to maintain adequate inventories of crude oil and finished products, and the value of these inventories is subject to the fluctuations of market prices.
Also subject to fluctuations is the selling price of electricity, produced and sold by our subsidiaries, as well as the prices of green certificates and emissions credits.
The risk of price fluctuation and of the related financial flows is closely linked to the very nature of the business and it can be only partly mitigated, through the use of appropriate risk management policies, including agreements to refine oil for third parties, at partially preset prices. To mitigate the risks deriving from price fluctuation, the Saras Group also takes out derivative contracts on commodities.

Exchange rate risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

Other risks

Risk related to the procurement of crude oil

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

Risks of interruption of production

The activity of the Saras Group depends heavily on its refinery located in Sardinia, and on the contiguous IGCC plant. This activity is subject to the risks of accident and of interruption due to non-scheduled plant shutdowns.
Saras believes that the complexity and modularity of its systems limit the negative effects of unscheduled shutdowns and that the safety plans in place (which are continuously improved) reduce any risks of accident to a minimum: in addition Saras has a major programme of insurance cover in place to offset such risks. However, under certain circumstances, this programme may not be sufficient to prevent the Group from bearing costs in the event of accidents and/or interruption to production.

Environmental risk

The activities of the Saras Group are regulated by many European, national, regional and local laws regarding the environment.
The highest priority of the Saras Group is to conduct its activity with the utmost respect for the requirements of environmental legislation. The risk of environmental responsibility is, however, inherent in our activity, and it is not possible to say with certainty that new legislation will not impose further costs in the future.

Regulatory risk

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

Dependencies on third parties

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

Protection of Personal Data

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

Main events after the end of the First Nine Months of 2015

On October 15th, 2015 the Saras Group held its "Capital Markets Day" at its Sarroch refinery, in Sardinia. During the event, the management presented the Group Business Plan for the years 2016 – 2019, which is based on the optimal execution of the integrated Supply Chain Management model, as well as on various improvement initiatives concerning reliability, energy efficiency and site-configuration developments, with moderate Capex and short payback time.

On October 19th, 2015 Rosneft JV Projects SA, an indirect subsidiary wholly owned by Rosneft Oil Company, sold to a qualified group of international institutional investors 85,481,816 ordinary shares of Saras SpA, which represent approx. 8.99% of Saras SpA total share capital, at a price of EUR 1.90 per share. Following this transaction, Rosneft JV Projects SA continues to retain 12% of Saras SpA total share capital.

Other Information

Research and Development

Saras did not undertake meaningful "Research and Development" activities in the period; therefore, no significant cost was capitalized or accounted in the Income Statement during the first nine months of 2015.

Own shares

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

Information on the accidents happened in 2009 and 2011

In relation to the lawsuit opened following the accident in 2011 at the Sarroch refinery, which involved three workers from a subcontractor, in March 2014 the Public Prosecutor requested that, for the Company, the following be committed for trial (for liability pursuant to Legislative Decree 231/2001): the Chairman; the CEO, the General Manager, the Refinery Manager, three managers and three staff of the Company. For the firm which employed the injured workers, the owner, a manager and a team leader were committed for trial. The preliminary hearing was held on 16th July 2015, and it was accepted the request made by the labour union called "FIOM CGIL Sardegna" to join proceedings as a civil party, and to sue Saras SpA for civil liabilities. On 5th November 2015 the Company joined proceedings as a civil party, while further discussions and decisions on the requests made by the Prosecutor have been postponed to a new hearing to be held on 26th January 2016.

In relation to the lawsuit opened following the accident in 2009 at the Sarroch refinery, which involved three workers from a subcontractor, in March 2014 the appeal process came to a conclusion. The acquittals in first instance of the Company and of two managers, pursuant to Legislative Decree 231/2001, were upheld. The suspended sentences of the General Manager and the Refinery Manager, handed down by the Court of first instance, were upheld with a reduction in the term, while damages awarded to the plaintiffs were also upheld. Lastly, the sentence of the owner of the external firm was upheld, with no reduction in the term and confirmation of the damages awarded to the plaintiffs. Both the General Manager and the former Refinery Manager requested an appeal before the Court of Cassation, against their suspended sentences handed down by the Court of Appeal, and their hearing before the Court of Cassation will be held on the 7th January 2016. Moreover, the acquittals in first instance of the Company and of two managers has now become final, because the Prosecutors decided not to request any further appeal before the Court of Cassation.

For the Board of Directors
The Chairman

Gian Marco Moratti

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Financial Statements

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

EUR thousand	30/09/2015	31/12/2014
ASSETS		
Current assets	**1,888,249**	**2,240,608**
Cash and cash equivalents	583,049	633,544
Other financial assets	58,000	294,514
Trade receivables	420,728	426,816
Inventories	604,528	670,065
Current tax assets	60,035	78,264
Other assets	161,909	137,405
Non-current assets	**1,427,021**	**1,621,400**
Property, plant and equipment	1,057,028	1,121,128
Intangible assets	237,980	286,134
Other equity interests	1,426	502
Deferred tax assets	125,667	208,511
Other financial assets	4,920	5,125
Total assets	**3,315,270**	**3,862,008**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**1,556,874**	**2,506,190**
Short-term financial liabilities	180,422	550,119
Trade and other payables	1,063,925	1,714,284
Current tax liabilities	231,095	168,664
Other current liabilities	81,432	73,123
Non-current liabilities	**820,810**	**696,075**
Long-term financial liabilities	423,458	276,595
Provisions for risks and charges	75,632	72,033
Provisions for employee benefits	11,659	12,011
Deferred tax liabilities	9,362	4,236
Other non-current liabilities	300,699	331,200
Total liabilities	**2,377,684**	**3,202,265**
SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	595,334	856,034
Profit/(loss) for the period	276,696	(261,847)
Total equity attributable to owners of the Parent company	**937,586**	**659,743**
Minority interests	0	0
Total equity	**937,586**	**659,743**
Total liabilities and shareholders' equity	**3,315,270**	**3,862,008**

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

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

EUR thousand	1st January 30th September 2015	of which non recurring	1st January 30th September 2014	of which non recurring
Revenues from ordinary operations	6,587,993		7,919,386	
Other income	84,889		75,418	
Total revenues	**6,672,882**	***0***	**7,994,804**	***0***
Purchases of raw materials, spare parts and consumables	(5,600,514)		(7,492,352)	
Cost of services and sundry costs	(396,865)		(406,325)	
Personnel costs	(113,570)		(99,999)	
Depreciation, amortisation and write-downs	(190,540)	(22,914)	(147,883)	(1,218)
Total costs	**(6,301,489)**	***(22,914)***	**(8,146,559)**	***(1,218)***
Operating results	**371,393**	***(22,914)***	**(151,755)**	***(1,218)***
Net income/(charges) from equity interests				
Financial income	299,610		187,030	
Financial charges	(282,244)		(210,095)	
Profit/(loss) before taxes	**388,759**	***(22,914)***	**(174,820)**	***(1,218)***
Income tax for the period	(112,063)	5,652	48,093	
Net profit/(loss) for the period	**276,696**	***(17,262)***	**(126,727)**	***(1,218)***
Net profit/(loss) for the period attributable to:				
Owners of the Parent Company	276,696		(126,727)	
Minority interests	0		0	
Earnings per share - basic (EUR cent)	**29.89**		**(13.70)**	
Earnings per share - diluted (EUR cent)	**29.89**		**(13.70)**	

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

EUR thousand	1st January 30th September 2015	1st January 30th September 2014
Net result for the period (A)	**276,696**	**(126,727)**
Items included in comprehensive income which will be reclassified subsequently to profit or loss (when specific conditions are met)		
Effect of translation of F/S in foreign currency		(4)
Items included in comprehensive income which will not be reclassified subsequently to profit or loss (when specific conditions are met)		
IAS 19 actuarial effect on end-of-service payments	0	0
Income / (loss), net of fiscal effect (B)	**0**	**(4)**
Consolidated Comprehensive Result for the period (A + B)	**276,696**	**(126,731)**
Net consolidated Comprehensive Result for the period attributable to:		
Owners of the Parent Company	276,696	(126,731)
Minority interests	0	0

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

EUR thousand	Share capital	Legal reserve	Other reserve	Profit / (Loss)	Total equity attributable to owners of the Parent Company	Minority interests	Total equity
Balance as of 31/12/2013	**54,630**	**10,926**	**1,126,726**	**(271,080)**	**921,202**	**0**	**921,202**
Period 1/1/2014 - 31/12/2014							
Appropriation of previous year's profit			(271,080)	271,080	0		0
Reserve for share plan			1,529		1,529		1,529
Effect of translation of F/S in foreign currency			3		3		3
IAS 19 actuarial effect			(1,144)		(1,144)		(1,144)
Net profit/(loss) for the period				(261,847)	(261,847)		(261,847)
Total comprehensive profit/(loss) for the period			*(1,141)*	*(261,847)*	*(262,988)*		*(262,988)*
Balance as of 31/12/2014	**54,630**	**10,926**	**856,034**	**(261,847)**	**659,743**	**0**	**659,743**
Appropriation of previous year's profit			(261,847)	261,847	0		0
Reserve for share plan			1,147		1,147		1,147
Effect of translation of F/S in foreign currency			0		0		0
Net profit/(loss) for the period				276,696	276,696		276,696
Total comprehensive profit/(loss) for the period			*0*	*276,696*	*276,696*		*276,696*
Balance as of 30/09/2015	**54,630**	**10,926**	**595,334**	**276,696**	**937,586**	**0**	**937,586**

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

EUR thousand	1/1/2015 - 30/09/2015	1/1/2014 - 30/09/2014
A - Cash and cash equivalents at the beginning of the period	**633,544**	**506,827**
B - Cash generated from/(used in) operating activities		
Net Profit / (Loss) for the period	276,696	(126,727)
Unrealised exchange losses/(gains) on bank accounts	(1,572)	1,144
Amortisation, depreciation and write-downs of fixed assets	190,540	147,883
Net change in provisions for risks and charges	3,599	2,935
Net change in employee benefits	(352)	(7,499)
Net change in deferred tax liabilities and deferred tax assets	87,970	(50,024)
Net interest income (expense)	20,718	27,717
Accrued income tax	6,262	1,931
Change in fair value of derivatives, green certificates	14,474	(47,975)
Other non cash items	1,147	1,147
(Increase)/Decrease in trade receivables	6,088	254,445
(Increase)/Decrease in inventory	65,537	(51,614)
Increase/(Decrease) in trade and other payables	(650,359)	(185,809)
Change in other current assets	(6,275)	(27,580)
Change in other current liabilities	64,484	72,811
Interest received	2,392	364
Interest paid	(23,110)	(23,629)
Tax paid	(6)	(1,470)
Change in other non-current liabilities	(30,501)	(55,290)
Total (B)	**27,732**	**(67,240)**
C - Cash flow from/(used in) investing activities		
(Investments) in tangible and intangible assets	(78,286)	(91,904)
(Investments)/Disinvestments in other share holdings	(924)	0
Change in other financial assets	60,841	28,362
Total (C)	**(18,369)**	**(63,542)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	49,628	173,657
Increase/(Decrease) in short term borrowings	(111,058)	(69,059)
Total (D)	**(61,430)**	**104,598**
E - Cashflow for the period (B+C+D)	**(52,067)**	**(26,184)**
Unrealised exchange losses/(gains) on bank accounts	1,572	(1,144)
F - Cash and cash equivalents at the end of the period	**583,049**	**479,499**

For the Board of Directors
The Chairman
Gian Marco Moratti

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

1. Introduction

Publication of the condensed consolidated financial statements of the Saras Group to 30 September 2015 was authorised by the Board of Directors on 6 November 2015.

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

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

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

2.1 Reporting principles

The condensed consolidated financial statements for the period to 30 September 2015 were prepared on the basis of IAS 34 - Interim Financial Reporting.

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

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

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

The nature and effects of these changes are shown below.

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

Annual improvements to IFRS 2010-2012 cycle
- The effective date of these improvements is 1 July 2014. They do not have a significant impact on the Group's consolidated financial statements or condensed consolidated financial statements.

IFRS 2 – Share-based Payment
- This improvement applies prospectively and clarifies various points relating to the definition of performance and service conditions which are vesting conditions, including:
- A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering the service.
- A performance target can refer to the operations or activities of an entity or to those of another entity within the same group.
- A performance condition can be a market condition or a non-market condition.
- If the counterparty, regardless of the reason, ceases to render the service during the vesting period, it has failed to satisfy the service condition.

IFRS 3 - Business Combinations
The amendment applies prospectively and clarifies that all agreements regarding contingent consideration classified as liabilities (or assets) deriving from a business combination must be measured at fair value at each reporting date, with changes recognised in profit or loss, whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

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

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

IAS 24 - Related Party Disclosures
The amendment applies retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party, subject to disclosures about transactions with related parties. In addition, a reporting entity that obtains services from a management entity must disclose the compensation paid for the management services.

Annual improvements to IFRSs 2011-2013 cycle
The effective date of these improvements is 1 July 2014. They do not have a significant impact on the Group's consolidated financial statements or condensed consolidated financial statements.

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

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

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

2.3 Basis of consolidation
Subsidiaries included in the Group's basis of consolidation are listed below:

Consolidated on a line-by-line basis	**% owned**
Deposito di Arcola Srl	100%
Sarlux Srl	100%
Saras Ricerche e Tecnologie SpA	100%
Sarint SA and subsidiaries:	100%
Saras Energia SA	100%
Terminal Logistica da Cartagena SLU	100%
Reasar SA	100%
Parchi Eolici Ulassai Srl and subsidiaries:	100%
Sardeolica Srl	100%
Alpha Eolica Srl	100%

Other equity investments valued at cost	
Consorzio La Spezia Utilities	5%
Sarda Factoring	5.95%
Saras Trading SA	100%

In 2015, the merger by incorporation of Labor Eolica Srl into Alpha Eolica Srl was completed; this merger did not have any impact on these consolidated financial statements.
On 7 July 2015, the subsidiary Saras Energia SA created the company Terminal Logistica de Cartagena SLU, of which it owns all the share capital; the business division containing the Cartagena terminal will be transferred to this company.
On 4 September 2015, the subsidiary Saras Trading SA was established in Geneva, with registration at the local Commercial Registry Office completed on 9 September 2015: the company did not carry out any activity up to 30 September 2015, and was therefore valued at cost in these financial statements. When fully operational, the subsidiary will be active in Supply and Trading both for the Group and on its own behalf, operating in one of the main global markets for trade in oil commodities and facilitating the Group's access to further information that will be essential for capitalising on new business opportunities.

2.4 Use of estimates

The preparation of the financial statements requires the directors to apply accounting standards and methodology that, in certain situations, are based on difficult and subjective valuations and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The application of these estimates and assumptions affects both the calculation of certain assets and liabilities, and the valuation of potential assets and liabilities. The main estimates relate to the calculation of the value in use of cash-generating assets, as well as projected provisions for risks and future liabilities and for bad debts. Estimates and valuations are reviewed periodically and the effects of each are recorded in the income statement. A summary of the most important estimates is provided in the Group's consolidated financial statements for the year ended 31 December 2014.

3. Information by business segment and geographical area

3.1 Preliminary remarks

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

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

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

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

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

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

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

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

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

The management monitors the operating results for individual business segments separately, in order to determine the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses. The breakdown by business segment and the basis on which segment results are determined are the same as in the consolidated financial statements for the year ended 31 December 2014.

3.2 Segment information

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

	Refining	Marketing	Power Generation	Wind Power	Other	Total
30th September 2014						
Revenues from ordinary operations	7,281,752	2,000,484	425,186	6,093	15,947	9,729,462
less: intersegment revenues	(1,734,883)	(29,665)	(39,787)	0	(5,741)	(1,810,076)
Revenues from third parties	**5,546,869**	**1,970,819**	**385,399**	**6,093**	**10,206**	**7,919,386**
Other revenues	102,174	5,099	33,868	13,823	357	155,321
less: intersegment revenues	(63,475)	(94)	(16,334)	0	0	(79,903)
Other revenues from third parties	**38,699**	**5,005**	**17,534**	**13,823**	**357**	**75,418**
Amortisation and depreciation	**(87,667)**	**(4,792)**	**(49,242)**	**(5,940)**	**(242)**	**(147,883)**
Operating profit (a)	**(274,604)**	**6,838**	**105,029**	**10,092**	**890**	**(151,755)**
Financial income (a)	194,542	3,248	6,159	706	293	204,948
Financial charges (a)	(219,679)	(6,206)	(963)	(1,071)	(94)	(228,013)
Income taxes	84,028	(2,364)	(28,992)	(4,074)	(505)	48,093
Net result for the period (a)	**(215,713)**	**1,516**	**81,233**	**5,653**	**584**	**(126,727)**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,384,503**	**563,229**	**606,771**	**106,176**	**34,767**	**3,695,446**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**2,063,267**	**356,510**	**426,277**	**43,780**	**9,994**	**2,899,828**
Investments in tangible assets	82,779	934	4,444	104	697	**88,958**
Investments in intangible assets	240	1,241	484	207	225	**2,397**
30th September 2015						
Revenues from ordinary operations	6,459,144	1,561,639	397,225	5,831	17,910	8,441,749
less: intersegment revenues	(1,799,330)	(6,670)	(40,448)	0	(7,308)	(1,853,756)
Revenues from third parties	**4,659,814**	**1,554,969**	**356,777**	**5,831**	**10,602**	**6,587,993**
Other revenues	103,352	1,833	18,766	12,829	148	136,928
less: intersegment revenues	(51,661)	0	(253)	0	(125)	(52,039)
Other revenues from third parties	**51,691**	**1,833**	**18,513**	**12,829**	**23**	**84,889**
Amortisation and depreciation	**(104,633)**	**(9,710)**	**(72,459)**	**(3,395)**	**(343)**	**(190,540)**
Operating profit (a)	**281,078**	**(8,150)**	**88,703**	**9,561**	**201**	**371,393**
Financial income (a)	303,285	3,317	8,246	846	332	316,026
Financial charges (a)	(293,000)	(4,173)	(411)	(889)	(187)	(298,660)
Income taxes	(84,965)	890	(25,322)	(2,558)	(108)	(112,063)
Net result for the period (a)	**206,398**	**(8,116)**	**71,216**	**6,960**	**238**	**276,696**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,084,432**	**486,086**	**631,320**	**92,181**	**21,251**	**3,315,270**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1,577,972**	**395,040**	**344,220**	**46,922**	**13,530**	**2,377,684**
Investments in tangible assets	55,989	662	6,488	134	453	**63,726**
Investments in intangible assets	698	255	0	0	40	**993**

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

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

The Group tests for impairment every year (at 31 December) and when circumstances suggest that the recoverable amount of goodwill may have decreased. The impairment test of goodwill and intangible assets with an indefinite useful life is based on the calculation of value in use. The variables used to determine the recoverable value of the various cash-generating units (CGUs) are shown in the consolidated financial statements to 31 December 2014.

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

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

5. Notes to the Statement of Financial Position

5.1 Current assets

5.1.1 Cash and cash equivalents

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

	30/09/2015	31/12/2014	Change
Bank and postal deposits	581,346	631,740	(50,394)
Cash	1,703	1,804	(101)
Total	**583,049**	**633,544**	**(50,495)**

Bank deposits are mainly attributable to Saras SpA (EUR 523,021 thousand), Sarlux Srl (EUR 14,924 thousand), Sardeolica Srl (EUR 12,078 thousand) and Saras Energia SAU (EUR 25,380 thousand).

For further details on the net financial position, see both the relevant section in the Report on Operations and the cash flow statement.

5.1.2 Other financial assets

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

	30/09/2015	31/12/2014	Change
Derivative instruments	35,392	211,270	(175,878)
Other financial assets	22,608	83,244	(60,636)
Total	**58,000**	**294,514**	**(236,514)**

The “Financial derivatives” item comprises the positive fair value of derivatives outstanding at the end of the reporting period: the decrease compared with 31 December 2014 is due to the lower price volatility for crude oil and oil products. "Other financial assets" mainly comprise collateral deposits for derivatives.

At 31 December 2014, "Other financial assets" comprised green certificates, which have been reclassified under "Other current assets": these were valued at EUR 5,378 thousand at 30 September 2015.

5.1.3 Trade receivables

This item totalled EUR 420,728 thousand, a decrease of EUR 6,088 thousand compared with the previous year. The item is presented net of bad debt provisions, which amounted to EUR 15,774 thousand.

5.1.4 Inventories

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

	30/09/2015	31/12/2014	Change
Raw materials, spare parts and consumables	266,960	260,335	6,625
Semi-finished products and work in progress	50,860	63,126	(12,266)
Finished products and goods held for resale	282,779	346,441	(63,662)
Advance payments	3,929	163	3,766
Total	**604,528**	**670,065**	**(65,537)**

The recording of inventories at net realisable value led to a write-down of crude oil inventories of around EUR 10.1 million. This valuation is thus equivalent to the market value.

No inventories are used as collateral for liabilities.

At 30 September 2015, the Sarroch refinery held oil products belonging to third parties worth EUR 58.1 million.

5.1.5 Current tax assets

Current tax assets break down as follows.

	30/09/2015	31/12/2014	Change
VAT	4,307	2,575	1,732
IRES (corporate income tax, including income tax of foreign companies)	36,290	56,018	(19,728)
IRAP (regional income tax)	6,517	9,537	(3,020)
Other tax receivables	12,921	10,134	2,787
Total	**60,035**	**78,264**	**(18,229)**

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

5.1.6 Other assets

The balance breaks down as follows.

	30/09/2015	31/12/2014	Change
Accrued income	1,866	491	1,375
Prepaid expenses	11,456	6,480	4,976
Other receivables	148,587	130,434	18,153
Total	**161,909**	**137,405**	**24,504**

Deferred charges mainly relate to insurance premiums.

“Other receivables” mainly comprise:

- a receivable of EUR 36,541 thousand due to the subsidiary Sarlux Srl from the Compensation Fund for the Electricity Sector, owing to the refund, pursuant to Section II, point 7-*bis* of CIP 6/92, of charges arising from Directive 2003/87/EC (Emissions Trading), in application of the resolution of the Italian Regulatory Authority for Electricity and Gas of 11 June 2008, ARG/ELT 77/08, relating to the year 2014 (EUR 18,627 thousand to be collected in the second half of 2015) and to the first nine months of 2015 (EUR 17,914 thousand);
- recovery of the amount of EUR 50,713 thousand paid by subsidiary Sarlux Srl to GSE, as described in section 7.1 (EUR 59,582 thousand the previous year);
- white certificates for EUR 16,427 thousand (of which EUR 115 thousand have already been awarded) of energy savings made in the Sarroch refinery (EUR 6,535 thousand in 2014). These are sold on an appropriate regulated market or through bilateral agreements between market operators. The certificates in the portfolio are

valued at the average market price for the period January - September 2015 (EUR 104.33 per certificate for the period, compared with EUR 99.55 in 2014);

- a receivable of EUR 17,960 thousand due to the subsidiary Sarlux Srl arising from the recognition of its status as an energy-intensive business by the Compensation Fund for the Electricity Sector. The subsidy is provided for in Decree Law 83 of 22 June 2012, which identifies energy-intensive companies entitled to relief from the payment of systems charges. The Company was designated an energy-intensive company for 2013 and believes that it also meets the requirements to be so designated for 2014 (already applied for) and 2015. The European Commission in Brussels is currently seeking to determine whether this subsidy qualifies as state aid. The company, like other industry firms, believes that there is no basis for such a conclusion;
- green certificates chiefly relate to power generation from renewable sources by subsidiary Sardeolica Srl (EUR 5,738 thousand). These certificates are sold on an appropriate 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 set for withdrawal by GSE (estimated at EUR 99.97/MWh for 2015 compared with EUR 97.4/MWh for 2014). Gains and losses realised for the period, and any write-downs applied in cases where the market value is lower than the carrying value at the end of the period, are booked to the income statement under “Other income” or “Services and sundry costs”.

5.2 Non-current assets

5.2.1 Property, plant and equipment

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

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

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

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

COST	31/12/2014	Additions	(Disposals)	(write-downs)	Other changes	30/9/2015
Land & buildings	216,361	304	(436)		3,893	220,122
Plant & machinery	2,910,493	11,824	(291)		87,813	3,009,839
Industrial & commercial equipment	28,360	111	(108)		1,336	29,699
Other assets	501,565	562	(417)		20,396	522,106
Assets under construction and payments on account	133,973	50,925			(92,890)	92,008
Total	**3,790,752**	**63,726**	**(1,252)**	**0**	**20,548**	**3,873,774**

ACCUMULATED DEPRECIATION	31/12/2014	Additions	(Disposals)	(write-downs)	Other changes	30/9/2015
Land & buildings	101,612	6,257	(304)		55	107,620
Plant & machinery	2,141,972	120,655	(291)		6,296	2,268,632
Industrial & commercial equipment	21,216	1,623	(54)		2	22,787
Other assets	404,824	13,297	(409)		(5)	417,707
Total	**2,669,624**	**141,832**	**(1,058)**	**0**	**6,348**	**2,816,746**

NET BOOK VALUE	31/12/2014	Additions	(Disposals)	(Depreciation)	(write-downs)	Other Changes and Revaluations	30/9/2015
Land & buildings	114,749	304	(132)	(6,257)	0	3,838	112,502
Plant & machinery	768,521	11,824	0	(120,655)	0	81,517	741,207
Industrial & commercial equipment	7,144	111	(54)	(1,623)	0	1,334	6,912
Other assets	96,741	562	(8)	(13,297)	0	20,401	104,399
Assets under construction and payments on account	133,973	50,925	0		0	(92,890)	92,008
Total	**1,121,128**	**63,726**	**(194)**	**(141,832)**	**0**	**14,200**	**1,057,028**

Historical costs are shown net of grants received for investments. The gross value of grants deducted from fixed assets was EUR 188,448 thousand, and related to the programme agreements entered into with the Ministry of Industry, Commerce and Crafts on 19 June 1995, with the Ministry of Productive Activities on 10 October 1997 and with the Ministry of Economic Development on 10 June 2002 whose final concession decree was submitted on 14 May 2013.

At 30 September 2015, the residual value of these grants was EUR 1,442 thousand (EUR 2,124 thousand at 31 December 2014).

The item “Land and buildings” chiefly includes industrial buildings, offices and warehouses with a net value of EUR 68,711 thousand, civic buildings in Milan and Rome belonging to the Parent Company and used as offices with a net value of EUR 3,564 thousand, and land largely relating to the Sarroch and Arcola sites owned by the Parent Company Sarlux Srl and the subsidiary Deposito di Arcola Srl respectively, totalling EUR 40,226 thousand.

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

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

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

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

Increases during the period totalled EUR 63,726 thousand and mainly relate to technological work on the refinery plants.

The main depreciation rates used are as follows:

	I.G.C.C. plant	Other Assets (annual rates)
Industrial buildings (land and buildings)	until 2020	5.50%
Generic plant (plant and machinery)	until 2020	8.38%
Highly corrosive plant (plant and machinery)	until 2020	11.73%
Pipelines and tanks (plant and machinery)		8.38%
Thermoelectric plant (plant and machinery)	until 2020	
Wind farm (plant and machinery)		10.00%
Equipment (equipment plant and machinery)		25.00%
Electronic office equipment (other assets)		20.00%
Office furniture and machinery (other assets)		12.00%
Vehicles (other assets)		25.00%

The Group has a concession from the Cagliari Port Authority allowing it to occupy state-owned areas until 31 December 2015. These areas contain the Sarroch refinery's service facilities (waste-water treatment, seawater desalinisation, blow-down, flare system and landing stage). Currently there is no reason to believe that the concession will not be renewed on expiry.
Internal costs capitalised in the period totalled EUR 1,593 thousand.

5.2.2 Intangible assets

The following tables show the changes in intangible assets.

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

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

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

COST	31/12/2014	Additions	Disposals	Revaluation Reversals of impaiment losses	Other changes	30/09/2015
Industrial & other patent rights	42,174	273			38	42,485
Concessions, licences, trademarks & similar rights	57,645	8,624			(17,439)	48,830
Goodwill	21,909	0			0	21,909
Other intangible assets	530,470	720			(3,802)	527,388
Assets in progress & payments on account	20,365	0			166	20,531
Total	**672,563**	**9,617**	**0**	**0**	**(21,037)**	**661,143**

ACCUMULATED AMORTISATION	31/12/2014	Amortisation	Disposals	Write-downs	Other changes	30/09/2015
Industrial & other patent rights	38,713	525				39,238
Concessions, licences, trademarks & similar rights	21,046	1,581		(4,914)	(8,635)	9,078
Goodwill	0	0				0
Other intangible assets	326,670	23,688			(2,788)	347,570
Assets in progress & payments on account				(18,000)		(18,000)
Total	**386,429**	**25,794**	**0**	**(22,914)**	**(11,423)**	**377,886**

NET BOOK VALUE	31/12/2014	Additions	Disposals	Revaluation Reversals of impaiment losses	Other changes	(Amortisation)	30/09/2015
Industrial & other patent rights	3,461	273		0	38	(525)	3,247
Concessions, licences, trademarks & similar rights	36,599	0		(4,914)	(180)	(1,581)	29,924
Goodwill	21,909	0		0	0	0	21,909
Other intangible assets	203,800	720		0	(1,014)	(23,688)	179,818
Assets in progress & payments on account	20,365	0		(18,000)	717		3,082
Total	**286,134**	**993**	**0**	**(22,914)**	**(439)**	**(25,794)**	**237,980**

Amortisation of intangible assets totalled EUR 25,794 thousand, and was calculated using the annual rates shown below.

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

The main items are set out in detail below.

Concessions, licences, trademarks and similar rights
The balance of the item mainly refers to the concessions relating to Estaciones de Servicio Caprabo SA (merged with Saras Energia SA) for the operation of the service stations in Spain, and to Sardeolica Srl for the operation of the Ulassai wind farm, which will be fully amortised by 2026 and 2035 respectively.

Goodwill
This item mainly relates to goodwill (EUR 21,408 thousand) paid for the purchase of subsidiary Parchi Eolici Ulassai Srl: the goodwill was calculated using cash flow projections prepared by the subsidiary Sardeolica Srl for the period to 2035, when the concessions expire.

Other intangible assets
The item mainly expresses the value of the long-term contract in force for the supply of electricity according to the CIP 6 scheme agreed between the subsidiary Sarlux Srl and Gestore dei Servizi Elettrici SpA (GSE). The contract expires in

2020 and was valued according to the criteria set out in IAS 36. On 31 December 2014, an external consultant set its value at EUR 180,000 thousand; amortisation relating to the first half of 2015 was EUR 22,500 thousand.

5.2.3 Equity investments

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

Company name	HQ	Currency	Share Capital	% owned by Group as of 09-15	% owned by Group as of 12-14	% of share capital	Shareholder	% of voting rights	Category
Deposito di Arcola S.r.l.	Arcola (SP)	EUR	1,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie S.p.A.	Assemini (CA)	EUR	3,600,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sarint S.A.and subsidiaries:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Energia S.A.U.	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Terminal Logistica de Cartagena S.L.U.	Cartagena (Spain)	EUR	3,000	100.00%	0.00%	100.00%	Saras Energia S.A.	100.00%	Indirect subsidiary
Reasar S.A.	Luxemburg	EUR	2,225,000	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Sarlux S.r.l.	Sarroch (CA)	EUR	100,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Parchi Eolici Ulassai S.r.l.and subsidiaries:	Cagliari	EUR	500,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sardeolica S.r.l.	Cagliari	EUR	56,696	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect subsidiary
Alpha Eolica S.r.l.	Bucarest (Romania)	Leu	468,046	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect subsidiary
Labor Eolica S.r.l.	Bucarest (Romania)	Leu	63,894	0.00%	100.00%	0.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Merged into Alpha Eolica S.r.l.
Sargas S.r.l.	Uta (CA)	EUR	10,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Consorzio La Spezia Utilities	La Spezia	EUR	122,143	5.00%	5.00%	5.00%	Deposito di Arcola S.r.l.	5.00%	Other equity interests
Sarda Factoring	Cagliari	EUR	9,027,079	5.95%	5.95%	5.95%	Saras S.p.A.	5.95%	Other equity interests
Saras Trading S.A.	Geneva	CHF	1,000,000	100/%	0.00%	100/%	Saras S.p.A.	100/%	Other equity interests

As previously mentioned, the following changes took place over the period:

- completion of the merger by incorporation of Labor Eolica Srl into Alpha Eolica Srl;
- creation of Terminal Logistica di Cartagena SLU;
- establishment of Saras Trading SA. As the company was not yet operational as of 30 September 2015, the equity investment in this company was classified under “Other equity investments” and therefore valued at cost.

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

5.2.3.1 Other equity investments

Other equity investments break down as follows:

	30/09/2015	31/12/2014
Saras Trading S.A.	924	0
Consorzio La Spezia Utilities	7	7
Sarda Factoring	495	495
Total	**1,426**	**502**

5.2.4 Deferred tax assets

The balance of EUR 125,667 thousand at 30 September 2015 essentially comprises:

- net deferred tax assets of EUR 78,080 thousand relating to tax assets on tax losses still to be used in connection with the IRES tax consolidation scheme;
- net deferred tax assets of the subsidiary Sarlux Srl totalling EUR 10,881 thousand, consisting of deferred tax assets of EUR 92,047 thousand for the straight-line recognition of revenues – IAS 17 and IFRIC 4 – and deferred tax liabilities of EUR 81,166 thousand relating to the valuation of the contract with GSE of EUR 49,250 thousand, and excess and accelerated depreciation of EUR 31,916 thousand respectively;
- net deferred tax assets of the subsidiary Saras Energia SAU of EUR 21,128 thousand, which mainly comprises tax assets on tax losses;
- net deferred tax assets of parent company Saras SpA of EUR 17,639 thousand.

The decrease of EUR 82,844 thousand versus 31 December 2014 was mainly due to the release of deferred tax assets on past tax losses, used, within statutory limits, to offset taxable income for the period, under the IRES tax consolidation scheme.
The taxes were deemed to be recoverable based on the Group's future earnings prospects.

5.2.5 Other financial assets

At 30 September 2015, the balance of this item was EUR 4,920 thousand (EUR 5,125 thousand in the previous year) and mainly relates to the long-term portion of a financial receivable due to the Parent Company Saras SpA from third parties (EUR 4,004 thousand).

5.3 Current liabilities

5.3.1 Short-term financial liabilities

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

	30/09/2015	31/12/2014	Change
Bond	0	249,723	(249,723)
Bank loans	65,641	31,668	33,973
Bank accounts	82,653	68,749	13,904
Derivative instruments	10,944	172,348	(161,404)
Other short term financial liabilities	21,184	27,631	(6,447)
Total short-term financial liabilities	**180,422**	**550,119**	**(369,697)**
Total long-term financial liabilities	**423,458**	**276,595**	**146,863**
Total financial liabilities	**603,880**	**826,714**	**(222,834)**

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

On 16 July 2015, Saras SpA signed a three-year loan agreement for EUR 50 million with a group of leading national and international banks. This senior loan is not backed by collateral. It carries an interest rate of EURIBOR plus a fixed annual component, and is repayable in a single instalment on the expiry date of 15 July 2018.

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

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

The item “Short-term financial liabilities” mainly comprises the interest accrued on the bond issued by the Parent Company.

Bank loans and bond issues are valued at amortised cost.

For further details, please see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	30/09/2015	31/12/2014	Change
Advances from customers: portion due within the period	20,497	845	19,652
Trade payables: portion due within the period	1,043,428	1,713,439	(670,011)
Total	**1,063,925**	**1,714,284**	**(650,359)**

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

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

5.3.3 Current tax liabilities

This item breaks down as shown below.

	30/9/2015	31/12/2014	Change
VAT	67,412	56,355	11,057
IRES (corporation tax and income tax of foreign companies)	17,702	17,870	(168)
IRAP (regional income tax)	5,982	4,801	1,181
Other tax payables	139,999	89,638	50,361
Total	**231,095**	**168,664**	**62,431**

The change in VAT payables is due to an advance tax payment made in December 2014, as required by law, but which did not recur during the year.

The “Other tax payables” item chiefly includes excise duties on products introduced into the market by the parent company Saras SpA (EUR 130,547 thousand) and by the subsidiary Saras Energia SAU (EUR 5,768 thousand). The increase was largely due to advance payments of excise duties which were made only in December, as required by Italian regulations.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below.

	30/9/2015	31/12/2014	Change
Social security payables: portions due within one period	9,103	8,401	702
Due to personnel	25,179	22,121	3,058
Payables to Ministry for grants	15,679	15,679	0
Other payables	27,304	25,533	1,771
Other accrued liabilities	1,050	342	708
Other deferred income	3,117	1,047	2,070
Total	**81,432**	**73,123**	**8,309**

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

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

The item “Other payables” mainly refers to port taxes (EUR 19,514 thousand) payable by the Parent Company, as previously assessed by the Customs Authority for the period 2005-2007. The appeal filed with the Provincial Tax Commission resulted in an unfavourable outcome for the Company and the date of the hearing before the Regional Tax Commission is still awaited.

5.4 Non-current liabilities

5.4.1. Long-term financial liabilities

This item breaks down as shown below.

	30/09/2015	31/12/2014	Change
Bond	173,936	173,727	209
Bank loans	249,522	102,868	146,654
Total long-term financial liabilities	**423,458**	**276,595**	**146,863**

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

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

On 23 March 2015, Saras SpA signed a four-year loan agreement for EUR 150 million with a group of leading national and international banks. The loan is not backed by collateral. It carries an interest rate equal to EURIBOR plus a fixed annual component and is repayable in seven instalments, of which the first, equal to 5% of the capital, is due on 6 March 2016 and the last on 6 March 2019.

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

Figures in Euro million	Loan origination date	Amount originally borrowed	Base rate	Net book value at 31/12/14	Net book value at 30/09/15	Maturity			Collateral
						1 year	from 1 to 5 years	after 5 years	
Saras S.p.A.									
Loan in pool	16-Jul-15	50.0	Euribor 6M	-	49.6		49.6		
Loan in pool	23-Mar-15	150.0	Euribor 6M	-	148.3	22.5	125.8		
Loan in pool	3-Jul-12	170.0	Euribor 6M	111.8	96.2	40.4	55.8		
				111.8	**294.1**	**62.9**	**231.2**		
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	22.7	21.1	2.8	18.3		
				22.7	**21.1**	**2.8**	**18.3**		
Total payables to banks for loans				**134.5**	**315.2**	**65.7**	**249.5**		

Saras SpA's loan agreement for EUR 170 million is subject to certain covenants:

- financial, whereby the Company will have to meet the following ratios: net debt/EBITDA < 3.25 and net debt/shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements for the previous 12 months) at 30 June and 31 December each year.
- corporate, mainly in relation to the Company's ownership structure, a ban on changing business activities, reducing the share capital, selling the majority of its key shareholdings or selling a significant portion of its non-current assets.
- as regards dividends, the Company is allowed to pay out a maximum amount of 60% of consolidated adjusted net profit provided that, after distribution, it still complies with the net debt/EBITDA ratio covenant. Note that the covenant in question is consistent with the policy adopted some time ago by the Parent Company.

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

Saras SpA's loan agreements for EUR 150 million and EUR 50 million are subject to certain covenants:

- financial, whereby the Company will have to meet the following ratios: net debt/EBITDA < 3.5 and net debt/shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements for the previous 12 months, at 31 December each year.
- corporate, mainly in relation to the Company's ownership structure, a ban on changing business activities, reducing the share capital, selling the majority of its key shareholdings or selling a significant portion of its non-current assets.

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

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

- financial, mainly comprising liquidity parameters that must be met every six months and a ban on carrying out derivatives transactions unless authorised by the pool of banks;
- operational, in regard to the management of the wind farm and the obligation to provide insurance cover;
- corporate, connected to the Company's ownership structure, specifically a ban on carrying out extraordinary financing transactions without the authorisation of the lending banks or making changes to the licences and permits the company needs to carry out the project.

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

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

The financial covenants, which were due to be checked on 30 June 2015, have been complied with.

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows.

	31/12/2014	Additions	Decrease for use and reversals	Other changes	30/09/2015
Provision for dismantling of plants	18,963	69	0	0	19,032
Provision for CO2 allowances	32,273	25,349	(21,644)	0	35,978
Other provisions	20,797	38	(213)	0	20,622
Total	**72,033**	**25,456**	**(21,857)**	**0**	**75,632**

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

The provision for CO_2 emission quotas (EUR 35,978 thousand) was made pursuant to Legislative Decree 216 of 4 April 2006, which introduced limits on CO_2 emissions from plants. If these limits are exceeded, allowances covering the excess amount of CO_2 must be purchased on the appropriate market. The provision in question represents allowances required and not yet purchased.

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

- for the refinery plants, actual emissions as of 30 September totalled 2,140,162 tons of CO_2. A provision was made for the shortfall for the period, net of purchases and sales made (545,413 tons, worth EUR 5,689 thousand);
- for the cogeneration plants, actual emissions as of 30 September totalled 2,884,495 tons of CO_2. A provision was made for the shortfall for the period, net of purchases and sales made (2,438,464 tons, worth EUR 19,660 thousand).

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

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

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	30/09/2015	31/12/2014	Change
Employee end-of-service payments	11,565	11,917	(352)
Other supplementary pension funds	94	94	0
Total	**11,659**	**12,011**	**(352)**

Employee end-of-service payments are governed by article 2120 of the Italian Civil Code and reflect the estimated amount that the company will be required to pay employees when they leave their employment. The liability accrued was calculated using actuarial techniques. On 30 June 2010, following the cancellation by the Company of the agreement establishing CPAS, the Company's supplementary employee pension fund, the fund was dissolved and put into liquidation, with workers given the option of transferring the benefits earned until that date to another supplementary pension scheme or of redeeming the full amount.

The trade unions, however, disputed the termination of the fund, and a number of the employees involved have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision. Having taken legal advice from the lawyers assisting the Company in this matter, the Company is confident that the propriety of its actions will be upheld in court. Following the above-mentioned cancellation, the Saras CPAS fund is the Company's supplementary employee pension fund, and is structured as a defined contribution fund.

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

Balance at 31.12.2013	**13,440**
Accruals for defined contribution plan (TFR)	6,853
Deductions	(3,321)
Payments to supplementary pension schemes (or to INPS treasury funds)	(5,055)
Balance at 31.12.2014	**11,917**
Accruals for defined contribution plan (TFR)	4,482
Deductions	(352)
Payments to supplementary pension schemes (or to INPS treasury funds)	(4,482)
Balance at 30.09.2015	**11,565**

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

Balance at 31.12.2013	**6,466**
Accrual for the period	0
Amount used during the period	(6,372)
Balance at 31.12.2014	**94**
Accruals for defined contribution plan (TFR)	0
Deductions	0
Payments to supplementary pension schemes (or to as INPS treasury funds)	0
Balance at 30.09.2015	**94**

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 9,362 thousand, relate to the foreign subsidiaries and the subsidiary Sardeolica.

5.5.5 Other non-current liabilities

Other non-current liabilities break down as follows.

	30/9/2015	31/12/2014	Change
Deferred income	299,123	329,369	(30,246)
Other	1,576	1,831	(255)
Total	**300,699**	**331,200**	**(30,501)**

The change compared with 31 December 2014 is mainly due to the decrease in "deferred income" posted by the subsidiary Sarlux Srl. The item in question, accounted for according to IFRIC 4, relates to the agreement for the sale of energy between the subsidiary and GSE (Gestore dei Servizi Energetici SpA). Revenues from the sale of energy are calculated on a straight-line basis since the electricity supply contract, pursuant to IAS 17 (Leases) and IFRIC 4 (Determining Whether an Arrangement Contains a Lease), has been recognised as a contract regulating the use of the plant by the customer of Sarlux Srl, meaning that it is comparable to an operating lease.

Such revenues have therefore been recognised on a straight-line basis in accordance with both the duration of the contract (20 years) and gas price forecasts, which constitute a determining factor for electricity tariffs.

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	30/9/2015	31/12/2014	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	595,334	856,034	(260,700)
Profit/(Loss) for the period	276,696	(261,847)	538,543
Total Shareholders Equity	**937,586**	**659,743**	**277,843**

Share capital
At 30 September 2015, the fully subscribed and paid-up share capital of EUR 54,630 thousand comprised 951,000,000 ordinary shares with no par value.

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

Other reserves
This item totalled EUR 595,334 thousand, a net decrease of EUR 260,700 thousand compared with the previous period. The net decrease was the combined result of:

- the allocation of the loss from the previous year (EUR 261,847 thousand);
- an increase of EUR 1,147 thousand relating to the establishment of a reserve for the bonus allocation of shares to employees and management under stock grant plans;

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

Net profit (loss)
The consolidated profit for the period was EUR 276,696 thousand.

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

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

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

	30/09/2015	30/09/2014	Change
Sales and services revenues	6,215,489	7,514,282	(1,298,793)
Sale of electricity	361,943	390,699	(28,756)
Other revenues	9,002	14,172	(5,170)
Change in contract work in progress	1,559	233	1,326
Total	**6,587,993**	**7,919,386**	**(1,331,393)**

Sales and services revenues fell by EUR 1,298,793 thousand, mainly due to oil product price trends.

Revenues from the sale of electricity include EUR 356,112 thousand relating to the gasification plant of subsidiary Sarlux Srl and EUR 5,831 thousand relating to the wind farm owned by subsidiary Sardeolica Srl.

Revenues from the sale of electricity by Sarlux Srl reflect the reporting on a straight-line basis, calculated according to the remaining duration of the contract that expires in 2021, principally taking into account the tariff amount and forward curves relating to both gas prices and the EUR/USD exchange rate until the contract expires; these projections are reviewed when there are significant changes.
Note that, pending the settlement of the dispute with the AEEG (gas and electricity regulator) over the method of calculating the avoided fuel cost component, for the purposes of these financial statements, revenues from the sale of electricity were determined in accordance with Legislative Decree 69/2013 (known as the "Decree of Doing").

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

6.1.2 Other revenues

The following table shows a breakdown of other revenues:

	30/09/2015	30/09/2014	Change
Revenues for storage of mandatory stocks	3,376	6,391	(3,015)
Sales of sundry materials	265	2,251	(1,986)
Grants	12,803	13,253	(450)
Chartering of tankers	898	3,816	(2,918)
Recoveries from claims and damages	782	2,671	(1,889)
Reimbursment of emission trading charges	17,914	13,937	3,977
Other income	48,851	33,099	15,752
Total	**84,889**	**75,418**	**9,471**

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

The item “Reimbursement of emissions trading charges” comprises income posted by the subsidiary Sarlux Srl, deriving from the reimbursement – pursuant to section II, point 7-*bis* of CIP Provision 6/92 – of charges relating to the application of Directive 2003/87/EC (Emissions Trading), as per AEEG Resolution 77/08. The increase compared with the previous year was due to the rise in the price of allowances (from EUR 5.74 per allowance in the first nine months of 2014 to EUR 7.41 per allowance in 2015).

The item “Other income” mainly includes income from energy efficiency certificates (white certificates of EUR 16,455 thousand compared with EUR 7,331 thousand in the same period of the previous year) accrued over the period, as well as services provided by subsidiary Sarlux Srl on the Sarroch site to primary operators in the oil sector for EUR 15,088 thousand.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, replacement parts and consumables

	30/09/2015	30/09/2014	Change
Purchases of raw materials	4,472,696	6,069,242	(1,596,546)
Purchases of semifinished materials	217,830	152,471	65,359
Purchases of spare parts and consumables	31,126	49,813	(18,687)
Purchases of finished products	811,944	1,272,673	(460,729)
Change in inventories	66,918	(51,847)	118,765
Total	**5,600,514**	**7,492,352**	**(1,891,838)**

Costs for the purchase of raw materials, replacement parts and consumables fell by EUR 1,596,546 thousand compared with the same period of the previous year, mainly due to the above-mentioned trends in crude oil and oil product prices.

6.2.2 Services and sundry costs

	30/09/2015	30/09/2014	Change
Service costs	351,160	361,503	(10,343)
Rent, leasing and similar costs	10,169	10,292	(123)
Provisions for risks and charges	21,773	20,642	1,131
Other operating charges	13,763	13,888	(125)
Total	**396,865**	**406,325**	**(9,460)**

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

“Rent, leasing and similar costs” includes the costs incurred by the Parent Company and the subsidiary Sarlux Srl (for the lease of its offices in Milan and Rome, government concessions for the Sarroch site and the leasing of equipment) and by the subsidiary Saras Energia SAU for rents on the distribution network.

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

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

6.2.3 Personnel costs

“Personnel costs” break down as follows:

	30/09/2015	30/09/2014	Change
Wages and salaries	79,228	69,030	10,198
Social security	24,213	21,317	2,896
Employee end-of-service payments	4,482	4,271	211
Other costs	2,977	2,667	310
Directors’ remuneration	2,670	2,714	(44)
Total	**113,570**	**99,999**	**13,571**

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

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

- managers with strategic responsibilities within the Company;

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

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

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

On 8 August 2013, the Board of Directors set the maximum number of shares to be assigned to individual beneficiaries; the cost that relates to these consolidated financial statements is EUR 1,147 thousand.

6.2.4 Depreciation, amortisation and write-downs

Depreciation and amortisation charges are shown below:

	30/09/2015	30/09/2014	Change
Amortisation of intangible assets	25,794	4,832	20,962
Write-downs of intangible assets	22,914	2,513	20,401
Reversal of write-downs of intangible assets		(5)	5
Depreciation of tangible assets	141,832	141,838	(6)
Reversal of write-downs of tangible assets		(1,295)	1,295
Total	**190,540**	**147,883**	**42,657**

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

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	30/09/2015	30/09/2014	Change
Financial income :			
- from financial assets recorded under current assets	180	0	180
Other income:			
- Interest on bank and post office accounts	381	354	27
-Fair value of derivatives held at the reporting date	21,138	82,209	(61,071)
- Positive differences on derivatives	196,349	59,829	136,520
- Other income	2,167	442	1,725
Exchange gains	79,395	44,196	35,199
Total Financial Income	**299,610**	**187,030**	**112,580**
Financial charges:			
- Fair value of derivatives held at the reporting date	(15,147)	(67,792)	52,645
- Negative differences on derivatives	(104,256)	(36,013)	(68,243)
- Other (interest on loans, late payment interest, etc.)	(30,009)	(28,224)	(1,785)
Exchange losses	(132,832)	(78,066)	(54,766)
Total Financial Charges	**(282,244)**	**(210,095)**	**(72,149)**
Total	**17,366**	**(23,065)**	**40,431**

The table below shows net income/charges by type:

	30/09/2015	30/09/2014	Change
Net interest income / (expense)	(29,628)	(27,870)	(1,758)
Net result from derivative financial instruments	98,084	38,233	59,851
- Realised gains (losses)	*92,093*	*23,816*	*68,277*
- Fair value of the open positions	*5,991*	*14,417*	*(8,426)*
Net exchange gains/(losses)	(53,437)	(33,870)	(19,567)
Other	2,347	442	1,905
Total	**17,366**	**(23,065)**	**40,431**

The fair value of outstanding derivatives at 30 September 2015 represented net income of EUR 5,991 thousand, compared with net income of EUR 14,417 thousand in the same period of the previous year.

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

6.4 Income tax

Income tax breaks down as follows.

	30/09/2015	30/09/2014	Change
Current taxes	108,710	1,708	107,002
Deferred tax (income)/expense, net	3,353	(49,801)	53,154
Total	**112,063**	**(48,093)**	**160,156**

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

Deferred tax assets/liabilities relate both to the use of deferred tax assets (posted on accumulated tax losses in previous years) in view of the positive result for the period, and to changes over the period in the temporary differences between the values recorded in the accounts and those recognised for tax purposes.

7. Other information

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

7.1 Main legal actions pending

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

I. Production: 2002-2005. A specific AEEG committee created as a result of an inspection of the IGCC plan in 2007 interpreted *a posteriori* the above-mentioned resolution differently from at the time of production. As a result, the AEEG deemed the company subject to the obligation to purchase green certificates for the years 2002 to 2005. Sarlux initiated legal proceedings for all the years contested. In March 2015, the high court accepted, as its final decision, Sarlux's appeal for the years 2002-2005, overturning the results of the inspection and the contested measures that had led to the imposition of the obligation to purchase green certificates. On 23 July 2015, the AEEG resolved that the GSE, in compliance with the above-mentioned ruling, should refund Sarlux's net costs incurred in purchasing green certificates, totalling around EUR 12.1 million. It also resolved to bring a high court action to obtain clarification purely on other net costs incurred by Sarlux, of some EUR 5.6 million, which based on a literal interpretation of the ruling should also be refunded to Sarlux. As Sarlux considers that the high court's ruling does not need further clarification and that the arguments already put forward in the appeal are exhaustive, it is assessing the validity of the observations expressed by the AEEG. In respect of a net receivable of EUR 17.7 million for the years 2002-2005 (gross liability of EUR 31.9 million net of a refund of EUR 14.2 million pursuant to CIP 6/92), the GSE refunded an amount of EUR 12.1 million in September 2015.

II. Production 2009. In its ruling mentioned in the previous section, the high court did not deal with one point of the appeal (hydrogen produced by the plant qualifying as “useful heat”). If this interpretation had been accepted, the subsidiary could have been considered a cogeneration plant for its production in 2009. As Sarlux considers the arguments already submitted to the high court to be justified, it intends to launch further legal action with the aim of achieving recognition of its arguments that cogeneration from the production of hydrogen is "useful heat". These condensed consolidated financial statements show a net receivable of EUR 4.9 million for 2009 (gross liability of EUR 12.3 million net of a refund of EUR 7.4 million pursuant to CIP 6/92).

III. Production: 2011, 2012 and subsequently. As regards production in 2011, 2012, 2013 and 2014, the Company submitted the cogeneration declaration pursuant to the requirements of Resolution 42/02 as in previous years, since it considered this resolution was still in effect. GSE, however, ruled that, starting with the 2012 obligation (2011 production onwards), the only applicable regulation was that for high yield cogeneration as set out in the Ministerial Decree of 4 April 2011, and therefore rejected the Company's application. Sarlux Srl therefore lodged various appeals to the TAR with the aim of receiving confirmation that Resolution 42/02 was applicable or, if the regulation for high yield cogeneration applied, that the cogeneration conditions were complied with for the years in question. In the meantime, in order to avoid incurring administrative fines, the Company purchased green certificates for the 2011, 2012 and 2013 production totalling EUR 67.0 million, as per GSE's calculations, and immediately forwarded a request for a refund to the AEEG, of which EUR 11.7 million was obtained for 2011 and EUR 15.1 million for 2012; the refund estimated for the 2013 obligation is approximately EUR 9 million. The situation described above also applies to 2014 and 2015; for 2014, specifically, GSE has already rejected the cogeneration declaration submitted by the Company and, to date, no communication about the number of green certificates to be purchased has been received. Should the Company lose the case, the estimated net cost for 2014 would amount to about EUR 5 million. Although the appeal lodged with the TAR to confirm the applicability of Resolution 42/02 was rejected in February 2015, Sarlux Srl considers that the arguments supporting this appeal (the dismissal of which may in any case be appealed) and the appeal to confirm that the cogeneration conditions have been satisfied, should the CAR ruling be applied, are valid and applicable for all the years contested. It has, therefore, not recorded any liability or income for 2011 onwards.

7.2 Early withdrawal from CIP 6/92 agreement

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

GSE calculated the fees payable under which such withdrawal could have been effected: the Ministry for Economic Development subsequently extended the deadline for presentation of the binding application for voluntary early withdrawal from the CIP 6 agreement to 30 September 2015.

The Company considers that the conditions to exercise the option of voluntary early withdrawal from the CIP6/92 agreement do not exist.

7.3 Transactions with related parties

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

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

To the extent that it is applicable to the Saras Group, the disclosure on financial instruments to be provided in annual and interim financial statements is mainly set out in IFRS 7 and 13.

IFRS 7 - Financial instruments: Disclosures requires entities to provide supplementary disclosures in financial statements that make it possible to evaluate:

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

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

Fair value hierarchy

Points a) and b) of paragraph 93 of the standard in question require the amounts of assets and liabilities measured at fair value to be provided, broken down by fair value hierarchy. To this end, IFRS 13 defines a precise three-tier fair value hierarchy.

The criterion used concerns the actual degree to which inputs used for the estimate can be observed. As such, the hierarchy establishes the various levels of reliability of fair value, depending on whether it is based on:

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

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

Assets	**commodities**		**Exchange rates**		**Interest rates**	
	Level 1	**Level 2**	**Level 1**	**Level 2**	**Level 1**	**Level 2**
FUTURES	30,187			271		
SWAPS					33	
OPTIONS	4,902					
Total	**35,089**	**0**	**0**	**271**	**33**	**0**

Liabilities	**commodities**		**Exchange rates**		**Interest rates**	
	Level 1	**Level 2**	**Level 1**	**Level 2**	**Level 1**	**Level 2**
FUTURES	(2,291)			(252)		
SWAPS	0				(2,289)	
OPTIONS	(6,112)					
Total	**(8,403)**	**0**	**0**	**(252)**	**(2,289)**	**0**

Valuation techniques

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

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

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

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

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

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

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

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

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

7.5 Other

Please refer to the Report on Operations of the Condensed Consolidated Financial Statements for details of any atypical and/or unusual operations as well as the accidents that occurred in 2009 and 2011.