CONSOLIDATED FINANCIAL STATEMENTS OF SARAS GROUP AND SEPARATE FINANCIAL STATEMENTS OF SARAS SPA FOR THE YEAR ENDED 31st DECEMBER 2015

SARAS

SARAS

Indice

An independent heart in the middle of the Mediterranean

The Saras Group

The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Group's refinery in Sarroch, on the South-Western coast of Sardinia, is one of the biggest sites in the Mediterranean area in terms of production capacity (15 million tons per year, corresponding to 300,000 barrels per day), and one of the most advanced in terms of complexity (Nelson Index equal to 10.0). 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. In order to fully exploit such valuable assets, Saras introduced a business model based on the integration of its Supply Chain, with a very tight coordination between refinery operations and commercial activities. Moreover, for this purpose, a new subsidiary called Saras Trading SA has been incorporated in Geneva in September 2015. Based in one of the most important global hubs for the trading of oil commodities, Saras Trading purchases crude oils and other feedstock for the Group refinery, sells the refined oil products, and it is also active in third party trading.

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 2015 approximately 2.57 million tons of oil products were sold in the Italian wholesale market, and a further 1.39 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 in the power generation business with the construction of an IGCC plant (Integrated Gasification plant with Combined Cycle power generation), which has a total 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.

Milestones

The 1960s – Start of operations

1962: Saras is founded by Mr. Angelo Moratti.

1965: The Sarroch refinery begins operations.

1968: Start up of a new Crude Distillation Unit (Topping) and of the Fluid Catalytic Cracking plant (FCC).

The 1970s – Upgrading of refinery units

1970: Start up of the Alkylation Unit (ALKY) and of a waste water treatment plant.

The 1980s – Increase in conversion capacity

1983: Start up of the Visbreaking Unit (VSB) and of a Vacuum plant (Vacuum).

1984: Start up of a new Continuous Catalytic Reforming Unit (CCR).

Late '80s: Revamping of the FCC Unit, with capacity increased up to 94,000 bl/day.

The 1990s - Environment, new technologies, and expansion into the wholesale market

1992: Start up of the first MildHydroCracking Unit (MHC1).

Mid '90s: Saras begins to operate in the wholesale market in Spain (Saras Energia) and Italy (Arcola Petrolifera).

The 2000s - IPO and further investments in high technology and environment

2001:
- Start up of the Integrated Gasification Combined Cycle plant (IGCC).

- Start up of a second MildHydroCracking Unit (MHC2).

- Start up of an Etherification Unit (TAME).

2005: The Ulassai wind farm starts operations, with an installed capacity of 72MW.

2006: IPO to grow the business and explore new opportunities.

2007: Increase in conversion capacity, leading to significant improvements in the production of automotive diesel.

2008:
- Achievement of EMAS environmental registration (Eco Management Audit Scheme).

- Start up of the Tail Gas Treatment Unit and Sulphur recovery (TGTU).

- Start up of the gasoline desulphurisation unit (U800) .

2009:
- Sales of gasoline and diesel with 10ppm (parts per million) sulphur content begin, thus contributing to a meaningful reduction of indirect emissions of SO_2.

- Saras is the first refinery in Italy to obtain the AIA authorization (Integrated Environmental Authorization), which represents part of a journey to improve the technical and structural characteristics of the plant, in order to minimize the environmental impact of production activities.

- Extension of the retail network in the Southern areas of Spain, through the integration of 71 new service stations acquired from ERG.

- Inauguration of the artwork "La cattura dell'Ala del Vento" created by the artist Maria Lai, and dedicated to the Ulassai wind farm.

- Completion of an important cycle of maintenance and investments, critical for the future growth of the company, on the following units: Topping 1, FCC, ALKY, TAME, MHC1, MHC2, and VSB.

The years 2010s – Focus on safety, environment, efficiency and improvements in profitability

2010:
- Start of the "Project Focus", which purpose is improving production efficiency, effectiveness of the operations, and rationalising costs.

- Saras becomes a certified member of the OCIMF (Oil Companies International Marine Forum), and it is now allowed to perform "vetting" operations within the SIRE Programme managed by OCIMF.

- Bond issue on the Luxembourg Stock Exchange, restricted to institutional investors, with a total nominal amount of EUR 250 million and a maturity of 5 years.

2011:
- "Project Focus" achieves positive outcomes and is also extended to "Planning" and "Supply & Trading".

- The Group relies on its commercial and operational flexibility to overcome the shortage of Libyan crude oils, as a consequence of the civil war, which devastates that country.

- The ten-year shutdown for scheduled maintenance of the entire IGCC plant is performed.

- The subsidiary "Sardeolica Srl" increases the installed capacity of the Ulassai wind farm from 72 to 96 MW.

2012:
- The Board of Directors of Saras SpA approves the Group Business Plan 2013 – 2017, which is focused

on activities aimed at improving effectiveness and efficiency, as well as pursuing new commercial opportunities.

- In the Refining segment, revamping of the MildHydroCracking-2 (MHC2) is carried out.

- In an increasingly challenging competitive environment, due to the recession in the Euro Zone, the Saras Group continues to aim at being a leading operator in terms of safety and efficiency within its sector

2013:
- The Group's business strategy remains focused on achieving optimal operational performance.

- A major corporate reorganization is completed, by transferring the business operations of the Refining segment of Saras SpA to the subsidiary Sarlux Srl.

- At the end of April, Rosneft acquires 13.70% of the share capital of Saras SpA from majority shareholders, Gian Marco and Massimo Moratti, and, in mid-June, an additional 7.29% via a public offer to purchase in the open market.

2014:
- The Saras Group pursues "asset management" initiatives whose aim is cost reduction, increase of energy efficiency and the coordination of its refining business activities and operational management.

- Bond issue on the Austrian multilateral trading system, with a total nominal amount of EUR 175 million and a maturity of 5 years.

- The major five-year "turnaround" activities at the Cracking Catalitico FCC plant and its two main ancillary units have been successfully executed: Alkylation (Alky) and Etherification (TAME).

- Arcola Petrolifera Srl was merged into Saras SpA, with effect for accounting and tax purposes as from January 1st, 2014.

- On December 29th, 2014, Sarlux Srl purchases a business unit of Versalis SpA, including approximately 80% of the production units of the Versalis petrochemical complex in Sarroch, Sardinia. As a result of this significant growth operation, the Saras Group will achieve substantial industrial and organizational synergies and, subsequently, reaffirm its position in the international competitive landscape.

2015:
- 2015 marked a structural change in the oil markets: more balanced crude oil prices, increased availability of non-standard types of crude oil, recovery in the consumption of oil products, rationalising the European refining system, reduction of "spare" capacity globally and correction of some market distortions, which had benefited refineries outside of Europe in the past. As a whole, these factors have permitted the recovery of refining margins and of "crack spreads", significantly benefiting refinery complexes, such as the ones owned by the Saras Group.

- In order to take full advantage of the opportunities offered by the new market, the Saras Group has developed an innovative business model that utilizes integrated management of the Supply Chain (or of the raw material materials supply chain). Specifically, working in close coordination with refining operations planning experts, the trade department thoroughly explores the market and purchases crude oil that, at that particular moment, has the most profitable processing economics. Next, the department responsible for the operational management of the plants uses expertise and specific instruments to mix and transform the crude oil into finished products. This integrated model is highly profitable and sophisticated, but it can be adopted only as the result of the flexibility and complexity of the Sarroch refinery.

- On March 6th, Saras executed a medium-long term bank loan agreement, for an amount of EUR 150 million, in order to support general corporate requirements. The loan will be repaid pursuant to a pre-established repayment schedule until its maturity date, on March 6th, 2019.

- On September 4th, 2015, a company called "Saras Trading SA" was established in Geneva, Switzerland; its main activity is the purchase of crude oil and other raw materials for the Saras Group's refinery and the selling of refined products. Furthermore, Saras Trading will independently trade crude oil and petroleum products, and use its position in one of the major global markets to trade oil commodities, in order to better access market data.

- On October 15th, the Saras Group "Capital Markets Day" was held at the Sarroch refinery. The Business Plan 2016-2019, which is based on the optimal execution of the integrated "Supply Chain" management model and on a series of improvement initiatives related to reliability, energy efficiency and developments of the site configuration, with moderate investments and short re-entry periods, was presented at the event.

- On October 19th, Rosneft JV Projects SA, an indirectly wholly-owned subsidiary of Rosneft Oil Company, sold to a qualified group of international institutional investors 85,481,816 ordinary shares of Saras SpA, which represent approximately 8.99% of the share capital, at a price of EUR 1.90 per share. Following the transaction, Rosneft JV Projects SA continues to hold 12% of the share capital of Saras SpA.

- On December 10th, Saras executed a medium-long term bank loan agreement, for an amount of EUR 265 million, in order to refinance existing debt and support general corporate requirements. The loan will be repaid pursuant to a pre-established repayment schedule until its maturity date, December 10th, 2020.

Letter to the Shareholders

The Saras Group recovered strongly in 2015, after six years of "crisis" for the European refining sector. During the crisis, important improvement efforts were made, both in terms of operations and financial management, and the Group came out of the down-cycle significantly reinforced. In particular, we implemented numerous programmes aimed at controlling costs, increasing energy efficiency, improving operational performance, and optimising working capital management. We also introduced a new model of integrated Supply Chain management, which allows our refinery to exploit in full the flexibility of its plants, thus capturing the opportunities offered by the oil markets. Nevertheless, the great determination of our employees was the most valuable resource that our Group could use to overcome the difficult conjuncture.

The end of the crisis is the consequence of various concurrent factors, responsible for bringing structural changes to the oil markets, which should last for a significant period of time. Among such factors, the most important one is certainly the drop in oil price quotations: this, in turn, brought a large reduction in the cost of internal consumption of the refineries – approximately 6% of the runs – together with a sizeable decrease of the working capital requirements. Another factor is the robust rebound in oil products consumption, especially in the emerging economies, while in Europe the constant decline recorded in the previous years, finally came to a halt. Moreover, there has been a progressive rationalisation of the European refining system, together with the end of some global competitive anomalies, which in the past created large advantages to the extra European refineries, and in particular to the American ones. Indeed, in the years between 2011 and 2014, US refineries could benefit from steep discounts of the North American crude oils versus the European ones, together with the cost of gas much lower than in Europe. Today, these anomalies have corrected and we can compete almost on a level field with the others. Finally, in the second half of 2014, also the US Dollar gained significant strength versus the Euro, leading to important benefits on our results, since we generate revenues in dollars and we sustain our costs almost entirely in Euros.

In terms of Organization, 2015 was extremely important for the integration of the plants acquired from Versalis at the end of December 2014. This process was completed in a very efficient manner, giving us the possibility to use in full the capacity of those plants. The on-boarding of the new colleagues into our Sarroch production site was also very effective. We managed to immediately share our corporate culture while, at the same time, we could also take benefit of their precious knowledge in the petrochemical business. As a further demonstration of commitment in the development of our industrial site, in May we purchased also a pseudocumene plant, that was rapidly integrated and brought-up to its full production capacity. This acquisition enhanced our product range, adding a highly valuable intermediate petrochemical product, used in the production of special resins.

In terms of refinery Operations, in 2015 the most relevant novelties came from the crude oil markets. Indeed, heavy crude oils returned to be available in great abundance, and this is an ideal situation for our gasification plant. Moreover, the market became long also in terms of "non-standard" grades, i.e. with chemical and physical characteristics which make them difficult to process in most of the refineries. Nonetheless, such crude oils can be processed very effectively in Saras refinery, thanks to the flexibility of our units and the extraordinary skills of our technicians.

In this regards, with the specific purpose of exploiting at best the precious resource which we process in our refinery, we developed a model of integrated Supply Chain management (the so called project "SCORE" – which stands for Supply Chain Optimization for Refinery Excellence), which enhances the synergies between our highly technical know-how, our superior planning capabilities, our excellence in operations, and our strong commercial skills. Furthermore, in order to make this integrated process even more effective, in September 2015 we incorporated a new company called "Saras Trading SA", which started its operations in January 2016 in Geneva, the European hub for oil commodity trading. This is a new exciting challenge that our Group decided to undertake in the year of its fiftieth anniversary from the date when the Sarroch refinery started it operations.

And coming to speak about our fiftieth anniversary, we are proud to tell that, Saturday October 3rd we met all together to celebrate this memorable event. It has been a very happy and emotional moment, and it gave us the opportunity to state once again that the most precious among all our resources are the employees. With their character, strong commitment, professionalism and dedication, they allowed Saras to grow over the years, becoming a reference point not only for the island of Sardinia, but for the entire European refining sector.

Just two weeks after the celebration of our fiftieth anniversary, the refinery has been once again under the spot-lights, for another big event, which this time was dedicated to the financial markets. On October 15th we held our "Capital Markets Day", in front of analysts of the main banks, institutional investors and members of the business press.

During the event, we presented our business model, and we illustrated various improvement initiatives to be implemented in the Group Business Plan for the years 2016 – 2019. More precisely, the Business Plan pursues new commercial opportunities, as well as some important investments dedicated to increasing energy efficiency (with the thermal integration of the units), and to enhancing operational reliability. Moreover, there are also some specific growth and development initiatives, which can be implemented with upgrades, revamping and de-bottlenecking of various refinery units, both in the Northern and in the Southern plants. This is a confirmation of our continued efforts and commitment to guarantee that the Sarroch industrial site will always remain among the most competitive ones in the international context, while always paying the maximum attention to protect the environment, health and safety of the people who work in our site and of those who live in the nearby areas.

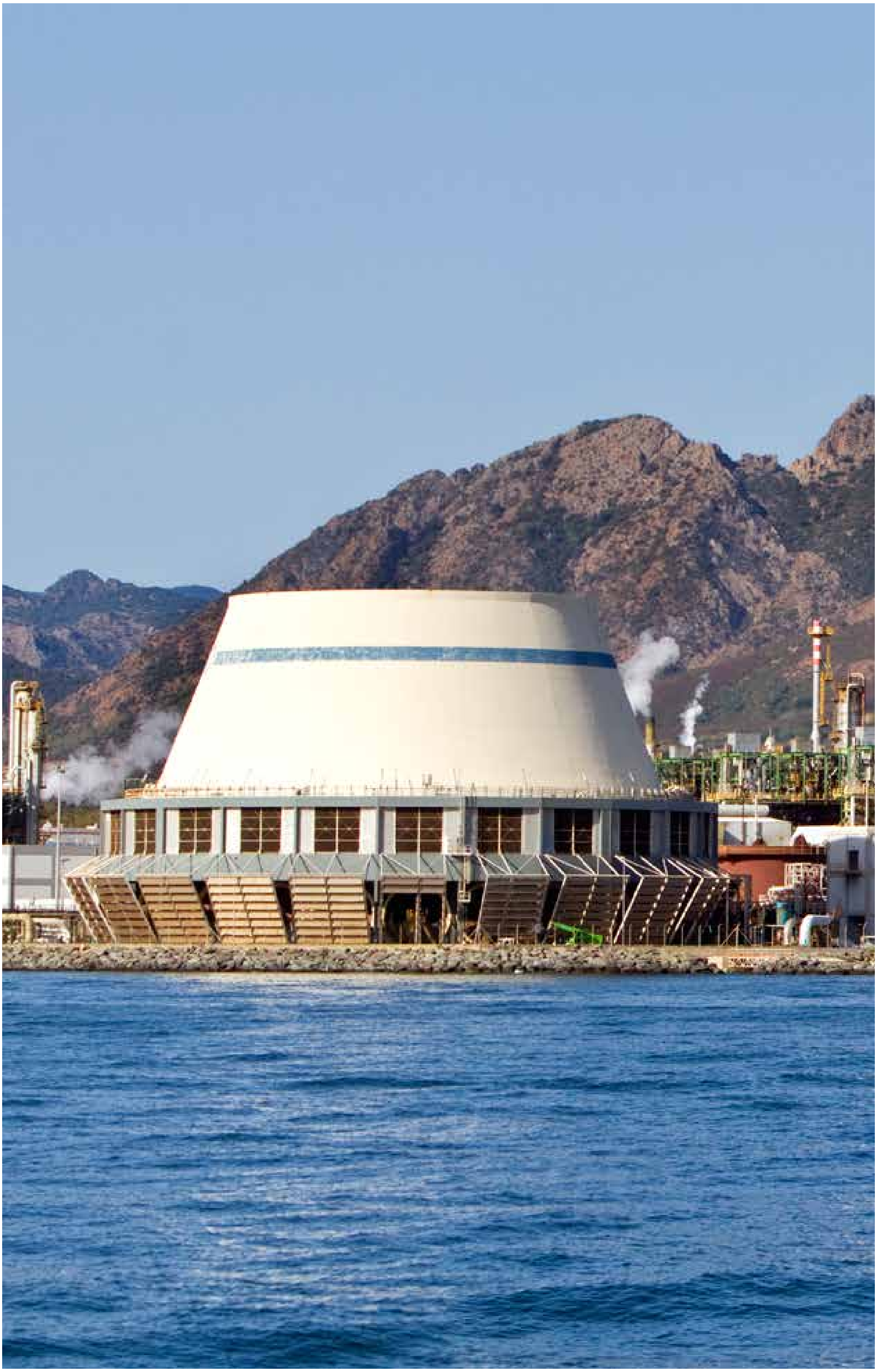
Looking at the future, the year 2016 started in a positive manner for the European refining industry. Refinery margins continue to be robust, and the large oversupply of crude oil keeps oil quotations under pressure. Moreover, from a macroeconomic point of view, various countries in the Euro zone are producing interesting signals of growth, which will eventually translate into an increase in demand for refined oil products. Therefore, the Saras Group reaffirms its strong efforts to capitalize in the best way such favourable market context.

The Chief Executive Officer
Massimo Moratti

The Chairman
Gian Marco Moratti

Saras Group Report on Operations

Table of contents of Saras Group Report on Operations



Main financial and operating figures

EUR Million		2015	2014	Change
REVENUES		8,238	10,272	-20%
EBITDA		556.0	(237.0)	335%
Comparable EBITDA [1]		**741.0**	**139.0**	**433%**
EBIT		310.6	(284.4)	209%
Comparable EBIT [1]		**518.9**	**(61.9)**	**938%**
Net Income		223.7	(261.8)	185%
Adjusted Net Income [1]		**326.3**	**(83.6)**	**490%**
Outstanding shares, ‘000,000 (avg. nr.)		931	931	
Adjusted [1] EPS, (EUR)		**0.35**	**(0.09)**	
NET FINANCIAL POSITION		**162**	**108**	
CAPEX		**86**	**136**	
REFINERY RUNS	Thousand tons	14,550	12,430	17%
	Million bl	106.2	90.7	17%
	Thousand bl/day	291	249	17%
EXCHANGE RATE	EUR/USD	1.110	1.329	-16%
EMC BENCHMARK MARGIN	$/bl	4.0	(0.5)	
SARAS REFINERY MARGIN	$/bl	8.0	1.2	
IGCC ELECTRICITY PRODUCTION	MWh/1000	4,450	4,353	2%
IGCC POWER TARIFF	Eurocent/KWh	9.6	10.1	-5%
IGCC MARGIN	$/bl	3.1	4.8	-35%
TOTAL MARKETING SALES	Thousand tons	3,961	3,683	8%
of which in Italy	Thousand tons	2,573	2,449	5%
of which in Spain	Thousand tons	1,388	1,234	12%

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 adopted in the Financial Statements prepared according to IFRS accounting principles), because LIFO methodology does not include end-of-period revaluations and write-downs, hence providing a more representative view of the Group’s operating performance . 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.

Moreover, it should be noted that, 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”. In order to allow comparison, the financial results for the year 2014 have been reclassified, including at the operating levels the relevant aforementioned transactions.

Statutory Bodies

BOARD OF DIRECTORS

Gian Marco Moratti	Chairman and Director
Massimo Moratti	CEO and Director
Angelo Moratti	Vice Chairman and Director
Dario Scaffardi	Executive Vice President, General Manager and Director
Angelomario Moratti	Chairman of Saras Energia and Director
Gabriele Moratti	Director
Andrey Nikolayevich Shishkin (1)	Director
Gabriele Previati	Director
Gilberto Callera	Independent Director
Adriana Cerretelli	Independent Director
Laura Fidanza	Independent Director
Isabelle Harvie-Watt	Independent Director

BOARD OF STATUTORY AUDITORS

Giancarla Branda	Chairman
Giovanni Luigi Camera	Permanent Auditor
Paola Simonelli	Permanent Auditor
Pinuccia Mazza	Stand-in Auditor

EXECUTIVE DIRECTOR RESPONSIBLE FOR FINANCIAL REPORTING

Franco Balsamo	Chief Financial Officer

EXTERNAL AUDITOR

Reconta Ernst & Young Spa

(1) Director co-opted on 29th February 2016

Board of Directors

Gian Marco Moratti
Chairman and Director

Massimo Moratti
CEO and Director

Angelo Moratti
Vice Chairman and Director

Dario Scaffardi
Executive Vice President,
General Manager and Director

Angelomario Moratti
Chairman of Saras Energia and Director

Gabriele Moratti
Director

Andrey Nikolayevich Shishkin
Director

Gabriele Previati
Director

Gilberto Callera
Indipendent Director

Adriana Cerretelli
Indipendent Director

Laura Fidanza
Indipendent Director

Isabelle Harvie-Watt
Indipendent Director

Corporate Governance

The company complies with the Corporate Governance Code prepared by the Corporate Governance Committee and published by Borsa Italiana SpA in March 2006, as subsequently amended (the "Corporate Governance Code"), as described in the annual report on Corporate Governance approved by the Board of Directors (the "Board") and published within 21 days after the Meeting called for the approval of the 2015 financial statements.

In that report, also prepared pursuant to Art. 123-*bis*, paragraph one of D.Lgs. 24th February 1998, no. 58 (the Consolidated Finance Act or "TUF"), as subsequently amended, the salient features of the Saras Corporate Governance system are described, as well as the functioning of its various components, with particular reference to compliance with the guidelines contained in the Corporate Governance Code.

The corporate organization of Saras SpA complies with the Civil Code and other laws on corporations, specifically those contained in the "TUF". The Company is structured according to the traditional management and control model, with a Board of Directors charged with the Company's operations. Within the Board, a Compensation and Nomination Committee, a Risk Management and Control Committee and a Board of Statutory Auditors have been established, which are responsible for, among other tasks, monitoring compliance with the law and the articles of association, the adequacy of the organizational structure, and the system of internal control over the Company's administrative and accounting system.

Upon the approval of the financial statements for the fiscal year closed as at 31st December 2014, the engagement of the independent auditors retained for the 2006-2014 period ended. Since it could not be renewed, the Shareholders, in the Meeting held on 28th April 2015, retained Reconta Ernst & Young SpA ("EY") for the period 2015-2023 to audit the separate and conslidated financial statements for those years and to provide limited audit services for the six-monthly financial reports during the same period.

The same Meeting also appointed the members of the new Board of Directors and the new Board of Statutory Auditors, which will remain in office for a period of three years until the date of the Shareholder Meeting called for the approval of the financial statements for the year ended 31st December 2017.

It is recognized that, in accordance with the Articles of Association, Giancarla Branda became Chairwoman of the Board of Statutory Auditors on 30th December 2015, following the resignation of Andrea Vasapolli, who had been appointed by the Meeting of 28th April 2015. Ms. Branda will hold that office until the Meeting called to approve the financial statements closed as at 31st December 2015 and to replace the resigining standing auditor.

The annual report on Corporate Governance provides a detailed description of the role and duties of the Board of Directors, listing the functions that may not be delegated and those, which have been delegated, and provides accurate information regarding its composition and the meetings held in 2015 and the first months of 2016.

At its meeting of 28th April 2015, the Board of Directors determined the existence of the independence requirements of directors Gilberto Callera, Adriana Cerretelli, Laura Fidanza and Isabelle Harvie-Watt. It also appointed as Lead Independent Director Gilberto Callera, the Compensation and Nomination Committee (composed of Gilberto Callera, Laura Fidanza and Gabriele Previati) and the Risk Management and Control Committe, composed of non-executive directors Gabriele Previati and of the independent non-executive directors Gilberto Callera, Adriana Cerretelli, Laura Fidanza and Isabelle Harvie-Watt.

In accordance with the Corporate Governance Code, the two Committees are designed to act in an advisory capacity and make recommendations. They met regularly in 2015 and the first quarter of 2016, as illustrated in the Corporate Governance report.

The report also describes the Internal Control System of the Company, for which the Board of Directors is responsible and which establishes the guidelines and periodically reviews the operational adequacy and effectiveness, using the Risk Management and Control Committee and the Internal Audit Department. The Board, at the meeting held on 28th April 2015, appointed as Executive Vice President Dario Scaffardi, the executive director responsible for overseeing the operations of the internal control system.

The company also appointed as Chief Financial Officer, Franco Balsamo, the manager responsible for the preparation of the corporate accounting documents pursuant to Art. 154-*bis* of the TUF.

The Internal Control System informs both the Code of Ethics of the Company, which states the principles and values that Saras recognizes as its own and which requires the compliance of all employees, contractors and all those who enter into relationships with Saras, as well as the Organizational, Management and Control Model adopted in implementation of the “Administrative Liability Regulations for Legal Entities” pursuant to D.Lgs. 231/2001, which is monitored by an appropriate Oversight Authority.

Finally, the Corporate Governance report explains the contents of the internal regulations regarding the management of confidential information and the implementation of the register of persons who have access to such information, of the Code of Conduct relating to internal dealing, the procedures for related party transactions, as well as the code of conduct of Saras Group managers, adopted by the Board of Directors of the Company.

Regulatory Framework

The most important regulations in 2015 relating to the energy, environment and health and safety at work sectors are as follows:

- Ministerial Decree 31st December 2015 establishing an extension until 2020 of the obligation to start selling "E5" petrol.
- Law Decree 30th December 2015, no. 210 establishing Extension of terms provided by law (Milleproroghe 2016). The measure, in particular, contains extensions related to waste and the SISTRI system and to the emissions of fuel and energy plants.
- Law 28th December 2015, no. 208. 2016 Budget Law includes certain measures related to the environment and energy.
- Law 28th December 2015, no. 221, containing environmental regulations for the promotion of green economy standards and for the reduction of excessive use of natural resources.
- Decree of the Ministry of Economic Development 22nd December 2015, revocation and update of the technical specifications for the white certificate incentive mechanism.
- Decree of the President of the Council of Ministers 21st December 2015, establishing approval of the sole environmental declaration form (MUD) for 2016.
- Directive (EU) 2015/1513 of the European Parliament and of the Council amending Directive 87/70/EC relating to the quality of petrol and diesel fuels and Directive 2009/28/EC on renewable energy.
- Legislative Decree 14th September 2015, no. 151 amending Legislative Decree 81/2008.
- Law 7th August 2015, no. 124, establishing the delegation to the government of powers relating to the reorganisation of Government authorities and tacit consent on the environment, with respect to the reform of the regulations on the local authority planning conference.
- Law 6th August 2015, no. 132, establishing provisions on the hazardous properties of waste.
- Ministerial Decree 3rd August 2015, approval of technical standards relating to fire prevention (so-called Fire Prevention Code).
- Executive Decree of the Ministry of Economic Development 15th July 2015 establishing methods for the conduct of prospecting, research and development of oil and gas and related controls.
- Law 9th July 2015, no. 83. Eu-

ropean delegation law, setting forth provisions relating to environmental, water and occupational safety assessments.

- Legislative Decree 4th July 2015, no. 92, providing for urgent measures relating to integrated environmental and waste authorisation.

- Legislative Decree 2nd July 2015, no. 111, relating to Emission Trading amending Legislative Decree 30/2013.

- Legislative Decree 26th June 2015, no. 105, implementing Directive 2012/18/EU relating to the oversight of major accident hazards associated with hazardous substances (so-called Seveso III).

- Decree of Ministry of the Environment 24th June 2015, relating to eligibility criteria for landfill waste and amending Decree of Ministry 27th September 2010.

- Law 27th May 2015, no. 69, establishing provisions relating to offences against the government and amending the Criminal Code pursuant to Legislative Decree 231/2001.

- Council Directive (EU) 2015/652 relating to the quality of petrol and diesel fuels and laying down calculation methods and reporting obligations.

- Law 22nd May 2015, no. 68, establishing provisions on environmental crimes.

- Executive Decree of the Ministry of Environmental Development 12th May 2015 approving the certification and accreditation standards for compliance with the technical specifications of Esco, experts in energy management and the energy management system.

- Decree of the Ministry of Economic Development relating to oil and gas development and establishing the regulation of the single concession licence implementing the "Sblocca Italia" Decree.

- Law 27th February 2015, no. 11, converting Law Decree 192/2014, establishing extension of the deadlines set forth in law (so-called Milleproroghe 2015).

Equity Markets Performance

The year just ended had ups and downs but then almost all of the major financial markets closed positively. Overall, the Milan Stock Exchange has been the best, with the "FTSE MIB" index closing the year up 12%. In second place is the Frankfurt "Dax" index which, in twelve months, rose 10%. Then, the Japanese "Nikkei 225" index (+9.3%) and the French index "CAC 40" (+9%) delivered nearly identical performances.

The Madrid "IBEX 35" and the English "FTSE 100 UK", on the other hand, bucked the trend, as they declined 7.8% and 4.7%, respectively. Finally, it was a disastrous year for the Athens exchange, whose "ASE Large Cap" index lost 31.6%, in the wake of the internal political strife and fears of a possible abandonment of the single European currency.

The following graphs provide a visual representation of the trends for the main international equity markets during 2015, taking January 2nd as a "100 base".

Analysing in greater detail, it can be seen that, in the first quarter of 2015, the financial markets have moved very positively. At the start of April, in fact, the major equity indices were already showing significant gains which, in some cases, exceeded 20%. For example, the Frankfurt "Dax" index increased 26%, followed by the Milan "FTSE MIB" index (+25%) and the "CAC 40" index (+24%).

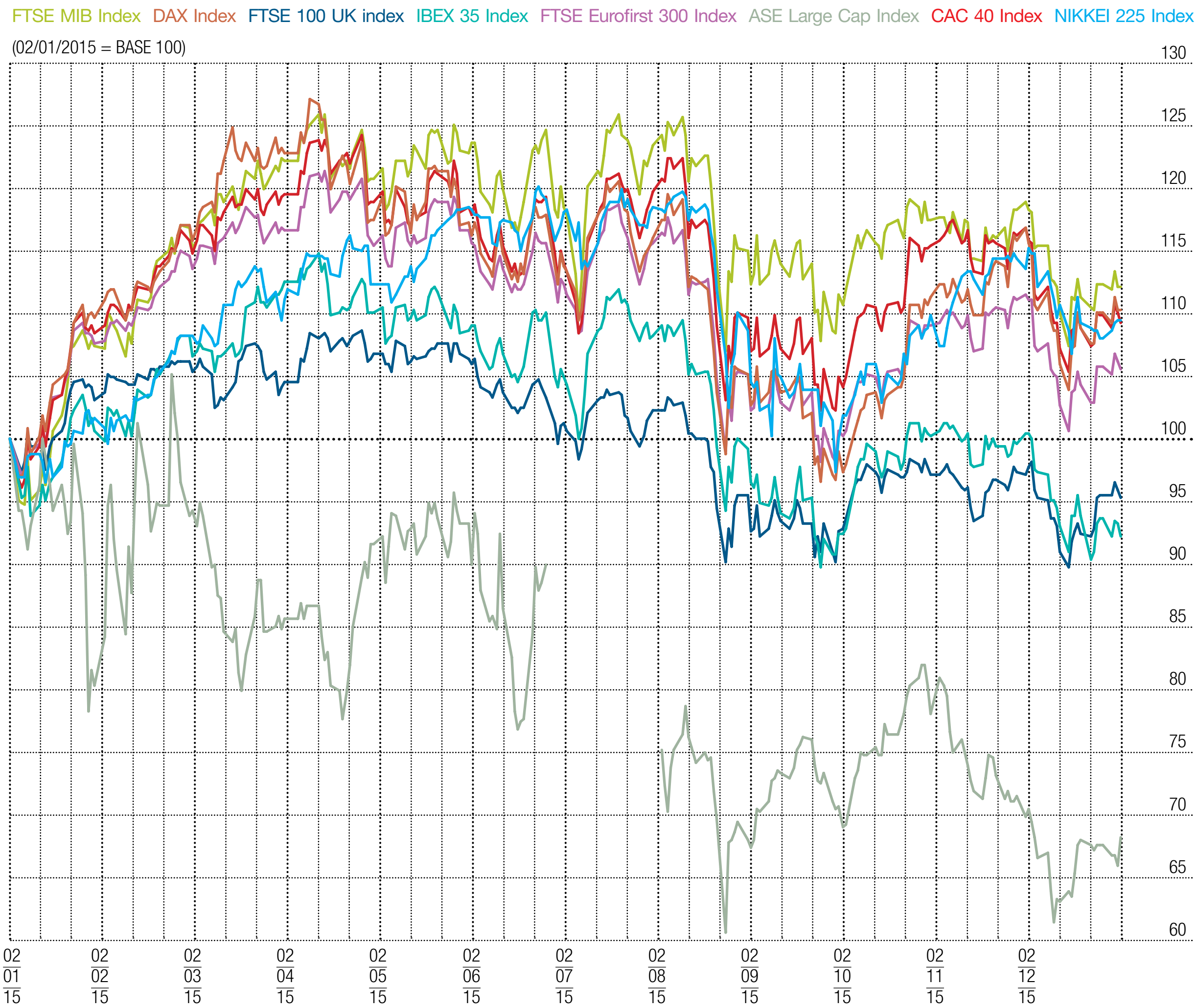
Next, during the second quarter, the financial markets remained cautious, with a lateral movement, which continued until mid-June. In those months, the expansionary moves of the central banks provided market support but, from time to time, there were rapid changes in investor sentiment, related to the slowdown in the emerging market economies, especially China.

Then, in the third quarter, the Greek crisis caused a sharp fall. The increase in uncertainty arising from the rising probability of a "Grexit" prompted investors to opt for less exposure to the equity markets and return to safer assets, such as, German government bonds, whose yield returned to historic lows.

Finally, in the fourth quarter, after the exit of Greece from the Eurozone had been averted, the European financial markets returned to a state of relative calm and even rose compared to early September, driven also by the accommodative policy of the European Central Bank.

The Greek Stock Exchange remained closed from 29th June until 31st July 2015, following the extraordinary measures taken by the Greek Government to contrast speculation, while the negotiations with the Internationals Creditors were on-going, in order to decide on the implementation of the third bail out program for Greece, in exchange for the Greek acceptance of a new package of internal reforms.

Main European Stock Markets (Source: Bloomberg)



FTSE MIB Index: Index of the 40 most representative stocks traded in the Italian market

DAX Index: Index of the 100 most representative stocks traded in the German market

FTSE 100 UK Index: Index of the 100 most representative stocks traded in the English market

IBEX 35 Index: Index of the 35 most representative stocks traded in the Spanish market

FTSE Euro First 300 Index: Composite index representing the 300 largest european companies in terms of market capitalisation

ASE Large Cap Index: Index of the 25 most representative stocks traded in the Greek market

CAC 40 Index: Index of the 40 most representative stocks traded in the French market

NIKKEI 225 Index: Index of the 225 most representative stocks traded in the Japanese market

Saras Share Performance

Below, data are shown on daily prices and volumes of Saras' shares from January 1st, 2015 to December 31st 2015.

SHARE PRICE (EUR)	2015
Minimum price (06/01/2015) *	0.7935
Maximum price (19/08/2015) *	2.492
Average price	1.662
Closing price on 30/12/2015	1.784

* minimum and maximum prices refer to official reference prices on the closing of each trading day.

DAILY TRADING VOLUMES	2015
Maximum volume in EUR m (20/10/2015)	115.0
Maximum volume in number of shares (m) (20/10/2015)	62.3
Minimum volume in EUR m (09/01/2015)	0.4
Minimum volume in number of shares (m) (09/01/2015)	0.5
Average volume in EUR m	12.2
Average volume in number of shares (m)	6.8

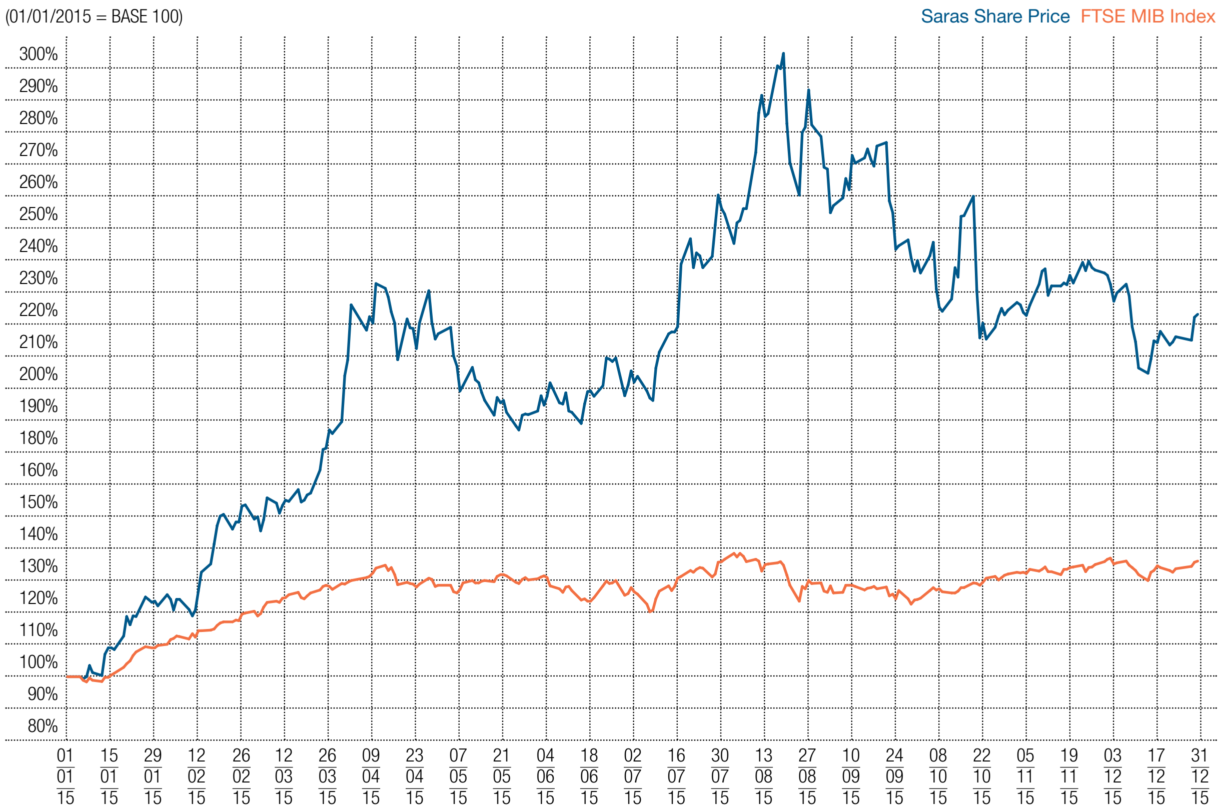
As of December 31st 2015 the market capitalisation was EUR 1,697 million and, at the same date, the shares outstanding were approximately 931,754,226 million. Moreover, at the end of 2015 Saras SpA held in treasury 19,245,774 own shares, equal to 2.024% of share capital. For details on own shares held in treasury and on the share movements during the year, reference is made to the Report on Operations of Saras SpA.

The following graph shows a comparison between the daily performance of Saras' share price and the FTSE Mib Index of the Italian Stock Exchange in Milan.

Saras shares opened 2015 with a price of 0.8285 EUR on 2nd January, and immediately began a strong upward trend, driven by the excellent prospects for results expected in the new context. Indeed, the substantial structural changes that occurred toward the end of 2014 gave rise to a new cycle in the petroleum markets characterised by more-balanced crude oil prices, wider availability of non-standard types, recovery in consumption of refined products, streamlining of the European refining system, reduction of the global "spare" capacity and correction of some competitive distortions that have favoured refiners outside of Europe in the past.

This set of circumstances, therefore, contributed to the recovery of refining margins and gave rise to particularly rewarding conditions for flexible and complex refineries like Sarroch's.

At the end of April, the Saras share therefore traded at 1.73 EUR, up by nearly 110% compared to the start of the year, and widely over-performing the index of mid-cap shares quoted on the Italian Stock Exchange (the so-called "FTSE Italia Mid Cap" Index"), whose progress compared to the start of the year was 29%. However, in mid-May, the advance of the Saras stock slowed temporarily, as a result of profit-



taking, in the context of still limited confidence by the financial markets, related to the possibility that refining margins could remain strong.

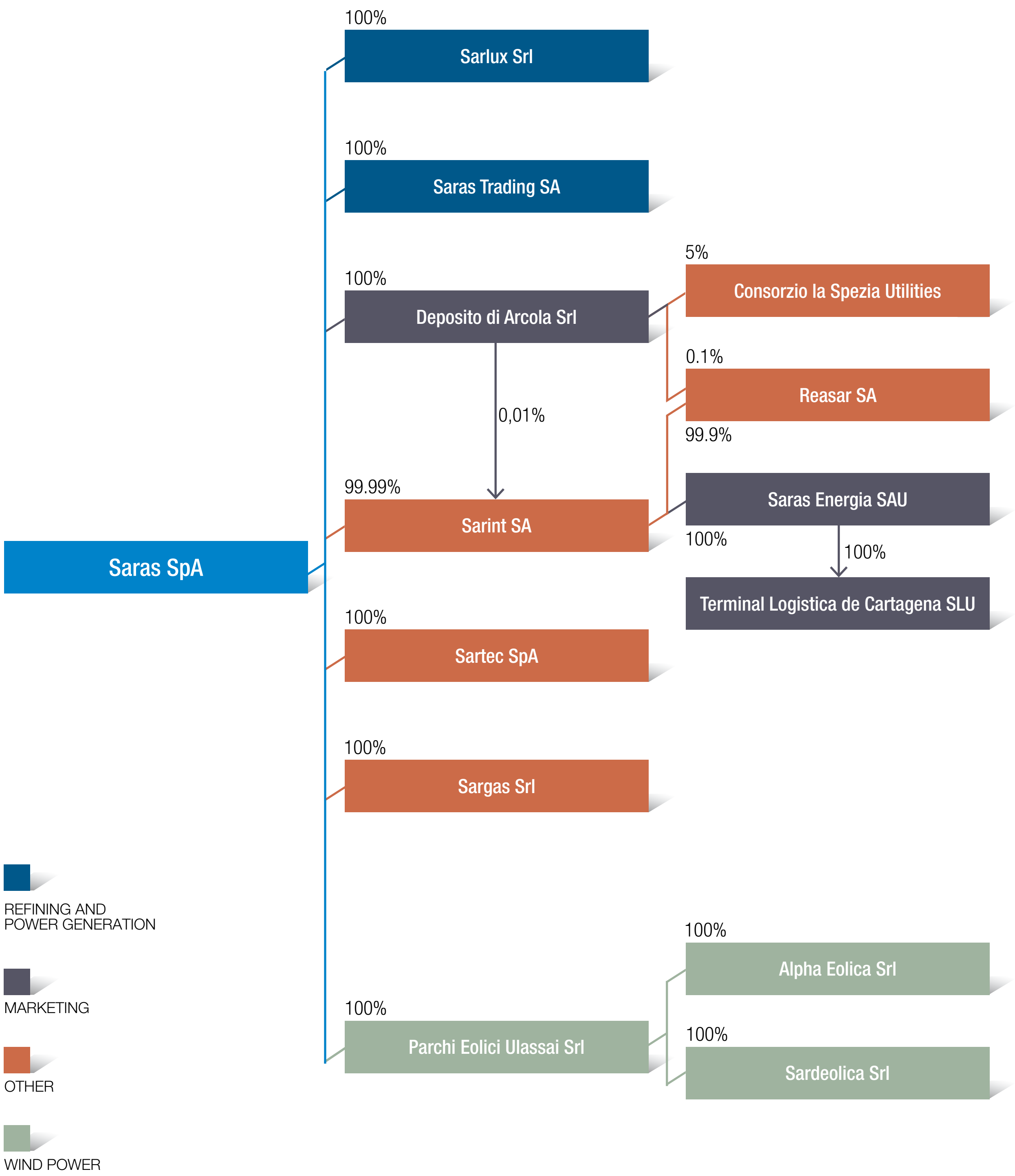
Subsequently, as from mid-July, Saras stock has begun to appreciate once again and hit its high on 19th August at 2.492 EUR, in the wake of strongest quarterly results ever since the I.P.O. in 2006. At that time, the change from the start of the year exceeded 200%, while the FTSE Italia Mid Cap index was up by 35%.

In spite of some profit-taking, the Saras stock continued to trade at very high levels, close to 2 EUR until mid-October, and then declined.

Finally, in the last months of the year, investors once again became interested, and though refining margins suffered a seasonal slowdown, the Saras stock maintained its value, fluctuating within a tight band between 1.65 EUR and 1.95 EUR per share, and then closing the fiscal year at 1.784 EUR (+115% from the start of the year). By contrast, the FTSE Italy Mid Cap index has registered a positive annual change of + 37%.

Structure of the Saras Group

Here below the structure of the Saras Group and its various business segments, with the main companies involved in each segment as of 31st December 2015.



Registered offices of consolidated companies

Saras SpA
SS. Sulcitana 195, Km 19
09018 Sarroch – Cagliari

Sarlux Srl
SS. Sulcitana 195, Km 19
09018 Sarroch - Cagliari

Saras Trading SA
Rue Philippe-Plantamour 18-20
1201 Geneve (Switzerland)
Switzerland

Deposito di Arcola Srl
Via XXV Aprile 18
19021 Arcola - La Spezia

Sarint SA
12 Avenue de la Porte Neuve
2227 Luxembourg
Luxembourg

Sartec SpA
Località Grogastu - Traversa 2^ Strada Est
09032 Assemini - Cagliari

Sargas Srl
Sesta Strada Ovest - Z.I. Macchiareddu
09010 Uta - Cagliari

Parchi Eolici Ulassai Srl
SS Sulcitana 195 km 19
09018 Sarroch - Cagliari

Consorzio la Spezia Utilities
Via Giovanni Minzoni, 2
19121 La Spezia

Reasar SA
31, Rue du Puits Romain
8070 Bertrange (Luxembourg)
Luxembourg

Saras Enegia SAU
Plaza Carlos Trias Bertan 4 Planta 2°
28020 Madrid
Spain

Terminal Logistica de Cartagena SLU
Plaza Carlos Trias Bertan 4 Planta 2°
28020 Madrid
Spain

Alpha Eolica Srl
Bucaresti Ploiesti n. 69-71, Camera n. 22,
Etaj 2
Bucarest
Romania

Sardeolica Srl
Strada Ovest – Zona Industriale Macchiareddu
09010 Uta – Cagliari


Impianto U800
Impianto U800
Impianto U800

Comment to Saras Group Results

Below are key consolidated financial figures for the year, shown in comparison with the data related to the previous year. 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 adopted in the Financial Statements prepared according to IFRS accounting principles), because LIFO methodology does not include end-of-period revaluations and write-downs, hence providing a more representative view of the Group's operating performance. 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. Moreover, it should be noted that, 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". In order to allow comparison, the financial results for the year 2014 have been reclassified, including at the operating levels the relevant aforementioned transactions.

SARAS GROUP CONSOLIDATED FINANCIAL FIGURES:

EUR Million	2015	2014
REVENUES	**8,238**	**10,272**
EBITDA	556.0	(237.0)
Comparable EBITDA	**741.0**	**139.0**
EBIT	310.6	(284.4)
Comparable EBIT	**518.9**	**(61.9)**
NET RESULT	223.7	(261.8)
Adjusted NET RESULT	**326.3**	**(83.6)**
NET FINANCIAL POSITION	**162**	**108**
CAPEX	**86.2**	**136.3**

Comments to full year 2015 Group results

Group Revenues in FY 2015 were EUR 8,238 million. The difference versus EUR 10,272 million in FY 2014 is mainly due to the drop in oil prices, with consequently lower revenues generated by the Refining segment (down by approx. EUR 1,385 million, notwithstanding a 17% increase in refinery runs and a similarly relevant growth in the quantities of products sold), and by the Marketing segment (down by approx. EUR 570 million, even if the segment' sales of refined products in Italy and Spain increased overall by 8%). More precisely, in FY 2015 gasoline quotations had an average of 557 $/ton (versus the average of 907 $/ton in FY 2014), and diesel quotations stood at an average of 494 $/ton (versus the average of 851 $/ton in FY 2014). Finally, also the revenues from the Power Generation segment were EUR 70 million lower than last year, due to the reduction in the value of the power tariff, only partially compensated by the higher production and sale of electricity.

Group reported EBITDA in FY 2015 was EUR 556.0 million, increased from EUR -237.0 million in FY 2014. The difference is almost entirely due to the Refining segment, which was able to capture the favourable market conditions, running at full refining capacity (+17% versus FY 2014) and achieving a substantially larger operating margin (8 $/bl, versus the margin of 1.2 $/bl realized on average in FY 2014).

Group reported Net Result stood at EUR 223.7 million, up from EUR -261.8 million in FY 2014, basically for the same reasons discussed at EBITDA level. Nonetheless, in FY 2015 the charges for depreciation and amortisation stood at EUR 245.4 million (including the depreciation of some intangible assets), while in FY 2014 depreciation and amortisation charges were equal to EUR 47.4 million, mainly due to the reversal of the write-off of the CIP6/92 contract (which brought a positive contribution in Q4/14 worth EUR +180 million pre-tax), and the write-off of the "Steam Reformer" unit, also recorded in Q4/14 (worth approx. EUR -23 million pre-tax). Finally, the net interest charges in FY 2015 stood at approx. EUR -35 million, improved versus approx. EUR -40 million in FY 2014, thanks to more favourable financing conditions.

Group comparable EBITDA amounted to EUR 741.0 million in FY 2015, significantly up from EUR 139.0 million earned in FY 2014. 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 Profit standing at EUR 326.3 million**, versus the adjusted Net Loss equal to EUR -83.6 million in FY 2014.

In the following tables there are the calculation details of the comparable EBITDA and of the adjusted Net Result for FY 2015.

GROUP COMPARABLE EBITDA

EUR Million	2015	2014
Reported EBITDA	**556.0**	**(237.0)**
Inventories at LIFO – inventories at FIFO	108.4	404.7
Non-recurring items	12.5	(50.7)
Realized result of derivatives and net FOREX	64.1	22.0
Comparable EBITDA	**741.0**	**139.0**

In FY 2014 the "non-recurring items" mainly include the positive contribution coming from the acquisition of the Versalis' business branch in Sarroch, recorded in Q4/14.
In FY 2015 instead, the "non-recurring items" refer to charges for legal and tax litigations, recorded in Q4/15.

GROUP ADJUSTED NET RESULT

EUR Million	2015	2014
Reported NET RESULT	**223.7**	**(261.8)**
(Inventories at LIFO – inventories at FIFO) net of taxes	75.8	293.8
Non-recurring items net of taxes	29.7	(85.7)
Fair value of derivatives' open positions net of taxes	(2.8)	(29.9)
Adjusted NET RESULT	**326.3**	**(83.6)**

In FY 2014 "non-recurring items net of taxes" include primarily the positive contributions due to the reversal of the write-off of the CIP6/92 contract (EUR +124.3 million) and to the acquisition of the Versalis' business branch in Sarroch (EUR +35.5 million), and the negative contributions due to the write-off of the "Steam Reformer" unit (EUR -16.5 million) and to the write-off of deferred tax assets (EUR -51.4 million). All of the above items took place in Q4/14.

In FY 2015 "non-recurring items net of taxes" mainly include the aforementioned charges for legal and tax litigations (EUR -8.7 million), as well as the write-off of some intangible assets (EUR -17.8 million) and the write-off of a tax asset (EUR -3.2 million).

CAPEX in FY 2015 was EUR 86.2 million, in line with the investment programme planned for 2015, and mainly directed to the Refining segment (EUR 75.0 million) and, to a lower extent, to the Power Generation segment (EUR 9.1 million).

Net Financial Position

The Net Financial Position on 31st December 2015 was cash positive and it stood at EUR +162 million, improved versus the cash positive position of EUR +108 million on 31st December 2014. More in details, the strong cash generation from operations and the self-financing from the provisions for depreciation more than offset the changes in Working Capital, the payment of taxes, interests and CAPEX made during the year 2015.

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

EUR Million	31/12/2015	31/12/2014
Medium/long term bank loans	(412)	(103)
Medium/long-term bonds	(174)	(174)
Other loans	5	6
Long-term net financial position	**(581)**	**(271)**
Short-terms bonds		(250)
Short-term loans	(68)	(32)
Debts due to banks	(21)	(69)
Other short-term financial liabilities	(69)	(10)
Fair value on derivatives and realized net differentials	23	76
Other financial assets	21	40
Cash and cash equivalents	857	634
Warranty deposit for derivative instruments		(10)
Short term net financial position	**743**	**379**
Total net financial position	**162**	**108**

Segment Review

In order to provide a consistent presentation of the results for the activities of the Saras Group, the financial information of each company have been calculated and reported according to the same business segments used in all the previous Financial Reports, including also the intercompany services which ceased to exist as a consequence of extraordinary transactions and corporate restructuring, and using the same economic conditions applied in the previously existing contracts.

Refining

The Saras Group operates in the refining sector with its Sarroch refinery, which is one of the biggest sites in the Mediterranean area in terms of production capacity (15 million tons per year), and one of the most advanced in Europe when considering the complexity of its units (Nelson Index equal to 10.0). Its location on the South-Western coast of Sardinia provides a strategic positioning in the centre of the Mediterranean sea, thanks to the proximity with various crude oil producing countries, as well as with the main markets for the sale and consumption of refined oil products.

Reference market

In 2015 the oil markets witnessed radical changes, mainly due to a situation of large crude oil oversupply, which caused a sharp drop in oil quotations. Brent Dated posted an average of 52.4 $/bl, shedding more than 46 $/bl versus FY 2014.

However, in addition to the more balanced crude oil prices, the year 2015 will be remembered also for a larger availability of non-standard crude oil grades (i.e. medium and heavy crude oils with high sulphur content), which are harder to process for most of the simple refineries, because the latter do not have high conversion and desulphurisation units. For this reason, such difficult crude oils must be sold with steep discounts versus the light crude oils with low sulphur content, which

Yearly Average Values [1]	2015	2014
Crude Oil ($/bl)		
Price of Brent Dated (FOB Med)	52.4	98.8
Price of Urals (CIF Med)	51.9	97.8
"Heavy-Light" price differential	-0.5	-1.0
Prices of Refined Products ($/ton)		
Ultra-Low Sulphur Diesel (ULSD)	493.8	849.1
Gasoline 10ppm	557.5	904.2
High Sulphur Fuel Oil (HSFO)	254.8	525.2
Crack spreads for refined products ($/bl)		
Ultra-Low Sulphur Diesel (ULSD)	13.8	15.0
Gasoline 10ppm	14.4	9.5
High Sulphur Fuel Oil (HSFO)	-11.9	-15.5
Other profitability indicators		
EMC Benchmark margin ($/bl)	+4.0	-0.5
USD/EUR forex	1.110	1.329

1. Sources: "Platts" for prices and crack spreads, and "EMC" for the benchmark refining margin called "EMC Benchmark"

Note: "Brent Dated" is the light sweet benchmark crude oil (Platts' FOB Med quotations), while "Urals" is the heavy sour benchmark crude oil (Platts' CIF Med quotations) are simpler to process. Obviously, this scenario turned out to be more favourable for versatile and complex refineries like the one owned by the Saras Group, which is capable of processing almost every kind of feedstock. Other important changes in the market relate to the consumption of refined products, which finally started to grow once again also in Europe. Finally, it should be mentioned that, also in 2015 the European refining system continued its process of restructuring and rationalisation, and there has been also a reduction of "spare" capacity on a global scale. All of the above changes, together with the correction of some market distortions which in the past provided an advantage for the extra-European refineries, took place simultaneously and led to a strong recovery of the refinery margins.

Here below is a detailed analysis of the trends followed by the prices of crude oil and refined products, as well as the benchmark refining margin (EMC Benchmark) in the European market, which is the most relevant geographical context in which the Saras Group's conducts its refining business.

Crude oil prices (source Platts):

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.

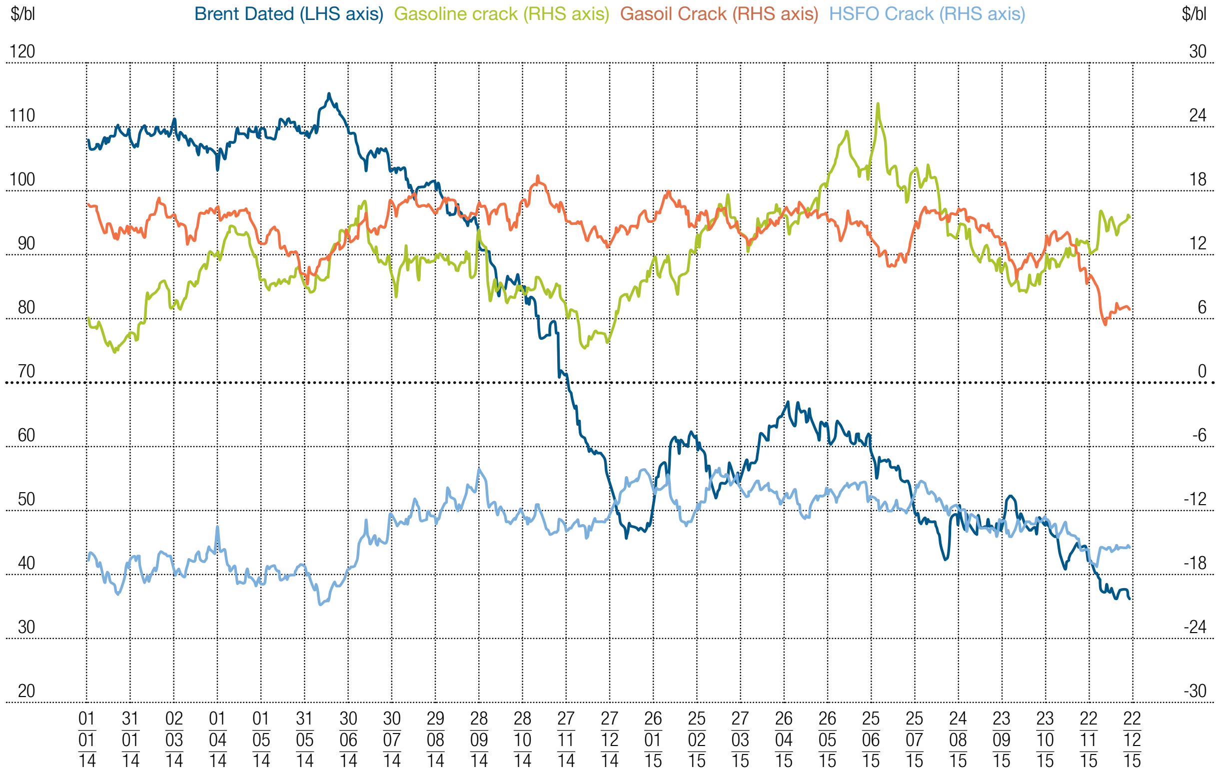
Finally, in Q4/15, Brent quotations remained range-bound between 45 ÷ 52 $/bl for the entire month of October. In the following months, however, crude prices accelerated downwards once again, due to the combination of deteriorating global economic conditions, strong US dollar, and persisting crude over-supply. As a matter of fact, with regards to the last item, during the December 4th meeting in Wien, the OPEC countries confirmed their intention not to reinstate any production ceiling, in order to defend their market share. The reaction of the oil markets came immediately, and Brent Dated closed the year at approx. 36 $/bl, the lowest level since December 2008.

Crack spreads of gasoline and ULSD (i.e. the difference between the value of the product and the cost of the crude):

During Q1/15, the gasoline crack spread posted a very strong performance, with a quarterly average equal to 11.4 $/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

2014-2015: Brent Dtd and Gasoline, Gasoil and Fuel oil crack spreads versus Brent (Source: Platts)



Crack spread: price differential between a refined oil product (e.g. gasoline or diesel) and the benchmark crude oil (e.g. Brent DTD)

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.

Finally, in Q4/15 gasoline continued to enjoy robust demand, especially in Asian and African markets, but also in Latin America and in the Atlantic coast of the United States. Therefore, the gasoline crack spread set a quarterly average at 11.8 $/bl, which is remarkably higher than the historical averages of the period. Such value is even more surprising when it is compared to the absolute value of crude oil.

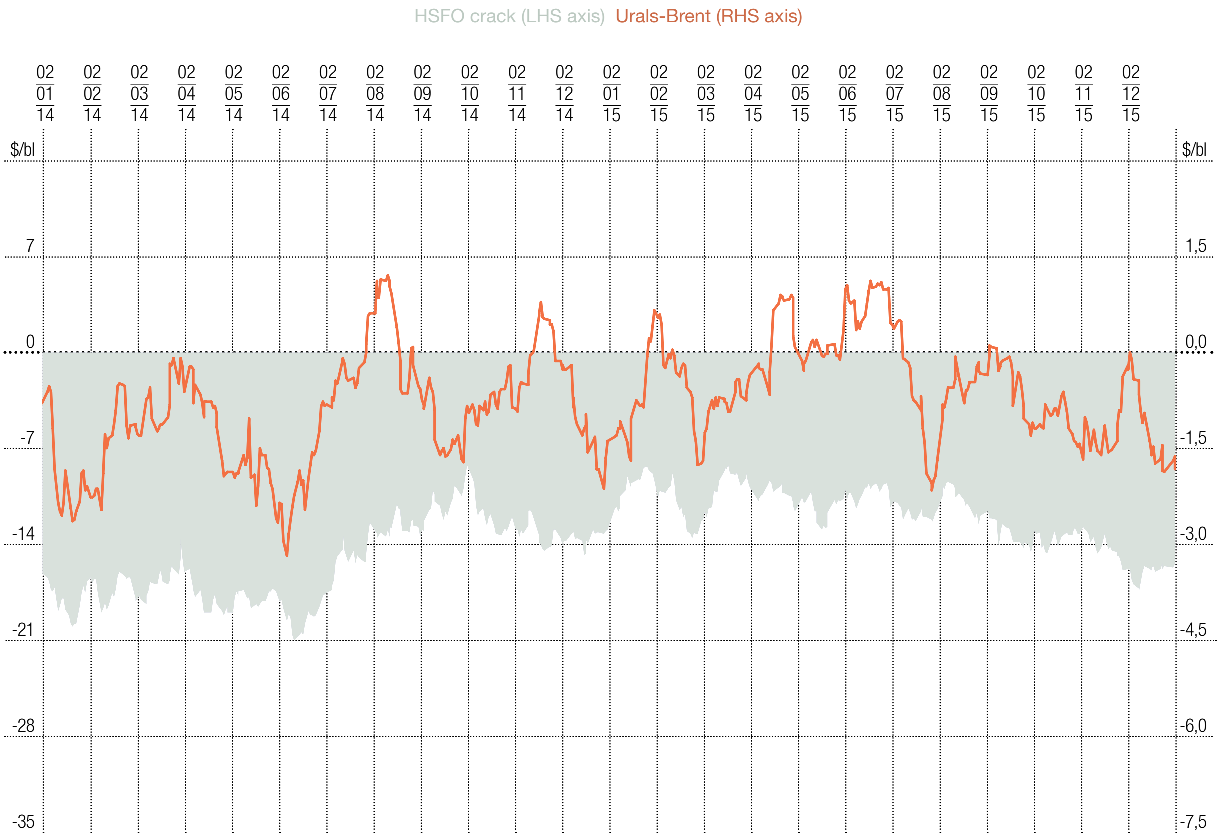
Moving to the analysis of the middle distillates, in Q1/15 the crack spread of the automotive diesel remained at a good level, with a quarterly average of 15.5 $/bl, in line with the same quarter of last year, also thanks to the support received from heating gasoil consumption.

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.

Finally, in Q4/15 a combination of unfavourable conditions weighted on diesel, and the average of its crack spread stood at 10.7 $/bl. Indeed, while extra-EU refineries kept exporting very high volumes of gasoil to Europe, consumption in the Euro zone remained below seasonal averages, also due to particularly mild weather which reduced the need for heating. Gasoil inventories reached close to capacity levels, especially in northern Europe, where ARA terminals also suffered from logistic bottlenecks. Indeed, low water levels in the Rhine river limited the traffic of the traditional barges that deliver gasoil to the Ruhr region, one of the largest consumption hubs for European petroleum products.

“Urals – Brent DTD” price differential and High Sulphur Fuel Oil (HSFO) crack spread (Source: Platts)



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 -0.5 $/bl in Q3/15.

Large availability of medium and heavy sour crude oils continues also during Q4/15. As a matter of fact, in the European market the competition between Urals and middle eastern grades became even more intense. At the same time, light crude oils (of West African and North Sea origins) found support from the robust demand for gasoline and naphtha on a global scale. The “heavy-light” differential remained wide for the entire quarter, setting the average of -1.2 $/bl in Q4/15.

Refining Margin

Moving to the profitability analysis of the refining industry, Saras traditionally uses a reference refining margin calculated by EMC (Energy Market Consultants) for a mid-complexity coastal refinery, located in the Mediterranean Sea, which processes a feedstock made of 50% Brent and 50% Urals crude oils.

The above mentioned margin (called "EMC Benchmark") began a progressive recovery in the second half of 2014 (+0.3 $/bl in Q3/14 and +0.9 $/bl in Q4/14), thanks to the rapid descent of crude oil prices, which dropped from more than 115 $/bl at the end of Jun'14, down to approx. 50 $/bl in early Jan'15. 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, +4.8 $/bl in Q3/15, and finally +3.1 $/bl in Q4/15), thanks to the gradual recovery in consumption of various refined oil products (with gasoline being the strongest product, as shown by its crack spread which climbed to record heights in FY 2015), and in a context of crude oil prices stably ranging between 40 – 60 $/bl.

Main operating results

Refinery crude oil runs in FY 2015 stood at 14.55 million tons (106.2 million barrels, corresponding to 291 thousand barrels per calendar day), up 17% versus FY 2014. In addition to those, the refinery processed also other feedstock, complementary to crude oil, such as "vacuum gasoil" and "straight run" residues, for approx. 1.03 million tons (+87% versus FY 2014). The higher runs in FY 2015 are mainly due to a lighter scheduled maintenance on the distillation units, when compared to the scheduled activities carried out last year. Moreover, the favourable market scenario allowed to push the units up to maximum capacity in FY 2015, while refinery runs were trimmed-down for economic reasons in FY 2014.

REFINERY RUNS	2015	2014	%
CRUDE OIL			
Thousand tons	14,550	12,430	17%
Million barrels	106.2	90.7	17%
Thousand barrels/day	291	249	17%
COMPLEMENTARY FEEDSTOCK			
Thousand tons	1,026	548	87%

The crude mix processed by the Sarroch refinery in FY 2015 had an average density of 33.7°API, significantly lighter than the mix processed in FY 2014. 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 extremely low to low (mainly "light extra sweet" but also "light 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.

CRUDE OIL BY GRADE		2015	2014
Light extra sweet		40%	34%
Light sweet		13%	8%
Medium sweet/extra sweet		1%	3%
Medium sour		17%	22%
Heavy sour/sweet		29%	33%
Average Density	°API	33,7	32,0

CRUDE OIL BY ORIGIN	2015	2014
North Africa	14%	22%
North Sea	1%	3%
Middle East	20%	11%
Russia and Caspian region	31%	37%
Others	34%	27%

Moving on to the product slate, it can be observed that in FY 2015 the absolute quantities produced have been significantly higher than in the previous year, thanks to refinery runs close to maximum capacity. With regards to the yields, it can be noted that LPG (2.0%), light distillates (26.1%), and middle distillates (51.3%) reached excellent levels. 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); and lastly, the lightening of the crude slate, which also allowed to reduce the yield of fuel oil. Overall, the cumulative yield of high value added products stood at 79.4% in FY 2015, which represents an outstanding performance within the European competitive context.

PRODUCTION		2015	2014
LPG	Thousand tons	307	184
	Yield	2.0%	1.4%
NAPHTHA + GASOLINE	Thousand tons	4,072	3,325
	Yield	26.1%	25.6%
MIDDLE DISTILLATES	Thousand tons	7,986	6,719
	Yield	51.3%	51.8%
FUEL OIL & OTHERS	Thousand tons	1,055	899
	Yield	6.8%	6.9%
TAR	Thousand tons	1,158	1,149
	Yield	7.4%	8.9%

Note: Balance to 100% is "Consumption & Losses"

Main financial results

Comparable EBITDA was EUR 510.5 million in FY 2015, supported by Saras refinery margin at +8.0 $/bl. Conversely, in FY 2014 comparable EBITDA stood at EUR -140.1 million and Saras refinery margin was equal to +1.2 $/bl. 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.

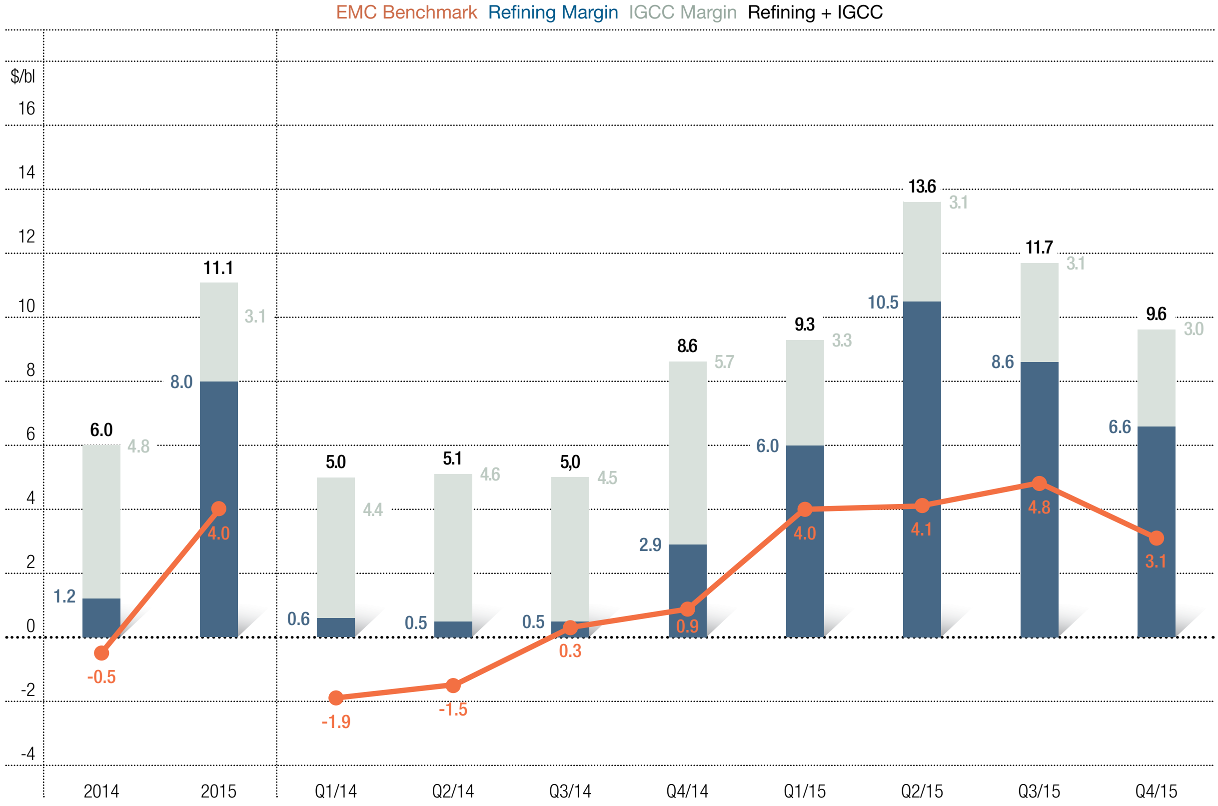
More specifically, when analysing the market conditions, it can be noticed that the drop in crude oil prices together with a pick-up in consumption of refined oil products (both themes already discussed in the section dedicated to oil markets), generated a strong rebound of the refining margins (as shown by the reference margin "EMC Benchmark", which posted an average equal to +4.0 $/bl in FY 2015, versus the average of -0.5 $/bl in FY 2014), and also a remarkable reduction in the cost of the so called "consumption & losses".

Still on the macroeconomic aspects, a supportive role to FY 2015 results has been played also by the strengthening of the US Dollar against the Euro (the average of the exchange rate stood at 1.110 US Dollars for 1 Euro vs. the average of 1.329 in FY 2014). 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 FY 2015 the production planning

EUR Million	2015	2014	%
EBITDA	337.1	(496.3)	168%
Comparable EBITDA	**510.5**	**(140.1)**	**464%**
EBIT	204.8	(640.7)	132%
Comparable EBIT	**396.6**	**(261.8)**	**251%**
CAPEX	**75.0**	**124.9**	
EXCHAGE RATE (EUR/USD)	**1.110**	**1.329**	**-16%**

Saras Group: Refining Margins 2014 - 2015



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: refining margin calculated by EMC (Energy Market Consultants), with crude slate 50% Urals and 50% Brent

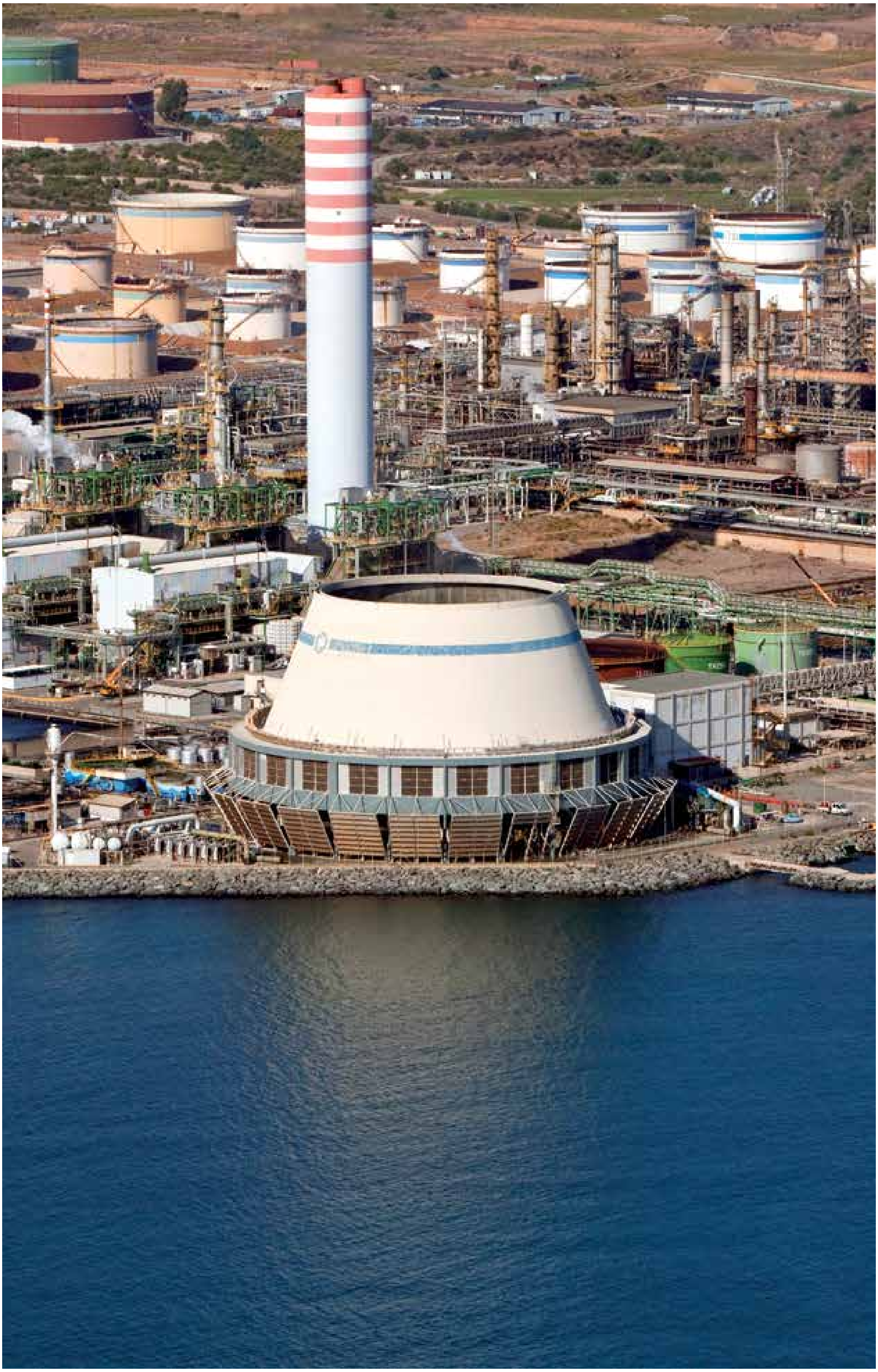
(which consists in the optimization of the crude mix to be refined, the management of semi-finished products, and the production of finished products, including specialty products) achieved an increase in EBITDA worth approx. EUR 50 million, versus last year. Moreover, the production execution (which takes into account the penalisation due to maintenance, both scheduled and un-scheduled, and the higher consumption versus technical targets for some utilities like, for instance, fuel oil, steam, electricity, and fuel gas) gave an EBITDA advantage versus last year, worth approx. EUR 22 million.

Looking at the commercial aspects, in FY 2015 the Group was able to fully capture numerous market opportunities concerning procurement of crude oil and other kinds of feedstock, sale of finished products, chartering and inventory management (including also compulsory stocks). As such, the commercial performance gave a contribution to Refining EBITDA worth approx. EUR 42 million more than in FY 2014.

Finally, FY 2015 results include also a positive contribution from the petrochemical plants acquired from Versalis which, however, cannot be compared with FY 2014 results, because the acquisition was finalised at the end of December 2014.

The following chart shows in detail the evolution of the Saras Group's refinery margin in FY 2014 and FY 2015, both as yearly and as quarterly averages. It can be noted that, thanks to the flexibility and complexity of its industrial units, Sarroch's refinery margin has been higher than the EMC Benchmark margin. However, the premium over the Benchmark varies from quarter to quarter, according to the specific market conditions and also to Saras' operational and commercial performance in each quarter.

Finally, Refining CAPEX in FY 2015 was EUR 75.0 million, in line with the programme of the year. Among the main activities carried out during the year, it is important to mention various investments aimed at energy efficiency and the improvement of the heat recovery systems (i.e. the thermal integration of the MildHydroCracking units with the Distillation and Desulphurisation units); the initial works on the "Northern Plants" acquired from Versalis (in particular, CAPEX dedicated to the optimisation and upgrading of the units); as well as some HSE investments (both for environmental protection and for safety purposes).



Power Generation

The Saras Group is active in the power generation sector through an IGCC plant (Integrated Gasification Combined Cycle) located within the industrial site in Sarroch (Sardinia), and perfectly integrated with the Group's refinery.

The IGCC plant, owned and operated by the subsidiary Sarlux Srl, is one of the largest in the world in its kind of technology. It has a total installed capacity of 575MW, it generates more than 4 billion kWh/year of electricity, and it supplies more than 30% of the total power consumption in the island of Sardinia. Moreover, the IGCC plant is also one of the largest conversion units of the refinery for heavy distillate products and, at the same time, it is the most important "utility" of the Group's industrial site, because it provides very high volumes of hydrogen to the hydrocracking and hydrotreating units of the refinery, and it also produces high quantities of steam, which are needed in several other units in the refinery.

Reference market

National power demand in 2015 (including network losses and net of the electricity needed for pumping activities) equalled 315,234 GWh, up by 1.5% versus FY 2014. Such change versus the previous year is due to the improvement in the macroeconomic conditions, which caused an increase in industrial and production activities in almost all the regions of the country. Moreover, it should be noted that, when compensating for calendar differences, the change in demand stood at +1.3%, because the year 2014 had two working days less than the year 2015.

Demand for electricity increased in almost all the regions. In particular, the largest growth was recorded in the southern regions of Campania, Basilicata, Calabria e Puglia (+4.4%), followed by Emilia Romagna and Tuscany (+4.3%), and then in the central regions of Abruzzo, Marche, Lazio, Umbria and Molise (which cumulatively posted a +2.3%). Moreover, increase in electricity demand took place also in the island of Sardinia (+0.8%) and in Lombardy (+0.4%). Conversely, demand has been flat year on year in the three north-eastern regions of Triveneto, while electricity consumption decreased in the north-western regions of the country (Piedmont, Liguria and Valle d'Aosta, which cumulatively posted a -1.5%), and also in the island of Sicily (-1.0%).

In 2015, demand for electricity was met for 56.8% by thermoelectric

Yearly Average Values [1]		**2015**	**2014**
Italian Total Power Demand	GWh	315,234	310,535
Import	GWh	50,846	46,747
Internal Production (2)	GWh	270,703	269,148
of which: *Thermoelectrical*	GWh	180,871	167,080
National Electricity Tariff (PUN) (3)	EUR/MWh	52.31	52.08

1. Data estimated by Terna (www.terna.it), subject to review

2. Production net of consumption for auxiliary services

3. Source: GME SpA (www.mercatoelettrico.org) production, for 14.2% by hydroelectric production, for 14.3% by other renewable sources (geothermal, wind power and photovoltaic production), and for the remaining 14.7% by imports of electricity from foreign countries. National net power production was equal to 270,703 GWh, up by 0.6% versus 2014 (269,148 GWh).

Finally, the average National Electricity Tariff (PUN - Prezzo Unico Nazionale) in 2015 stood at 52.31 EUR/MWh, practically in line (+0.4%) with the value recorded in the previous year (which was 52.08 EUR/MWh), mainly because of the recovery in power consumption, in a context of significantly lower oil prices.

Main operational and financial results

From an operational point of view, the Power Generation segment achieved very satisfactory results in FY 2015, increasing the service factor by approx. 2.4%. The production of electricity was equal to 4.45 TWh, up 2% versus the already high level of production achieved in 2014. The maintenance programmes carried out in the two years under comparison have been similar and, although with different timings, they involved in each year two of the three trains of "Gasifier – combined cycle Turbine" and one of the two "H2s Absorber" units.

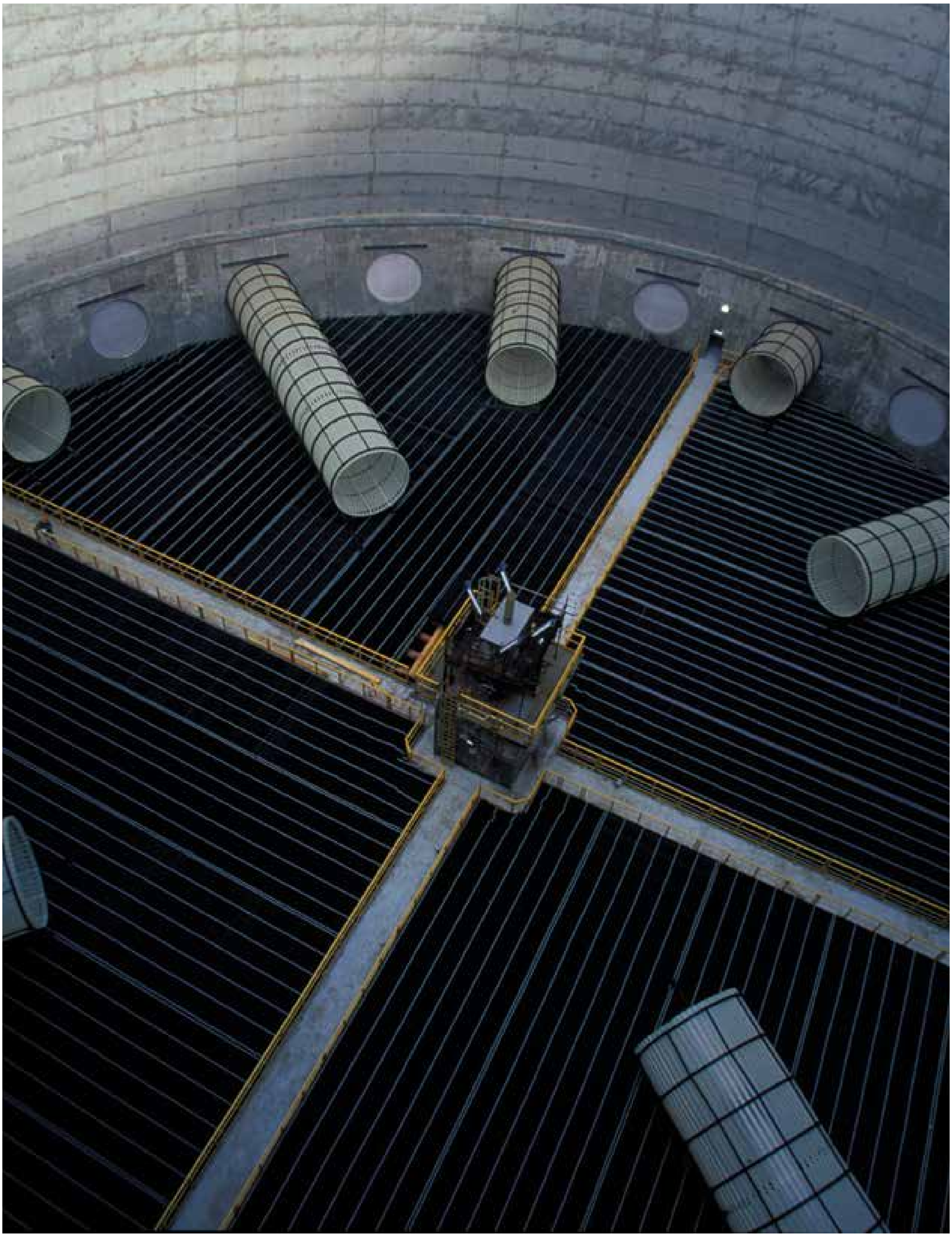
From a financial point of view, **in FY 2015 comparable EBITDA was EUR 207.9 million**, down 14% versus FY 2014. The difference is mainly due to the equalization procedure, which is updated on a yearly basis, according to the most recent scenarios for the prices of crude oil and gas, used for the calculation of the CIP6/92 power tariff. Moreover, 2014 results could benefit also from sales of hydrogen and steam higher by approx. EUR 20.5 million versus the sales in FY 2015. With regards to IFRS EBITDA, it contains a non-recurring charge worth approx. EUR 5 million, recorded in Q4/15 and related to a litigation referred to previous years.

Moving to the I**talian GAAP EBITDA, it stood at EUR 168.2 million in FY 2015**, up by 14% versus EUR 147.9 million in FY 2014, primarily because of the steep decline (-30%) in the purchase cost of the TAR feedstock, and secondly, thanks to the higher production and sale of electricity (+2%) versus FY 2014. The combination of these two factors more than off-set the lower value of the CIP6/92 tariff (-5%), as well as the lower sales of hydrogen and steam, mentioned above.

Finally, CAPEX in FY 2015 was EUR 9.1 million, coherently with the ordinary maintenance activities carried out during the year 2015.

		2015	2014	Var%
POWER PRODUCTION	MWh/1000	**4,450**	**4,353**	**+2%**
POWER TARIFF	Eurocent/KWh	**9.6**	**10.1**	**-5%**
SERVICE FACTOR	%	**92.3%**	**89.9%**	**+2,4%**
TAR FEEDSTOCK TO THE IGCC PLANT	Thousand tons	**1,158**	**1,149**	**+0,7%**

EUR Million	**2015**	**2014**	**var%**
EBITDA	203.0	240.4	-16%
Comparable EBITDA	**207.9**	**240.4**	**-14%**
EBIT	106.1	354.7	-70%
Comparable EBIT	**111.1**	**174.7**	**-36%**
EBITDA ITALIAN GAAP	**168.2**	**147.9**	**14%**
EBIT ITALIAN GAAP	**105.0**	**85.9**	**22%**
CAPEX	9.1	6.8	



Marketing

The Saras Group conducts its Marketing business in Italy and in Spain, both directly and through its subsidiaries, primarily in the wholesale channels. In this regard, in Italy the Group owns and operates a coastal depot for oil products located in Arcola (La Spezia), with a total capacity of 200,000 cubic metres, and it also has some long-term rental contracts for storage space in other depots owned by third parties, located primarily in the central and northern parts of the Italian peninsula (Livorno, Ravenna, Marghera, Trecate/Arluno, Fiorenzuola, Genova, etc.).

In Spain, instead, the subsidiary Saras Energia owns and manages a depot located in Cartagena (Spain), with total capacity of 114,000 cubic metres, and it also uses oil terminals in other Spanish provinces (owned by operators like Decal, Tepsa and CLH), in order to distribute oil products in the entire Iberian peninsula. Saras Energia owns and manages also a retail network composed of 101 service stations (of which 86 fully owned and other 15 on a long-term lease), located primarily along the Spanish Mediterranean coast.

Reference market

According to data collected by UP (Unione Petrolifera), during FY 2015 oil products' consumption increased by 3.6% in the Italian market, which represents the main output channel for the wholesale Marketing activities of the Saras Group. In particular, the increase in Italian demand derived also from the effect of 2 more working days versus last year, and it was driven by healthy consumption of total gasoil (+2.0%, equal to +515ktons), which more than offset the reduction in gasoline demand (-1.2%, equal to -98ktons). Moreover, it should be noted that an important support to the recovery in consumption came from the drop in oil prices in the international markets. Such drop was reflected in lower prices for transportation fuels sold at the service stations, which in turn stimulated especially private consumption. However, notwithstanding the increase in consumption, wholesale margins dropped, mainly due to the intensified competitive pressure from inland refineries, which were all running at maximum capacity, in order to take advantage of the favourable refining margins. In addition, further negative pressure on wholesale 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 Spain, instead, data compiled by CORES show that demand for oil products was slightly below last year (-0.3%), because the drop in consumption of gasoline (-1.7%, equal to -73ktons), kerosene (-7.4%, equal to -332ktons) and fuel oils (-6.3%, equal to -350ktons), was almost entirely compensated by the increase in demand for total gasoil (+2.6%, equal to +678ktons).

		2015	2014	Var%
TOTAL SALES	Thousand tons	3,961	3,683	8%
of which: in Italy	Thousand tons	2,573	2,449	5%
of which: in Spain	Thousand tons	1,388	1,234	12%

EUR Million	2015	2014	var%
EBITDA	(5.1)	(4.9)	-5%
Comparable EBITDA	**1.6**	**14.9**	**-89%**
EBIT	(16.3)	(14.7)	-11%
Comparable EBIT	**(4.7)**	**6.4**	**-173%**
CAPEX	1.2	3.0	

Main financial and operational results

The previously discussed market context had an unavoidable impact on the results of the Marketing segment, which decreased versus the previous year. In Italy, the Group still managed to increase its sales (with volumes up by 5% vs. FY 2014), thanks to its discounting policies in the regions with higher competition. However, it could not contrast the decline of its gross commercial margin, also because of the higher biofuel blending costs. In the Spanish market, the subsidiary Saras Energia increased sales by 12%, and it partially managed to limit the contraction of the commercial margin, mainly thanks to its ongoing policies of sale channels optimisation, initiated in the previous years.

According to the trends in sales and margins commented in the previous paragraphs, **the comparable EBITDA of the Marketing segment stood at EUR 1.6 million in FY 2015**, down versus EUR 14.9 million in FY 2014.

Wind

The Saras Group operates in the production of electricity from renewable sources since 2005, through its subsidiary Sardeolica Srl, which owns and manages a wind farm located in the municipality of Ulassai (Sardinia). The wind farm consists of 48 "Vestas V80" aero-generators with a total installed capacity of 96MW, and it operates according to a Management System certified under the international standard BS OHSAS 18001:2007 (Health and Safety), ISO 14001:2004 (Environment) and ISO 9001:2008 (Quality).

In FY 2015 the production of the wind farm was equal to 155,099 MWh, which correspond to the yearly electricity needs of more than 120,000 people. Therefore, using a renewable source allowed to save almost 200,000 barrels of crude oil and, consequently, it avoided CO_2 production and emissions for approx. 15,000 tons. Moreover, cumulatively, in the period which goes from the beginning of its operations until 31st December 2015, the electricity production of the wind farm reached 1,690,109 MWh.

Production 2015 [MWh]	Equivalent household consumption[1]	TEP[2] "saved"	Barrels of crude oil[3] "saved"
155,099.0	121,935	29,003.9	198,657

Production 2015 [MWh]	Polluting element	Specific Emissions[4] [kg/MWh]	Avoided Emissions [t]
155,099.0	CO_2	648	100,505.4

Production 2005-2015 [MWh]	Equivalent household consumption[1]	TEP[2] "saved"	Barrels of crude oil[3] "saved"
1,690,109.0	1,328,704	316,050.8	2,164,731

Production 2005-2015 [MWh]	Polluting element	Specific Emission[4] [kg/MWh]	Avoided Emissions [t]
1,690,109.0	CO_2	648	1,095,191.9

1. Estimated average household consumption in Sardinia in 2014, per person: 1.272 kWh/person/year (Source: Terna Statistical data for consumption - http://download.terna.it/terna/0000/0642/35.PDF)
2. 1 kWh = $0{,}187 \times 10^{-3}$ TEP (AEEGSI, Deliberation number EEN 3/08, http://www.autorita.energia.it/it/docs/08/003-08een.htm)
3. 1 Barrel equivalent of crude oil = 0,146 TEP (https://it.wikipedia.org/wiki/Tonnellata_equivalente_di_petrolio)
4. Sardinian Regional Programme for Energy and Environment. "Verso un'economia condivisa dell'Energia" (Towards a shared economy for Energy). Adoption of a technical proposal and start-up of the strategic environmental evaluation procedure, page 114 (http://www.regione.sardegna.it/documenti/1_274_20160129120346.pdf)

Reference market

2015 was again a difficult year for wind power generation in Italy, and the new total wind power capacity cumulatively installed in the country in 2015 equalled just 295 MW. Indeed, since several years the Italian wind power sector is facing very difficult conditions, due to the delays accumulated by the Ministry of Economic development in the adoption of new regulations concerning "Renewable non-photovoltaic sources".

As a matter of fact, the main trade associations have already made numerous complaints against the penalisations introduced in 2012, with the system of the "lowest-bid auctions" for granting economic incentives. They repeatedly urged the Ministry of Economic Development to introduce corrective measures which, however, at present are still not implemented.

The latest data from Terna show that wind power production in Italy was 14,589 GWh in 2015, down by 3.3% versus the production of 15,089 GWh in 2014, and it accounted for only 5.4% of the total national power production, and for 4.6% of the demand for electricity in Italy.

Main operational and financial results

In FY 2015 the comparable EBITDA of the Wind segment (equal to the IFRS EBITDA) stood at EUR 17.2 million, down versus the result achieved in FY 2014, mainly due to less favourable wind conditions, especially during the second semester, which led to a lower production of electricity (-10%). The value of the power tariff remained broadly unchanged in the two years under comparison (on average equal to 4.8 EURcent/kWh), while the value of the Green Certificates slightly increased (+0.3 EURcent/kWh versus FY 2014).

		2015	2014	Var%
ELECTRICITY PRODUCTION	MWh	155,099	171,657	-10%
POWER TARIFF	Eurocent/KWh	4.8	4.8	-1%
GREEN CERTIFICATES	Eurocent/KWh	10.0	9.7	3%

EUR Million	2015	2014	var%
EBITDA	17.2	20.5	-16%
Comparable EBITDA	**17.2**	**20.5**	**-16%**
EBIT	12.7	13.4	-5%
Comparable EBIT	**12.7**	**15.9**	**-20%**
CAPEX	0.3	0.6	

SARTEC (Saras Ricerche e Tecnologie)

Sartec SpA, a wholly-owned subsidiary of Saras SpA, is the Group Company that develops innovative technology solutions to guarantee the economic and ecological governance of the company resources. Sartec operates in the following sectors:

- energy efficiency and industrial reliability, with business lines dedicated to industrial design, process research, and to providing industrial services;
- environmental efficiency (environmental engineering, monitoring, environmental analysis and measurement systems, analytical services).

The 2015 results confirm the trend of constant growth in sales and margins recorded over the last three-year years. In particular, sales in the “non-captive” market grew in both absolute (about €6.6 million) and percentage (33%) terms thanks to large contracts in the areas of automation and control and in the supply of process analysis systems.

Furthermore, as regards the “captive” customer (i.e. the Saras Group companies), Sartec guaranteed its technological and operational support to develop plant engineering and supplies, automation engineering and environmental engineering and monitoring activities. Plant and automation engineering have produced together approximately 100,000 work hours, for the design of new plants and the revamping of existing plants, in addition to the presentation of proposals for improvements and up-grades of instrumentation (Analysis-system master plans). It also guaranteed constant supervision over the basic advanced and multi-variable control activity, in addition to monitoring, bad actor resolution, and the rationalisation of plant alarms.

The deliveries made during the year include new samples taken for the refineries in addition to some fire and gas and automation cabinets both for the refineries and for the IGCC plant. Also constructed was the third instrument to measure the torch temperature, engineered with the collaboration of the Physics Department of the University of Cagliari, Centro Grandi Strumenti (Large Instruments Centre), and to be used at the Northern plants of the Sarroch site.

As regards environmental engineering, constant oversight was guaranteed for the activities prescribed by the Integrated Environmental Authorisation: monitoring activities to keep the groundwater safe, the monitoring of fugitive emissions and air quality and, the monitoring of odorous emissions, etc. As regards the safety enhancement of the water table, other pumping wells, for which the supply of an automatic control and supervision is being evaluated, were designed for the dynamic barrier.

During 2015, research activities continued regarding the properties of crude oil , with the monitoring of chemometric models of diesel, gasoline and semi-finished products, in addition to an experimental study that allowed the identification of quick characterisation methods for crude oils via “Simdis/NMR” technology, which will be implemented to analyse all incoming product unloaded at the refinery during 2016.

As regards energy efficiency projects, for which Sartec operates with ESCo certification, support activities geared towards obtaining energy efficiency certificates relative for energy saving projects implemented within the Group’s Refinery, in addition to energy-savings projects applied in particular to the operation of steam networks, continued during the year.

The obligatory energy audit prescribed by Italian Law 102/2014 was also carried out.

With reference to the “non-captive” market, the major projects under way for industrial Customers include the one to automate the refinery utilities under construction in Jazan, Saudi Arabia, carried out in partnership

with prominent international players. The activity, which started in 2014, to design the control room and rationalise the alarms, amplified along new avenues, in particular to the commissioning activity that will allow works to continue throughout all of 2016 and also part of 2017.

Still in relation to industrial Customers, the factory acceptance testing for the supply of 8 instrument cabinets and numerous sampling items was completed for SAIPEM in December. There were also numerous deliveries of sample drawing systems (sample inlets and sensors) for other industrial customers, in addition to the start-up of the DOAS systems provided during 2014 to be used by the ENI Group.

With reference to the energy-efficiency activities, numerous studies (energy audits), both voluntary and obligatory, were developed during the year for new customers. The auditing activities allowed the identification of potential optimisations in consumption, for which additional commercial proposals are in progress.

In the Public Administration sector, where Sartec predominantly operates in the supply and maintenance of air quality monitoring systems, the revamping work on the Campania ARPA network continued.

As regards the research and development activities performed in collaboration with University Institutions, the well-established collaboration with the University of Cagliari, aimed at increasing expertise both internally and in the regional community continues by way of apprenticeships, research doctorates, and with the development of joint research activities.

Strategy and Outlook

The year 2016 started in a positive manner for the European refining industry, with refining margins similar to last year's level. This trend is mainly due to the crude oil supply which continues to largely exceed demand, thus 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), whose discounts vs. Brent remain very attractive. To the point, it seems highly likely that the availability of such crude oils will further increase, with positive effects on the refining margins. Indeed, in January 2016, the crude oil embargo against Iran has been lifted, and Teheran has already started to increase the production and export of its crude oils.

Looking at consumption of refined products, in its February 2016 Report, the International Energy Agency (IEA) updated its estimates for global demand growth which, after hitting the 5-year high in 2015 (+1.6 million barrels/day versus 2014) it's expected to continue growing also in 2016. More precisely, the IEA forecasts global demand growing by an average of approximately +1.2 mbl/d in 2016, mainly thanks to the constant increase in gasoline consumption.

In order to extract maximum value from the current market scenario, Saras continues to implement, with satisfactory results, a project of Supply Chain integration (called project "SCORE"). This project focuses on the tight coordination between refinery operations and commercial activities. In such scope it perfectly fits the new trading company, which started its operations in Geneva at the beginning of January 2016. Indeed, its positioning in one of the main international trading floors for oil commodities, shall enhance the capture of new commercial opportunities, both for the purchase of crude oil and for the sale of refined products.

From an operational stand-point, in 2016 scheduled maintenance activities in the Sarroch refinery will be articulated as follows: in Q1/16 maintenance will involve the Alkylation Unit, the Distillation Unit "T1", the Topping-Vacuum Unit "T2/V2", and the MildHydroCracking Unit "MHC2"; in Q2/16 maintenance activities will involve the Distillation Unit "RT2", and the VisBreaking Unit "VSB"; finally, in Q4/16 there will be a turnaround in the "Northern Plants", and a change of catalyst in the MildHydroCracking Unit "MHC1". Overall, refinery runs for the full year 2016 are expected to reach approx. 14.7 ÷ 14.9 million tons (107 ÷ 109 million barrels), with further runs for approx. 1 million tons of other feedstock complementary to crude oil (i.e. semi-finished products such as "vacuum gasoil" and "straight run" residues). With regards to the expected EBITDA reduction due to maintenance activities, the estimate is approximately 60 ÷ 75 million USD.

Moving to the Power Generation segment, in 2016 the scheduled maintenance on the IGCC plant will initially involve standard activities on one of the three trains of "Gasifier – combined cycle Turbine" together with one of the two "H_2S Absorber" units. Afterwards, the standard maintenance will be carried out on another one of the three trains of "Gasifier – combined cycle Turbine". Both activities will be carried out in Q1/16. Total production of electricity for the year 2016 is expected as usual between 4.10 ÷ 4.50 TWh.

With regards to the Marketing segment, its margins should slightly improve in 2016, thanks to a gradual recovery in the consumption of oil products in Europe. Prudentially, the Group will continue to pursue a consolidation strategy, aimed at optimizing the mix of sales channels.

In the Wind segment, during 2016, the subsidiary Sardaeolica expects to present the request for the Environmental Impact Assessment procedure ("V.I.A. – Valutazione di Impatto Ambientale"), for the upgrading project of its wind farm in Ulassai (located on lands belonging to the municipalities of Ulassai and Perdasdefogu). The upgrade aims at increasing the current installed capacity by further 30 MW. Moreover, the Group expects to complete the procedure to obtain all the necessary construction permits ("Autorizzazione Unica") regarding a project in the municipality of Onanì (NU), with installed capacity of approx. 15 MW.


SARAS

Investments by Segment

In FY 2015 the Saras Group's capital expenditure totalled EUR 86.2 million, versus EUR 136.3 million in 2014, due to a significantly lighter scheduled maintenance programme than in the previous year. The breakdown by segment is illustrated in the relevant table, and it shows that almost all the investments have been directed towards the Refining segment (EUR 75 million).

As usual, a meaningful part of the capital expenditure was dedicated to activities aimed at ensuring full compliance with HSE requirements, and safeguarding the operational integrity and efficiency of the refinery units. Moreover, CAPEX have been allocated also to certain specific growth projects, with short payback periods.

EUR Million	2015	2014
REFINING	75.0	124.9
POWER GENERATION	9.1	6.8
MARKETING	1.2	3.0
WIND	0.3	0.6
OTHER	0.6	0.9
Total	86.2	136.3

In FY 2015 more than 85% of the CAPEX were directed to the Refining segment, primarily towards the implementation of energy efficiency projects and the improvement of the heat recovery systems. In particular, some plant configurations have been changed in order to achieve a higher thermal integration between the MildHydroCracking units on one hand, and the Crude Distillation units (Toppings) and Desulphurisation units on the other hand. With such new configurations it has now become possible to recover a larger amount of heat from the exothermic units (i.e. those units that release heat during their functioning) and, subsequently, to convoy the recovered heat towards the endothermic units (i.e. those units that require the input of external heat during their functioning). The heat recovery technologies allow to save fuel gas which otherwise would need to be burned in the refinery furnaces, in order to generate the heat needed in the various processes. In addition to the above projects, in FY 2015 CAPEX have also been dedicated to some integration projects of the new "Northern Plants" acquired from Versalis, with the purpose of optimising and upgrading them.

Finally, with regard to HSE capital expenditure, during 2015 these projects involved both the environmental protection (construction and renovation of double bottoms for hydrocarbon tanks, and flooring work on containment basis, tanks and pipelines), and also the safety in the workplace (improvements in the systems for fire detection and prevention, segregation of plant units and danger areas, etc.).

Human Resources

Organisational development

The final contract for Sarlux's purchase of the plants, tanks and piers of the Versalis plant in Sarroch, adjacent to Sarlux's industrial site, from Versalis (of the ENI Group) was signed at the end of 2014. Afterwards, the Human Resources and Organisation department began to implement the new "integrated" organisation. This would not be the sum of the two pre-existing entities but the result of all possible synergies and rationalisations, so as to create a labour cost structure compatible with the overall economic picture which, even though it was improving, relied on assumptions made when conditions were different. These synergies also had to consider the staff-reduction plan - parallel to the similar plan launched by Versalis for its own employees, which is also open to Saras and Sarlux employees – prepared with the numbers provided by the receiving organisation.

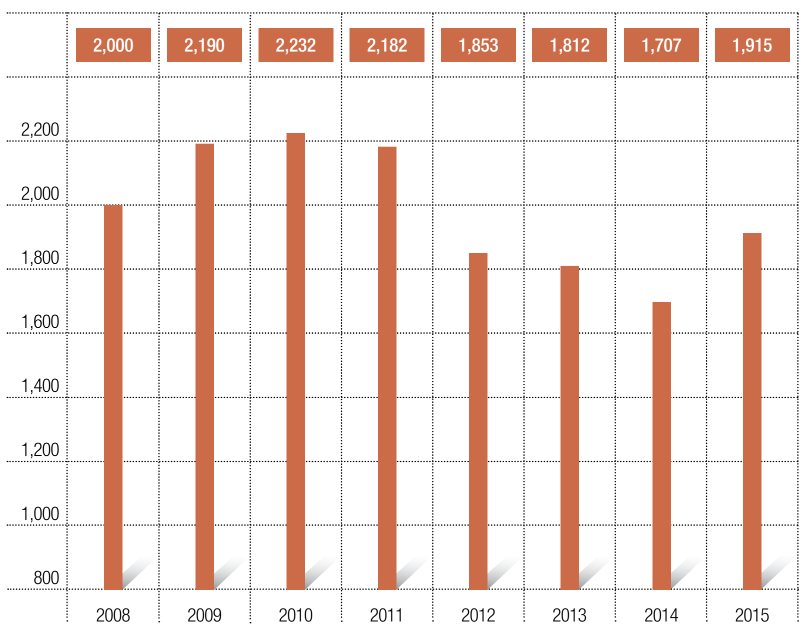
The transaction took into account the overall numbers of personnel present at the Sarroch industrial site in the various companies concerned (Versalis, Saras and Sarlux). Therefore, 223 employees were transferred from Versalis to Sarlux and integrated within the existing organisational structures. The reorganisation process was carried out also with a view to limiting, as much as possible, the social and occupational impact deriving from the adoption of the measures required for the effective integration of entities concerned. It was a delicate process, as it was conducted in a Sardinian social and economic setting, already affected in recent years by similar and far more painful interventions.

42.8 years
The average age
of Group employees

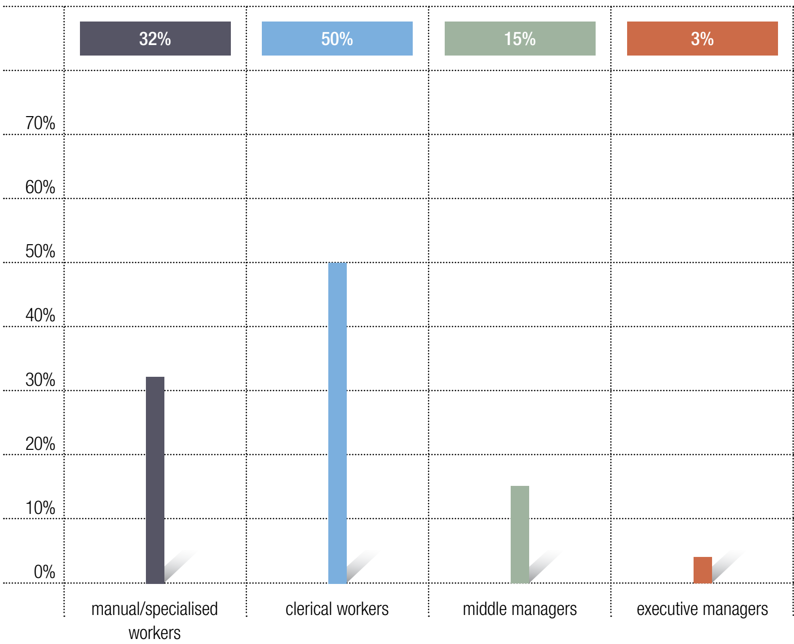
Essentially, there had been 1609 employees in the Saras-Sarlux-Versalis system at the Sarroch industrial area. At the end of the operation, there were 1429 employees working in the industrial area. The 180 redundant employees were all "treated" so as to offset any social impact, using labour mobility to manage staff reductions regarding "natural persons", and redrawing processes and the subsequent re-organisation with equivalent savings as regards the remaining FTEs.

The business areas affected by this second part of the cost recovery activities were asset management,

Saras Group: total employees



Saras Group: job categories



with a series of internalised activities, and others described further on, which entailed overall savings of between 1.5-2.0 million Euros/year.

The operation continued during the year with the analysis of the two sites' best practices prior to integration, in order to identify and rewrite the organisational procedures concerned and then to unify them. The various organisational functions "merged" gradually, starting from HSE and continuing with the function responsible for asset management (reliability, engineering, maintenance and construction). Lastly, in the final phase of the year, the organisational changes designed to standardise the operating functions were identified and their implementation began in early 2016.

As regards the analysis laboratory, the "analytical rooms", which previously consisted of two laboratories, were redesigned, establishing the main "oil" analysis laboratory at the "Southern Plants" (Sarlux areas), and having the laboratories of the "Northern Plants" (formerly Versalis) specialise in water analysis, allowing a reduction in personnel and the elimination of the night shift at the latter laboratory.

The integration of the Northern Plant personnel also entailed, during 2015, the definition of how to "integrate" the contractual aspects, as that former Versalis personnel had temporarily retained their original "Chemical" sector contract.

During the various steps taken with the Union Representatives (they too integrated, but not re-elected), reconciliation criteria were defined for the transition to the "Power and Oil" sector agreement, after a negotiation that regarded, throughout the entire year, the organisational aspects relative to the structure of certain operations functions of the Northern Plants and to the teams on shift (switching from shifts of 5.5 to shifts of 6),the calculation methods for overtime work, to be applied for all Sarlux personnel, revising a "long-standing" union agreement, dating back to the end of the 1970s, which introduced an overtime remuneration method by now out of date.

Another important project was completed in 2015 in the supply chain area, the so-called "SCORE" (acronym for "Supply Chain Optimization for Refinery Excellence") project, defining some new roles (such as for example the "Process and Economics Engineer" within the Processes and Control department, and the "Campaign Planning Engineer" within the Operational Planning department), who began to operate and carry out their activities in accordance with the redesigned process. Then, towards the end of the year, the organisational design had been completed, having the "Supply Chain Management" manager report directly to the Executive Vice President and the General Manager. The purpose of this role is to govern process from an integrated end-to-end perspective, which, starting from the optimised identification of the crude oil to be processed, ensures the development of the entire chain, guaranteeing full consistency of the various phases in relation to the economic choices made and the associated timeframe, in addition to the timely reviews of processing schedules whenever necessary.

The expected improvement is an important item in the increase of EBITDA reported in the business plan presented to the investors this past October on Capital Market Day.

Human Resources Development

The Saras Group's training commitment in 2015 also concentrated on three main macro areas: Specialised Technician training, HSE training, and Managerial training.

Obviously, the new organisational structures required a significant training effort to integrate the two sites. For this reason, priority was given to the issues associated with HSE regulations. First of all, consideration was given to the accumulated know-how and training hours that the employees coming from Versalis had accrued over the years. Immediately thereafter, the training necessary to allow personnel from the Southern Plants to gain free access to the Northern Plants, and vice versa, was provided. Then, work was performed for another aspect of training that is very important as it aims to properly implement the new system associated with the Work Permit issuing process; this system first involved the operations personnel from the Southern Plants, and later, beginning in autumn, was extended to the Northern Plants, again with a view to quickly integrating the systems. Fire-prevention training also deserves mention. It was harmonised at the two sites to extend the method of involvement and management to the Northern personnel also. Very important, finally, was the training on the assigned positions, to enable personnel to handle the new working tasks ensuing from the changes made subsequent to the organisational mergers and the optimisations of staffing levels previously mentioned.

The foregoing description is a cross-section of the HSE training effort carried out in 2015 for a total of 27,000 hours. This result was obtained having all personnel from the newly acquired plants attend classroom training, or coaching them in the field, at least once, and covering one or more of the previously illustrated topics.

49,078
Saras and Sarlux training hours

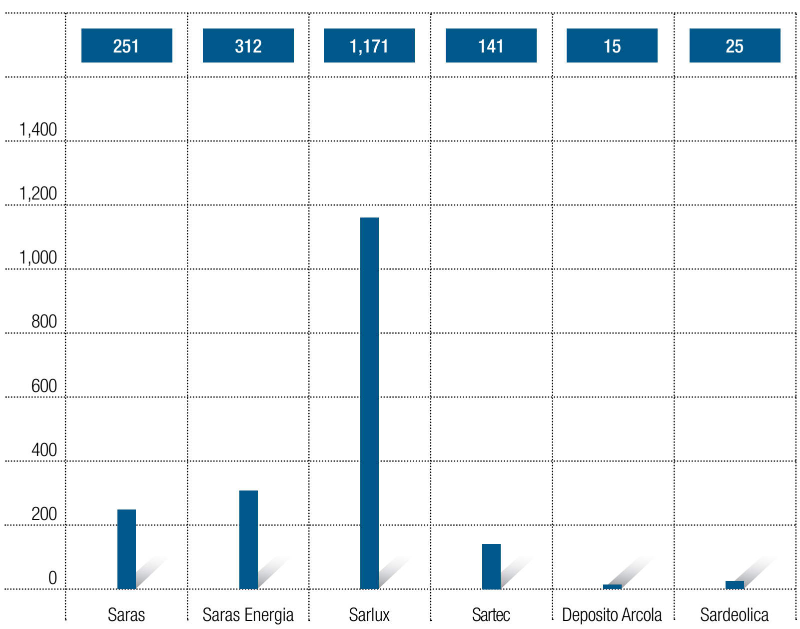
A significant investment was also made to develop safe behaviours: this was a very significant activity, which we can consider partially as Safety training and partially as Behavioural training, given that the focus of learning strictly regards behavioural aspects. The first training activities based on the protocol known as "BBS – Based Behaviour Safety", involving a pilot area of the Refinery, were then completed in 2015.

The principle of BBS is based on reinforcing safe behaviours through a system of observation, monitoring and feedback carried out directly by operations personnel, in addition to the respective hierarchical lines – a factor that helps reinforce the individual's responsibility - and analysing the causes of any behaviours at risk. It is a scientific method that led to significant improvement in the measurement of observed behaviours, which rose from 94% to 97%. The project's mission is to reduce the rate and severity of accidents (Injuries, Medications, Near Misses, Emergencies, etc.).

As concerns training for specialised technicians, the effort focused on the training after the new capital expenditures that involved to modifications of plant systems. This activity involved approximately 650 personnel, for a total of approximately 23,000 training hours. As always, the effort to guarantee the proper training procedures necessary for the personnel to acquire the skills necessary to cover the new positions was significant. Approximately 14,000 training hours were provided on that area.

Finally, as regards managerial training, the coaching activities focused on personnel having roles entailing managerial and/or specialistic responsibility of reference continued, together with workshops focused on specific matters of relevance for the organisation, directed at a cross-sectional population and accompanied by team building activities to reinforce the collaborative behaviour between the departments.

Breakdown of employees by company



Internal communication

As regards the internal communication, in support of HSE initiatives and plans for change in progress, the publication of the house organ, "visBreaking News", continued during 2015 mainly to promote behaviours useful to achieve the company objectives, as defined in the Purpose. In particular, with reference to the process of integrating the Northern and Southern plants, and with reference to the SCORE project to optimise the Supply Chain, ample attention was given to issues of responsibility, a proactive approach with regard to continuous improvement, and an orientation towards economic result and efficiency.

As regards HSE, a permanent portion of the house organ dealt with the implementing the BBS protocol, to increase safe behaviours and consequentially reduce accidents; this allowed the give due consideration to the commitment and contribution of the personnel concerned, and represented an additional channel to disseminate the culture of safety.

In the first part of the year, a special poster campaign was carried out concerning Group Policies; principles and values, which must inspire all activities the Group Companies perform to ensure objectives are achieved and that commitments taken on are honoured, were extracted from the posters and reasserted.

At the start of October, the recurrence of the fiftieth anniversary of the entry into production of Sarroch refinery was celebrated; an extraordinary event to which employees from all of the Group Companies were invited to attend together with a guest. It was a unique occasion during which company management reconfirmed the strong distinctive values common to the people who contributed to the first fifty years of company history, retracing the main stages of business evolution, from a refinery to a Group of international importance in the energy sector. The same values that will continue to guide the conduct of the organisation's people and projects to seize new opportunities and construct the Group's future.

26,357
Saras and Sarlux
safety training hours

Remuneration policies

Management pay components

Fixed gross annual pay is set by the "National Collective Agreement for Industrial Managers". This pay may be supplemented by additional benefits and a variable component. The variable component is established with reference to the strategic objectives and financial results according to an MBO (Management By Objectives) system.

The long-term incentive plan – "Piano Stock Grant 2013/2015" [2013/2015 Stock Grant Plan] – approved by the Ordinary Shareholders' Meeting of Saras SpA in April 2013, was applied and completed in 2015.

Non-management staff pay components

Even the fixed gross annual income of non-managers is set by the applicable CCNL (National Collective Labour Agreement). This pay may be supplemented by additional benefits and a variable component. In particular, the variable component of Middle managers' pay is set using an MBO system, with reference to strategic objectives and financial results.

SAFETY
IS OUR ENERGY

"WE WANT TO SEE OURSELVES, AND BE SEEN,
AS AN INDUSTRIAL GROUP MADE UP OF PEOPLE
WHO LIVE AND PROMOTE A CULTURE OF SAFETY
THROUGH OUR DAILY ACTIONS".

Disclosure regarding any ongoing judicial proceedings

Within the scope of the activities performed by the Group during 2015, we note that:

- there were no cases of death at work involving the staff listed in the company's employee register;
- there were no serious or very serious accidents involving the staff listed in the company employee register;
- there were no allegations of occupational illness affecting staff or former staff, or any cases of harassment.

In relation to the accident that occurred in 2011 in the Sarroch refinery which involved three workers from an outside company, Saras SpA, the Chairman Gian Marco Moratti, the Chief Executive Officer Massimo Moratti, the General Manager Dario Scaffardi as well as the Plant Manager at the time, one manager and two technicians agreed with the Public Prosecutor to settle the criminal proceedings via the levying of fines of different amounts. Two former managers and a former shift supervisor of the Company as well as an executive and the team chief of the contractor employing the workers involved in the accident, also plea-bargained. The judge of the preliminary hearing granted the Public Prosecutor's and defendants' requests, thus closing the criminal proceedings in relation to their positions.

As regards the criminal trial that began subsequent to the accident that took place in the Sarroch refinery in 2009, involving three workers from an outside company, the Court of Cassation made its final ruling on 7th January 2016. The sentences against the General Manager and the Plant Manager were upheld in appellate court (where the penalties had been reduced for both with respect to the judgment of first instance), and the sentence was suspended.


Dräger

Health, Environment and Safety

A constantly improving picture

Generating energy in a safe and reliable way is one of the principles that guide our strategic decisions. Improving reliability and continuity in operations and at the same time guaranteeing territorial and environmental protection is a priority of the company. In particular, activities to protect the health and safety of all those who work directly and indirectly for the Saras Group are of vital concern.

Our ongoing effort in this area has enabled us to significantly reduce the impact of our activities on the environment and, over the last few years in particular, to promote the improvement of energy efficiency. The considerable improvements in the environmental metrics achieved were confirmed with regards to 2015. This is the result of the consolidation of management activities at the plants in previous years.

A detailed and accurate overview of all the environmental aspects that directly or indirectly affect the environment, in and outside the Sarroch plant, is given in the "Environmental Declaration", drafted as required by the EMAS regulation.

Activities to monitor all environmental aspects, extended also to the Northern Plants (ex Versalis), continued during the year. Atmospheric emissions and waste water are aspects that are immediately obvious because they affect the environment in which people live and work every day. Other issues, such as energy and water consumption and CO_2 emissions, are of more general concern. They are therefore governed by international regulations and agreements since they have a global impact and their direct effects on the local environment are less obvious.

The emissions data for 2015 highlight the improvements built up through investments made in the last few years. Small fluctuations, however, can be seen from year to year, which relate to plant adaptations and non-routine maintenance. The improvement in environmental metrics is due to a series of technical and management measures put in place, which have gradually equipped the refinery with more efficient technology and resources in terms of production and respect for the environment.

There were further improvements in sulphur dioxide (SO_2) emissions in 2015. In fact, even though the production index of SO_2 was equal to 0.29 (tonnes of process SO_2/1000), given that it also takes into account the emissions of SO_2 due to the Northern Plants, the comparison with the average trend in the contribution of SO_2 from the Southern plants alone in recent years, confirms that the improved trend in recent years is equal to 0.24.

This improved result was achieved chiefly thanks to the entry into service in December 2008 of the tail-gas treatment and sulphur recovery unit, which allowed emissions to be reduced and recorded excellent performances in recent years .

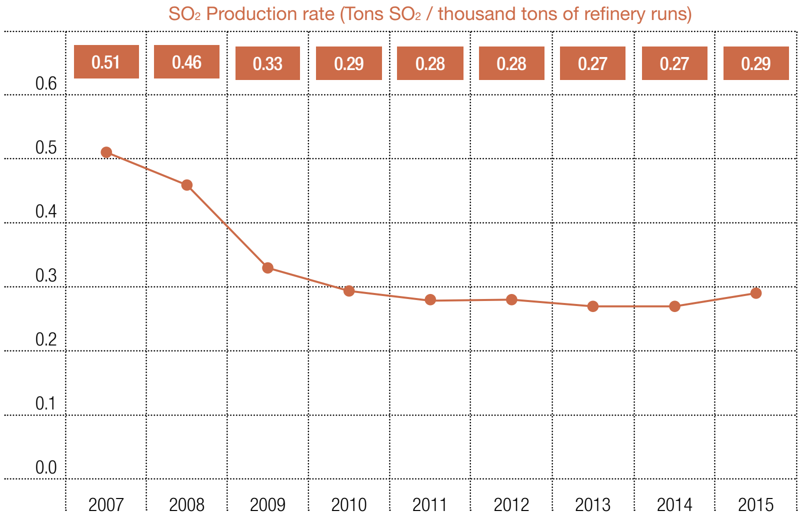
Investment in environment and safety is a key part of the Saras Group's growth strategy. In this context, issues such as energy-saving culture and environmental sustainability, which are not new to the Company or the Group, have become even more topical in the last few years.

In particular, in the Health Safety and the Environment (HSE) arena, the company has, over the last five years, implemented environmental protection measures, achieved improvements in energy efficiency with a reduction in the fuel burned (and therefore emissions) and the activities to protect the water tables continued with paving operations on the tank basins and the construction of double bottoms on the tanks.

Thanks to its environmental protection policy, again in 2015, no situations arose in which the company was held responsible for damage caused to the environment, and neither was it subject to fines or penalties for environmental offences or damage.

The environmental protection policies also require continuous investment in staff training, which involves all workers at the refinery (including those of contractor companies) and other Group companies in a process aimed at creating a high degree of awareness of environmental issues. In fact, even the most advanced technological systems must be supported by careful management and control by all those involved in the production cycle.

SO_2 Production rate



AIA: Integrated Environmental Authorisation permit

The process of obtaining the Integrated Environmental Authorisation (AIA) permit began in early 2007, and was completed in April 2009. Saras was the first refinery in Italy to obtain the AIA permit, which represents a process of improvement in the technical and structural characteristics of the plants and the production site, thereby minimising the impact of production activities on all environmental matrices. The AIA permit, issued by the Environment Ministry, replaces all other authorisations; it lasts for eight years and is conditional upon maintaining EMAS (EU Eco-Management and Audit Scheme) registration. This further recognition covers the basic concepts of the Environmental Code, which regards all the elements (air, water, soil, visual impact, etc.) as part of a whole. It is the result of a process that led to the company obtain Environmental Certification ISO 14001 in 2004, which was subsequently confirmed in 2007, 2010 and 2013.

It is also worthy of note that, following the company reorganisation of the previous year, with effect from 1st July 2013, the AIA permit was transferred from Saras SpA to Sarlux Srl, a Group company that now manages all the production activities of the Sarroch site. Similarly, the ISO 14001 certification was also transferred from Saras SpA to Sarlux Srl on that same date.

The AIA permit uses the European Union's BREF (Best Available Techniques Reference Document) in oil and gas refineries as its main reference point, enabling certain issues that could become significant in the future to be taken into account.

The monitoring and control activities required by the existing AIA permit issued to Sarlux in 2009 continued regularly in 2015, in addition to the monitoring and control activities derived from the application prescribed in the AIA permit as regards the competence of the Northern Plants (ex Versalis), issued by the Ministry of the Environment in 2012 to operate the Sarocch facility were added.

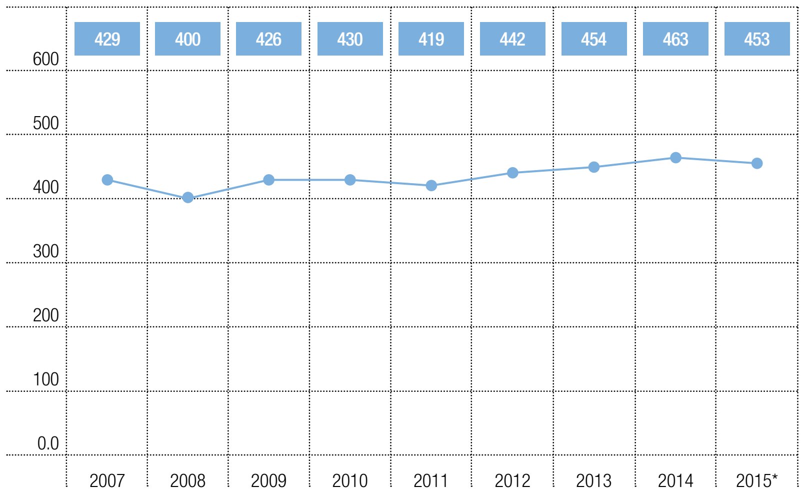
Certification process

2000 > 2001
Definition of the Environmental Code

2002 > 2003
SGA (Environmental Management System) 1st Environmental Report

CO_2 Production rate

CO_2 Production rate (Tons CO_2 / thousand tons of refinery runs)



* As of 2015, the Refinery's emission indexes include also the emissions of the Northern Plant which were acquired from Versalis at the end of 2014. For this reason, it is not possible to make a comparison with the previous years

The application to combine the two existing AIA permits Refinery+IGCC and Northern Plants (former Versalis Paid-in) submitted by Sarlux the previous year was approved in December. The new AIA decree, issued for all the activities Sarlux performs in the Sarroch facility in the first days of 2016, also contains the exemptions for the Large Combustion Plants (LCP) issued under Legislative Decree 46/2014.

EMAS registration

In May 2015, the company successfully conducted the annual validation visit for the Environmental Statement (EMAS registration) which assesses the activities that are carried out to ensure the region's environmental sustainability. Subsequent to the validation visit, the Environmental Statement was presented to the parties concerned during a meeting held on 27th June c/o "Villa Siotto" (in Sarroch) the use of which had been granted for the occasion by the Municipality.

As part of the programme to maintain EMAS, numerous activities and commitments must be undertaken, involving many different levels and functions of the company. Specifically, an Environmental Declaration must be published in order to guarantee transparency towards the local area and in full and meticulous compliance with the law. The Environmental Statement provides a detailed and accurate picture of all the environmental aspects that relate to the production site's internal and external environments, and illustrates to the public all the activities the Company performs, the environmental aspects (directly and indirectly related thereto) and the environmental objectives set by the Company to maintain its EMAS Registration.

Again, with a view to improving transparency, INES (the National Register of Emissions and their Sources) was regularly informed throughout the year of the site's main environmental data. This information is sent to the Italian Ministry for the Environment, which in turn sends it to the European Commission, where it is entered in the European Pollutant Emission and Waste Register (EPRTR). Specifically, the information concerned levels of water and air emissions based on various parameters relating to the activities carried out.

The workplace health and safety management system

Safety is our energy

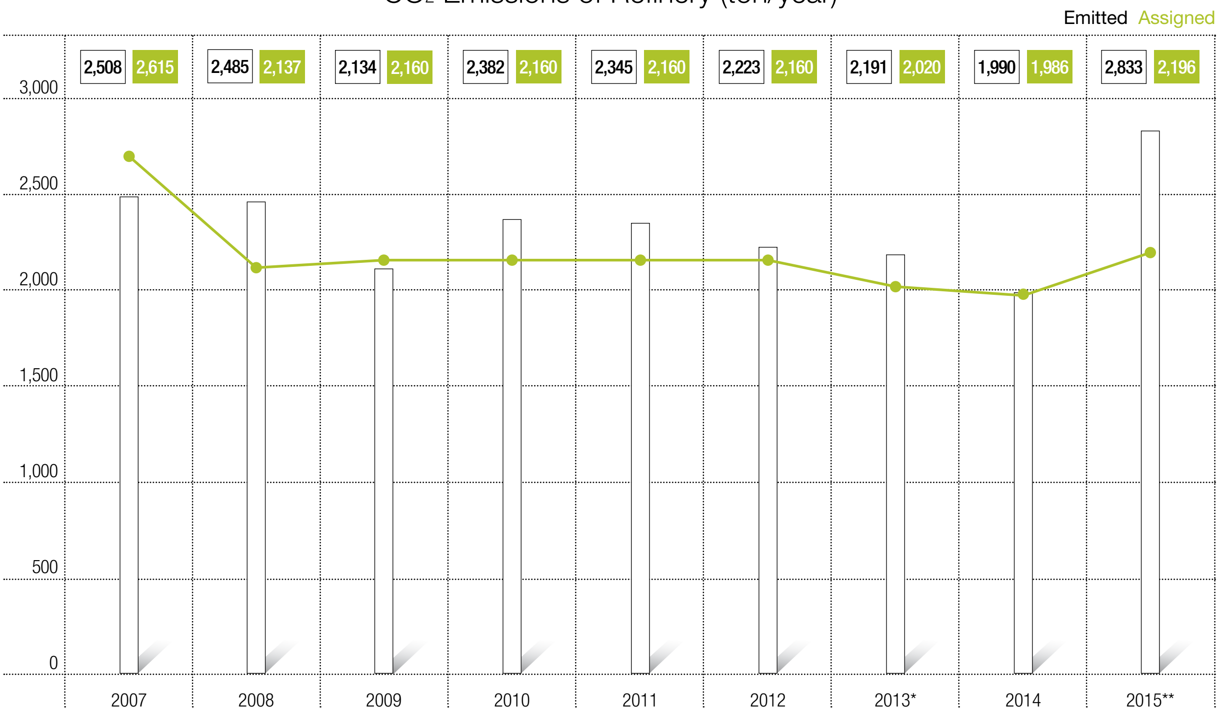
"We want to see ourselves, and be seen, as an industrial group made up of people who live and promote a culture of safety through our daily actions".

2004
ISO14001Certification
(reconfirmed also in 2007 and 2010)

2006 > 2008
Eco-Management
and Audit Scheme

2009
Achievement of AIA – (Integrated
Environmental permit)

CO_2 Emissions of Refinery (ton/year)



* Since 2013, the National Allowance Plan (PAN) for CO_2 emissions provides for a single allowance for the entire site of Sarroch. (Refinery + IGCC)

** As of 2015, the Refinery's emission indexes include also the emissions of the Northern Plant which were acquired from Versalis at the end of 2014. For this reason, it is not possible to make a comparison with the previous years

In 2015, as concerns the project to improve safety management, the company continued to promote the culture of safety through internal communications projects initiated in 2010. The most significant were:

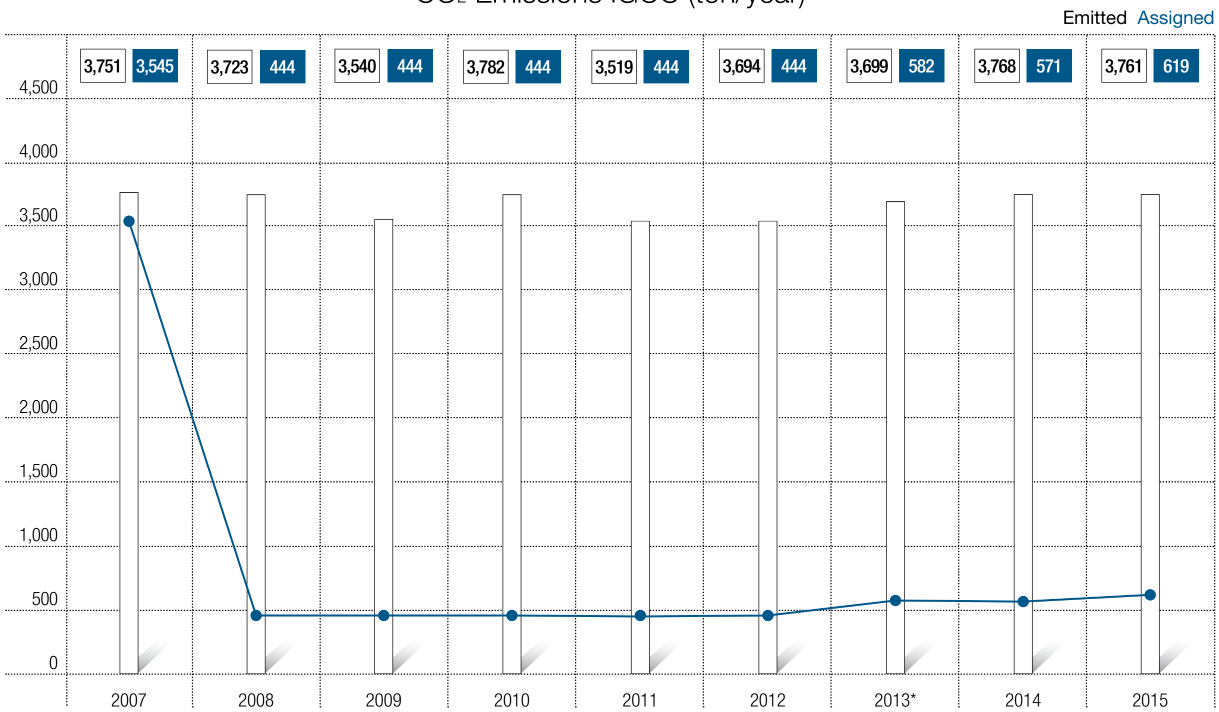
- Implementation, starting in May, in the "Power Operations/ Utilities/Movement" Department and in all construction sites where contractors of the monitoring activities operate with the methodology prescribed by the Behaviour Based Safety protocol (BBS). The results from the measurements of the safe behaviours observed are more than satisfactory. Out of a total of more than 57,000 observed behaviours, safe behaviours amounted to 97% at the end of 2015, starting from an initial result of 94% in May;
- In the operational areas and construction sites where the BBS methodology was introduced, the previous monitoring activities ("Safety Tours" and "Arrow Inspections") were also standardised. The purpose of the initiative is to achieve the results on a structural level and to attain and consolidate the objective for "zero accidental events within the site", by increasing the safe behaviours in the daily activities. BBS is a methodology to reduce injuries related to safe behaviours, chosen because it has proven itself to be effective for over 35 years in scientific experiments and of practical applications in every industrial setting;
- "Safety Tours" in operational areas designed to ensure the constant monitoring and supervision of safety in working areas;
- "Arrow inspections" and construction site inspections to continuously monitor activities carried out by third parties;
- "Audit of HSMS and EMS management systems".

Safeguarding health and preventing any form of accident or mishap (whether involving the Group's own staff or those of other companies working at the Sarroch site) are core values that Saras also promotes through the adoption of an "Occupational Health and Safety Policy". The Health and Safety Management System introduced "Performance Measurement", which consists of setting objectives and targets that take into account company performance in compliance with the policy adopted.

To promote a culture of safety, a process has been implemented over the last few years that has enabled the company to obtain some important certifications. In 2007, Saras obtained certification for its Health and Safety at Work System based on the OHSAS 18001:2007 standard.

In 2008, it updated the " Organisation, Management and Control Model", pursuant to Legislative Decree 231/01, to comply with the provisions of Law 123/07 and the subsequent Legislative Decree 81/08, on the protection of health and safety in the

CO_2 Emissions IGCC (ton/year)



* Since 2013, the National Allowance Plan (PAN) for CO_2 emissions provides for a single allowance for the entire site of Sarroch.(Refinery + IGCC)

work place, and this was updated again in 2011.

The surveillance inspection of its Health and Safety at Work System based on the OHSAS 18001:2007 standard was carried out successfully in 2015.

Saras also played an active part in drafting the "Guidelines for an Integrated Health, Safety and Environmental Management System", based on the agreement signed on 28th June 2007 by INAIL, ASIEP (now Confindustria Energia) and trade union organisations, which establish a reference framework for the implementation of the integrated health, safety and environmental management systems in Italy, together with the same parities that helped update them.

Against this backdrop, Saras plays an active role, together with Confindustria Energia, INAIL and union organisations, in conducting audits to check the application of the "Guidelines for an Integrated Health, Safety and Environmental Management System" mentioned above.

The Saras Group promotes a culture of safety at all corporate levels through training staff, sharing information and checking the degree of effectiveness of the activities pursued. Disseminating the culture of safety translates into continuous training and the creation of working conditions aimed at gradually reducing emergencies and accidents involving Saras Group staff and the employees of contractor companies. In 2015, all training measures relating to specific roles and positions continued, as did ongoing training on "Safety and the Environment".

Finally, in 2015, the site recorded a goods result with regard to injury rates, also considering the maintenance activities performed on the various systems. A comparison of these rates with sector data in Europe (source: Concawe) shows how the Sarroch production site achieved and consolidated the best benchmark standards.

Greenhouse gas emissions

The Saras Group falls within the scope of the European "Emission Trading Scheme" (ETS) Directive with the two activities carried out by its subsidiary Sarlux Srl at the Sarroch site, namely the refining segment and the electricity generation segment (IGCC plant). The ETS Directive was introduced across Europe to control and reduce carbon dioxide emissions as part of the battle against the greenhouse effect and consequent climate change. Carbon dioxide emissions do not have a direct impact at local level, particularly in terms of air quality around the site, but are connected to global phenomena.

The Emissions Trading Scheme Directive was introduced in 2005 to help member states comply with the requirements of the Kyoto Protocol. It works by assigning an emissions allowance to each individual plant falling within the scope of the Directive; this allowance is set by the Member State concerned under a “National Allocation Plan”. The ETS mechanism also anticipates that surplus allowances may be traded and/or stockpiled, and any deficit must instead be covered by purchasing emissions allowances on the market. The first reference period was the three-year period between 2005 and 2007, the second related to the five-year period between 2008 and 2012, while the current period relates to 2013-2020.

In the second period of application of the ETS Directive, allowances were more stringent, based on the objectives set out in the Kyoto Protocol. The third period (eight years), which started in 2013, has also led to a further annual reduction in the allocation of emissions allowances. As regards the request for additional allowances presented by Sarlux subsequent to the purchase of the “Northern Plants” (former Varsalis), considering the specific nature of the operation (partial purchase of the facility), the proceedings for the reassignment of the allowances are still in progress.

The Emissions Trading Register, which is available for consultation, records both the allowances assigned and the annual CO_2 emissions in Italy. The subsidiary Saras has been allocated a single position based on the total emissions from all its operations at the Sarroch site.

Sarlux keeps a register that records, calculates and monitors CO_2 emissions. The system is certified by accredited independent bodies in accordance with European guidelines and was updated subsequent to the purchase of the Northern Plants. We believe that controlling and reducing emissions must be achieved by rationalising energy use and adopting efficient energy-generation systems. The Saras Group has always been heavily involved in such initiatives.

The “Environmental Declaration” contains further details on the issue.

Caring for the sea

We are conscious that we must preserve and limit any type of change to the environment. For this reason, we have for years had very stringent criteria relating to the transport of oil and refined products by sea. With effect from 2009, only latest-generation ships have been used. From this year, 100% of the ships used have been “twin-hulled”, in anticipation of current legislation on maritime traffic.

Measures to protect the marine environment also include minute-by-minute monitoring of oil tankers both arriving at and departing from the Sarroch terminals. In this regard, vetting inspections are regularly carried out at other ports by trusted Saras personnel, in accordance with international criteria, as are on-the-spot “pre-mooring inspections”.

Social Responsibility and Activities with the Community

Celebrating one-half century of Sarroch refinery operations, in 2015, the Saras Group also cemented 50 years of relationships with the community around the industrial site and, generally, with Sardinia. Since foundation of the company in the 60s, the presence of Saras has rested on a solid network of local relations, which often leads to the execution of social responsibility projects and cooperation with institutions in order to promote the well-being of citizens, according to the specific guidelines that the company has adopted. These guidelines express the values that Saras intends to support so that its social role is clearly understood by the community in which it operates. For this reason, especially in 2015, events and activities were scheduled which marked the Fiftieth Anniversary with various types of initiatives: sports, social, educational, outreach. Saras continues to hold a dialogue with the community and with civil society - as represented by institutions and associations, among others - through pointed communication activities involving as large a number of people as possible, also using new media.

Dialogue with the Community - Traditions and Communication

The ongoing relationship with citizens that reside around the Sarroch industrial zone - in the four municipalities of Capoterra, Sarroch, Pula, Villa San Pietro, in Cagliari Province - occurs through two main channels: participation in the social initiatives and proactive communication, aimed at providing information on the main environmental issues relating to the production site.

Saras has always supported numerous initiatives and manifestations related to the religious tradition and regional identity. One example is the path of Sant'Efisio - a martyr venerated in Sardinia, who precisely in this area of the Golfo degli Angeli was led to the gallows in 303. Each year, on May First, the faithful participate in one of the longest processions in Italy, and there are many related events to support them in difficult celebration of the rite.

From the sacred to the profane, the local communities are also very active in the organisation of concerts and artistic displays, mainly concentrated around the summer.

As for dialogue with local communities, there were two meetings involving discussion and disclosure of data regarding the environmental performance under the EMAS (Eco Management and Audit Scheme) registration, whose registered holder is the subsidiary Sarlux: the environmental data was presented to the Environmental Commission of the City of Sarroch during a public meeting, where citizens and stakeholders have been able to seek clarification and become more familiar with the dynamics of the industrial site, thanks to the direct interaction with Saras executives and the subsidiary Sarlux. Finally, in 2015, the Sarlux website was placed online precisely for informational purposes: eye-catching graphics and simple language permit the demonstration of the plant operations, provide an account of the initiatives and of the environmental performance, making citizens aware of the complex industrial reality. The news that appears on the Sarlux site is attached and sent directly to stakeholders by means of a monthly newsletter, which becomes "alerts" in the case of press releases or dissemination of relevant news for the industrial area.

School: training and creativity

Youth education and training are the main areas to which Saras has directed its corporate social responsibility activities. Specifically, in Sardinia, this means sharing with students, the corporate technical know-how and the specialized knowledge acquired over the years. In 2015, there were many collaborations with secondary schools, which led to the “Innovation Stories” competition for students in Cagliari province. Youth are called upon to express through a video their ideas on innovation in various fields, from health to communication. To the group of students how have best represented the concept, Saras has awarded a trip-visit to the “Fab Lab” in Barcelona, the most productive “innovation factory” in Europe. The award ceremony was held alongside a show organized by a group of students on the concept of energy, entitled “Why Prometheus”, the result of a theatrical laboratory supported by Saras. During the tests, the students asked questions on the importance of energy and the need to allow humans to continue using “fire” while respecting the environment. Moreover, there were hundreds of students who participated in the company training programs, during which the Saras technicians and executives showed the children some of the key operational mechanisms of the company, also calling upon them to interact in simulated business games.

With respect to the youngest students, in 2015, Saras continued to hold projects to disseminate safety culture for Sarroch schools, such as “Safe School”, the educational program performed by the Interior Ministry in cooperation with the Ministry of Education and the Civil Protection Department, with the intend of adding Civil Protection teaching. In Sarroch, Saras Group has decided to entrust this important project to the National Association of Fire Fighters.

The culture of sport

Sports and safety have been the combination forming the basis of the project, which has allowed the City of Sarroch - near the Sarlux plants - to acquire defibrillators in all of its sports centres. Saras has provided the “AED” (automated external defibrillator) equipment at the six facilities where the 19 sports associations in the town operate, before the legal requirement to have such equipment available was enacted. In addition to the donation, a virtual network has been created with the 118 Operating Centre and the Avos volunteer association in order to train operators, so as to define the “chain” of aid, from the playing field to the arrival of the ambulance.

As from 2015, Saras has also been the sole sponsor of the Cagliari Football Academy, the academy of the Cagliari football team which attempts to bring together the amateur sports teams of Sardinia in large pool of young talents, united by the same training method. The team includes Football Academy staff and a Saras expert in group dynamics; it has visited more than thirty schools on the island in order to become aware of their reality and help them with tactical advice and indications on training the children, not only for football education, but also for psychological-relationship education.


106
311
ST402

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 relevant corporate bodies in order to create the prerequisites for their management and also to assess the acceptable residual risk.

The management of the risks found in business processes is based on the principle that 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 taken to reduce such risk. To manage financial risks, the Saras Group policy includes the use of derivatives, only for the purposes of hedging

Financial risks

Price fluctuation risk

The results of the 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 fluctuation in prices and related cash flows is closely linked to the very nature of the business and 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 fluctuations, 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 as appropriate.

Interest rate risk

Loans at variable interest rates expose the Group to the risk of fluctuations 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 in part at variable market rates and in part at fixed rates. The Saras Group also uses derivative instruments to reduce the risk of fluctuations in results and in cash flows deriving from interest.

Credit risk

The refining sector represents the Group's reference market and is principally made up of multinational companies operating in the oil sector. Transactions executed are generally settled very quickly and are often guaranteed by leading 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 from operating activities and through the use of externally-sourced financing, and is therefore exposed to liquidity risk, comprising the capacity to source adequate lines of credit as well as to fulfil contractual obligations deriving from the financing contracts entered into.

The large 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 that are 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 adjoining IGCC plant. This activity is subject to the risks of accident and of interruption due to unscheduled 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 liability 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 subsidiary Sarlux Srl 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 on time-limited incentives linked to 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 subsidiary Sarlux Srl, 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 supplies, which the company may not be able to find, or to source on terms.

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 has adopted all minimum safety measures required in Annex B to the Decree (Article 34); in particular, the Safety Document (DPS), as required by item 19 of the above mentioned Annex B, was updated on 31st March 2012.

Other Information

Own shares

During FY 2015 Saras SpA did not purchase or sell any treasury shares on the Italian Stock Exchange. Therefore, as of 31st December 2015 Saras SpA held a total number of 19,245,774 own shares, which corresponds to 2.024% of the issued share capital.

Changes in the share holding structure

On 19th October 2015 Rosneft JV Projects SA, a wholly-owned subsidiary of Rosneft Oil Company, sold to a qualified group of international institutional investors 85,481,816 ordinary shares of Saras SpA, representing approximately 8.99% of Saras SpA issued share capital, at the price of EUR 1.90 per share. Following the transaction, Rosneft JV Projects SA continues to hold 12% of Saras SpA issued share capital.

Buyback programme

The Shareholders' Meeting of Saras SpA held on 28th April 2015 resolved to authorise a buyback programme of Saras SpA ordinary shares, pursuant to Art. 2357 of the Italian Civil Code, and to Art. 132 of Legislative Decree no. 58/1998 (the Consolidated Finance Act, also known as "TUF"), up to the maximum number of shares permitted by law, which is equal to 20% of the issued share capital, when taking into account also the own shares already held in treasury by the Company. Therefore, since the shares held in treasury by the Company at the date of the above resolution were equal to 19,245,774 (corresponding to 2.02% of the issued share capital), the maximum number of own shares which can be purchased under the new buyback programme is equal to 170,954,226 (corresponding to approx. 17.98% of the share capital). The new buyback programme can be implemented also in several stages as appropriate, and it shall take place within the twelve (12) months following the 28th October 2015, which is the date of expiry of the previous buyback authorisation, approved by the Shareholders' Meeting of Saras SpA held on 28th April 2014. At the same time, the Shareholders' Meeting approved also the disposal of the shares purchased under the above buyback programme, to be implemented also in various stages as appropriate, pursuant to Art. 2357-*ter* of the Italian Civil Code.

- to implement (i) the 2013-2015 Stock Grant Plan, approved by the Shareholders' Meeting of 24th April 2013, (ii) any amendment to the 2013-2015 Stock Grant Plan or any future share plan of a similar nature, and (iii) any stock option plan that the Company may decide to adopt;

- as part of transactions related to current operations and industrial projects or other investments in line with the strategic guidelines that the Company plans to pursue, including trading, exchange, transfer, sale or any form of disposal of own shares for the acquisition of equity interests or share packages, or for business projects or other extraordinary financing operations involving the allocation or disposal of own shares;

- to carry out activities aimed at improving the liquidity of the Company's shares and managing the volatility of their market price and, in particular, to intervene in share price movements in unusual market situations to facilitate share trading at times of scarce market liquidity and to promote the normal trading of shares, unless it is necessary to use all the own shares for the purposes described above, and in any event within the limits set by current laws and regulations and, as appropriate, in accordance with the market practice permitted pursuant to article 180, paragraph 1(c) of the TUF concerning activities to support market liquidity.

It should be specified that the authorisation to dispose of treasury shares, contained in the new authorisation given by the Shareholders' Meeting, concerns also the shares already purchased by the company in the past, and currently held in treasury, in accordance with the previous buyback programmes. Finally, the purchase of own shares within the new buyback programme authorised by the Shareholders' Meeting, is not related to the reduction of the issued share capital and therefore the shares purchased will not be cancelled.

Stock Grant Plans

The plan, approved on the 24th April 2013 by the Ordinary Shareholders' Meeting of Saras SpA, to grant free company shares to the management of the Saras Group (the "Stock Grant Plan 2013-2015"), expired on 31st December 2015. All the details of the Stock Grant Plan are available in the Notes to the Consolidated Financial Statements.

Appointment of the independent auditors to audit the 2015-2023 Financial Statements

With the approval of the Financial Statements for the year ended 31st December 2014, the term of office came to an end for the independent auditors "PricewaterhouseCoopers SpA", appointed to audit Saras SpA Financial Statements for the period 2006-2014. Furthermore, article 17 of the Legislative Decree 39/2010 provides that such appointment cannot be renewed and the very same independent auditing firm cannot be reappointed, until at least three financial years have passed since the previous appointment ended. Therefore, in accordance with article 13 of the aforementioned Legislative Decree 39/2010, the Shareholders' Meeting of Saras SpA held on 28th April 2015, upon motivated proposal made by the Board of Statutory Auditors, appointed the firm "Reconta Ernst & Young SpA" as the new independent auditors which will carry out the audit of Saras SpA Financial Accounts for the period 2015-2023, and it also determined the total annual fee to be paid to the independent auditing firm.

Transactions with Related Parties

At the end of the year 2015, the effect on the Saras Group's Balance Sheet and Income Statement deriving from transactions or positions with related parties was not significant. For further details please refer to the Notes to the Consolidated Financial Statements, chapter 7.4 "Transactions with Related Parties".

Use of financial instruments

Details can be found in the Notes to the Consolidated Financial Statements, chapter 7.5 "Information pursuant to IFRS 7 and 13 – Financial Instruments: additional disclosure".

Research and Development

In FY 2015 Saras did not undertake meaningful research and development activities, therefore no significant cost were capitalized or accounted for in the Income Statement. For further details please refer to the Notes to the Consolidated Financial Statements, chapter 5.2.2 "Intangible Assets."

Segment information by geographic area

Information related to the supply market for crude oil and the sale market for refined products by geographic area are available in the Notes to the Consolidated Financial Statements, chapter 4 "Information by business segment and geographical area".

Non-recurring and unusual Transactions

During the year 2015 there were no activities originated from non-recurring and unusual transactions, and there are no open positions originating from such transactions.

Information of Shareholdings held by members of the Board of Directors, Statutory Auditors and senior Management

Details are available in the in Notes to the Financial Statements of Saras SpA, chapter 7.5.2 "Shareholdings held by members of the Board of Directors, Statutory Auditors, General Manager and senior Management with strategic responsibilities".

Adoption of the fiscal consolidation

Details are available in chapter 3.2 "Summary of accounting standards and policies" of the Notes to the Consolidated Financial Statements, in paragraph X "Taxes" and in paragraph 5.2.4 "Deferred Tax Assets"

Reconciliation between Net Result and Group Shareholders' Equity

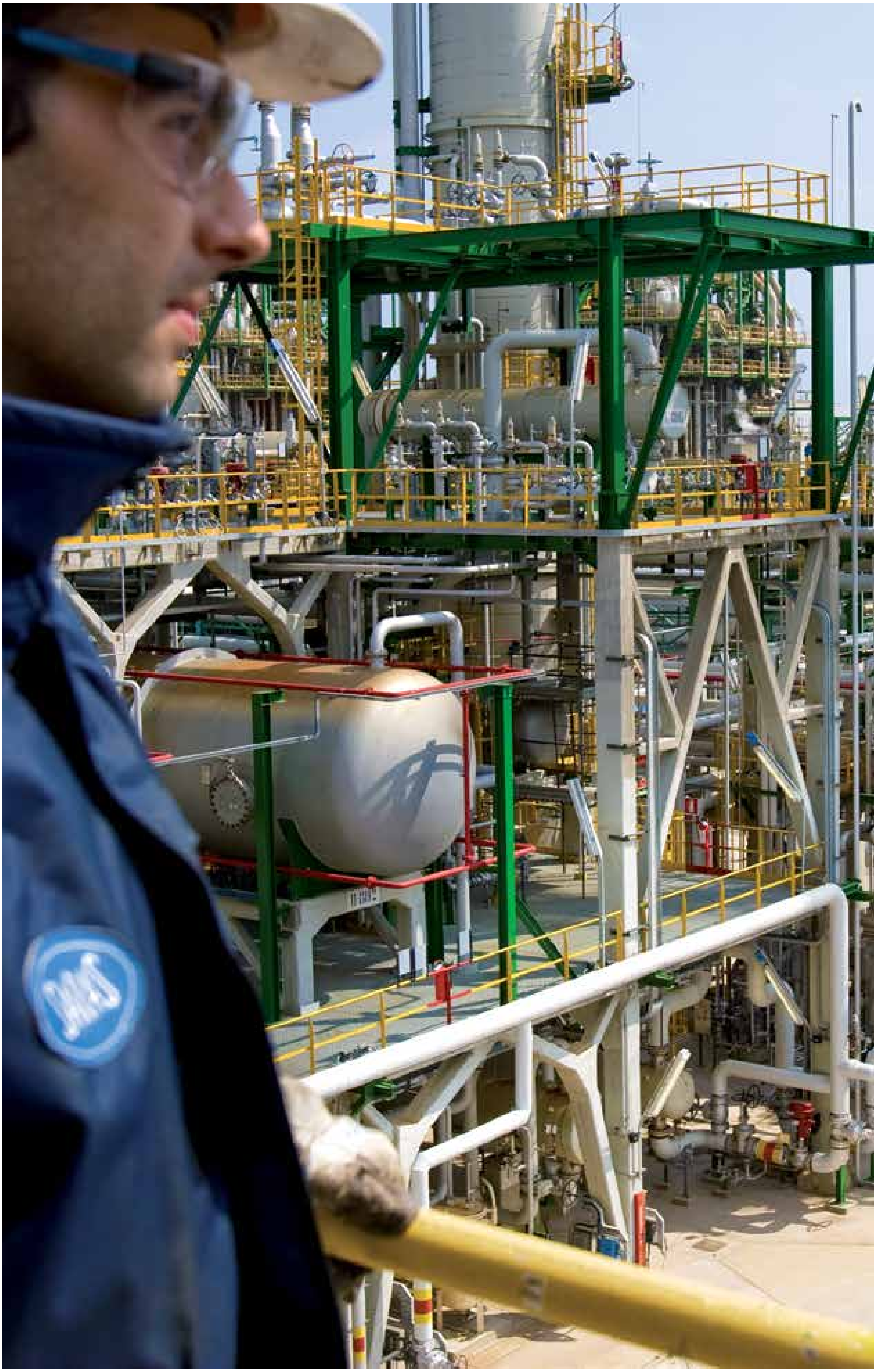
The reconciliation between the Net Result and the Group Shareholders' Equity, and those of the Parent Company is detailed in the table below.

Thousand EUR	Net Result	Shareholders' Equity
As per Saras SpA's Separate Financial Statements as of 31st Dec 2015	**247,842**	**487,901**
Differences between book value and Shareholders' Equity as of 31st Dec 2015 of shareholdings valued at cost in Saras' SpA Separate Financial Statements	(26,072)	382,312
Eliminations of intergroup margins on inventories	1,890	14,691
As per the Consolidated Financial Statements as of 31st Dec 2015	**223,660**	**884,904**

Main events after the end of FY2015

On the **24th February 2016**, Mr. Igor Ivanovich Sechin resigned from the Board of Directors of Saras SpA. Mr. Sechin was not an independent nor an executive director and, to the best knowledge of Saras, he did not hold any shareholding in Saras SpA at the date of his resignation.

On the **29th February 2016**, the Board of Directors of Saras SpA co-opted Mr. Andrey Nikolayevich Shishkin as new member of the Saras' Board, in order to replace Mr. Sechin. Mr. Andrey Shishkin was Deputy Minister of Energy of the Russian Federation until 2012, and currently holds the position of Rosneft Vice-President for "Energy and Localization".



Saras Group Consolidated Financial Statements for the year ended 31st December 2015

Consolidated statement of Financial Position: as of 31st December 2015 and 31st December 2014

EUR thousand			31/12/2015	31/12/2014
ASSETS	(1)	(2)		
Current assets	**5.1**		**1,929,396**	**2,240,608**
Cash and cash equivalents	5.1.1	A	856,843	633,544
Other financial assets	5.1.2	B	89,533	294,514
Trade receivables	5.1.3	C	260,636	426,816
of which from related parties:			*112*	*112*
Inventories	5.1.4	D	564,803	670,065
Current tax assets	5.1.5	E	32,194	78,264
Other assets	5.1.6	F	125,387	137,405
Non-current assets	**5.2**		**1,388,180**	**1,621,400**
Property, plant and equipment	5.2.1	H,I	1,033,546	1,121,128
Intangible assets	5.2.2	J	227,416	286,134
Other equity interests	5.2.3.1	L	502	502
Deferred tax assets	5.2.4	X	121,714	208,511
Other financial assets	5.2.5	M	5,002	5,125
Non-current assets held for disposal	**5.2**		**0**	**0**
Property, plant and equipment				0
Intangible assets				0
Total assets				
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	**5.3**		**1,444,696**	**2,506,190**
Short-term financial liabilities	5.3.1	R	203,097	550,119
Trade and other payables	5.3.2	R	1,043,440	1,714,284
of which to related parties:			*3*	*116*
Current tax liabilities	5.3.3	X	123,412	168,664
Other current liabilities	5.3.4	R	74,747	73,123
Non-current liabilities	**5.4**		**987,976**	**696,075**
Long-term financial liabilities	5.4.1	R	585,848	276,595
Provisions for risks and charges	5.4.2	P, AA	90,426	72,033
Provisions for employee benefits	5.4.3	Q	11,445	12,011
Deferred tax liabilities	5.4.4	X	4,717	4,236
Other non-current liabilities	5.4.5	R	295,540	331,200
Total liabilities			**2,432,672**	**3,202,265**
SHAREHOLDERS' EQUITY	**5.5**	**N,O,W**		
Share capital			54,630	54,630
Legal reserve			10,926	10,926
Other reserves			595,688	856,034
Profit/(loss) for the year			223,660	(261,847)
Total equity attributable to owners of the Parent company			**884,904**	**659,743**
Minority interests			0	0
Total equity			**884,904**	**659,743**
Total liabilities and shareholders' equity			**3,317,576**	**3,862,008**

(1) Please refer to the Notes to the Consolidated Financial Statements, chapter 5 "Notes to the Financial Position"

(2) Refer to the Notes, chapter 3.2 "Summary of accounting standards and policies"

Consolidated Income Statement for the periods: 1st January - 31st December 2015 and 2014

EUR thousand	(1)	(2)	01/01/2015 31/12/2015	of which non recurring (3)	01/01/2014 31/12/2014	of which non recurring
Revenues from ordinary operations	6.1.1	S	8,131,282		10,103,123	
of which from related parties:			*0*		*0*	
Other income	6.1.2	S	106,511		168,587	57,700
of which from related parties:			*138*		*136*	
Total revenues			**8,237,793**	**0**	**10,271,710**	**57,700**
Purchases of raw materials, spare parts and consumables	6.2.1	T	(6,965,696)		(9,841,780)	
Cost of services and sundry costs	6.2.2	T, AA	(562,503)	(12,512)	(531,024)	
of which from related parties:			*(1,332)*		*(1,324)*	
Personnel costs	6.2.3	Q,T	(153,630)		(135,923)	(6,750)
Depreciation, amortisation and write-downs	6.2.4	H,J	(245,394)	(23,310)	(227,371)	(26,549)
Write-offs and reversals of write-offs for Sarlux\GSE contract					180,000	180,000
Total costs			**(7,927,223)**	**(35,822)**	**(10,556,098)**	**146,701**
Operating results			**310,570**	**(35,822)**	**(284,388)**	**204,401**
Net income/(charges) from equity interests		K, L				
Financial income	6.3	U	396,011		406,491	
Financial charges	6.3	U	(362,841)		(383,941)	
Profit/(loss) before taxes			**343,740**	**(35,822)**	**(261,838)**	**204,401**
Income tax for the year	6.4	X	(120,080)	6,157	(9)	(118,538)
Net profit/(loss) for the year			**223,660**	**(29,665)**	**(261,847)**	**85,863**
Net profit/(loss) for the year attributable to:						
Owners of the Parent Company			223,660		(261,847)	
Minority interests			0		0	
Earnings per share - basic (EUR cent)		**Z**	**24.16**		**(28.31)**	
Earnings per share - diluted (EUR cent)		**Z**	**24.16**		**(28.31)**	

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS: 1ST JANUARY - 31ST DECEMBER 2015 AND 2014

Net result for the year (A)		**223,660**		**(261,847)**
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	V	14		3
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	Q, T	(43)		(1,144)
Income / (loss), net of fiscal effect (B)		**(29)**		**(1,141)**
Consolidated Comprehensive Result for the year (A + B)		**223,631**		**(262,988)**
Net consolidated Comprehensive Result for the year attributable to:				
Owners of the Parent Company		223,631		(262,988)
Minority interests		0		0

(1) Please refer to the Notes to the Consolidated Financial Statements, chapter 6 “Notes to the Income Statement”

(2) Refer to the Notes, chapter 3.2 “Summary of accounting standards and policies”

(3) Non recurring items essentially refers to write-off of some intangible assets (chapter 5.2.2) and accruals for legal and tax litigations

Statement of Changes in Consolidated Shareholders' Equity: from 31st December 2013 to 31st December 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 year				(261,847)	(261,847)		(261,847)
Total comprehensive profit/(loss) for the year			*(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			1,530		1,530		1,530
Effect of translation of F/S in foreign currency			14		14		14
IAS 19 actuarial effect			(43)		(43)		(43)
Net profit/(loss) for the year				223,660	223,660		223,660
Total comprehensive profit/(loss) for the year			*14*	*223,660*	*223,674*		*223,674*
Balance as of 31/12/015	**54,630**	**10,926**	**595,688**	**223,660**	**884,904**	**0**	**884,904**

Consolidated Cash Flow Statement as of: 31st December 2015 and 31st December 2014

EUR thousand	(1)	(2)	01/01/2015 31/12/2015	01/01/2014 31/12/2014
A - Cash and cash equivalents at the beginning of the year			**633,544**	**506,827**
B - Cash generated from/(used in) operating activities				
Net Profit / (Loss) for the year	5.5		223,660	(261,847)
Unrealised exchange losses/(gains) on bank accounts			3,562	(1,505)
Amortisation, depreciation and write-downs of fixed assets	6.2.4	K, J	245,394	47,371
Grants booked to income statement	6.1.2		0	0
Net change in provisions for risks and charges	5.4.2	P, AA	18,393	13,855
Net change in employee benefits	5.4.3	Q	(566)	(8,612)
Net change in deferred tax liabilities and deferred tax assets	5.2.4 - 5.4.4	X	87,278	(2,356)
Net interest income (expense)		U	27,374	39,849
Accrued income tax	6.4	X	6,954	2,365
Change in fair value of derivatives, green certificates	5.1.2 - 5.3.1		113,681	(55,990)
Negative goodwill from Versalis acquisition (charged to Profit & Loss)				(57,700)
Other non cash items	5.5		1,501	385
Profit (Loss) before changes in working capital			**727,231**	**(284,185)**
(Increase)/Decrease in trade receivables	5.1.3	C	166,180	244,002
of which from related parties:			*0*	*(4)*
(Increase)/Decrease in inventory	5.1.4	D	105,262	273,203
Increase/(Decrease) in trade and other payables	5.3.2	R	(670,844)	106,575
of which to related parties:			*113*	*135*
Change in other current assets	5.1.5 - 5.1.6	F	58,088	(71,736)
Change in other current liabilities	5.3.3 - 5.3.4	R	(50,422)	12,231
Interest received		U	2,400	219
Interest paid		U	(29,774)	(36,037)
Tax paid	5.3.2	X	(160)	(2,276)
Change in other non-current liabilities	5.4.5	R	(35,660)	(93,839)
Total (B)			**272,301**	**148,157**
C - Cash flow from/(used in) investing activities				
(Investments) in tangible and intangible assets	5.2.1-5.2.2	H, I	(99,094)	(121,322)
- of which interest paid capitalized			*0*	*0*
Cashflow from Versalis acquisition	5.2.1-5.2.2	L	0	40,773
(Investments)/disinvestments in other share holdings	5.1.2	B	136,717	(25,644)
Other non cash items	5.2.1-5.2.2		0	0
Total (C)			**37,623**	**(106,193)**
D - Cash generated from/(used in) financing activities				
Increase/(Decrease) in medium/long term borrowings	5.4.1	R	309,253	173,727
Increase/(Decrease) in short term borrowings	5.3.1	R	(392,316)	(90,479)
(Decrease) in short term financial debts due to repayments			0	0
Dividends and buy-backs of own shares			0	0
Total (D)			**(83,063)**	**83,248**
E - Cashflow for the year (B+C+D)			**226,861**	**125,212**
Unrealised exchange losses/(gains) on bank accounts			(3,562)	1,505
F - Cash and cash equivalents at the end of the year			**856,843**	**633,544**

(1) Please refer to the Notes to the Consolidated Financial Statements, chapter 5 “Notes to the Financial Position”

(2) Refer to the Notes, chapter 3.2 “Summary of accounting standards and policies”

For the Board of Directors - The Chairman
Gian Marco Moratti

Notes to the Consolidated Financial Statements for the year ended 31st December 2015

Table of contents of the Notes to the Consolidated Financial Statements for the year ended 31st December 2015

6. Notes to the Income Statement

7. Altre informazioni

8. Publication of the consolidated financial statements

Notes to the consolidated financial statement for the year ended 31st December 2015

1. Introduction

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

Saras 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 refining of crude, the production and sale of electricity via an integrated gasification combined cycle (IGCC) plant operated by its subsidiary Sarlux Srl and a wind farm run by the subsidiary Parchi Eolici Ulassai Srl (via the subsidiary Sardeolica Srl).

These consolidated financial statements for the year ended 31st December 2015 are presented in euro, since this is the currency of the economy in which the Group operates. They consist of a statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and these notes to the accounts. All amounts shown in these notes are expressed in thousands of euro, unless otherwise stated.

2. Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Group for the year ending 31st December 2015 were prepared in accordance with the International Financial Reporting Standards (IFRS or ''international accounting standards'') issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19th July 2002 and in accordance with the measures implemented in pursuance of article 9 of Legislative Decree no. 38 of 28th February 2005.

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

The financial statements have been prepared using the following criteria, in line with IAS 1, deemed suitable to provide a more complete picture of the financial position, operating results and cash flows:

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

The accounting standards shown below have been applied consistently to all the periods reported.
These financial statements were prepared in accordance with the going concern principle, as the Directors determined that there are no financial or operating indicators, among others, signalling criticalities in the Group's ability to meet its obligations in the foreseeable future. The risks and uncertainties relative to the business are described in the section dedicated to the Report on Operations. A description of the Company's financial risk management, including liquidity and capital risks, is provided in the section on additional information on financial instruments and risk management policy of these notes.

3. Principi Contabili adottati

The Group was not an early adopter of any new principle, interpretation or amendment issued but not yet in force. The new standards, amendments and interpretations in force since 1st January 2015 have no significant impact on these financial statements.

The nature and effects of these changes are illustrated below:

Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions by employees or third parties in accounting for defined-benefit plans. When the contributions are associated with the past service rendered, they should be assigned to the service period as negative benefit. This amendment clarifies that, if the contribution amount is independent of the years of service, the entity is permitted to recognise this contribution as a reduction of the cost of service in the period in which the service is provided, instead of allocating it over the years of service.

Annual improvements to the IFRS 2010-2012 Cycle
These improvements have been in force since 1st July 2014. They have no significant impact on these financial statements.

IFRS 2 - Share-based Payments
This improvement applies prospectively and clarifies various points associated with the definition of the conditions for achieving of results and service that represent the vesting conditions, including:
- a condition for achieving results must contain a service condition
- an objective of achieving results must be attained while the counterparty renders service;
- an objective of achieving results to the operations of activities of an entity or to those of another entity within the same Group;
- a condition for achieving results must contain a market condition or a condition not related to the market;
- if the counterparty ceases service, regardless of the reasons, during the vesting period, the service condition is not fulfilled.

IFRS 3 - Business Combinations
This amendment applies prospectively and clarifies that all agreements related to contingent consideration recognised as liabilities (or assets) arising from a business combination must be subsequently measured at fair value through profit or loss, whether they fall or not within the scope of IFRS 9 (or IAS 39, as the case may be).

IFRS 8 - Operating Segments
The amendment applies retrospectively and clarifies that:
- an entity should disclose the judgements made by management in the application of the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of both the operating segments that have been aggregated and the economic indicators assessed, (for example: profit margin spreads, sales growth rates etc.), in determining that they share “similar” economic characteristics;
- It is necessary to present the reconciliation of the segment’s assets with total assets only of if the reconciliation is presented to the chief operating decision maker, as required also for the segment’s liabilities.

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets
This amendment applies retrospectively and clarifies that in IAS 16 and in IAS 38 an asset can be remeasured on the basis observable data both by adjusting the gross carrying amount of the asset to market value and by determining the market value of the asset, and adjusting the gross carrying amount proportionately, so that the gross carrying amount is equal to market value. Furthermore, accumulated depreciation is the difference between the gross carrying amount and the carrying amount of the asset.

IAS 24 - Related Party Disclosures
This amendment applies retrospectively and clarifies that a management entity (an entity providing key management personnel services) is a related party subject to disclosure of related party transactions. In addition, an entity using a management entity must disclose the expenses incurred for management services.

Annual improvements to the IFRS 2011-2013 Cycle
These improvements have been in force since 1st July 2014. They have no significant impact on these financial statements.

IFRS 3 - Business Combinations

The amendment applies prospectively and, for the purpose of scope exclusion of IFRS 3, clarifies that:

- not only joint ventures, but joint arrangements as well are excluded from the scope of IFRS 3;
- this scope exclusion applies only in the recognition of the joint arrangements themselves in the financial statements.

IFRS 13 - Fair Value Measurement

This 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 falling within the scope of IFRS 9 (or IAS 39, as the case may be).

IAS 40 - Investment Property

The description of ancillary services in IAS 40 distinguishes between investment property and owner-occupied properties (e.g. property, plant and equipment). This amendment applies prospectively and clarifies that in determining whether a transaction is an asset acquisition of a business combination IFRS 3 should be used, not the description of additional services under IAS 40.

Standards issued but not yet in force

Below, standards and interpretations are illustrated which, at the Group's reporting date, had been issued but were not yet in force.

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments replacing IAS 39 - Financial Instruments: Recognition and measurement and all previous versions of IFRS 9. IFRS 9 joins together all three aspects relative to the project regarding the accounting for financial instruments: classification and measurement, impairment loss and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1st January 2018, with early application permitted Except for hedge accounting, retrospective application of this standard is required while the provision of comparative information is not mandatory. As regards hedge accounting, the standard generally applies prospectively, with a few limiting exceptions.
The Group will adopt the new standard as of the date of its entry into force.

IFRS 14 - Regulatory Deferral Accounts

IFRS 14 is an optional standard, which allows a rate-regulated entity to continue to apply, upon first-time adoption of IFRS, the previous GAAP for regulatory deferral accounts. Entities that adopt IFRS 14 must present regulatory deferred accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statements of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate regulation and the effects of the rate regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1st January 2016. This standard does not apply to the Group, as the Group already uses IFRS.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and introduced a new five-step model that will apply to revenue from contracts with customers. IFRS 15 prescribes that an entity will recognise revenue that reflects the consideration to which the entity expects to be entitled in exchange for goods or services to customers.
The new standard will supersede all current IFRS requirements on revenue recognition. This standard is effective for annual periods beginning on or after 1st January 2018, with full retrospective or amended application. Early application is permitted. The Group expects it will apply the new standard starting on the obligatory effective date, using the full retrospective application method. In 2015, the Group performed a preliminary assessment of the effects of IFRS 15, which is subject to change following the more detailed analysis currently under way. Moreover, the Group is considering the clarifications issued by the IASB in the exposure draft of July 2015 and will assess any further development.

Amendments to IFRS 11 - Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator that recognises the acquisition of an interest in a joint operation that is a business must apply the relevant principles of IFRS 3 on business combinations. The amendment also makes it clear that any previously held interest in the joint operation would not be remeasured if the joint operator acquires an additional interest while retaining joint control. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.
The amendments apply both to the acquisition of the initial interest in a jointly controlled arrangement and to the acquisition of each additional interest in said jointly controlled arrangement. These amendments must be applied prospectively for annual periods beginning on or after 1st January 2016, with early adoption permitted. No impact on the Group is expected subsequent to the application of these amendments.

Amendments to IAS 16 and to IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify that the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset As a result a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments must be applied prospectively for annual periods beginning on or after 1st January 2016, with early adoption permitted. No impact on the Group is expected subsequent to the application of these amendments, considering that the Group does not use revenue-based methods to depreciate or amortise its tangible and intangible assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associated companies in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will have to apply that change retrospectively. These amendments must be applied prospectively for annual periods beginning on or after 1st January 2016, with early adoption permitted.

Amendments to IFRS 10 and to IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively for annual periods beginning on or after 1st January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Annual improvements - 2012-2014 cycle

These improvements are in effective for annual periods beginning on or after 1st January 2016. They include:

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of through the sale or distribution to owners. The amendment clarifies that the change from one of these disposal methods to the other should not be considered a new disposal plan but rather the continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5 This amendment must be applied on a prospective basis.

IFRS 7 - Financial Instruments: disclosures

(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendment.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 - Employee Benefits
The amendment clarifies that the market depth of high quality bonds is assessed in the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied on a prospective basis.

IAS 34 - Interim Financial Reporting

The amendment clarifies that the required interim disclosure must either be in the interim financial statement or incorporated by cross-reference between the interim financial statements and wherever they are included in the interim financial report (for example in the management commentary or the risk report).
The information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.
No impact on the Group is expected subsequent to the application of these amendments.

Amendments to IAS 1 - Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the requirement of materiality in IAS 1;
- the fact that specific line items in the statement of profit/(loss) or other items of the comprehensive income statement or in the statement of financial position may disaggregated;
- that entities are flexible with respect to the order in which they present the notes;
- that the share of other items of the comprehensive income relative to associates and joint ventures accounted for with the equity method must be presented in aggregate as single line items and classified among those that will not will subsequently be reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when subtotals are presented in statements of profit/(loss) or other items of the comprehensive income or in the statement of financial position. These amendments are effective for annual periods beginning on or after 1st January 2016, with early application permitted.

Amendments to IFRS 10, IFRS 12, and to IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in relation to the exception for investment entities under IFRS 10. The amendments to IFRS 10 clarify that the exemption from consolidation applies to the parent company that is the subsidiary of an investment entity, when the investment entity accounts for all its subsidiaries at fair value.
In addition, the amendments to IFRS 10 clarify that only an investment entity subsidiary that is not an investment entity and provides support services to the investment entity is consolidated. All the other investment entity subsidiaries are accounted for at fair value. The amendments to IAS 28 allow the investor to retain, when applying the equity method, the fair value measurement applied by the associates or joint ventures of an investment entity to account for its own interests in its subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1st January 2016, with early application permitted.

3.1 Consolidation method

The consolidated financial statements include the financial statements of the Parent Company and those companies over which it directly or indirectly exercises control, from the date on which control was acquired and until the date on which said control ceases to exist. In particular, control is exercised by virtue of the Parent Company directly or indirectly owning the majority of shares carrying voting rights and through the exercise of a dominant influence that is expressed in the power to determine, including indirectly and by virtue of any existing contractual or legal agreements, the financial and operating policies of the entities involved, thereby obtaining benefits from their activities, regardless of shareholding relationships. The existence of any potential voting rights that may be exercised at the reporting date is taken into consideration in determining whether control exists.

The financial statements included in the consolidation have been drawn up to 31st December and are generally those specifically prepared and approved by the respective Boards of Directors of the individual companies concerned, adjusted where necessary for the purposes of consistency with the accounting standards adopted by the Parent Company.

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

Consolidated on a line-by-line basis	**% owned**
Deposito di Arcola Srl	100%
Sarlux Srl	100%
Saras Ricerche e Tecnologie SpA	100%
Sarint SA e società controllate:	100%
Saras Energia SA	100%
Terminal Logistica de Cartagena SLU	100%
Parchi Eolici Ulassai Srl and its subsidiaries:	100%
Sardeolica Srl	100%
Alpha Eolica Srl	100%
Saras Trading SA	100%
Other equity interests of insignificant value (valued at cost)	
Consorzio La Spezia Utilities	5%
Sarda Factoring	5.95%

In 2015 Labor Eolica Srl merged with and into Alpha Eolica Srl. This merger did not have any effects on the current consolidated accounts.

On 7th July 2015 the Saras Energia SA subsidiary established a wholly-owned subsidiary, Terminal Logistica de Cartagena SLU. The company was transferred all the operations related to the Cartagena terminal. This corporate action did not have any impact on these consolidated accounts. On 4th September 2015, Saras Trading SA was established in Geneva and entered in the local Business Register. The company did not carry out any activity until 31st December 2015. Once it is fully operational, the subsidiary will engage in supply and trading activities, on behalf of the Group and for its own account, in one of the world's main oil and commodity trading markets, facilitating the Group's access to additional essential information to take new business opportunities.

The criteria adopted for the line-by-line consolidation of fully consolidated subsidiaries are as follows:

[I] Assets and liabilities, and income and expense items are reported line-by-line and a portion of the shareholders' equity and net profit is allocated, where applicable, to minority shareholders. These items are shown separately under the relevant headings under consolidated shareholders' equity and in the consolidated comprehensive income statement.

[II] Business combinations that lead to the control of an entity being acquired are accounted for using the purchase method. The cost of acquisition equates to the fair value on the date on which the entity's assets and liabilities and any equity instruments issued are acquired. The difference between:
- the amount paid (generally calculated on the basis of its fair value at acquisition date), and – in the case of a business combination achieved in stages – the fair value at the date of acquisition of control of the equity investment already held in the company; and
- the fair value of the identifiable assets acquired net of the identifiable liabilities taken on, measured at the date control is acquired

is recognised, where the relevant conditions apply, as goodwill on the date that control of the business is acquired. In the case of negative goodwill, this is recognised in the income statement.

[III] Gains and losses arising from transactions between companies that are consolidated on a line-by-line basis, which have yet to be realised with third parties, are derecognised, where significant, as are any intragroup payables and receivables, costs and revenues, and financial income and charges.

[IV] Gains and losses arising from the disposal (without loss of control) of equity investments in consolidated companies are charged to shareholders' equity for amounts corresponding to the difference between the selling price and the portion of consolidated shareholders' equity effectively transferred. If further acquisitions of equity investments take place without a change in control, the difference between the purchase price and the corresponding portion of shareholders' equity acquired is recognised through equity.

Investments in companies over which control is exercised jointly with other companies (joint ventures) and in companies over which the Group exercises significant influence (referred to hereinafter as "associated companies"), which is presumed to exist when a stake of between 20% and 50% is held, are accounted for using the equity method, except where the application of this method does not impact on the Group's financial position, operating results and cash flow; in such instances, the investment is measured at cost. The way in which the equity method is applied is described below:

[V] The carrying amount of an investment is brought into line with the equity of the investee company concerned, adjusted where necessary to reflect the adoption of accounting standards that are consistent with those adopted by the Parent Company and includes, where applicable, any goodwill identified at the time of the acquisition.

[VI] The Group's proportionate share of profits or losses is recognised in the consolidated income statement from the date on which the significant and controlling influence commences until the day it ceases to exist. Should the company, as a result of losses, report negative equity, the carrying amount of the investment concerned is written down and any surplus attributable to the Group allocated to the relevant provision, only where the Group has undertaken to meet the investee's legal or constructive obligations or in any event to cover its losses. Changes in the equity of investee companies that are not allocated to the result posted in the income statement are directly added to or deducted from equity reserves.

[VII] Unrealised gains and losses arising from transactions between the Parent Company and subsidiaries or investee companies are derecognised based on the value of the stake held by the Group in the investees. Unrealised losses are eliminated, except where they represent an impairment loss.

The financial statements of the companies included in the basis of consolidation are prepared using the currency of the main economic environment in which they operate (functional currency). The consolidated financial statements are presented in euro, which is the functional currency of the Parent Company. The following rules are followed when translating the financial statements of companies expressed in a currency other than the functional currency into euro.

[I] Assets and liabilities are translated at the applicable exchange rates on the reporting date.

[II] Costs and revenues are translated at the average exchange rate for the year.

[III] The translation reserve includes both exchange rate differences arising from the translation of income statement amounts at an exchange rate different from the year-end rate and those arising from the translation of equity balances at the beginning of the year at an exchange rate different from the year-end rate.

[IV] Goodwill and fair value adjustments relating to the acquisition of a foreign entity are treated as assets and liabilities of that entity and translated at the previous year-end exchange rate.

[V] When preparing the consolidated cash flow statement, the average exchange rates for the period are used to translate the cash flows of foreign subsidiaries.

3.2 Summary of accounting standards and policies

The consolidated financial statements have been prepared based on the cost principle, except in the specific cases described in the notes below, where fair value has been applied.

The main accounting policies used are described below.

A Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand, demand deposits with banks, other short-term, highly liquid investments (convertible into cash within 90 days) and overdraft facilities; overdrafts in bank accounts are reported under current liabilities. Items listed under net cash and cash equivalents are measured at fair value, and changes are reported in the income statement.

B Other financial assets

Financial assets held for trading are reported at fair value, except for green certificates, with any gains and losses reported in the income statement under "Financial income" and "Financial charges". Other financial liabilities also include derivative contracts, which are discussed in the appropriate section below.

C Trade receivables

Trade receivables are measured at fair value on initial recognition. Subsequently they are valued at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment (in terms of both solvency and the credit risk characteristics of individual debtors), the asset concerned is written down to a carrying amount equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.

Assignment of receivables
Receivable assignments are accounted for in accordance with the method indicated by IAS 39 for the derecognition of financial assets. Consequently, all receivables assigned to factoring companies continue to be on the books, in the event that the relevant agreements provide that a significant exposure to the cash flows derived from the assigned receivables be retained.

D Inventories
Inventories are recognised at the lower of purchase or production cost and the net realisable value at the end of the financial year represented by the amount that the Group expects to obtain from their sale as part of its ordinary business activities. The cost of crude oil, materials and spare parts is determined by the FIFO method. The cost of oil product inventories is calculated using the weighted average cost of the last quarter.

E Current tax assets
Current tax assets are booked at initial recognition in the amount that is expected to be recovered from the tax authorities, taking into account their expected realisable value. Subsequently, they are recognised at amortised cost based on the effective interest rate method.

F Other assets
Other current assets are measured at fair value on initial recognition. Subsequently they are recognised at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment, the asset concerned is written down to a carrying amount equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.
Green certificates are allocated in advance by GSE based on the energy expected to be generated from renewable sources in the year and subsequently adjusted according to actual figures. They are booked when the energy is produced.
Green certificates are booked under “Other assets” with an offsetting entry under “Other income”, in light of GSE’s obligation to withdraw green certificates if the company submits a request before 31st March of the following year. The certificates are valued at the price of withdrawal by GSE, which is considered an adequate approximation of their fair value at the end of the year. Purchased green certificates are recognised at cost and are subsequently remeasured at the lower of cost or fair value.
Decreases due to the sale of green certificates allocated in the period or in previous years are valued at the selling price.
Capital gains and losses arising from the sale of certificates in different financial years from those in which they were allocated are recorded under “Other income” or “Costs of services and sundry costs” respectively.
White certificates are awarded on the achievement of energy savings through the application of technology and efficient systems.
White certificates are booked on an accruals basis under “Other income”, in proportion to the savings, expressed as tons of oil equivalent (TOE), achieved during the year.
The certificates are valued at the average market value for the year, unless the market value at the end of the year is significantly lower. The decreases due to the sale of white certificates allocated in the period or in previous years are valued at the selling price. Capital gains and losses arising from the sale of certificates in different financial years from those in which they were allocated are recorded under “Other income” or “Costs of services and sundry costs” respectively.

G Derecognition of financial assets and liabilities
Financial assets that are transferred are derecognised from the statement of financial position when the right to receive the related cash flows is transferred, together with all risks and benefits associated with ownership, as specified in paragraphs 15-23 of IAS 39.

Financial liabilities are derecognised when they are settled and when the Saras Group has transferred all the risks and charges relating to them.

H Property, plant and equipment
Property, plant and equipment are measured at purchase or production cost, less accumulated depreciation and any impairment. The cost includes all expenses incurred directly in preparing the assets for use, as well as any disposal and removal charges incurred as a result of contractual obligations. Any interest expenses relating to the construction of tangible assets are capitalised until the asset is ready to be used.
Costs associated with requirements to restore or dismantle plants arising from statutory or contractual obligations are accounted for as an increase in the historical cost of the asset with an offsetting entry in the provisions for risks and future liabilities.

Maintenance and repair charges are expensed as incurred. Costs relating to the expansion, modernisation or improvement of facilities owned by Saras or used by third parties are only capitalised up to the limits within which they fulfil the conditions for separate classification as an asset or part of an asset in accordance with the component approach. Turnaround costs are classed as extraordinary maintenance costs and capitalised in the year in which they are incurred. They are amortised over the expected length of time until the next turnaround. Similarly, the costs of replacing the identifiable components of complex assets are recognised as assets and depreciated over their useful life; the residual value of components thus replaced is charged to the income statement. Government grants relating to capital expenditure are deducted from the purchase price or production cost of the relevant assets when the conditions necessary for receiving them have been met.
The carrying amount of property, plant and equipment is depreciated on a straight-line basis from the time the asset is available and ready for use, in relation to its estimated useful life.

The useful life estimated by the Group for each of the various asset categories is as follows:

	I.G.C.C. plant	Other Assets
Buildings	until 2020	18 years
Generic plant	until 2020	12 years
Highly corrosive plant	until 2020	9 years
Thermoelectric plant	until 2020	
Wind farm		10 - 25 years
Transformation stations	until 2020	13 years
Office furniture and machinery		4 years
Vehicles		4 years
Other assets		5 - 12 years
Leasehold improvements		The shorter of the duration of the lease and the asset's useful life

The useful life of tangible assets and their net carrying amount are reviewed annually and adjusted accordingly at the end of every year.

Land is not depreciated.

If an asset to be depreciated consists of separately identifiable components and the useful life of one component differs significantly from that of the others, each component of the asset is depreciated separately in accordance with the component approach.

I Leased assets

Assets held under finance leases, under which all risks and benefits associated with ownership are substantially transferred to the Group, are recognised as Group assets and recorded at their current value or, where lower, at the present value of the minimum lease payments still due. The corresponding liability to the lessor is recognised on the statement of financial position under financial liabilities. Leased assets are depreciated on the same basis and at the same depreciation rates as those set out above for property, plant and equipment.

Leases under which the lessor substantially retains all the risks and benefits associated with ownership of the assets are treated as operating leases. The costs relating to operating leases are charged to the income statement on a straight-line basis over the term of the lease.

J Intangible assets

Intangible assets are made up of elements that are non-monetary in nature, without physical substance and clearly identifiable (i.e. distinct, able to be separated, dismantled or traded, and deriving from other contractual or legal rights), controlled by the company and capable of generating future economic benefits. These elements are recognised at acquisition and/or production cost, which includes any directly attributable charges incurred in preparing the asset for use, net of accumulated amortisation and any impairment losses. Any interest expenses accrued during and in respect of the development of intangible assets are charged to the income statement. Amortisation commences from the time the asset is available for use and is charged on a straight-line basis over its estimated useful life.

[I] **Goodwill**

Goodwill is the excess cost (acquisition cost plus the fair value of any minority interests already held at the point when control is acquired) incurred over net fair value, as recorded on the acquisition date, when acquiring assets and liabilities forming businesses or business units. Goodwill relating to investments valued with the equity method is included in the carrying amount of the investments. It is not systematically amortised but instead undergoes a periodic test to ascertain whether the relevant carrying amount is appropriate. This test is carried out with regard to the cash generating unit to which goodwill is to be allocated. Any goodwill impairment is recognised where the recoverable amount of goodwill is lower than its carrying amount (the recoverable amount is the higher of the fair value of the cash generating unit, less selling costs, and its value in use, which is the present value of the cash flows expected to be generated in the years during which the cash generating unit is operating and from its disposal at the end of its useful life).

In the event that the impairment arising from the test is greater than the amount of goodwill allocated to the cash generating unit, the residual amount is in turn allocated to the assets included within the cash generating unit, in proportion to their carrying amount. The minimum amount for this allocation is the highest of the following:

- the fair value of the asset, less selling costs;
- its value in use, as defined above;
- zero.

Where goodwill was previously written down for impairment, the write-down is not reversed.

[II] **Patent rights, concessions, licences and software (intangible assets with an indefinite useful life)**

Intangible assets with a definite useful life are amortised on a straight-line basis over their useful life, taken to be the estimated period in which the assets will be used by the company; the recoverability of the carrying amount of the assets is ascertained using the same method as that used for the item "Property, plant and equipment".

[III] **Research and development expenses**

The costs associated with the acquisition of new knowledge or discoveries, the development of alternative products or processes, new techniques or models, the design and construction of prototypes, or otherwise relating to other scientific research or technological development are treated as current costs and charged to the income statement in the period in which they are incurred.

[IV] **Exploration for and evaluation of mineral resources**

Expenditures incurred in the exploration and evaluation of mineral resources, specifically:

[A] Acquisition of exploration rights;
[B] Photographic, geological, geochemical and geophysical studies;
[C] Explorative drilling;
[D] Digging;
[E] Sampling;
[F] Activities related to the evaluation of technical and commercial viability of extracting a mineral resource;

are recorded under tangible or intangible assets according to their nature, as required by IFRS 6.
These expenditures are remeasured from time to time to identify the possible emergence of any impairment indicators that may suggest that their recoverable amount is lower than their carrying amount.

[V] **Sarlux/GSE Contract**

The value of the contract in place for the supply of electric energy between Sarlux Srl and GSE was set in 2006, in connection with the Purchase Price Allocation (PPA) process. This amount is amortised in equal instalments over the life of the contract, which is due to expire in 2020. In the presence of impairment indicators, this contract is tested for impairment from time to time.

K Impairment of assets

At each reporting date, tangible assets and intangible assets with a definite useful life and investments are analysed in order to identify any indicators of impairment, originating from both internal and external sources. Where such indicators exist, the recoverable amount of these assets is estimated and any impairment loss duly charged to the income statement. The recoverable amount of an asset is the greater of its fair value less selling costs and its value in use (the present value of the future cash flows that the asset is expected to generate). In determining value in use, future cash flows are discounted to present value by using a pre-tax discount rate that reflects current market assessments of the time value of money in relation to the period of the investment and the risks specific to the asset concerned. The recoverable amount of an asset that does not generate largely independent cash flows is determined in relation to the cash-generating unit to which the asset belongs. An impairment is recognised in the income statement whenever the carrying amount of an asset, or of the cash generating unit to which it is allocated, is higher than its recoverable amount. When the reasons for a write-down no longer exist, the write-down is reversed in the income statement up to the net carrying amount that the asset in question would have had if it had not been written down and if it had been depreciated.

L Other equity interests

The investments included under "Other investments" are measured at fair value, with the impact of any changes in fair value recognised through profit or loss. Where fair value cannot be reliably determined or is insignificant, they are measured at cost less any impairment losses, in compliance with IAS 39. These expenditures are remeasured from time to time to identify the possible emergence of any impairment indicators that may suggest that their recoverable amount is lower than their carrying amount.

M Other financial assets

Receivables and financial assets held to maturity are measured at fair value on initial recognition. Subsequently they are measured at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment, the asset concerned is written down to a carrying amount equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.

The treatment of financial assets linked to derivative instruments is shown under point "Y Derivatives".

N Treasury shares

Treasury shares are recognised at cost and deducted from shareholders' equity.

O Shareholders' equity

[I] **Share capital**

Share capital consists of the Parent Company's subscribed and paid-up capital. Costs strictly related to the issue of new shares are deducted from equity reserves, after any deferred tax effect.

[II] **Reserves**

Reserves comprise equity reserves set aside for a specific purpose relating to the Parent Company; they include retained earnings from previous years.

[III] **Share-based payments by the Parent Company to Group employees and management**

The Group grants additional benefits to employees and management via the allocation of bonus shares. The cost of such share-based payment plans is booked, in accordance with IFRS 2 - Share-based Payments, to the income statement in equal instalments during the vesting period through equity. Changes in fair value after the grant date have no effect on the initial valuation.

P Provisions for risks and future liabilities

Provisions for risks and future liabilities are recognised only where a present obligation (legal or constructive) exists in relation to past events that is expected to result in an outflow of financial resources, the amount of which can be reasonably assessed. This amount represents the best discounted estimate of the sum that must be paid to discharge the obligation. The rate used to determine the present value of the liability reflects current market values and includes the additional effects of the specific risk associated with each liability.

Those risks in respect of which it is only possible to show a future liability are disclosed in the section on commitments and risks, and no provision is made.

Q Provisions for employee benefits

The Group provides various types of pension plans, in keeping with the conditions and practices that are commonly applied locally in those countries in which it carries out its activities.

From 1st January 2007, employee end-of-service payments were amended to include the option for employees to decide where these are held. Specifically, new end-of-service payments may be allocated to pension funds or held at the company (if it has fewer than 50 employees, or allocated to INPS if it has more than 50 employees). The introduction of these regulations has resulted in the following accounting changes:

- Provisions made up to 31st December 2006
  The end-of-service payments due to employees pursuant to article 2120 of the Italian Civil Code are treated in the same way as "defined benefit pension plans"; these plans are based on the working life of employees and on the remuneration they receive over a pre-determined period of service. The liability relating to employee end-of-service payments is entered on the statement of financial position based on their actuarial value, since this can be quantified as a staff benefit due on the basis of a defined benefit plan. Measurement of defined benefit pension plans requires the amount of benefits accrued by employees to be estimated using actuarial techniques and then to be discounted in order to determine the present value of the Group's obligations. The present value of the Group's obligations is determined by an external consultant using the projected unit credit method. This method, which comes under the more general area of accrued benefit methods, considers each period of service at the company as an additional unit of entitlement: actuarial liabilities must therefore be quantified solely on the basis of years worked at the valuation date; thus, an estimate of the total liability is normally extrapolated from the number of years of service at the valuation date to account for the total number of years worked at the time the benefit is expected to be paid.
  The cost accrued for the year in respect of defined benefit plans is recorded in the income statement under personnel expenses and is equivalent to the sum of the average present value of entitlements accrued by current employees and the annual interest accrued on the present value of the Group's obligations at the beginning of the year, calculated using the discount rate for future disbursements that is used to estimate liabilities at the end of the previous year. The annual discount rate adopted for these calculations is the end-of-year market rate for zero coupon bonds with the same maturity as the average remaining duration of the liabilities.
  Following application of IAS 19 (revised), actuarial gains and losses relating to the change in parameters, previously reported in the income statement (personnel costs), are now recognised in the statement of comprehensive income.

- Allocations accrued since 1st January 2007
  The allocations in question are accounted for using the method adopted for defined contribution pension plans (which are not subject to actuarial valuations) as the amount relating to employees has been transferred in full outside the Group.
  The corresponding liability is determined according to article 2120 of the Italian Civil Code.

R Financial liabilities, trade and other payables and other liabilities

These are measured at fair value on initial recognition. Subsequently they are valued at amortised cost by applying the effective interest rate method. Where there is a change in the estimated future cash flows and these can be reliably estimated, the value of the payables is recalculated to reflect this change on the basis of the present value of the new estimated future cash flows and the internal rate of return originally calculated.
Sale transactions with a repurchase obligation represent a form of financing as the risks attached to ownership (mainly the risk relating to changes in fair value) remain with the company. In this case, the asset is not derecognised, the payable for the repurchase is classified as financial and the difference is recorded in the income statement as financial income or charges.

Financial liabilities also include derivative contracts, which are discussed in the appropriate section below. Derivate contracts are measured at fair value with an offsetting entry in the income statement at each reporting date.

S Recognition of revenues

Sales revenues are recognised when the risks and benefits associated with ownership have effectively been transferred or when a service has been rendered.
The recognition of revenues from services is based on the stage of completion reached.
Revenues are recorded net of returns, discounts, allowances and premiums, and of directly related taxes.
Excise duties paid on purchases are netted off against those collected on sales.

T Recognition of costs

Costs are recognised when they relate to goods and services that are sold or used during the year or by systematic allocation, or when their future usefulness cannot be determined.

U Interest income and expenses

Interest income and expenses are booked on an accruals basis.

V Translation of items expressed in a currency other than the euro

Transactions in foreign currency are translated into euro at the exchange rates prevailing on the transaction date. Exchange rate gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary asset and liability items denominated in a foreign currency are recorded in the income statement.

W Dividends

[A] **Dividends received**

Dividends are recognised on the date on which the resolution approving them is carried by a shareholders' meeting.

[B] **Dividends paid out**

The payment of dividends to Parent Company shareholders is recorded as a liability on the statement of financial position of the period in which the distribution was approved by the company's shareholders.

X Taxes

Current taxes are calculated based on the taxable income for the period, applying the prevailing tax rates at the reporting date.

Deferred taxes are calculated on all temporary differences arising between the tax base of an asset or liability and its carrying amount, with the exception of goodwill, and those relating to temporary differences originating from investments in subsidiaries, when the timing of the reversal of such differences is controlled by the Group and it is probable that the differences will not be reversed within a reasonably foreseeable timescale. In respect of deferred tax assets (including those relating to tax losses from previous periods) that cannot be offset against deferred tax liabilities in full, the residual portion is recognised to the extent that it is probable that taxable income will be generated in future against which they can be recovered.
Deferred taxes are calculated using the tax rates that are expected to apply in the years in which temporary differences are realised or reversed.
Changes in tax rates due to regulatory amendments are booked in the year in which the changes are substantially enacted; the effect is recorded in the income statement or under shareholders' equity, in relation to the transaction that generated the underlying deferred tax.

Current and deferred taxes are recognised in the income statement, with the exception of those related to items directly deducted from or added to shareholders' equity, in which case the tax effect is taken directly to shareholders' equity.

Current and deferred taxes are set off when income taxes are applied by the same tax authority, when there is a legal right of set-off and the intention to settle on a net basis.
Other taxes not related to income, such as property taxes, are included under "Cost of services and sundry costs".

The Parent Company allows its Italian subsidiaries to participate in the tax consolidation scheme for the purposes of calculating corporate income tax (IRES), pursuant to articles 117-128 of the consolidated law on income tax. As a result, a single income tax base is created for the Parent Company and certain Italian subsidiaries, essentially through the algebraic sum of the tax profit or loss of each participant. Participation in a particular scheme is confirmed by a communication to the tax authority made by the Parent Company indicating which subsidiaries have decided to take up this option. The option has a fixed duration of three years (except in the event of interruptions provided for by law) and the matter is governed between the two parties by a consolidation agreement. With specific reference to the transfer of tax losses, the agreements in force provide for remuneration commensurate with the ordinary IRES tax rate, equal to the portion of the loss of each subsidiary that was effectively offset by taxable income generated by other consolidated companies. Any excess losses remain allocated to the Parent Company and remuneration for these losses is deferred until the year that they are actually used under the national tax consolidation scheme.

Y Derivatives

All derivatives are financial assets and liabilities that are recognised at fair value.

They are classified as hedging instruments when the relationship between the derivative and the item being hedged is formally documented and the effectiveness of the hedge, verified periodically, is high. When derivatives hedge the risk of changes in the fair value of the underlying items (fair value hedges, e.g. hedging the variability of the fair value of fixed-rate assets/liabilities), they are recorded at fair value in the income statement; with the effects of the changes taken to profit or loss; at the same time, the hedged items are adjusted to reflect the changes in fair value associated with the risk hedged. When derivatives hedge the risk of changes in cash flows from the underlying items (cash flow hedges, e.g. hedging the variability of cash flows generated by assets/liabilities due to exchange rate fluctuations), the changes in the fair value of the derivatives are initially recognised under equity and subsequently taken to the income statement in the same period in which the economic effects of the hedged items are recorded in the income statement.

Derivatives (including those relating to commodities) that do not meet the requirements for hedge accounting set out in IAS 39 are recognised at fair value through profit or loss, with the relevant changes recorded under the heading "Financial income" or "Financial charges".

To determine the fair value of financial instruments listed on active markets, the bid price of the security on the relevant reporting date is used. In the absence of an active market, fair value is determined by using measurement models based largely on objective financial variables, and by considering, wherever possible, the prices observed in recent transactions and the prices for comparable financial instruments.
The derivatives in question relate to hedging transactions to which hedge accounting is not applied.

Z Earnings per share

[I] **Basic EPS**
Basic EPS is calculated by dividing Group net profit, adjusted by the portion of earnings attributable to the holders of preference shares, by the weighted average of ordinary shares outstanding during the year, excluding treasury shares.

[II] **Diluted EPS**
Diluted EPS is calculated by dividing Group-operating profit, adjusted by the portion of earnings attributable to the holders of preference shares, by the weighted average of ordinary shares outstanding during the year, excluding treasury shares. For the purpose of calculating diluted earnings per share, the weighted average of shares outstanding is modified by assuming the conversion of all potentially dilutive ordinary shares, while Group net profit is adjusted to take into account the after-tax effects of the conversion.

AA Emission Trading
Legislative Decree 216 of 4th April 2006 introduced limits on CO_2 emissions from plants. If these limits are exceeded a company must purchase allowances or credits on the appropriate market representing the excess CO_2.
If the credits allocated and purchased during the period, net of those sold, are insufficient, the shortfall (measured at market value at the end of the year or at the fixed price if there are forward contracts) is recorded under "provisions for risks"; if, however, the credits allocated and purchased, net of those sold, exceed requirements, the surplus, measured at purchase cost or market value at the end of the year if lower, is recorded under "Intangible assets".

AB Informativa settoriale
An operating segment is a part of an entity:

a. that undertakes commercial activities that generate revenues and costs (including revenues and costs relating to transactions with other parts of the same entity);
b. whose operating results are reviewed periodically at the highest operational decision-making level of the entity in order to adopt decisions on the resources to be allocated to the segment and the assessment of the results; and
c. for which separate accounting information is available.

A geographical segment is defined as a group of assets and transactions used for specific services in a particular geographical area and subject to risks and benefits substantially different from those related to other geographical areas.

3.3 Use of estimates

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

3.4 Most significant accounting policies requiring a greater degree of subjectivity

A brief description is provided below of the most significant accounting policies requiring greater subjectivity by the directors in the preparation of their estimates and in respect of which a change in the conditions underlying the assumptions used could have a significant effect on the restated aggregate financial information.

[I] Depreciation of property, plant and equipment: depreciation of property, plant and equipment represents a sizeable cost for the Group. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the assets concerned. The useful life of the Group's assets is determined by the directors at the time they are purchased; it is based on past experience for similar assets, market conditions and expectations as to future events that could affect their useful life, such as changes in technology. Their actual useful life could therefore differ from the estimate. The Group periodically assesses technological changes and industry developments, dismantling and disposal costs and recoverable amount in order to adjust the asset's remaining useful life. This periodic revision process could lead to a change in the depreciation period considered and, therefore, in the depreciation charged in future years.

[II] Recoverable amount of property, plant and equipment: in the presence of impairment indicators, the estimated recoverable value is derived from a complex valuation process that largely depends on external sector variables or changes in the regulatory framework. The corresponding environment is monitored continuously and sector analyses are obtained regularly. However, it may be that the effective change in the key variables is not in line with expectations.

[III] Deferred taxes: deferred tax assets are recognised on the basis of expected future taxable earnings. The measurement of expected future taxable earnings for deferred tax recognition purposes depends on factors that may vary over time and may have a significant effect on the measurement of deferred tax assets.

[IV] Provisions for risks: in certain circumstances, determining whether there is a current obligation (either legal or constructive) is not always straightforward. The directors evaluate such circumstances on a case-by-case basis, and at the same time estimate the amount of financial resources needed to discharge the obligation in question. Where the directors feel that a liability is only possible, the associated risks are disclosed in the note concerning commitments and risks, and no accrual is made.

[V] Revenue from the sale of electric energy by Sarlux Srl to G.S.E. 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. Thus, these revenues have been reported on a straight line basis in accordance with both the duration of the contract (20 years) and forecasts for the price of crude oil and gas, which are determining factors for electricity tariffs and electricity production costs; in the years ahead, crude oil and gas prices could vary significantly from estimates as a result of events that cannot be predicted at present.

4. Information by business segment and geographical area

4.1 Introduction

The Saras Group's business segments are:
1. refining;
2. marketing;
3. generation of power by the combined cycle plant;
4. generation of power by wind farms;
5. other activities.

1. The refining activity, carried out by the controlling company Saras SpA and by the subsidiary Sarlux Srl refers to the sale of petroleum 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;
- and to a lesser extent, by acquiring oil products from third parties.

The finished products are sold to major international operators.

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 (Wholesale Division), following the aforementioned absorption of the subsidiary Arcola Petrolifera Srl, through off-network customers (wholesalers, purchasing consortia, local authority-owned utility companies and resellers) and oil companies through a logistics network comprising both its own bases (at Sarroch) and those of third-party operators by way of a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata) as well as Deposito di Arcola Srl for the logistics management of the Arcola storage facility in Liguria;
- in Spain, by Saras Energia SA, for third-party and Group-owned service stations, supermarkets and resellers via an extensive network of depots located throughout the country, the most important of which, the Cartagena terminal, 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 power plant owned by Sarlux Srl. The sale is exclusively carried out by the client G.S.E. (Gestore dei Servizi Energetici SpA), and benefits from the CIP 6/92 concession system.

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.

It should be remembered that, on 29th December 2014, Versalis SpA sold to Sarlux Srl the business unit consisting of the industrial complex for the production of intermediary chemical products, adjacent to the refinery owned by Sarlux Srl. The purchase became effective on 31st December 2014 and was related to land on which the plants, the plants themselves (mainly reforming, splitter, BTX, Formex, pontoons, tanks and pipeway), the related HSE authorisations, the IT infrastructure, the industrial and intellectual property rights and contracts, staff (with related payables and receivables as at 31st December 2014) as well as the spare parts warehouses and petroleum product stocks; the value of the business unit was evidenced by an appraisal by independent professionals.

Additionally, the sales contract provides letters of indemnity for environmental matters, any CO_2 charges and any improvements, reconditioning and/or replacement of plant or parts thereof.

The manager monitors the operating results of individual business segments separately, in order to determine the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses. The breakdown by business segment and the basis on which segment results are determined are the same as in the financial statements for the year ended 31st December 2015.

4.2 Segment information

In order to present continuously and consistently the profits attributable to the various segments, in the event of corporate actions such as mergers or asset contributions, the intercompany transactions that are no longer carried out as the result of the such corporate actions continue to be reported based upon the conditions set forth in the previously existing contracts. A breakdown by segment is shown below. For further details, please see the appropriate sections of the Report on Operations:

31st DECEMBER 2014	Refining	Marketing	Power Generation	Wind Power	Other	Total
Revenues from ordinary operations	9,292,643	2,563,465	587,352	8,298	27,105	12,478,863
less: intersegment revenues	(2,279,560)	(32,869)	(53,874)	0	(9,437)	(2,375,740)
Revenues from third parties	**7,013,083**	**2,530,596**	**533,478**	**8,298**	**17,668**	**10,103,123**
Other revenues	215,496	7,260	48,053	17,484	479	288,772
less: intersegment revenues	(98,124)	0	(21,908)	(8)	(146)	(120,186)
Other revenues from third parties	**117,372**	**7,260**	**26,145**	**17,476**	**333**	**168,586**
Amortisation and depreciation	**(144,456)**	**(9,827)**	**(65,711)**	**(7,036)**	**(341)**	**(227,371)**
Write-offs and reversals of the write-offs for Sarlux\GSE contract			**180,000**			**180,000**
Operating profit (a)	**(640,766)**	**(14,695)**	**354,711**	**13,440**	**2,924**	**(284,386)**
Financial income (a)	417,239	4,354	7,986	1,170	366	431,115
Financial charges (a)	(397,095)	(8,325)	(1,388)	(1,632)	(127)	(408,567)
Income taxes	137,478	1,015	(133,034)	(4,284)	(1,184)	(9)
Net result for the year (a)	**(483,144)**	**(17,651)**	**228,275**	**8,694**	**1,979**	**(261,847)**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,406,458**	**551,451**	**757,037**	**130,777**	**16,286**	**3,862,009**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**2,422,765**	**317,121**	**408,449**	**44,012**	**9,918**	**3,202,265**
Investments in tangible assets	124,154	1,394	6,311	436	765	**133,060**
Investments in intangible assets	780	1,644	484	168	140	**3,216**
31st DECEMBER 2015						
Revenues from ordinary operations	7,943,292	1,969,967	518,148	7,396	23,052	10,461,855
less: intersegment revenues	(2,259,381)	(3,680)	(54,854)	0	(12,658)	(2,330,573)
Revenues from third parties	**5,683,911**	**1,966,287**	**463,294**	**7,396**	**10,394**	**8,131,282**
Other revenues	134,893	2,619	24,368	17,114	251	179,245
less: intersegment revenues	(72,470)	0	(79)	0	(185)	(72,734)
Other revenues from third parties	**62,423**	**2,619**	**24,289**	**17,114**	**66**	**106,511**
Amortisation and depreciation	**(132,321)**	**(11,210)**	**(96,867)**	**(4,519)**	**(477)**	**(245,394)**
Write-offs and reversals of the write-offs for Sarlux\GSE contract						**0**
Operating profit (a)	**204,813**	**(16,312)**	**106,092**	**12,667**	**3,310**	**310,570**
Financial income (a)	400,202	4,394	10,756	1,307	267	416,926
Financial charges (a)	(376,379)	(5,331)	(583)	(1,396)	(67)	(383,756)
Income taxes	(77,286)	(3,115)	(35,616)	(2,994)	(1,069)	(120,080)
Net result for the year (a)	**151,350**	**(20,364)**	**80,649**	**9,584**	**2,441**	**223,660**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,213,583**	**389,344**	**599,189**	**99,456**	**19,105**	**3,320,677**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1,718,101**	**237,932**	**426,736**	**42,252**	**10,709**	**2,435,730**
Investments in tangible assets	74,286	814	9,051	301	564	**85,016**
Investments in intangible assets	716	338	0	6	79	**1,139**

(a) Calculated without taking into account intercompany eliminations. For an assessment of intercompany transactions, see section 7.2 of the separate financial statements of Saras SpA.

(b) Total assets and liabilities are calculated after intercompany eliminations.

4.3 Breakdown by geographical area

The breakdown by geographical area takes into account the size of the reference market and the countries in which the registered offices of counterparties are located.

Directly attributable assets and investments by geographical area.

	31/12/2015	31/12/2014	Change
Directly attributable assets			
Italy	3,134,112	3,597,235	(463,123)
Rest of EU	186,565	264,774	(78,209)
Total	**3,320,677**	**3,862,009**	**(541,332)**

Investments in tangible and intangible assets			
Italy	85,025	133,478	(48,453)
Rest of EU	1,130	2,798	(1,668)
Total	**86,155**	**136,276**	**(50,121)**

Net revenues from ordinary operations by geographical area

	2015	2014	Change
Sales in Italy	3,290,616	4,711,871	(1,421,255)
Sales in Spain	954,804	1,321,307	(366,503)
Sales in other EU countries	1,517,985	1,172,271	345,714
Sales in non-EU countries	2,367,877	2,844,099	(476,222)
Sales in US	0	53,576	(53,576)
Total	**8,131,282**	**10,103,123**	**(1,971,841)**

Amounts are shown net of intercompany eliminations.

The following table shows a breakdown of trade receivables by geographical area.

	31/12/2015	31/12/2014	Change
Receivables in Italy	204,738	315,757	(111,019)
Receivables in Spain	19,806	78,646	(58,840)
Other EU receivables	18,953	1,014	17,939
Non-EU receivables	31,478	46,690	(15,212)
US receivables	191	0	191
Provision for bad debts	(14,530)	(15,291)	761
Total	**260,636**	**426,816**	**(166,180)**

The most significant changes to the statement of financial position and statement of comprehensive income compared with the previous year are illustrated below.

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.

	31/12/2015	31/12/2014	Change
Bank and postal deposits	855,362	631,740	226,003
Cash	1,481	1,804	(323)
Total	**856,843**	**633,544**	**225,680**

Bank deposits are mainly attributable to Saras SpA (EUR 768,695 thousand), Sarlux Srl (EUR 43,500 thousand), Sardeolica Srl (EUR 12,611 thousand) and Saras Energia SA (EUR 24,852 thousand). For further details on the company's net cash position, reference is made to the relevant section of the Report on Operations or the cash flow statement.

5.1.2 Other financial assets

The table below shows the breakdown of other financial assets:

	31/12/2015	31/12/2014	Change
Securities	0	4,802	(4,802)
Derivative instruments	68,387	211,270	(142,883)
Other financial assets	21,146	78,442	(57,296)
Total	**89,533**	**294,514**	**(204,981)**

The securities portfolio as at 31st December 2014 were sold during fiscal year 2015.

The item derivatives reflects both the positive fair value of the outstanding instruments as of fiscal year-end (EUR 47,254 thousand) and the differentials receivable accrued and not yet collected (EUR 21,133 thousand). For further details, see 5.3.1.

The item other financial assets consists mainly of the derivative guarantee deposits (EUR 17,450 thousand).

5.1.3 Trade receivables

This item totalled EUR 260,636 thousand, a decrease of EUR 166,180 thousand compared with the previous year. This variation is mainly the result of the trend in oil product prices, down sharply compared to the previous fiscal year. The item is presented net of the provision for doubtful receivables, which amounts to EUR 14,530 thousand (EUR 15,291 thousands as at 31st December 2014).

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred during 2013.

	31/12/2015	31/12/2014	Change
Raw materials derived from crude oil	146,427	150,235	(3,808)
Semi-finished products and work in progress	59,226	63,126	(3,900)
Finished products and goods held for resale	268,359	346,441	(78,082)
Advance payments	1,259	163	1,096
Spare parts and consumables	89,532	110,100	(20,568)
Total	**564,803**	**670,065**	**(105,262)**

The reduction in the amount of oil inventories (crude oil, semi-finished and finished products) is mainly the result of the price trends that have also given rise, in determining their net realisable value, to a year-end write-down of approximately EUR 26 million.
The carrying amount of inventories does not differ to their market value.

No inventories are used as collateral for liabilities.

The item “Finished products and goods held for resale” includes around 411 thousand tons of oil products (valued at around EUR 108 million) held for group companies and certain third parties in accordance with the obligations of Legislative Decree 22 of 31st January 2001 (in the previous year, these stocks amounted to 445 thousand tons valued at around EUR 144 million).

The Sarroch refinery held crude oil and oil products owned by third parties on 31st December 2015 of 25 thousand tons, valued at approximately EUR 9 million.

5.1.5 Current tax assets

Current tax assets break down as follows.

	31/12/2015	31/12/2014	Change
VAT	1,514	2,575	(1,061)
IRES (corporate income tax, including income tax of foreign companies)	17,467	56,018	(38,551)
IRAP (regional income tax)	633	9,537	(8,904)
Other tax receivables	12,580	10,134	2,446
Total	**32,194**	**78,264**	**(46,070)**

IRES tax receivables consist of excess tax generated in previous years (EUR 11,403 thousand as part of the suppressed Robin Hood Tax), and the change is mainly due to the recovery of a part thereof in the determination of the balance of the Consolidated National Tax scheme for the year under review (EUR 20,356 thousand).
Included within Other Receivables is also the tax credit for promotion of 2014 and 2015 investments, pursuant to Art. 18 of Legislative Decree 91/14 (EUR 6,680 thousands), attributable to the subsidiary Sarlux Srl.
IRAP receivables consist of excess tax accrued in prior fiscal years and the variation, as with IRES, is based on the recovery of a part thereof in determining the tax balance for fiscal year 2015.

5.1.6 Other assets

The balance breaks down as follows.

	31/12/2015	31/12/2014	Change
Accrued income	464	491	(27)
Prepaid expenses	6,361	6,480	(119)
Other receivables	118,562	130,434	(11,872)
Total	**125,387**	**137,405**	**(12.018)**

Deferred charges mainly relate to insurance premiums and charges for the biofuel regulations for the Parent Company.

"Other receivables" mainly comprise:
- the credit of EUR 23,978 thousand due to the subsidiary Sarlux with the Equalisation Fund for the Electricity Sector for the recognition, pursuant to Title II, paragraph 7 *bis*, Cip regulation no. 6/92, of charges resulting from Directive 2003/87/EC (Emission Trading), in application of the Authority for Electricity and Gas June 11th, 2008, ARG/elt 77/08, referring to the year 2015;
- recovery of the amount paid by Sarlux Srl to GSE of EUR 31,130 thousand, as described in section 7.1 (EUR 59,582 thousand the previous year);
- white certificates for EUR 19,851 thousand for energy savings made by 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 annual market price (EUR 104.74 per certificate in 2015, compared with EUR 99.55 in 2014);
- the credit, amounting to EUR 17,960 thousand, due to the subsidiary Sarlux Srl following recognition of the status as an "energy-consuming enterprise" by the Electricity Sector Equalization Fund. The rebate is provided pursuant Decree Law no. 83 of 22nd June 2012, which identifies companies with significant power consumption which are entitled to rebates on the payment of general system costs. The Company has already been classified as an "energy-consuming business" for 2013 and thinks that it has the necessary requirements to obtain it for 2014 and 2015 as well. It is noted that there is an ongoing review by the European Commission in Brussels to determine whether the discount represents "State aid." The company, together with other stakeholders, believes there is no basis for drawing such a conclusion.

5.2 Non-current assets

On 31st December 2015, goodwill and intangible assets with indefinite useful lives or not yet available for use, as well as those groups of assets for which there were impairment indicators were tested for impairment pursuant to IAS 36. These tests were carried out at the level of Cash Generating Units (CGU), to which the value of goodwill and other assets are attributed, considering the higher of market value, if available, and the value in use obtainable from long-term plans approved by the relevant Boards of Directors.

These tests confirmed the recoverability of the carrying amounts.

The CGUs are identified taking into account how goodwill and other assets are monitored for internal purposes. In line with the business organisational structure of the Group, the CGUs coincide with the operating segments presented in accordance with IFRS 8 (Refining, Power, Wind) or areas of activity identified in the Marketing sector, in the presence of assets or groups of assets, the recoverability of which can be directly correlated and measurable with respect to specific and separable cash inflows compared to those in the sector (Wholesale, Spanish Network, Cartagena terminal).

As described in detail below, goodwill and other assets subject to the impairment test, consisting primarily of goodwill allocated to the CGU Wind, the contract for the sale of electricity to the GSE and the activities related to the management the Cartagena terminal, have been tested for impairment, estimating their value in use on the basis of the cash flows taken from the most recent business plans developed for each Cash Generating Unit, approved by the relevant Boards of Directors.

The forecasts contained in the plans represent the best estimates of management regarding the performance of the future operations of the various CGUs, also taking into account indications obtainable from the main external sources of information consisting of forecasts of trends in the reference markets generated by the major specialised observers.

It is noted that at the reference date of these financial statements, the market capitalisation of Saras largely exceeded the net equity of the Group resulting from the last interim consolidated statement of financial position approved.

For more detailed information, see the specific note at sub-paragraph 5.2.2 below.

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	Depreciation	(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)	write-downs	Other changes	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)	Other changes	31/12/2015
Land & buildings	216,361	352	(307)	4,658	221,064
Plant & machinery	2,910,493	15,171	(1,018)	92,104	3,016,750
Industrial & commercial equipment	28,360	123	(108)	356	28,731
Other assets	501,565	569	(462)	21,587	523,259
Assets under construction and payments on account	133,973	68,801		(97,076)	105,698
Total	**3,790,752**	**85,016**	**(1,895)**	**21,629**	**3,895,502**

ACCUMULATED DEPRECIATION	31/12/2014	Depreciation	(Disposals)	Other changes	31/12/2015
Land & buildings	101,612	8,268	(307)	56	109,629
Plant & machinery	2,141,972	159,938	(903)	6,318	2,307,325
Industrial & commercial equipment	21,216	1,986	(55)		23,147
Other assets	404,824	17,471	(440)		421,855
Total	**2,669,624**	**187,663**	**(1,705)**	**6,374**	**2,861,956**

NET BOOK VALUE	31/12/2014	Additions	(Disposals)	(Depreciation)	Other changes	31/12/2015
Land & buildings	114,749	352	0	(8,268)	4,602	111,435
Plant & machinery	768,521	15,171	(115)	(159,938)	85,786	709,425
Industrial & commercial equipment	7,144	123	(53)	(1,986)	356	5,584
Other assets	96,741	569	(22)	(17,471)	21,587	101,404
Assets under construction and payments on account	133,973	68,801	0	0	(97,076)	105,698
Total	**1,121,128**	**85,016**	**(190)**	**(187,663)**	**15,255**	**1,033,546**

Historical costs are shown net of grants received for investments. The original amount of grants deducted from property, plant and equipment was EUR 188,448 thousand, and related to the programme agreements entered into with the Ministry of Industry, Commerce and Crafts on 19th June 1995, with the Ministry of Productive Activities on 10th October 1997 and with the Ministry of Economic Development on 10th June 2002. The balance of these grants at 31st December 2014 was EUR 1,215 thousand (EUR 2,124 thousand at 31st December 2013).

The item “Land and buildings” chiefly includes industrial buildings, offices and warehouses with a carrying amount of EUR 68,058 thousand, office buildings in Milan and Rome belonging to the Parent Company with a carrying amount of EUR 3,151 thousand and land largely relating to the Sarroch and Arcola sites belonging to the Sarlux Srl subsidiary and the Deposito di Arcola Srl subsidiary, respectively, with a carrying amount of EUR 40,226 thousand.

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

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

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

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

The item increased by EUR 85,016 thousand year-on-year, mainly reflecting technological work on 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%

There are no property, plant and equipment held for sale.

During the year, the subsidiary Sarlux Srl formally started activities whose purpose is the acquisition of the ten-year renewal of the concessions to occupy the public lands where the service facilities of the Sarroch refinery (wastewater treatment, seawater desalination, blow-down, flares and pontoons) are located, issued by the Port Authority of Cagliari and expired on 31st December 2015. The activities proceed in parallel with the Port Authority, in full compliance with the requirements of the licensing authority: there is no impediment to the release of the same item by the Port Authority.

During the year, no financing costs were capitalised.

In accordance with the accounting standards applied by the Group, particularly IAS 36, the collection of assets and liabilities that comprises the logistics warehouse in Cartagena owned by the subsidiary Saras Energy was tested for impairment as of the date of these financial statements. The analysis showed that no impairment had taken place, and – as in previous years – it was therefore unnecessary to post any write-downs.

The test was performed by comparing the carrying amount with the recoverable amount, represented by the higher of fair value, net of selling costs, and value in use, as required by IAS 36.
The process was organised into the following phases:

d) Definition of the cash generating unit (hereinafter, CGU): the complex of facilities used for the storage of oil products in Cartagena owned by Saras Energy SA is identified as a CGU, i.e. as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.
e) Determination of the recoverable value of the plants based on value in use: In the absence of a binding agreement to sell the asset and an active reference market based on which the fair value can be determined, the recoverable amount of the plants was determined according to value in use, i.e. the present value of future cash flows expected to be derived from the CGU. In particular, the main assumptions were:
    - the time horizon of the cash flows has been considered for 15 years, until the end of 2030, the year in which the state concession ends;
    - the terminal value was determined as the present value of the perpetuity of cash flows generated at the end of the explicit forecast period of cash flows;
    - the discount rate (estimated average cost of capital - WACC) of 6.4%;
    - the scenario of the transit prices of petroleum products was considered stable in real terms, with an increase in the average tariff starting in 2017 in response to a different mix of services;
    - the transit volumes are projected, in the base case, to grow at the annual rate of 1.0%;
    - an inflation rate of 2.0% was estimated for the entire period.
    - the tax rate considered is equal to that in force in Spain (25%).

5.2.2 Intangible assets

The following table shows the changes in intangible assets:

COST	31/12/2013	Additions	Disposals	Write-downs Reversals of impaiment losses	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			15,159	527,997
Assets in progress & payments on account	22,488	1,021	(2,476)		(668)	20,365
Total	**655,093**	**3,216**	**(2,670)**	**0**	**14,451**	**670,090**

ACCUMULATED AMORTISATION	31/12/2013	Amortisation write-downs	Disposals	Write-downs Reversals of impairment losses on Sarlux/GSE contract	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	15,277	(4,120)	201,327
Assets in progress & payments on account	22,488	1,021	(3)	0	(668)		22,838
Total	**97,083**	**3,216**	**(131)**	**180,000**	**14,737**	**(8,771)**	**286,134**

COST	31/12/2014	Additions	Disposals	Write-downs/ Reversals of impaiment losses	Other changes	31/12/2014
Industrial & other patent rights	42,174	395			38	42,607
Concessions, licences, trademarks & similar rights	57,645			(4,914)	(3,902)	48,829
Goodwill	21,909					21,909
Other intangible assets	527,997				(2,700)	525,297
Assets in progress & payments on account	22,838	744		(18,396)	(2,094)	3,092
Total	**672,563**	**1,139**	**0**	**(23,310)**	**(8,658)**	**641,734**

ACCUMULATED AMORTISATION	31/12/2014	Amortisation	Disposals	Write-downs/ Reversals of impaiment losses	Other changes	31/12/2015
Industrial & other patent rights	38,713	714				39,427
Concessions, licences, trademarks & similar rights	21,046	2,108			(3,721)	19,433
Goodwill	0					0
Other intangible assets	326,670	31,599			(2,811)	355,458
Total	**386,429**	**34,421**	**0**	**0**	**(6,532)**	**414,318**

NET BOOK VALUE	31/12/2014	Additions	Disposals	Write-downs/ Reversals of impaiment losses	Other changes	(Amortisation)	31/12/2015
Industrial & other patent rights	3,461	395			38	(714)	3,180
Concessions, licences, trademarks & similar rights	36,599			(4,914)	(181)	(2,108)	29,396
Goodwill	21,909				0	0	21,909
Other intangible assets	201,327				111	(31,599)	169,839
Assets in progress & payments on account	22,838	744		(18,396)	(2,094)	0	3,092
Total	**286,134**	**1,139**	**0**	**(23,310)**	**(2,126)**	**(34,421)**	**227,416**

Amortisation of intangible assets totalled EUR 34,421 thousand, and was calculated using the annual rates shown below.

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

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

The main items are set out in detail below.

Concessions, licences, trademarks and similar rights

This 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

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

In accordance with the accounting standards applied by the Group, particularly IAS 36, this goodwill was tested for impairment as of the date of these financial statements. The analysis showed that no impairment had taken place, and – as in previous years – it was therefore unnecessary to post any write-downs.

The impairment testing process was organised into the following phases:

a) **Definition of the cash-generating units (CGUs):** the subsidiary Parchi Eolici Ulassai Srl (and its subsidiary Sardeolica Srl) is identified as a single CGU, i.e. as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets. The analysis was therefore carried out on the consolidated aggregate figures of Parchi Eolici Ulassai Srl at 31st December 2015;

b) **Allocation of goodwill to the CGU:** goodwill refers only to Parchi Eolici Ulassai Srl as it relates to the acquisition of 30% of this company;

c) **Determination of the recoverable amount of the goodwill based on its value in use:** in the absence of a binding agreement to sell the asset and an active reference market based on which the fair value can be determined, the recoverable amount of the goodwill in question was determined according to the present value of future cash flows expected to be derived from the CGU. In particular, the main assumptions were:

- cash flows were projected for the period until the end of 2035, coinciding with the expiry of the concession obtained from the Ulassai municipality for the area in which the wind farm is located.
- the discount rate (weighted average cost of capital or WACC) was 7%, which is specific to the sector (the rate used in 2014 was 7%);
- the selling prices of the energy produced by the CGU and of its green certificates were projected using a ratio provided by a leading independent company specialising in this sector and commonly used in the sector and by the Group in its own analyses;
- the rate of inflation increased from 0.7% to 1.5% over the period analysed, according to estimates published by the IMF (International Monetary Fund);
- a terminal value of zero was applied;
- the tax rate applied was the current rate. From 2017 onwards, account was taken of the IRES reduction from 27.5% to 24.0% approved by the 2016 Budget Law.

d) **Sensitivity analysis**: this analysis showed that a reasonable change in the key assumptions (the quantity of power produced and the sales price of power) results in recoverable amounts in excess of the carrying amount of the goodwill in question, and would not therefore result in an impairment loss as defined in IAS 36;

e) **External indicators**: lastly, it should be emphasised that no events took place during the year that had an impact on the production of wind power in general or that generated by the CGU in particular, which would lead to an impairment loss.

Other intangible assets

The subsidiary Sarlux Srl has entered into a long-term contract for the supply of electricity under the CIP6 regime signed with Gestore dei Servizi Elettrici SpA (GSE). That agreement - which was originally recorded at fair value in the 2006 consolidated financial statements for EUR 547.5 million - was recognised, during its term, according to the criteria of IAS 36.

After initial recognition in the financial statements, Sarlux carried out a partial write-down of the carrying amount in the 2007 consolidated financial statements, following a change in the regulation which governed the sales prices to GSE of the energy produced by Sarlux. In addition, the company itself has further and fully written down the carrying amount of the contract in 2013, following the implementation of Legislative Decree. No. 69 of 21st June 2013 (the "Doing Decree") that, inter alia, amended the rules for determining the rate of energy transfer to the GSE under the CIP6 regime, referring to the gas market quotes and no longer to those of Brent.

In 2014, the dynamics occurring in the energy markets (oil and gas) led to the need to carry out a new assessment of the contract in order to determine its recoverable amount. The new determination of the value in use of the CGU led to the restoration of a value of EUR 180,000 thousand; this assessment is supported by an estimate report prepared by independent experts.

On December 31st, 2015, the value in use of the CGU Power was determined. As specified in the IAS 36, the measurement process can be broken down into the following phases:

a) **Definition of the cash generating units (hereinafter, CGU):** the complex of plants used for the generation of electricity and the contract with GSE is identified as a CGU, i.e. as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.

b) **Determination of the recoverable amount:** in the absence of a binding agreement to sell the asset and an active reference market based on which the fair value can be determined, the recoverable amount was determined according to the present value of future cash flows expected to be derived from the CGU. In particular:

- the long-term outlook for gas prices and crude was provided by leading independent companies specialising in this sector;
- the time horizon for cash flows was considered up to the end of the agreement with GSE to sell electricity (2020);
- the discount rate (weighted average cost of capital or WACC) was 7.98%, which is specific to the sector (the rate used in 2014 was 7.76%);
- the rate of inflation increased from 0.7% to 1.5% over the period analysed, according to estimates published by the IMF (International Monetary Fund);

- the tax rate applied was the current rate. From 2017 onwards, account was taken of the IRES reduction from 27.5% to 24.0% approved by the 2016 Budget Law.

c) A specific analysis showed that a reasonable variation of the main basic assumptions (oil and gas pricing scenarios and WACC) demonstrates amounts that do not differ significantly from that restored in these financial statements.

The analysis conducted, also supported by an estimate report prepared by independent experts, confirmed the net carrying amount of the contract for the transfer of power to GSE (EUR 150,000 thousand).

Intangible assets under construction and advance payments
This item mainly included, in the prior fiscal year, the cost of natural gas exploration in Sardinia.

During the year, in view of the strengthening of the opposition at the local level to the development of the project, the Parent Company proceeded prudently to write down the carrying amount of the property for the current year, notwithstanding the willingness to continue in business.

5.2.3 Equity investments

The table below shows a list of equity investments held at 31st December 2015, with the main figures relating to each subsidiary.

Company name	HQ	Currency	Share capital	% owned by Group as of 31-12-15	% owned by Group as of 31-12-14	% of share capital	Shareholder	% of voting rights	Category
Deposito di Arcola Srl	Arcola (SP)	EUR	1,000,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie SpA	Assemini (CA)	EUR	3,600,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sarint SA and subsidiaries:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Saras Energia SAU.and subsidiary:	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint SA	100.00%	Indirect subsidiary
Terminal Logistica de Cartagena SLU	Cartagena (Spain)	EUR	3,000	100.00%	0.00%	100.00%	Saras Energia SA	100.00%	Subsidiary, disposed
Reasar SA	Luxemburg	EUR	2,225,000	100.00%	100.00%	100.00%	Sarint SA	100.00%	Indirect subsidiary
Sarlux Srl	Sarroch (CA)	EUR	100,000,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Parchi Eolici Ulassai Srl and subsidiaries:	Cagliari	EUR	500,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sardeolica Srl	Cagliari	EUR	56,696	100.00%	100.00%	100.00%	Parchi Eolici Ulassai Srl	100.00%	Indirect subsidiary
Alpha Eolica Srl	Bucarest (Romania)	Leu	468,046	100.00%	100.00%	100.00%	Parchi Eolici Ulassai Srl	100.00%	Indirect subsidiary
Labor Eolica Srl	Bucarest (Romania)	Leu	63,894	0.00%	100.00%	0.00%	Parchi Eolici Ulassai Srl	0.00%	Merged into Alpha Eolica Srl
Sargas Srl	Uta (CA)	EUR	10,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Saras Trading SA	Geneva (Switzerland)	CHF	1,000,000	100.00%	0.00%	100.00%	Saras SpA	100.00%	Subsidiary
Consorzio Cesma	Castellamonte (TO)	EUR	51,000	0.00%	0.00%	0.00%	Saras Ricerche e Tecnologie SpA	0.00%	Other equity interests, disposed
Consorzio La Spezia Utilities	La Spezia	EUR	122,143	5.00%	5.00%	5.00%	Deposito di Arcola Srl	5.00%	Other equity interests
Sarda Factoring	Cagliari	EUR	9,027,079	4.01%	5.95%	5.95%	Saras SpA	5.95%	Other equity interests

Compared to December 31st, 2014, there were the changes already mentioned in the previous note 3.1.

To guarantee the loan taken out by Sardeolica Srl all of the shares in the company were pledged as collateral to the lenders; see 5.4.1 for more details.

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

5.2.3.1 Other equity interests

Other equity interests break down as follows.

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

5.2.4 Attività per imposte anticipate

The balance at 31st December 2015, amounting to EUR 116,997 thousand net of deferred tax liabilities of foreign subsidiaries, is essentially made up of:

- net deferred tax assets of the parent company Saras SpA for EUR 85,039 thousand, of which EUR 65,646 thousand of tax assets on tax losses still to be used for the National Consolidated IRES Tax scheme;
- net deferred tax assets of the subsidiary Sarlux Srl for EUR 20,800 thousand, of which, mainly:
  a) deferred for EUR 83,886 thousand related to the straight-line reporting of revenues - IAS 17 and IFRIC 4 -;
  b) deferred for EUR 9,741 thousand related to the tax assets on past losses still to be aligned within the tax consolidation scheme;
  c) deferred for EUR 44,496 thousand relating to the excess and accelerated depreciation;
  d) deferred for EUR 42,900 thousand relating to the GSE contract value;
- net deferred tax assets of the subsidiary Saras Energia SA of EUR 14,484 thousand, which mainly comprised tax assets on previous tax losses. The recoverability analysis carried out on the basis of the most recent corporate plans have led to a write-down of EUR 3,209 thousand.

Net deferred tax assets are deemed recoverable against future profits, as determined in the most recent business plans. The following table provides a breakdown of net deferred tax assets, including EUR 4,712 thousand for the deferred tax of Reasar SA, shown as a separate liability under “Deferred tax liabilities”.

	Amounts at 31/12/2014	Provision	Utilisation	P&L effect of decrease in tax rate	Other changes	Amounts at 31/12/2015
Deferred tax liabilities						
Excess and accelerated depreciation	(53,345)		3,728	5,121		(44,496)
Adjustment to value of land to reflect fair value	(9,411)		52	1,003		(8,356)
Adjustment for scheduled plant and equipment maintenance	(441)		263	8		(170)
Write-off of provision for risks related to subsidiaries	(4,232)	(480)				(4,712)
Employee benefits and bonuses	95					95
Unrealised exchange differences	(5)	(93)				(98)
Fair value of derivatives	324	(196)				128
Fair value of Sarlux contract with GSE	(55,701)		8,601	4,200		(42,900)
Write-off of goodwill amortisation	(148)		17			(131)
Measurement of Sardeolica concessions (IFRS 3 on acquisition of 30% PEU)	(5,119)		234	535		(4,350)
Fair value of intangible assets Saras Energia	0					0
Other	(230)					(230)
Total deferred tax liabilities	**(128,213)**	**(769)**	**12,895**	**10,867**	**0**	**(105,220)**
Deferred tax assets						
Provisions for risks and write-downs	3,461	11,022	(601)	(366)		13,516
Write-downs on equity interests	0					0
Measurement of inventory at end of period	19,034	490	(16,187)	244		3,581
Derecognition of intangibile assets	671	353	(299)	(102)	0	623
Costs for the dismantling and removal of tangible assets	5,544	50	(89)	(513)		4,992
Adjustment for scheduled plant and equipment maintenance	5,425	1,431	(367)	(636)		5,853
Employee benefits and bonuses	1,614	2,049	(1,371)	95		2,387
Unrealised exchange differences	7,117	1,295	(5,775)			2,637
Reporting of revenues of Sarlux on a straight-line basis (as per IAS 17 and IFRIC 4)	102,149		(10,149)	(8,114)		83,886
Excess maintenance costs	235	173	(47)	(18)		343
Tax asset relating to IRES consolidated tax loss	158,068		(81,422)		264	76,910
Deferred tax asset on tax loss of Saras Energia	17,693		(3,209)			14,484
Other	11,477	4,941	(3,030)	(60)	(323)	13,005
Total deferred tax assets	**332,488**	**21,804**	**(122,546)**	**(9,470)**	**(59)**	**222,217**
Net total	**204,275**	**21,035**	**(109,651)**	**1,397**	**(59)**	**116,997**

The reduction compared to December 31st, 2014, amounted to EUR 87,278 thousand, mainly due to the recovery of part of the tax assets (EUR 81,422 thousand) as a result of the offsetting allowed in tax losses carried forward and the taxable profit accrued for the year as part of the National Consolidated IRES Tax scheme in place between the Italian companies.

As for the “Effect of tax rate changes on previous balances in the income statement”, it is worthy of note that the amounts shown and the related net effect stem from the reduction of the nominal IRES tax rate (from 27.5% to 24%) established pursuant to 208/2015 with effect from the 2017 tax year.

With regard to the national tax consolidated scheme, the situation in respect of the consolidation agreements at the reporting date is shown below, as is the date of expiration of such agreements:

Subsidiary	Start date	End date
Deposito di Arcola Srl	01/01/13	31/12/15
Parchi Eolici Ulassai Srl	01/01/14	31/12/16
Saras Ricerche e Tecnologie SpA	01/01/13	31/12/15
Sardeolica Srl	01/01/14	31/12/16
Sargas Srl	01/01/15	31/12/17
Sarlux Srl	01/01/13	31/12/15

The Parent Company has already proposed, by resolution of the Board of Directors, that the company renew its participation in the national tax consolidation scheme following expiry of their agreements on 31st December 2015. The option granted to the subsidiaries, if taken up, must be exercised by next June.

The following table shows deferred tax assets/liabilities broken down into the current and non-current portions for 2015 and 2014.

Thousand EUR	2015 Short term	2015 Medium/ Long term	2014 Short term	2014 Medium/ Long term
Deferred tax liabilities				
Excess and accelerated depreciation	(8,809)	8,809	(3,826)	3,827
Adjustment to value of land to reflect fair value (as deemed cost)	0	(170)	0	(441)
Measurement of inventory at end of period at FIFO	0	0	0	0
Adjustment for scheduled plant and equipment maintenance	(170)	170	(263)	263
Write-off of provision for risks related to subsidiaries	0	95	0	95
Employee benefits and bonuses	95	33	95	229
Unrealised exchange losses differences	(98)	(42,802)	(5)	(55,696)
Fair value derivati	0	0	0	0
Fair value of Sarlux contract with GSE	(9,420)	5,070	(8,601)	3,482
Write-off of goodwill amortisation	(17)	17	(50)	50
Measurement of Sardeolica concessions (IFRS 3 on acquisition of 30% PEU)	(234)	4	(309)	79
Other	(230)	230	(230)	230
Total deferred tax liabilities	**(18,883)**	**(28,544)**	**(13,189)**	**(47,882)**
Deferred tax assets				
Provisions for risks and write-downs	5,871	(2,290)	1,366	17,668
Measurement of inventory at end of period at FIFO	0	0	18,973	(18,973)
Derecognition of intangibile assets	0	(0)	0	(0)
Reclassification of grants previously carried in equity	0	0	0	0
Costs for the dismantling and removal of tangible assets	0	2,387	0	1,614
Adjustment for scheduled plant and equipment maintenance	64	2,573	0	7,117
Employee benefits and bonuses	2,387	81,499	1,371	100,778
Unrealised exchange losses differences	2,637	(2,637)	7,117	(7,117)
Reporting of revenues of Sarlux on a straight-line basis (as per IAS 17 and IFRIC 4)	19,711	(19,368)	13,469	(13,234)
Tax asset relating to IRES consolidated tax loss	76,818	(76,818)	0	0
Other	4,260	112,606	8,431	195,696
Total deferred tax assets	**111,816**	**97,884**	**50,774**	**283,503**

5.2.5 Other financial assets

The balance at 31st December 2015 amounted to EUR 5,002 thousand (EUR 5,125 thousand in the previous year) and mainly consisted of medium-/long-term liabilities to third parties.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

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

	31/12/2015	31/12/2014	Change
Bond	0	249,723	(249,723)
Bank loans (portion expiring within 12 months)	68,439	31,668	36,771
Bank accounts	20,647	68,749	(48,102)
Derivative instruments	45,294	172,348	(127,054)
Other short term financial liabilities	68,717	27,631	41,086
Total short-term financial liabilities	**203,097**	**550,119**	**(347,022)**
Total long-term financial liabilities	**585,848**	**276,595**	**309,253**
Total financial liabilities	**788,945**	**826,714**	**(37,769)**

The terms and conditions of the loans and bonds are explained in note "5.4.1 Long-term financial liabilities" below.

In July 2015, Saras SpA redeemed the bonds issued on 16th July 2010 with a nominal value of EUR 250 million and a duration of 5 years.

On 6th March 2015, the company signed a five-year loan agreement for EUR 150 million with a syndicate of leading national and international banks. The loan is not secured by collateral; the interest rate is Euribor plus an annual spread, is repayable in seven instalments, the first, equivalent to 5% of principal, on 6th March 2016 and the last on 6th March 2019.

On 16th July 2015, Saras SpA signed a loan agreement for an amount of EUR 50 million, maturing in three years, with a group of national and international credit institutions. This loan is not backed by collateral. It carries an interest rate equal to Euribor plus a spread and is repayable upon maturity in a bullet payment on 15th July 2018.

On 10th December 2015, Saras SpA signed a loan agreement in the amount of EUR 265 million falling due in June 2020, with a syndicate of leading national and international banks. The loan is not secured by collateral; the interest rate is Euribor plus a fixed annual spread. The loan is repayable in eight instalments, the first of which, equivalent to 10% of principal, in December 2016 and the last in June 2020.

On 28th December 2015, the Parent Company repaid in advance a loan, originally granted on 3rd July 2012 for an amount of EUR 170 million and with a maturity of five years: the outstanding principal repaid amounted to EUR 84 million.

The item "Derivative instruments" includes the negative fair value of the derivatives held at financial year-end.

The item "Other current liabilities" mainly includes receipts related to receivables factored on a non-recourse basis without notice, received by customers and not yet paid to the factors.

The bank loans and bonds are valued at amortised cost.

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

The item "Derivative instruments" includes the negative fair value of the derivatives held at financial year-end.

	31/12/2015 Assets	31/12/2015 Liabilities	31/12/2014 Assets	31/12/2014 Liabilities
Interest rate swaps	0	(2,044)	0	(2,597)
Fair value of forward purchases and sales of commodities (oil & other oil products)	46,150	(42,993)	196,798	(169,751)
Fair value of forward purchases and sales of exchange rate	1,104	(257)	14,472	0
Total	**47,254**	**(45,294)**	**211,270**	**(172,348)**

The following tables show the notional values and corresponding fair value of the derivatives outstanding at 31st December 2015 and 31st December 2014.

Type of transaction	Interest rate		Other			
Figures at 31/12/2014	Fair value		Notional value		Fair value	
	Pos.	Neg.	Purchases	Sales	Pos.	Neg.
Futures						
Oil products and crude oil			(201,778)	357,487	77,639	(38,379)
Exchange rates			(852,413)		14,475	
Swaps						
Oil products and crude oil					15,964	(360)
Interest rates		(2,597)				
Options						
Oil products and crude oil			(62,538)	30,496	103,195	(131,012)
Total	**0**	**(2,597)**	**(1,116,968)**	**514,700**	**211,273**	**(169,751)**

Type of transaction	Interest rate		Other			
Figures at 31/12/2015	Fair value		Notional value		Fair value	
	Pos.	Neg.	Purchases	Sales	Pos.	Neg.
Futures						
Oil products and crude oil			106,141	(134,065)	14,490	(13,893)
Exchange rates			(258,106)		1,104	(257)
Swaps						
Oil products and crude oil					20,484	(17,314)
Interest rates		(2,044)				
Options						
Oil products and crude oil					11.177	(11.787)
Total	**0**	**(2,044)**	**(151,965)**	**(134,065)**	**47,254**	**(43,250)**

For further details, see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	31/12/2015	31/12/2014	Change
Advances from customers: portion due within the year	28,684	845	27,839
Trade payables: portion due within the year	1,014,756	1,713,439	(698,683)
Total	**1,043,440**	**1,714,284**	**(670,844)**

The item “Customers’ advances” includes down-payments received from customers of the Parent Company on the supply of petroleum products, a situation that has not occurred as of the end of 2014.

The balance of “Trade payables” increased by EUR 698,683 thousand due to the aforementioned events in the market prices of crude oil and oil products. It is noted that this item includes the liability relating to the supply of crude oil purchased in 2012 from Iran, the payment of which continues to be suspended pending the complete removal of restrictions on international banking circuits.

5.3.3 Current tax liabilities

This item breaks down as shown below.

	31/12/2015	31/12/2014	Change
VAT	36,120	56,355	(20,235)
IRES (corporation tax) and income tax of foreign companies	0	17,870	(17,870)
IRAP (regional income tax)	8,456	4,801	3,655
Other tax payables	78,836	89,638	(10,802)
Total	**123,412**	**168,664**	**(45,252)**

The change in VAT payables is due to lower revenues achieved by the Parent Company, Saras SpA, during December, from Italian customers, compared with the corresponding period of the previous year, mainly as a result of the aforementioned trends in prices.

The item "Other tax payables" mainly includes payables for excise duties on products released for consumption by the Parent Company (EUR 63,031 thousand) and the subsidiary Saras Energia SA (EUR 11,284 thousand).

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below.

	31/12/2015	31/12/2014	Change
Social security payables: portions due within one year	11,516	8,401	3,115
Due to personnel	23,277	22,121	1,156
Payables to Ministry for grants	15,679	15,679	0
Other payables	22,771	25,533	(2,762)
Other accrued liabilities	649	342	307
Other deferred income	855	1,047	(192)
Total	**74,747**	**73,123**	**1,624**

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

The item "Payables to Ministry for grants" includes the advance (EUR 15,679 thousand) granted by the Ministry of Economic Development to the subsidiary Sardeolica Srl for the construction of the Ulassai wind farm for which the company has not yet obtained its final concession decree.

The item "Other payables" mainly refers to liabilities for port taxes previously determined by the Customs Authority in respect of the Parent Company, for the period 2005-2007. The appeal filed with the Provincial Tax Commission has seen the Company lose. A hearing should now be scheduled before the Regional Tax Commission.

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below

	31/12/2015	31/12/2014	Change
Bond	174,007	173,727	280
Bank loans	411,841	102,868	308,973
Total long-term financial liabilities	**585,848**	**276,595**	**309,253**

On 17th July 2014, the Parent Company Saras SpA made a "private placement" of bonds for a total nominal value of EUR 175 million. The bonds, maturing on 17th July 2019, have a fixed coupon of 5% on an annual basis. The bonds were admitted to trading on the Austrian multilateral trading system, Third Market of Wiener Börse AG.

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 31/12/15	Maturity 1 year	Maturity from 1 to 5 years	Maturity after 5 years	Collateral
Saras SpA									
Loan in pool	6-Mar-15	150.0	Euribor 6M	-	148.4	22.5	125.9		
Loan in pool	10-Jul-15	50.0	Euribor 6M	-	49.7		49.7		
Loan in pool	10-Dec-15	265.0	Euribor 6M	-	262.7	26.5	236.2		
Loan in pool	3-Jul-12	170.0	Euribor 6M	142.8	-	-	-		
				142.8	**460.8**	**49.0**	**411.8**		
Saras Energia SA									
Banco Santander	27-Jul-12	5.0	Euribor 12M	3,9	-	-			
				3.9	**-**	**-**	**-**		
Sardeolica Srl									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	28.4	19.4	19.4	-		
				28.4	**19.4**	**19.4**	**-**		
Total payables to banks for loans				**175.1**	**480.2**	**68.4**	**411.8**		

The weighted average interest rate at 31st December 2015 was 4.29%.

The loans, taken out by Saras SpA during the year (EUR 150 million signed on 6th March 2016; EUR 50 million signed on 15th July 2015; EUR 265 million signed on 10th December 2015) and the bond of EUR 175 million issued on 17th July 2014 are subject to the following covenants:

- financial (involving compliance with 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 31st December each year.
- in corporate terms, mainly in relation to the company's ownership structure, a ban on changing business activities, reducing the share capital, selling the majority of its significant shareholdings or selling a significant portion of its non-current assets.

If the company fails to comply with these covenants, the syndicate of lending banks has the right to accelerate repayment of the loan.

Sardeolica Srl entered into a loan agreement divided into five credit lines with a syndicate of banks, which was signed on 6th 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 spread, which is also variable.
This loan agreement imposes certain covenants on the subsidiary:

- financial (mainly comprising liquidity ratios that must be met every six months and a ban on carrying out derivatives transactions unless authorised by the syndicate 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 that the company needs to carry out the project.

If the company fails to comply with these covenants, the syndicate of lending banks has the right to accelerate 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 last date of review of compliance with the financial covenants foreseen by the contract confirmed that they were met.

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows.

	31/12/2013	Additions	Decrease for use and reversals	Other changes	31/12/2014
Provision for dismantling of plants	18,963	0	0	0	18,963
Provision for CO_2 allowances	15,044	32,273	(15,052)	8	32,273
Other provisions	8,971	15,548	(3,702)	(20)	20,797
Total	**42,978**	**47,821**	**(18,754)**	**(12)**	**72,033**

	31/12/2014	Additions	Decrease for use and reversals	Other changes	31/12/2014
Provision for dismantling of plants	18,963	16	0	0	18,979
Provision for CO_2 allowances	32,273	34,613	(21,645)	0	45,241
Other provisions	20,797	7,625	(2,217)	1	26,206
Totale	**72,033**	**42,254**	**(23,862)**	**1**	**90,426**

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

The provision for CO_2 allowances, registered for EUR 45,241 thousand, stems from the existence of quantitative limits on CO_2 emissions of the plants pursuant to Legislative Decree No. 216 of 4th April 2006; exceeding these limits implies the obligation to purchase, on the specific market, allowances which represent the quantities of excess CO_2. The provisions in question represent allowances required and not yet purchased.
As part of the “Allocation Plan” of emissions allowances for the 2013-2020 period, the Sarroch site was allocated 2,815,928 tons of CO_2 for the year 2015; within this allocation, the part technically attributable to the refining plants, calculated by applying a methodology consistent with the provisions of the new allocation plan, amounted to 2,196,430 tons of CO_2, while that relating only to the cogeneration plant was to be 619,498 tons of CO_2. This results in the following situation:

- the effective emissions of the refinery plants were 2,810,887 tons of CO_2 at 31st December. A provision was made for the shortfall for the year, net of purchases, of 692,457 tons, worth EUR 5,645 thousand;
- the effective emissions of the refinery plants were 3,762,025 tons of CO_2 at 31st December. A provision was made for the shortfall for the year, net of purchases, of 3,164,527 tons, worth EUR 25,798 thousand.

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

The changes in CO_2 allowances, where one allowance equals one ton, are shown below.

Emission allowances (Tons)	**Refinery plant**	**IGCC plant**	**Total**
Allowances allocated in 2014	1,925,983	630,779	2,556,762
Allowances in-hand (excess on 2008-2012 plan)	0	0	0
Allowances sold	(1,205,264)	(394,736)	(1,600,000)
Emissions in the year	(1,983,222)	(3,777,287)	(5,760,509)
Shortfall as of 31st December 2014	**(1,262,503)**	**(3,541,244)**	**(4,803,747)**
Allowances allocated in 2015	2,196,430	619,498	2,815,928
Allowances in-hand (excess on 2008-2012 plan)			0
Allowances sold	(78,000)	(22,000)	(100,000)
Emissions in the year	(2,810,887)	(3,762,025)	(6,572,912)
Shortfall as of 31st December 2015	**(692,457)**	**(3,164,527)**	**(3,856,984)**

The item “Other risk provisions” mainly relates to provisions made to cover probable legal and tax liabilities, as well as charges related to the acquisition of the Versalis business unit that will be incurred by the subsidiary Sarlux and reimbursed by the transferor.

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	31/12/2015	31/12/2014	Change
Employee end-of-service payments	11,351	11,917	(566)
Other supplementary pension funds	94	94	0
Total	**11,445**	**12,011**	**(566)**

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 at 31st December 2006 was determined according to actuarial methods.

On 30th June 2010, following the cancellation by the Parent Company of the agreement establishing CPAS, the company's supplementary employee pension fund, the fund was dissolved and put into liquidation, with workers given the option of transferring the benefits earned until that date to another supplementary pension scheme or of redeeming the full amount. Employees and trade unions disputed the cancellation of the fund, and a number of the employees involved have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision. During the year, there were two important judgments for the settlement of disputes in question, both favourable to the Company; the counterparties presented appeals to those judgements in, respectively, the Court of Appeals and the Supreme Court.

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 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)	6,140
Interest	368
Actuarial (gains) / losses	1,430
Deductions	(3,321)
Payments to supplementary pension schemes (or to INPS treasury funds)	(6,140)
Balance at 31.12.2014	**11,917**
Accruals for defined contribution plan (TFR)	5,866
Interest	274
Actuarial (gains) / losses	43
Deductions	(837)
Payments to supplementary pension schemes (or to as INPS treasury funds)	(5,912)
Balance at 31.12.2015	**11,351**

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 year	0
Amount used during the year	(6,372)
Balance at 31.12.2014	**94**
Accrual for the year	
Amount used during the year	
Balance at 31.12.2015	**94**

Pursuant to Accounting Principle IAS 19, the end-of-service fund was valued using the "Projected Unit Credit Cost" method under the following assumptions:

	31/12/2015	31/12/2014
ECONOMIC ASSUMPTIONS		
Cost of living increase:	1.75%	1.75%
Discount rate:	2.03%	1.50%
Salary increase:	3.00%	3.00%
CPAS: annual growth rate	n.a.	n.a.

DEMOGRAPHIC ASSUMPTIONS	
Probability of death:	As recorded by ISTAT observing Italian population in 2002
Probability of disability:	INPS model for projections to 2010
Probability of resignation:	annual staff turnover of 0.5%
Probability of retirement:	first level of pensionable requirements valid for the mandatory general insurance scheme
Probability of advance payments:	3% per annum

At 31st December 2015, the discount rate used was the IBOXX Eurozone Corporates AA 10+ (2.03%).
The actuarial calculation takes into account the changes to pensions legislation (Law Decree 201/2011).

Given the accounting method used (see the paragraph entitled "Summary of accounting standards and policies" and sub-paragraph Q "Provisions for employee benefits"), at 31st December 2015 there were no actuarial gains or losses not recognised in the financial statements.

As required by IAS 19 (revised), the following tables provide a sensitivity analysis of the main actuarial assumptions as at 31st December 2015 and 2014 for the end-of-service provision.

	Change in benchmark	
	-0.5%	+0.5%
ANNUAL DISCOUNT RATE	12,024	10,729
	Change in benchmark	
	-0.25%	+0.25%
ANNUAL INFLATION RATE	11,163	11,544
	Change in benchmark	
	-0.5%	+0.5%
ANNUAL RATE OF STAFF TURNOVER	11,367	11,295

	Change in benchmark	
	-0.5%	+0.5%
ANNUAL DISCOUNT RATE	12,646	11,220
	Change in benchmark	
	-0.25%	+0.25%
ANNUAL INFLATION RATE	11,698	12,116
	Change in benchmark	
	-0.5%	+0.5%
ANNUAL RATE OF STAFF TURNOVER	11,957	11,746

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 4,717 thousand, relate to the foreign subsidiaries. For more details, please see "5.2.4 Deferred tax assets".

5.4.5 Other non-current liabilities

Other non-current liabilities break down as follows.

	31/12/2015	31/12/2014	Change
Deferred income	293,967	329,369	(35,402)
Other	1,573	1,831	(258)
Total	**295,540**	**331,200**	**(35,660)**

The change compared with 31st December 2014 is mainly due to the decrease in "Deferred income" posted by the subsidiary Sarlux Srl. The item in question relates to the agreement for the sale of energy between Sarlux Srl and G.S.E. which was accounted for according to IFRIC 4. (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 - Leasing 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 contract. These revenues have therefore been accounted for on a straight-line basis in accordance with both the duration of the contract (20 years) and forecasts for the price of crude oil and gas, which are determining factors for electricity tariffs and electricity production costs.

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	31/12/2015	31/12/2014	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	595,688	856,034	(260,346)
Profit/(Loss) for the year	223,660	(261,847)	485,507
Total Shareholders Equity	**884,904**	**659,743**	**225,161**

Share capital

At 31st December 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 595,688 thousand, a net decrease of EUR 260,346 thousand compared with the previous period. The net decrease was the combined result of:

- reduction for allocation of the loss of the prior financial year of EUR 261,847 thousands;
- an increase of EUR 1,530 thousand relating to the establishment of a reserve for the bonus allocation of shares to employees and management under the companies' stock grant plans;
- a decrease of EUR 43 thousand due to the actuarial impact of IAS 19 (revised);
- an increase of EUR 14 thousand due to the translation of the financial statements of foreign subsidiaries into the reporting currency.

Pursuant to IAS 1, sections 1 and 97, it is worthy of note that no changes in shareholders' equity were made with owners of the company's shares.

Net Result

The consolidated net profit for the year totalled EUR 223,660 thousand.

Restrictions on the distribution of equity reserves

The main restrictions on the distribution of equity reserves are as follows:

- the legal reserve, totalling EUR 10.9 million, may only be used to cover losses.
- the "Locked-in Reserve pursuant to Art. 7, paragraph 6 of Legislative Decree 38/05", totalling EUR 19.7 million and included in "Other reserves", is distributable solely to cover losses or to increase share capital.

Dividends

On 28th April 2015, the ordinary shareholders' meeting of Saras SpA convened to approve the financial statements ending 31st December 2014 voted not to pay any dividends.

Regarding the financial year ending 31st December 2015, the Board of Directors of the Parent Company has made a proposal to the shareholders' meeting called on 22nd April 2016 to distribute a dividend of EUR 0.17 for each of the 936,010,146 ordinary shares in circulation, for a total amount of EUR 159,121,724.82 drawing it from the profit for the year.

6. Notes to the Income Statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

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

	31/12/2015	31/12/2014	Change
Sales and services revenues	7,649,138	9,545,251	(1,896,113)
Sale of electricity	470,593	540,426	(69,833)
Other revenues	12,610	16,560	(3,950)
Change in contract work in progress	(1,059)	886	(1,945)
Total	**8,131,282**	**10,103,123**	**(1,971,841)**

The change in “Revenues from sales and services” was largely due to the fall in the price of oil products during the year.

Revenues from the sale of electricity include EUR 463,197 thousand relating to the gasification plant of subsidiary Sarlux Srl and EUR 7,396 thousand relating to the wind farm owned by subsidiary Sardeolica Srl.
Within the revenues from the sale of power by Sarlux Srl is included the effect of the distribution on a straight-line basis of the of profit margins (as defined in IAS 17 - Leasing and IFRIC 4 - Determining Whether an Agreement Contains a Lease) based on the remaining term of the contract that expires in 2021, mainly considering the payment amounts, future scenarios for both gas and crude prices as well as the EUR/USD exchange rate expected until maturity; these projections are reconsidered when there are significant changes.

It is worthy of 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 Law Decree 69/2013 (“Doing Decree”), which is less beneficial for the subsidiary.

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

Revenues from ordinary operations are broken down by business segment and geographical area in sections 4.2 “Segment information” and 4.3 “Breakdown by geographical area” above.

6.1.2 Other income

The following table shows a breakdown of other income.

	31/12/2015	31/12/2014	Change
Revenues for storage of mandatory stocks	4,388	8,989	(4,601)
Sales of sundry materials	371	1,707	(1,336)
Grants	15,532	16,775	(1,243)
Chartering of tankers	1,267	5,707	(4,440)
Recoveries from claims and damages	967	4,431	(3,464)
Reimbursment of emission trading charges	23,979	18,627	5,352
Other income	60,007	112,351	(52,344)
Total	**106,511**	**168,587**	**(62,076)**

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

The item “Recognition of emission trading charges” comprises revenue posted by the subsidiary Sarlux Srl, deriving from the reimbursement – pursuant to section II, sub-paragraph 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 chiefly due to the fall in the price of allowances (from EUR 5.92 per allowance in 2014 to EUR 7.63 per allowance in 2015).

The item “Other revenue” in the previous year included the gain recognized in respect of the amount received by the other party for the acquisition of the Versalis business unit, equal to EUR 57,700 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

	31/12/2015	31/12/2014	Change
Purchases of raw materials	5,531,642	7,621,893	(2,090,251)
Purchases of semifinished materials	285,601	220,232	65,369
Purchases of spare parts and consumables	47,288	61,222	(13,934)
Purchases of finished products	996,884	1,680,414	(683,530)
Change in inventories	104,281	258,019	(153,738)
Total	**6,965,696**	**9,841,780**	**(2,876,084)**

Costs for the purchase of raw materials, replacement parts and consumables fell EUR 2,876,084 thousand from the previous year, mainly due to the above-mentioned decrease in prices.

6.2.2 Cost of services and sundry costs

	31/12/2015	31/12/2014	Change
Service costs	487,581	468,915	18,666
Rent, leasing and similar costs	13,315	13,656	(341)
Provisions for risks and charges	43,120	31,650	11,470
Other operating charges	18,487	16,803	1,684
Total	**562,503**	**531,024**	**31,479**

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

The change compared to the previous year, amounting to EUR 18,666 thousand, mainly due to the increase in technical and consulting services required by the Parent Company and the subsidiary Sarlux.

Provisions for risks mainly consist of the provision for CO_2 allowances for the year 2015 not yet acquired as at 31st December 2015.

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

6.2.3 Personnel costs

“Personnel costs” break down as follows

	31/12/2015	31/12/2014	Change
Wages and salaries	107,747	95,302	12,445
Social security	31,900	28,282	3,618
Employee end-of-service payments	6,140	5,055	1,085
Other costs	4,211	3,650	561
Directors’ remuneration	3,632	3,634	(2)
Total	**153,630**	**135,923**	**17,707**

The cost of labour increased by EUR 17,707 thousand, mainly due to higher average headcount during the year under review compared to the previous one, as a result of the aforementioned transaction for the purchase of the business unit from Versalis by the subsidiary Sarlux.

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

- key management personnel of the Company
- directors of Italian and/or foreign subsidiaries of the Company
- other senior people in the Group, including those with an independent employment contract.

Each beneficiary is assigned the right to receive bonus shares upon achieving performance targets determined in relation to the performance of Saras' Total Shareholder Return (TSR) compared to the TSR of a group of companies belonging to the FTSE Italia Mid Cap Index (the "Peer Group"). TSR is calculated as the change in the value of Saras shares and the shares of Peer Groups during the three-year period 2013-2015; the change will be calculated using as a reference the initial value (average value of shares recorded on the Milan Stock Exchange from 1st October 2012 to 31st December 2012) and the ending value (average value of shares recorded on the Milan Stock Exchange from 1st October 2015 to 31st December 2015).
The maximum number of shares covered by the Plan is 9,500,000. Shares are to be delivered within six months of the end of the Plan, and the beneficiary undertakes not to sell, transfer, dispose of or subject to any restriction a number of shares equivalent to 20% of the shares for a period of 24 months from the delivery date.
On 8th August 2013, the Board of Directors set the maximum number of shares to be assigned to individual beneficiaries, with a cost of EUR 1,529 thousand accounted for in these consolidated financial statements.
On 29th February 2016, the Board of Directors reviewed the achievement of the performance targets pursuant to Art. 5 of the Stock Grant Plan 2013/2015 and resolved to authorise:

- the Remuneration and Nomination Committee to determine, based on the forecasts of the Plan, the number of shares to be allocated to key management personnel;
- the Director-General to determine, based on the forecasts of the Plan, the number of shares to be allocated to the other beneficiaries of the Plan.

6.2.4 Depreciation, amortisation and impairments

Depreciation and amortisation figures are shown below:

	31/12/2015	31/12/2014	Change
Amortisation and write-downs of intangible assets	57,731	8,771	48,960
Depreciation and write-downs of tangible assets	187,663	218,600	(30,937)
Total	**245,394**	**227,371**	**18,023**

The increase in depreciation, amortisation and impairments of intangible assets is mainly due to the impairment loss in the previous year of the contract between Sarlux Srl and GSE.
The decrease in depreciation, amortisation and impairments of property, plant and equipment under construction is due to impairment losses taken in the previous year.

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	31/12/2015	31/12/2014	Change
Financial income:			
- from financial assets recorded under current assets	57	124	(67)
Other income:			
- Interest on bank and post office accounts	2,400	105	2,295
- Fair value of derivatives held at the reporting date	47,801	211,159	(163,358)
- Positive differences on derivatives	252,382	138,365	114,017
- Other income	385	0	385
Exchange gains	92,986	56,738	36,248
Total Financial Income	**396,011**	**406,491**	**(10,480)**
Financial charges:			
- Fair value of derivatives held at the reporting date	(44,148)	(170,389)	126,241
- Negative differences on derivatives	(125,101)	(59,324)	(65,777)
- Other (interest on loans, late payment interest, etc.)	(37,709)	(40,405)	2,696
Exchange losses	(155,883)	(113,823)	(42,060)
Total Financial Charges	**(362,841)**	**(383,941)**	**21,100**
Total	**33,170**	**22,550**	**10,620**

The table below shows net income/charges by type:

	31/12/2015	31/12/2014	Change
Net interest income / (expense)	(35,309)	(40,300)	4,991
Net result from derivative financial instruments	130,934	119,811	11,123
- Realised gains (losses)	*127,281*	*79,041*	*48,240*
- Fair value of the open positions	*3,653*	*40,770*	*(37,117)*
Net exchange gains/(losses)	(62,897)	(57,085)	(5,812)
Other	442	124	318
Total	**33,170**	**22,550**	**10,620**

The fair value of derivative instruments existing at 31st December 2015 represented a net income of EUR 3,653 thousand (compared with a net income of EUR 40,770 thousand the previous year).

As shown, the main changes relate to net exchange rate differences, as well as gains/losses on derivatives. In this regard, it is noted that the derivative financial instruments in question relate to hedging transactions, which are not accounted for by applying “hedge accounting”.

6.4 Income tax

Income tax can be shown as follows.

	31/12/2015	31/12/2014	Change
Current taxes	32,860	1,673	31,187
Deferred tax (income)/expense, net	87,220	(1,664)	88,884
Total	**120,080**	**9**	**120,071**

Current taxes consist of IRES calculated on net profits for the financial year of the Italian companies participating in the National Consolidated Tax scheme (EUR 101,783 thousand) as well as Irap (EUR 12,500 thousand). The change is attributable to increased taxable income for the period.

Deferred tax assets and liabilities relate to changes during the course of the year in the temporary differences between the tax bases and book bases of assets and liabilities. The most significant changes are related to the use of the tax assets on tax losses carried forward from previous years (EUR 81,423 thousand), the release of deferred tax assets, for EUR 15,697 thousand on the partial realignment between book and tax bases of inventories and the recognition of deferred tax assets on impairments of intangible assets (EUR 5,132 thousand) held by Saras SpA and the Sarlux materials held in inventory (EUR 3,360 thousand).

As for the "Effect of changes in tax rates on previous balances", it should be noted that the amounts shown and the related net effect stem from the decrease in the IRES nominal tax rate (from 27.5% to 24%) established by Law 208/2015 with effect from the tax year 2017.
The following table shows the temporary differences in the income statement.

Temporary differences in the Income Statement:	TAX 2015		TAX 2014	
	Deferred tax assets/ (liabilities)	P&L effect of decrease in tax rate	Deferred tax assets/ (liabilities)	P&L effect of decrease in tax rate
Excess and accelerated depreciation on assets	3,728	5,121	1,439	11,592
Measurement of closing inventory at FIFO	(15,697)	244	18,538	(103)
Adjustments for scheduled plant and equipment maintenance	1,327	(628)	4,344	(177)
Reclassification of grants previously carried in equity	0	0	(28)	0
Employee benefits and bonuses	678	95	(119)	(16)
Fair value of derivative contracts	(196)		(127)	
Unrealised exchange differences	(4,573)		7,437	
Fair value of Sarlux contract with GSE	8,601	4,200	(55,701)	
Straight-line reporting of Sarlux revenues (as per IAS 17 and IFRIC 4)	(10,149)	(8,114)	(32,701)	(26,431)
Asset maintenance costs deductible in future years	126	(18)	235	
Fair value of intangible assets Saras Energia				
Valuation of licences of Sardeolica (IFRS 3 on acquisistion of 30% PEU)	234	535	309	1,059
Provisions for risks and charges	10,421	(366)	1,177	(368)
Deferred tax asset on tax loss of Saras SpA (additional 6.5% IRES)	0	0	0	(38,370)
Tax asset relating to IRES consolidated net loss	(81,423)		102,948	
Deferred tax asset on tax loss of Saras Energia	(3,209)	0	6,902	(2,165)
Other temporary differences	1,515	328	2,414	(424)
TOTAL	**(88,617)**	**1,397**	**57,067**	**(55,403)**

Differences between the statutory and effective IRES and IRAP tax rates for the two periods under review are reported below (figures in EUR million).

IRES	2015	2014
PROFIT/(LOSS) BEFORE TAXES [A]	**343.7**	**(261.8)**
THEORETICAL CORPORATION TAX IRES [A*27.5%]	94.5	(72.0)
THEORETICAL TAX RATE [B/A*100] %	**27.5%**	**27.5%**
EFFECTIVE INCOME TAXES [C]	**107.6**	**(6.5)**
EFFECTIVE TAX RATE [C/A*100] %	**31.3%**	**2.5%**

	2015		2014	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical taxes	**94.5**	**27.5%**	**(72.0)**	**27.5%**
Effect of tax rate 5% on dividens received from subsidiaries	4.1	1.20%	0.0	0.00%
Effect of different tax rate and non recognition of tax asset by foreign subsidiaries	4.6	1.33%	1.0	-0.37%
Abolition of IRES surcharge (effect on tax asset related to previous year losses) (Constitutional Court ruling of 2015)	0.0	0.00%	38.4	-14.67%
Abolition of IRES surcharge (effect on deferred taxation) (Constitutional Court ruling of 2015)	0.0	0.00%	24.0	-9.18%
Effect of decrease 3.5% in IRES surcharge on deferred tax (L. 208/15)	1.5	0.44%		
Taxes of previous years (Saras)	0.2	0.06%	0.0	0.00%
Other permanent differences	2.7	0.79%	2.0	-0.78%
Effective taxes	**107.6**	**31.3%**	**(6.5)**	**2.5%**

IRAP	**2015**	**2014**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	310.60	(284.4)
TOTAL PERSONNEL COSTS [in 2014]	0.0	135.9
ADJUSTED DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A)	**310.6**	**-148.5**
THEORETICAL REGIONAL INCOME TAX IRAP [A*2.93% in 2015; A*1.17% in 2014] [B]	**9.1**	**-1.7**
THEORETICAL TAX RATE [B/A*100] %	**2.93%**	**1.17%**
EFFECTIVE INCOME TAXES [C]	12.5	6.5
EFFECTIVE TAX RATE [C/A*100] %	**4.0%**	**-4.4%**

	2015		2014	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical taxes	**9.1**	**2.93%**	**(1.7)**	**1.17%**
IRAP effect from entities with positive value of production	0.0	0.00%	0.3	-0.20%
IRAP effect on reversal of imparment of GSE/Sarlux contract	0.0	0.00%	6.2	-4.18%
IRAP tax assets not recognizable in companies with negative EBIT	2.6	0.83%	1.7	-1.14%
Other permanent differences	0.8	0.26%	0.0	0.00%
Effective taxes	**12.5**	**4.0%**	**6.5**	**-4.4%**

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, Sarlux Srl, and Sareolica Srl were audited and assessed by the tax authorities; this lead, to some cases, to disputes pending before tax courts.

The Group Companies are involved in legal disputes brought on by different plaintiffs for various reasons. Although the outcome of certain legal actions are hard to predict, it is deemed there is small chance there will be any future liabilities and consequentially no provisions were therefore set aside in these financial statements.

Although the decisions made by the tax courts were not consistent with the asserted violations, the company assumes that any liability is likely to be remote; where instead the liability was deemed probable, a special allocation was made to the for risk funds.

Moreover, with reference to the subsidiary Sarlux Srl, there are ongoing disputes regarding the non-recognition of the IGCC plant's qualification as a cogeneration plant and the consequential asserted obligation to buy "green certificates"; companies generating electricity not deriving from renewable sources or cogeneration (as defined by Legislative Decree 79/99 and AEEG Resolution 42/02) are required to purchase green certificates for a certain percentage of electricity introduced into the grid. In particular:

i) Generation 2002-2005. A specially created AEEG committee, after inspecting the IGCC plant in 2007, came, a posteriori, to a different interpretation than what it made during the generation period relative to the above resolution. As a result, the AEEG deemed the company had been obliged to buy green certificates for the years from 2002 to 2005; Sarlux initiated administrative proceedings for all the years contested. In March 2015, the Council of State granted, in its final decision, Sarlux's appeal for years 2002-2005, voiding the outcome of the inspection and the challenged acts that had obliged the company to buy green certificates. On 23rd July 2015, the Italian Electricity and Gas Authority resolved, on one hand, that the GSE, in compliance with the cited ruling, would repay Sarlux for the net costs it had incurred to buy the green certificates, about EUR 12.1 million, on the other hand it proposed recourse to the Italian Council of State to obtain clarifications with regards to other net costs incurred by Sarlux amounting to about EUR 5.6 million which, based on a literal interpretation of the ruling, should also be returned to Sarlux. Sarlux, deeming that the ruling of the Italian Council of State does not require clarification and that arguments already presented in appeal are extensive, is nevertheless evaluating, on their merits, the substance of the observations expressed by the Authority. Against a net debt of EUR 17.7 million for years 2002-2005 (gross expenses amounting to EUR 31.9 net of a repayment under CIP no.6/92 of EUR 14.2) the GSE paid back a sum of EUR 12.1 million in September 2015.

ii) 2009 Generation. The Council of State, in the sentence mentioned in the paragraph above, did not pronounce on one of the points appealed (hydrogen produced by the plant qualifying as "useful heat"), an interpretation that, if granted, would have allowed the subsidiary to be deemed a cogeneration plant with reference to 2009 Generation also. Sarlux, considering the arguments already presented to the Council of State to be justified, intends to launch further legal action with the aim of achieving recognition of its arguments relating to cogeneration deriving from the production of hydrogen as "useful heat".

iii) 2011 and subsequent generation 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 the resolution still in effect. GSE instead deemed that, starting with the 2012 obligation (2011 and subsequent generation), the only reference regulation was that for High Yield Cogeneration (CAR) as set out in the Ministerial Decree of 4th April 2011, and therefore rejected the Company's request. Sarlux Srl therefore lodged various appeals with the Regional administrative court (TAR) with the aim of receiving confirmation that Resolution 42/02 is applicable or, if the regulation for High Yield Cogeneration is applicable, that cogeneration conditions were satisfied for the years in question. In the meantime, to avoid incurring administrative penalties, the Company purchased green certificates for the generation of years 2011, 2012, 2013, and 2014 in accordance with GSE's calculation totalling EUR 67.0 million and immediately submitted a claim for a refund to the AEEG, obtaining EUR 11.7 million for the generation relative to 2011, EUR 15.1 million for 2012, and EUR 14.6 million for 2013. The appeal to the Regional Administrative Court relative to the 2012 generation, which sought confirmation regarding the applicability of resolution 42/02, was rejected in February 2015; Sarlux Srl appealed to the Italian Council of State in September 2015 and deems that the grounds for that appeal and recourses to the Regional Administrative Court that sought to obtain confirmation that cogeneration parameters had been observed in the event that High-Yield Cogeneration regulations are valid and applicable for all years contested. Consequentially the company did not post any expenses or any revenue with reference to the generation from 2011 onward.

In relation to the accident that occurred in 2011 in the Sarroch refinery which involved three workers from an outside company, Saras SpA, the Chairman Gian Marco Moratti, the Chief Executive Officer Massimo Moratti, the General Manager Dario Scaffardi as well as the Plant Manager at the time, one manager and two technicians agreed with the public prosecutor to settle the criminal proceedings via fines of different magnitudes; two former managers and a former shift supervisor of the Company as well as an executive and the team chief of the contractor employing the workers involved in the accident, also plea-bargained.
The judge of the preliminary hearing granted the Public Prosecutor and defendants' requested transaction, thus closing the criminal proceedings in relation to their positions.

7.2 Early withdrawal from CIP 6/92 agreement

The subsidiary Sarlux Srl deemed that the conditions to exercise the option for voluntary early termination of the CIP6/92 convention provided for by article 3(1) of the Decree by the Minister for Economic Development dated 2nd December 2009 do not exist.

7.3 Earnings per share

Earnings per share (EPS) is calculated by dividing net profit by the weighted average number of Saras SpA shares outstanding during the year, excluding own shares.

The net earnings per share totalled 24.16 euro cents for the 2014, compared with a loss per share of 28.31 euro cents in 2014.
The average number of shares outstanding was 925,603,300 in 2015 and 2014. At 31st December 2014, Saras SpA held 19,245,774 own shares in relation to the bonus allocation of shares to the management of group companies.
Diluted earnings per share do not vary significantly from basic earnings per share.

7.4 Transactions with related parties

The transactions carried out by Saras with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature. The figures for commercial, miscellaneous and financial transactions with related parties are set out below, and information is provided on the largest transactions.
The effects on the statement of financial position of transactions or positions with related parties are summarised in the table below.

Table showing details of transactions with related parties

Description	Absolute value (EUR./000) and % of item in statements				Item	Business reason
	31/12/2015		31/12/2014			
IMMOBILIARE ELLECI SpA						
Rent	(12)	0.00%	(9)	0.00%	Cost of services and sundry costs	Rent of buildings
SECURFIN HOLDINGS SpA						
Services rendered by staff	0	0.00%	2	0.00%	Other income	Staff on secondment
Rent	(643)	0.11%	(539)	0.10%	Cost of services and sundry costs	Rental of building and parking spaces in Milan
Receivables for goods & services supplied	0	0.00%	2	0.00%	Current trade receivables	Trade receivables
F.C. INTERNAZIONALE SpA						
Services received	(26)	0.00%	(28)	0.01%	Cost of services and sundry costs	Purchase of tickets for sports matches
GIAN MARCO MORATTI SapA						
Services rendered by staff	35	0.03%	42	0.03%	Other income	Staff on secondment
Offices rent	13	0.01%	0	0.00%	Other income	Rental of building
Receivables for goods & services supplied	35	0.01%	30	0.00%	Current trade receivables	Trade receivables
MASSIMO MORATTI SapA						
Services rendered by staff	35	0.03%	42	0.03%	Other income	Distacchi di personale
Offices rent	13	0.01%	0	0.00%	Other income	Rental of building
Receivables for goods & services supplied	35	0.01%	30	0.00%	Current trade receivables	Trade receivables
MANTA Srl						
Services rendered by staff	42	0.04%	50	0.04%	Other income	Staff on secondment
Services received	(649)	0.12%	(747)	0.14%	Cost of services and sundry costs	Security services
Receivables for goods & services supplied	42	0.02%	50	0.01%	Current trade receivables	Trade receivables
Payables for supply of goods and services	(1)	0.00%	(116)	0.01%	Trade payables and other current payables	Trade payables
DE SANTIS Srl						
Services received	0	0.00%	(1)	0.00%	Cost of services and sundry costs	Catering services
CIGOGNOLA Srl						
Services received	(2)	0.00%	0	0.00%	Cost of services and sundry costs	Gifts and gadgets supply
Payables for supply of goods and services	(2)	0.00%	0	0.00%	Trade payables and other current payables	Debiti commerciali

Transactions with related parties shown above took place at arm's length.
No provisions were set aside for problem receivables relative to the sum of the outstanding balances being that the conditions to do so were not met; no losses were recorded for bad debt or problem receivables due from related parties.

During 2015, no transactions were carried out with the shareholder Rosneft JV Projects SA or with its related parties.
With regard to the above-mentioned transactions, contracts governing provision of services are settled with amounts corresponding as closely as possible to market conditions; expenses recharged in relation to seconded personnel are charged at cost and no margin is applied. The effects on the statement of financial position of transactions or positions with related parties are summarised in the table below.

	31/12/2015			31/12/2014		
	Totale	Related Parties	Proportion %	Totale	Related Parties	Proportion %
Current trade receivables	260,636	112	0.0%	426,816	112	0.0%
Trade and other current payables	1,043,440	3	0.0%	1,714,284	116	0.0%

The effects on the income statement of transactions or positions with related parties are summarised in the table below.

	31/12/2015			31/12/2014		
	Totale	Related Parties	Proportion %	Totale	Related Parties	Proportion %
Other income	106,511	138	0.1%	168,587	136	0.1%
Cost of services and sundry costs	(562,503)	(1,332)	0.2%	(531,024)	(1,324)	0.2%

The main cash flows with related parties are shown in the table below.

Cash flows with related parties	2015	2014
Net (income) / charges from equity interests carried at equity	0	0
(Increase) / Decrease in trade receivables	0	(4)
Increase / (Decrease) in trade payables and other payables	113	135
Changes in other current assets	0	0
Changes in other non current liabilities	0	0
Cash flows from / (used in) operating activities	**113**	**131**
Interest received / (paid)	0	0
Cash flows from / (used in) investments	**0**	**0**
Increase / (Decrease) in short term financial debts	0	0
Cash flows from / (used in) financial assets	**0**	**0**
Total cash flows with related parties	**113**	**131**

The effects of cash flows with related parties are shown in the table below.

	31/12/2015			31/12/2014		
	Totale	Related Parties	Proportion %	Totale	Related Parties	Proportion %
Cash flows from / (used in) operating activities	272,301	0.00		148,157	131	0.00
Cash flows from / (used in) investing activities	40,004	n.a.		(106,193)	0	n.a.
Cash flows from / (used in) financing assets	(83,063)	n.a.		83,248	0	n.a.

7.5 Disclosures pursuant to International Financial Reporting Standards 7 and 13 Financial Instruments: disclosures

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

IFRS 7 – Financial Instruments: Disclosures, requires entities to provide supplementary disclosures in financial statements that make it possible to evaluate:

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

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

Fair value hierarchy

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

(a) unadjusted prices taken from an active market – as defined by IAS 39 – for the assets and liabilities being valued (level 1);
(b) valuation techniques that use inputs of other listed prices, as 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 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 31st December 2015, broken down by fair value hierarchy:

Assets	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	14,490			1,104			14,490	1,104	15,594
SWAPS	20,484						20,484	0	20,484
OPTIONS	11,177						11,177	0	11,177
GREEN CERTIFICATES									0
Total	**46,150**	**0**	**0**	**1,104**	**0**	**0**	**46,150**	**1,104**	**47,254**

Liabilities	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	(13,893)			(257)			(13,893)	(257)	(14,150)
SWAPS	(17,314)					(2,044)	(17,314)	(2,044)	(19,357)
OPTIONS	(11,787)						(11,787)	0	(11,787)
Total	**(42,993)**	**0**	**0**	**(257)**	**0**	**(2,044)**	**(42,993)**	**(2,301)**	**(45,294)**

The Group's criterion specifies that the transfer of financial assets and liabilities measured at fair value from one hierarchy to another is recognised on the date that the event that causes the transfer takes place.
Pursuant to point c) of paragraph 93, there were no reclassifications among the various levels of the fair value hierarchy during the period.

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 entered into by the Parent Company (but also by subsidiary Sardeolica Srl) to hedge 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 that are 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 is not significant given the deposits securing the positions.

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

The criteria contained in the standard supplement those set out for the recognition, measurement and disclosure in the financial statements of the financial assets and liabilities listed in IAS 32 (Financial Instruments: Disclosure and Presentation) and in IAS 39 (Financial Instruments: Recognition and Measurement).

The standard applies to all entities and all types of financial instrument, except for shareholdings in subsidiaries, associates and joint ventures accounted for in accordance with IAS 27, 28 or 31, employers' rights and obligations arising from employee benefit schemes (IAS 19), contracts relating to business combinations (IFRS 3), insurance contracts (IFRS 4) and financial instruments, contracts and obligations relating to share-based payments (IFRS 2).

7.5.1 Information on the statement of financial position

Sections 8-19 of IFRS 7 state that the carrying value of all financial instruments belonging to the categories set out in IAS 39 must be provided, as well as detailed information where the Group has opted to record financial assets or liabilities at fair value through profit and loss, or where it has reclassified financial assets or derecognised them from the accounts. The statement of financial position of the Saras Group at 31st December 2015 and 31st December 2014 is shown below, with details of the Group's financial instruments:

31/12/2015	Value of all financial instruments belonging to the categories set out in IAS 39							
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Other	Balance at 31/12/2015
	Designated at Fair Value	Held for trading						
ASSETS								
Current assets	**0**	**68,387**	**0**	**1,237,337**	**0**	**0**	**623,672**	**1,929,396**
Cash and cash equivalents				856,843				856,843
Other financial assets		68,387		21,146				89,533
Securities held for trading		*0*						
Green certificates				*0*				
Derivative instruments		*68,387*						
Other current financial assets				*18,765*				
Trade receivables				260,636				260,636
Inventories							564,803	564,803
Current tax assets							32,194	32,194
Other assets		0		98,712			26,675	125,387
Receivable for reimbursement of emission trading charges				*23,979*				
White certificates							*19,851*	
Other receivables				*74,733*			*6,824*	
Non-current assets	**0**	**0**	**0**	**5,002**	**502**	**0**	**1,382.676**	**1,388,180**
Property, plant and equipment							1,033,546	1,033,546
Intangible assets							227,416	227,416
Equity interests carried at equity							0	0
Other equity interests					502			502
Other financial assets				5,002				5,002
Loans				*4,004*				
Other receivables				*998*				
Total financial assets	**0**	**68,387**	**0**	**1,242,339**	**502**	**0**	**2,006,348**	**3,317,576**
LIABILITIES								
Current liabilities	**0**	**45,294**	**0**	**0**	**0**	**1,275,990**	**123,412**	**1,444,696**
Short-term financial liabilities		45,294				157,803		203,097
Bonds						*0*		
Bank loans (secured)						*68,439*		
Overdrafts						*20,544*		
Loans from non-consolidated companies and other payables						*68,820*		
Derivative instruments		*45,294*						
Trade and other payables						1,043,440		1,043,440
Current tax liabilities							123,412	123,412
Other liabilities						74,747		74,747
Other payables						*74,747*		
Non-current liabilities	**0**	**0**	**0**	**0**	**0**	**587,422**	**400,554**	**987,976**
Long-term financial liabilities						585,848		585,848
Bank loans (secured)						*411,841*		
Bonds						*174,007*		
Provisions for risks							90,426	90,426
Provisions for employee benefits							11,445	11,445
Deferred tax liabilities							4,717	4,717
Other liabilities						1,574	293,966	295,540
Other payables						*1,574*		
Total financial liabilities	**0**	**45,294**	**0**	**0**	**0**	**1,863.412**	**523,966**	**2,432,672**

31/12/2014	Value of all financial instruments belonging to the categories set out in IAS 39							
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Other	Balance at 31/12/2014
	Designated at Fair Value	Held for trading						
ASSETS								
Current assets	**0**	**216,072**	**0**	**1,262,701**	**0**	**0**	**761,835**	**2,240,608**
Cash and cash equivalents				633,544				633,544
Other financial assets		216,072		78,442				294,514
Securities held for trading		*4,802*						
Green certificates				*33,053*				
Derivative instruments		*211,270*						
Other current financial assets				*45,389*				
Trade receivables				426,816				426,816
Inventories							670,065	670,065
Current tax assets							78,264	78,264
Other assets		0		123,899			13,506	137,405
Receivable for reimbursement of emission trading charges				*32,114*				
White certificates							*6,535*	
Other receivables				*91,785*			*6,971*	
Non-current assets	**0**	**0**	**0**	**5,125**	**502**	**0**	**1,615,773**	**1,621,400**
Property, plant and equipment							1,121,128	1,121,128
Intangible assets							286,134	286,134
Other equity interests					502			502
Deferred tax assets							208,511	208,511
Other financial assets				5,125			0	5,125
Loans				*4,547*				
Other receivables				*578*				
Total financial assets	**0**	**216,072**	**0**	**1,267,826**	**502**	**0**	**2,377,608**	**3,862,008**
LIABILITIES								
Current liabilities	**0**	**172,348**	**0**	**0**	**0**	**2,165,178**	**168,664**	**2,506,190**
Short-term financial liabilities		172,348				377,771		550,119
Bonds						*249,723*		
Bank loans (secured)						*31,668*		
Overdrafts						*68,749*		
Loans from non-consolidated companies and other payables						*27,631*		
Derivative instruments		*172,348*						
Trade and other payables						1,714,284		1,714,284
Current tax liabilities							168,664	168,664
Other liabilities						73,123		73,123
Other payables						*73,123*		
Non-current liabilities	**0**	**0**	**0**	**0**	**0**	**278,427**	**413,412**	**696,075**
Long-term financial liabilities						276,595		276,595
Bank loans (secured)						*102,868*		
Bonds						*173,727*		
Provisions for risks							72,033	72,033
Provisions for employee benefits							12,011	12,011
Deferred tax liabilities							4,236	4,236
Other liabilities						1,832	329,368	331,200
Other payables						*1,832*		
Total financial liabilities	**0**	**172,348**	**0**	**0**	**0**	**2,443,605**	**582,076**	**3,202,265**

Financial instruments measured at fair value in the income statement comprise derivatives held by the Parent Company and the subsidiary Sardeolica Srl, described in section 5.3.1 above. The derivatives contracts relate to commodities, interest rates and foreign exchange. The first type were entered into by the Parent Company to hedge the risks inherent in the business in which it operates, which stem from changes in the price of crude and oil products (futures, options and swaps). The second type were entered into by the Parent Company and the subsidiary to hedge interest rate risk on loans. Finally, the third type were entered into by the Parent Company to hedge foreign exchange risk on open currency positions;

All trade receivables and most other current and non-current receivables are classed as “Loans” since they consist of non-derivative financial assets with fixed or determinable payments that are not listed on any active market. The value entered in the financial statements is close to fair value.

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.

Other financial liabilities valued at amortised cost include all the Group’s financial liabilities and trade payables arising from the Group’s contractual obligations to deliver cash or other financial assets to another entity.

No financial assets valued at amortised cost were restated at fair value or vice versa; nor were any financial assets transferred and derecognised, with the exception of trade receivables sold on a ‘without recourse’ basis. An analysis of the contractual terms and conditions confirmed that the receivables in question could be derecognised.

All financial assets are booked on the trade date.

During the year, the company met all its obligations with respect to the scheduled repayment of loans in place at the end of the period.

7.5.2 Income statement information

Paragraph 20 of the standard in question requires companies to state the amount of net gains or losses generated by financial assets and liabilities, broken down according to the various income statement items. This information may be provided in either the financial statements or the notes to the accounts. To avoid overloading the accounting statements with information, the Group has opted for the second alternative, as advised in the Appendix to the accounting standard itself. The following tables therefore show details of income statement items for the current year and the previous year.

2015	Net profits and losses, interest income and expense, revenues and expenses generated by:								
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Total from financial instruments	Other	Balance at 31/12/2015
	Designated at fair value	Held for trading							
Revenues from ordinary operations							0	8,131,282	8,131,282
Other income				15,508			15,508	91,003	106,511
Total revenues	**0**	**0**	**0**	**15,508**	**0**	**0**	**15,508**	**8,222,285**	**8,237,793**
Purchases of raw materials, spare parts and consumables							0	(6,965,695)	(6,965,695)
Cost of services and sundry costs				(1,291)			(1,291)	(561,212)	(562,503)
Personnel costs							0	(153,630)	(153,630)
Depreciation, amortisation and write-downs								(245,394)	(245,394)
Write-offs and reversals of the write-offs for Sarlux\GSE contract							0	0	0
Total costs	**0**	**0**	**0**	**(1,291)**	**0**	**0**	**(1,291)**	**(10,853,162)**	**(7,927,222)**
Operating results	**0**	**0**	**0**	**14,217**	**0**	**0**	**14,217**	**(2,630,877)**	**310,571**
Net income (charges) from equity interests									
Other net financial income (charges)		130,991		(64,416)		(33,406)	33,169		33,169
from securities held for trading		*57*					*57*		
- of which									
Realized gains (losses)									
Change in fair value									
from current account interest				*2,400*			*2,400*		
from loans granted to Group companies							*0*		
from derivative instruments		*130,934*					*130,934*		
- of which									
Realized gains (losses)		*127,281*							
Change in fair value		*3,653*							
from other financial assets							*0*		
from interest on loans						*(33,406)*	*(33,406)*		
from interest on factoring transactions				*(4,304)*			*(4,304)*		
from other receivables/payables				*(62,512)*			*(62,512)*		
Profit/(loss) before taxes	**0**	**130,991**	**0**	**(50,199)**	**0**	**(33,406)**	**47,386**	**(2,630,877)**	**343,740**
Income tax									(120,080)
Net profit/(loss)									**223,660**

05 THE SARAS GROUP
06 MILESTONES
08 LETTER TO SHAREHOLDERS
11 SARAS GROUP REPORT ON OPERATIONS
83 SARAS GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015
155 REPORT ON OPERATIONS OF SARAS SPA
165 SARAS SPA SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015
171 NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015
229 REPORTS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015

2014	Net profits and losses, interest income and expense, revenues and expenses generated by:								
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Total from financial instruments	Other	Balance at 31/12/2014
	Designated at fair value	Held for trading							
Revenues from ordinary operations							0	10,103,123	10,103,123
Other income				10,985			10,985	157,602	168,587
Total revenues	**0**	**0**	**0**	**10,985**	**0**	**0**	**10,985**	**10,260,725**	**10,271,710**
Purchases of raw materials, spare parts and consumables							0	(9,841,780)	(9,841,780)
Cost of services and sundry costs				(1,291)			(1,291)	(529,733)	(531,024)
Personnel costs							0	(135,923)	(135,923)
Depreciation, amortisation and write-downs								(227,371)	(227,371)
Write-offs and reversals of the write-offs for Sarlux\GSE contract							0	180,000	180,000
Total costs	**0**	**0**	**0**	**(1,291)**	**0**	**0**	**(1,291)**	**(10,853,162)**	**(10,556,098)**
Operating results	**0**	**0**	**0**	**9,694**	**0**	**0**	**9,694**	**(592,437)**	**(284,388)**
Net income (charges) from equity interests									
Other net financial income (charges)		119,935		(63,808)		(33,577)	22,550		22,550
from securities held for trading		*124*					*124*		
- of which									
Realized gains (losses)									
Change in fair value									
from current account interest				*105*			*105*		
from derivative instruments		*119,811*					*119,811*		
- of which									
Realized gains (losses)		*79,041*							
Change in fair value		*40,770*							
from other financial assets							*0*		
from interest on loans						*(33,577)*	*(33,577)*		
from interest on factoring transactions				*(6,828)*			*(6,828)*		
from other receivables/payables				*(57,085)*			*(57,085)*		
Profit/(loss) before taxes	**0**	**119,935**	**0**	**(54,114)**	**0**	**(33,577)**	**32,244**	**(592,437)**	**(261,838)**
Income tax									(23)
Net profit/(loss)									**(261,861)**

Financial instruments measured at fair value through profit or loss generated net income of EUR 130,934 thousand (versus net charges of EUR 120,040 thousand in 2014), due to changes in the fair value of the derivatives.

Financial instruments recorded under “Loans” generated charges of EUR 50,199 thousand (versus income of EUR 54,114 thousand in the previous year), chiefly owing to exchange losses on trade accounts.

Other financial liabilities measured at amortised cost generated losses of EUR 33,406 thousand (EUR 33,577 thousand in the previous year), mainly due to interest on loans.

7.5.3 Additional information

7.5.3.1 Accounting for derivative transactions

As stated earlier, the Parent Company enters into derivative contracts on commodities to hedge the risks arising from changes in the price of crude oil and oil products, on the EUR/USD exchange rate to hedge against the risks relating to its currency positions, and on interest rates, to hedge against interest rate risk on its loans.

At 31st December 2015, outstanding derivatives contracts included derivatives on all three types of underlying assets, classified as financial instruments held for trading.
Moreover, the subsidiary Sardeolica Srl has outstanding derivative contracts comprising variable interest rate swaps to hedge interest rate risk on loans obtained for the construction of the company's wind farm.

These instruments are recorded at fair value: changes in fair value during the period are recorded in the income statement under financial income or financial charges.

The outstanding positions on commodities and on foreign exchange at the reporting date are expected to be closed out by the end of the first quarter of 2016, while the interest rate swaps have the same duration as the underlying loans.

The fair value of the instruments is determined based on the statements sent periodically by the counterparties.

7.5.3.2 Fair value

Financial assets and liabilities, with the exception of derivatives, are recognised at amortised cost. As these assets and liabilities mainly relate to positions underlying trade agreements due to be settled in the short term, or, alternatively, are long-term in nature and subject to interest rates in line with current market rates, the amortised cost does not differ significantly from the fair value at 31st December 2015.

Note that the bond loan carries a fixed rate and that market values from the relevant stock market are not available. The value of the related cash flows, discounted to present value at the market rate, does not differ significantly from the value recorded in the financial statements.

In accordance with the amendment to IFRS 7 implemented in the EU with EC Regulation 1165 of 27th November 2009, all financial instruments booked at fair value are calculated based on valuation techniques that use observable market parameters other than the prices of these instruments as their reference, except for forex and commodities futures classified under "Other current assets" or "Short-term financial liabilities", which are valued based on prices in an active market; moreover, during the year there were no changes in valuation methods compared with the previous year.

7.5.4 Risks deriving from financial instruments

Risks deriving from financial instruments to which the Group is exposed are:

a. Credit risk: i.e. the risk that the Group will incur a loss in the event that a counterparty to a financial instrument defaults;
b. Liquidity risk: i.e. the risk that the Group will be unable to service payment obligations arising from the agreed maturities of its financial liabilities;
a. Market risk: i.e. the risk relating to the performance of markets in which the Group operates, which incorporates foreign exchange risk, interest rate risk and the price risk of crude and oil products.

For information on risk management policies concerning the above, please refer to the relevant section of the Report on Operations.

7.5.4.1 Credit risk

The company's exposure to credit risk relates mainly to trade receivables, other current and non-current receivables, assets held for trading and cash and cash equivalents.

The information required by sections 36-38 is shown in the tables below.

	Book value at 31/12/2015		Credit risk		Breakdown of maturities of financial assets pursuant to par. 37 b) IFRS 7						Impairment	
	Total	Of which financial instru-ments	Maximum exposure to credit risks excluding guarantees or other similar instruments	Guar-antees	Current	Overdue 0-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue over 90 days	Total	Recognized during the year	Cumulative
Current assets	**1,929,396**	**1,318,954**	**1,318,954**	**153,728**	**1,265,669**	**14,223**	**2,691**	**2,469**	**30,891**	**1,315,943**		
Cash and cash equivalents	859,224	859,224	859,224		859,224					859,224		
Other financial assets	87,152	87,152	87,152		87,152					87,152		
Trade receivables	273,866	273,866	273,866	153,728	220,581	14,223	2,691	2,469	30,891	270,855		
Provisions for doubtful receivables	(13,230)									0	(16)	(13,230)
Inventories	564,803	0										
Current tax assets	32,194	0										
Other assets	125,387	98,712	98,712		98,712					98,712		
Non-current assets	**1,388,180**	**5,504**	**5,504**	**0**	**0**	**0**	**0**	**0**	**0**	**0**		
Property, plant and equipment	1,033,546	0										
Intangible assets	227,416	0										
Other equity interests	502	502	502									
Deferred tax assets	121,714	0										
Other financial assets	5,002	5,002	5,002							0		
Total assets	**3,317,576**	**1,324,458**	**1,324,458**	**153,728**	**1,265,669**	**14,223**	**2,691**	**2,469**	**30,891**	**1,315,943**		

	Book value at 31/12/2014		Credit risk		Breakdown of maturities of financial assets pursuant to par. 37 b) IFRS 7						Impairment	
	Total	Of which financial instru-ments	Maximum exposure to credit risks excluding guarantees or other similar instruments	Guar-antees	Current	Overdue 0-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue over 90 days	Total	Recognized during the year	Cumulative
Current assets	**2,240,608**	**1,494,064**	**1,494,064**	**192,910**	**1,455,023**	**18,313**	**963**	**197**	**19,568**	**1,494,064**		
Cash and cash equivalents	633,544	633,544	633,544		633,544					633,544		
Other financial assets	294,514	294,514	294,514		294,514					294,514		
Trade receivables	442,107	442,107	442,107	192,910	403,066	18,313	963	197	19,568	442,107		
Provisions for doubtful receivables	(15,291)									0	(660)	(15,291)
Inventories	670,065	0										
Current tax assets	78,264	0										
Other assets	137,405	123,899	123,899		123,899					123,899		
Non-current assets	**1,621,400**	**5,627**	**5,125**	**0**	**0**	**0**	**0**	**0**	**0**	**0**		
Property, plant and equipment	1,121,128	502										
Intangible assets	286,134	0										
Other equity interests	502	0	0									
Deferred tax assets	208,511	0										
Other financial assets	5,125	5,125	5,125							0		
Total assets	**3,862,008**	**1,499,691**	**1,499,189**	**192,910**	**1,455,023**	**18,313**	**963**	**197**	**19,568**	**1,494,064**		

Guarantees on trade receivables are represented by sureties required by Saras SpA and obtained from its wholesale customers, by a credit insurance policy taken out by the Company that covers the majority of its turnover, and by letters of credit that guarantee a portion of Parent Company receivables.

7.5.4.2 Liquidity risk

The company's exposure to liquidity risk relates mainly to trade payables and bank loans. However, given the company's considerable self-financing capacity, coupled with the limited level of debt, the liquidity risk is moderate.
As stated earlier, during the year the Group met all its obligations with respect to the payment of loans in place at the end of the period.
The comparative quantitative disclosures required by section 39 of the relevant accounting standard are set out in the table below.

	Book value at 31/12/2015		Liquidity risk		Analysis of maturities of financial assets pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of financial liabilities	Guar-antees	2016	2017	2018	2019	2020	over 5 years
LIABILITIES										
Current liabilities	**1,444,696**	**1,832,385**	**1,832,385**	**0**	**1,629,288**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	203,097	203,097		0	0					
Bank loans (secured)		*68,439*	*68,439*		*68,439*					
Overdrafts		*20,544*	*20,544*		*20,544*					
Interest (actual average yearly rate=4.29%)					*3,817*					
Loans from non consolidated Group Companies & other payables		*68,820*	*68,820*		*68,820*					
Derivative instruments		*45,294*	*45,294*		*43,783*					
Trade and other payables	1,043,440	1,043,440	1,043,440		1,043,440					
Current tax liabilities	123,412									
Other liabilities	74,747	585,848	585,848		585,848					
Non-current liabilities	**987,933**	**587,422**	**588,415**	**0**	**0**	**94,817**	**177,419**	**305,124**	**54,973**	**0**
Long-term financial liabilities	585,848	585,848	586,841	0	0	93,243	177,419	305,124	54,973	0
Bank loans (secured)		*411,841*	*411,841*			*81,017*	*161,731*	*116,381*	*52,712*	*0*
Bonds		*174,007*	*175,000*					*175,000*		
Interest on medium/long term loans (actual average yearly rate= 4.29%)						*3,476*	*6,938*	*4,993*	*2,261*	
Interest on Bond (rate = 5.00%)						*8,750*	*8,750*	*8,750*		
Provisions for risks and charges	90,426	0								
Provisions for employee benefits	11,402	0								
Deferred tax liabilities	4,717	0								
Other liabilities	295,540	1,574	1,574			1,574				
Total liabilities	**2,432,629**	**2,419,807**	**2,420,800**	**0**	**1,629,288**	**94,817**	**177,419**	**305,124**	**54,973**	**0**

	Book value at 31/12/2014		Liquidity risk		Analysis of maturities of financial assets pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of financial liabilities	Guar-antees	2015	2016	2017	2018	2019	over 5 years
LIABILITIES										
Current liabilities	**2,506,190**	**2,540,998**	**2,541,275**	**0**	**1,990,879**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	550,119	550,119		0	0					
Bonds		*249,723*	*250,000*		*249,723*					
Interest on bond (tyearly rate = 5,583%)					*6,971*					
Bank loans (secured)		*31,668*	*31,668*		*31,668*					
Overdrafts		*68,749*	*68,749*		*68,749*					
Interest (actual average yearly rate = 3.63%)					*3,645*					
Loans from non consolidated Group Companies & other payables		*27,631*	*27,631*		*27,631*					
Derivative instruments		*172,348*	*172,348*		*169,751*					
Trade and other payables	1,714,284	1,714,284	1,714,284		1,714,284					
Current tax liabilities	168,664									
Other liabilities	73,123	276,595	276,595		276,595					
Non-current liabilities	**696,075**	**278,427**	**279,700**	**0**	**8,750**	**40,530**	**85,403**	**8,750**	**179,747**	**0**
Long-term financial liabilities	276,595	276,595	277,868	0	8,750	38,699	85,403	8,750	179,747	0
Bank loans (secured)		*102,868*	*102,868*			*28,900*	*73,968*			
Bonds		*173,727*	*175,000*						*175,000*	
Interest on medium/long term loans (actual average yearly rate = 3.63%)						*1,049*	*2,685*			
Interest on Bond (rate = 5,00%)					*8,750*	*8,750*	*8,750*	*8,750*	*4,747*	
Provisions for risks and charges	72,033	0								
Provisions for employee benefits	12,011	0								
Deferred tax liabilities	4,236	0								
Other liabilities	331,200	1,832	1,832			1,831				
Total liabilities	**3,202,265**	**2,819,425**	**2,820,975**	**0**	**1,999,629**	**40,530**	**85,403**	**8,750**	**179,747**	**0**

7.5.4.3 Market risk

As stated previously, the market risks to which the Group is exposed via its financial instruments relate to:

- the EUR/USD exchange rate, which affects the value of cash and cash equivalents and the receivables and payables recorded at the reporting date, and which determines the exchange rate gains and losses recorded under "Financial income" or "Financial charges" as well as the fair value of derivatives held at the reporting date;
- the Euribor interest rate, to which the interest rates paid by the Group on its loans are indexed, as well as the fair value of derivative instruments held at the reporting date;
- prices of crude oil and oil products, which affect the fair value of the derivatives in place at the reporting date.

As required by section 40 of IFRS 7, a sensitivity analysis for every type of risk to which the Group is exposed at the reporting date has been prepared, which shows the effects of these risks on the income statement and shareholders' equity. The ranges used in the sensitivity analysis (exchange rate, interest rate and crude price) are in line with management's forecasts. The results of the analysis are shown in the tables below.

Euro/USD exchange rate

With reference to the EUR/USD exchange rate, at the reporting date the Saras Group had financial instruments denominated in the latter currency recorded mainly under trade receivables and payables (principally relating to the Parent Company).
The Group carried out a simulation of the impact on net profit and shareholders' equity, assuming a change of +/- 10% in the EUR/USD exchange rate at the end of the year, which was used to translate currency positions in the preparation of the statement of financial position.

2015					
EUR / US Dollar exchange rate				Change in benchmark	
Statement of financial position items	Amount in foreign currency	EUR/US Dollar exchange rate	Amount in thousand of EUR	-10%	+10%
Net position in foreign currency	(635,938)	1.0887	(506,774)		
Effect on profit before taxes				(56,308)	46,070
Effect on net profit (and shareholders' equity)				(39,174)	32,051

The following table shows the simulation at 31st December 2014.

2014					
EUR / US Dollar exchange rate				Change in benchmark	
Statement of financial position items	Amount in foreign currency	EUR/US Dollar exchange rate	Amount in thousand of EUR	-10%	+10%
Net position in foreign currency	(1,116,404)	1.2141	(919,532)		
Effect on profit before taxes				(102,170)	83,594
Effect on net profit (and shareholders' equity)				(74,073)	60,606

To hedge the effects of sensitivity to the EUR/USD exchange rate, the Parent Company also enters into forward exchange rate contracts, which are recorded in the financial statements at their fair value on the reporting date. As the fair value is inevitably affected by the underlying exchange rate, the Group carried out a simulation of the impact on Group net profit and shareholders' equity, assuming a change of +/-10% in the benchmark parameters.

The results of the simulation are shown in the following table.

2015			
		Change in benchmark	
Derivatives on:	Fair value as of 31/12/2014	-10%	+10%
Exchange rates	847	28,659	(23,450)
	847	**28,659**	**(23,450)**
Effect on profit before taxes		28,659	(23,450)
Effect on net profit (and shareholders' equity)		20,778	(17,001)

2014			
		Change in benchmark	
Derivatives on:	Fair value as of 31/12/2014	-10%	+10%
Exchange rates	14,472	109,370	(62,815)
	14,472	**109,370**	**(62,815)**
Effect on profit before taxes		109,370	(62,815)
Effect on net profit (and shareholders' equity)		79,293	(45,541)

Interest rates

The Group has medium/long-term as well as short-term exposure to variable interest rates indexed to Euribor.
A simulation of the impact of this variable on Group net profit and shareholders' equity was carried out, assuming a change of +/- 50 basis points in rates and only taking into account the portion of variable-rate funding.
The results of the simulation are shown in the table below.

2014				
VARIABLE INTEREST RATES			**Change in benchmark**	
	Average annual interest rate 2014	**Annual interest charge**	**-50bps**	**+50bps**
Short-and medium / long - term financial liabilities	(823,054)	4.29%	(35,309)	
Effect on profit before taxes			**4,115**	**(4,115)**
Effect on net profit (and shareholders' equity)			**2,984**	**(2,984)**

2014				
VARIABLE INTEREST RATES			**Change in benchmark**	
	Average annual interest rate 2014	**Annual interest charge**	**-25bps**	**+25bps**
Short-and medium / long - term financial liabilities	4.87%	(40,405)		
Effect on profit before taxes			**4,148**	**(4,148)**
Effect on net profit (and shareholders' equity)			**3,008**	**(3,008)**

In addition, the fair value of the Interest Rate Swaps (IRS) and options outstanding at the reporting date relating to the Parent Company and to Sardeolica Srl is affected by movements in the Euribor rate: a simulation of the impact of this variable on net profit and shareholders' equity was carried out, assuming a change of +/- 25 basis points in rates, which was considered appropriate given potential rate fluctuations (the simulation for the previous year was adjusted).
The results of the simulation are shown in the following table.

2015		**Change in benchmark**	
Derivatives on:	**Fair value al 31/12/2014**	**-25bps**	**+25bps**
Fair value of Interest rate swaps	(2,044)	827	(660)
	(2,044)	**827**	**(660)**
Effect on profit before taxes		**827**	**(660)**
Effect on net profit (and shareholders' equity)		**599**	**(479)**

2014		**Change in benchmark**	
Derivatives on:	**Fair value al 31/12/2014**	**-25bps**	**+25bps**
Fair value of Interest rate swaps	(2,597)	(392)	390
	(2,597)	**(392)**	**390**
Effect on profit before taxes		**(392)**	**390**
Effect on net profit (and shareholders' equity)		**(243)**	**242**

Prices of crude and oil products

Oil prices affect the fair value of derivatives outstanding at the reporting date and the relevant differences recognised in the income statement: derivatives at 31st December 2015 consisted of futures, swaps and options on oil products, and the fair value recorded in the statement of financial position was derived from the market prices of the relevant underlying assets at that date.
The Group therefore carried out a simulation of the impact of this variable on net profit and consequentially, on shareholders' equity, assuming a change of +/- 20% in oil prices.

The comparative results of the simulation are shown in the tables below.

2015		Change in benchmark	
Derivatives on:	**Fair value al 31/12/2014**	**-20bps**	**+20bps**
Oil and oil products	3,158	11,839	(11,839)
	3,158	**11,839**	**(11,839)**
Effect on profit before taxes		**50,020**	**50,020**
Effect on net profit (and shareholders' equity)		**36,265**	**36,265**

2014		Change in benchmark	
Derivatives on:	**Fair value al 31/12/2014**	**-20bps**	**+20bps**
Oil and oil products	27,047	50,020	(50,020)
	27,047	**50,020**	**(50,020)**
Effect on profit before taxes		**50,020**	**(50,020)**
Effect on net profit (and shareholders' equity)		**36,265**	**(36,265)**

The above analysis of the Group's exposure to risks relating to financial instruments shows that there are no significant concentrations of risk in terms of counterparty, geographical area or market; the concentration risk relating to exposure to US dollars is mitigated by the hedging policies implemented.

7.6 Average staff numbers

The average numbers of staff working at companies included in the perimeter of consolidation, divided by category, are shown below.

	2015	2014
Managers	56	55
Office staff	1,241	1,112
Skilled workers	2	4
Manual workers	629	566
Total	**1,928**	**1,737**

The number of employees at the Group decreased from 1,943 at the end of 2014 to 1,915 at 31st December 2015. The increase of the average number of employees reflects instead the effect of the purchase of the Versalis business division made on 31st December 2014.

7.7 Remuneration of senior personnel with strategic responsibilities

In 2015, senior personnel with strategic responsibilities received (or matured) remuneration totalling EUR 5,285 thousand. For further details, please see section 7.5.1 of the notes to the financial statements of Saras SpA.

For information on indemnities in the event of the early termination of employment of directors and succession plans for executive directors (pursuant to article 114, paragraph 5 of Legislative Decree 58 of 24th February 1998), see the annual report on corporate governance and the information on ownership structure pursuant to article 123-*bis* of Legislative Decree 58 of 24th February 1998.

7.8 Commitments

As at 31st December 2015 and 31st December 2014, no irrevocable, multi-year commitments had been made to purchase materials or services.

As part of its normal activities, the Parent Company Saras SpA has issued sureties totalling EUR 232,653 thousand at 31st December 2015, mainly to subsidiaries, to Customs Agencies, and to the Ministry of Defence.

7.9 Disclosure of external auditor's fees

Pursuant to article 149-*duodecies* of Consob's Issuers' Regulation, the table below provides details of the fees relating to 2014 paid to the external auditors for auditing and other services, and to companies affiliated to the external auditors for services.

Services	Provider	Recipient	Amount due in 2015
Audit	Reconta Ernst & Young SpA	Saras SpA	345
	Reconta Ernst & Young SpA	Italian subsidiaries	165
	Network Ernst & Young	Foreign subsidiaries	117
Total			**627**
Attestation	PricewaterhouseCoopers SpA	Saras SpA	16
	PricewaterhouseCoopers SpA	Italian subsidiaries	28
	Network PricewaterhouseCoopers	Foreign subsidiaries	0
Total			**44**
Other Services	PricewaterhouseCoopers SpA	Saras SpA	7
	PricewaterhouseCoopers SpA	Italian subsidiaries	17
	Network PricewaterhouseCoopers	Foreign subsidiaries	0
	Network Ernst & Young	Saras SpA	59
Total			**83**
TOTAL			**754**

7.10 Altro

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

8. Publication of the consolidated financial statements

At its meeting on 14th March 2016, the Saras Board of Directors authorised publication of the financial statements. At the same meeting, the Board vested the Chairman and the CEO with separate powers to include in the Report on Operations and/or the notes to the accounts any further detailed information deemed necessary or appropriate to provide a clearer picture of operations to shareholders.

For the Board of Directors
Chairman
Gian Marco Moratti

Report on Operations of Saras SpA

Table of contents of Saras SpA Report on Operations

Report on operations of Saras SpA

Saras SpA is the Parent Company and operates in the Italian and international oil markets buying and selling refined oil products. This has already been analysed in detail in the Report on Operations of the Saras Group, which can be consulted for further information, as well as for an accurate analysis of the market, regulatory framework, principal events in the year, significant subsequent events and the outlook for operations.

In fiscal year 2015, Saras SpA had revenue of 7,331 million EUR, down 20% from the previous fiscal year due to the trend in oil prices.

KEY PROFIT AND LOSS FIGURES

EUR million	2015	2014	var%
Revenues	7,331	9,192	-20%
EBITDA	(53)	(434)	88%
EBIT	(75)	(438)	83%
NET PROFIT/(LOSS)	248	(329)	175%

EBITDA was equal to -53 million EUR, recovering from the previous fiscal year as a result of better average refining margins recorded during the fiscal year.

The net income for the fiscal year, equal to 248 million EUR, was principally determined by the 300 million EUR in dividends received from the subsidiary Sarlux Srl, in accordance with the resolution of the Shareholders Meeting of the subsidiary held on 22nd December 2015.

The investments made in fiscal year 2015 were equal to 2 million EUR, as compared to investments of 1 million EUR in fiscal year 2014.

As at 31st December 2015 Saras SpA had net debt of 103 million EUR, as shown in the relevant table, as compared to net cash of 65 million EUR recorded at the end of fiscal year 2014.

The following information is provided pursuant to article 2428 of the Italian Civil Code:

- Intangible assets do not include research and development costs;
- Transactions with subsidiaries, associates and companies controlled by the latter are shown in the Notes to the financial statements under 7.2 “Transactions with related parties”;
- No purchases and sales of treasury shares were made during the fiscal year. The number of treasury shares held by the Company as at 31st December 2015 is equal to 19,245,774, and was unchanged as compared to the number of treasury shares held as at 31st December 2014.

For information about the use of financial instruments by the company, see the following section of this report, “Risk analysis”.

The only secondary place of business of the Company is the General and Administrative Headquarters, located in Milan, at via dell’Unione 1.

	31/12/2015	31/12/2014
Medium- and long-term bank loans	(411,842)	(82,926)
Bond issues	(174,007)	(173,728)
Medium- and long-term loans to Group companies	0	51,000
Other loans	4,537	4,547
Medium- and long-term net debt	**(581,312)**	**(201,107)**
Short-term bank loans	(49,000)	(28,900)
Payables to banks for overdrafts on current accounts	(1,848)	(57,309)
Bond issues	0	(249,723)
Loans from Group companies	(349,391)	(31,006)
Other short-term financial liabilities (net of fair value derivatives)	(35,492)	(10,263)
Fair value derivatives	2,493	39,947
Loans to Group companies	102,735	70,688
Other financial assets	21,147	37,152
Cash and cash equivalents	768,747	511,265
Other loans	1,303	1,474
Deposits to guarantee derivatives	17,449	(17,248)
Short-term net debt	**478,143**	**266,077**
Net financial position	**(103,169)**	**64,970**

Information about remuneration and shareholdings of directors and auditors, general managers and key managers is shown in the Notes to the financial statements under 7.5.

Finally, for the analysis of the main litigation underway please refer to the notes in section 7.1 "Main Litigation Underway", while reference is made to the relevant section of the Consolidated Financial Statements of the Saras Group for:

- Corporate Governance
- Structure of the Group;
- Atypical and/or unusual transactions;
- Stock Grant Plan 2013/2015;
- Performance indicators and non-financial indicators;
- Information about staff;
- Information about the environment.

Risk Analysis

The main principles of the risk policy are based on the prevention of the main risks associated with objectives and are related to the strategic, operational and financial areas. Risk management in the company's individual policies and processes is based on the principle that operational and financial risk is managed by the process owner. The main risks are reported and discussed by the Group's relevant corporate bodies in order to create the prerequisites for their management, insurance and assessment of the acceptable residual risk. In addition to the guidelines for risk management, there are also specific guidelines for financial risks, such as interest rate risk and credit risk.

Financial risks

The company's priorities include sustainable growth, productivity, profitability and quality of financial data. The financial structures therefore focus on ensuring that credit lines are implemented and used to maximum efficiency to develop the sales business and reduce to a minimum the financial risks inherent in industrial operations (adverse risk). The company operates internationally in the oil industry, and is therefore exposed to exchange rate risk, interest rate risk, credit risk and price risk.

Risk of changes in prices and cash flows

Results are influenced by changes in oil prices and the effects of such changes on refining margins (being the difference between the prices of oil products generated in the refining process and the prices of raw materials, principally crude oil). Furthermore, as part of its activities, the company is required to maintain adequate stocks of crude oil and finished products, and the value of a stocks is subject to fluctuations in market prices.
The risk of changes in prices and the corresponding cash flows is closely linked to the nature of the business and can only be partially mitigated by using appropriate risk management policies, including entering into processing contracts with third parties at partially pre-set prices. To hedge the risks arising from price fluctuations, the company enters into derivative contracts in commodities, which involve the forward buying and selling of crude oil and products.

Exchange rate risk

The oil business is exposed to fluctuations in exchange rates as the reference prices for buying crude oil and for the sale of some products are quoted in or pegged to the US dollar. To reduce both its exchange rate risk in future transactions and the risk inherent in assets and liabilities denominated in a different currency to the functional currency of each entity, the company enters into derivative instruments which consist of the forward buying and selling of foreign currencies (US dollars). Transactions expressed in currencies other than US dollars are not significant and could only have a very low impact on the results for the year.

Interest rate risk

The risks relating to changes in cash flows caused by changes in interest rates arise from loans. Variable rate loans are exposed to the risk that cash flows may change due to interest rates. Fixed-rate loans are exposed to the risk that the fair value of the funds received may change. The main loan agreements outstanding have been entered into at variable market rates. The company's policy is to use derivative instruments to reduce the risk of changes in interest cash flows.

Credit risk

The market in which the company operates mainly consists of multinational companies operating in the oil industry. Transactions entered into are generally settled very quickly and are often guaranteed by leading banks. Furthermore, loans are systematically and promptly monitored on a daily basis by the Finance department. This risk is minimal and does not constitute a significant variable in the business in which the company operates.

Liquidity risk

The company funds its activities using both its own operating cash flows and external financing sources, and is therefore exposed to a liquidity risk relating to its ability to meet its contractual obligations under the loan agreements it has entered into. However, given the Company's strong self-financing capacity, coupled with its good track record in meeting debt obligations, the liquidity risk is very low.

Other risks

Risk relating to the procurement of crude oil

A significant part of the crude oil refined by the company comes from countries which are subject to higher political, social and economic risks than other countries. Legislative, political and economic changes and social upheaval could have a negative impact on trade relations between Saras and such countries, which would have a significant negative impact on the company's financial position and operating results.

Risks of interruption of production at the refinery

A significant proportion of the company's activities depend on the refinery owned by the subsidiary Sarlux Srl, which is located in Sardinia and produces almost all the refined oil products sold. This business is subject to risks relating to interruption due to unscheduled shutdowns of the plants and to accidents. Saras believes that the refinery's capacity means that the negative effects of unscheduled shutdowns are limited, and that the safety plans that the subsidiary has implemented (and continues to implement) reduce the risks of accidents to a minimum. In addition, the Saras Group has significant insurance cover against such risks.

Personal data protection

Pursuant to Legislative Decree 196 of 30th June 2003 on 'Personal data protection', the company has adopted the minimum security measures stipulated in Appendix B thereto (article 34). The Security Policy Document (Appendix B, point 19) was updated on 31st March 2012.

Direction and Coordination

As at the date of this report, the company is controlled by Gian Marco Moratti SapA and Massimo Moratti SapA, respectively accounting for 25.01% each and 50.02% jointly of Saras SpA issued share capital, under the shareholders' agreement signed by the two companies on 1st October 2013.

Article 2497-*sexies* of the Italian Civil Code states that, *'It is presumed, unless proven otherwise, that the activity of direction and co-ordination is exercised by the company or body responsible for consolidating the accounts or by the company which exercises control pursuant to article 2359'.* The Board of Directors of Saras considers, however, that Gian Marco Moratti SapA and Massimo Moratti SapA have never exercised direction and co-ordination since, inter alia, Gian Marco Moratti SapA and Massimo Moratti SapA do not issue directives to their subsidiary and there is no significant organisational or functional connection between the companies. Consequently, Saras considers that it operates and has always operated in conditions of corporate and business autonomy in respect of its parent companies Gian Marco Moratti SapA and Massimo Moratti SapA. Relationships with the latter are, indeed, limited exclusively to the normal exercise of a shareholder's administrative and financial rights by Gian Marco Moratti SapA and Massimo Moratti SapA and to the receipt of information supplied by the Issuer pursuant to article 2381, paragraph 5 of the Italian Civil Code by bodies delegated by Gian Marco Moratti SapA and Massimo Moratti SapA.

Proposals of the Board of Directors

Dear Shareholders,
The separate financial statements of Saras SpA as of 31st December 2015 show a net profit of EUR 247,841,874. If you agree with the principles used to prepare the financial statements and the accounting standards and policies implemented therein, we propose that the following resolutions be passed:

The Shareholders' Meeting

- having examined the company's separate financial statements as of 31st December 2015;
- having seen the statutory auditors' report to the Shareholders' Meeting pursuant to article 153 of Legislative Decree 58/98 (the Consolidated Law on Finance, also known as "TUF");
- having reviewed the external auditor's report on the separate financial statements as of 31st December 2015;

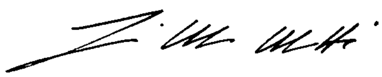
resolves:

a) to approve the company's separate financial statements for the financial year ended 31st December 2015 in their entirety and in relation to each individual item;

b) to distribute a dividend of EUR 0.17 for each of the 936,010,146 ordinary shares in circulation, for a total amount of EUR 159,121,724.82 drawing it from the profit for the year;

c) to pay the dividend on 25th May 2016 (coupon detachment date 23rd May 2016)."

For the Board of Directors
The Chairman
Gian Marco Moratti



Saras SpA Separate Financial Statements for the year ended 31st December 2015

Saras SpA Statement of Financial Position as of 31st December 2015 and 31st December 2014

(EUR Thousand)			31/12/2015	31/12/2014
ASSETS	(1)	(2)		
Current assets	**5.1**		**1,775,108**	**1,792,266**
Cash and cash equivalents	5.1.1	A	768,747	511,265
Other financial assets	5.1.2	B	189,888	320,584
of which from related parties:			*16,500*	*70,688*
Trade receivables	5.1.3	C	238,545	398,893
of which from related parties:			*35,048*	*55,317*
Inventories	5.1.4	D	440,663	509,017
Current tax assets	5.1.5	E	20,367	38,873
Other assets	5.1.6	F	116,898	13,634
of which from related parties:			*116,027*	*1,854*
Non-current assets	**5.2**		**810,916**	**977,540**
Property, plant and equipment	5.2.1	H, I	3,916	5,793
Intangible assets	5.2.2	J	1,672	19,436
Equity interests at cost	5.2.3.1	L	716,041	727,652
Other equity interests	5.2.3.2	L	495	495
Deferred tax assets	5.2.4	X	84,255	168,260
Other financial assets	5.2.5	M	4,537	55,904
of which to related parties:			*16,500*	*51,000*
Total assets			**2,586,024**	**2,769,806**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	**5.3**		**1,487,727**	**2,254,548**
Short-term financial liabilities	5.3.1	R	480,492	565,822
of which to related parties:			*279,054*	*78,276*
Trade and other payables	5.3.2	R	897,790	1,523,501
of which to related parties:			*81,742*	*44,787*
Current tax liabilities	5.3.3	X	75,726	93,187
Other current liabilities	5.3.4	R	33,719	72,038
Non-current liabilities	**5.4**		**610,396**	**276,735**
Long-term financial liabilities	5.4.1	R	585,849	256,654
Provisions for risks and charges	5.4.2	P, Z	11,488	3,918
Provisions for employee benefits	5.4.3	Q	2,988	2,993
Other non-current liabilities	5.4.4	R	10,071	13,170
of which to related parties:			*10,071*	*13,170*
Total liabilities			**2,098,123**	**2,531,283**
SHAREHOLDERS' EQUITY	**5.5**	**N, O, W**		
Share capital			54,630	54,630
Legal reserve			10,926	10,926
Other reserves			174,504	501,840
Profit/(loss) for the year			247,841	(328,873)
Total equity			**487,901**	**238,523**
Total liabilities and shareholders' equity			**2,586,024**	**2,769,806**

(1) Please refer to the Notes to the Financial Statements chapter 5 “Notes to the Financial Position”

(2) Refer to the Notes, chapter 3.1 “Summary of accounting standards and policies”

Saras SpA - Income Statement for the periods: 1st January - 31st December 2015 and 2014

(EUR Thousand)	(1)	(2)	01/01/2015 31/12/2015	of which non recurring (4)	01/01/2014 31/12/2014	of which non recurring (4)
Revenues from ordinary operations	6.1.1	S	7,283,706		9,132,308	
of which from related parties:			*337,184*		*456,967*	
Other income	6.1.2	S	47,019		59,814	
of which from related parties:			*28,395*		*28,448*	
Total revenues			**7,330,725**	**0**	**9,192,122**	**0**
Purchases of raw materials, spare parts and consumables	6.2.1	T	(6,412,901)		(9,182,550)	
of which from related parties:			*(5,101)*		*(46,426)*	
Cost of services and sundry costs	6.2.2	T, Z	(934,333)	(7,546)	(410,620)	
of which from related parties:			*(752,154)*		*(245,345)*	
Personnel costs	6.2.3	T, Q	(36,743)		(32,612)	(966)
Depreciation, amortisation and write-downs	6.2.4	H, J	(21,516)	(18,396)	(3,952)	
Total costs			**(7,405,493)**	**(25,942)**	**(9,629,734)**	**(966)**
Operating results			**(74,768)**	**(25,942)**	**(437,612)**	**(966)**
Net income/(charges) from equity interests	6.3	L, W	285,466		8,760	
of which from related parties:			*285,466*		*8,760*	
Other financial income	6.4	U, Y	400,193		409,441	
of which from related parties:			*987*		*3,292*	
Other financial charges	6.4	U, Y	(368,922)		(380,535)	
of which from related parties:			*(3,537)*		*(1,713)*	
Profit/(loss) before taxes			**241,969**	**(25,942)**	**(399,946)**	**(966)**
Income tax for the year	6.5	X	5,872	7,846	71,073	(39,952)
Net profit/(loss) for the year			**247,841**	**(18,096)**	**(328,873)**	**(40,918)**

SARAS SPA STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS 1ST JANUARY - 31ST DECEMBER 2015 AND 2014

Result for the year (A)		**247,841**		**(328,873)**
Items included in comprehensive income which will be reclassified subsequently to profit or loss (when specific conditions are met)				
		0		0
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	Q, T	7		(194)
Income / (loss), net of fiscal effect (B)		**7**		**(194)**
Comprehensive Result for the year (A + B)		**247,848**		**(329,067)**
Net Comprehensive Result for the year attributable to:				
Owners of the company		247,848		(329,067)
Minority interests		0		0

(1) Non recurring items essentiallly refers to write-off of some intangible assets (chapter 5.2.2) and accruals for legal and tax litigations

(2) Refer to the Notes, chapter 3.1 “Summary of accounting standards and policies”

(3) Non recurring items essentially refers to write-off of some intangible assets (chapter 5.2.2) and accruals for legal and tax litigations

Saras SpA Statement of Changes in Shareholders' Equity: from 31st December 2014 to 31st December 2015

(EUR Thousand)	Share capital	Legal reserve	Other reserves	Profit (loss)	Total equity
Period 1/1/2014 - 31/12/2014					
Appropriation of previous year's profit			(124,037)	124,037	0
Merger surplus (Arcola Petrolifera from 1st January 2014)			85,227		85,227
Reserve for employee share plan			1,529		1,529
IAS 19 actuarial effect			(194)		(194)
Profit/(loss) for the year				(328,873)	(328,873)
Total comprehensive profit/(loss) for the year			*(194)*	*(328,873)*	*(329,067)*
Balance as 31/12/2014	**54,630**	**10,926**	**501,840**	**(328,873)**	**238,523**
Period 1/1/2015 - 31/12/2015					
Appropriation of previous year's profit			(328,873)	328,873	0
Reserve for employee share plan			1,530		1,530
IAS 19 actuarial effect			7		7
Profit/(loss) for the year				247,841	247,841
Total comprehensive profit/(loss) for the year			*7*	*247,841*	*247,848*
Balance as 31/12/2015	**54,630**	**10,926**	**174,504**	**247,841**	**487,901**

Saras SpA Cash Flow Statement as of: 31st December 2015 and 31st December 2014

(EUR Thousand)	(1)	(2)	01/01/2015 31/12/2015	01/01/2014 31/12/2014
A - Cash and cash equivalents at the beginning of the year	**5.1.1**	**A**	**511,265**	**419,863**
B - Cash generated from/(used in) operating activities				
Profit/ (Loss) for the year	5.5		247,841	(328,873)
Unrealised exchange losses/(gains) on bank accounts			3,562	1,505
Amortisation, depreciation and write-downs of fixed assets	6.2.4	H, J	21,516	3,952
Grants booked to income statement			0	0
Net (income)/charges from equity interests	6.3	L	(285,466)	(8,760)
of which from related parties:			(285,466)	(8,760)
Net change in provisions for risks and charges	5.4.2	P, Z	7,570	3
Net change in employee benefits	5.4.3	Q	(5)	(7,173)
Net change in tax liabilities and tax assets	5.2.4	X	84,005	(66,971)
Net interest gains (losses)		U, Y	36,411	33,598
Accrued income tax	6.5	X	(89,877)	(4,102)
Change in Fair Value of financial assets held for trading, and of financial liabilities			113,681	(39,947)
Other non cash items	5.5		1,537	2,820
Profit (Loss) from activities before cash and non cash changes in working capital			**140,775**	**(413,948)**
(Increase) / Decrease in trade receivables	5.1.3	C	160,348	116,949
of which from related parties:			20,269	182,289
(Increase) / Decrease in inventory	5.1.4	D	68,354	230,335
Increase / (Decrease) in trade and other payables	5.3.2	R	(625,711)	130,572
of which to related parties:			36,955	(8,538)
Change in other current assets	5.1.5 - 5.1.6	E, F	5,119	7,016
of which from related parties:			55,485	25,831
Change in other current liabilities	5.3.3 - 5.3.4	X, R	(55,780)	(11,096)
Interest received		U, Y	7,558	614
of which from related parties:			6,995	614
Interest paid		U, Y	(37,714)	(31,451)
of which to related parties:			(9,589)	(1,713)
Income tax paid		E, X	0	0
Change in other non-current liabilities	5.4.4	R	(3,099)	(3,140)
of which to related parties:			(3,099)	0
Other non cash items			0	0
Total (B)			**(340,150)**	**25,851**
C - Cash flow from / (to) investing activities				
Investments in tangible and intangible assets	5.2.1 - 5.2.2	H, I	(1,875)	(1,137)
Dividends received from subsidiaries	6.3	V	300,000	0
of which to related parties:			300,000	0
Changes in equity interests	5.2.3.1	L	(2,923)	(1)
Change in financial assets	5.1.2 - 5.2.5	B, M	113,676	(56,634)
of which to related parties:			0	0
Total (C)			**408,878**	**(57,772)**
D - Cash generated from / (used in) financing activities				
Increase / (Decrease) in medium/long term borrowings	5.4.1	R	329,195	173,848
Increase / (Decrease) in short term borrowings	5.3.1	R	(136,879)	(17,570)
of which from related parties:			0	8,854
(Decrease) in short term financial debts due to repayments			0	(31,450)
Dividends and buy-backs of own shares			0	0
Total (D)			**192,316**	**124,828**
E - Cashflow for the year (B+C+D)			**261,044**	**92,907**
Cash and cash equivalents tranferred to Sarlux Srl			0	0
Unrealised exchange losses/(gains) on bank accounts			(3,562)	(1,505)
F - Cash and cash equivalents at the end of the year			**768,747**	**511,265**

(1) Please refer to the Notes to the Financial Statements chapter 5 “Notes to the financial position” & 6 “Notes to the Income Statement”

(2) Refer to the Notes, chapter 3.1 “Summary of accounting standards and policies”

For the Board of Directors - The Chairman
Gian Marco Moratti

Notes to the Separate Financial Statements for the year ended 31st December 2015

Table of contents of the Notes to the Separate Financial Statements for the year ended 31st December 2015

6. Notes to the Income Statement

7. Other information

8. Miscellanea

9. Publication of the financial statements

Notes to the Separate Financial Statements for the year ended 31st December 2015

1. Introduction

Saras SpA (the Parent Company) is a company limited by shares listed on the Milan stock exchange. Its registered office is at S.S. 195 "Sulcitana", km. 19, Sarroch (CA), Italy. It is jointly controlled by Gian Marco Moratti SAP.A. and Massimo Moratti SAP.A., which own 25.01% each and 50.02% jointly of the Share Capital of Saras SpA (excluding treasury shares), under the shareholders' agreement signed by the two companies on 1st October 2013. The Company is established until 31st December 2056, as stated in its articles of association.

Saras SpA operates in the Italian and international oil markets through the sale of refined products, in addition, it holds, directly and indirectly, subsidiaries engaged in turn:

- in the refining of crude oil in the plant owned by its Sarlux Srl subsidiary;
- the sale of oil products in the retail and wholesale markets in Spain (Saras Energia SA);
- the generation and sale of electricity via an integrated gasification combined cycle plant (Sarlux Srl) and a wind farm (Parchi Eolici Ulassai Srl, through the subsidiary Sardeolica Srl);
- in research activities for environmental sectors (Sartec SpA) and reinsurance (Reasar SA).

These financial statements for the year ending 31st December 2015 are presented in euro, since this is the currency of the economy in which the company operates. They consist of a Statement of Financial Position, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and these notes to the accounts. All amounts shown in these notes are expressed in thousands of euro, unless otherwise stated.

2. Basis of preparation of the separate financial statements

The separate financial statements of Saras SpA for the year ending 31st December 2015 were prepared in accordance with the International Financial Reporting Standards (IFRS or "international accounting standards") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19th July 2002 and in accordance with the measures implemented in pursuance of article 9 of Legislative Decree no. 38 of 28th February 2005.
The term IFRS is used to mean all International Financial Reporting Standards, all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Commission as of the date of approval of the draft separate financial statements of Saras SpA by its Board of Directors, and set out in the relevant EU regulations published as of that date.

The financial statements have been prepared using the following criteria, in line with IAS 1, deemed suitable to provide a more complete picture of the financial position, operating results and cash flows:

- Statement of Financial Position: assets and liabilities are divided into current and non-current items, according to liquidity;
- Income statement and statement of comprehensive income: income statement items are presented according to their nature;
- Cash flow statement: presented using the indirect method, which differentiates between financial flows deriving from operating, investment and financial activities.
- Statement of Change in Shareholders' Equity.

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

These financial statements were prepared in accordance with the going concern principle, as the Directors determined that there are no financial or operating indicators, among others, signalling criticalities in the Group's ability to meet its obligations in the foreseeable future. The risks and uncertainties relative to the business are described in the section dedicated to the Report on Operations. A description of the Company's financial risk management, including liquidity and capital risks, is provided in the section on additional information on financial instruments and risk management policy of these notes.

3. Accounting standards applied

The Company did not adopt early any new standards, amendments or interpretations issued but not yet in force. The new standards, amendments and interpretations in force since 1st January 2015 have no significant impact on these financial statements.

The nature and effects of these changes are illustrated below:

Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions by employees or third parties in accounting for defined-benefit plans. When the contributions are associated with the past service rendered, they should be assigned to the service period as negative benefit. This amendment clarifies that, if the contribution amount is independent of the years of service, the entity is permitted to recognise this contribution as a reduction of the cost of service in the period in which the service is provided, instead of allocating it over the years of service.

Annual improvements to the IFRS 2010-2012 Cycle
These improvements have been in force since 1st July 2014. They have no significant impact on these financial statements.

IFRS 2 - Share-based Payments
This improvement applies prospectively and clarifies various points associated with the definition of the conditions for achieving of results and service that represent the vesting conditions, including:

- a condition for achieving results must contain a service condition;
- an objective of achieving results must be attained while the counterparty renders service;
- an objective of achieving results to the operations of activities of an entity or to those of another entity within the same Group;
- a condition for achieving results must contain a market condition or a condition not related to the market;
- if the counterparty ceases service, regardless of the reasons, during the vesting period, the service condition is not fulfilled.

IFRS 3 - Business Combinations
This amendment applies prospectively and clarifies that all agreements related to contingent consideration recognised as liabilities (or assets) arising from a business combination must be subsequently measured at fair value through profit or loss, whether they fall or not within the scope of IFRS 9 (or IAS 39, as the case may be).

IFRS 8 - Operating Segments
The amendment applies retrospectively and clarifies that::

- an entity should disclose the judgements made by management in the application of the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of both the operating segments that have been aggregated and the economic indicators assessed, (for example: profit margin spreads, sales growth rates etc.), in determining that they share similar economic characteristics;
- it is necessary to present the reconciliation of the segment's assets with total assets only of if the reconciliation is presented to the chief operating decision maker, as required also for the segment's liabilities.

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets
This amendment applies retrospectively and clarifies that in IAS 16 and in IAS 38 an asset can be remeasured on the basis observable data both by adjusting the gross carrying amount of the asset to market value and by determining the market value of the asset, and adjusting the gross carrying amount proportionately, so that the gross carrying amount is equal to market value. Furthermore, accumulated depreciation is the difference between the gross carrying amount and the carrying amount of the asset.

IAS 24 – Related Party Disclosures

This amendment applies retrospectively and clarifies that a management entity (an entity providing key management personnel services) is a related party subject to disclosure of related party transactions. In addition, an entity using a management entity must disclose the expenses incurred for management services.

Annual improvements to the IFRS 2011-2013 Cycle

These improvements have been in force since 1st July 2014. They have no significant impact on these financial statements.

IFRS 3 - Business Combinations

The amendment applies prospectively and, for the purpose of scope exclusion of IFRS 3, clarifies that:

- not only joint ventures, but joint arrangements as well are excluded from the scope of IFRS 3;
- this scope exclusion applies only in the recognition of the joint arrangements themselves in the financial statements.

IFRS 13 - Fair Value Measurement

This 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 falling within the scope of IFRS 9 (or IAS 39, as the case may be).

IAS 40 - Investment Property

The description of ancillary services in IAS 40 distinguishes between investment property and owner-occupied properties (e.g. property, plant and equipment). This amendment applies prospectively and clarifies that in determining whether a transaction is an asset acquisition of a business combination IFRS 3 should be used, not the description of additional services under IAS 40.

Standards issued but not yet in force

Below, standards and interpretations are illustrated which, at the Group's reporting date, had been issued but were not yet in force.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments replacing IAS 39 - Financial Instruments: Recognition and measurement and all previous versions of IFRS 9. IFRS 9 joins together all three aspects relative to the project regarding the accounting for financial instruments: classification and measurement, impairment loss and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1st January 2018, with early application permitted Except for hedge accounting, retrospective application of this standard is required while the provision of comparative information is not mandatory. As regards hedge accounting, the standard generally applies prospectively, with a few limiting exceptions.

The Group will adopt the new standard as of the date of its entry into force.

IFRS 14 - Regulatory Deferral Accounts

IFRS 14 is an optional standard, which allows a rate-regulated entity to continue to apply, upon first-time adoption of IFRS, the previous GAAP for regulatory deferral accounts. Entities that adopt IFRS 14 must present regulatory deferred accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statements of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate regulation and the effects of the rate regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1st January 2016. This standard does not apply to the Group, as the Group already uses IFRS.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and introduced a new five-step model that will apply to revenue from contracts with customers. IFRS 15 prescribes that an entity will recognise revenue that reflects the consideration to which the entity expects to be entitled in exchange for goods or services to customers

The new standard will supersede all current IFRS requirements on revenue recognition. This standard is effective for annual periods beginning on or after 1st January 2018, with full retrospective or amended application. Early application is permitted.

The Group expects it will apply the new standard starting on the obligatory effective date, using the full retrospective application method. In 2015, the Group performed a preliminary assessment of the effects of IFRS 15, which is subject to change following the more detailed analysis currently under way. Moreover, the Group is considering the clarifications issued by the IASB in the Exposure Draft of July 2015 and will assess any further development.

Amendments to IFRS 11 - Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator that recognises the acquisition of an interest in a joint operation that is a business must apply the relevant principles of IFRS 3 on business combinations. The amendment also makes it clear that any previously held interest in the joint operation would not be remeasured if the joint operator acquires an additional interest while retaining joint control. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.
The amendments apply both to the acquisition of the initial interest in a jointly controlled arrangement and to the acquisition of each additional interest in said jointly controlled arrangement. These amendments must be applied prospectively for annual periods beginning on or after 1st January 2016, with early adoption permitted. No impact on the Group is expected subsequent to the application of these amendments.

Amendments to IAS 16 and to IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify that the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset As a result a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments must be applied prospectively for annual periods beginning on or after 1st January 2016, with early adoption permitted. No impact on the Group is expected subsequent to the application of these amendments, considering that the Group does not use revenue-based methods to depreciate or amortise its tangible and intangible assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associated companies in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will have to apply that change retrospectively. These amendments must be applied prospectively for annual periods beginning on or after 1st January 2016, with early adoption permitted.

Amendments to IFRS 10 and to IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively for annual periods beginning on or after 1st January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Annual improvements - 2012-2014 cycle

These improvements are in effective for annual periods beginning on or after 1st January 2016. They include:

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of through the sale or distribution to owners. The amendment clarifies that the change from one of these disposal methods to the other should not be considered a new disposal plan but rather the continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5 This amendment must be applied on a prospective basis.

IFRS 7 - Financial Instruments: Disclosures

(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendment.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 - Employee Benefits
The amendment clarifies that the market depth of high quality bonds is assessed in the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied on a prospective basis.

IAS 34 - Interim Financial Reporting
The amendment clarifies that the required interim disclosure must either be in the interim financial statement or incorporated by cross-reference between the interim financial statements and wherever they are included in the interim financial report (for example in the management commentary or the risk report).
The information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.
No impact on the Group is expected subsequent to the application of these amendments.

Amendments to IAS 1 - Disclosure Initiative
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:
- the requirement of materiality in IAS 1;
- the fact that specific line items in the statement of profit/(loss) or other items of the comprehensive income statement or in the statement of financial position may disaggregated;
- that entities are flexible with respect to the order in which they present the notes;
- that the share of other items of the comprehensive income relative to associates and joint ventures accounted for with the equity method must be presented in aggregate as single line items and classified among those that will not will subsequently be reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when subtotals are presented in statements of profit/(loss) or other items of the comprehensive income or in the statement of financial position. These amendments are effective for annual periods beginning on or after 1st January 2016, with early application permitted.

Amendments to IFRS 10, IFRS 12, and to IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments address issues that have arisen in relation to the exception for investment entities under IFRS 10. The amendments to IFRS 10 clarify that the exemption from consolidation applies to the parent company that is the subsidiary of an investment entity, when the investment entity accounts for all its subsidiaries at fair value.
In addition, the amendments to IFRS 10 clarify that only an investment entity subsidiary that is not an investment entity and provides support services to the investment entity is consolidated. All the other investment entity subsidiaries are accounted for at fair value. The amendments to IAS 28 allow the investor to retain, when applying the equity method, the fair value measurement applied by the associates or joint ventures of an investment entity to account for its own interests in its subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1st January 2016, with early application permitted.

3.1 Summary of accounting standards and policies

The financial statements have been prepared based on the cost principle, except in the specific cases described in the notes below, where fair value has been applied.

The main valuation policies used are described below.

A Cash and cash equivalents
Cash and cash equivalents mainly consist of cash on hand, sight deposits with banks, other short-term, highly liquid investments (convertible into cash within 90 days) and overdraft facilities; the latter are reported under current liabilities. Items listed under net cash and cash equivalents are measured at fair value, and changes are reported in the income statement.

B Other financial assets

Financial assets held for trading are reported at fair value, except for green certificates, with any gains reported in the income statement under "Financial income" and "Financial charges".
Financial assets held for trading consist entirely of derivative contracts, which are discussed in the relevant section below.

C Trade receivables

Trade receivables are measured at fair value on initial recognition. Subsequently they are valued at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment (in terms of both solvency and the credit risk characteristics of individual debtors), the asset concerned is written down to a carrying value equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.

Assignment of receivables

Receivable assignments are accounted for in accordance with the method indicated by IAS 39 for the derecognition of financial assets. Consequently, all receivables assigned to factoring companies continue to be on the books, in the event that the relevant agreements provide that a significant exposure to the cash flows derived from the assigned receivables be retained.

D Inventories

Inventories are recognised at the lower of purchase or production cost and the net realisable value at the end of the financial year represented by the amount that the company expects to obtain from their disposal as part of its ordinary business activities. The cost of crude oil, materials and spare parts is determined by the FIFO method. The cost of oil product inventories is calculated using the weighted average cost of the last quarter.

E Current tax assets

Current tax assets are booked at initial recognition in the amount that is expected to be recovered from the tax authorities, taking into account their expected realisable value. Subsequently, they are recognised at amortised cost based on the effective interest rate method.

F Other assets

Other current assets are measured at fair value on initial recognition. Subsequently they are recognised at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment, the asset concerned is written down to a carrying amount equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.
White certificates are awarded on the achievement of energy savings through the application of technology and efficient systems. White certificates are recognised on an accruals basis under "Other income", in proportion to the savings, expressed as tons of oil equivalent (TOE), achieved during the year.
The certificates are valued at the average market value for the year, unless the market value at the end of the year is significantly lower. The decreases due to the sale of white certificates allocated in the period or in previous years are recognised at the sale price. Capital gains and losses arising from the sale of certificates in different financial years from those in which they were allocated are recorded under "Other income" or "Costs of services and sundry costs" respectively.

G Derecognition of financial assets and liabilities

Financial assets that are transferred are derecognised from the statement of financial position when the right to receive the related cash flows is transferred, together with all risks and benefits associated with ownership, as specified in paragraphs 15-23 of IAS 39.
Financial liabilities are derecognised when they are settled and when the company has transferred all the risks and charges relating to them.

H Property, plant and equipment

Property, plant and equipment are measured at purchase or production cost, less accumulated depreciation and any impairment. The cost includes all expenses incurred directly in preparing the assets for use, as well as any disposal and removal charges incurred as a result of contractual obligations. Any interest expenses relating to the construction of tangible assets are capitalised until the asset is ready to be used.
Costs associated with requirements to restore or dismantle plants arising from statutory or contractual obligations are accounted for as an increase in the historical cost of the asset with an offsetting entry in the provisions for risks and future liabilities.

Maintenance and repair charges are expensed as incurred. Costs relating to the expansion, modernisation or improvement of facilities owned by Saras or used by third parties are only capitalised up to the limits within which they fulfil the conditions for separate classification as an asset or part of an asset in accordance with the component approach. Turnaround costs are classed as extraordinary maintenance costs and capitalised in the year in which they are incurred. They are amortised over the expected length of time until the next turnaround. Similarly, the costs of replacing the identifiable components of complex assets are recognised as assets and depreciated over their useful life; the residual value of components thus replaced is charged to the income statement. Government grants relating to capital expenditure are deducted from the purchase price or production cost of the relevant assets when the conditions necessary for receiving them have been met.

The carrying amount of property, plant and equipment is depreciated on a straight-line basis from the time the asset is available and ready for use, in relation to its estimated useful life.

The useful life estimated by the company for each of the various asset categories is as follows:

Builindings	18 years
Office furniture and machinery	4 - 8 years
Vehicles	4 years
Other assets	12 years
Leasehold improvements	The shorter of the duration of the lease and the asset's useful life

The useful life of tangible assets and their net carrying amount are reviewed annually at the end of each year, and adjusted accordingly.

Land is not depreciated.

If an asset to be depreciated consists of separately identifiable components and the useful life of one component differs significantly from that of the others, each component of the asset is depreciated separately in accordance with the component approach.

I Leased assets

Assets held under finance leases, under which all risks and benefits associated with ownership are substantially transferred to the company, are recognised as assets and recognised at their current value or, if lower, at the present value of the minimum lease payments due. The corresponding liability to the lessor is recognised on the statement of financial position under financial liabilities. Leased assets are depreciated on the same basis and at the same depreciation rates as those set out above for tangible assets.

Leases under which the lessor substantially retains all the risks and benefits associated with ownership of the assets are treated as operating leases. The costs relating to operating leases are charged to the income statement on a straight-line basis over the term of the lease.

J Intangible assets

Intangible assets are made up of elements that are non-monetary in nature, without physical substance and clearly identifiable (i.e. distinct, able to be separated, dismantled or traded, and deriving from other contractual or legal rights), controlled by the company and capable of generating future economic benefits. These elements are recognised at acquisition and/or production cost, which includes any directly attributable charges incurred in preparing the asset for use, net of accumulated amortisation and any impairment losses. Any interest expenses accrued during and in respect of the development of intangible assets are charged to the income statement. Amortisation commences from the time the asset is available for use and is charged on a straight-line basis over its estimated useful life.

Intangible assets are recorded, where required, with the approval of the board of statutory auditors.

[I] **Patent rights, concessions, licences and software (intangible assets with an indefinite useful life)**
Intangible assets with a definite useful life are amortised on a straight-line basis over their useful life, taken to be the estimated period in which the assets will be used by the company; the recoverability of the carrying amount of the assets is ascertained using the same method as that used for the item "Property, plant and equipment".

[II] **Research and development expenses**
The costs associated with the acquisition of new knowledge or discoveries, the development of alternative products

or processes, new techniques or models, the design and construction of prototypes, or otherwise relating to other scientific research or technological development are treated as current costs and charged to the income statement in the period in which they are incurred.

[III] **Exploration for and evaluation of mineral resources**

Expenditures incurred in the exploration and evaluation of mineral resources, specifically:

[A] Acquisition of exploration rights;
[B] Photographic, geological, geochemical and geophysical studies;
[C] Explorative drilling;
[D] Digging;
[E] Sampling;
[F] Activities related to the evaluation of technical and commercial viability of extracting a mineral resource

are recorded under tangible or intangible assets according to their nature, as required by IFRS 6. These expenditures are remeasured from time to time to identify the possible emergence of any impairment indicators that may suggest that their recoverable amount is lower than their carrying amount of the equity interest.

K Impairment of assets

At each reporting date, tangible assets and intangible assets with a definite useful life and investments are analysed in order to identify any indicators of impairment, originating from internal or external sources. Where such indicators exist, the recoverable amount of these assets is estimated and any impairment loss duly charged to the income statement. The recoverable amount of an asset is the greater of its fair value less selling costs and its value in use (the present value of the future cash flows that the asset is expected to generate). In determining value in use, future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money in relation to the period of the investment and the risks specific to the asset concerned. The recoverable amount of an asset that does not generate largely independent cash flows is determined in relation to the cash generating unit to which the asset belongs. An impairment is recognised in the income statement whenever the carrying amount of an asset, or of the cash generating unit to which it is allocated, is higher than its recoverable amount. When the reasons for a write-down no longer exist, the write-down is reversed in the income statement up to the net carrying amount that the asset in question would have had if it had not been written down and if it had been depreciated.

L Equity investments

Investments in subsidiaries, affiliates and joint ventures are recorded at purchase cost, and reduced for any losses according to the provisions of IAS 36.

The investments included under “Other investments” are measured at fair value, with the impact of any changes in fair value recognised through profit or loss. Where fair value cannot be reliably determined or is insignificant, they are measured at cost less any impairment losses, in compliance with IAS 39. These expenditures are remeasured from time to time to identify the possible emergence of any impairment indicators that may suggest that their recoverable amount is lower than their carrying amount of the equity interest. When the reasons that led to a write-down in previous periods no longer exist, the write-down of the investment is reversed through the income statement.

M Other financial assets

Receivables and financial assets held to maturity are measured at fair value on initial recognition. Subsequently they are measured at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment, the asset concerned is written down to a carrying amount equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.

The treatment of financial assets linked to derivative instruments is shown under point Y (Derivatives).

N Treasury shares

Treasury shares are recognised at cost and deducted from shareholders’ equity.

O Shareholders’ equity

[I] **Share capital**

Share capital consists of subscribed and paid-up capital. Costs strictly related to the issue of new shares are deducted from equity reserves, after any deferred tax effect.

[II] **Reserves**

Reserves comprise sums set aside for a specific purpose; they include the unallocated portion of net profit from previous years.

[III] **Share-based payments by the Parent Company to Group employees and management**

The company grants additional benefits to employees and management via bonus share allocations. The cost of such share-based payment plans is booked, in accordance with IFRS 2 - Share-based Payments, to the income statement in equal instalments during the vesting period through equity. Changes in fair value after the grant date have no effect on the initial valuation.

P Provisions for risks and future liabilities

Provisions for risks and future liabilities are recognised only where a present obligation (legal or constructive) exists in relation to past events that is expected to result in an outflow of financial resources, the amount of which can be reasonably assessed. This amount represents the best discounted estimate of the sum that must be paid to discharge the obligation. The rate used to determine the present value of the liability reflects current market values and includes the additional effects of the specific risk associated with each liability.

Those risks in respect of which a future liability is only "possible" are disclosed in the section on commitments and risks; no provision is made for these risks.

Q Provisions for employee benefits

The company provides various types of pension plans, in keeping with the conditions and practices that are commonly applied locally in those countries in which it carries out its activities.

From 1st January 2007, the regulations governing employee end-of-service payments were amended to include the option for employees to decide where these are held. Specifically, new end-of-service payments may be allocated to pension funds or held at the company (if it has fewer than 50 employees, or allocated to INPS if it has more than 50 employees). The introduction of these regulations has resulted in the following accounting changes:

- Provisions made up to 31st December 2006

  The end-of-service payments due to employees pursuant to article 2120 of the Italian Civil Code are treated in the same way as defined benefit pension plans; these plans are based on the working life of employees and on the remuneration they receive over a pre-determined period of service. The liability relating to employee end-of-service payments is recorded on the statement of financial position based on their actuarial value, since this can be quantified as a staff benefit due on the basis of a defined benefit plan. Measurement of defined benefit pension plans on the statement of financial position requires the amount of benefits accrued by employees to be estimated using actuarial techniques and then to be discounted in order to determine the present value of the company's obligations. The present value of the company's obligations is determined by an external expert using the "projected unit credit method". This method, which comes under the more general area of "accrued benefit methods", considers each period of service at the company as an additional unit of entitlement: actuarial liabilities must therefore be quantified solely on the basis of years worked at the valuation date; thus, an estimate of the total liability is normally extrapolated from the number of years of service at the valuation date to account for the total number of years worked at the time the benefit is expected to be paid.

  The costs accrued for the year in respect of defined benefit plans are recorded on the income statement under personnel expenses and are equivalent to the sum of the average present value of entitlements accrued by current employees and the annual interest accruing on the present value of the company's obligations at the beginning of the year, calculated using the discount rate for future disbursements that is used to estimate liabilities at the end of the previous year. The annual discount rate adopted for these calculations is the end-of-year market rate for zero coupon bonds with the same maturity as the average remaining duration of the liabilities.

  Following application of IAS 19 (revised), actuarial gains and losses relating to the change in parameters, previously reported in the income statement (personnel costs), are now recognised in the statement of comprehensive income.

- Allocations accrued since 1st January 2007

  The allocations in question are accounted for using the method adopted for defined contribution pension plans (which are not subject to actuarial valuations) as the amount relating to employees has been transferred in full outside the company. The corresponding liability is determined according to article 2120 of the Italian Civil Code.

R Financial liabilities, trade and other payables and other liabilities

These are measured at fair value on initial recognition. Subsequently they are valued at amortised cost by applying the

effective interest rate method. Where there is a change in the estimated future cash flows and these can be reliably estimated, the value of the payables is recalculated to reflect this change on the basis of the present value of the new estimated future cash flows and the internal rate of return originally calculated.
Sale transactions with a repurchase obligation represent a form of financing as the risks attached to ownership (mainly the risk relating to changes in fair value) remain with the company. In this case, the asset is not derecognised, the payable for the repurchase is classified as financial and the difference is recorded in the income statement as financial income or charges.
Financial liabilities also include derivative contracts, which are discussed in the appropriate section below. Derivate contracts are measured at fair value with an offsetting entry in the income statement at each reporting date.

S Recognition of revenues
Sales revenues are recognised when the risks and benefits associated with ownership have effectively been transferred or when a service has been rendered.
The recognition of revenues from services is based on the stage of completion reached.
Revenues are recorded net of returns, discounts, allowances and premiums, and of directly related taxes.

T Recognition of costs
Costs are recognised when they relate to goods and services that are sold or used during the year or by systematic allocation, or when their future usefulness cannot be determined.

U Interest income and expenses
Interest income and expenses are booked on an accruals basis.

V Translation of items expressed in a currency other than the euro
Transactions in foreign currency are translated into euro at the exchange rates prevailing on the transaction date. Exchange rate gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary asset and liability items denominated in a foreign currency are recorded in the income statement.

W Dividends
[A] **Dividends received**
Dividends received from subsidiaries, joint ventures, affiliates and other holdings are recorded in the income statement when the right of shareholders to receive the payment has been established.

[B] **Dividends paid out**
The payment of dividends to company shareholders is recorded as a liability on the statement of financial position of the period in which the distribution was approved by the company's shareholders.

X Taxes
Current taxes are calculated based on the taxable income for the period, applying the prevailing tax rates at the reporting date.
Deferred taxes are calculated on all temporary differences arising between the tax base of an asset or liability and its carrying amount, with the exception both of those relating to investments in subsidiaries, and when the timing of the reversal of such differences is controlled by the company and it is probable that the differences will not be reversed within a reasonably foreseeable timescale.
In respect of deferred tax assets (including those relating to tax losses from previous periods) that cannot be offset against deferred tax liabilities in full, the residual portion is recognised to the extent that it is probable that taxable income will be generated in future against which it can be recovered.
Deferred taxes are calculated using the tax rates that are expected to apply in the years in which temporary differences are realised or reversed.
Current and deferred taxes are recognised in the income statement, with the exception of those related to items directly deducted from or added to shareholders' equity, in which case the tax effect is taken directly to shareholders' equity.
Current and deferred taxes are set off when income taxes are applied by the same tax authority, when there is a legal right of set-off and the intention to settle on a net basis.
Changes in tax rates due to regulatory amendments are booked in the year in which the changes are substantially enacted; the effect is recorded in the income statement or under shareholders' equity, in relation to the transaction that generated the underlying deferred tax.
Other taxes not related to income, such as property taxes, are included under "Cost of services and sundry costs".
The Parent Company allows its Italian subsidiaries to participate in the tax consolidation scheme for the purposes of calculating corporate income tax (IRES), pursuant to articles 117-128 of the consolidated law on income tax. As a result, a single income tax base is created for the Parent Company and certain Italian subsidiaries, essentially through the algebraic sum of the tax profit or loss of each participant. Participation in a particular scheme is confirmed by a

communication to the tax authority made by the Parent Company indicating which subsidiaries have decided to take up this option. The option has a fixed duration of three years (except in the event of interruptions provided for by law) and the matter is governed between the two parties by a consolidation agreement. With specific reference to the transfer of tax losses, the agreements in force provide for remuneration commensurate with the ordinary IRES tax rate, equal to the portion of the loss of each subsidiary that was effectively offset by taxable income generated by other consolidated companies. Any excess losses remain allocated to the Parent Company and remuneration for these losses is deferred until the year that they are actually used under the national tax consolidation scheme.

Y Derivatives

All derivatives are financial assets and liabilities that are recognised at fair value.

They are classified as hedging instruments when the relationship between the derivative and the item being hedged is formally documented and the effectiveness of the hedge, verified periodically, is high. When derivatives hedge the risk of changes in the fair value of the underlying items (fair value hedges, e.g. hedging the variability of the fair value of fixed-rate assets/liabilities), they are recorded at fair value in the income statement; with the effects of the changes taken to profit or loss; at the same time, the hedged items are adjusted to reflect the changes in fair value associated with the risk hedged. When derivatives hedge the risk of changes in cash flows from the underlying items (cash flow hedges, e.g. hedging the variability of cash flows generated by assets/liabilities due to exchange rate fluctuations), the changes in the fair value of the derivatives are initially recognised under equity and subsequently taken to the income statement in the same period in which the economic effects of the hedged items are recorded in the income statement.

Derivatives (including those relating to commodities) that do not meet the requirements for hedge accounting set out in IAS 39 are recognised at fair value through profit or loss, with the relevant changes recorded under the heading “Financial income” or “Financial charges”.

To determine the fair value of financial instruments listed on active markets, the bid price of the security on the relevant reporting date is used. In the absence of an active market, fair value is determined by using measurement models based largely on objective financial variables, and by considering, wherever possible, the prices observed in recent transactions and the prices for comparable financial instruments.

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

Z Emissions trading

Legislative Decree 216 of 4th April 2006 introduced limits on CO_2 emissions from plants. If these limits are exceeded a company must purchase allowances or credits on the appropriate market representing the excess CO_2.

If the credits allocated and purchased during the period, net of those sold, are insufficient, the shortfall, measured at market at the end of the year or at the fixed price (if there are forward contracts) is recorded under provisions for risks; if, however, the credits allocated and purchased, net of those sold, exceed requirements, the surplus, measured at purchase cost or market value at the end of the year if lower, is recorded under intangible assets.

AA Segment information

An operating segment is a part of an entity:

a. that undertakes commercial activities that generate revenues and costs (including revenues and costs relating to transactions with other parts of the same entity);
b. whose operating results are reviewed periodically at the highest operational decision-making level of the entity in order to adopt decisions on the resources to be allocated to the segment and the assessment of the results; and
c. for which separate accounting information is available.

A geographical segment is defined as a group of assets and transactions used for specific services in a particular geographical area.

3.2 Use of estimates

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

3.3 Most significant accounting policies requiring a greater degree of subjectivity

A brief description is provided below of the most significant accounting policies requiring greater subjectivity by the directors in the preparation of their estimates and in respect of which a change in the conditions underlying the assumptions used could have a significant effect on the restated aggregate financial information.

[I] Depreciation of property, plant and equipment: depreciation of property, plant and equipment represents a sizeable cost. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the assets concerned. The useful life of the assets is determined by the directors at the time they are purchased; it is based on past experience for similar assets, market conditions and expectations as to future events that could affect their useful life, such as changes in technology. Their actual useful life could therefore differ from the estimate. The company periodically assesses technological changes and industry developments, dismantling and disposal costs and recoverable amount in order to adjust the asset's remaining useful life. This periodic revision process could lead to a change in the depreciation period considered and, therefore, in the depreciation charged in future years.

[II] Recoverable amount of property, plant and equipment: in the presence of impairment indicators, the estimated recoverable value is derived from a complex valuation process that largely depends on external sector variables or changes in the regulatory framework. The corresponding environment is monitored continuously and sector analyses are obtained regularly. However, it may be that the effective change in the key variables is not in line with expectations.

[III] Deferred taxes: deferred tax assets are recognised on the basis of expected future taxable earnings. The measurement of expected future taxable earnings for deferred tax recognition purposes depends on factors that may vary over time and may have a significant effect on the measurement of deferred tax assets.

[IV] Provisions for risks: in certain circumstances, determining whether there is a current obligation (either legal or constructive) is not always straightforward. The directors evaluate such circumstances on a case-by-case basis, and at the same time estimate the amount of financial resources needed to discharge the obligation in question. Where the directors feel that a liability is only possible, the associated risks are disclosed in the note concerning commitments and risks, and no accrual is made.

4. Information by business segment and geographical area

4.1 Introduction

The company operates in the Italian and international oil markets as a seller of products derived from the refining process. It is therefore deemed that the company operates in just one segment.

4.2 Breakdown by geographical area

The breakdown by geographical area takes into account the size of the reference market and the countries in which the registered offices of counterparties are located.

Net revenues from ordinary operations by geographical area:

	31/12/2015	31/12/2014	Change
Sales in Italy	3,152,396	4,588,184	(1,435,788)
Sales in Spain	253,576	482,697	(229,121)
Other EU sales	1,509,857	1,163,752	346,105
Non-EU sales	2,367,877	2,844,099	(476,222)
US Sales	0	53,576	(53,576)
Total	**7,283,706**	**9,132,308**	**(1,848,602)**

The following table shows a breakdown of trade receivables by geographical area:

	31/12/2015	31/12/2014	Change
Receivables in Italy	182,506	340,094	(157,588)
Receivables in Spain	10,574	16,755	(6,181)
Other EU receivables	18,949	1,011	17,938
Non-EU receivables	31,478	46,690	(15,212)
U.S. receivables	191	0	191
Provision for bad debts	(5,153)	(5,657)	504
Total	**238,545**	**398,893**	**(160,348)**

The most significant changes to the statement of financial position and statement of comprehensive income compared with the previous year are illustrated below.

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:

	31/12/2015	31/12/2014	Change
Bank and postal deposits	768,694	511,238	257,456
Cash	53	27	26
Total	**768,747**	**511,265**	**257,482**

For further details on the company's net cash position, please refer to the appropriate section of the Report on Operations or to the cash flow statement.

5.1.2 Other financial assets

The Other financial assets, which totalled EUR 189,888 thousand, mainly consist of the positive fair value of the existing derivatives at the end of the reporting period and of the "Financial receivables from Group companies". These receivables from Group companies carry interest charged at market rates, and are due within the next twelve months. For further details, see 5.3.1.

5.1.3 Trade receivables

The following table shows the balance for trade receivables:

	31/12/2015	31/12/2014	Change
From trade debtors	202,647	343,406	(140,759)
From Group companies	35,898	55,487	(19,589)
Total	**238,545**	**398,893**	**(160,348)**

The decrease in trade receivables, equal to EUR 160,348 thousand, is essentially due to the movement in the prices of oil products during the year.

The balance of receivables from group companies mainly refers to the receivables from the subsidiaries Saras Energia SA (EUR 16,894 thousand) for the supply of oil products, and from the subsidiary Sarlux Srl (EUR 23,355 thousand) for the supply of raw materials and services. The item is presented net of a bad debt provision equal to EUR 5,153 thousand (EUR 5,657 thousand in the previous year).

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred during 2015:

	31/12/2015	31/12/2014	Change
Raw materials, spare parts and consumables	144,862	148,877	(4,015)
Semi-finished products	59,057	60,510	(1,453)
Finished products and goods held for resale	236,744	299,630	(62,886)
Total	**440,663**	**509,017**	**(68,354)**

The decrease in inventories is essentially due to price dynamics: this trend in prices also entailed, in the measurement of inventories at net realisable value, a write-down equal to approximately EUR 31 million.

The carrying amount of inventories does not differ from their market value.

No inventories are used as collateral for liabilities.

The item “Finished products and goods held for resale” includes around 411 thousand tons of oil products (valued at around EUR 108 million) held for group companies and certain third parties in accordance with the obligations of Legislative Decree 22 of 31st January 2001 (in the previous year, these stocks amounted to 445 thousand tons valued at around EUR 144 million).

The Sarroch refinery held 25 thousand tonnes of crude oil and oil products belonging to third parties at 31st December 2015 for a value of approximately EUR 9 million.

5.1.5 Current tax assets

Current tax assets break down as follows:

	31/12/2015	31/12/2014	Change
IRES (corporate income tax)	12,730	32,317	(19,587)
IRAP (regional income tax)	2,755	2,755	0
Other tax receivables	4,882	3,801	1,081
Total	**20,367**	**38,873**	**(18,506)**

IRES receivables are composed of excess tax generated in previous years and the change is attributable to the recovery of part thereof when determining the balance under the national tax consolidation scheme for the year in question.

5.1.6. Other assets

The balance breaks down as follows:

	31/12/2015	31/12/2014	Change
Accrued income	56	132	(76)
Prepaid expenses	6,171	6,357	(186)
Tax receivables from subsidiaries due to fiscal consolidation	106,222	0	106,222
Other receivables	4,449	7,145	(2,696)
Total	**116,898**	**13,634**	**103,264**

The item essentially includes the receivables from subsidiaries to taxes transferred in virtue of the already cited tax consolidation agreements, deferred charges, and various agreements. The increase with respect to the previous year is due to positive results attained by the subsidiaries, in particular Sarlux Srl.

5.2 Non-current assets

5.2.1 Property, plant and equipment

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

COST	31/12/13	Additions	(Disposals)	Grants	Other changes	Merger of Arcola Petrolifera	31/12/2014
Land and buildings	14,411						14,411
Plant and equipment	0						0
Industrial and commercial equipment	85						85
Other assets	22,619	7			240	20	22,886
Assets under construction and payments on account	165	313			(18)		460
Total	**37,280**	**320**	**0**	**0**	**222**	**20**	**37,842**

ACCUMULATED DEPRECIATION	31/12/2013	Depreciation	(Disposals)	Grants on depreciation of previous years	Other changes	Merger of Arcola Petrolifera	31/12/2014
Land and buildings	9,650	2,149					11,799
Plant and equipment	0						0
Industrial and commercial equipment	68	11					79
Other assets	19,027	1,138				6	20,171
Total	**28,745**	**3,298**	**0**	**0**	**0**	**6**	**32,049**

NET BOOK VALUE	31/12/2013	Additions	(Disposals)	(Depreciation)	Grants and other changes	Merger of Arcola Petrolifera	31/12/2014
Land and buildings	4,761	0	0	(2,149)	0	0	2,612
Plant and equipment	0	0	0	0	0	0	0
Industrial and commercial equipment	17	0	0	(11)	0	0	6
Other assets	3,592	7	0	(1,138)	240	14	2,715
Assets under construction and payments on account	165	313	0		(18)	0	460
Total	**8,535**	**320**	**0**	**(3,298)**	**222**	**14**	**5,793**

COST	31/12/14	Additions	(Disposals)	Grants	Other changes	31/12/2015
Land and buildings	14,411				148	14,559
Plant and equipment	0					0
Industrial and commercial equipment	85					85
Other assets	22,886				64	22,950
Assets under construction and payments on account	460	1,138			(212)	1,386
Total	**37,842**	**1,138**	**0**	**0**	**0**	**38,980**

ACCUMULATED DEPRECIATION	31/12/2014	Depreciation	(Disposals)	Grants on depreciation of previous years	Other changes	31/12/2015
Land and buildings	11,799	1,868				13,667
Plant and equipment	0					0
Industrial and commercial equipment	79	5				84
Other assets	20,171	1,142				21,313
Total	**32,049**	**3,015**	**0**	**0**	**0**	**35,064**

NET BOOK VALUE	31/12/2014	Additions	(Disposals)	(Depreciation)	Grants and other changes	31/12/2015
Land and buildings	2,612	0	0	(1,868)	148	892
Plant and equipment	0	0	0	0	0	0
Industrial and commercial equipment	6	0	0	(5)	0	1
Other assets	2,715	0	0	(1,142)	64	1,637
Assets under construction and payments on account	460	1,138	0		(212)	1,386
Total	**5,793**	**1,138**	**0**	**(3,015)**	**0**	**3,916**

The item “Land and buildings” includes office buildings in Milan and Rome.

The item “Other assets” mainly includes furniture and electronic equipment.

The item “Work in progress and advances” reflects costs incurred for investments not yet brought into operation at 31st December 2015.

The most significant annual depreciation rates used are shown below:

Industrial buildings (land and buildings)	**5.50%**
Supplies (equipment)	**25.00%**
Electronic office equipment (other assets)	**20.00%**
Office furniture and machinery (other assets)	**12.00%**
Vehicles (other assets)	**25.00%**

There are no property, plant and equipment held for sale.

5.2.2 Intangible assets

The following table shows the changes in intangible assets:

COST	31/12/2013	Additions	Disposals	Other changes	Merger of Arcola Petrolifera	31/12/2014
Industrial and other patent rights	20,557			317	118	20,992
Intangible assets in progress and payments on account	18,683	780		(317)	80	19,226
Total	**39,240**	**780**	**0**	**0**	**198**	**40,218**

ACCUMULATED AMORTISATION	31/12/2013	Amortisation	Disposals	Other changes	Merger of Arcola Petrolifera	31/12/2014
Industrial and other patent rights	20,049	654			79	20,782
Total	**20,049**	**654**	**0**	**0**	**79**	**20,782**

NET BOOK VALUE	31/12/2013	Additions	Disposals and merger of Arcola P.	Other changes	Amortisation	31/12/2014
Industrial and other patent rights	508	0	39	317	(654)	210
Intangible assets in progress and payments on account	18,683	780	80	(317)	0	19,226
Total	**19,191**	**780**	**119**	**0**	**(654)**	**19,436**

COST	31/12/2014	Additions	Disposals	Other changes (Write-off)	31/12/2015
Industrial and other patent rights	20,992				20,992
Intangible assets in progress and payments on account	19,226	737		(18,396)	1,567
Total	**40,218**	**737**	**0**	**(18,396)**	**22,559**

ACCUMULATED AMORTISATION	31/12/2014	Amortisation	Disposals	Other changes	31/12/2015
Industrial and other patent rights	20,782	105			20,887
Total	**20,782**	**105**	**0**	**0**	**20,887**

NET BOOK VALUE	31/12/2014	Additions	Other changes	Amortisation (Write-off)	31/12/2015
Industrial and other patent rights	210	0	0	(105)	105
Intangible assets in progress and payments on account	19,226	737		(18,396)	1,567
Total	**19,436**	**737**	**0**	**(18,501)**	**1,672**

Amortisation of intangible assets totalled EUR 105 thousand, and was calculated using the annual rates shown below.

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

The main items are set out in detail below.

Concessions, licences, trademarks and similar rights
The balance of this item relates mainly to the costs incurred to acquire software licences.

Work in progress and advances
This item mainly included, in the previous year, the cost of natural gas exploration in Sardinia.
During the year, considering the strengthening opposition at the local level to the development of the project, the Company conservatively proceeded to write down the carrying amount of work in progress, without prejudice to its desire to pursue the activities. No intangible assets with a definite useful life are held for sale.

5.2.3 Equity investments

5.2.3.1 Equity investments valued at cost

On 4th September 2015, the subsidiary Saras Trading SA was formed in Geneva, with registration at the local Register of Companies consummated on 9th September 2015: the company did not perform any activity as of 31st December 2015. When fully operational, the subsidiary will engage in Supply and Trading both for the Group and on its own account, operating in one of world's largest oil commodity markets and facilitating the Group's access to additional information essential to take advantage of new commercial opportunities

The table below shows the list of equity investments held at 31st December 2015, with the main figures relating to each subsidiary on that date:

EQUITY INVESTMENTS

Legal name	HQ	Currency	Share Capital	% owned	Category	Total assets	Total liabilities	Shareholders' equity	Net profit/ (loss) last FY	Carrying amount in Saras SpA
Deposito di Arcola Srl	Arcola (SP)	€	1,000,000	100.00%	subsidiary	6,631,076	5,159,091	1,471,985	(1,927,344)	1,400,000
Parchi Eolici Ulassai Srl	Cagliari	€	500,000	100.00%	subsidiary	72,754,092	5,897,436	66,856,656	8,424,682	33,613,000
Sargas Srl	Uta (CA)	€	10,000	100.00%	subsidiary	491,211	11,975	479,236	(10,025)	510,000
Sarint SA	Luxemburg	€	50,705,314	99.9% (*)	subsidiary	24,141,531	324,330	23,817,201	(14,882,842)	23,817,201
Sarlux Srl	Sarroch (CA)	€	100,000,000	100.00%	subsidiary	1,538,354,308	481,843,253	1,056,511,055	272,510,634	638,395,086
Sartec-Saras Ricerche e Tecnologie SpA	Assemini (CA)	€	3,600,000	100.00%	subsidiary	20,763,121	9,430,228	11,332,893	1,422,243	17,382,989
Saras Trading SA (**)	Geneva (Switzerland)	CHF	1,000,000	100.00%	subsidiary	n/a	n/a	n/a	n/a	923,446
										716,041,722

(*) The remaining 0.1% stake in Sarint SA is owned by the subsidiary Deposito di Arcola Srl

(**) The Company closes its first Fiscal year on December 31st 2016, even if it has been incorporated during September 2015

A comparison with the figures for the previous year is shown below:

	Registered office	% owned	31/12/2015	31/12/2014
Arcola Petrolifera Srl	Sarroch (CA)	100%	0	0
Deposito di Arcola Srl	Arcola (SP)	100%	1,400	0
Parchi Eolici Ulassai Srl	Cagliari	100%	33,613	33,613
Sargas Srl	Uta (CA)	100%	510	510
Sarint SA	Luxemburg	99.9%	23,817	37,751
Sarlux Srl	Sarroch (CA)	100%	638,395	638,395
Sartec-Saras Ricerche e Tecnologie SpA	Assemini (CA)	100%	17,383	17,383
Saras Trading SA	Geneva (Switzerland)	100%	923	0
Total			**716,041**	**727,652**

The changes in carrying amount are as follows:

	31/12/2013	Loan waivers and contribution in kind	Revaluations	Impairment losses	Merger	31/12/2014
Arcola Petrolifera Srl	10,558				(10,558)	0
Deposito di Arcola Srl	0					0
Parchi Eolici Ulassai Srl	33,613					33,613
Sargas Srl	510					510
Sarint SA	37,750					37,750
Sarlux Srl	638,395					638,395
Sartec-Saras Ricerche e Tecnologie SpA	8,623		8,760			17,383
Total	**729,449**	**0**	**8,760**	**0**	**(10,558)**	**727,651**

	31/12/2014	Increases	Loan waivers and contribution in kind	Revaluations	Impairment losses	31/12/2015
Deposito di Arcola Srl	0		2.000		(600)	1.400
Parchi Eolici Ulassai Srl	33,613					33,613
Sargas Srl	510					510
Sarint SA	37.751				(13.934)	23.817
Sarlux Srl	638,395					638,395
Sartec-Saras Ricerche e Tecnologie SpA	17,383					17,383
Saras Trading SA	0	923				923
Total	**727,652**	**923**	**2,000**	**0**	**(14,534)**	**716,041**

During the year, Saras SpA waived claim to the loan granted to the subsidiary Deposito di Arcola Srl; the increase in the carrying amount of the investment was partially written down at the end of the year. Moreover, at the end of year, Saras SpA ha partly wrote down the investment in Sarint SA, a Luxembourg-based subsidiary, reflecting the recognition of the subsidiary's loss as impairment. None of Saras SpA's direct or indirect subsidiaries is listed on a regulated market.

5.2.3.2 Other equity interests

This item includes the 5.95% stake in Sarda Factoring SpA of Euro 495 thousand.

5.2.4 Deferred tax assets

Deferred tax assets of EUR 168,260 thousand at 31st December 2014 and EUR 84,255 thousand at 31st December 2015 are shown net of deferred tax liabilities, and break down as follows

EUR Thousand	Amount at 31/12/2014	Additions	Deductions	Other changes		Deductions 31/12/2015
				Changes of Tax rate (through P&L)	Other changes	
Deferred tax liabilities						
Fair value of derivatives instruments	*0*					*0*
Unrealised exchange differences	*0*	*(92)*	*0*			*(92)*
Other	*(230)*	*0*	*0*	*0*		*(230)*
Total deferred tax liabilities	**(230)**	**(92)**	**0**	**0**	**0**	**(322)**
Deferred tax assets						
Measurement of inventory at end of the period at FIFO for tax purposes	18,458		(15,898)	244	0	2,804
Provisions for risks and write-downs	1,556	7,634	(507)	(150)	0	8,533
Employee benefits and bonuses	362	322	(258)	0	0	426
Unrealised exchange differences	7,110	1,295	(5,775)	0		2,630
Excess maintenance costs	235	173	(47)	(18)		343
Tax asset relating to IRES Consolidated net loss	136,474		(71,091)		263	65,646
Provision for port duties	4,174			(111)	0	4,063
Other	121	97	(80)	(6)	0	132
Total deferred tax assets	**168,490**	**9,521**	**(93,656)**	**(41)**	**263**	**84,577**
Net total	**168,260**	**9,429**	**(93,656)**	**(41)**	**263**	**84,255**

The most significant current changes were due to:

- recovery of part of the tax assets, (for a total of EUR 71,091 thousand), as a consequence of the set-off allowed between the tax losses from previous periods and the net profit for the year under the IRES national tax consolidation scheme;
- the release of the deferred tax assets, amounting to EUR 15,898 thousand, on the difference between the tax basis and book value of inventories.

As regards the "Effect of the change in tax rates", note that the amounts shown and the relative net effect derived from the reduction of nominal IRES tax rate (from 27.5% to 24%) established by Italian Law 208/2015 with effective date starting in financial year 2017.

The following table shows deferred tax assets/liabilities broken down into the current and non-current portions for 2015 and 2014:

EUR Thousand	2014 Short Term	2014 Medium/ long Term	2013 Short Term	2013 Medium/ long Term
Deferred tax liabilities				
Unrealised exchange losses	(92)		0	
Other	(230)		(230)	0
Totale imposte differite	**(322)**		**(230)**	**0**
Deferred tax assets				
Measurement of inventory at end of the period at FIFO for tax purposes	2,804	0	18,458	0
Provisions for risks and write-downs	2,369	6,164	1,556	0
Employee benefiits and bonuses	322	104	258	104
Unrealised exchange losses	2,630	0	7,110	0
Excess maintenance costs	68	275	47	188
Tax asset relating to IRES consolidated net loss	65,646	0	0	136,474
Provision for port dulies	4,063	0	4,174	0
Other	132	0	121	0
Total deferred tax assets	**78,034**	**6,543**	**31,724**	**136,766**

5.2.5 Other financial assets

At 31st December 2015, the balance of this item was EUR 4,537 thousand (EUR 55,904 thousand the previous year) and relates mainly to medium-/long-term receivables.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

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

	31/12/2015	31/12/2014	Change
Bond	0	249,723	(249,723)
Short-term bank loans	49,000	28,900	20,100
Bank overdrafts	1,848	57,309	(55,461)
Loans from Group companies	349,391	31,006	318,385
Derivative instruments	44,761	171,323	(126,562)
Other short-term financial liabilities	35,492	27,561	7,931
Total short-term financial liabilities	**480,492**	**565,822**	**(85,330)**
Total long-term financial liabilities	**585,849**	**256,654**	**329,195**
Total financial liabilities	**1,066,341**	**822,476**	**243,865**

In July 2015 Saras SpA redeemed the bond issued on 16th July 2010 for a par value of EUR 250 million and a maturity of 5 years.

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

On 16th July 2015, Saras SpA signed a three-year loan agreement for EUR 50 million with a syndicate of leading national and international banks. This is a senior loan that is not backed by collateral. It carries an interest rate equal to Euribor plus a fixed annual spread and is repayable in a bullet payment on 15th July 2018.

On 10th December 2015, Saras SpA signed a loan agreement for EUR 265 million repayable in June 2020, with a syndicate of leading national and international banks. This is a senior loan that is not backed by collateral. It carries an interest rate equal to Euribor plus a fixed annual spread. The loan is repayable in eight instalments, the first of which, equal to 10% of principal, in December 2016 and the last in June 2020.

On 28th December 2015, Saras SpA paid off in advance a loan originally granted on 3rd July 2012 for EUR 170 million with a due date in five years. The principal repaid amounted to EUR 84 million.

The bank loans and the bonds are measured with the amortised cost method.

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

The item "Loans from Group companies" includes the balances of loans with the Group's Companies: the increase with respect to the previous year reflects the greater amount of borrowings, obtained essentially from the subsidiary Sarlux Srl.

"Derivative instruments" includes the negative fair value of the derivatives held at the end of the period.

	31/12/2015 Assets	31/12/2015 Liabilities	31/12/2014 Assets	31/12/2014 Liabilities
Interest rate swaps	0	(1,511)		(1,572)
Fair value of forward purchases and sales of commodities (oil & other oil products)	46,150	(42,993)	196,798	(169,751)
Fair value of forward purchases and sales of exchange rate	1,104	(257)	14,472	
Total	**47,254**	**(44,761)**	**211,270**	**(171,323)**

The following tables show the notional values and corresponding fair values of the derivatives outstanding at 31st December 2015 and 31st December 2014:

Type of transaction	Interest rate		Other			
Figures at 31/12/2015	**Fair value**		**Notional value**		**Fair value**	
	Pos.	**Neg.**	**Purchases**	**Sales**	**Pos.**	**Neg.**
Futures						
Oil products and crude oil			106,141	(134,065)	14,490	(13,893)
Exchange rates			(258,106)		1,104	(257)
Swaps						
Oil products and crude oil					20,484	(17,314)
Interest rates		(1,511)				
Options						
Oil products and crude oil					11,177	(11,787)
Total	**0**	**(2,044)**	**(151,965)**	**(134,065)**	**47,254**	**(43,250)**

Type of transaction	Interest rate			Other			
Dati al 31/12/2014	Notional value	Fair value		Notional value		Fair value	
		Pos.	Neg.	Purchases	Sales	Pos.	Neg.
Futures							
Oil products and crude oil				(201,778)	357,487	77,639	(38,379)
Exchange rates				(852,413)		14,472	
Swaps							
Oil products and crude oil				(239)	126.717	15.964	(360)
Interest rates	126,641		(1,572)				
Options							
Oil products and crude oil				(62,538)	30,496	103,195	(131,012)
Total	**126,641**	**0**	**(1,572)**	**(1,116,968)**	**514,700**	**211,270**	**(169,751)**

"Other short-term financial liabilities" mainly comprises the collections from customers, relative to receivables assigned without recourse and without notification to the factor and not yet repaid to the factors.

5.3.2 Trade and other payables

The table below shows a breakdown of this item:

	31/12/2015	31/12/2014	Change
Advances from customers: portion due within the year	28,003	0	28,003
Trade payables: portion due within the year	791,429	1,462,560	(671,131)
Trade payables to Group Companies	78,358	60,941	17,417
Total	**897,790**	**1,523,501**	**(625,711)**

"Customer advances" refers to payments on account received from customers for the supply of oil products; there were no instances of this as at the end of 2014
The item "Trade payables to Group Companies" essentially includes payables to Sarlux Srl amounting to EUR 56,332 thousand.
"Payables to suppliers" decreased by EUR 671,131 thousand as an effect of the already changes in market price of the crude oil and oil products already mentioned. It is worthy of note also that the item includes the payables for crude oil purchased in 2012 from Iran, the payment of which is still suspended pending the complete removal of the restrictions in international banking.

5.3.3 Tax liabilities

This item breaks down as shown below:

	31/12/2015	31/12/2014	Change
VAT	9,712	20,507	(10,795)
IRES	1,072		1,072
Other tax payables	64,942	72,680	(7,738)
Total	**75,726**	**93,187**	**(17,461)**

"VAT payables" are made up of the position accrued for the payment in the month of December. The change is due to lower revenues earned by the company from Italian customers during December compared with the same period of the previous year, essentially due to the change in prices already mentioned.

The item "Other tax payables" chiefly includes excise duties on products introduced into the market amounting to EUR 63,031 thousand.

5.3.4 Other liabilities

A breakdown of other liabilities is shown below:

	31/12/2015	31/12/2014	Change
Social security payables: portions due within one year	2,860	2,222	638
Due to personnel	8,252	4,420	3,832
Tax payables to subsidiaries due to fiscal consolidation	0	47,183	(47,183)
Other payables	22,236	18,048	2,850
Other accrued liabilities	371	165	206
Total	**33,719**	**72,038**	**(39,657)**

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

The item “Sums payable to subsidiaries due to tax transfers” includes payables to subsidiaries for taxes transferred based on the tax consolidation agreements already mentioned. The decrease with respect to the previous year is due to positive results achieved by the subsidiaries, in particular Sarlux Srl.

The item “Other payables” mainly relates to port duties as previously determined by the customs authority in respect to the Parent Company relative to the 2005-2007 period. The Company lost the appeal it filed with the Provincial Tax Commission and is now awaiting for a hearing to be scheduled before the Regional Tax Commission.

As a result of the developments in this dispute, the entire amount relating to port duties for the current year, as well as for previous years, has always been booked on an accruals basis under “Service and sundry costs”.

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below:

	31/12/2015	31/12/2014	Change
Euro Bond	174,007	173,728	279
Bank loans	411,842	82,926	328,9166
Long-term financial liabilities	**585,849**	**256,654**	**329,195**

On 17th July 2014, the parent company Saras SpA executed a private placement of bonds for an overall par value of EUR 175 million. The bonds, maturing on 17th July 2019, have a fixed coupon of 5% per year. The bonds were listed for trading on the Austrian multilateral trading system, Third Market of the Wiener Borse AG.

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

Figures in EUR million	Loan origination date	Amount originally borrowed	Base rate	Net book value at 31/12/14	Net book value at 31/12/15	Maturity			Collateral
						1 year	from 1 to 5 years	beyond 5 years	
Saras SpA									
Loan in pool	25-Mar-15	150.0	Euribor 6M		148.4	22.5	125.9		
Loan in pool	10-Jul-15	50.0	Euribor 6M		49.7		49.7		
Loan in pool	10-Dec-15	265.0	Euribor 6M		262.7	26.5	236.2		
Loan in pool	3-Jul-12	170.0	Euribor 6M	111.8	-	-	-		
Total payables to banks for loans				**111.8**	**460.8**	**49.0**	**411.8**	**-**	

The weighted average interest rate at 31st December 2014 was 4.29%.

The existing loans obtained by Saras SpA during the year (EUR 150 million stipulated in March 2015; EUR 50 million stipulated in July 2015; EUR 265 million stipulated in December 2015) and the bond of EUR 175 million issued on 17

July 2014, are subject to the following covenants:

- in financial terms, 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 31st December each year;
- in corporate terms, mainly in relation to the company's ownership structure, a ban on changing business activities, reducing the share capital, selling the majority of its significant shareholdings or selling a significant portion of its non-current assets.

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

On the last verification date of compliance with financial covenants required by contract, the covenants had been satisfied.

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows:

	31/12/2013	Additions	Use and reversals	Movements and merger Arcola P.	31/12/2014
Provisions for dismantling of plants	0				0
Provisions for CO_2 allowances	0				0
Other risk provisions	3,838			80	3,918
Total	**3,838**	**0**	**0**	**80**	**3,918**

	31/12/2014	Additions	Use and reversals	Movements	31/12/2015
Other risk provisions	3,918	7,570			11,488
Total	**3,918**	**7,570**	**0**	**0**	**11,488**

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

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below:

	31/12/2015	31/12/2014	Change
Employee end-of-service payments	2,894	2,899	(5)
Other supplementary pension funds	94	94	0
Total	**2,988**	**2,993**	**(5)**

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 at 31st December 2006 was determined according to actuarial methods. On 30th June 2010, following the cancellation by the Parent Company of the agreement establishing CPAS, the company's supplementary employee pension fund, the fund was dissolved and put into liquidation, with 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 disputed the dissolution of the fund, and a number of the employees involved have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision. During the year, two rulings were announced concerning the settlement of the disputes in question, both favourable to the Company; the counterparties filed an appeal against those sentences in Appellate Court and in the Court of Cassation, respectively.

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

Balance at 31.12.2013	**3,497**
Accruals for defined contribution plan (TFR)	1,381
Interest	(281)
Actuarial (gains) / losses	269
Utilisations for the year	(203)
Payments to supplementary pension schemes or to INPS treasury fund	(1,764)

Balance at 31.12.2014	**2,899**
Accruals for defined contribution plan (TFR)	1,240
Interest	69
Actuarial (gains) / losses	(7)
Utilisations for the year	(73)
Payments to supplementary pension schemes or to INPS treasury fund	(1,234)
Balance at 31.12.2015	**2,894**

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 year	0
Utilisations for the year	(6,372)
Balance at 31.12.2014	**94**
Accrual for the year	0
Utilisations for the year	0
Balance at 31.12.2015	**94**

5.4.4 Other liabilities

Other liabilities break down as follows:

	31/12/2015	31/12/2014	Change
Advances from Group companies	10,071	13,170	(3,099))
Total	**10,071**	**13,170**	**(3,099)**

Advances from Group companies refer to the long-term portion of the payable to Sarlux Srl. relating to the "Feedstock Supply Agreement". The change compared with the previous year is due both to reclassification of the portion for the following period from long-term to short-term and to the transfer to the subsidiary Sarlux Srl of the "Key Facility Agreement".

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	31/12/2015	31/12/2014	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	174,504	501,840	(327,336)
Profit/(Loss) for the year	247,841	(328,873)	576,714
Total	**487,901**	**238,523**	**249,378**

Share capital

At 31st December 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 174,504 thousand, a net decrease of EUR 327,336 thousand compared with the previous period. The net decrease was the combined result of:

- a decrease due to the allocation of the previous year's loss, by EUR 328,873 thousand;
- an increase of EUR 7 thousand due to the actuarial impact of IAS 19 (revised);
- an increase of EUR 1,530 thousand relating to the establishment of a reserve for the bonus allocation of shares to employees and management under the companies' stock grant plans.

Net Result
The net profit for the year totalled EUR 247,841 thousand

Restrictions on the distribution of equity reserves
The table below breaks down equity reserves at 31st December 2015 into the available portion, the non-distributable portion and the distributable portion:

Items in Shareholders' equity	Amount	Possible use	Portion available	Summary of utilisations made in the past three financial years:	
				For loss coverage	For other reasons
Share Capital	**54,629,667**				
Reserves of capital:					
Share premium reserve	338,672,775	A - B - C	338,672,775		
Reserves of profits:					
Revaluation reserve	64,037,748	A - B - C	(*) 64,037,748		
Legal reserves	10,925,934	B			
Profit/(Losses) carried forward	(693,579,710)		(693,579,710)		
Other reserves:					
Extraordinary reserve	377,047,929				
Own shares	(50,179,539)				
IFRS transition effects on retained earnings	(72,484,295)				
	254,384,095	A - B - C	(*) 254,384,095		
Employee share grant reserve	3,696,970				
Locked-in reserves as per art. 7, paragraph 6, D.Lgs. 38/05	19,658,569	A - B	19,658,569		
Merger surplus	85,068,436	A - B - C	85,068,436		
Other Reserves	102,566,097	A - B - C	102,566,097		
TOTAL	**240,060,581**		**170,808,010**		
Non-distributable portion			(**) 19,658,569		
Distributable portion			151,149,441		

Legend: A - for capital increase
B - to cover losses
C - for distribution to shareholders

(*) : whereof the amount on which taxation is suspended is equal to zero

'(**) : includes EUR 19.7 millions for "Locked-in-reserves as per art. 7, paragraph 6 D.Lgs. 38/05"

Dividends
On 28th April 2015, the ordinary shareholder meeting of Saras SpA, convened to approve the financial statements ending 31st December 2014, voted to not pay any dividends.

Regarding the financial year ending 31st December 2015, the Board of Directors of the Parent Company has made a proposal to the shareholders' meeting called on 22nd April 2016 to distribute a dividend of EUR 0.17 for each of the 936,010,146 ordinary shares in circulation, for a total amount of EUR 159,121,724.82, drawing it from the profit for the year.

The average number of shares outstanding was 931,754,226 in 2015 unchanged from 2014.
At 31st December 2015, Saras SpA held 19,245,774 treasury shares (n.14,989,854 as of the AGM date).

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

Sales and services revenues were EUR 7,283,706 thousand compared with EUR 9,132,308 thousand the previous year, a decrease of EUR 1,848,602 thousand. The change was mainly due to the fall in oil product prices over the period.

Revenues from ordinary operations are broken down by geographical area in section 4 above.

6.1.2 Other income

The following table shows a breakdown of other income.

	31/12/2015	31/12/2014	Change
Revenues for storage of mandatory stocks	4,388	8,989	(4,601)
Chartering of tankers	1,267	5,707	(4,440)
Sale of sundry materials	1	2,872	(2,871)
Other	41,363	42,246	(883)
Total	**47,019**	**59,814**	**(12,795)**

The item “Other income” essentially comprises charges to Sarlux Srl for services provided under contracts that expire in 2020.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, replacement parts and consumables

	31/12/2015	31/12/2014	Change
Purchase of raw materials	5,531,641	7,601,978	(2,070,337)
Purchase of semifinished products	288,963	222,079	66,884
Purchases of spare parts and consumables	1,124	189	935
Purchase of finished products	522,820	1,128,035	(605,215)
Other purchases	0	8	(8)
Change in inventories	68,353	230,261	(161,908)
Total	**6,412,901**	**9,182,550**	**(2,769,649)**

Costs for the purchase of raw materials, replacement parts and consumables fell EUR 2,769,649 thousand from the previous year, mainly due to the above-mentioned trend in prices.

6.2.2 Service and sundry costs

	31/12/2015	31/12/2014	Change
Service costs	913,767	398,879	514,888
Rent, leasing and similar costs	4,642	4,340	302
Provisions for risks and charges	10,414	2,001	8,413
Other operating charges	5,510	5,400	110
Total	**934,333**	**410,620**	**523,713**

Service costs mainly comprise the processing costs paid to the subsidiary Sarlux Srl. The change with respect to the previous year is due to the increase of this remuneration, which is also index-linked to the refining margins that were higher on the average than those observed in 2014.

05 THE SARAS GROUP
06 MILESTONES
08 LETTER TO SHAREHOLDERS
11 SARAS GROUP REPORT ON OPERATIONS
83 SARAS GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015
89 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015
155 REPORT ON OPERATIONS OF SARAS SPA
165 SARAS SPA SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015
NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015
229 REPORTS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015

The item “Provisions for risks” includes provisions allocated for future risks and charges.

The item “Other operating charges” mainly comprises membership fees, non-income taxes and windfall losses.

6.2.3 Personnel costs

“Personnel costs” break down as follows:

	31/12/2015	31/12/2014	Change
Wages and salaries	24,745	21,355	3,390
Social security	5,822	5,519	303
Employee end-of-service payments	1,313	1,381	(68)
Other costs	1,231	797	434
Directors’ remuneration	3,632	3,560	72
Total	**36,743**	**32,612**	**4,131**

On 24th April 2013, the Shareholders’ Meeting approved the “Plan to grant free company shares to the management of the Saras Group” (the “2013-2015 Stock Grant Plan” or the “Plan”), assigning the Board of Directors all powers necessary and appropriate to implement the Plan.
Beneficiaries of the Plan are:
- Key management personnel of the Company
- Directors of Italian and/or foreign subsidiaries of the Company
- Other senior people in the Group, including those with an independent employment contract

Each beneficiary is assigned the right to receive bonus shares upon achieving performance targets determined in relation to the performance of Saras’ Total Shareholder Return (TSR) compared to the TSR of a group of companies belonging to the FTSE Italia Mid Cap Index (the “Peer Group”). TSR is calculated as the change in the value of Saras shares and the shares of Peer Groups during the three-year period 2013-2015; the change will be calculated using as a reference the initial value (average value of shares recorded on the Milan Stock Exchange from 1st October 2012 to 31st December 2012) and the ending value (average value of shares recorded on the Milan Stock Exchange from 1st October 2015 to 31st December 2015).
The maximum number of shares covered by the Plan is 9,500,000. Shares are to be delivered within six months of the end of the Plan, and the beneficiary undertakes not to sell, transfer, dispose of or subject to any restriction a number of shares equivalent to 20% of the shares for a period of 24 months from the delivery date.
On 8th August 2013, the Board of Directors set the maximum number of shares to be assigned to individual beneficiaries, with a total cost of EUR 1,530 thousand for the period.

6.2.4 Depreciation, amortisation and impairments

Depreciation and amortisation figures are shown below:

	31/12/2015	31/12/2014	Change
Amortisation and Write-off of intangible assets	18,502	654	17,848
Depreciation of tangible assets	3,014	3,298	(284)
Total	**21,516**	**3,952**	**17,564**

6.3 Net income (charges) from equity investments

This item is shown in detail in the table below:

	31/12/2015	31/12/2014	Change
Dividends :			
- Sarlux Srl	300,000	0	300,000
	300,000	0	300,0000
Revaluations:			
- Sartec-Saras Ricerche e Tecnologie SpA	0	8,760	(8,760)
	0	8,760	(8,760)
Write-downs:			
- Deposito di Arcola Srl	(600)	0	(600)
- Sarint	(13,934)	0	(13,934)
Total write-downs	(14,534)	0	(14,534)
Total	**285,466**	**8,760**	**276,706**

On 22nd December 2015, the body of equity holders of the subsidiary Sarlux Srl resolved to distribute dividends amounting to EUR 300 million.
During the year, Saras SpA capitalised the subsidiary Deposito di Arcola Srl by a partial waiver of its claim to the loan granted to the company; considering the negative prospects in terms of the subsidiary's results, the parent company, at the end of the year, partially wrote down the relative increase of the equity.

6.4 Financial income and charges

A breakdown of financial income and charges is shown below:

	31/12/2015	31/12/2014	Change
Financial income:			
- from financial assets recorded under current assets		0	0
Other sundry financial income			
- from subsidiaries	6,995	3,187	3,808
- interest on current accounts held with banks and post offices	563	384	179
- fair value of derivative instruments at the end of the year	47,315	210,786	(163,471)
- realised gains on derivatives	252,404	138,364	114,040
- Other income	283	358	(75)
Exchange gains	92,633	56,362	36,271
Total financial income	**400,193**	**409,441**	**(9,248)**
Financial charges:			
- To subsidiaries	(9,589)	(859)	(8,730)
- Fair value on derivative instruments at the end of the year	(43,250)	(169,751)	126,501
- Realised loss on derivatives	(125,101)	(60,090)	(65,011)
- Other (interest on loans, late payment interest, etc)	(35,479)	(36,698)	1,219
Exchange losses	(155,503)	(113,137)	(42,366)
Total financial charges	**(368,922)**	**(380,535)**	**11,613**
Total	**31,271**	**28,906**	**2,365**

The summary table below provides an analysis of the main changes during the year:

	31/12/2015	31/12/2014	Change
Net interest income/(expense)	(37,510)	(33,986)	(3,524)
Net result from derivative financial instruments	131,368	119,309	12,059
- Realised gains/(losses)	127,303	78,274	49,029
- Fair value of open positions	4,065	41,035	(36,970)
Net exchange gains/(losses)	(62,870)	(56,775)	(6,095)
Other	283	358	(75)
Total	**31,271**	**28,906**	**2,365**

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

6.5 Income tax

Income tax can be shown as follows

	31/12/2015	31/12/2014	Change
Current taxes	0	0	0
Effect of tax consolidation	(19,049)	(3,515)	(15,534)
Deferred tax (income)/expense, net	13,177	(67,558)	80,735
Total	**(5,872)**	**(71,073)**	**65,201**

The item "Effect of Group tax consolidation" comprises the benefit deriving from the tax loss, calculated using a rate of 27.5%, which is offset under the tax consolidation scheme.

The deferred tax assets/liabilities refer to the variations, occurred during the year, in the temporary differences between the book bases and the tax bases of assets and liabilities ; the most significant change is attributable the release of the deferred tax assets, amounting to EUR 15,898 thousand, on the partial realignment between the book value and tax basis of inventories.

As regards the "Effect of the change in tax rates", note that the amounts shown and the relative net effect derived from the reduction of nominal IRES tax rate (from 27.5% to 24%) established by Italian Law 208/2015 with effective date starting in financial year 2017.

Temporary differences in the Income Statement:	**TAX 2014**		**TAX 2013**	
EUR Thousand	**Deferred tax assets/ (liabilities)**	**Effect of tax rate changes/ Tax abolition**	**Deferred tax assets/ (liabilities)**	**Effect o tax rate changes**
Provisions for risk and charges	7,127	(150)	(94)	(367)
Measurement of closing inventories at FIFO for tax purposes	(15,898)	244	17,837	(159)
Excess maintenance costs	126	(18)	235	
Employee benefits and bonuses	64		103	(16)
Unrealised exchange differences	(4,572)		7,436	
Tax asset relating to IRES consolidated net loss			82,324	
Tax assets on tax loss (IRES surcharge)				(38,370)
Other temporary differences	17	(117)	(65)	(1,306)
TOTAL	**(13,136)**	**(41)**	**107,776**	**(40,218)**

Differences between the statutory and effective IRES and IRAP tax rates for the two periods under review are reported below (figures in EUR million).

IRES	**2015**	**2014**
PROFIT/(LOSS) BEFORE TAXES [A]	**254.5**	**(399.9)**
THEORETICAL CORPORATION TAX IRES [A*27.5%] [B]	70.0	(110.0)
THEORETICAL TAX RATE [B/A*100] %	**27.5%**	**27.5%**
EFFECTIVE INCOME TAXES [C]	**(5.9)**	**(71.1)**
EFFECTIVE TAX RATE [C/A*100] %	**-2.3%**	**17.8%%**

	31/12/2015		31/12/2014	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical taxes	**70.0**	**27.5%**	**(110.0)**	**27.5%**
Revaluations/Write-downs of investments and loans to subsidiaries	1.0	0.38%	(1.9)	0.48%
Dividends from subsidiaries	(78.4)	-30.80%	0.0	0.00%
Abolition of IRES surcharge effect on tax asset related to previous year losses (Constitutional Court ruling of 2015)	0.0	0.00%	38.4	-9.60%
Abolition of IRES surcharge (effect on deferred taxation) (Constitutional Court ruling of 2015)	0.0	0.00%	1.8	-0.45%
Taxes of previous years	0.2	0.08%	0.0	0.00%
Other permanent differences	1.4	0.54%	0.6	-0.15%
Effective taxes	**(5.9)**	**-2.3%**	**(71.1)**	**17.8%**

With reference to 2013, the statutory tax rate was assumed without considering the additional 6.5% (Robin Hood) tax, given that the taxable result the period was negative and that such additional tax will disappear in future years.

IRAP	2015	2014
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	**(74.8)**	**(437.6)**
TOTAL PERSONNEL COSTS [in 2014]	0.0	32.6
ADJUSTED DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A)	**(74.8)**	**(405.0)**
THEORETICAL INCOME TAX IRAP [A*2.93% in 2015; A*1.17% in 2014] [B]	**(2.2)**	**(4.7)**
THEORETICAL TAX RATE [B/A*100] %	**2.93%**	**1.17%**
EFFECTIVE INCOME TAXES [C]	**0.0**	**0.0**
EFFECTIVE TAX RATE [C/A*100] %	**0.0%**	**0.0%**

	2015		2014	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical taxes	**(2.2)**	**2.93%**	**(4.7)**	**1.17%**
IRAP tax assets not recognizable	2.2	-2.90%	4.7	-1.17%
Effective taxes	**0.0**	**0.0%**	**(0.0)**	**0.0%**

With reference to 2015, the statutory tax rate was calculated with the reduced rate of 2.93%, increased on that for the previous year (1.17%) by the Sardinian Autonomous Region with Regional Law 5/2015.

7. Other information

For information on events that took place after the end of the period, reference should be made to the relevant section in the Report on Operations.

7.1 Main legal actions pending

The company was 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 with the alleged violations, the company assumes that probability of any liability is remote; where instead the liability was deemed probable, appropriate funds were allocated to provisions for risks.

7.2 Transactions with related parties

The transactions carried out by Saras with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature. For information on guarantees given to and received from related parties, see section “7.6 Commitments” below. The figures for commercial, miscellaneous and financial transactions with related parties are set out below, and information is provided on the largest transactions.

The effects on the statement of financial position of transactions or positions with related parties are summarised in the table below:

Table showing details of transactions with related parties

Description	Absolute value (EUR/000) and % of item in statements				Item	Business reason
	31/12/2015		31/12/2014			
SARLUX Srl						
Supply of goods	153,144	2.10%	211,522	2.32%	Revenues from ordinary operations	Supply of raw material as per agreement
Services rendered	25,995	55.29%	25,857	43.23%	Other income	Outsourcing of services as per agreement
Purchases of goods	(4,182)	0.07%	(17,723)	0.19%	Purchases of raw materials, spare parts and consumables	Supply of sulphur as per agreement
Processing fee	(749,144)	80.18%	(241,522)	58.82%	Cost of services and sundry costs	Processing fee
Services received	(141)	0.02%	(495)	0.12%	Cost of services and sundry costs	Provision of various services
Financial charges	(2,600)	0.70%	0	0.00%	Financial charges	Interest on intercompany loans
Dividends	300,000	100.67%	0	0.00%	Income on equity investments	Dividends
Financial income	0	0.00%	855	0.20%	Financial income	Interest on intercompany loans
Receivables for goods & services supplied	20,740	8.69%	36,219	9.08%	Current trade receivables	Trade receivables
Payables for goods & services supplied	(76,169)	8.48%	(43,247)	2.84%	Trade and other current payables	Trade payables
Payables for goods & services supplied	(10,071)	100.00%	(13,170)	100.00%	Other non current liabilities	Trade payables
IRES/VAT payables from tax consolidation	0	0.00%	(45,706)	108.43%	Short term financial liabilities	IRES/VAT payables from tax consolidation
IRES/VAT receivables from tax consolidation	107,905	36.61%	0	0.00%	Other current assets	IRES/VAT payables from tax consolidation
Loan	0	0.00%	51,124	60.63%	Other current assets	Intercompany loans
Loan	(215,132)	44.77%	0	0.00%	Short term financial liabilities	Intercompany loans
SARAS RICERCHE E TECNOLOGIE SpA						
Services rendered by staff	356	0.76%	393	0.66%	Other income	Staff on secondment
Services rendered	715	1.52%	880	1.47%	Other income	Outsourcing of services
Measurement of equity investments			8,760	100.00%	Net income (charges) on equity investments	Revaluation of equity investments
Financial income	25	0.01%	24	0.01%	Financial income	Interest on intercomany line of credit
Services received	(222)	0.02%	(148)	0.04%	Cost of services and sundry costs	Outsourcing of engeneering services
Receivables for goods & services supplied	1,073	0.45%	1,323	0.33%	Current trade reveivables	Trade receivables
Financing	1,101	10.31%	2,524	2.99%	Other current assets	Intercompany credit lines
IRES/VAT receivables from tax consolidation	(133)	0.03%	(373)	0.88%	Short term financial liabilities	IRES/VAT receivables from tax consolidation
Payables for goods & services supplied	(63)	0.01%	(100)	0.01%	Trade and other current payables	Trade payables
SARDEOLICA Srl						
Services rendered	285	0.61%	453	0.76%	Other income	Outsourcing of services
Financial charges	(714)	0.19%	(634)	0.16%	Financial charges	Interest on intercompany line of credit
Receivables for goods & services supplied	285	0.12%	393	0.10%	Current trade receivables	Trade receivables
Payables for goods & services supplied	(380)	0.04%	(326)	0.02%	Trade and other current payables	Trade payables
Loan	(44,986)	9.36%	(6,006)	14.25%	Short-term financial liabilities	Intercompany loans
IRES/VAT payables from tax consolidation	(799)	0.17%	(1,191)	2.83%	Short-term financial liabilities	IRES/VAT receivables from tax consolidation
PARCHI EOLICI ULASSAI Srl						
Services rendered	20	0.04%	36	0.06%	Other income	Outsourcing of services
Financial income	89	0.02%	111	0.03%	Financial income	Interest on intercompany loans
Receivables for goods & services supplied	63	0.03%	119	0.03%	Current trade receivables	Trade receivables
Loan	4,504	42.19%	5,041	5.98%	Other current assets	Intercompany loans
IRES/VAT receivables from tax consolidation	85	0.80%	110	0.13%	Other current assets	IRES/VAT receivables from tax consolidation
DEPOSITO DI ARCOLA Srl						
Supply of goods	53	0.00%	0	0.00%	Revenues from ordinary operations	Supply of oil products
Services rendered	253	0.54%	271	0.45%	Other income	Outsourcing of services
Financial income	57	0.01%	24	0.01%	Other net financial income (charges)	Interest on intercompany loans
Purchases of goods	(853)	0.01%	0	0.00%	Purchases of raw materials, spare parts and consumables	Supply of oil products
Services rendered	(1,315)	0.14%	(1,855)	0.45%	Cost of services and sundry costs	Outsourcing of services
Measurement of equity investments	(2,000)	-0.67%	0	0.00%	Net income (charges) on equity investments	Write-down on equity investments
Receivables for goods & services supplied	244	0.10%	258	0.06%	Current trade receivables	Trade receivables
Loan	3,242	30.37%	1,711	2.03%	Other current assets	Intercompany loans
Payables for goods & services supplied	(281)	0.00%	(360)	0.00%	Trade and other current payables	Trade payables
IRES/VAT receivables from tax consolidation	0	0.00%	32	0.04%	Other current assets	IRES/VAT receivablesbles from tax consolidation
IRES/VAT payables from tax consolidation	(834)	0.17%	0	0.00%	Short term financial liabilities	IRES/VAT payables from tax consolidation

Table showing details of transactions with related parties

Description	Absolute value (EUR/000) and % of item in statements				Item	Business reason
	31/12/2015		31/12/2014			
SARGAS Srl						
Services rendered	10	0.02%	0	0.00%	Other income	Outsourcing of services
Receivables for goods & services supplied	10	0.00%	0	0.00%	Current trade receivables	Trade receivables
IMMOBILIARE ELLECI SpA						
Rent	(12)	0.00%	(9)	0.00%	Cost of services and sundry costs	Rental buildings
SECURFIN HOLDINGS SpA						
Services rendered by staff	0	0.00%	2	0.00%	Other income	Staff on secondment
Rent	(643)	0.07%	(539)	0.13%	Cost of services and sundry costs	Rental of building and parking spaces in Milan
Receivables for goods & services supplied	0	0.00%	2	0.00%	Current trade receivables	Trade receivables
F.C. INTERNAZIONALE SpA						
Services received	(26)	0.00%	(28)	0.00%	Cost of services and sundry costs	Purchase of entrance tickets for sports matches
GIAN MARCO MORATTI SAp.A.						
Services rendered by staff	35	0.07%	42	0.07%	Other income	Staff on secondment
Offices rental	13	0.03%	0	0.00%	Other income	Rental buildings
Receivables for goods & services supplied	35	0.01%	30	0.01%	Current trade receivables	Trade receivables
MASSIMO MORATTI SApA						
Services rendered by staff	35	0.07%	42	0.07%	Other income	Staff on secondment
Offices rental	13	0.03%	0	0.00%	Other income	Rental buildings
Receivables for goods & services supplied	35	0.01%	30	0.01%	Current trade receivables	Trade receivables
MANTA Srl						
Services rendered by staff	42	0.09%	50	0.08%	Other income	Staff on secondment
Services rendered	(649)	0.07%	(747)	0.18%	Costs of services and sundry costs	Security services
Receivables for goods and services supplied	42	0.02%	50	0.01%	Current trade receivables	Trade receivables
Payables for supply of goods and services	(1)	0.00%	(116)	0.01%	Trade payables and other current payables	Trade payables
DE SANTIS Srl						
Services rendered	0	0.00%	(1)	0.00%	Cost of services and sundry costs	Catering services
CIGOGNOLA Srl						
Services rendered	(2)	0.00%	0	0.00%	Cost of services and sundry costs	Gifts and gadgets supply
Payables for goods & services supplied	(2)	0.00%	0	0.00%	Trade and other current payables	Trade payables
SARAS ENERGIA SA (Spagna).						
Supply of goods	183,987	2.53%	245,445	2.69%	Revenues from ordinary operations	Supply of oil products
Services rendered by staff	146	0.31%	134	0.22%	Other income	Staff on secondment
Services rendered	136	0.29%	288	0.48%	Other income	Payment for stocking of mandatory supplies and demurrage
Financing income	816	0.20%	2,278	0.55%	Financial income	Intercompany financing
Purchases of goods	(66)	0.00%	(28,703)	0.31%	Purchases of raw materials, spare parts and consumables	Repayment of operational loans on Sarroch
Financial charges	0	0.00%	(854)	0.22%	Financial charges	Interest on intercompany line of credit
Receivables for goods & services supplied	12,127	5.08%	16,893	4.23%	Current trade receivables	Supply of oil products
Financing			0	0.00%	Other current assets	Intercompany financing
Financing	16,500	154.55%	63,000	112.69%	Other financial assets	Intercompany financing
Payables for goods & services supplied	0	0.00%	(585)	0.04%	Trade payables and other current payables	Trade payables
SARINT SA (Lussemburgo)						
Loan	(170)	0.04%	(14,530)	2.44%	Short-term financial liabilities	Intercompany loans

Table showing details of transactions with related parties

Description	Absolute value (EUR/000) and % of item in statements 31/12/2015		31/12/2014		Item	Business reason
SARAS TRADING SA (Svizzera)						
Services rendered	341	0.73%	0	0.00%	Other income	Outsourcing of services
Receivables for goods & services supplied	394	0.17%	0	0.00%	Current trade receivables	Trade receivables
REASAR SA (Lussemburgo)						
Financial charges	(223)	0.06%	(225)	0.06%	Financial charges	Interest on intercompany loans
Payables for goods & services supplied	(56)	0.01%	(53)	0.00%	Trade and other current payables	Trade payables
Loan	(12,000)	2.50%	(10,470)	1.76%	Short-term financial liabilities	Intercompany loans

No provisions were made for doubtful receivables relative to the sum of the outstanding balances, considering that it was bot necessary; no losses were recorded for bad debt or doubtful receivables due from related parties.

During 2015, no transactions were carried out with the shareholder Rosneft JV Projects SA or with its related parties. With regard to the above-mentioned transactions, the agreements governing sales of oil and oil products reflect market conditions; where a market price is not available the price is established using market prices for similar materials or products. Where services are provided, the prices are aligned as far as possible with market conditions; expenses passed on in relation to seconded personnel are charged at cost, and interest on loans is charged at market rates.

Related parties include both the directors and auditors, whose remuneration is stated in 7.5.1 "Remuneration paid to directors and auditors, officers and key management personnel".

The effects on the statement of financial position of transactions or positions with related parties are summarised in the table below.

	31/12/2015			31/12/2014		
	Total	Related Parties	%	Total	Related Parties	%
Trade receivables	238,545	35,048	14.7%	398,893	55,317	13.9%
Other current assets	10,676	116,837	1094.4%	84,322	60,542	71.8%
Other financial income	4,537	16,500	363.7%	55,904	63,000	112.7%
Short-term financial liabilities	480,492	274,054	57.0%	595,707	78,276	13.1%
Trade and other current payables	897,790	76,390	8.5%	1,523,501	44,787	2.9%
Other non-current liabilities	10,071	10,071	100.0%	13,170	13,170	100.0%

The effects on the income statement of transactions or positions with related parties are summarised in the table below:

	31/12/2015			31/12/2014		
	Total	Related Parties	%	Total	Related Parties	%
Revenues from ordinary operations	7,283,706	337,184	4.6%	9,132,308	456,967	5.0%
Other income	47,019	28,395	60.4%	59,814	28,448	47.6%
"Purchases of raw materials spare partsand consumables"	6,412,901	5,101	0.1%	9,182,550	46,426	0.5%
Cost of services and sundry costs	934,333	752,154	80.5%	410,620	245,345	59.7%
Net income / (charges) from equity interests	298,000	298,000	100.0%	8,760	8,760	100.0%
Financial income	400,193	987	0.2%	417,243	3,292	0.8%
Financial charges	368,922	3,537	1.0%	388,337	1,713	0.4%

The main cash flows with related parties are shown in the table below:

Cash flows with related parties	2015	2014
Net (income) / charges from equity interests	(2,000)	8,760
Dividends from subsidiaries	300,000	0
(Increase) / Decrease in trade receivables	20,269	182,289
Increase / (Decrease) in trade and other payables	31,603	(8,358)
Changes in other current assets	56,295	25,831
Changes in other non current liabilities	(3,099)	(3,098)
Interest received	930	3,268
Interest paid	(3,537)	1,713
Cash flows from / (used in) operating activities	**400,461**	**210,405**
Dividends	300,000	0
Cash flows from / (used in) investing activities	**300,000**	**0**
Increase / (Decrease) in short-term financial borrowings	195,778	8,854
Cash flows from / (used in) financing activities	**195,778**	**8,854**
Total cash flows with related parties	**896,239**	**219,259**

The effects of cash flows with related parties are shown in the table below:

Cash Flows	31/12/2015			31/12/2014		
	Total	Related Parties	%	Total	Related Parties	%
Cash flows from / (used in) operating activities	25,851	400,461	1549.1%	25,851	210,405	813.9%
Cash flows from / (used in) investing activities	(57,772)	300,000	n.d.	(57,772)	0	n.d.
Cash flows from / (used in) financing activities	124,828	195,778	156.8%	124,828	8,854	7.1%

7.3 Information pursuant to International Financial Reporting Standards 7 and 13 – Financial instruments: disclosures

The information on financial instruments to be disclosed in financial statements and interim reports, to the extent that it is applicable to Saras SpA., is mainly defined in IFRS 7 and 13.
IFRS 7 – Financial Instruments: Disclosures, requires entities to provide supplementary disclosures in the 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 this is managed.

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

Fair value hierarchy

Sub-paragraphs a) and b) of paragraph 93 of the standard in question require the submission of the amount of assets and liabilities measured at fair value broken down by fair value hierarchy. To this end, IFRS 13 defines a precise three-level fair value hierarchy. The criterion used concerns the actual level at which inputs used for the estimate can be observed. Such inputs determine the various levels of reliability of fair value, depending on whether they:

(a) unadjusted quotations taken from an active market – as defined by IAS 39 – for the assets and liabilities being measured (level 1);
(b) measurement techniques based on factors other than the quoted prices referred to above, which can either be observed directly (prices) or indirectly (derived from prices) on the market (level 2);
(c) measurement techniques 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 company at 31st December 2015:

Assets	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	14,490			1,104			14,490	1,104	15,594
SWAPS	20,484						20,484	0	20,484
OPTIONS	11,177						11,177	0	11,177
Total	**46,150**	**0**	**0**	**1,104**	**0**	**0**	**46,150**	**1,104**	**47,254**

Liabilities	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	(13,893)			(257)			(13,893)	(257)	(14,150)
SWAPS	(17,314)					(2,577)	(17,314)	(2,577)	(19,890)
OPTIONS	(11,787)						(11,787)	0	(11,787)
Total	**(42,993)**	**0**	**0**	**(257)**	**0**	**(2,044)**	**(42,993)**	**(2,834)**	**(45,827)**

For 2014:

Assets	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	77,639			14,472			77,639	14,472	92,111
SWAPS	15,964						15,964	0	15,964
OPTIONS	103,195						103,195	0	103,195
Total	**196.798**	**0**	**0**	**14,472**	**0**	**0**	**196.798**	**14,472**	**211,270**

Liabilities	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	(38,379)					(1,572)	(38,379)	(1,572)	(39,951)
SWAPS	(360)						(360)	0	(360)
OPTIONS	(131,012)						(131,012)	0	(131,012)
Total	**(169,751)**	**0**	**0**	**0**	**0**	**(1,572)**	**(169,751)**	**(1,572)**	**(171,323)**

The criterion used by the company specifies that financial assets and liabilities measured at fair value should be transferred from one level of the hierarchy to another on the date that the circumstances that cause the transfer become evident. Pursuant to sub-paragraph c) of paragraph 93, there were no reclassifications among the various levels of the fair value hierarchy during the period.

Measurement techniques

As can be seen from the table in the section above, financial instruments measured at fair value largely consisted of derivatives entered into 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 purchased.

For all types of derivatives described above, the fair value measurements received from the counterparties for the open positions are verified by comparing them to the company's fair value measurement of 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 is not significant given the deposits securing the positions.

Saras SpA has no level 3 financial assets or liabilities measured at fair pursuant to IFRS 13.

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

The criteria contained in the standard supplement those set out for the recognition, measurement and disclosure in the financial statements of the financial assets and liabilities listed in IAS 32 (Financial Instruments: Disclosure and Presentation) and in IAS 39 (Financial Instruments: Recognition and Measurement).

The standard applies to all entities and all types of financial instrument, except for shareholdings in subsidiaries, affiliates and joint ventures accounted for in accordance with IAS 27, 28 or 31, employers' rights and obligations arising from employee benefit schemes (IAS 19), contracts relating to business combinations (IFRS 3), insurance contracts (IFRS 4) and financial instruments, contracts and obligations relating to share-based payments (IFRS 2).

7.3.1 Information on the statement of financial position

Paragraphs 8-19 of the standard require the company to disclose the carrying amount of all financial instruments belonging to the categories set out in IAS 39, together with certain detailed information where the company has opted to recognise financial assets or liabilities at fair value through profit and loss, or where it has reclassified financial assets, or where financial assets have been derecognised. Statement of financial position for Saras SpA at 31st December 2015 and 31st December 2014 are shown below, with details of the company's financial instruments:

31/12/2015	Book Value of all financial instruments belonging to the categories set out in IAS 39							
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Other	Balance at 31/12/2015
	Designated at Fair Value	Held for trading						
ASSETS								
Current financial assets	**0**	**47,254**	**0**	**1,260,597**	**0**	**0**	**467,257**	**1,775,108**
Cash and cash equivalents				768,747				768,747
Other financial assets		47,254		142,634				189,888
Derivative instruments (Fair Value and realized)		*47,254*		*17,450*				
Loans to third parties				*1,303*				
Financial receivables from Group companies				*123,881*				
Trade receivables				*238,545*				*238,545*
Trade receivables from third parties				*202,647*				
Trade receivables from Group companies				*35,898*				
Inventories							440,663	440,663
Current tax assets							20,367	20,367
Other assets				110,671			6,227	116,898
Other receivables				*110,671*			*6,227*	
Non-current assets	**0**	**0**	**0**	**4,537**	**495**	**0**	**805,884**	**810,916**
Property, plant and equipment							3,916	3,916
Intangible assets							1,672	1,672
Equity interests carried at cost							716,041	716,041
Other equity interests					495			495
Deferred tax assets							84,255	84,255
Other financial assets				4,537				4,537
Loans to subsidiaries				*0*				
Other receivables				*4,537*				
Total financial assets	**0**	**47,254**	**0**	**1,265,134**	**495**	**0**	**1,273,141**	**2,586,024**
LIABILITIES								
Current liabilities	**0**	**44,761**	**0**	**0**	**0**	**1,367,240**	**75,726**	**1,487,727**
Short-term financial liabilities		44,761				435,731		480,492
Bonds						*0*		
Bank loans						*49,000*		
Overdrafts						*1,848*		
Loans from Group companies						*349,391*		
Derivative instruments		*44,761*						
Other financial liabilities						*35,492*		
Trade and other payables						897,790		897,790
Current tax liabilities							75,726	75,726
Other liabilities						33,719		33,719
Other payables						*33,719*		
Non-current liabilities	**0**	**0**	**0**	**0**	**0**	**595,920**	**14,476**	**610,396 6**
Long-term financial liabilities						585,849		585,849
Bank loans						*411,842*		
Bonds						*174,007*		
Provisions for risks and charges							11,488	11,488
Provisions for employee benefits							2,988	2,988
Other liabilities						10,071		10,071
Total financial liabilities	**0**	**44,761**	**0**	**0**	**0**	**1,963,160**	**90,202**	**2,098,123**

31/12/2014	Book Value of all financial instruments belonging to the categories set out in IAS 39							
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Other	Balance at 31/12/2014
	Designated at Fair Value	Held for trading						
ASSETS								
Current financial assets	**0**	**211,270**	**0**	**1,026,617**	**0**	**0**	**554,379**	**1,792,266**
Cash and cash equivalents				511,265				511,265
Other financial assets		211,270		109,314				320,584
Derivative instruments (Fair Value and realized)		*211,270*		*37,152*				
Loans to third parties				*1,474*				
Financial receivables from Group companies				*70,688*				
Trade receivables				398,893				398,893
Trade receivables from third parties				*343,406*				
Trade receivables from Group companies				*55,487*				
Inventories							509,017	509,017
Current tax assets							38,873	38,873
Other assets				7,145			6,489	13,634
Other receivables				*7,145*			*6,489*	
Non-current assets	**0**	**0**	**0**	**55,904**	**495**	**0**	**921,141**	**977,540**
Property, plant and equipment							5,793	5,793
Intangible assets							19,436	19,436
Equity interests carried at cost							727,652	727,652
Other equity interests					495			495
Deferred tax assets							168,260	168,260
Other financial assets				55,904				55,904
Loans to subsidiaries				*51,000*				
Other receivables				*4,904*				
Total financial assets	**0**	**211,270**	**0**	**1,082,521**	**495**	**0**	**1,475,520**	**2,769,806**
LIABILITIES								
Current liabilities	**0**	**171,323**	**0**	**0**	**0**	**1,990,038**	**93,187**	**2,254,548**
Short-term financial liabilities		171,323				394,499		565,822
Bonds						*249,723*		
Bank loans						*28,900*		
Overdrafts						*57,309*		
Loans from Group companies						*31,006*		
Derivative instruments		*171,323*						
Other financial liabilities						*27,561*		
Trade and other payables						1,523,501		1,523,501
Current tax liabilities							93,187	93,187
Other liabilities						72,038		72,038
Other payables						*72,038*		
Non-current liabilities	**0**	**0**	**0**	**0**	**0**	**269,824**	**6,911**	**276,735**
Long-term financial liabilities						256,654		256,654
Bank loans						*82,926*		
Bonds						*173,728*		
Provisions for risks and charges							3,918	3,918
Provisions for employee benefits							2,993	2,993
Other liabilities						13,170		13,170
Total financial liabilities	**0**	**171,323**	**0**	**0**	**0**	**2,259,862**	**100,098**	**2,531,283**

Financial instruments recorded at fair value in the income statement comprise derivatives held by the company, as described in paragraph 5.3.1 above. The derivatives contracts on commodities, interest rates and exchange rates were entered into to mitigate the risks inherent in the business in which it operates, arising from changes in the price of crude and oil products (futures, options and swaps), to hedge interest rate risk on loans taken out and to hedge exchange rate risk relating to its currency positions.

All trade receivables and most other current and non-current receivables are classed as “Loans” since they consist of non-derivative financial assets with fixed or determinable payments that are not quoted on any active market. The carrying amount is close to fair value.

Other financial liabilities recognised at amortised cost include all the company’s financial liabilities and trade payables arising from the company’s contractual obligations to deliver cash or other financial assets to another entity.
No financial assets valued at amortised cost were restated at fair value or vice versa; nor were any financial assets transferred and derecognised, with the exception of trade receivables sold on a “without recourse” basis. An analysis of the contractual terms and conditions confirmed that the receivables in question could be derecognised.

All financial assets are booked on the trade date.

During the year, the company met all its obligations with respect to the scheduled repayment of loans in place at the end of the period.

7.3.2 Information on the statement of comprehensive income

Paragraph 20 of the standard in question requires companies to state the amount of net gains or losses generated by financial assets and liabilities, broken down according to the various income statement items. This information may be provided in either the financial statements or the notes to the accounts. To avoid overburdening the financial statements with information, the company has opted for the second alternative, as recommended in the appendix to the accounting standard. The following tables therefore show details of income statement items for the current year and the previous year.

2015	Net profits or losses, interest income and expense, revenues and expenses generated by:								
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Total from financial instruments	Other	2015
	Designated at fair value	Held for trading							
Revenues from ordinary operations								7,283,706	7,283,706
Other Income								47,019	47,019
Total Revenues							**0**	**7,330,725**	**7,330,725**
Purchases of raw materials, spare parts and consumables								(6,412,901)	(6,412,901)
Cost of services and sundry costs								(934,333)	(934,333)
Personnel costs								(36,743)	(36,743)
Depreciation, amortisation and write-downs								(21,516)	(21,516)
Total costs							**0**	**(7,405,493)**	**(7,405,493)**
Operating Result	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(74,768)**	**(74,768)**
Net income (charges) from equity interests								285,466	285,466
Other net financial income (charges)							31,271		31,271
from securities held for trading									
- of which:									
Realized gains (losses)									
Change in fair value									
from current account interest				*563*			*563*		
from loans granted to Group companies				*6,995*			*6,995*		
from derivative instruments		*131,368*					*131,368*		
- of which:									
Realized gains (losses)		*127,303*							
Change in fair value		*4,065*							
from other financial assets				*283*			*283*		
from interest on loans from banks						*(35,479)*	*(35,479)*		*0*
from interest on loans from Group companies						*(9,589)*	*(9,589)*		
from other receivables/payables				*(62,870)*			*(62,870)*		
Profit/(loss) before taxes	**0**	**131,368**	**0**	**(55,029)**	**0**	**(45,068)**	**31,271**	**210,698**	**241,969**
Income tax									(5,872)
Net profit/(loss)									**247,841**

2014	Net profits or losses, interest income and expense, revenues and expenses generated by:								
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Total from financial instruments	Other	2014
	Designated at fair value	Held for trading							
Revenues from ordinary operations								9,132,308	9.132,308
Other Income								59,814	59,814
Total Revenues							**0**	**9,192,122**	**9,192,122**
Purchases of raw materials, spare parts and consumables								(9,182,550)	(9,182,550)
Cost of services and sundry costs								(410,620)	(410,620)
Personnel costs								(32,612)	(32,612)
Depreciation, amortisation and write-downs								(3,952)	(3,952)
Total costs							**0**	**(9,629,734)**	**(9,629,734)**
Operating Result	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(437,612)**	**(437,612)**
Net income (charges) from equity interests								8,760	8,760
Other net financial income (charges)							28,906		28,906
from securities held for trading									
- of which:									
Realized gains (losses)									
Change in fair value									
from current account interest				*384*			*384*		
from loans granted to Group companies				*3,187*			*3,187*		
from derivative instruments		*119,309*					*119,309*		
- of which:									
Realized gains (losses)		*78,274*							
Change in fair value		*41,035*							
from other financial assets				*358*			*358*		
from interest on loans from banks						*(36,698)*	*(36,698)*		*0*
from interest on loans from Group companies						*(859)*	*(859)*		
from other receivables/payables				*(56,775)*			*(56,775)*		
Profit/(loss) before taxes	**0**	**119,309**	**0**	**(52,846)**	**0**	**(37,557)**	**28,906**	**(428,852)**	**(399,946)**
Income tax									71,073
Net profit/(loss)									**(328.873)**

Financial instruments recognised at fair value through profit and loss generated net income of EUR 131,368 thousand (versus EUR 119,309 thousand the previous year), mainly due to changes in the fair value of derivatives.

Financial instruments classified as “Loans” generated expenses of EUR 55,029 thousand (versus EUR 52,846 thousand the previous year), chiefly owing to unrealised exchange rate differences on commercial positions.

Other financial liabilities measured at amortised cost generated a loss of EUR 45,068 thousand (EUR 37,557 thousand the previous year), mainly due to financial charges on loans.

7.3.3 Additional information

7.3.3.1 Hedge accounting

As described above, the company enters into derivative contracts on commodities to hedge risks arising from changes in the price of crude oil and oil products, and on interest rates to hedge the interest rate risks relating to the loans obtained.

At 31st December 2015, outstanding derivatives contracts mainly comprised:

- futures, options and swaps on oil products, classified as financial instruments held for trading;
- Interest Rate Swaps
- forwards on the EUR/USD exchange rate.

These instruments are recorded at fair value: changes in fair value during the period are recorded in the income statement under financial income or financial charges.

The outstanding positions on commodities and on foreign exchange at the reporting date are expected to be closed out by the end of the first quarter of 2016, while the interest rate swaps have the same duration as the underlying loans.

The fair value of the instruments is determined based on the statements sent periodically by the counterparties.

7.3.3.2 Fair value

Financial assets and liabilities, with the exception of derivatives, are recognised at amortised cost: as these liabilities mainly relate to positions underlying transactions due to be settled in the short term, or financial liabilities subject to interest rates in line with current market rates, amortised cost does not differ from the fair value at 31st December 2015. The bond carries a fixed rate and that market values from the relevant stock market are not available. The value of the related cash flows, discounted to present value at the market rate, does not differ significantly from the value recorded in the financial statements.

In accordance with the amendment to IFRS 7 implemented in the EU with EC Regulation 1165 of 27th November 2009, all financial instruments booked at fair value are calculated based on valuation techniques that use observable market parameters other than the prices of these instruments as their reference, except for forex and commodities futures classified under “Other current assets” or “Short-term financial liabilities”, which are valued based on prices in an active market; moreover, during the year there were no changes in valuation methods compared with the previous year.

7.3.4 Risks deriving from financial instruments

The risks deriving from the financial instruments to which the company is exposed are:

a. credit risk, i.e. the risk that the company will incur a loss in the event that a counterparty to a financial instrument defaults;
b. liquidity risk, i.e. the risk that the company is not able to service payment obligations according to the agreed maturities of its financial liabilities;
c. market risk, i.e. the risk relating to the performance of markets in which the company operates, which incorporates foreign exchange risk, interest rate risk and the price risk of crude oil and oil products.

For information on risk management policies relating to the above, please refer to the relevant section of the Report on Operations.

7.3.4.1 Credit risk

The company's exposure to credit risk relates mainly to trade receivables, other current and non-current receivables, assets held for trading and cash and cash equivalents.

The information required by paragraphs 36-38 is shown in the tables below:

	Book value at 31/12/2015		Credit risk		Breakdown of maturities of financial assets pursuant to par. 37 b) IFRS 7						Impairment	
	Total	Of which financial instru-ments	Maximum exposure to credit risks excluding guarantees or other similar instruments	Guar-antees	Current	Overdue				Total	Recognized during the year	Cumulative
						0-30 days	31-60 days	61-90 days	over 90 days			
Current assets	**1,775,108**	**1,307,851**	**1,307,851**		**1,269,243**	**10,720**	**2,022**	**1,433**	**24,433**	**1,307,851**	**1,531**	**(1,912)**
Cash and cash equivalents	768,747	768,747	768,747		768,747					768,747		
Other financial assets held for trading	189,888	189,888	189,888		189,888					189,888	1,531	3,241
Trade receivables	243,698	238,545	238,545	192,910	199,937	10,720	2,022	1,433	24,433	238,545		
Provisions for doubtful receivables	(5,153)											(5,153)
Inventory	440,663											
Current tax assets	20,367											
Other assets	116,898	110,671	110,671		110,671					110,671		
Non Current assets	**810,916**	**5,032**	**5,032**		**0**	**0**	**0**	**0**	**0**	**0**		
Property, plant and equipment	3,916											
Intangible assets	1,672											
Equity interests carried at cost	716,041											
Other equity interests	495	495	495									
Deferred tax assets	84,255											
Other financial assets	4,537	4,537	4,537							0		
Total assets	**2,586,024**	**1,312,883**	**1,312,883**		**1,269,243**	**10,720**	**2,022**	**1,433**	**24,433**	**1,307,851**		

	Book value at 31/12/2014		Credit risk		Breakdown of maturities of financial assets pursuant to par. 37 b) IFRS 7						Impairment	
	Total	Of which financial instru-ments	Maximum exposure to credit risks excluding guarantees or other similar instruments	Guar-antees	Current	Overdue				Total	Recognized during the year	Cumulative
						0-30 days	31-60 days	61-90 days	over 90 days			
Current assets	**1,792,266**	**1,237,887**	**1,237,887**		**1,207,861**	**16,099**	**306**	**0**	**13,622**	**1,237,887**	**(1,710)**	**(3,947)**
Cash and cash equivalents	511,265	511,265	511,265		511,265					511,265		
Other financial assets held for trading	320,584	320,584	320,584		320,584					320,584	(1,710)	1,710
Trade receivables	404,550	398,893	398,893	192,910	368,867	16,099	306		13,622	398,893		
Provisions for doubtful receivables	(5,657)											(5,657)
Inventory	509,017											
Current tax assets	38,873											
Other assets	13,634	7,145	7,145		7,145					7,145		
Non Current assets	**977,540**	**56,399**	**56,399**		**0**	**0**	**0**	**0**	**0**	**0**		
Property, plant and equipment	5,793											
Intangible assets	19,436											
Equity interests carried at cost	727,652											
Other equity interests	495	495	495									
Deferred tax assets	168,260											
Other financial assets	55,904	55,904	55,904							0		
Total assets	**2,769,806**	**1,294,286**	**1,294,286**		**1,207,861**	**16,099**	**306**	**0**	**13,622**	**1,237,887**		

Guarantees on receivables are represented by letters of credit obtained by the company in relation to deliveries to certain customers, sureties obtained from customers and credit insurance.

7.3.4.2 Liquidity risk

The company's exposure to liquidity risk relates mainly to trade payables and bank loans. However, given the company's considerable cash-flow generating capacity, coupled with its low level of debt, the liquidity risk is considered moderate. The company complied with all its obligations with respect to scheduled repayments of loans outstanding at the end of the period.

The information required by paragraph 39 of the standard in question are set out in the following tables:

	Book value at 31/12/2015		Liquidity risk		Analysis of maturities of financial assets pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of financial liabilities	Guar-antees	2016	2017	2018	2019	2020	over 5 years
LIABILITIES										
Current liabilities	**1,487,727**	**1,412,001**	**1,412,001**	**0**	**1,427,660**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	480,492	480,492								
Bank loans		*49,000*	*49,000*		*49,000*					
Overdrafts		*1,848*	*1,848*		*1,848*					
Loans from Group companies		*349,391*	*349,391*		*349,391*					
Interest (actual average yearly rate = 4.29%)					*17,170*					
Derivatives		*44,761*	*44,761*		*43,250*					
Other financial liabilities		*35,492*	*35,492*		*35,492*					
Trade and other payables	897,790	897,790	897,790		897,790					
Current tax liabilities	75,726									
Other liabilities	33,719	33,719	33,719		33,719					
Non-current liabilities	**610,396**	**595,920**	**269,221**	**0**	**68,460**	**42,934**	**13,720**	**182,977**	**0**	**0**
Long-term financial liabilities	585,849	585,849	259,150							
Bank loans		*411,842*	*84,150*		*56,100*	*28,050*				
Bonds		*174,007*	*175,000*					*175,000*		
Interest on medium/long term loans (rate = 4.29%)					*3,610*	*1,164*				
Interest on Bond (rate =5%)					*8,750*	*8,750*	*8,750*	*4,747*		
Provisions for risks and charges	11,488									
Provisions for employees benefits	2,988									
Other liabilities	10,071	10,071	10,071			4,970	4,970	3,230		
Total liabilities	**2,098,123**	**2,007,921**	**1,681,222**	**0**	**1,496,120**	**42,934**	**13,720**	**182,977**	**0**	**0**

	Book value at 31/12/2014		Liquidity risk		Analysis of maturities of financial assets pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of financial liabilities	Guar-antees	2015	2016	2017	2018	2019	over 5 years
LIABILITIES										
Current liabilities	**2,254,548**	**2,191,168**	**2,191,445**	**0**	**2,206,771**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	565,822	565,822								
Bonds		*249,723*	*250,000*		*250,000*					
Interest (actual average yearly rate = 5.583%)					*6,979*					
Bank loans		*28,900*	*28,900*		*28,900*					
Overdrafts		*57,309*	*57,309*		*57,309*					
Loans from Group companies		*78,111*	*78,111*		*78,111*					
Interest (actual average yearly rate = 4.15%)					*8,347*					
Derivatives		*171,323*	*171,323*		*171,323*					
Other financial liabilities		*10,263*	*10,263*		*10,263*					
Trade and other payables	1,523,501	1,523,501	1,523,501		1,523,501					
Current tax liabilities	93,187									
Other liabilities	72,038	72,038	72,038		72,038					
Non-current liabilities	**276,735**	**269,824**	**272,320**	**0**	**8,750**	**73,312**	**42,934**	**11,980**	**179,747**	**0**
Long-term financial liabilities	256,654	256,654	259,150							
Bank loans		*82,926*	*84,150*			*56,100*	*28,050*			
Bonds		*173,728*	*175,000*						*175,000*	
Interest on medium/long term loans (rate = 4.15%)						*3,492*	*1,164*			
Interest on Bond (rate = 5%)					*8,750*	*8,750*	*8,750*	*8,750*	*4,747*	
Provisions for risks and charges	3,918									
Provisions for employees benefits	2,993									
Other liabilities	13,170	13,170	13,170			4,970	4,970	3,230		
Total liabilities	**2,531,283**	**2,460,992**	**2,463,765**	**0**	**2,215,521**	**73,312**	**42,934**	**11,980**	**179,747**	**0**

The fair value of derivatives recognised in the financial statements mainly relates to current positions.
The hedging derivative instruments included in current financial liabilities include interest rate swaps on the Company's loans: the nominal future interest flows thereon are already included in "Interest on medium/long term loans" in the "Non-current liabilities" section of the table.

7.3.4.3 Market risk

As explained above, the market risks to which the company is exposed through its holdings of financial instruments relate to:

- the EUR/USD exchange rate, which affects the value of cash and cash equivalents and the receivables and payables recorded at the reporting date, and which determines the exchange rate gains and losses recorded under "Financial income" or "Financial charges" as well as the fair value of derivatives held at the reporting date;
- the Euribor interest rate, to which the interest rates paid by the company on its loans are indexed, as well as the fair value of derivatives held at the reporting date;
- prices of crude oil and oil products, which affect the fair value of the derivatives in place at the reporting date.

As required by paragraph 40 of IFRS 7, sensitivity analysis was performed for each type of risk to which the company is exposed at the reporting date, which shows the effects of these risks on the income statement and shareholders' equity. The ranges used in the sensitivity analysis (exchange rate, interest rate and crude oil price) are in line with management forecasts. The results of the analysis are shown in the tables below.

Euro/dollar exchange rate

At the reporting date, the company had financial instruments denominated in US dollars. These were mainly recorded under trade receivables and payables.
A simulation was performed of the impact on net profit and shareholders' equity, assuming a variation of +/- 10% in the EUR/USD exchange rate at the end of the year, which was used to translate currency positions for the preparation of the statement of financial position.

2015					
EUR / US Dollar exchange rate				Change in benchmark	
Statement of financial position items	Amount in foreign currency	EUR/US Dollar exchange rate	Amount in thousand of EUR	-10%	+10%
Net position in foreign currency	(635,938)	1.0887	(506,774)		
Effect on profit before taxes				(56,308)	46,070
Effect on net profit (and shareholders' equity)				(39,174)	32,051

The following table shows the simulation at 31st December 2014:

2014					
EUR / US Dollar exchange rate				Change in benchmark	
Statement of financial position items	Amount in foreign currency	EUR/US Dollar exchange rate	Amount in thousand of EUR	-10%	+10%
Net position in foreign currency	(1,116,404)	1.2141	(919,532)		
Effect on profit before taxes				(102,170)	83,594
Effect on net profit (and shareholders' equity)				(74,073)	60,606

To hedge the effects of sensitivity to the EUR/USD exchange rate, the Company also enters into forward exchange rate contracts, which are recorded in the financial statements at their fair value on the reporting date: As the fair value is inevitably affected by the underlying exchange rate, the Group carried out a simulation of the impact on Group net profit and consequentially shareholders' equity, assuming a change of +/-10% in the benchmark parameters based on this year's exchange rate trends; the results obtained from such a variation are reported at a 99.55% confidence level.

The results of the simulation are shown in the following table.

2015		Change in benchmark	
Derivatives on:	Fair value as of 31/12/2015	-10%	+10%
Exchange rates	847	28,659	(23,450)
	847	28,659	(23,450)
Effect on profit before taxes		28,659	(23,450)
Effect on net profit (and shareholders' equity		20,778	(17,001)

2014		Change in benchmark	
Derivatives on:	Fair value as of 31/12/2014	-10%	+10%
Exchange rates	14,472	109,370	(62,815)
	14,472	109,370	(62,815)
Effect on profit before taxes		109,370	(62,815)
Effect on net profit (and shareholders' equity)		79,293	(45,541)

Interest rates

The company has medium-term/long-term as well as short-term exposure to variable interest rates indexed to Euribor.

A simulation of the impact of this variable on net profit and shareholders' equity was carried out, assuming a change of +/- 25 basis points in rates and only taking into account the portion of variable-rate borrowings.

2015				
VARIABLE INTEREST RATES			Change in benchmark	
	Average annual interest rate 2015	Annual interest charge	-50bps	+50bps
Short-and medium / long - term financial liabilities	4.29%	(35,309)		
Effect on profit before taxes			**4,115**	**(4,115)**
Effect on net profit (and shareholders' equity)			**2,984**	**(2,984)**

The following table shows the simulation at 31st December 2014.

2014				
VARIABLE INTEREST RATES			Change in benchmark	
	Average annual interest rate 2014	Annual interest charge	-25bps	+25bps
Short-and medium / long - term financial liabilities	5.08%	(36,698)		
Effect on profit before taxes			**3,612**	**(3,612)**
Effect on net profit (and shareholders' equity)			**2,619**	**(2,619)**

In addition, the fair value of the interest rate swaps and options outstanding at the reporting date is affected by movements in the Euribor rate: a simulation of the impact of this variable on net profit and shareholders' equity was carried out, assuming a change of +/- 25 basis points in rates, which was considered appropriate given potential rate fluctuations (the simulation for the previous year was adjusted).

The results of the simulation are shown in the following table:

2015		Change in benchmark	
Derivatives on:	**Fair value as of 31/12/2015**	**-25bps**	**+25bps**
Interest rate swaps fair value	(1,572)	(812)	(634)
	(1,572)	**(812)**	**(634)**
Effect on profit before taxes		**(812)**	**(634)**
Effect on net profit (and shareholders' equity)		**(589)**	**(460)**

The simulation as at 31st December 2014 is shown below:

2014		Change in benchmark	
Derivatives on:	**Fair value as of 31/12/2014**	**-25bps**	**+25bps**
Interest rate swaps fair value	(1,572)	(338)	337
	(1,572)	**(338)**	**337**
Effect on profit before taxes		**(338)**	**337**
Effect on net profit (and shareholders' equity)		**(245)**	**244**

Prices of crude and oil products

Oil prices affect the fair value of derivatives outstanding at the reporting date and the relevant differences recognised in the income statement: derivatives at 31st December 2015 consisted of futures, swaps and options on oil products, and the fair value recorded in the statement of financial position was derived from the market prices of the relevant underlying assets at that date.
The company therefore performed a simulation of the impact of this variable on net profit it is shareholders' equity, assuming a change of +/- 20% in oil prices.

The comparative results of the simulation are shown in the tables below:

2015		Change in benchmark	
Derivatives on:	**Fair value as of 31/12/2015**	**-20%**	**+20%**
Crude oil and oil products	3,158	11,839	(11,839)
	3,158	**11,839**	**(11,839)**
Effect on profit before taxes		**50,020**	**(50,020)**
Effect on net profit (and shareholders' equity)		**36,265**	**(36,265)**

The simulation as at 31st December 2014 is shown below:

2014		Change in benchmark	
Derivatives on:	**Fair value as of 31/12/2014**	**-20%**	**+20%**
Crude oil and oil products	27,047	50,020	(50,020)
	27,047	**50,020**	**(50,020)**
Effect on profit before taxes		**50,020**	**(50,020)**
Effect on net profit (and shareholders' equity)		**36,265**	**(36,265)**

The above analysis of the company's exposure to risks relating to financial instruments shows that there are no significant concentrations of risk in terms of counterparty, geographical area or market, while the concentration risk relating to exposure to the US dollar is mitigated by the hedging policies implemented.

7.4 Average staff numbers

The average number of employees, by category, is shown below:

	2015	2014
Managers	33	33
Office staff	217	211
Skilled worker	0	0
Manual workers	0	0
Totale	**250**	**244**

The number of employees increased from 244 at the end of 2014 to 250 at 31st December 2015.

7.5 Tables showing the remuneration and shareholdings of directors and auditors, general managers and senior managers with strategic responsibilities

The following tables provide information on remuneration and shareholdings of directors and auditors, officers and key management personnel, i.e. the Chief Financial Officer.

7.5.1 Remuneration paid to directors and statutory auditors, officers and key management personnel

(A)	(B)	(C)		(D)	(1)	(2)	(3)	(4)
Name and Surname	Role	Period in this role		End of term	Remuneration for role in the Group	Non-monetary benefits	Bonus and other incentives	Other remuneration
Board of Directors							(*)	(*)
Gian Marco Morattl	Chairman	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	1,536,000			
Massimo Moratti	Ceo	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	1,536,000			
Angelo Moratti	Vice Chairman	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	236,000		-	-
Dario Scaffardi	Exec. Vice President And Gm	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	36,000		-	1,412,575
Gabriele Moratti	Non-executive Director	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	36,000		-	-
Angelo Mario Moratti	Non-executive Director	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	36,000		-	204,420
Gabriele Previati	Non-executive Director	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	36,000			
Gilberto Callera	Independent Director	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	36,000			
Adriana Cerretelli	Independent Director	28/04/15	31/12/15	Date of Approval of F/S for FY 2017	36,000			
Harvie-Watt Isabelle	Independent Director	28/04/15	31/12/15	Date of Approval of F/S for FY 2017	36,000			
Fidanza Laura	Independent Director	28/04/15	31/12/15	Date of Approval of F/S for FY 2017	36,000			
Igor Ivanovich Sechin	Non-executive Director	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	36,000			
(*) Remuneration for subordinate work								
Board of Statutory Auditors								(**)
Giancarla Branda	Chairman	30/12/15	31/12/15	Date of Approval of F/S for FY 2017	-			-
Vasapolli Guido	Chairman	28/04/15	30/12/15	Date of Approval of F/S for FY 2017	43,301			
Superti Furga Ferdinando	Chairman	01/01/15	28/04/15	Date of Approval of F/S for FY 2014	20,800			31,200
Di Martino Michele	Permanent Auditor	01/01/15	28/04/15	Date of Approval of F/S for FY 2014	16,471			20,000
Simonelli Paola	Permanent Auditor	28/04/15	31/12/15	Date of Approval of F/S for FY 2017	27,733			-
Giovanni Luigi Camera	Permanent Auditor	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	41,600			73,040
Giancarla Branda	Stand-In Auditor	28/04/15	30/11/15	Date of Approval of F/S for FY 2017	-			
Pinuccia Mazza	Stand-In Auditor	28/04/15	31/12/15	Date of Approval of F/S for FY 2017	-			-
(**) For auditing services for other Group companies								
Supervisory Board								(***)
Gabriele Previati	Chairman	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	45,000			30,000
Giovanni Luigi Camera	Member	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	26,000			29,120
Simona Berri	Member	28/04/15	31/12/15	Date of Approval of F/S for FY 2017	-			93,750
Ferruccio Bellelli	Member	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	-			119,016
(***) Including remunerations of other Group companies								
Control And Risk Committee								
Gilberto Callera	Chairman	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	21,000			
Adriana Cerretelli	Member	28/04/15	31/12/15	Date of Approval of F/S for FY 2017	14,000			
Harvie-Watt Isabelle	Member	28/04/15	31/12/15	Date of Approval of F/S for FY 2017	14,000			
Fidanza Laura	Member	28/04/15	31/12/15	Date of Approval of F/S for FY 2017	14,000			
Gabriele Previati	Member	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	14,000			
Remuneration Committee								
Gilberto Callera	Chairman	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	21,000			
Fidanza Laura	Member	28/04/15	31/12/15	Date of Approval of F/S for FY 2017	14,000			
Gabriele Previati	Member	01/01/15	31/12/15	Date of Approval of F/S for FY 2017	14,000			
Giancarlo Cerutti	Member	01/01/15	28/04/15	Date of Approval of F/S for FY 2014	4,603			
Managers with strategic responsibilities							3,193,500	678,794

At the reporting date, end-of-service entitlements (not included in the table above) totalling EUR 338 thousand had not yet been paid.

7.5.2 Equity investments held by directors and statutory auditors, officers and key management personnel

Surname / Name	Role	Company	N. of shares held at the end of the previous year	N. of shares acquired	N. of shares sold	N. of shares held at the end of the current year
Gian Marco Moratti	Chairman of the Board of Directors	SARAS SpA	-	-	-	-
Massimo Moratti	CEO	SARAS SpA	-	-	-	-
Angelo Moratti	Vice Chairman of the Board of Directors	SARAS SpA	-	-	-	-
Angelomario Moratti	Non-executive Director	SARAS SpA	-	-	-	-
Gabriele Moratti	Director	SARAS SpA	-	-	-	-
Gilberto Callera	Director	SARAS SpA	-	-	-	-
Igor Sechin	Director	SARAS SpA	-	-	-	-
Adriana Cerretelli	Director	SARAS SpA	-	-	-	-
Gabriele Previati	Director	SARAS SpA	12,164	-	-	12,164
Laura Fidanza	Director	SARAS SpA	-	-	-	-
Isabelle Harvie-Watt	Director	SARAS SpA	-	-	-	-
Dario Scaffardi	Exec. Vice President and GM	SARAS SpA	-	-	-	-
Giancarla Branda	Chairman of the Board of the Statutory Auditors	SARAS SpA	-	-	-	-
Giovanni Camera	Permanent Auditor	SARAS SpA	-	-	-	-
Paola Simonelli	Permanent Auditor	SARAS SpA	-	-	-	-
Pinuccia Mazza	Stand-in Auditor	SARAS SpA	-	-	-	-
Managers with strategic responsibilities		SARAS SpA	-	-	-	-

7.6 Commitments

As at 31st December 2015 and 31st December 2014, no irrevocable, multi-year commitments had been made to purchase materials or services.

As part of its normal activities, the Parent Company Saras SpA has issued sureties totalling EUR 232,653 thousand at 31st December 2015, mainly in favour of subsidiaries, to such entities as Customs Agencies and Ministry of Defence.

7.7 Other

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

8. Miscellaneous

For information on events that took place after the end of the period, reference should be made to the relevant section in the Report on Operations.

Pursuant to article 2428 of the Italian Civil Code, the company's other offices are:
General and Administrative Headquarters - Milan

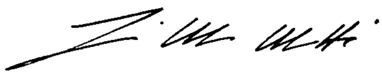
Pursuant to article 149-*duodecies* of the Consob Issuer Regulations, the table below provides details of the fees relating to 2013 paid to the external auditor for auditing and other services, and to companies affiliated to the external auditor for services.

DISCLOSURE PURSUANT TO ART. 149 - *DUODECIES* OF CONSOB'S ISSUER REGULATIONS			
Services	**Provider**	**Recipient**	**Amount due in 2015 (EUR thousand)**
Audit	Reconta Ernst & Young SpA	Saras SpA	345
Attestation	PricewaterhouseCoopers SpA	Saras SpA	16
Tax advisory	PricewaterhouseCoopers SpA	Saras SpA	0
Other services	PricewaterhouseCoopers SpA	Saras SpA	7
Total			**368**

9. Publication of the financial statements

At its meeting on 14th March 2016, the Saras Board of Directors authorised publication of the financial statements. At the same meeting, the Board vested the Chairman and the CEO with separate powers to include in the Report on Operations and/or the notes to the accounts any further detailed information deemed necessary or appropriate to provide a clearer picture of operations to shareholders.

For the Board of Directors
Chairman
Gian Marco Moratti



Reports on the Financial Statements for the year ended 31st December 2015

Statement by the Executive Manager responsible for the preparation of the Consolidated Financial Statements

SARAS

Saras SpA

Declaration in respect of the consolidated accounts pursuant to article 81-*ter* of Consob regulation 11971 of 14 May 1999 and subsequent amendments and additions thereto

1. The undersigned, Gian Marco Moratti, Chairman of the Board of Directors, Massimo Moratti, CEO, Dario Scaffardi, Executive Vice President and Franco Balsamo, the Director responsible for drawing up the accounting statements of Saras S.p.A., hereby attest, pursuant also to the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:

- to the appropriateness in respect of the type of company and
- the efficient application

of the administrative and accounting procedures for the preparation of the consolidated accounts for the period 1 January 2015 to 31 December 2015.

2. In addition, the undersigned declare that:

2.1 the consolidated accounts to 31 December 2015:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to European Parliament and Council Regulation (EC) 1606/2002 of 19 July 2002

b) accurately represent the figures in the company's accounting records

c) were drafted in compliance with Consob Resolution 15519 of 27 July 2006, the regulations adopted by Consob with Resolution 11971 of 14 May 1999, as subsequently amended, and with Consob Communication DEM/6064293 of 28 July 2006, and give a true and fair view of the assets, liabilities and financial position of Saras S.p.A. and all consolidated companies.

Saras SpA

2.2 the report on operations includes a reliable analysis of the performance, operating profit and current position of Saras S.p.A. and of all companies included in consolidation together with a description of the main risks and uncertainties to which they are exposed.

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

Milan, 14 March 2016

Signature: delegated authority	Signature: director responsible for drawing up the accounting statements
(Gian Marco Moratti)	(Franco Balsamo)
(Massimo Moratti)	
(Dario Scaffardi)	

Report of the Independent Auditors to the Consolidated Financial Statements

Building a better working world

Reconta Ernst & Young S.p.A.
Via della Chiusa, 2
20123 Milano

Tel: +39 02 722121
Fax: +39 02 72212037
ey.com

Independent auditor's report
in accordance with art. 14 and 16 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
Saras S.p.A.

Report on the consolidated financial statements

We have audited the accompanying financial statements of Saras Group, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors of Saras S.p.A. are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree 38/05.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with art. 11, paragraph 3 of Legislative Decree n.39 dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Reconta Ernst & Young S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta all'Albo Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

Building a better working world

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Group Saras as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree N. 38/05.

Other matters

The consolidated financial statements of the prior year, presented for comparative purposes as required by the law, have been audited by another auditor who expressed an unmodified opinion on 3 April 2015.

Report on other legal and regulatory requirements

Opinion on the consistency with the consolidated financial statements of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure as provided for by art. 123-bis, paragraph 4 of Legislative Decree 58/98, with the consolidated financial statements, as required by the law. The Directors of Saras S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and the Company's Ownership Structure are consistent with the consolidated financial statements of Saras Group as at 31 December 2015.

Milan, 30 March 2016

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

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

Statement by the Executive Manager responsible for the preparation of the Company's Financial Reporting

Saras SpA

Declaration in respect the annual accounts pursuant to article 81-*ter* of Consob regulation 11971 of 14 May 1999 and subsequent amendments and additions thereto

1. The undersigned, Gian Marco Moratti, Chairman of the Board of Directors, Massimo Moratti, CEO, Dario Scaffardi, Executive Vice President and Franco Balsamo, the Director responsible for drawing up the accounting statements of Saras S.p.A., hereby attest, pursuant also to the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:

- to the appropriateness in respect of the type of company and
- the efficient application

of the administrative and accounting procedures for the preparation of the annual accounts for the period 1 January 2015 to 31 December 2015.

2. In addition, the undersigned declare that:

2.1 the annual accounts to 31 December 2015:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to European Parliament and Council Regulation (EC) 1606/2002 of 19 July 2002

b) accurately represent the figures in the company's accounting records

c) were drafted in compliance with Consob Resolution 15519 of 27 July 2006, the regulations adopted by Consob with Resolution 11971 of 14 May 1999, as subsequently amended, and with Consob Communication DEM/6064293 of 28 July 2006, and give a true and fair view of the assets, liabilities and financial position of Saras S.p.A. and all consolidated companies

2.2 the report on operations includes a reliable analysis of the performance, operating profit and current position of Saras S.p.A. and of all companies included in consolidation together with a description of the main risks and uncertainties to which they are exposed.

Saras SpA

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

Milan, 14 March 2016

Signature: delegated authority	Signature: director responsible for drawing up the accounting statements
(Gian Marco Moratti)	(Franco Balsamo)
(Massimo Moratti)	
(Dario Scaffardi)	

Report of the Statutory Auditors to the Statements of Saras SpA

SARAS SpA

Registered office: S.S. 195 SULCITANA KM 19 - SARROCH (CA)

Share capital: EUR 54,629,666.67 (fully paid up)

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDER MEETING PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE 58/1998

Dear Shareholders,

this report was prepared by the Company's Board of Statutory Auditors appointed for three financial years by the Shareholders in the Meeting held on 28 April 2015, which is made up of Andrea Vasapolli, as Chairman, and Giovanni Luigi Camera and Paola Simonelli as Standing Auditors. Andrea Vasapolli resigned effective 30 December 2015 and was replaced by the Alternate Auditor, Giancarla Branda, elected in the same minority slate.

As regards the activity performed by the previous Board of Statutory Auditors, the report is based on the evidence available.

During the year ended 31 December 2015, the Board carried out the supervisory activities required by law, following the recommendations expressed in the Code of Conduct for Boards of Statutory Auditors drafted by the National Accounting Profession.

Regarding the activities performed during the year, taking into account the instructions provided by Consob with communication DEM/1025564 of 6 April 2001, as amended and supplemented with communication DEM/3021582 of 4 April 2003 and, subsequently, with communication DEM/6031329 of 7 April 2006, we:

a) monitored compliance with the law and all the applicable rules and regulations as well as the Articles of Association;

b) with the frequency provided for by art. 150 of Legislative Decree 58/1998 and with the methods provided for by art. 22 of the Articles of Association, obtained information from the Directors regarding the Company's operations and any expected developments, the activities performed and the transactions with a significant impact on the Company's financial condition, operating performance and cash flows resolved upon and implemented by the Company and its subsidiaries during the year, and we can reasonably affirm, based on the information made available, that the decisions made and the actions undertaken are compliant with the law and with the articles of association and are not imprudent, risky, and did not represent potential conflicts of interest. Such transactions do no run counter to the resolutions adopted by Shareholders and did not jeopardise the Company's assets. The aforesaid information is presented in detail in the Report on Operations (to which reference is made for further information);

c) did not observe the existence of atypical or unusual transactions with Group companies, with third parties, or with other related parties. With regard thereto, in the notes to the Financial Statements, the Directors point out and illustrate, analytically, the existence of numerous transactions involving goods and services as well as financial transactions with subsidiaries and with other related parties, elucidating the effects on performance, specifying that they were carried out at the same conditions that would have been applied between unrelated parties for transactions of the same nature and having the same import with relation to company interests. Furthermore, during 2015, the Company did not purchase or sell treasury shares on the Italian MTA (electronic stock market), even though the Annual General Meeting of Shareholders, at 28 April 2015, had authorised a buyback of ordinary Saras SpA shares pursuant to article 2357 of the Civil Code and 132 of Legislative Decree 58/1998, to be conducted within twelve months of 28 October 2015;

d) formed a positive opinion on the compliance of the Procedure in matters of related-party transactions - approved with resolution of 23 January 2007 and amended, for the version currently in force, with the resolution of 19 March 2014 - with the principles contained in the Consob Regulations adopted with resolution no. 17221 of 12 March 2010, and subsequent amendments thereof, and in the Corporate Governance Code;

e) examined and monitored, for the matters within the Board of Statutory Auditors' remit, the adequacy of the Company's organisational structure and the observance of best management practices, through meetings with the heads of the administrative departments and with the independent auditors, in order to share relevant information. We have no specific observations to make in this regard;

f) examined and monitored, for the subsidiaries, the adequacy of the instructions given by the Company pursuant to art. 114, paragraph 2 of Legislative Decree. 58/1998, through:

- ✓ obtaining information from the heads of the various departments;
- ✓ meetings and exchanging information with the Chairman of the Board of Statutory Auditors;
- ✓ meetings with the Independent auditors,

and have no particular observations to make in this regard;

g) examined and monitored the adequacy of the internal control and the accounting and administration systems, as well as the reliability of the latter in terms of accurately representing company transactions, by:

- ✓ reviewing the report of the Manager responsible for preparing financial reports on the Company's internal control system;
- ✓ reviewing the reports of the Internal Audit department and the information report on the results of activities to monitor the implementation of corrective measures identified from time to time;
- ✓ obtaining information from the heads of the various departments;
- ✓ examining company documents;
- ✓ analysing the results of the work carried out by the Independent Auditors;
- ✓ sharing information with the control bodies of subsidiaries, pursuant to paragraphs 1 and 2 of Article 151 of Legislative Decree 58/1958M; and

have no particular observations to make in this regard;

h) have obtained and reviewed information regarding organisational and procedural activities implemented pursuant to Legislative Decree 231/2001, as subsequently amended, and have received, from the Supervisory Body, the minutes of the meetings held during 2015, with such Supervisory Body assuring us that there are no facts or situations to be mentioned in this report;

i) have monitored, pursuant to art. 149, paragraph 1, sub-paragraph c-bis of Legislative Decree 58/1998, the actual implementation of the Corporate Governance Code of listed companies prepared by the Corporate Governance for Listed Companies Committee, which the Company adopted with resolution of the Board of Directors dated 11 November 2006; we checked the correct application of the criteria adopted by the Board of Directors to verify the independence of the Directors as well as the independence of the members of the Board of Statutory Auditors, as provided for by art. 3,.C.5 of the foregoing Code;

j) learned from the Board of Directors, receiving confirmation thereof by Reconta Ernst & Young SpA, the independent auditing firm retained by resolution of the Shareholder Meeting of 28 April 20 15, upon a proposal by the Board of Statutory Auditors, mandated to perform the audit, did not receive assignments other than that of auditing the separate financial statements and the consolidated financial statements for financial years from 2015 through 2023 and that of performing a limited audit of the half-yearly reports for said period;

k) issued, during 2015, favourable opinions on the following:

- ✓ the remuneration allotted to the Chairman, to the Deputy Chairman of the Board of Directors and to the Chief Executive Officer with resolution of the Board of Directors of 14 May 2015, pursuant to art. 2389, paragraph 3 of the Civil Code;
- ✓ the annual remuneration of the Directors sitting on the Control and Risk Committee and the Remuneration and Appointments Committee, pursuant to art. 2389, paragraph 3, of the Civil Code;
- ✓ the remuneration of the Chairman of the Supervisory Body cited in Legislative Decree 231/2001;
- ✓ the appointment of the Manager responsible for preparing financial reports , pursuant to art. 154-bis of Legislative Decree. 58/1998 and of art. 29 of the Articles of Association;
- ✓ compliance of the independent directors with the independence requirements;

l) have not have received notifications pursuant to art. 2408 of the Civil Code and complaints;

m) received an analytical report regarding the impairment test performed to confirm the value of certain property, plant and equipment of substantial amount recorded in the financial statements of the subsidiaries;

n) have received analytical information on the transactions with a major impact on the Company's financial condition, operating results and cash flows carried out, including those through subsidiaries. Of said transactions, examined and approved by the Board of Directors, attention is called to the following significant items:

- ✓ the execution, on 6 March 2015, of a medium-long term bank loan agreement, amounting to EUR 150 million, with final maturity on 6 March 2019;
- ✓ the formation, on 4 September 2015, of a company named "Saras Trading SA", with registered office in Geneva and having as its corporate purpose the activities of procuring crude oil and other raw materials and of selling refined products;
- ✓ the execution, on 10 December 2015, of a medium-long term bank loan agreement, amounting to EUR 265 million, with final maturity on 10 December 2020;

o) have held meetings, pursuant to art. 150, paragraph 3 of Italian Legislative Decree 58/1998, with representatives of the independent auditing firm, from which no facts or critical issues worthy of mention in this report emerged;

p) have received, within the terms provided for by art. 2429 of the Civil Code, the draft financial statements at 31 December 2015, prepared in accordance with the international financial reporting standards, as well as the report on operations;

q) received, today, from the independent auditing firm, the reports pursuant to Legislative Degree 39/2010 for the separate financial statements and for the consolidated financial statements for the year ended 31 December 2015. These reports reveal no observations or references to problems.

To perform the supervisory activity described above during 2015, the Board of Statutory Auditors met 17 times (the one in office met 8 times); it participated in 1 Shareholder Meeting, in 8 Board of Directors' meetings (the one in office participated in 6 meetings) as well as 3 meetings of the Remuneration and Appointments Committee (the one in office participated in one meeting) and 5 Internal Control and Risk Management Committee meetings (the one on office participated in 3 meetings).

The basic information necessary to perform the activity under our purview was acquired, not only by participating in the foregoing meetings, but also through direct investigations, as well as by gathering information from the department heads concerned.

During the supervisory activity performed and based upon the information acquired from the auditing firm, no omissions and/or reproachable facts and/or irregularities or in any case facts significant enough to require reporting to the oversight bodies or mention in this report were observed.

Conclusions

Based on the supervisory activity performed during the year, having considered that as of today the auditing company issued an unqualified opinion, the Board of Statutory Auditors has no reason to object to the approval of the financial statements at 31 December 2015 and to the proposed resolutions formulated by the Board of Directors.

Lastly, it is also worthy of note that the Shareholder Meeting convened today is also called upon to appoint a Director and to replace a resigned Auditor on the Board of Statutory Auditors in compliance with of the principle of minority representation.

30 March 2016

The Board of Statutory Auditors

Giancarla Branda – Chairman [Signed]

Giovanni Luigi Camera [Signed]

Paola Simonelli [Signed]

List of positions held by the members of the Board of Statutory Auditors in companies as referred to in book V of the Civil Code as at 14/03/2016

Avv. Giancarla Branda

COMPANY NAME	POSITION HELD
Sara Assicurazioni S.p.A	Permanent Auditor and Member of the Supervisory Board
Sara Vita SpA	Permanent Auditor and Member of the Supervisory Board
ACI Consult SpA	Permanent Auditor
ACI Progei SpA	Permanent Auditor
Aci Informatica SpA	Stand-in Auditor
"Conciliatore Bancario Finanziario"	Stand-In Auditor of the Mediation Body
Banca Network Investimenti in liquidazione coatta Amministrativa	Member of the Monitoring Committee

Dott. Giovanni Luigi Camera

COMPANY NAME	POSITION HELD
ASPREMARE Ass.ne per la Prevenzione e la Terapia delle Malattie Renali - ONLUS	Auditor
F.C. Internazionale Milano SpA	Chairman of the Board of Statutory Auditors
Fondazione Cardinale Federico Borromeo	Chairman of the Board of Auditors
M-I Stadio Srl	Permanent Auditor
Mondini Cavi SpA	Chairman of the Board of Statutory Auditors
Parchi Eolici Ulassai Srl	Single Statutory Auditor
Saras SpA	Permanent Auditor
Sardeolica Srl	Single Statutory Auditor
Sargas Srl	Single Statutory Auditor
Sarlux Srl	Permanent Auditor
Sartec SpA	Chairman of the Board of Statutory Auditors
Shine Sim SpA	Chairman of the Board of Statutory Auditors

Dott.ssa Paola Simonelli

COMPANY NAME	POSITION HELD
Finlombarda SpA	Director
Bruker Italia Srl	Chairman of the Board of Statutory Auditors
E-Group Italia SpA in liquidazione	Chairman of the Board of Statutory Auditors
Cooperativa per il Restauro SCARL	Legal Auditor
Azienda Speciale Ufficio d'Ambito Territoriale Ottimale dell Città di Milano	Chairman of the Board of Legal Auditors
Actavis Italy SpA a socio unico	Permanent Auditor
Aliserio Srl	Permanent Auditor
Chef Express SpA	Permanent Auditor
Chemiplastica SpA	Permanent Auditor
Chemiplastica Specialties SpA	Permanent Auditor
Cremonini SpA	Permanent Auditor
Emme Esse SpA in liquidazione	Permanent Auditor
Errevi SpA n liquidazione	Permanent Auditor
Fondo Pensione di Previdenza Bipiemme	Permanent Auditor
Fratelli Gotta Srl	Permanent Auditor
G. Meana & Figli SpA	Permanent Auditor
GE.SE.SO Gestione Servizi Sociali Srl	Permanent Auditor
Intersider Acciai Spa in liquidazione	Permanent Auditor
Perani & Partners Spa	Permanent Auditor
Posa SpA	Permanent Auditor
Primus Capital SpA	Permanent Auditor
Primus Management Srl	Permanent Auditor
Pusterla 1880 SpA	Permanent Auditor
Roadhouse Grill Italia Srl	Permanent Auditor
Saras SpA	Permanent Auditor
UBS Fiduciaria SpA	Permanent Auditor

Report of The Independent Auditors to the Financial Statements of Saras SpA

EY
Building a better working world

Reconta Ernst & Young S.p.A.
Via della Chiusa, 2
20123 Milano

Tel: +39 02 722121
Fax: +39 02 72212037
ey.com

Independent auditor's report
in accordance with art. 14 and 16 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
Saras S.p.A.

Report on the financial statements

We have audited the accompanying financial statements of Saras S.p.A., which comprise the statement of financial position as at 31 December 2015, and the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Directors of Saras S.p.A. are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree 38/05.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with art. 11, paragraph 3 of Legislative Decree n.39 dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Saras S.p.A as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree N. 38/05.

Reconta Ernst & Young S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta all'Albo Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

Other matters
The financial statements of the prior year, presented for comparative purposes as required by the law, have been audited by another auditor who expressed an unmodified opinion on 3 April 2015.

Report on other legal and regulatory requirements

Opinion on the consistency with the financial statements of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure as provided for by art. 123-bis, paragraph 4 of Legislative Decree 58/98, with the financial statements, as required by the law. The Directors of Saras S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and the Company's Ownership Structure are consistent with the financial statements of Saras S.p.A as at 31 December 2015.

Milan, 30 March 2016

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

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

Investor Relations
ir@saras.it

Toll Free for private investors
800 511155

Design
Michele D'Ambrosio, Milan

Photo:
Stefano Dal Pozzolo, Rome
Marco Cauz, Milan

Print:
DigitalPrint Service, Milan

Saras SpA - Registered office: Sarroch (CA)
SS. 195 Sulcitana, Km 19
Companies register number,
tax code and VAT number 00136440922