Saras Group Q3 Report as at 30th September 2007

SARAS

“This is a translated version of the third quarter 2007 report of the Saras Group especially intended for an international audience. Those who wish to receive the original report in Italian should address their request in writing or refer to the company website”

Table of contents

Statutory Boards

BOARD OF DIRECTORS

GIAN MARCO MORATTI	Chairman
MASSIMO MORATTI	Chief Executive Officer
ANGELO MORATTI	Vice Chairman
GILBERTO CALLERA	Independent Director
MARIO GRECO	Independent Director
ANGELOMARIO MORATTI	Director
GABRIELE PREVIATI	Director
DARIO SCAFFARDI	Director

BOARD OF STATUTORY AUDITORS

CLAUDIO MASSIMO FIDANZA	Chairman
GIOVANNI LUIGI CAMERA	Permanent Auditor
MICHELE DI MARTINO	Permanent Auditor
LUIGI BORRE'	Stand-in Auditor
MASSIMILIANO NOVA	Stand-in Auditor

INDEPENDENT AUDITING FIRM

PRICEWATERHOUSECOOPERS S.p.A.

Group Activities

The Saras Group is active in the energy sector, and is one of the leading operators in Italy and the rest of Europe when it comes to refining crude oil. It sells and distributes oil products in both the domestic and international market, and produces and sells power, as well as engaging in other activities such as industrial engineering for the oil sector and IT services.

As part of its refining activities, it processes both purchased crude oil and the crude oil of third parties. Refining is carried out at the Saras Group's plant in Sarroch, on the south-western coast of Sardinia. The Sarroch refinery is one of the largest in the Mediterranean in terms of production capacity, and one of Europe's six super-sites[1], as well as one of the most complex refineries. Boasting an effective refining capacity of approximately 15 million tons per year (around 300,000 barrels/day), the refinery accounts for 15% of Italy's total distillation capacity.

Thanks to the refinery size, highly complex organisation and location, the Saras Group has been able to refine different grades of crude oil, while developing commercial relationships over the years with both crude-exporting countries in North Africa and the Near East and major international oil corporations.

The Saras Group, both directly and via the subsidiary companies Arcola Petrolifera S.p.A. and Saras Energia S.A., sells and distributes oil products such as diesel, gasoline, heating oil, liquid petroleum gas (LPG), virgin naphtha and aviation fuel to markets in Italy, Europe, overseas (mainly the Spanish market) and outside of Europe.

The Saras Group also operates in the power sector through the IGCC plant (Integrated Gasification Combined Cycle) of the subsidiary Sarlux S.r.l. and the joint venture Parchi Eolici Ulassai S.r.l., which owns and manages the wind power farm located in the Municipality of Ulassai in Sardinia (power from renewable sources).

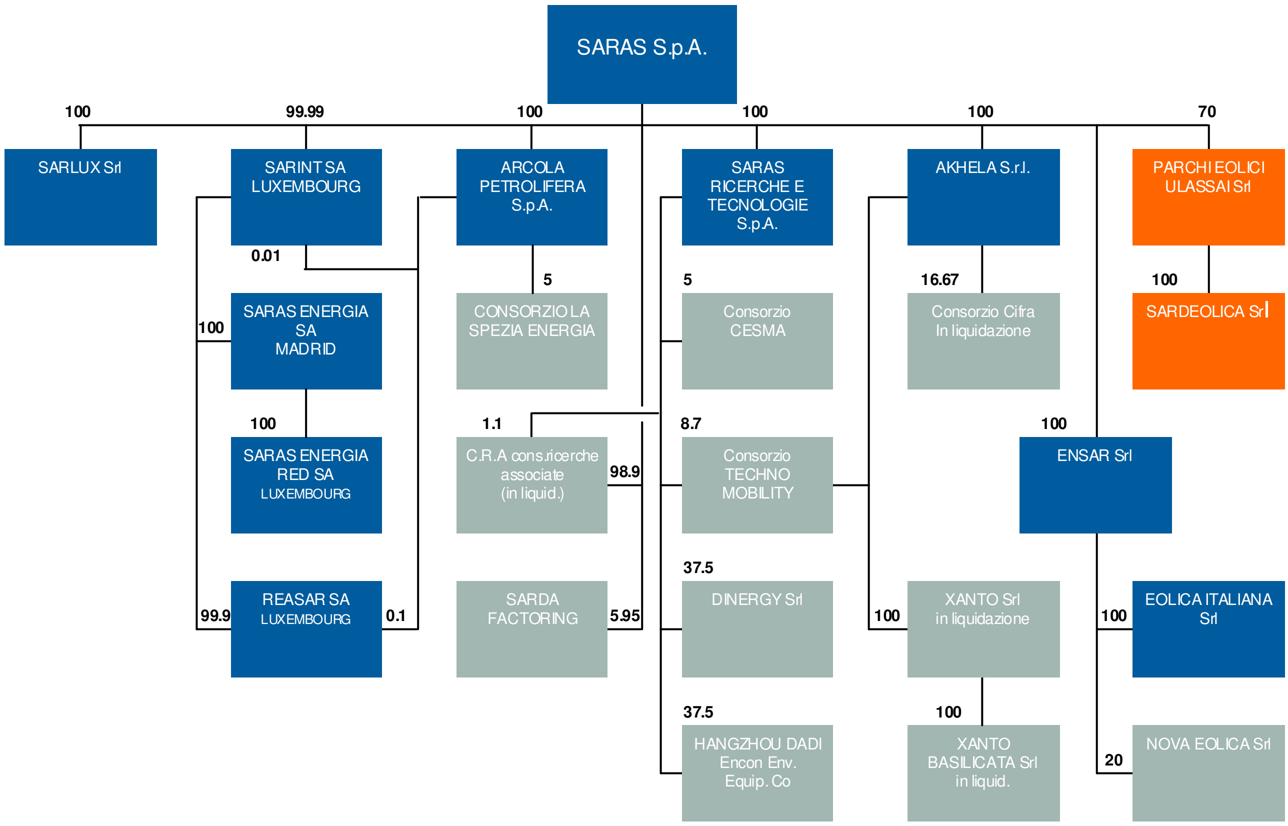
The IGCC plant, which is completely integrated with the Sarroch refinery's production processes, produces power, hydrogen and steam, as well as sulphur and metal concentrates, by using heavy crude oil residues originating from refining processes (assimilated to renewable sources). The power produced by the IGCC plant is sold to Gestore del Sistema Elettrico (GSE: the national grid operator for renewable sources) in accordance with the terms and conditions set out in CIP 6 resolution, while hydrogen and steam are used by Saras in the refinery's production processes.

The Saras Group also provides industrial engineering and scientific research services to the oil, energy and environment sectors through the subsidiary Sartec S.p.A. and operates in the information services sector through the subsidiary Akhela S.r.l.

[1] Source: Wood Mackenzie

Structure of the Saras Group

Below is the complete structure of the Saras Group and the various segments of business, with the main companies for each segment.



REFINING	MARKETING	POWER GENERATION	OTHER
Saras Spa	Saras Energia Sa Arcola Petrolifera Spa Saras Energia Red Sa	Sarlux Srl	Akhela srl Sartec Spa Reasar Srint Ensar Eolica Italiana

Consolidated by the line-by-line method

Consolidated by the equity method
Saras share is 70%

WIND

Parchi Eolici Ulassai
Sardeolica Srl

Stock Performance

Below are some data concerning prices and daily volumes relating to the Saras share between 02/07/2007 and 28/09/2007.

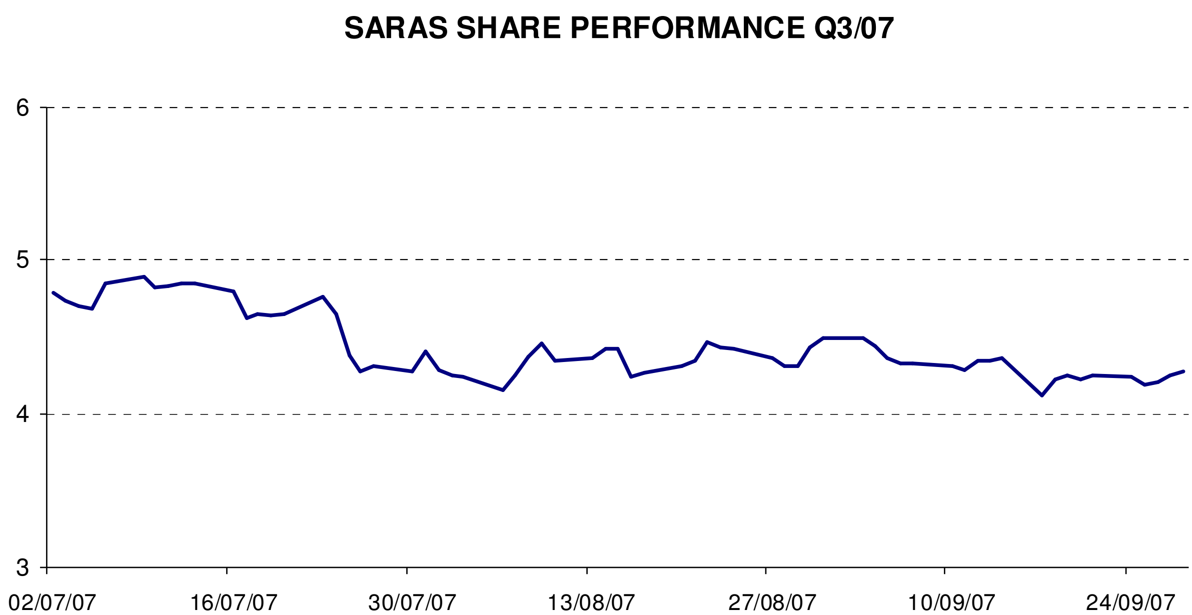
SHARE PRICE	Euro
Minimum price (17/09/2007) *	4.108
Maximum price (09/07/2007) *	4.925
Average price	4.435
Closing price at 28/09/2007	4.280

* intended as minimum and maximum price during the day's trading, therefore not coincident with the official reference prices on the same date

DAILY TRADED VOLUMES	Millions of Euro
Maximum volume (25/07/2007)	36.0
Minimum volume (03/09/2007)	3.0
Average volume	11.5

Market capitalization at 30/09 amounts to about Eur 4,070 million.

The graph reported below shows the daily performance of the share.



REPORT ON OPERATIONS

Comments on Group results[2]

Highlights for the period

- **Group comparable EBITDA[3] at EUR 139.0 ml, down 13%** on Q3/06 and down 30% on Q2/07

- **Group adjusted net income[4] at EUR 60.0 ml, down 13%** on Q3/06 and down 33% on Q2/07

- **Saras *refining&power* margin at 9.8 $/bl in Q3/07 down 3% versus Q3/06** and down 31% versus Q2/07
  - **refinery margin at 5.9 $/ bl in Q3/07** (6.5 $/bl in Q3/06 and 9.9 $/bl in Q2/07)
  - power (IGCC) margin at 3.7 $/bl

- **Net financial position at EUR -136 ml , down EUR 148 ml from Q2/07 affected by a considerable increase in working capital**

Key Consolidated financial figures

Below are key consolidated financial figures, shown in comparison with the data related to the same period last year and previous quarter. **It should be noted** that 1-9/06 figures are proforma, i.e. with Sarlux S.r.l. fully consolidated as of 1st January 2005.

Saras Group income statement figures:

EUR Million	Q3/07	Q3/06	var %	Q2/07	1-9/07	1-9/06	var %
REVENUES	1,670.4	1,688.4	-1%	1,700.6	4,878.5	4,970.0	-2%
EBITDA	180.8	84.5	114%	265.7	591.8	423.8	40%
EBITDA *comparable*	**139.0**	**160.5**	**-13%**	**199.3**	**493.3**	**428.6**	**15%**
EBIT	140.0	44.2	217%	225.9	471.2	304.8	55%
EBIT *comparable*	**98.2**	**120.0**	**-18%**	**159.4**	**372.6**	**309.6**	**20%**
NET INCOME	89.7	33.8	165%	136.0	276.5	172.4	60%
***adjusted* NET INCOME**	**60.0**	**69.2**	**-13%**	**89.5**	**220.5**	**175.8**	**25%**

Other Group figures:

EUR Million	Q3/07	Q3/06	Q2/07	1-9/07	1-9/06
NET FINANCIAL POSITION	**(136)**	**(187)**	**12**	**(136)**	**(187)**
CAPEX	**54**	**18**	**57**	**147**	**88**
OPERATING CASH FLOW	**(72)**	**164**	**347**	**451**	**335**

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

[3] **Comparable EBITDA:** calculated evaluating inventories at LIFO. **In Q2/07 and Q3/07 a non recurring income** of EUR 5.2 ml and 0.6 ml respectively (due to change in law in the calculation of provisions for employee retirement benefits) has been deducted.

[4] **Adjusted net income:** Net income adjusted by difference between inventories at LIFO and inventories at FIFO after taxes, non recurring items after taxes and change in the derivatives fair value after taxes

Remarks on the third quarter results

Saras Group results were largely in line with company expectations even in a scenario of weak refining margins and high volatility of crude oil prices that negatively affected the Refining segment. The excellent and stable results of Power and Marketing supported overall earnings in the quarter.

Group **Revenues** were EUR 1,670 ml in line with same period last year.

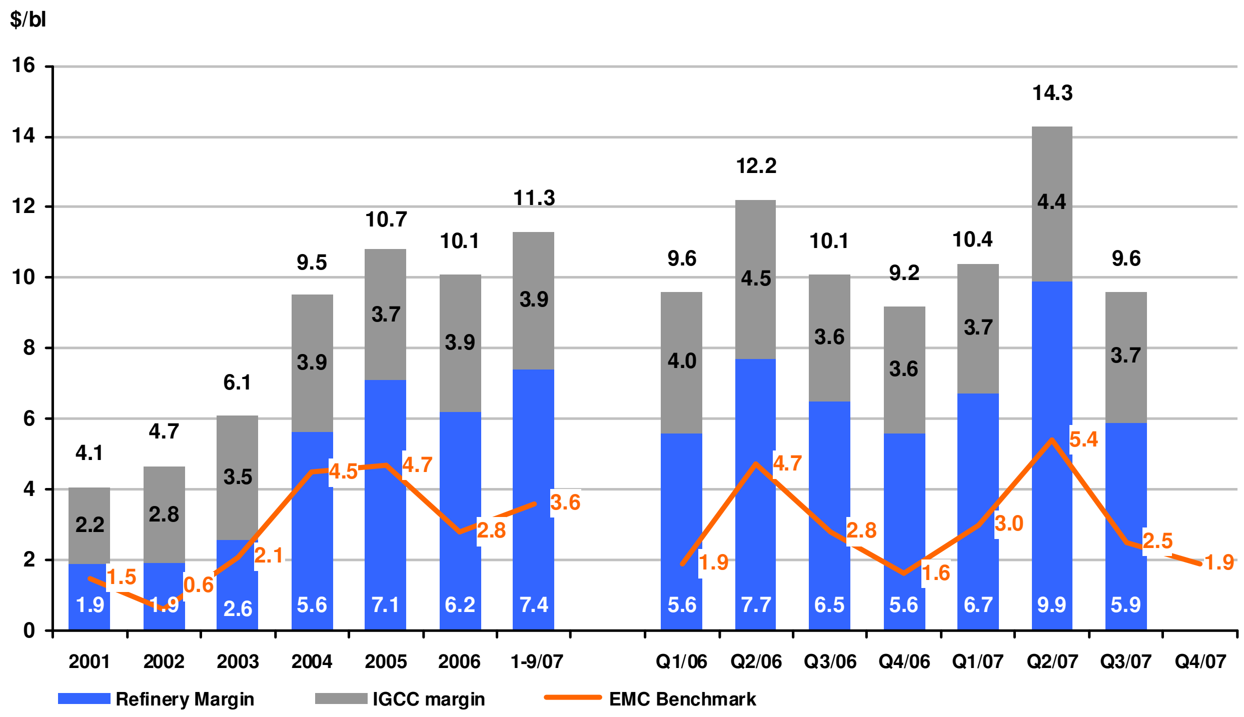
Group **Comparable EBITDA** amounted to EUR 139.0 ml a slight decrease (-13%) vs Q3/06 entirely due to the Refining segment.

Adjusted net income was EUR 60 ml, showing a decrease of 13% vs Q3/06, in line with the slowdown of EBITDA.

CAPEX amounted to EUR 54 ml in the period, in line with the investment program for 2007.

Net Financial Position at the end of Q3/07 turned to a negative of EUR 136 ml from a positive of EUR 12 ml at the end of Q2/07 due to a relevant increase of working capital (negative impact on cashflow in excess of EUR 250 ml).

During the quarter a total of 400,000 Saras shares have been bought from the market at an average price of EUR 4.30 per share to service the Stock plans for employees and managers as approved by the last Saras S.p.A AGM. Outstanding shares at 30/09/2007 are therefore 950.6 million from 951 million at the end of the previous quarter.



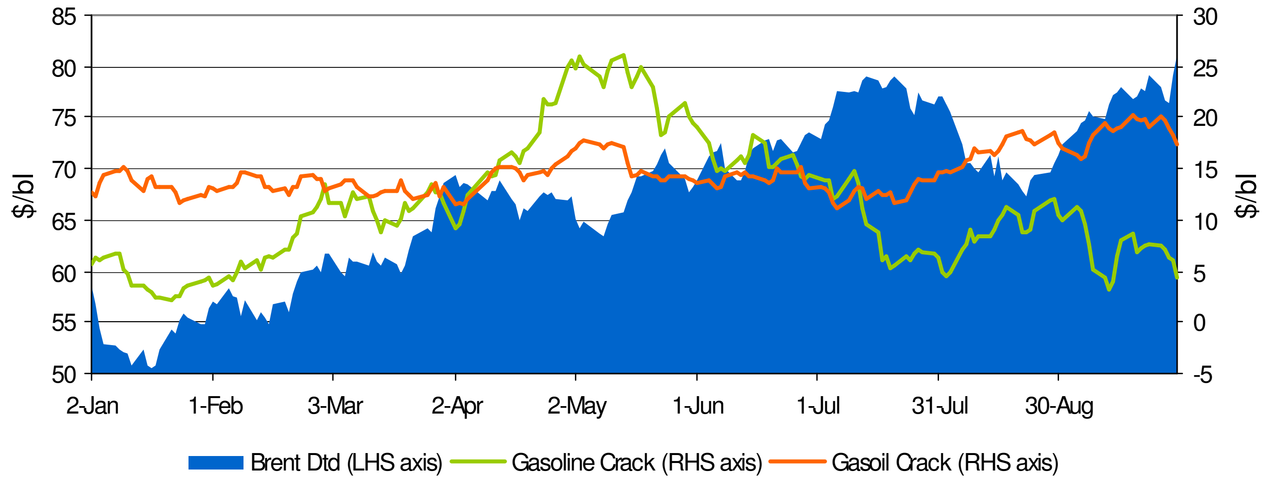
Q4/07: as at 2/11/07

Refinery margins: (comparable refining LIFO EBITDA + Fixed Costs) / Refinery Crude Runs in the period.
IGCC margin: (power.gen EBITDA + Fixed Costs) / Refinery Crude Runs in the period
EMC benchmark: margin calculated by EMC (Energy Market Consultants) based on runs equal to 50% of Urals and 50% of Brent.

The Oil Market

The graph shows the course of the price of Dated Brent crude oil and the crack spread values for ULSD and Unleaded Gasoline.

2007: Brent Dtd and Gasoline/Gasoil crack spread versus Brent
Source Platt's



Dated Brent price averaged 74.8 $/bl in Q3 and breached the 80 $/bl level for the first time in history on the very last day of the period, closing at 81.1 $/bl.

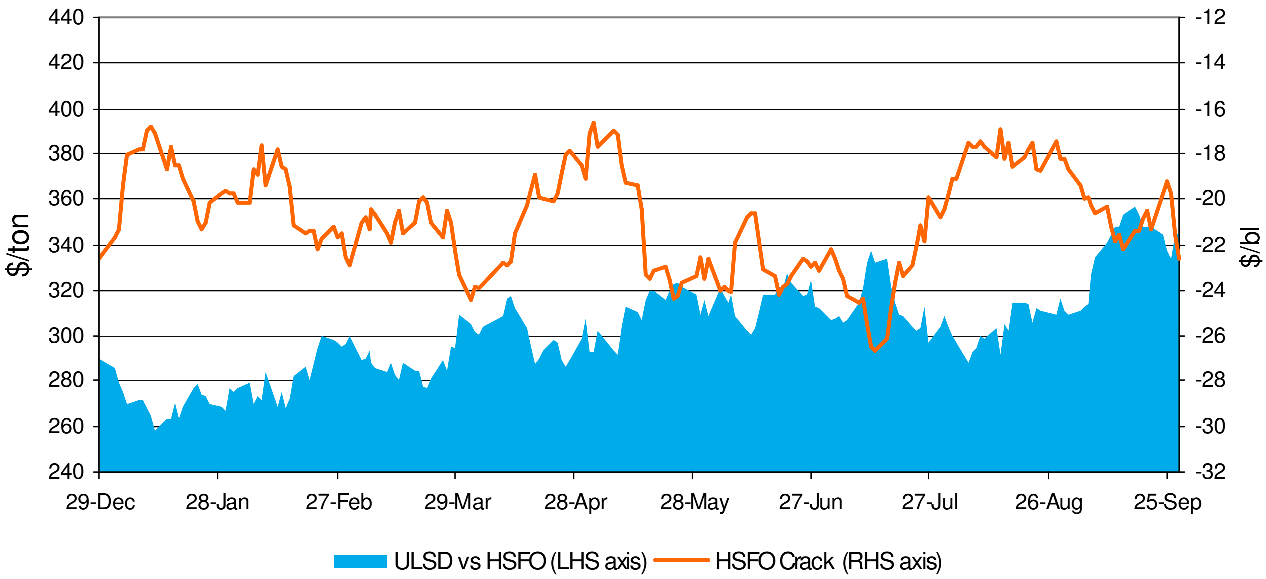
The price rally started at the beginning of the quarter on the back of a tightening physical crude market mainly deriving from the persisting OPEC squeeze on the supply side.

The side-effects of the financial market crisis in early August knocked about 10 $/bbl off crude prices, that fell just below 70 $/bl, but quotations subsequently rebounded to reach new record highs notwithstanding the promised increase in OPEC production, because this didn't change the perception of a tightening stock position during the winter season.

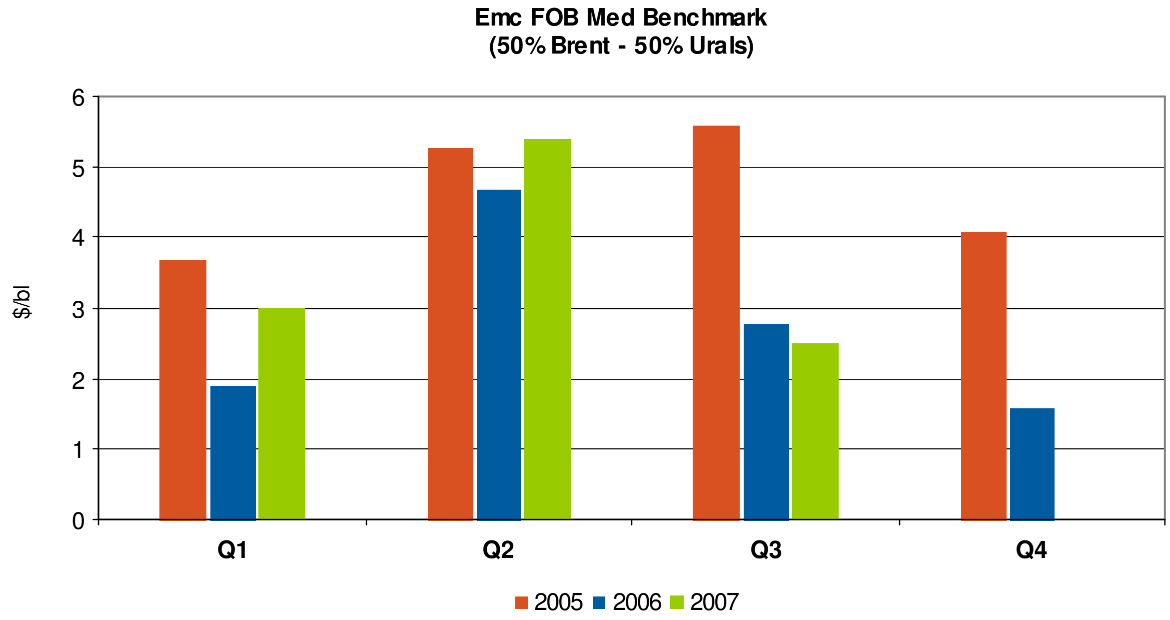
Both ULSD and gasoline crack spreads went under pressure especially in July as it often happens when market is constrained on the supply side. Gasoline in particular suffered because the crude price spike was coupled with the end of the gasoline peak demand season, and its crack spread more than halved versus the previous quarter.
ULSD crack spread, on the contrary, gained steam ahead of the winter season, following a typical seasonal pattern.

The light-heavy differential (ULSD-HSFO) widened slightly versus Q2 and averaged 318 $/ton.

2007: High Sulphur Fuel Oil crack spread and ULSD-HSFO differential
Source Platt's



The following graph shows the margin calculated by EMC (Energy Market Consultants) used by Saras as a benchmark. The average of Q3/07 has been 2.5 $/bl to be compared with 5.4 $/bl of previous quarter and 2.8 $/bl of same quarter last year.



Segment Reviews

Below is the main information relating to the various business segments within the Saras Group.
Furthermore, detailed results of the Sardeolica joint venture (Wind segment) are given in order to provide complete information, although the company is consolidated using the equity method.

Refining

EUR Million	Q3/07	Q3/06	var %	Q2/07	1-9/07	1-9/06	var %
EBITDA	105.3	31.0	240%	197.2	391.0	237.1	65%
EBITDA *comparable*	**73.7**	**98.5**	**-25%**	**140.8**	**310.2**	**243.0**	**28%**
EBIT	86.7	13.8	528%	179.6	337.0	187.0	80%
EBIT *comparable*	**55.1**	**81.3**	**-32%**	**123.2**	**256.2**	**192.9**	**33%**
CAPEX	**43**	**16**	**167%**	**51**	**123**	**83**	**48%**

Refinery runs in Q3 were 305 kbd (3.8 Mton) up 2% versus same period last year confirming the high utilization rates of the refinery. Runs for third parties represented 32% of total, a lower figure compared to same period last year (47%), due to the expiry of a contract at beginning of 2007 that has not been renewed.

Refining margins slimmed down during the quarter on the back of a tightening physical crude market mainly deriving from the persisting OPEC squeeze on the supply side. Both ULSD and gasoline crack spreads came under pressure especially in July as often occurs when the market is constrained on the supply side.
The EMC benchmark averaged 2.5 $/bl in Q3/07 down 0.3 $/bl from same period last year and down 2.9 $/bl from previous quarter. Notwithstanding the last weak quarter, during the first nine month of 2007 EMC benchmark averaged 3.6 $/bl versus 3.1 $/bl in the same period of 2006, confirming that on average margins remained healthy during 2007.

As anticipated the scheduled maintenance MildHydrocracker limited diesel production during the quarter more than offsetting the positive impact of the upgrades carried out during the maintenance of the previous quarter.

Furthermore there has been a loss of conversion of about 60 kton (1.6% yield on runs) due to:

- a temporary reduction of hydrogen supply from the nearby petrochemical plant caused by several operational glitches
- the stock building of MHC/FCC feedstock ahead of the scheduled Q4/07 crude distillation unit maintenance

Overall the middle distillates yield declined to 50.3% in the quarter.

As a consequence Saras' refining margin in Q3/07 was 5.9 $/bl, with a premium over the benchmark of 3.4 $/bl. During the first nine months of the year Saras' refining margin averaged 7.4 $/bl, with a premium of 3.8 $/bl over the benchmark, substantially in line with our guidance.

Margins and refinery runs

		Q3/07	Q3/06	var %	Q2/07	1-9/07	1-9/06	var %
REFINERY RUNS	Thousand ton	3,839	3,764	2%	3,415	11,063	10,391	6%
	Million bl	28.0	27.5	2%	24.9	80.8	75.9	7%
	thousand bl/day	305	299	2%	274	296.0	278	7%
of which: Processing for own account	Thousand ton	2,599	1,982		2,061	7,080	5,296	
Processing on behalf of third parties	Thousand ton	1,240	1,783		1,354	3,983	5,095	
EXCHANGE RATE	EUR/USD	1.374	1.274	8%	1.348	1.344	1.245	8%
EMC BENCHMARK MARGIN	$/bl	2.5	2.8	-11%	5.4	3.6	3.1	16%
SARAS REFINERY MARGIN	$/bl	5.9	6.5	-9%	9.9	7.4	6.5	14%

Production

		Q3/07	Q2/07	1-9/07	2006
LPG	thousand ton	78	79	246	312
	yield	2.0%	2.3%	2.2%	2.2%
NAPHTHA + GASOLINE	thousand ton	1,012	979	3,021	3,893
	yield	26.4%	28.7%	27.3%	27.3%
MIDDLE DISTILLATES	thousand ton	1,933	1,774	5,693	7,350
	yield	50.3%	51.9%	51.5%	51.4%
FUEL OIL & OTHERS	thousand ton	304	119	604	725
	yield	7.9%	3.5%	5.5%	5.1%
TAR	thousand ton	289	243	838	1,152
	yield	7.5%	7.1%	7.6%	8.1%

Crude Oil slate

		Q3/07	Q2/07	1-9/07	2006
Light extra sweet		46%	48%	45%	43%
Light sweet		1%	1%	2%	5%
Medium sweet					1%
Light sour					
Medium sour		23%	26%	26%	23%
Heavy Sour		30%	25%	27%	28%
Average crude gravity	°API	33.0	33.4	32.9	32.9

Marketing

Below are the financial highlights of the marketing segment, which is primarily focused on the wholesale business where the Saras Group operates through Arcola Petrolifera S.p.A. in Italy and Saras Energia S.A./Saras Red S.A. in Spain.

EUR Million	Q3/07	Q3/06	var %	Q2/07	1-9/07	1-9/06	var %
EBITDA	20.6	0.8	2475%	17.3	40.9	20.5	100%
EBITDA *comparable*	**10.4**	**9.3**	**12%**	**7.2**	**23.1**	**19.4**	**19%**
EBIT	19.3	0.2	9550%	16.1	37.1	19.3	92%
EBIT *comparable*	**9.1**	**8.7**	**5%**	**6.0**	**19.3**	**18.2**	**6%**
CAPEX	**5**	**1**		**1**	**6**	**1**	

Marketing achieved a good performance in Q3/07, with margins and sales improved versus previous quarters.

Sales in Spain increased by 36% versus same period last year, while in Italy the increase was around 10%.

Worthy of note is that Capex during the quarter increased to EUR 5 million due to the beginning of the construction activities of the biodiesel production plant close to the Saras Energia depot in Cartagena (Spain). Production is expected to start around mid 2008.

Sales

		Q3/07	Q3/06	var %	Q2/07	1-9/07	1-9/06	var %
TOTAL SALES	Kton	994	775	28%	920	2,848	2,349	21%
of which Italy	Kton	261	238	10%	268	784	737	6%
of which Spain	Kton	733	537	36%	652	2,064	1,612	28%

Power Generation

Below are the main financial data of the Power segment related to operations by Sarlux S.r.l. (the data of the first nine months of 2006 are proforma):

EUR Milion	Q3/07	Q3/06	var %	Q2/07	1-9/07	1-9/06	var %
EBITDA	**53.2**	**52.6**	**1%**	**52.3**	**159.2**	**168**	**-5%**
EBIT	**32.9**	**30.5**	**8%**	**31.8**	**98.1**	**101.8**	**-4%**
EBITDA ITALIAN GAAP	88.5	88.7	0%	51.3	225.4	255.0	-12%
EBIT ITALIAN GAAP	75.1	75.2	0%	37.9	185.4	214.8	-14%
NET INCOME ITALIAN GAAP	45.3	45.2	0%	22.6	111.3	128.5	-13%
CAPEX	**7**	**1**		**6**	**17**	**3**	

Other figures

		Q3/07	Q3/06	var %	Q2/07	1-9/07	1-9/06	var %
ELECTRICITY PRODUCTION	MWh/1000	1,169	1,177	-1%	934	3,319	3,468	-4%
POWER TARIFF	Eurocent/KWh	13.4	13.8	-3%	13.0	13.6	13.6	0%
POWER IGCC MARGIN	$/bl	3.7	3.6	3%	4.4	3.9	4.0	-3%

The excellent performance of the Sarlux IGCC plant was in line with expectations during the third quarter of 2007.

Italian GAAP EBITDA was unchanged from the same quarter last year; power production was also in line and very close to record highs, while power tariff was slightly lower mainly because of the strengthening of the euro vs USD.

Also in terms of IFRS EBITDA the third quarter was in line with the same period last year since scheduled maintenance, related production changes and minor tariff changes are included in the linearisation procedure required by the IFRS accounting principles. The decrease registered in the first nine months of 2007 vs 2006 is instead attributable to the change of the linearization procedure starting from Q2/06.

It should be noted that the power tariff has been calculated on the basis of the indexation methodology indicated by CIP6/92 law and no provisions had been made in respect of the new indexation introduced by the Energy Authority resolution issued on November last year because Saras considered this illegal for various reasons.
Consequently in November 2006 the resolution was challenged before the relevant court in Italy, which ruled in Saras' favour at the beginning of May 2007. The Authority appealed to the highest administrative level (*Consiglio di Stato*) during the month of October.

Other

The following table shows the main financial data of the segment related to operations by Sartec S.p.A. and Akhela S.r.l.

EUR Million	Q3/07	Q3/06	var %	Q2/07	1-9/07	1-9/06	var %
EBITDA	1.7	0.1	1600%	(1.1)	0.7	(1.8)	139%
EBIT	1.1	(0.5)	320%	(1.6)	(1.0)	(3.3)	70%

The results of the nine months to date largely show a breakeven.

Wind

Please note that wind segment is a Joint Venture (Saras share 70%) consolidated by the equity method.
Results below are 100% figures.

EUR million	Q3/07	Q3/06	var %	Q2/07	1-9/07	1-9/06	var %
EBITDA	5.0	5.4	-8%	5.9	20.2	17.8	13%
EBIT	3.1	3.1		3.6	13.8	11.9	16%
NET INCOME	0.2	0.8	-70%	2.0	5.9	5.8	2%
***Adjusted* NET INCOME (*)**	0.4	1.4	-71%	1.4	5.1	6.4	-20%

Other figures

		Q3/07	Q3/06	var %	Q2/07	1-9/07	1-9/06	var %
ELECTRICY PRODUCTION	MWh	29,855	33,058	-10%	31,789	116,554	117,582	-1%
POWER TARIFF	EURcent/KWh	8.4	8.1	4%	9.9	8.5	6.6	29%
GREEN CERTIFICATES	EURcent/KWh	11.9	12.1	-2%	11.9	11.9	11.9	-

Ulassai wind farm suffered from an unusual low wind quarter, with electricity production down 10% versus same period last year and down 6% versus previous quarter. The total power tariff was in line with previous quarters.

An increase in interest rates coupled with a 10% write-down of the value of some 2006 green certificates (accounted during 2006 on the basis of a provisional price and sold during 2007) caused Adjusted Net Income to be substantially lower than the same period last year. In particular during the third quarter the residual amount of 2006 green certificates has been sold at a lower market price compared to the 2006 accounted value.

Net Financial Position

The net financial position of the Group is represented as follows:

	30-Sep-07	30-Jun-07	31-Dec-06
Medium/long term bank loans	(261)	(262)	(323)
total long term net financial position	**(261)**	**(262)**	**(323)**
Short term bank loans	(132)	(133)	(139)
Bank overdrafts	(78)	(70)	(61)
Other loans	0	0	0
Loans from unconsolidated subsidiaries	(1)	(1)	(2)
Loans made to unconsolidated subsidiaries	6	6	9
Interest rate swap fair value	0	0	0
Other marketable financial assets	15	14	14
Cash and cash equivalents	315	458	218
total short term net financial position	**125**	**273**	**38**
Total net financial position	**(136)**	**12**	**(285)**

Net Financial Position at the end of Q3/07 turned to a negative of EUR 136 ml from a positive of EUR 12 ml at the end of Q2/07 due to a relevant increase of working capital (negative impact on cashflow in excess of EUR 250 ml).

Strategy and Investments

Continuous upgrading of the Sarroch supersite is the main focus of Saras' investments, and will be the key factor in providing significant organic growth whilst ensuring our operations remain competitive and sustainable in the long term.

This strategy is consistent with our positive view of the refining market for the next few years and reflects our strong confidence that the European deficit of high-quality automotive diesel will persist.

At the same time, Saras carefully scrutinizes M&A opportunities in its core business as well as possible growth opportunities in wind power.

Ongoing construction activities

- The construction of a gasoline desulphurization unit and a tail gas treatment/sulphur recovery plant at the Sarroch refinery is on track. The first is expected to come on stream by mid 2008 and will allow the full production of gasoline with less than 10 ppm sulphur, as required by EU specification starting from 2009. The second will be operational in the second half of 2008 and will allow Saras to be aligned with the best standards in terms of sulphur emissions.

- The construction of the Biodiesel plant in Spain started during the quarter (absorbing in the quarter about EUR 5 million of CAPEX in the marketing segment) with completion expected by mid 2008

Other activities

- The other projects of the 2006-2009 investment plan (globally EUR 600 ml) are in the engineering phase and some procurement activities are beginning

- Gas exploration: seismic tests in Sardinia are continuing with encouraging preliminary findings; on-shore area has been increased and off-shore test will commence at the beginning of next year

Capex by segment

	Q3/07	Q2/07	Q1/07	1-9/07
REFINING	42.7	50.5	30.2	123.4
POWER GENERATION	6.7	5.5	4.5	16.7
MARKETING	4.7	0.8	0.3	5.8
OTHER	0.1	0.6	0.6	1.3
Total	**54.2**	**57.4**	**35.5**	**147.2**

Outlook

- In the recent weeks margins started to recover, despite high crude oil prices, in the light of a strong recovery of product prices. After a weak October the EMC benchmark has been above 4 $/bl in the first days of November.

- The EMC average refining margin for 2007 is expected to be higher than 2006 (average was 2.8 $/bl) confirming that, despite a weak start of the second half of the year, refining margins remained at healthy levels during 2007.

- The medium term outlook remains positive, given the projected strong growth in oil demand (recently estimated by IEA for 2008 at +2.4% over 2007) and the tight situation of the refining industry which has also to face the challenge of new investments to comply with more stringent product specifications. All this in an environment of soaring capital costs, lack of engineering skills and consequently increasing delays for project completion.

- Maintenance at one distillation unit started at the beginning of November. Runs in Q4/07 will be reduced by about 11% from normal levels (estimated runs in Q4/07 in the range of 24.5-25.2 million barrel).

- Good results expected from the Power segment despite planned maintenance to 1 turbine and 1 gasifier scheduled for Q4 but without any impact on IFRS EBITDA since maintenance cycles, included related production changes are already included in the linearization procedure required by IFRS.

Significant events after the end of the quarter

- CIP6: Saras' legal action to challenge resolution n. 24906 dated 15th November 2006 of the "Autorità per l'energia elettrica e il gas" (Italian Energy Authority) on 9th May 2007 was resolved in Saras' favour. The Authority appealed to the highest administrative level (*Consiglio di Stato*) during the month of October.

- The buyback program with the aim to service the stock plans for employees and managers continued also after the end of the quarter. A total of 150,00 shares have been bought during October at an average price of EUR 4.30. Total shares bought from the beginning of the buyback program is 550,000 at an average price of 4.30.

Saras Group Financial Statements

Consolidated Balance-Sheets as at 30/09/07 and 31/12/06

EUR thousand	30/09/07	31/12/06
ASSETS		
Current Assets	**1,886,996**	**1,513,799**
Cash and cash equivalents	314,583	217,604
Other financial assets held for trading	14,929	13,816
Trade receivables	785,615	574,483
Inventory	734,254	599,802
Current tax assets	4,330	66,344
Other assets	33,285	41,750
Non-current assets	**1,736,695**	**1,706,568**
Property, plant and equipment	1,153,010	1,105,088
Intangible assets	562,509	584,350
Equity interests consolidated under the equity method	14,174	9,970
Other equity interests	1,841	1,192
Other financial assets	5,161	5,968
Total assets	**3,623,691**	**3,220,367**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**1,118,011**	**866,545**
Short-term financial liabilities	210,561	202,097
Trade and other payables	682,995	551,622
Current tax liabilities	153,079	52,093
Other liabilities	71,376	60,733
Non-current liabilities	**1,085,922**	**1,068,440**
Long-term financial liabilities	261,417	322,671
Provisions for risks	23,106	24,485
Provisions for employee benefits	37,317	45,431
Deferred tax liabilities	185,126	161,087
Other liabilities	578,956	514,766
Total liabilities	**2,203,933**	**1,934,985**
SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,237
Other reserves	1,077,609	825,090
Profit/(loss) for the period	276,593	395,425
Total shareholders' equity	**1,419,758**	**1,285,382**
of which : minority interest		
capital and reserves		
Profit (loss) for the period		
Total minority interest		
Total liabilities and shareholders' equity	**3,623,691**	**3,220,367**

Consolidated Income Statements for the periods 1/1-30/9/07 ,1/1-30/9/06, 1/7-30/09/07 and 1/7-30/09/06

EUR thousand	1-Jan-2007 30-Sep-2007	*of which non recurring*	1-Jan-2006 30-Sep-2006	*of which non recurring*	1-Jul-2007 30-Sep-2007	*of which non recurring*	1-Jul-2006 30-Sep-2006	*of which non recurring*
Revenues from ordinary operations	4,862,755		4,482,110		1,666,711		1,682,333	
Other income	15,770		26,658		3,715		6,049	
Total revenues	**4,878,525**		**4,508,768**		**1,670,426**		**1,688,382**	
Purchases of raw materials, spare parts and consumables	(3,874,740)		(3,853,102)		(1,359,794)		(1,470,584)	
Cost of services and sundry	(328,459)		(266,749)		(106,785)		(106,621)	
Personnel costs	(83,427)	*5,731*	(80,415)		(23,012)	*575*	(26,551)	
Depreciation, amortization and write-downs	(120,662)		(74,970)		(40,912)		(40,458)	
Total costs	**(4,407,288)**	***5,731***	**(4,275,236)**		**(1,530,503)**	***575***	**(1,644,214)**	
Operating result	**471,237**	***5,731***	**233,532**		**139,923**	***575***	**44,168**	
Net income (charges) from equity interests	4,195		32,797		292		518	
Other financial income/(charges), net	(31,093)		(7,889)		1,600		11,694	
Sarlux S.r.l acquisition			199,167	*199,167*				
IPO and company restructuring charges			(12,922)	*(12,922)*				
Profit before taxes	**444,339**	***5,731***	**444,685**	*186,245*	**141,815**	***575***	**56,380**	
Income tax for the period	(167,746)	*(1,891)*	(84,944)	*2,894*	(52,155)	*(1,891)*	(22,574)	*2,894*
Net profit/(loss) for the period	**276,593**	***3,840***	**359,741**	*189,139*	**89,660**	***(1,316)***	**33,806**	*2,894*
of which								
minority interest								
Net Profit (Loss) for the Group	**276,593**	*3,840*	**359,741**	*189,139*	**89,660**	*(1,316)*	**33,806**	*2,894*
Earnings per share - base (Euro cent)	**29.09**	***0.40***	**40.48**	***21.29***	**9.43**	***(0.14)***	**3.55**	***0.33***
Earnings per share - diluited (Euro cent)	**29.08**	***0.40***	**40.48**	***21.29***	**9.43**	***(0.14)***	**3.55**	***0.33***

Statement of Changes in Consolidated Shareholders' Equity for the periods 01/01/05-30/09/07

EUR thousand	Share capital	Legal reserve	Other reserves	Profit/ (Loss) for the period	Shareholders' equity
Balance as at 01/1/2005	**51,183**	**10,237**	**115,870**	**198,938**	**376,228**
Allocation of previous period profit	-	-	88,656	(88,656)	-
Dividends	-	-	(29,810)	(110,256)	(140,066)
Utilisation of the reserve related to grants	-	-	(10)	-	-
Other movements	-	-		(26)	(36)
Profit (loss) for the year	-	-	-	292,642	292,642
Balance as at 31/12/2005	**51,183**	**10,237**	**174,706**	**292,642**	**528,768**
Capital increase (net of IPO costs)	3,447		338,983		342,430
Allocation of previous period profit			152,946	(152,946)	
Dividends			(30,485)	(139,696)	(170,181)
Shareholders' equity increase related to the fair value evaluation of assets and liabilities of the 55% sarlux stake			188,940		188,940
Profit (loss) for the first half				325,935	325,935
Balance as at 30/06/2006	**54,630**	**10,237**	**825,090**	**325,935**	**1,215,892**
Profit (loss) for the second half				69,490	69,490
Balance as at 31/12/2006	**54,630**	**10,237**	**825,090**	**395,425**	**1,285,382**
Allocation of previous period profit		689	252,086	(252,775)	
Dividends				(142,650)	(142,650)
Reserve for employee stock plan			1,435		1,435
Profit (loss) for first half				186,933	186,933
Balance as at 30/06/2007	**54,630**	**10,926**	**1,078,611**	**186,933**	**1,331,100**
Reserve for employee stock plan			**718**		**718**
Own share purchase			**(1,720)**		**(1,720)**
Profit (loss) for third quarter				**89,660**	**89,660**
Balance as at 30/09/2007	**54,630**	**10,926**	**1,077,609**	**276,593**	**1,419,758**

Consolidated Cash Flow Statements as at 30/09/07, 30/06/07, 31/12/06

EUR thousand	1-Jan-2007 30-Sep-2007	1-Jan-2007 30-Jun-2007	1-Jan-2006 31-Dec-2006
A - Cash and cash equivalents at the beginning of period (short-term net financial indebteness)	**217,604**	**217,604**	**24,709**
B - Cash generated from/(used in) operating activities			
Profit/ (Loss) for the period of the Group	276,593	186,933	395,425
Non recurring income due to the Sarlux acquisition			(199,168)
Amortization, depreciation and write-down of fixed assets	120,662	79,750	118,553
Net (income)/charges from equity interests	(4,204)	(3,910)	(35,512)
Net change in provisions for risks and charges	(1,379)	(1,286)	(3,082)
Net change in employee benefits	(8,114)	(5,259)	(4,586)
Change in tax liabilities and tax assets	24,039	16,367	(33,527)
Income tax	167,746	115,591	107,026
Profit (Loss) from operating activities before changes in working capital	**575,343**	**388,186**	**345,129**
(Increase)/Decrease in trade receivables	(211,132)	37,058	8,110
(Increase)/Decrease in inventory	(134,452)	(25,098)	(29,766)
Increase/(Decrease) in trade and other payables	131,373	58,925	(15,739)
Change in other current assets	70,479	70,282	(41,769)
Change in other current liabilities	14,557	42,488	86,673
Income tax paid	(60,490)	(60,490)	(205,555)
Change in other non-current liabilities	64,190	24,743	61,513
Other non cash items	816	1,612	
Total (B)	**450,684**	**537,706**	**208,596**
C - Cash flow from investment activities			
(Investments) in tangible and intangible assets, net of disinvestments and accumulated depreciation and amortization	(147,126)	(92,922)	(129,807)
Change in equity interests valued under the equity method			
Change in other equity interests	(649)	1	208
Dividends from unconsolidated subsidiaries			
45% Sarlux acquisition			(127,047)
100% acquisition of Estaciones de Servicio Caprabo S.A.(Saras Energia Red S.A.)			(28,041)
interest received/(paid)	(10,184)	(7,237)	(12,563)
Total (C)	**(157,959)**	**(100,158)**	**(297,250)**
D - Cash generated from/(used in) financing activities			
Increase/(Decrease) in medium/long term borrowings	(61,254)	(60,729)	(134,350)
(Increase)/Decrease in other financial assets	(306)	20	(6,427)
Increase/(Decrease) in short term borrowings	8,464	6,362	(1,409)
Capital increase			342,430
Dividend distribution to shareholders	(142,650)	(142,650)	(170,181)
Total (D)	**(195,746)**	**(196,997)**	**30,063**
E - Cashflow for the period (B+C+D)	**96,979**	**240,551**	**(58,591)**
F - Cashflow from new consolidated subsidiaries			
Sarlux S.r.l.			249,940
Caprabo (Saras Energia Red S.A.)			1,546
G - Cash and cash equivalents at the end of period (short-term net financial indebteness)	**314,583**	**458,155**	**217,604**

Notes to the Consolidated Quarterly Report as at 30 September 2007

1. Foreword

Saras S.p.A. (also referred to hereinafter as the “Holding Company” or “Saras”) is a joint-stock company with its registered office at S.S. 195 Sulcitana, km 19, Sarroch (CA), Italy, and is controlled by Angelo Moratti S.A.P.A. for 62.461%.

The Saras Group operates in the domestic and international oil market as a refiner of crude oil and as seller of products derived from the refining process. The group is also engaged in electricity generation through the integrated gasification combined cycle (IGCC) plant of its subsidiary Sarlux S.r.l. and a joint venture, Parchi Eolici Ulassai S.r.l., which owns and operates a wind farm.

The financial data shown refer to the period from 1 January to 30 September and to Q3 for the financial years 2007 and 2006 respectively. The balance sheet figures refer to 30 September 2007, 30 June 2007 and to 31 December 2006.

This consolidated quarterly report is presented in Euro because Euro is the currency of the economy in which the Group operates, and is composed of a Balance Sheet, Income Statement, Cashflow Statement, Statement of Changes in Shareholders’ Equity and these Notes. Unless stated otherwise, all amounts shown in the above statement and in the notes to the consolidated quarterly report, bearing in mind their size and significance, are expressed in thousands of Euro.

The quarterly report as at 30 September 2007 must be read jointly with the Saras Group consolidated report as at 31 December 2006 and with the consolidated half yearly report as at 30 June 2007 .

The quarterly report as at 30 September 2007 is not subject to audit.

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

The consolidated quarterly report as at 30 September 2007 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure outlined in Article 6 of Regulation EC No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

Following the provisions in Consob resolution n. 14990 dated 14 April 2005, the provisions in the international accounting principle regarding interim reports (IAS 34 "Interim Financial Reporting") were not adopted. The presentation of accounting prospectus corresponds to those presented in the half-year report and the annual report.

The consolidation perimeter comprises the following companies:

Fully Consolidated	**Percentage owned**
Arcola Petrolifera S.p.A	100%
Sarlux S.r.l.	100%
Sartec Saras Ricerche e Tecnologie S.p.A.	100%
Consorzio Ricerche Associate in liquidation	100%
Ensar S.r.l. and subsidiary:	100%
- Eolica Italiana S.r.l.	100%
Akhela S.r.l.	100%
Sarint S.A. and subsidiaries:	100%
- Saras Energia S.A and subsidiaries:	100%
Saras Energia Red S.A.	100%
Reasar S.A.	100%
***Joint Ventures* measured at equity**	
Parchi Eolici Ulassai S.r.l. and subsidiaries:	70%
Sardeolica S.r.l.	100%
Not relevant subsidiaries excluded from the consolidation area and measured at equity	
Xanto S.r.l. in liquidazione and subsidiaries:	100%
Xanto Basilicata S.r.l. in liquidation	100%
Associated companies measured at equity	
Dynergy S.r.l.	37,5%
Hangzhou Dadi Encon Environmental Equipment Co.	37,5%
Others interests measured at fair value as per IAS 39	
Consorzio Cesma	5%
Consorzio La Spezia Energia	5%
Consorzio Techno Mobility	17,4%
Sarda Factoring	6,0%
Nova Eolica S.r.l.	20%

The stake in Hydrocontrol Società Consortile a r.l. has been sold on 2 February 2007.

3. Segment review

The main financial items for each segment are reported in the following table:

	Refining	Marketing	Power Generation	Other	Total
			(c)		
30th SEPTEMBER 2006					
Revenues from third parties	3,128,789	1,210,425	126,801	16,095	4,482,110
Other revenues from third parties	24,732	1,667	0	259	26,658
Operating Results (a)	187,095	19,402	30,511	(3,476)	233,532
Net income on unconsolidated equity investments					
- Sarlux S.r.l. (from 1/1/2006 to 28/06/2006)			28,785		28,785
- Parchi Eolici Ulassai S.r.l.			4,012		4,012
Total			32,797		32,797
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	1,345,608	400,383	1,566,866	46,150	3,359,007
of which:					
Equity investments valued at equity			6,374	896	7,270
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	860,561	173,215	1,041,926	33,607	2,109,309
Investiments in tangible assets	82,297	791	1,321	1,036	85,445
Investiments in intangible assets	660	106	1,473	730	2,969
30th SEPTEMBER 2007					
Revenues from third parties	3,094,701	1,374,493	374,882	18,679	4,862,755
Other revenues from third parties	13,308	1,889	397	176	15,770
Operating results (a)	336,972	37,113	98,133	(981)	471,237
Net income on unconsolidated equity investments					
- Parchi Eolici Ulassai S.r.l.			4,195		4,195
Total			4,195		4,195
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	1,675,747	500,991	1,405,175	41,778	3,623,691
Equity investments valued at equity			12,805	1,369	14,174
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	1,007,191	182,464	981,030	33,248	2,203,933
Investiments in tangible assets	114,598	4,848	16,677	1,174	137,297
Investiments in intangible assets	8,741	965	0	123	9,829

(a) Operating result is determined without considering intra-segment eliminations.
(b) Total asset and liabilities are calculated after intra-segment eliminations.
(c) Sarlux S.r.l. has been consolidated with the line-by-line method as of 28 June 2006.

Intra-segment transactions have been made at prevailing market conditions.

4. Cash and Cash equivalents

Detailed information as follows:

	30/09/2007	31/12/2006	Change
Bank and Postal Deposits	314,512	217,506	97,006
Cash	71	98	(27)
Total	**314,583**	**217,604**	**96,979**

Cash availability mainly derive from Sarlux S.r.l. (EUR 117,359 thousand, which includes debt service reserve and maintenance reserve related to the project finance for the IGCC construction) and Saras S.p.a. (EUR 187,957 thousand). The increase is mainly due to the operating cash flow generated during the period.

5. Trade receivables

Detailed information as follows:

	30/09/2007	31/12/2006	Change
From Clients	785,372	573,389	211,983
From non consolidated Group Companies	243	1,094	(851)
Total	**785,615**	**574,483**	**211,132**

The increase in trade receivables is mainly due to the increase in crude oil and oil product prices.

6. Inventories

Detailed information as follows:

	30/09/2007	31/12/2006	Change
Inventory:			
raw materials, spare parts and consumables	231,540	171,199	60,341
work in progress and semi-finished products	71,219	37,815	33,404
finished products and goods held for sale	420,149	388,369	31,780
Advances	11,346	2,419	8,927
Total	**734,254**	**599,802**	**134,452**

The increase in this item is mainly due to the said crude oil and oil product prices increase, being total inventories broadly unchanged when compared to the end of 2006.

7. Current tax assets

Detailed information as follows:

	30/09/2007	31/12/2006	Change
To Italian Government for VAT	556	57,043	(56,487)
To Italian Government for IRES		24	(24)
To Italian Government for IRAP	105	7,708	(7,603)
Tther current tax liabilies	3,669	1,569	2,100
Total	**4,330**	**66,344**	**(62,014)**

The decrease of VAT credit (EUR 56,487 thousand) is a consequence of the VAT payments due to the reaching of the export ceiling quota.
The IRAP credit has been deducted from the 2007 pre-payment and 2006 balance.

8. Property, plant and equipment

Detailed information as follows:

HISTORIC COST	31/12/2006	Additions	(Disposals)	Revaluations	Other Changes	30/9/2007
Land and buildings	132,512	63	(42)		14,987	147,520
Plant and machinery	1,952,833	15,349	(143)		38,304	2,006,343
Industrial and commercial equipment	14,320	51			125	14,496
Other assets	418,499	598	(229)		4,427	423,295
Work in progress and advances	62,250	121,236	0		(37,292)	146,194
Total	**2,580,414**	**137,297**	**(414)**	**0**	**20,551**	**2,737,848**

ACCUMULATED DEPRECIATION	31/12/2006	Depreciation charge	(Disposals)	Revaluations (Write-downs)	Other changes	30/9/2007
Land and buildings	36,596	2,572			2,480	41,648
Plant and machinery	1,132,254	69,801	(138)		22,320	1,224,237
Industrial and commercial equipment	9,447	1,421				10,868
Other assets	297,029	15,118	(158)		(3,904)	308,085
Total	**1,475,326**	**88,912**	**(296)**	**0**	**20,896**	**1,584,838**

NET BOOK VALUE	31/12/2006	Additions	(Disposals)	Revaluations (Write-downs)	Other changes	30/9/2007
Land and buildings	95,916	63	(42)	(2,572)	12,507	105,872
Plant and machinery	820,579	15,349	(5)	(69,801)	15,984	782,106
Industrial and commercial equipment	4,873	51	0	(1,421)	125	3,628
Other assets	121,470	598	(71)	(15,118)	8,331	115,210
Work in progress and advances	62,250	121,236	0	0	(37,292)	146,194
Total	**1,105,088**	**137,297**	**(118)**	**(88,912)**	**(345)**	**1,153,010**

The increase is mainly due to investments in tangible assets in particular the upgrades carried out on one crude distillation unit, on one vacuum distillation unit, on the visbreaker and the construction activities for the new gasoline desulphurization unit and the tail gas treatment unit

9. Intangible assets

	31/12/2006	Additions	Disposals	Other changes	(Amortization)	30/09/2007
Industrial and other patent rights	1,520	1,095		(56)	(821)	1,738
Concessions, licenses, trade marks and similar rights	30,807			111	(1,190)	29,728
Goodwill	2,515			(105)		2,410
Assets under construction and advances	402	7,857		(210)		8,049
Other intangible assets	549,106	877		340	(29,739)	520,584
Total	**584,350**	**9,829**	**0**	**80**	**(31,750)**	**562,509**

The item "Concessions, licenses, trademarks and similar rights" mainly refers to the effects deriving from the acquisition of Estaciones de Servicio Caprabo S.A. (now Saras Energia Red S.A.) by Saras Energia S.A.; the fair value valuation of assets and liabilities implied the accounting of an additional intangibile asset to reflect the contractual conditions implying the return of such asset after 20 years.

The item "Goodwill" refers to the acquisition of Carthago S.A. (now incorporated in Saras Energia S.A.).

The item "Other intangible assets" mainly refers to the 45% Sarlux S.r.l. acquisition and includes the fair value as at 30 June 2006 of the sale contract between Sarlux S.r.l. and the national grid operator Gestore dei Servizi Elettrici (GSE).

The Additions in the period are mainly due to the gas exploration activities in the south of Sardinia.

10. Short and medium-long term financial liabilities

Detailed information as follows:

	30/9/2007	31/12/2006	Change
Bank loans	131,938	138,549	(6,611)
Bank accounts	78,015	61,153	16,862
Loans from unconsolidated group companies	608	2,395	(1,787)
Total short term financial liabilities	**210,561**	**202,097**	**8,464**
Bank loans	261,417	322,671	(61,254)
Total medium-long term financial liabilities	**471,978**	**524,768**	**(52,790)**

Additional information related to bank loans are reported in the following table:

Values in million of EUR	Date of borrowing	Amount originally borrowed	Base rate	Outstanding at 31/12/06	Outstanding at 30/09/07	Maturity			Security
						1 year	from 1 to 5 years	beyond 5 years	
Saras S.p.A.									
San Paolo Imi	16-Dec-04	30.0	Euribor 6M	30.0	25.0	10.0	15.0	-	25.0
Unicredit	19-Dec-00	50.0	Euribor 6M	50.0	41.7	16.7	25.0	-	41.7
				80.0	**66.7**	**26.7**	**40.0**	**-**	
Sartec S.p.A.									
San Paolo Imi	30-Jun-01	1.7	2.31%	0.8	0.7	0.2	0.5	-	
San Paolo Imi	30-Jun-97	1.2	2.95%	0.1	-	-	-	-	
				0.9	**0.7**	**0.2**	**0.5**	**-**	
Akhela S.r.l.									
Banco di Sardegna	24-Apr-02	3.1	Euribor 6M	1.5	1.2	0.6	0.6	-	
BNL	02-Oct-02	8.2	Euribor 6M	2.7	-	-	-	-	
				4.2	**1.2**	**0.6**	**0.6**	**-**	
Saras Energia S.A.									
Banca Esp. De Credito	11-Sep-02	10.0	Euribor 6M	6.7	5.5	1.1	4.4	-	
				6.7	**5.5**	**1.1**	**4.4**	**-**	
Sarlux S.r.l.									
Banca Intesa	29-Nov-96	572.0	Libor 3M	220.3	190.1	61.6	128.5		190.1
BEI	29-Nov-96	180.0	7.35%	74.5	64.5	20.8	43.7		64.5
BEI	29-Nov-96	208.0	Euribor 3M	74.6	64.6	20.9	43.7		64.6
				369.4	**319.2**	**103.3**	**215.9**	**-**	
Total debt to banks for loans				**461.2**	**393.3**	**131.9**	**261.4**	-	

The weighted average interest rate as at 30th September 2007 was equal to 5.7% (commitment and guarantee fees of Sarlux S.r.l. included).

The loan received by Saras S.p.A. granted by San Paolo Imi S.p.A. (an initial •30 million) is subject to the following two covenants (with reference to the Parent Company's figures):

- Debt/equity ratio of less than 2.3; and
- EBITDA/net interest expense ratio of higher than 3.

Each financing given to Sarlux S.r.l. must be reimbursed on request of the Facilities Agent in case of: (i) the "loan Life Cover Ratio" (Net Present Value Cash Flow Post Tax on total debt) falls below 1.5; (ii) The "Annual Debt Service Cover Ratio" (Available Cash Post Tax – for the following 12 months – on total debt) falls below 1; (iii) the " Forecast Annual Debt Service Cover Ratio" falls below 1.

Furthermore, please note that Sarlux S.r.l. must respect certain parameters before distributing dividends with regards to these loans. Specifically, in order to free up this liquidity, the following must be respected:

- The following bank accounts of the subsidiary held at Banca Intesa in London must contain funds to cover the costs expected:

(i) *Maintenance Reserve Account*: collects the amounts for commitments made to guarantee maintenance operations of the I.G.C.C. plant for the following half-year;
(ii) *Debt Service Reserve Account*: includes the amounts destined to banks to make loan repayments (the capital plus interest) that are due in the following half-year;

(iii)*Air Liquide Account:* includes the amounts to guarantee the supply of oxygen that Air Liquide Italia will make in the following half-year.

And that the following parameters are respected, with reference to the financial figures deriving from the financial statements and forecasts of Sarlux S.r.l.:
(i) *Annual Debt Service Cover Ratio* (A.D.S.C.R.): the ratio of *Available Cash Flow Post Tax* (for the following 12 months) and the *Total debt to be repaid* (in the following 12 months) – must be higher than 1.15;
(ii) *Loan Life Cover Ratio* (L.L.C.R.): the ratio of *Net Present Value Cash Flow Post Tax* (expected for the residual life of the contract*)* and the *Total debt to be repaid* – must be higher than 1.2.

In addition, the entirety of Sarlux S.r.l. shares were pledged to banking institutions to guarantee loans granted.

11. Trade and other payables

Detailed information as follows:

	30/9/2007	31/12/2006	Change
Advances from clients	571	2,910	(2,339)
Amounts payable to supplire	681,502	548,117	133,385
Trade payables to unconsolidated group companies	616	31	585
Trade payables to associate companies	306	564	(258)
Total	**682,995**	**551,622**	**131,373**

The increase in trade payables is mainly due to the increase in crude oil and oil product prices.

12. Current tax liabilities

Detailed information as follows:

	30/9/2007	31/12/2006	Change
To Italian Government for VAT	23,161	15,659	7,502
To Italian Government for IRES	79,252	9,227	70,025
To Italian Government for IRAP	7,744	2,557	5,187
Other current tax liabilities	42,922	24,650	18,272
Total	**153,079**	**52,093**	**100,986**

The increase in IRES (i.e. corporate) income tax and IRAP (regional tax) debt on 31 December 2006 figures is due to tax provisions made for the period net of prepayments.
The item "Other" includes debt for excise duties; the increase in this item is caused by the prepayment, that normally is requested only in the month of December.

13. Provisions for risks

Detailed information as follows:

	31/12/2006	Provisions	Decrease	Other Changes	30/09/2007
Provision for dismantling of plants	16,826				16,826
Provision for other risks	7,659	542	(1,921)		6,280
Provision for equity interests	0				0
	0				
Total	**24,485**	**542**	**(1,921)**		**23,106**

The decrease of "Other provisions" mainly refers to the adjustments done in order to comply to the Emission Trading regulations.

14. Deferred taxes

This item, reported net of deferred tax assets, has increased by EUR 24,039 thousand compared to 31 December 2006 figure.

Deferred tax liabilities mainly refer to the accelerated depreciation, to the inventory LIFO valuation made solely for tax purpose and to the effect of the evaluation at fair value as at 30 June 2006 of the existing contract with Gestore dei Servizi Elettrici S.p.A. (G.S.E., the National Grid Operator).
Tax assets principally arise from the accounting methods used for existing operating leasing contracts, referred to in the following note regarding "Other non-current liabilities".

15. Other non-current liabilities

	30/9/2007	31/12/2006	Change
Advances from clients	4,324	1,599	2,725
Payables to welfare and social security	263	213	50
Deferred incombe	569,307	508,571	60,736
Others	5,062	4,383	679
Total	**578,956**	**514,766**	**64,190**

The item "deferred income" regards the application of IFRIC 4 for the treatment of the energy contract in place with G.S.E. (Gestore dei Servizi Elettrici S.p.A.). Revenues from electricity sold are affected by their being linearised in connection with the fact that the electricity supply contract, pursuant to IAS 17, Leasing and the interpretation of IFRIC 4, *Determining whether an arrangement contains a Lease*, has been recognised as a contract regulating the utilisation of the plant by the customer of the company Sarlux S.r.l., meaning that it is comparable to an operating lease. Such revenues have therefore been linearised in keeping with both the term of the contract, 20 years, and forecasts for the price of crude oil, which constitutes a determining factor when it comes to both electricity tariffs and electricity production costs.

16. Shareholders' equity

The Group shareholders' equity as at 30 September 2007 is equal to EUR 1,419,758 thousand (to be compared to EUR 1,285,382 thousand as at 31 December 2006).
The analysis of the movements is reported in the Group Financial statement section in this report .
The increase is due to:

- a decrease for the distribution of dividends to shareholders of EUR 142,650 thousand, as ruled at the Parent Company Saras S.p.A. Annual General Meeting held on 27 April 2007 (EUR 0.15 for each of the 951,000,000 issued shares);

- an increase for the allocation of profits from the previous period (EUR 276,593 thousand)
- an increase for the allocation of a reserve for stocks grants to employees and management of the Saras Group based on stock plans approved by the Parent Company Saras S.p.A. (EUR 2,153 thousand) according to IFRS2 chapter 7
- a decrease for the purchase of own shares related to the service of the above mentioned stock plans (EUR 1,720 Thousand) of which EUR 22,978 deducted from Share Capital and EUR 1,696,927 deducted from Other Reserves.

17. Earnings per share

In the calculation of the "base earning per share" the net profit of the Group has been used.
The base earning per share for the period 1st January – 30th September 2007 is 29.09 •cent per share.
The diluted earnings per share is 29.08 •cent per share.

18. Revenues

	30/09/2007	30/09/2006	Change
Revenues from sales and services	4,490,957	4,353,880	137,077
Sale of electricity	371,134	126,612	244,522
Change in contracted work in progress	664	1,618	(954)
Total	**4,862,755**	**4,482,110**	**380,645**

The increase in revenues from ordinary operations is mainly attributable to the increase of oil product volumes and prices.
Revenues from the sale of electricity in 2006 refer only to the third quarter, being Sarlux fully consolidated as of 28 June 2006

19. Other income

	30/09/2007	30/09/2006	Change
Revenues from sales of compulsory storage	5,647	7,826	(2,179)
Sale of sundry materials	3,799	1,585	2,214
Other revenues	6,324	17,247	(10,923)
Total	**15,770**	**26,658**	**(10,888)**

The decrease of the item "Other Revenues" (services rendered by Saras to Sarlux under ongoing twenty-year contracts) is a consequence of the full consolidation of Sarlux, as of 28 June 2006.

20. Purchases of raw materials, spare parts and consumables

	30/09/2007	30/09/2006	Change
Purchase of raw material, spare parts and consumables	3,874,740	3,853,102	21,638
Total	**3,874,740**	**3,853,102**	**21,638**

The increase is mainly attributable to the increase of oil products prices and to the increase of the quantities purchased.

21. Cost of services and sundry costs

	30/09/2007	30/09/2006	Change
Cost of services	307,974	253,104	54,870
Rents, leasing and similar costs	7,426	6,348	1,078
Provision for risks	848		848
Other Charges	12,211	7,297	4,914
Total	**328,459**	**266,749**	**61,710**

Cost of services includes chartering of tankships, other transportation costs, electricity, steam, hydrogen and other utilities; other operating charges includes local taxes not related to income (ICI) and membership fees.
The increase of both items is mainly due to the consolidation of Sarlux S.r.l..

22. Personnel cost

	30/09/2007	30/09/2006	Change
Wages and salaries	60,763	53,987	6,776
Social Security	18,367	16,913	1,454
Staff severance indemnity	(3,708)	2,910	(6,618)
Pensions and similar	961	208	753
Other costs	2,762	2,116	646
Compensation to the Board of Directors	4,282	4,281	1
Total	**83,427**	**80,415**	**3,012**

The increase of the items “Wages & Salaries” and on “Social Security” is mainly due to the full consolidation of the subsidiaries Sarlux S.r.l. and Saras Energia Red S.A. starting from second half 2006 as well as to higher payments and allocations for bonuses to employees, related to the achievement of Company targets and to the charges related to the stock plan commented below.

The 27 April 2007 the Shareholders Meeting of the Parent Company approved the free stock plan of Saras S.p.A. ordinary shares:

- To employees of the company and of the Italian subsidiaries (the Stock Plan for Employees “Piano Azionario”);
- To the managers of Saras Group (the “Piano di Stock Grant 2007/2009”).

The Stock Plan for Employees is a free assignment of ordinary shares to employees:

- for 2007: 25 shares, as well as a share every six for each share already held at 31 December 2006;
- for 2008 and 2009: a share every six further shares purchased respectively in 2007 and 2008.

The “Stock Plan” foresee also that the total value of the assigned shares for each beneficiary will not exceed, referring to each year , to EUR 2,065.

The Stock Grant Plan 2007/2009 is addressed to managers of the Company and its subsidiaries (as well as to Directors of the Board of Directors of the Parent Company and of its subsidiaries individually identified). The plan foresee the assignment of a “base number of Shares” for each beneficiary, modified:
- based on the ratio between the changes of the share price of the parent Company and the value of the share price of comparables;
- based on the ratio between the forecasted and the actual EBITDA of the Group.

The assignment of shares is forecasted in n. 330,341 shares for the “Stock Plan” and in n. 538,800 shares for the “Stock Grant Plan” (the last just for 2007).
The decrease of the allocations of the employee severance indemnity is mainly due to the recent effects due to the changing law that brought to a change in the actualization rates of these provisions, and a subsequent reduction of the liability for severance indemnity quantified in around EUR 5.7 million; such decrease has been included in the non-recurring items.

23. Depreciation, amortisation and write-downs

	30/09/2007	30/09/2006	Change
Intangible assets amortization	31,750	12,944	18,806
Tangible assets depreciation	88,912	62,978	25,934
Write-downs of receivables in current assets		(952)	952
Total	**120,662**	**74,970**	**45,692**

The increase in amortisations and depreciations is mainly due to the consolidation of the subsidiary Sarlux S.r.l.

24. Net income/(charges) from equity interests

	30/09/2007	30/09/2006	Change
Parchi Eolici Ulassai S.r.l.	4,195	4,027	168
Sarlux S.r.l.		28,785	(28,785)
Xanto S.r.l. in liquidazione		(15)	15
Total	**4,195**	**32,797**	**(28,602)**

It is worth to be noted that the Sarlux S.r.l. acquisition took place as at 28 June 2006.

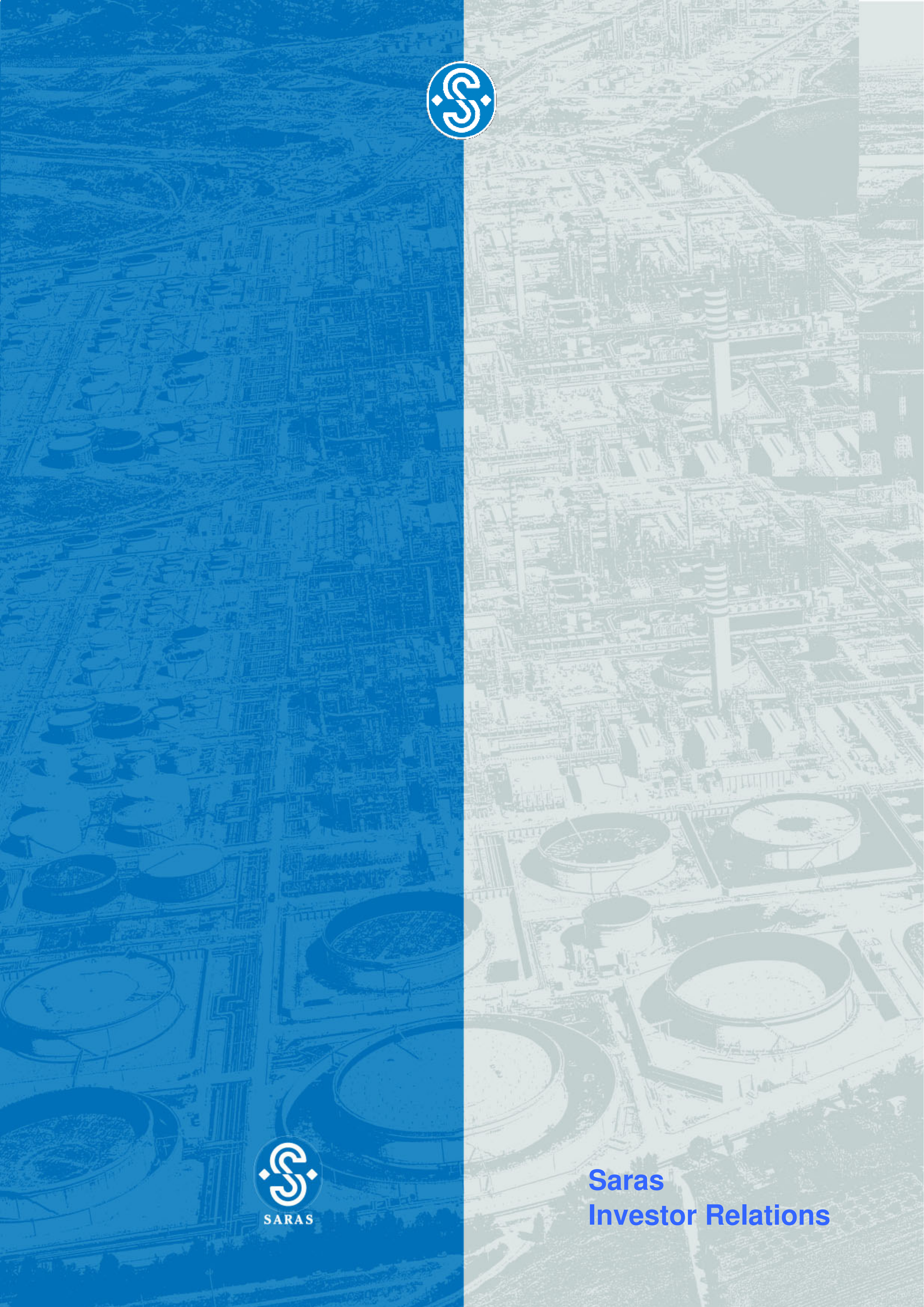
25. Financial income/(charges)

	30/09/2007	30/09/2006	Change
Other financial income:			
from financial assets recorded under non current assets	0	457	(457)
Income other than above			
- from non-consolidated subsidiaries	120	685	(565)
- bank account and postal deposits interests	8,255	2,194	6,061
- fair value of existing financial derivate instruments at closing date	1,688	12,734	(11,046)
- positive differences on financial derivative instruments	7,342	17,699	(10,357)
- Other income	1,035	838	197
Interests and other financial charges			
- to non-consolidated subsidiaries	(54)	(10)	(44)
- fair value of existing financial derivate instruments at closing date	(12,981)	0	(12,981)
- negative differences on financial derivative instruments	(18,683)	(21,938)	3,255
- other (interest on mortgages, interest in arrears, etc,)	(19,994)	(17,556)	(2,438)
Profits and losses on exchange differences for non commercial transaction	2,179	(2,992)	5,171
Total	**(31,093)**	**(7,889)**	**(23,204)**

Derivative contracts made to reduce the company's exposure to price fluctuations in refining margins, had a negative impact due to the significant increase in these margins.

Detail of the Group companies

Name	Headquarter	Currency	Share Capital	Portion consolidated by Group (%) as at 09-07	Portion consolidated by Group (%) as at 12-06	Portion (%) of share capital	Shareholder	% voting rights	Business relationship
Arcola Petrolifera S.p.A.	Sarroch (CA)	EUR	7,755,000	100%	100%	100%	Saras S.p.A.	100%	Subsidiary
Sartec Saras Ricerche e Tecnologie S.p.A.	Assemini (CA)	EUR	3,600,000	100%	100%	100%	Saras S.p.A.	100%	Subsidiary
Consorzio Ricerche Associate	Capoterra (CA)	EUR	3,105,971	100%	100%	100%	Saras S.p.A.	100%	Subsidiary
Ensar S.r.l. e società controllata:	Milan	EUR	100,000	100%	100%	100%	Saras S.p.A.	100%	Subsidiary
Eolica Italiana S.r.l.	Cagliari	EUR	100,000	100%	100%	100%	Ensar S.r.l.	100%	Indirect subsidiary
Akhela S.r.l.	Uta (CA)	EUR	3,000,000	100%	100%	100%	Saras S.p.A.	100%	Subsidiary
Sarint S.A. e società controllate:	Luxembourg	EUR	50,705,314	100%	100%	100%	Saras S.p.A.	100%	Subsidiary
Saras Energia S.A e società controllate	Madrid (Spain)	EUR	44,559,840	100%	100%	100%	Sarint S.A.	100%	Indirect subsidiary
Saras Energia Red S.A.	Madrid (Spain)	EUR	1,322,227	100%	100%	100%	Saras Energia S.A.	100%	Indirect subsidiary
Reasar S.A.	Luxembourg	EUR	1,225,001	100%	100%	100%	Sarint S.A.	100%	Indirect subsidiary
Sarlux S.r.l.	Sarroch (CA)	EUR	27,730,467	100%	100%	100%	Saras S.p.A.	100%	Subsidiary
Parchi Eolici Ulassai S.r.l. e società controllata:	Cagliari	EUR	500,000	70%	70%	70%	Saras S.p.A.	70%	Joint venture
Sardeolica S.r.l.	Cagliari	EUR	56,636	100%	100%	100%	Parchi Eolici Ulassai S.r.l.	70%	Joint venture
Xanto S.r.l. in liquidazione e Società controllate:	Milan	EUR	100,000	100%	100%	100%	Akhela S.r.l.	100%	Indirect subsidiary
Xanto Basilicata S.r.l. in liquidazione	Milan	EUR	10,000	100%	100%	100%	Xanto S.r.l.	100%	Indirect subsidiary
Dynergy S.r.l.	Genova	EUR	179,000	37.50%	37.50%	37.50%	Saras Ricerche e Tecnologie S.p.A.	37.50%	Associated company
Hangzhou Dadi Encon Environmental Equipment Co.	Hangzhou	RMB*	14,050,200	37.50%	37.50%	37.50%	Saras Ricerche e Tecnologie S.p.A.	37.50%	Associated company
Nova Eolica S.r.l.	Cagliari	EUR	10,000	20%	20%	20%	Ensar S.r.l.	20%	Associated company
Consorzio Cesma	Castellamonte (TO)	EUR	51,000	5%	5%	5%	Saras Ricerche e Tecnologie S.p.A.	5%	Other interest
Consorzio Cifra in liquidazione	Cagliari	EUR	92,000	16.70%	16.70%	16.67%	Akhela S.r.l.	16.67%	Other interest
Consorzio La Spezia Energia	La Spezia	EUR	50,000	5%	5%	5%	Arcola Petrolifera S.p.A.	5%	Other interest
Consorzio Qualità e Tratt. Acque	Napoli	EUR	10,000	9.07%	9.07%	9.07%	Saras Ricerche e Tecnologie S.p.A.	9.07%	Other interest
Consorzio Techno Mobility	Cagliari	EUR	57,500	17.40%	17.40%	17.40%	Saras Ricerche e Tecnologie S.p.A.	17.40%	Other interest
Sarda Factoring	Cagliari	EUR	8,320,000	6%	6%	6%	Saras S.p.A.	6%	Other interest
Hydrocontrol Soc. Consortile a r.l.	Capoterra (CA)	EUR	1,033,000	---	17%	17%	Saras S.p.A.	17%	Other interest



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