Saras Group Interim Financial Report as of 30th June 2013

SARAS

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Statutory and Control Bodies

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

CORRADO COSTANZO	Chief Financial Officer

INDEPENDENT AUDITING FIRM

PRICEWATERHOUSECOOPERS S.p.A.

* Independent Director elected by the Minority list of Shareholders

Group Activities

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

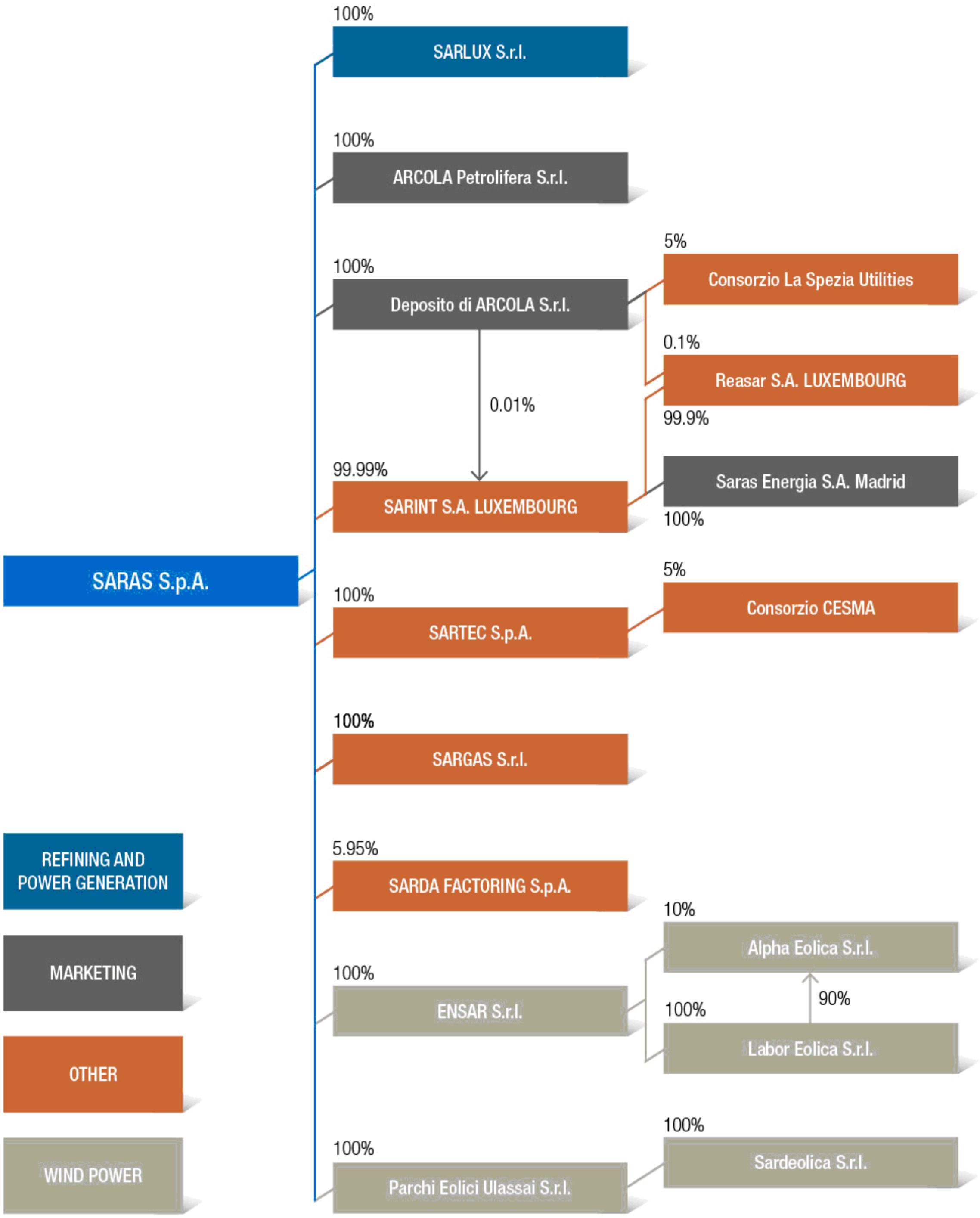
Both directly and through the subsidiaries Arcola Petrolifera S.r.l. and Deposito di Arcola S.r.l. in Italy, and the subsidiary Saras Energia S.A. in Spain, the Group sells and distributes oil products, such as diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation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

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

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

Structure of the Saras Group

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



Stock Performance

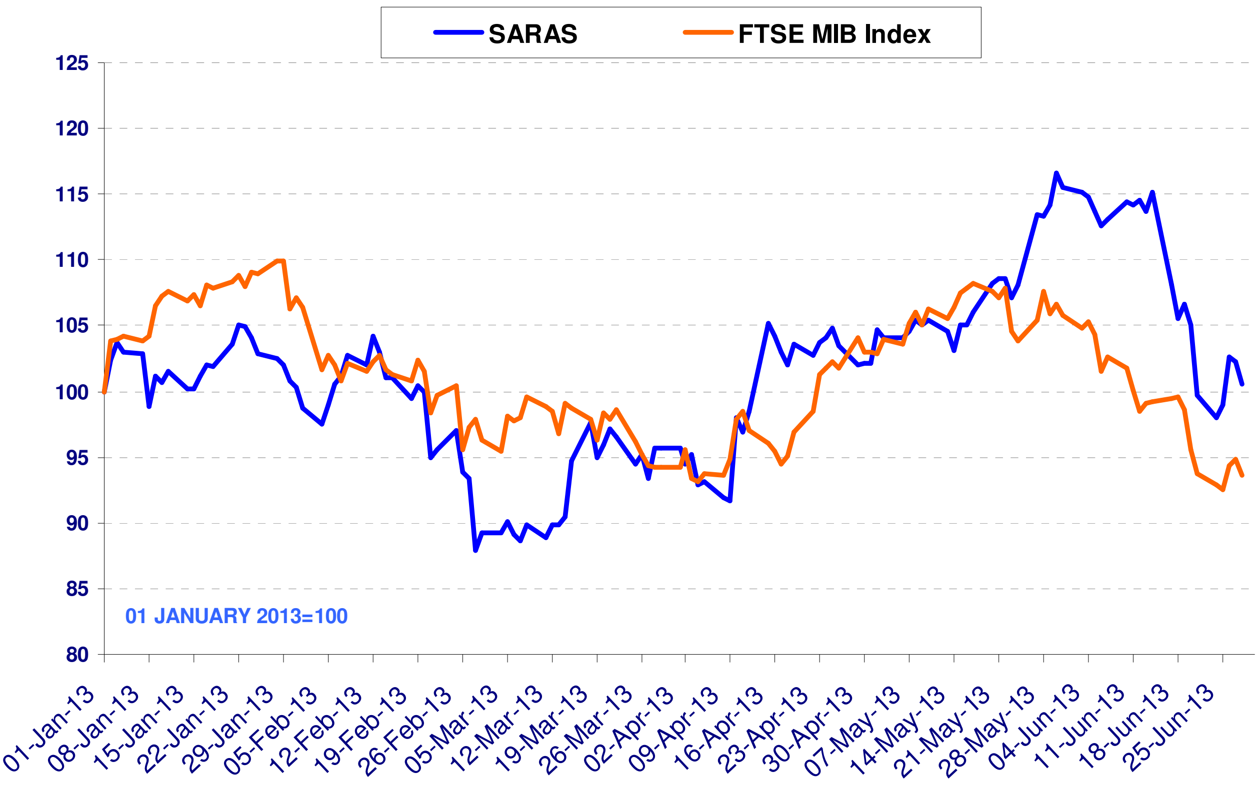
The following data relate to Saras' share prices and the daily volumes traded during the first semester of 2013.

SHARE PRICE (EUR)	H1/13
Minimum price (28/02/2013)	0.870
Maximum price (30/05/2013)	1.154
Average price	1.005
Closing price at the end of the first semester 2013 (28/06/2013)	0.996

DAILY TRADED VOLUMES	H1/13
Maximum traded volume in EUR million (15/04/2013)	18.0
Maximum traded volume in number of shares (million) (15/04/2013)	17.3
Minimum traded volume in EUR million (05/04/2013)	0.4
Minimum traded volume in number of shares (million) (05/04/2013)	0.4
Average volume in EUR million	2.3
Average volume in number of shares (million)	2.3

The Market capitalization at the end of the first semester of 2013 amounts to approximately EUR 947 ml and the number of shares outstanding was approximately 932 ml.

The following graph shows the daily performance of Saras' share price compared to the FTSE Mib Index of the Italian Stock Exchange:



REPORT ON OPERATIONS

Saras Group Key financial and operational results[1]

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

Group consolidated income statement figures

EUR Million	Q2/13	Q2/12	Change %	Q1/13	H1/2013	H1/2012	Change %
REVENUES	2,774	2,672	4%	2,671	5,445	5,787	-6%
EBITDA	(26.1)	(147.3)	82%	54.4	28.3	(35.4)	180%
Comparable EBITDA	**5.8**	**33.6**	**-83%**	**48.2**	**54.0**	**54.7**	**-1%**
EBIT	(307.2)	(199.4)	-54%	6.0	(301.2)	(138.2)	-118%
Comparable EBIT	**(42.8)**	**(18.5)**	**-131%**	**(0.2)**	**(43.0)**	**(48.1)**	**11%**
NET RESULT	(199.5)	(131.8)	-51%	(1.8)	(201.3)	(117.7)	-71%
***Adjusted* NET RESULT**	**(46.3)**	**(29.3)**	**-58%**	**(10.7)**	**(57.0)**	**(65.9)**	**14%**

Other Group figures

EUR Million	Q2/13	Q2/12		Q1/13	H1/2013	H1/2012	
NET FINANCIAL POSITION	**(157)**	**(82)**		**(168)**	**(157)**	**(82)**	
CAPEX	**30.9**	**39.8**		**33.4**	**64.3**	**75.9**	
OPERATING CASH FLOW	**65**	**434**		**60**	**125**	**641**	

Comments to First Half 2013 results

Group Revenues in H1/13 were EUR 5,445 ml, down 6% vs. H1/12. This change is primarily due to the decrease in revenues generated by the Refining and Marketing segments, because of the lower prices for the refined oil products. In particular, the average price for gasoline stood at 995 $/ton in H1/13 versus 1,037 $/ton in H1/12, while diesel traded at an average price of 922 $/ton versus 972 $/ton in H1/12.

Group *reported* EBITDA was EUR 28.3 ml in H1/13, up 180% versus EUR -35.4 ml in H1/12. The main difference is due to the devaluation of the oil inventories. Indeed, although in both semesters under comparison there was a reduction in oil prices and a consequent devaluation of oil inventories, in H1/13 this effect had a lower impact than in H1/12. However, it should be noted that the *reported* EBITDA in H1/13 included a windfall gain of approx. EUR 23.5 ml, due to the final accounting, made in Q2/13, of a non-repayable grant related to a Regional Master Plan dated June 2002.

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

Moreover, in H1/13 the *reported* EBITDA took a charge of approx. EUR 25 ml, due to the effects of the IFRS equalization procedure on the Power Generation results, which was entirely accounted for in Q2/13. The results of this segment, indeed, were reviewed according to a new calculation methodology applied to the CIP6/92 tariff (which regulates the sale of electricity from the Sarlux subsidiary to the National Grid Operator – Gestore dei Servizi Energetici S.p.A.), as required by Legislative Decree 69/2013. Further details are provided in the section dedicated to the Power Generation segment and in the Notes to the Financial Statements.

Group *reported* Net Result stood at EUR -201.3 ml, down versus EUR -117.7 ml in H1/12, primarily because the lower devaluation of the oil inventories, as explained at EBITDA level, was more than offset by the devaluation of the CIP6/92 contract, which took place in H1/13. Indeed, as established by an independent appraisal, the revision of the CIP6/92 tariff according to the new calculation methodology required by the Legislative Decree 69/2013, determined a devaluation of approx. EUR 232 ml to the above mentioned contract, which was entirely accounted for into Q2/13 results. Further details also on this process are given in the Notes to the Financial Statements.
Moving to the analysis of the "Financial Charges and Income", which include also the result of the derivative instruments used for hedging purposes and the net FOREX result, in H1/13 the Net Financial Charges were equal to EUR 3.5 ml, while in H1/12 they stood at EUR 38.9 ml.

Group *comparable* EBITDA amounted to EUR 54.0 ml in H1/13, substantially in line with EUR 54.7 ml achieved in H1/12. As commented previously, the Power Generation segment achieved lower results compared to H1/12, due to the effects of the IFRS equalization procedure which takes into account the new calculation methodology for the CIP6/92 tariff. Nonetheless, the lower contribution to the Group *comparable* EBITDA coming from the Power Generation segment was entirely offset by the results achieved in the Refining, Wind and Marketing segments, which in H1/13 were stronger than the results obtained in H1/12.

Finally, the **Group *adjusted* Net Result stood at EUR -57.0 ml**, improved versus the Group *adjusted* Net Result of EUR -65.9 ml in H1/12, mainly because of the lower Net Financial Charges, as previously discussed.

CAPEX in H1/13 was EUR 64.3 ml, in line with the investment programme for 2013, and almost entirely dedicated to the Refining segment (EUR 50.7 ml).

Group Net Financial Position on the 30th of June 2013 stood at EUR -157 ml, improved versus the position at the beginning of the year (EUR -218 ml), and also versus the position at the 31st of March 2013 (EUR -168 ml), for the reasons illustrated in detail in the chapter specifically dedicated to the Net Financial Position.

Comments to Second Quarter 2013 results

Group Revenues in Q2/13 were EUR 2,774 ml, up 4% vs. Q2/12. Indeed, in Q2/13 the Refining segment remarkably improved its revenues because its sales stood at approx. 3.9 ml tons of refined oil products, which compares with sales of approx. 3.3 ml tons in the same quarter of 2012. This result more than offset the reduction in revenues coming from the Marketing segment which, instead, suffered from the drop in the prices of the main oil products. For reference purposes, in Q2/13 the average price for gasoline stood at 948 $/ton (versus 1,015 $/ton in Q2/12), while diesel traded at an average price of 881 $/ton (versus 938 $/ton in Q2/12).

Group *reported* EBITDA in Q2/13 was EUR -26.1 ml, strongly improved versus EUR -147.3 ml in Q2/12. As commented already in the results of the half-year, the difference in the results can be mainly explained with the different devaluation amounts for the oil inventories, in the two periods under comparison, due to the price drop for crude oil and refined products. More specifically, in Q2/13 the devaluation of oil inventories was considerably lower than in the same period of last year. Moreover, in Q2/13 all the comments already made in H1/13 are still applicable, especially with regards to the accounting of the non-repayable grant related to a Regional Master Plan dated June 2002, and the effects on the Power Generation segment's results of the IFRS equalization procedure, which takes into account the new calculation methodology for the CIP6/92 tariff.

Group *reported* Net Result in Q2/13 stood at EUR -199.5 ml, down vs. EUR -131.8 ml in Q2/12, for the same reasons explained in the H1/13 results, with regards to the devaluation of the CIP6/92 contract (worth approx. EUR 232 ml), which was entirely accounted for into Q2/13 results.
Moreover, in Q2/13 the Net Financial Charges (which include also the result of the derivative instruments used for hedging of the commercial activities and the net FOREX result) stood at EUR 0.7 ml, substantially in line with the Net Financial Charges for EUR 2.4 ml in the same quarter of 2012.

Group *comparable* EBITDA in Q2/13 amounted to EUR 5.8 ml, down versus EUR 33.6 ml achieved in Q2/12. Likewise, **Group *adjusted* Net Result was EUR -46.3 ml**, versus the Group *adjusted* Net Result of EUR -29.3 ml reported in Q2/12. The difference in the two periods under comparison is mainly due the Power Generation segment, whose equalized results take into account the new calculation methodology adopted for the CIP6/92 tariff, as already explained in the previous paragraphs.

CAPEX in Q2/13 was EUR 30.9 ml, primarily dedicated to Refinery segment (EUR 24.7 ml).

Group *adjusted* Net Result and *comparable* EBITDA

As mentioned at the beginning of this section, "*reported*" and "*comparable*" figures differ primarily because of the different methodologies used to evaluate the oil inventories. More specifically, the *reported* (IFRS) figures evaluate oil inventories according to the FIFO methodology, while the *comparable* figures are based on the LIFO methodology. Moreover, the *comparable* figures do not take into account the change in "*fair value*" of the derivative instruments and the non-recurring items. The relevance of the various items in Q2/13 and in H1/13 is shown in the following tables.

Group *adjusted* Net Result

EUR Million	Q2/13	Q2/12	H1/2013	H1/2012
***Reported* NET RESULT**	**(199.5)**	**(131.8)**	**(201.3)**	**(117.7)**
(inventories at LIFO - inventories at FIFO) net of taxes	33.5	107.0	30.4	53.8
non recurring items net of taxes	121.4	0.0	121.4	0.0
change in derivatives fair value net of taxes	(1.7)	(4.5)	(7.5)	(2.0)
***Adjusted* NET RESULT**	**(46.3)**	**(29.3)**	**(57.0)**	**(65.9)**

Group *comparable* EBITDA

EUR Million	Q2/13	Q2/12	H1/2013	H1/2012
***Reported* EBITDA**	**(26.1)**	**(147.3)**	**28.3**	**(35.4)**
inventories at LIFO - inventories at FIFO	55.5	180.9	49.3	90.1
non recurring items	(23.6)	0.0	(23.6)	0.0
***Comparable* EBITDA**	**5.8**	**33.6**	**54.0**	**54.7**

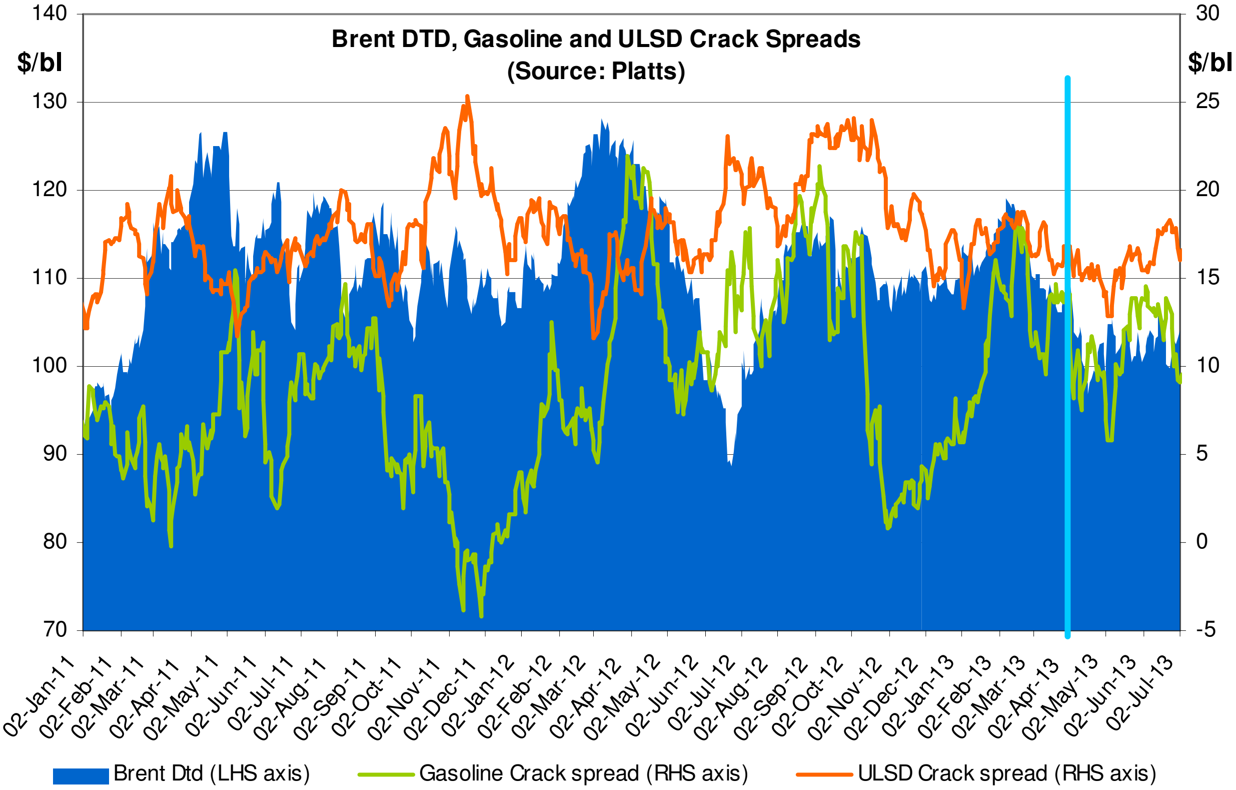
Net Financial Position

The following table illustrates in details the Group Net Financial Position:

EUR Million	30-Jun-13	31-Mar-13	31-Dec-12
Medium/long term bank loans	(156)	(176)	(176)
Bonds	(249)	(249)	(249)
Other financial assets	6	6	6
Total long term net financial position	**(400)**	**(419)**	**(419)**
Short term loans	(41)	(34)	(33)
Short term bank loans	(45)	(69)	(82)
Other short term financial liabilities	(22)	(12)	(6)
Fair value on derivatives	(3)	(5)	(14)
Other financial assets held for trading	21	21	20
Cash and cash equivalents	322	339	303
Warranty deposits for derivative instruments	10	10	14
Total short term net financial position	**243**	**251**	**201**
Total net financial position	**(157)**	**(168)**	**(218)**

The Net Financial Position at 30th June 2013 stood at EUR -157 ml, improved by 28% versus the position at the beginning of the year (EUR -218 ml). The main contribution comes from the positive cashflow from Operations and from the self-financing from provisions for depreciation and amortisations. Furthermore, it should be noted that some payments for crude oil are still outstanding, due to the oil embargo declared by the European Union against Iran.

Oil Market and Refining Margins



Crude oil prices (Source: Platts):

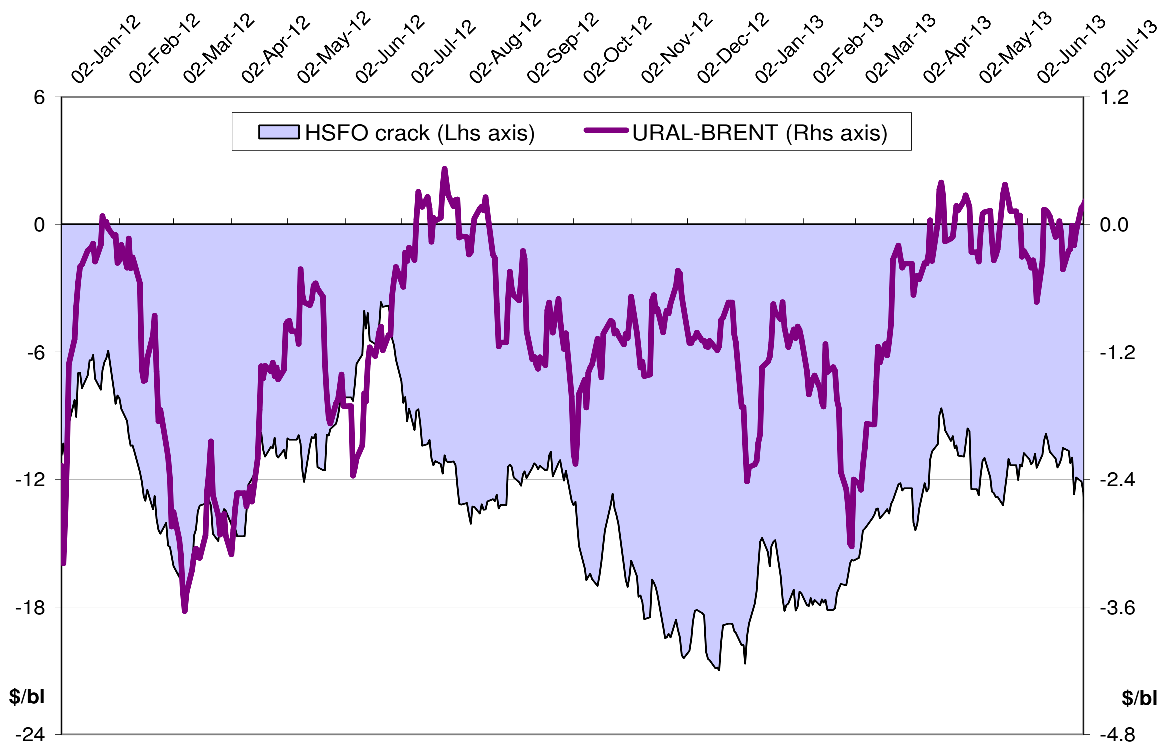
In Q1/13, crude oil prices initially moved along an ascending path, starting from 110 $/bl at the beginning of the quarter, and reaching the peak of 119 $/bl on the 8th of February. Behind this trend there was a combination of factors that affected both the supply and the demand. In particular, on the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

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

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

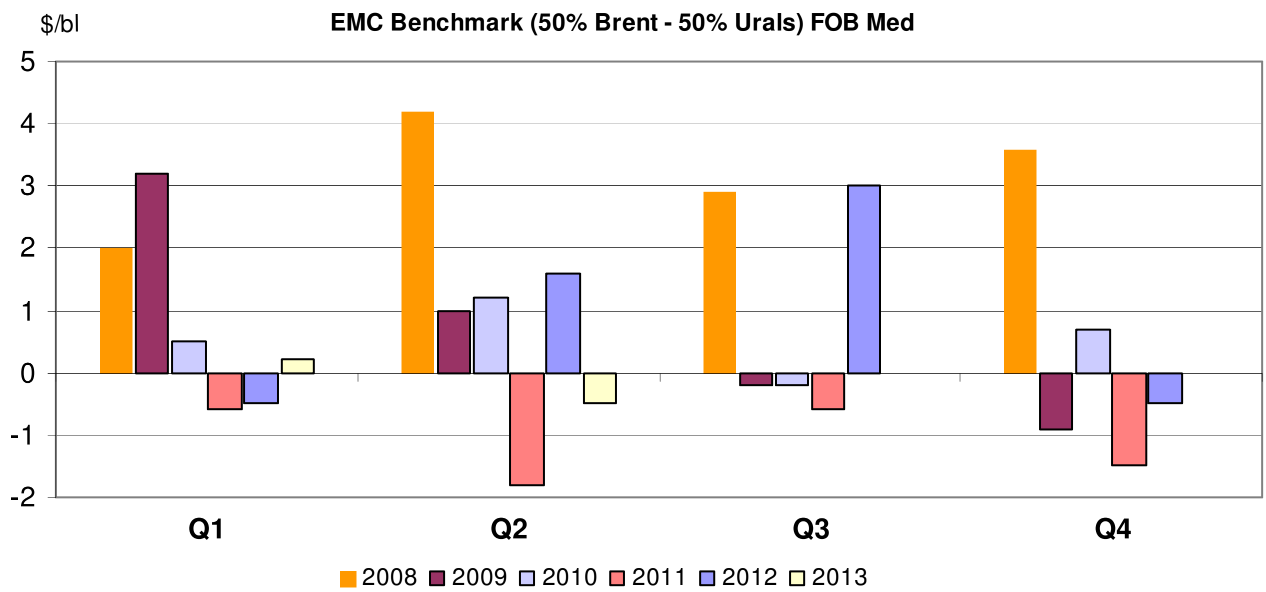
During Q1/13 the "heavy-light" crude oil price differential was extremely volatile, with an average for the period equal to -1.5 $/bl. In general, the oil embargo established by the European Union against Iran, and the consequent decrease in the availability of heavy and medium crude oils in the European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

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



Refining Margin:

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



The EMC Benchmark remained weak in Q1/13 (average of 0.2 $/bl), although at higher level than in Q4/12 (-0.5 $/bl). The situation deteriorated further in Q2/13, because the unfavourable macro economic context continued to depress demand for refined oil products. The EMC margin came down again into negative territory (with an average of -0.5 $/bl), which reflects the difficulties of the European refining sector.

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

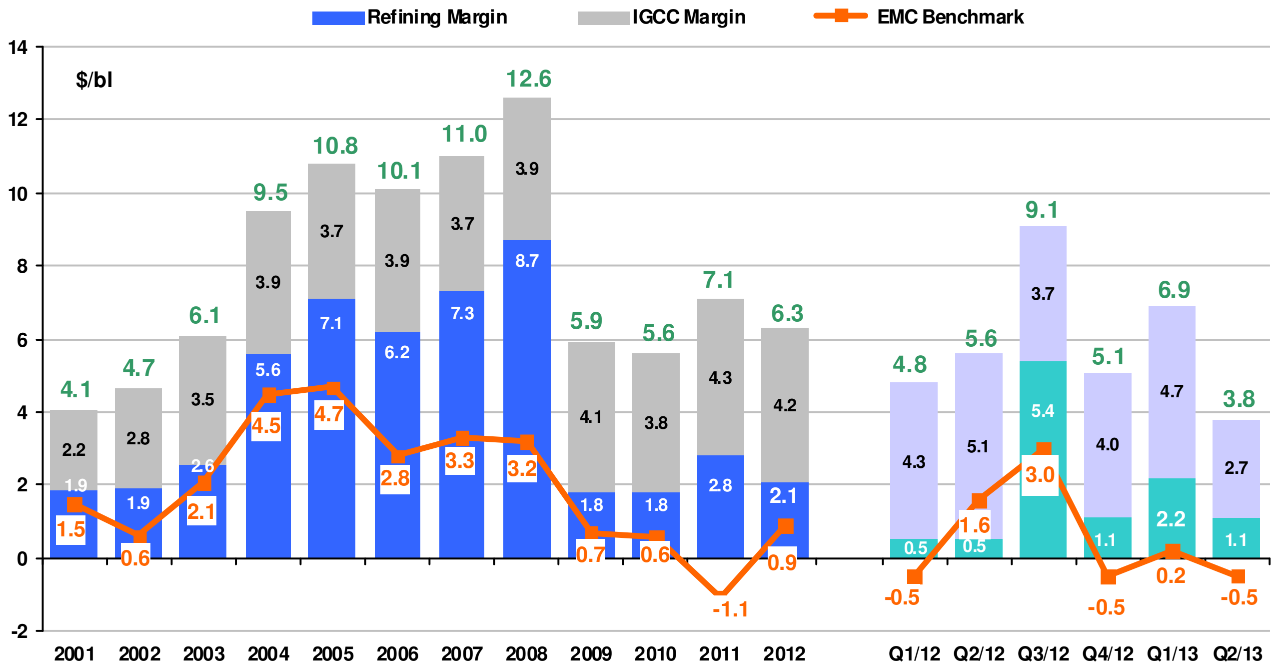
During Q1/13, the gasoline *crack spread* posted a surprisingly strong performance, seasonally unusual, due to a combination of factors. Firstly, there were various production problems both in Northern Europe and in the Mediterranean Basin, which could not be compensated with the release of inventories,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

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

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

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

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



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

Segment Review

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

Refining

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

EUR Million	Q2/13	Q2/12	Change %	Q1/13	H1/2013	H1/2012	Change %
EBITDA	(57.8)	(204.3)	72%	(13.4)	(71.2)	(166.6)	57%
***Comparable* EBITDA**	**(36.1)**	**(39.3)**	**8%**	**(24.0)**	**(60.1)**	**(88.3)**	**32%**
EBIT	(83.1)	(230.9)	64%	(38.6)	(121.7)	(218.3)	44%
***Comparable* EBIT**	**(61.4)**	**(65.9)**	**7%**	**(49.2)**	**(110.6)**	**(140.0)**	**21%**
CAPEX	**24.7**	**34.7**		**26.0**	**50.7**	**67.1**	

Margins and refinery runs

		Q2/13	Q2/12	Change %	Q1/13	H1/2013	H1/2012	Change %
REFINERY RUNS	thousand tons	3,378	2,793	21%	3,088	6,466	6,086	6%
	Million bl	24.7	20.4	21%	22.5	47.2	44.4	6%
	thousand bl/day	271	224	21%	250	261	244	7%
EXCHANGE RATE	EUR/USD	1.306	1.281	2%	1.321	1.313	1.297	1%
EMC BENCHMARK MARGIN	$/bl	(0.5)	1.6		0.2	(0.2)	0.6	
SARAS REFINERY MARGIN	$/bl	1.1	0.5		2.2	1.7	0.5	

Comments to First Half 2013 results

Refinery runs in H1/13 stood at 6.5 ml tons (47.2 million barrels, corresponding to 261 thousand barrels per calendar day), up 6% versus the same period of the last year. This difference is mainly due to the different relevance of the scheduled maintenance activities carried out in the two periods under comparison and, in particular, the work regarding the atmospheric crude distillation units.

***Comparable* EBITDA of the Refining segment in H1/13 was EUR -60.1 ml**, up 32% versus EUR -88.3 ml in H1/12, and the Saras refining margin had an average of 1.7 $/bl (versus 0.5 $/bl in the same period of last year).

The market scenario was particularly difficult in H1/13, with the EMC Benchmark margin equal to -0.2 $/bl on average (versus +0.6 in the same period of 2012). However, Saras refining margin achieved a premium of 1.9 $/bl on top of the Benchmark, thanks to a robust operational performance, and a lower impact from maintenance. More precisely, in H1/13, the EBITDA reduction related to the scheduled maintenance activities was approx. EUR 22 ml (US Dollars 30 ml), while in H1/12 it stood at EUR 58 ml (US Dollars 75 ml). It should be noted that, in the two periods under comparison, the exchange rate EUR/USD was substantially in line (1.313 in H1/13 versus 1.297 in H1/12).

Refining CAPEX in H1/13 was EUR 50.7 ml, including also the last important activities in the revamping project of the MildHydrcracking2 Unit (MHC2), which was subsequently completed in July.

Finally, it should be observed that the *reported* results, in both the semesters under comparison, were heavily influenced by the decrease in oil prices (in H1/13 crude oil prices came down by approx. 8 $/bl, while in H1/12 the drop exceeded 12 $/bl). As it is well known, the adoption of the FIFO methodology for the evaluation of the oil inventories, in the IFRS Financial Statements of the Saras Group, exposes the *reported* results to the consequences of possible devaluations or revaluations of the oil inventories, deriving from the fluctuations of the oil prices.

Comments to Second Quarter 2013 results

Refinery runs in Q2/13 stood at 3.4 ml tons (24.7 ml barrels, corresponding to 271 thousand barrels per calendar day), increasing by 21% versus the same period of last year, for the same reason explained in the comments of the semester (lower scheduled maintenance activities on the atmospheric crude distillation units).

***Comparable* EBITDA of the Refining segment in Q2/13 was EUR -36.1 ml**, up 8% versus Q2/12 (EUR -39.3 ml), with the Saras refining margin equal to 1.1 $/bl (versus 0.5 $/bl in the same quarter of last year).

Moreover, the result of the derivative instruments used for hedging of the commercial transactions and the net Forex result, stood at EUR +4.2 ml in Q2/13, versus EUR +5.3 ml in Q2/12.

European refining margins remained under pressure during the quarter, because of the turbulences caused on the markets by the macroeconomic conditions and by the geopolitical tensions. In particular, the reference EMC Benchmark margin, used as a basis to evaluate the average profitability for Mediterranean refineries, was equal to -0.5 $/bl in Q2/13 (versus +1.6 $/bl in Q2/12).

With such a difficult environment, and notwithstanding the scheduled maintenance activities carried out during the period (which caused an EBITDA reduction of approx. EUR 11 ml), the Sarroch refinery still managed to post a premium of 1.6 $/bl on top of the EMC Benchmark margin, thanks to a good operational performance.

Conversely, in Q2/12, the Saras refining margin underperformed the EMC benchmark margin, because the scheduled maintenance activities heavily reduced the EBITDA (by approx. EUR 28 ml). This difference, together with the operational improvements, explains almost entirely the different results achieved by the Refining segment in the two quarters under comparison.

Finally, Refining CAPEX in Q2/13 was EUR 24.7 ml, in line with the programme of the period, which included also an important step for the revamping of the MildHydrcracking2 Unit (MHC2).

Crude Oil slate and Production

		Q2/13	H1/2013	H1/2012
Light extra sweet		46%	47%	47%
Light sweet		5%	3%	2%
Medium sweet/extra sweet		2%	1%	4%
Medium sour		31%	29%	29%
Heavy sour/sweet		16%	20%	17%
Average crude gravity	°API	33.5	33.1	32.5

The crude mix processed by the Sarroch refinery in H1/13 had an average density of 33.1 °API, therefore, overall, it was a lighter mix than the one processed in the same period of last year. When looking in detail at the various crude grades used in the feedstock, it can be noted a reduction in the percentage of *medium sweet/extra sweet* crude oils, with a corresponding increase in the percentage of the *heavy* crude oils and of the "*straight run*" residues. These changes in the crude mix were the result of both the scheduled maintenance activities carried out during the period, and also of economic and commercial choices.

Moving on to the product slate, it can be observed that the yield in middle distillates in H1/13 increased to 52.3%, thanks to an excellent conversion performance of the MildHydroCracking Units. Conversely, the yield in light distillates slightly decreased (28.1%), because of the maintenance activities carried out on the Alkylation Unit during Q1/13, which also caused an increase in the yield of LPG (2.3%). Overall, the cumulative yield of high value added products in H1/13 stood at 82.7%, which represents a prominent performance within the European competitive context.

		Q2/13	H1/2013	H1/2012
LPG	thousand tons	71	150	110
	yield	2.1%	2.3%	1.8%
NAPHTHA + GASOLINE	thousand tons	933	1,814	1,819
	yield	27.6%	28.1%	29.9%
MIDDLE DISTILLATES	thousand tons	1,748	3,381	3,117
	yield	51.8%	52.3%	51.2%
FUEL OIL & OTHERS	thousand tons	139	192	62
	yield	4.1%	3.0%	1.0%
TAR	thousand tons	289	544	587
	yield	8.5%	8.4%	9.6%

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

Marketing

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

EUR Million	Q2/13	Q2/12	Change %	Q1/13	H1/2013	H1/2012	Change %
EBITDA	(3.9)	(3.4)	-15%	3.9	0.0	6.8	-100%
***Comparable* EBITDA**	**6.3**	**12.5**	**-50%**	**8.3**	**14.6**	**18.6**	**-22%**
EBIT	(6.0)	(6.3)	5%	1.8	(4.2)	0.7	-700%
***Comparable* EBIT**	**4.2**	**9.6**	**-56%**	**6.2**	**10.4**	**12.5**	**-17%**
CAPEX	**1.3**	**3.6**		**0.7**	**2.0**	**5.2**	

Sales

		Q2/13	Q2/12	Change %	Q1/13	H1/2013	H1/2012	Change %
TOTAL SALES	thousand tons	864	934	-8%	873	1,737	1,905	-9%
of which: in Italy	thousand tons	578	550	5%	554	1,132	1,097	3%
of which: in Spain	thousand tons	285	384	-26%	320	605	809	-25%

Comments to First Half 2013 results

The persistently difficult macroeconomic conditions in various countries of the Euro zone during H1/13 had a negative influence on the demand for refined oil products. In particular, an important contraction in consumption took place in Spain and in Italy, which are the markets were the Saras Group conducts its marketing activities. Notwithstanding such context, the Marketing segment posted a good performance, in line with expectations.

In the Italian market, total demand for oil products in H1/13 registered a further drop versus the same period of 2012, with gasoline consumptions down by 6.8%, and total gasoil down by 4.5%. In this scenario, Arcola Petrolifera sold 1,132 ktons (up 5% versus H1/12), thanks to important efforts in consolidating and developing customers, especially in the channels with the highest profitability. This approach allowed Arcola to defend also its gross margin, which remained substantially stable versus the same period of last year.

Also in the Spanish market there was a sharp contraction in consumption for all the main refined oil products (gasoline dropped by 9.5%, and total gasoil was down by 6.0%). Consequently, the Spanish subsidiary Saras Energia continued its defensive policy, by optimizing its mix of sale channels. In this way, it was possible to achieved an improvement in the gross margin (+8%), even if volumes sold had to be rationalized (-25% versus H1/12).

Overall, ***comparable* EBITDA of the Marketing segment stood at EUR 14.6 ml in H1/13,** slightly lower than EUR 18.6 ml in the first semester of 2012.

Finally, **CAPEX was EUR 2.0 ml.**

Comments to Second Quarter 2013 results

The Saras Group' subsidiaries had a satisfactory performance in Q2/13. Arcola worked hard to increase volumes sold (+5%), while managing to minimize the reduction in gross margin, despite an intensified competitive pressure in the market. On the other hand, Saras Energia further rationalized sales (285 ktons, -26% versus Q2/12), but it managed to increase gross margins by approx. 2 EUR/cubic meter.

In the difficult macroeconomic scenario which was previously illustrated, ***comparable* EBITDA of the Marketing segment stood at EUR 6.3 ml in Q2/13**. This result was achieved also thanks the biodiesel plant which, in the quarter, could benefit from a decrease in the cost of certain raw material (mainly palm oil).

Power Generation

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

EUR Milion	Q2/13	Q2/12	Change %	Q1/13	H1/2013	H1/2012	Change %
EBITDA	27.7	55.8	-50%	54.3	82.0	113.3	-28%
***Comparable* EBITDA**	**27.7**	**55.8**	**-50%**	**54.3**	**82.0**	**113.3**	**-28%**
EBIT	(224.9)	35.7	-730%	34.4	(190.5)	73.5	-359%
***Comparable* EBIT**	**7.6**	**35.7**	**-79%**	**34.4**	**42.0**	**73.5**	**-43%**
EBITDA ITALIAN GAAP	**45.1**	**38.2**	**18%**	**36.0**	**81.1**	**93.2**	**-13%**
EBIT ITALIAN GAAP	**33.6**	**26.9**	**25%**	**24.9**	**58.5**	**70.8**	**-17%**
NET INCOME ITALIAN GAAP	**19.6**	**16.0**	**23%**	**14.6**	**34.2**	**42.7**	**-20%**
CAPEX	**4.6**	**1.2**		**6.0**	**10.6**	**3.0**	

Other figures

		Q2/13	Q2/12	Change %	Q1/13	H1/2013	H1/2012	Change %
ELECTRICITY PRODUCTION	MWh/1000	1,102	996	11%	937	2,038	2,172	-6%
POWER TARIFF	**Eurocent/KWh**	**11.8**	**12.1**	**-2%**	**12.3**	**12.1**	**12.0**	**1%**
POWER IGCC MARGIN	$/bl	2.7	5.1	-47%	4.7	3.6	4.7	-23%

Comments to First Half 2013 results

From the operational point of view, the results achieved by the Power Generation segment in H1/13 have been fully satisfactory, in line with the expectations. The **power production reached 2.038TWh**, down 6% versus H1/12, mainly due to the different nature of the maintenance activities carried out in the two periods under comparison. In particular, in H1/12 there was standard maintenance on one of the three trains of "Gasifier – combined cycle Turbine"; on the other hand, in H1/13, there were scheduled maintenance activities carried out on one of the two "H_2S Absorber" Units, as well as the standard routine activities on one of the trains of "Gasifier – combined cycle Turbine".

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

On the basis of the long-term scenarios considered for the gas prices (provided by a leading independent consultant specialising in that sector), the new calculation methodology produces a modest reduction of the CIP6/92 tariff in the financial year 2013, but the reduction could become greater starting from the following financial year. Therefore, the effect of this change in the CIP6/92 tariff is small on H1/13 results calculated according to the Italian GAAP. Conversely, when considering the IFRS results, the effect of the change in the CIP6/92 tariff is implemented retroactively since the beginning of 2013, according to the equalization procedure applied to the remaining duration of the contract (as it is required by IAS 17 and IFRIC 4).

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

Finally, it should be mentioned that, at the moment when Saras' Board of Directors approved the present financial statements, the reference Decree has not yet been converted to Law and, therefore, there may be amendments, the impact of which will be covered in future financial statements.

According to the above, **the Italian GAAP EBITDA in H1/13 stood at EUR 81.1 ml,** down 13% versus H1/12 (EUR 93.2 ml), primarily because of the lower production of electricity, and with the CIP6/92 power tariff substantially in line versus H1/12 (12.1 EURcent/kWh, +1% versus H1/12). Lower contribution to the results came also from the sales of steam and hydrogen (down approx. EUR 4.5 ml).

IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 82.0 ml in H1/13, down 28% versus H1/12, mainly because of the equalization procedure on the remaining duration of the contract, for the new CIP6/92 tariff calculated according the Decree Law 69/2013, as previously discussed.

CAPEX in H1/13 was EUR 10.6 ml, coherently with the ordinary maintenance activities carried out in the period.

Comments to Second Quarter 2013 results

The Q2/13 results include the regulatory changes introduced by the Decree Law 69/2013, as previously explained.

From the operational point of view, the performance in Q2/13 was very good. The power production stood at 1.102TWh, up 11% versus Q2/12. Indeed, in Q2/12 *standard* maintenance activities were carried out on one of the trains of "Gasifier – combined cycle Turbine"; conversely, no maintenance took place on the IGCC plant during Q2/13.

Italian GAAP EBITDA was EUR 45.1 ml in Q2/13, up of 18% versus Q2/12, primarily because of the higher electricity production, which more than compensated the modest decrease of the CIP6/92 tariff (11.8 EURcent/kWh, versus 12.1 EURcent/kWh in Q2/12) and the lower sales of steam and hydrogen (approx. EUR 2 ml).

IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 27.7 ml, down 50% versus Q2/12, because it included the effects of the new CIP6/92 tariff, also for what it concerns Q1/13 results.

CAPEX in Q2/13 was EUR 4.6 ml.

Wind

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

EUR million	Q2/13	Q2/12	Change %	Q1/13	H1/2013	H1/2012	Change %
EBITDA	6.2	4.2	48%	9.6	15.8	10.2	55%
***Comparable* EBITDA**	**6.2**	**4.2**	**48%**	**9.6**	**15.8**	**10.2**	**55%**
EBIT	5.1	1.7	200%	8.5	13.6	5.1	167%
***Comparable* EBIT**	**5.1**	**1.7**	**200%**	**8.5**	**13.6**	**5.1**	**167%**
CAPEX	**0.0**	**0.2**		**0.1**	**0.1**	**0.5**	

Other figures

		Q2/13	Q2/12	Change %	Q1/13	H1/2013	H1/2012	Change %
ELECTRICITY PRODUCTION	MWh	55,558	41,262	35%	78,052	133,610	88,301	51%
POWER TARIFF	EURcent/KWh	5.3	7.1	-26%	6.1	5.8	7.9	-27%
GREEN CERTIFICATES	EURcent/KWh	9.4	6.8	38%	9.0	9.2	7.0	31%

Comments to First Half 2013 results

In H1/13, the IFRS EBITDA of the Wind segment (which is equal to the *comparable* EBITDA) stood at EUR 15.8 ml, up 55% versus H1/12, thanks to excellent weather conditions, which pushed **production of electricity up to 133,610MWh** (+51% versus H1/12). Moreover, the higher value of the Green Certificates (9.2 EURcent/kWh, up 31% versus H1/12) fully compensated the decrease in the value of the power tariff (-27%, with an average for the period equal to 5.8 EURcent/kWh).

Comments to Second Quarter 2013 results

In Q2/13 the results achieved by the Wind segment were extremely satisfactory. ***Comparable* EBITDA stood at EUR 6.2 ml**, up 48% versus Q2/12. This result derives from weather conditions considered unusually favourable for this period of the year. The **production of electricity was equal to 55,558MWh** (+35% versus the same period of last year). Further support to the results came also from the higher value of the Green Certificates (+38%), while the decrease in the power tariff (-26% versus Q2/12) had an opposite effect.

Other Activities

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

EUR Million	Q2/13	Q2/12	Change %	Q1/13	H1/2013	H1/2012	Change %
EBITDA	1.7	0.4	325%	0.0	1.7	0.9	89%
***Comparable* EBITDA**	**1.7**	**0.4**	**325%**	**0.0**	**1.7**	**0.9**	**89%**
EBIT	1.7	0.4	325%	(0.1)	1.6	0.8	100%
***Comparable* EBIT**	**1.7**	**0.4**	**325%**	**(0.1)**	**1.6**	**0.8**	**100%**
CAPEX	**0.3**	**0.1**		**0.7**	**0.9**	**0.1**	

Strategy and Investments

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

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

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

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

In the Wind segment, the Group continues to develop two projects in Sardinia, with a total combined capacity of approx. 100 MW. For both projects, the Environmental Impact Assessment procedure ("V.I.A. – Valutazione di Impatto Ambientale") is currently in progress. Moreover, regarding the pipeline outside Italy, the Group recently obtained full authorisation to start construction of a wind farm in Romania, with a capacity of approx. 100 MW.

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

CAPEX by segment

EUR Million	Q2/13	H1/2013	H1/2012
REFINING	24.7	50.7	67.1
POWER GENERATION	4.6	10.6	3.0
MARKETING	1.3	2.0	5.2
WIND	0.0	0.1	0.5
OTHER	0.3	0.9	0.1
Total	**30.9**	**64.3**	**75.9**

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

Outlook

The current macro-economic framework continues to weigh both on the financial market and on the *commodities*, and in particular crude oil, making it difficult to predict future developments and causing high volatility conditions. Indeed, investors confidence continues to be conditioned by the context of economic crisis in the Euro Zone, concerns for the slowdown of Asian growth, and also the possible recessionary effects arising from the recent cuts in US public spending, which came as emergency measures to keep under control public debt.

The forecasts of the International Energy Agency (IEA), in the latest "*Monthly Oil Market Report*" published on the 11th of July 2013, show that global oil demand in FY 2013 will nonetheless continue to grow, reaching 90.8 million barrels per day (mbd), which corresponds to an increase of +0.9 mbd versus FY 2012. Later, an even stronger growth is projected for FY 2014, when demand should climb to 92.0 mbd (+1.2 mbd versus FY 2013). These forecasts derive to expansionary predictions for the global economy (with a growth rate of +3.3% in 2013, followed by +4% in 2014), as assessed by the International Monetary Fund (IMF) in the April "World Economic Outlook". However, it should be noted that this growth will come exclusively from the emerging and developing countries (+3.1%), which will more than compensate the drop in demand from the OECD countries (-0.8%).

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

Finally, looking at the refining margins, it is expected that the largest contribution will continue to come from the middle distillates. Highly complex refineries, such as the Saras Group's refinery, will continue to have a good positioning within the European competitive environment.

REFINING

- **Sarroch refinery Maintenance and Operations:** 2013 maintenance programme proceeded according to schedule up until now. Looking forward, during the second half of FY 2013 there will be only the activities related to standard cleaning and replacement of the catalyst in the MildHydrocracking1 Unit, which will be carried out in Q4/13. Overall, total refinery runs are expected to be in the range of 13.9 ÷ 14.2 ml tons (which corresponds to 101.4 ÷ 103.7 ml barrels).
- **Crude Oil Slate:** at the moment it is not possible to predict in the short term, the end of the oil embargo declared by European Union against Iran on July 1st 2012. For this reason, the Saras Group expects to process a crude oil mix substantially similar to the one used in the second half of FY 2012, when the Iranian crude oils stopped to be available in the European markets.

POWER GENERATION

- **IGCC Maintenance and Operations:** during the first half of 2013, and more specifically during the first quarter, it was regularly carried out a scheduled maintenance programme on one of the two "H_2S Absorber" Units and, at the same time, standard maintenance activities on one of the three trains of "Gasifier – combined cycle Turbine". Regarding the second half of the year, there will be no maintenance activities in Q3/13, while there will be in Q4/13 a cycle of standard maintenance on another train of "Gasifier – combined cycle Turbine". Total power production in 2013 is therefore expected in the range between 4.09 ÷ 4.34 TWh.
- **Italian GAAP EBITDA (reflecting the cash generation of the IGCC plant):** in FY 2013, the effects of the change in the calculation of the CIP6/92 tariff are minor. Indeed, according to the long term scenarios for gas prices, forecasted by a leading independent consultant, the Italian GAAP EBITDA in FY 2013 shall be in the range between EUR 150 ÷ 170 ml.
- **IFRS EBITDA (equalized according to IAS 17 and IFRIC 4):** the IFRS equalization procedure, applied to the remaining duration of the contract, including the present financial year, produces a reduction of the IFRS EBITDA which can be quantified in approx. EUR 50 ml per year, due to the change in the calculation methodology for the CIP6/92 tariff. Therefore, this translates into a revised guidance for the IFRS EBITDA, which shall be equal to approx. EUR 170 ml per year, stable until the end of FY 2020 (in other words, until the expiry date of the contract).
- **Early exit from the CIP6/92 contract:** Based on the provisions of Article 3 of the Ministry for Economic Development Decree of 2nd December 2009, the subsidiary Sarlux S.r.l., as a party to an agreement signed under the CIP6/92 programme for plants that use process fuels from residues, on 16 December 2009 expressed its non-binding interest to the GSE, for an early withdrawal from the CIP6/92 contract. Afterwards, the GSE determined the compensation fees at which such early withdrawal could be settled. The Ministry for Economic Development subsequently extended to 30th September 2013, the deadline for presentation of the binding application for voluntary early withdrawal from the CIP6/92 contract. The company is currently assessing the available alternatives, in order to make a decision by the above deadline.

MARKETING

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

Main events after the end of the First Half 2013

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

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

The above mentioned contribution in kind was implemented by writing into Sarlux S.r.l. financial accounts, the Refining assets and liabilities at the same book value at which they were written in Saras S.p.A. financial accounts. The sworn appraisal, prepared by two legal auditors as requested by Art.2465, assessed that the economic value of business segment consigned to Sarlux S.r.l. is at least equal to the book value of the Refining assets and liabilities. The consignment has legal effect as of 1st July 2013.

Risk Analysis

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

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

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

Financial risks

Price fluctuation risk

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

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

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

Exchange rate risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

Other risks

Risk related to the procurement of crude oil

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

Risks of interruption of production

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

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

Environmental risk

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

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

Regulatory risk

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

Dependencies on third parties

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

Protection of Personal Data

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

Other Information

Non-recurring and/or unusual Transactions

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

Changes in the Shareholding Structure

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

In particular:

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

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

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

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

At the end of the acceptance period of the Offer, no. 213,796,505 ordinary shares of Saras S.p.A were tendered to the Offer, equal to 22.48% of the issued share capital of the said company, and 308.46% of the ordinary shares object of the Offer. Since the number of shares tendered in acceptance of the Offer was higher than the no. 69,310,933 shares which represent the maximum amount of the Offer, the shares tendered were allocated pursuant to a pro-rata method, with an allotment coefficient equal to 0.32419.

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

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

Transactions with related parties

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

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

During the second half of 2013, Saras S.p.A. e JSC NK Rosneft will complete the review of the operational and commercial terms for the Joint Venture (the "JV"), and will draft and negotiate all the relevant documentation including, among other documents, the JV Charter and certain framework agreements between the parties and the new company.

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

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

Research and Development

Saras did not undertake meaningful "Research and Development" activities in the period; therefore, no significant cost was capitalized or accounted in the Income Statement during the first half of 2013.

Own shares

During Q2/13, Saras S.p.A. purchased on the MTA of the Italian Stock Exchange (Borsa Italiana S.p.A.) a total number of 5,689,270 own shares (corresponding to 0.598% of the issued share capital of Saras S.p.A.), pursuant to the resolution of the Ordinary Shareholders' Meeting held on April 27th, 2012, which authorised the buyback of Saras shares with the purpose of servicing the stock grant plans of Saras shares reserved to the management and the employees of the Group, as well as to carry out activities aimed at sustaining the liquidity and controlling the volatility of the Company's share price in the market, and which started as communicated to the markets in the press release issued on 7th May 2013.
The purchases have been carried out in compliance with Article 132 of the Legislative Decree no. 58/1998 and with Article 144-bis of Consob Regulation no. 11971/1999 (the "Issuers' Regulation") and with any other applicable rules, including the operational procedures established by the Italian Stock Exchange.
Further to the above purchase transactions of own share, at the end of the first semester of 2013, Saras S.p.A. holds a total number of 19,245,774 own shares, which corresponds to 2.024% of the share capital, included the own shares previously owned by the company.

Date	Transaction	Shares (number)	Total Nominal Value	Euro
01/01/2013	**Situation at the beginning of the year**	**22,619,460**	**1,298,357**	**70,386,935**
07/05/2013	tranfer	(9,062,956)	(520,214)	(26,150,084)
15/05/2013	purchase	500,000	28,700	519,610
16/05/2013	purchase	500,000	28,700	521,630
17/05/2013	purchase	300,000	17,220	314,160
20/05/2013	purchase	150,000	8,610	160,811
20/05/2013	purchase	50,000	2,870	53,750
21/05/2013	purchase	575,270	33,020	617,667
22/05/2013	purchase	334,000	19,172	358,873
23/05/2013	purchase	100,000	5,740	106,382
24/05/2013	purchase	100,000	5,740	106,277
05/06/2013	purchase	200,000	11,480	225,488
17/06/2013	purchase	180,000	10,332	192,573
18/06/2013	purchase	500,000	28,700	523,560
19/06/2013	purchase	200,000	11,480	210,176
20/06/2013	purchase	500,000	28,700	524,525
21/06/2013	purchase	600,000	34,440	612,714
24/06/2013	purchase	300,000	17,220	292,908
25/06/2013	purchase	300,000	17,220	296,268
26/06/2013	purchase	300,000	17,220	305,316
30/06/2013	**Situation at the end of H1/13**	**19,245,774**	**1,104,707**	**50,179,539**

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

Finally, on the 24th of April 2013, the Ordinary Shareholders' Meeting approved the new "Plan to grant free Company shares to management of the Saras Group" (the "Stock Grant Plan 2013-2015"), assigning to the Board of Directors all the powers necessary and appropriate to implement the Plan. The recipients of the Plan are the Directors with strategic responsibilities within the Company; the Directors of the Board of Italian and/or foreign subsidiaries controlled by the Company, and some other eligible top executive within the Group, including those with an independent employment contract.
Each beneficiary is assigned the right to receive free shares upon achieving performance objectives determined in relation to the performance of Saras' Total Shareholder Return (TSR) compared to the TSR of a group of companies belonging to the FTSE Italia Mid Cap Index (the "Peer Group"). TSR is calculated as the change in the value of Saras shares and the shares of the Peer Group, during the three-year period 2013-2015.

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

For the Board of Directors
The Chairman

Gian Marco Moratti

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

EUR thousand	(1)	30/06/2013	31/12/2012
ASSETS			(2)
Current assets	5.1	**2,229,447**	**2,209,352**
Cash and cash equivalents	5.1.1	322,249	302,950
Other financial assets held for trading or available for sale	5.1.2	35,261	42,326
Trade receivables	5.1.3	762,076	820,215
Inventories	5.1.4	980,552	920,891
Current tax assets	5.1.5	41,851	45,699
Other assets	5.1.6	87,458	77,271
Non-current assets	5.2	**1,576,941**	**1,730,570**
Property, plant and equipment	5.2.1	1,268,345	1,288,758
Intangible assets	5.2.2	98,709	348,767
Other equity interests	5.2.3.1	505	526
Deferred tax assets	5.2.4	203,281	86,430
Other financial assets	5.2.5	6,101	6,089
Total assets		**3,806,388**	**3,939,922**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities	5.3	**1,929,544**	**1,817,254**
Short-term financial liabilities	5.3.1	129,317	166,997
Trade and other payables	5.3.2	1,486,947	1,394,342
Current tax liabilities	5.3.3	245,307	161,125
Other liabilities	5.3.4	67,973	94,790
Non-current liabilities	5.4	**886,366**	**925,970**
Long-term financial liabilities	5.4.1	405,286	424,891
Provisions for risks and charges	5.4.2	34,314	52,391
Provisions for employee benefits	5.4.3	21,835	22,825
Deferred tax liabilities	5.4.4	3,389	3,163
Other liabilities	5.4.5	421,542	422,700
Total liabilities		**2,815,910**	**2,743,224**
EQUITY	5.5		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		1,126,179	1,219,718
Profit/(loss) for the period		(201,257)	(88,576)
Total equity attributable to owners of the company		**990,478**	**1,196,698**
Minority interest		0	0
Total equity		**990,478**	**1,196,698**
Total liabilities and equity		**3,806,388**	**3,939,922**

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

(2) 2012 values reflect the application of IAS 19 revised

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

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

EUR thousand	(1)	1st January 30th June 2013	of which non recurring	1st January 30th June 2012	of which non recurring
Revenues from ordinary operations	6.1.1	5,381,321		5,747,727	
Other income	6.1.2	63,496	23,573	39,634	
Total revenues		**5,444,817**	***23,573***	**5,787,361**	***0***
Purchases of raw materials, spare parts and consumables	6.2.1	(5,081,667)		(5,461,210)	
Cost of services and sundry costs	6.2.2	(264,383)		(292,223)	
Personnel costs	6.2.3	(70,508)		(69,325)	
Depreciation, amortisation and write-downs	6.2.4	(329,508)	(232,455)	(102,847)	
Total costs		**(5,746,066)**	***(232,455)***	**(5,925,605)**	***0***
Operating results		**(301,249)**	***(208,882)***	**(138,244)**	***0***
Net income/(charges) from equity interests					
Financial income	6.3	118,995		168,252	
Financial charges	6.3	(122,503)		(207,107)	
Profit before taxes		**(304,757)**	***(208,882)***	**(177,099)**	***0***
Income tax for the period	6.4	103,500	87,522	59,406	
Net profit/(loss) for the period		**(201,257)**	***(121,360)***	**(117,693)**	***0***
Net profit/(loss) for the period attributable to:					
Equity holders of the company		(201,257)		(117,693)	
Minority interest		0		0	
Earnings per share - basic (EUR cent)		**(21.73)**		**(12.68)**	
Earnings per share - diluted (EUR cent)		**(21.73)**		**(12.68)**	

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

EUR thousand	1st January 30th June 2013	1st January 30th June 2012
Net result for the period (A)	**(201,257)**	**(117,693)**
Effect of translation of f/s in foreign currency	(37)	0
IAS 19 actuarial effect	0	0
Income / (loss), net of fiscal effect (B)	**(37)**	**(16)**
Consolidated Comprehensive Result for the period (A + B)	**(201,294)**	**(117,709)**
Net consolidated Comprehensive Result for the period attributable to :		
Parent Company shareholding	(201,294)	(117,709)
Minority Interest	0	0

(1) Please refer to the Notes to the Financial Statements chapter 6 "Notes to the Income Statement"

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

EUR thousand	Share Capital	Legal Reserve	Other reserve	Profit (Loss)	Total equity attributable to owners of the company	Minority interest	Total equity
Balance as of 31/12/2011	**54.630**	**10.926**	**1.158.676**	**58.802**	**1.283.034**	**0**	**1.283.034**
Period 1/1/2012 - 30/06/2012							
Appropriation of previous year profit			58.802	(58.802)	0		0
Reserve for employee share plan			2.057		2.057		2.057
Effect of translation of f/s in foreign currency			(16)		(16)		(16)
Net profit (loss) for the period				(117.693)	(117.693)		(117.693)
Total comprehensive profit (loss) for the period			*(16)*	*(117.693)*	*(117.709)*		*(117.709)*
Balance as of 30/06/2012	**54.630**	**10.926**	**1.219.519**	**(117.693)**	**1.167.382**	**0**	**1.167.382**
Period 1/7/2012 - 31/12/2012							
Reserve for employee share plan			1.722		1.722		1.722
Effect of translation of f/s in foreign currency			2		2		2
IAS 19 actuarial effect			(1.525)	1.525	0		0
Net profit (loss) for the period				27.592	27.592		27.592
Total comprehensive profit (loss) for the period			*(1.523)*	*29.117*	*27.594*		*27.594*
Balance as of 31/12/2012	**54.630**	**10.926**	**1.219.718**	**(88.576)**	**1.196.698**	**0**	**1.196.698**
Period 1/1/2013 - 30/06/2013							
Appropriation of previous year profit			(88.576)	88.576	0		0
Buyback of own shares			(5.943)		(5.943)		(5.943)
Reserve for employee share plan			1.017		1.017		1.017
Effect of translation of f/s in foreign currency			(37)		(37)		(37)
Net profit (loss) for the period				(201.257)	(201.257)		(201.257)
Total comprehensive profit (loss) for the period			*(37)*	*(201.257)*	*(201.294)*		*(201.294)*
Balance as of 30/06/2013	**54.630**	**10.926**	**1.126.179**	**(201.257)**	**990.478**	**0**	**990.478**

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

EUR thousand	(1)	1/1/2013 - 30/06/2013	1/1/2012 - 30/06/2012
A - Cash and cash equivalents at the beginning of period		**302,950**	**139,343**
B - Cash generated from/(used in) operating activities			
Net Profit / (Loss) for the period	5.5	(201,257)	(117,693)
Amortisation, depreciation and write-downs of fixed assets	6.2.4	329,508	102,847
Grants charged directly to the income statements	6.1.2	(23,573)	0
Net change in provisions for risks and charges	5.4.2	(18,077)	(24,787)
Net change in employee benefits	5.4.3	(990)	(1,248)
Net change in deferred tax liabilities and deferred tax assets	5.2.4 - 5.4.4	(116,625)	(74,417)
Net interest gains (losses)		14,199	17,428
Income tax	6.4	13,125	15,011
Change in fair value of derivatives and green certificates	5.1.2 - 5.3.1	(14,436)	(2,566)
Other non cash items	5.5	(4,926)	1,656
(Increase)/Decrease in trade receivables	5.1.3	58,139	(70,455)
(Increase)/Decrease in inventory	5.1.4	(59,661)	230,269
Increase/(Decrease) in trade and other payables	5.3.2	92,605	398,961
Change in other current assets	5.1.5 - 5.1.6	(2,990)	27,216
Change in other current liabilities	5.3.3 - 5.3.4	68,976	168,309
Interest received		387	295
Interest paid		(8,738)	(14,475)
Tax paid	5.3.2	0	0
Change in other non-current liabilities	5.4.5	(1,158)	(15,922)
Total (B)		**124,508**	**640,429**
C - Cash flow from (to) investing activities			
(Investments) in tangible and intangible assets	5.2.1-5.2.2	(57,457)	(69,029)
- of which interest paid capitalized		*(5,528)*	*(4,484)*
(Investments)/disinvestments in other holdings	5.2.1-5.2.2	21	
Change in financial assets	5.1.2	42,372	52,847
Other non cash items	5.2.1-5.2.2	0	0
Total (C)		**(15,064)**	**(16,182)**
D - Cash generated from/(used in) financing activities			
Increase/(Decrease) in medium/long term borrowings	5.4.1	0	0
Increase/(Decrease) in short term borrowings	5.3.1	(90,145)	(523,484)
Total (D)		**(90,145)**	**(523,484)**
E - Cashflow for the period (B+C+D)		**19,299**	**100,763**
F - Net Cash from disposal of Akhela/Artemide		**0**	**(366)**
G - Cash and cash equivalents at the end of period		**322,249**	**239,740**

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

For the Board of Directors
The Chairman
Gian Marco Moratti

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

1. Preliminary remarks

Saras S.p.A. (the Parent Company) is a company limited by shares listed on the Milan stock market. Its registered office is at S.S. 195 Sulcitana, km 19, Sarroch (CA), Italy, and it is 50.02% owned (excluding own shares) by Angelo Moratti S.A.P.A. (registered office: Foro Bonaparte 69, Milan). The company is established, as stated in its incorporation documents, until 31 December 2056.

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

These consolidated financial statements for the period to 30 June 2013 are presented in euro, since the euro is the currency of the economy in which the Group operates. They consist of the statement of financial position, 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 thousand Euro, unless otherwise stated.

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

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

The consolidated financial statements of the Group for the period ending 30 June 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS or "International Accounting Standards") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002.

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

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

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

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

3. Accounting standards applied

This consolidated half-year report was prepared in condensed form in accordance with the international accounting standard that applies to interim financial statements (IAS 34 "Interim Financial Reporting"), adopted according to the procedures set out in article 6 of Regulation (EC) 1606 of 2002.

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

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

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

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

On 16 June 2011, the IASB issued a revision to ***IAS 19 – Employee Benefits***, which removes the option to defer recognition of actuarial gains and losses using the corridor method. The amendment requires the deficit or surplus on the provision to be presented in the financial statements; cost components associated with benefits accrued by employees and net financial liabilities to be recognised in the income statement; and actuarial gains and losses arising from remeasurement of assets and liabilities to be presented in other comprehensive income. In addition, the yield on assets included in net financial charges must be calculated on the discount rate of the liability rather than on its expected yield as before. Lastly, the amendment introduces new additional information to be provided in the notes to the financial statements. The amendment applies retrospectively from the year beginning on 1 January 2013. As a result of the adoption of the new standard, figures for the previous year were classified since changes to the standard must be applied retrospectively to 1 January 2012. These changes to figures at 31 December 2012 resulted in a reduction in the net loss for the year of €1,525 thousand.

On 12 May 2011, the IASB issued ***IFRS 13 – Fair Value Measurement***, which clarifies how fair value should be calculated for the purposes of recording it in the financial statements. It applies to all IFRS standards that require or permit fair value measurement or the presentation of information based on fair value. The amendment is applicable prospectively from 1 January 2013. The adoption of this amendment has not had a significant impact on these financial statements.

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

On 28 June 2012, the IASB issued a number of *amendments* to ***IFRS 10*****,** ***11*** and ***12***, limiting the obligation to provide adjusted comparative information to only the preceding period on first application. For disclosures relating to unconsolidated entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied. The amendments are applicable from 1 January 2013, and have not had a significant impact on these financial statements.

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

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

Accounting standards and amendments not yet applicable and not adopted early

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

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

- Financial assets can be booked in one of two categories – at fair value or amortised cost. The categories loans and receivables, financial assets available for sale and financial assets held to maturity therefore disappear. Which of the two categories is used depends on the entity's business model and the characteristics of the cash flows generated by its assets. A financial asset is measured at amortised cost if both the following conditions are met: according to the entity's business model, the financial asset is held for the purpose of collecting the related cash flows (rather than for making trading gains) and the cash flow of the assets consists solely of payments of principal and interest. If this is not the case, the financial asset must be measured at fair value;
- The accounting rules for embedded derivatives have been simplified: an embedded derivative and its "host" financial asset no longer need to be booked separately;
- All equity instruments – both listed and unlisted – must be measured at fair value. IAS 39 establishes, however, that if the fair value cannot be reliably determined, unlisted equity instruments are to be measured at cost;
- The entity has the option to recognise in shareholders' equity changes in the fair value of equity instruments that are not held for trading. This option is not permitted, however, if such instruments are held for trading. Designation as such is permitted at initial recognition, can be adopted for individual instruments and is irrevocable. If we use this

option, fair value changes in such instruments can never be reclassified from shareholders' equity to the income statement. Dividends, however, will continue to be charged to the income statement;
- IFRS 9 does not allow reclassification between the two categories of financial asset except in rare cases where there is a change in the entity's business model. In such a case, the effects of reclassification are applied prospectively;
- The information required in the notes has been brought into line with the classification and the measurement rules introduced by IFRS 9.

Application is to be retrospective.

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

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

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

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

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

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

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

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

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

3.1 Basis of consolidation

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

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

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

On 28 March 2013, the shareholders' meeting of Arcola Petrolifera S.p.A. voted to transform the company into a limited liability company with the name Arcola Petrolifera S.r.l. with the same registered office, purpose, capital, duration and shareholders as the transformed company.

3.2 Use of estimates

The preparation of the financial statements requires the directors to apply accounting standards and methodology that, in certain situations, are based on difficult and subjective valuations and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The use of these estimates and assumptions influences the amounts reported in the financial statements, i.e. the statement of financial position, 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.

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

A summary of the most significant estimates is provided in the group's consolidated financial statements for the year ended 31 December 2012.

4. Information by business segment

4.1 Preliminary remarks

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

1. Refining activities refer to:

[A] The sale of oil products obtained:

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

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

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

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

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

- in Spain, by Saras Energia S.A. for third-party and group-owned service stations, supermarkets and resellers via an extensive network of storage facilities located throughout the Iberian peninsula, the most important of which, the Cartagena storage facility, is owned by the company itself. In addition, the Cartagena site also produces biodiesel; this activity has been included in with the Group's marketing segment, as the management considers it to be an integral part of marketing (analysing its performance within the business), and in view of its minor significance in terms of resources used and volumes produced.

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

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

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

The management monitors the operating results for individual business segments separately, in order to determine the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses. The breakdown by business segment and the basis on which segment results are determined are the same as in the financial statements for the year ended 31 December 2012.

4.2 Segment information

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

	Refining	Marketing	Power Generation	Wind Power	Other	Total
30th June 2012						
Revenues from ordinary operations	5,165,315	1,585,721	315,202	6,992	7,427	7,080,657
less: intersegment revenues	(1,269,354)	(30,889)	(28,917)	0	(3,770)	(1,332,930)
Revenues from third parties	**3,895,961**	**1,554,832**	**286,285**	**6,992**	**3,657**	**5,747,727**
Other revenues	57,728	2,090	22,099	6,420	174	88,511
less: intersegment revenues	(39,078)	(8)	(9,671)	0	(120)	(48,877)
Other revenues from third parties	**18,650**	**2,082**	**12,428**	**6,420**	**54**	**39,634**
Amortisation, depreciation and write downs	**(51,744)**	**(6,060)**	**(39,757)**	**(5,144)**	**(142)**	**(102,847)**
Operating profit (a)	**(218,326)**	**696**	**73,535**	**5,054**	**797**	**(138,244)**
Financial income (a)	171,328	697	1,906	295	134	174,360
Financial charges (a)	(205,360)	(5,499)	(650)	(1,691)	(15)	(213,215)
Income taxes	92,000	194	(30,500)	(1,887)	(401)	59,406
Net result for the period (a)	**(160,358)**	**(3,912)**	**44,291**	**1,771**	**515**	**(117,693)**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,379,358**	**639,890**	**947,955**	**126,317**	**28,503**	**4,122,023**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**2,059,257**	**304,470**	**519,970**	**61,906**	**9,038**	**2,954,641**
Investments in tangible assets	65,856	4,307	3,017	333	144	**73,657**
Investments in intangible assets	1,264	849	0	137	0	**2,250**
30th June 2013						
Revenues from ordinary operations	4,898,495	1,365,493	265,233	7,725	12,957	6,549,903
less: intersegment revenues	(1,096,936)	(44,819)	(23,265)	0	(3,562)	(1,168,582)
Revenues from third parties	**3,801,559**	**1,320,674**	**241,968**	**7,725**	**9,395**	**5,381,321**
Other revenues	76,965	1,592	17,505	12,616	115	108,793
less: intersegment revenues	(34,263)	(46)	(10,988)	0	0	(45,297)
Other revenues from third parties	**42,702**	**1,546**	**6,517**	**12,616**	**115**	**63,496**
Amortisation, depreciation and write downs (c)	**(50,525)**	**(4,204)**	**(272,451)**	**(2,204)**	**(124)**	**(329,508)**
Operating profit (a)	**(121,707)**	**(4,230)**	**(190,476)**	**13,609**	**1,555**	**(301,249)**
Financial income (a)	124,110	1,839	2,223	1,016	138	129,326
Financial charges (a)	(125,103)	(5,624)	(602)	(1,423)	(82)	(132,834)
Income taxes	39,116	1,068	69,694	(5,703)	(675)	103,500
Net result for the period (a)	**(83,584)**	**(6,947)**	**(119,161)**	**7,499**	**936**	**(201,257)**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,338,171**	**623,170**	**694,571**	**118,741**	**31,735**	**3,806,388**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1,943,237**	**326,424**	**482,752**	**53,860**	**9,637**	**2,815,910**
Investments in tangible assets	50,565	1,913	10,581	6	110	**63,175**
Investments in intangible assets	147	92	0	70	829	**1,138**

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

(b) Total assets and liabilities are calculated after intra-segment eliminations.

(c) The Power Generation segment includes €232,455 thousand due to the write-down of the intangible asset related to the agreement between subsidiary Sarlux S.r.l. and the GSE. See section 5.2.2 "Intangible assets."

5. Notes to the statement of financial position

5.1 Current assets

5.1.1 Cash and cash equivalents

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

	30/06/2013	31/12/2012	Change
Bank and postal deposits	318,663	299,983	18,680
Cash	3,586	2,967	619
Total	**322,249**	**302,950**	**19,299**

Bank deposits are mainly attributable to Saras S.p.A. (€282,003 thousand), Arcola Petrolifera S.r.l. (€19,194 thousand) and Sardeolica S.r.l. (€14,663 thousand). For information regarding restrictions on the use of the cash of Sardeolica S.r.l. see section 5.4.1. For further details on the net financial position, see the relevant section of the Report on Operations or the cash flow statement.

5.1.2 Other financial assets held for trading

Other financial assets held for trading break down as follows:

	30/06/2013	31/12/2012	Change
Securities	4,122	0	4,122
Green Certificates	12,266	10,833	1,433
Derivative instruments	18,873	31,493	(12,620)
Total	**35,261**	**42,326**	**(7,065)**

Green certificates relate to power generation from renewable sources by subsidiary Sardeolica S.r.l.. They are sold on a specific regulated market or through bilateral agreements between market operators, or through withdrawal by GSE at a pre-determined price; the certificates in the portfolio accruing during the reporting period are valued at the price estimated for withdrawal by GSE (€91.74/MWh compared with €80.34/MWh for 2012).

This item also includes foreign government bonds mainly related to the subsidiary Reasar S.A. (€3,302 thousand).

Gains and losses realised for the period, and any write-downs applied in cases where the market value is lower than the carrying value at the end of the period, are booked to the income statement under “Other income” or “Costs of services and sundry costs”.

Changes in securities and green certificates are shown below.

	Securities	White Certificates	Green Certificates	Total
Balance at 31/12/2011	**1**	**2,315**	**8,592**	**10,908**
Increase	0	0	10,833	10,833
Decrease	(1)	(2,315)	(8,592)	(10,908)
Balance at 31/12/2012	**0**	**0**	**10,833**	**10,833**
Increase	4,122	0	12,260	16,382
Decrease	0	0	(10,827)	(10,827)
Balance at 30/06/2013	**4,122**	**0**	**12,266**	**16,388**

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

5.1.3 Trade receivables

This item totalled €762,076 thousand, a decrease of €58,139 thousand compared with the previous year.

The item concerned includes receivables due to subsidiary Sarlux S.r.l. from GSE for a total of €69.1 million. These receivables include those relating to the 2008 financial year (approximately €6.9 million), still awaiting a ministerial provision defining the electricity sale price following the cancellation of AEEG Resolution 154/09 by the Council of State.

5.1.4 Inventories

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

	30/06/2013	31/12/2012	Change
Raw materials, spare parts and consumables	318,535	285,889	32,646
Semi-finished products and work in progress	90,550	93,569	(3,019)
Finished products and goods held for resale	571,303	541,189	30,114
Advance payments	164	244	(80)
Total	**980,552**	**920,891**	**59,661**

The increase in the value of inventories is due mainly to the increase in stocks of finished and semi-finished products, and is partially offset by the decrease in prices.

The recording of inventories at net realisable value led to a write-down of around €23.9 million. This valuation is thus equivalent to the market value.

No inventories are used as collateral for liabilities.

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

5.1.5 Current tax assets

The following table shows a breakdown of current tax assets.

	30/06/2013	31/12/2012	Change
VAT	1,048	4,254	(3,206)
IRES (income tax foreign companies)	31,612	31,984	(372)
IRAP (regional income tax)	3,261	2,659	602
Other tax receivables	5,930	6,802	(872)
Total	**41,851**	**45,699**	**(3,848)**

IRES receivables are essentially due to excess tax payments made in previous years.

The VAT receivable is due to positions accrued by Romanian companies active in the wind farm segment.

5.1.6 Other assets

The balance is detailed below:

	30/06/2013	31/12/2012	Change
Accrued income	1,707	613	1,094
Prepaid expenses	14,917	3,776	11,141
Other receivables	70,834	72,882	(2,048)
Total	**87,458**	**77,271**	**10,187**

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

“Other receivables” mainly comprise:
- a receivable of €6,418 thousand due to the subsidiary Sarlux S.r.l. arising from the recognition pursuant to section II, point 7-bis of CIP Provision 6/92 for the refund of charges applicable to the first half of 2013 relating to the application of Directive 2013/87/EC on emissions trading, as per AEEG Resolution 77/08 (€23,824 thousand the previous year);
- the recovery of the amount paid by Sarlux S.r.l. to GSE of €44,039 thousand to fulfil the green certificate purchase obligation, as described in section 7.1;
- white certificates for €4,787 thousand for energy savings made in the Sarroch refinery by the Parent Company. These certificates are sold on an appropriate regulated market or through bilateral agreements between market operators. The certificates in the portfolio are valued at the price on 30 June since it is lower than the average market price for the reference period (€97.5 per certificate in 2013, compared with €89.70 in 2012).
- deposits to guarantee derivatives transactions carried out by the parent company of €10.061 thousand (€14,247 thousand the previous year).

5.2 Non-current assets

As at 30 June 2013 the market capitalisation of the Parent Company Saras S.p.A was lower than the book value of the Group's consolidated shareholders’ equity; the management believes that these are not indications of impairment, given that they are due to the unfavourable global economic environment of the past few years.
Moreover, the instability of prices and refining/marketing margins on oil products is not thought to represent an indication of impairment.

5.2.1 Property, plant and equipment

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

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

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

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

COST	31/12/2012	Additions	(Disposals)	Grants	Other Changes	30/6/2013
Land & buildings	229,945	212	(90)	(1,524)	4,930	233,473
Plant & machinery	2,752,173	15,561	(3,915)	(21,045)	(17,653)	2,725,121
Industrial & commercial equipment	37,031	117	(7,814)	(1,978)	30	27,386
Other assets	479,432	610	(5,911)	(2,937)	14,815	486,009
Work in progress and advances	207,665	46,675	(30)		(26,330)	227,980
Total	**3,706,246**	**63,175**	**(17,760)**	**(27,484)**	**(24,208)**	**3,699,969**

ACCUMULATED DEPRECIATION	31/12/2012	Depreciation	(Disposals)	Depreciation on Grants for previous years	Other Changes	30/6/2013
Land & buildings	96,535	5,027	(38)	(708)	1,232	102,048
Plant & machinery	1,914,648	63,008	(2,726)	(18,700)	(28,237)	1,927,993
Industrial & commercial equipment	27,681	1,036	(7,814)	(1,978)	(97)	18,828
Other assets	378,624	9,347	(5,899)	(2,187)	2,870	382,755
Total	**2,417,488**	**78,418**	**(16,477)**	**(23,573)**	**(24,232)**	**2,431,624**

NET BOOK VALUE	31/12/2012	Additions	(Disposals)	(Depreciation)	Grants and Other changes	30/6/2013
Land & buildings	133,410	212	(52)	(5,027)	2,882	131,425
Plant & machinery	837,525	15,561	(1,189)	(63,008)	8,239	797,128
Industrial & commercial equipment	9,350	117	0	(1,036)	127	8,558
Other assets	100,808	610	(12)	(9,347)	11,195	103,254
Work in progress and advances	207,665	46,675	(30)	0	(26,330)	227,980
Total	**1,288,758**	**63,175**	**(1,283)**	**(78,418)**	**(3,887)**	**1,268,345**

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

At 30 June 2013 the remaining value of these grants was €4,773 thousand (€2,205 thousand at 31 December 2012).

The item "Land and buildings" chiefly includes industrial buildings, offices and warehouses (net value: €85,821 thousand), civic buildings in Milan, Cagliari and Rome used as offices (net value: €8,978 thousand) and land largely relating to the Sarroch and Arcola sites belonging to the Parent Company and subsidiary Deposito di Arcola S.r.l. respectively (€36,626 thousand).

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

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

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

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

The item increased by €63,175 thousand year-on-year, mainly reflecting technological work on Parent Company plants, in particular the revamping of the MildHydrocracking 2 (MHC) plant, which will be completed during 2013.

The decrease of €26,330 thousand recorded under "Work in progress - Other changes" relates to work completed during the year and consequently recorded under the related asset class.

The main depreciation rates used are as follows:

Industrial buildings (land and buildings)	5.50%
Generic plant (plant and machinery)	8.38% - 6.25%
Highly corrosive plant (plant and machinery)	11.73% - 8.75%
Pipelines and tanks (plant and machinery)	8.38% - 6.25%
Thermoelectric plant (plant and machinery)	4.50%
Wind farm (plant and machinery)	5.00%
Supplies (equipment, plant and machinery)	25.00%
Electronic office equipment (other assets)	20.00%
Office furniture and machinery (other assets)	12.00%
Vehicles (other assets)	25.00%

At 30 June 2013, subsidiary Sardeolica S.r.l. changed the useful life of wind turbines from 11 to 20 years effective from 1 January 2013. This change in the depreciation period was made in light of the experience gained in the initial years of operation of the Company's systems. The economic impact of this change is about €2.5 million before taxes.

No fixed assets are held for sale.

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

Financial charges of €5,528 thousand (at an annual weighted-average rate of 5.37%) and internal costs of €1,722 thousand were capitalised during the period.

5.2.2 Intangible assets

The following table shows the changes in intangible assets.

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

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

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

COST	31/12/2012	Additions	Disposals	Write-downs	Other changes	30/06/2013
Industrial & other patent rights	39,137	89	(750)		51	38,527
Concessions, licences, trademarks & similar rights	58,452	9	(512)		(269)	57,680
Goodwill	21,909					21,909
Other intangible assets	514,204		(2,090)	(232,455)	(94)	279,565
Assets in progress & payments on account	22,034	1,040			183	23,257
Total	**655,736**	**1,138**	**(3,352)**	**(232,455)**	**(129)**	**420,938**

ACCUMULATED AMORTISATION	31/12/2012	Amortisation	Disposals	Write-downs	Other changes	30/06/2013
Industrial & other patent rights	35,529	996	(750)		(43)	35,732
Concessions, licences, trademarks & similar rights	16,186	1,353	(346)		(53)	17,140
Goodwill	0					0
Other intangible assets	255,254	16,286	(2,090)		(93)	269,357
Total	**306,969**	**18,635**	**(3,186)**	**0**	**(189)**	**322,229**

NET	31/12/2012	Additions	Disposals	Other changes	(Amortisation / write-downs)	30/06/2013
Industrial & other patent rights	3,608	89	0	94	(996)	2,795
Concessions, licences, trademarks & similar rights	42,266	9	(166)	(216)	(1,353)	40,540
Goodwill	21,909	0	0	0	0	21,909
Other intangible assets	258,950	0	0	(1)	(248,741)	10,208
Assets in progress & payments on account	22,034	1,040	0	183	0	23,257
Total	**348,767**	**1,138**	**(166)**	**60**	**(251,090)**	**98,709**

Amortisation of intangible assets totalled €18,635 thousand, and was calculated using the annual rates shown below:

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

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

Concessions, licences, trademarks and similar rights

The balance of the item mainly refers to the concessions relating to Estaciones de Servicio Caprabo S.A. (merged with Saras Energia S.A.) for the operation of the service stations in Spain, and to Sardeolica S.r.l. for the operation of the Ulassai wind farm, which will be fully amortised by 2026 and 2035 respectively.

Goodwill

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

As an asset with an indefinite useful life, goodwill is not amortised, but is subject to annual impairment tests at the end of each financial year, or whenever there are indications of losses in value. As at 30 June 2013, there were no such indications.

Other intangible assets

With regard to the CIP 6 tariff, which regulates the selling price of electricity by Sarlux S.r.l. to GSE (Gestore dei Servizi Elettrici), Law Decree 69/2013 (the so called "Decreto del Fare") called for the determination of the "Avoided Fuel Cost" component (CEC) using spot market prices for gas rather than Brent crude oil, as it used to be done in the past. Based on the scenarios used for gas prices, the new calculation methodology results in a slight reduction of the CIP6/92 tariff for the year 2013, and it could become greater starting from the following year. According to IAS 36 principle, this change required to determine the recoverable value of the existing contract between Sarlux S.r.l. and GSE.

As specified in the same accounting principle, the evaluation process can be articulated into the following phases:

a) **Definition of the cash-generating units (CGUs):** the group of plants used for the production of electricity is identified as a CGU, i.e. as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows generated by other assets or groups of assets.

b) **Determination of recoverable value:** in the absence of a binding agreement to sell the asset and of an active reference market based on which the fair value can be determined, the recoverable value was determined according to the net present value of future cash flows expected to be generated from the CGU. Specifically:
   - The long-term scenario for gas prices was provided by a leading independent company specialising in this sector (Poyry Report dated June 2013);
   - The cash flow time horizon covered the period through the end of the electricity sales contract with GSE (2021); the time horizon beyond 3 years is due to the existence of long term forecasts for the sector, and to the possibility of making reasonably accurate estimates for the operating costs.
   - A discount rate of 7.5% representing the estimated average cost of capital or WACC;
   - An inflation rate of 2% was estimated for the entire period;
   - The tax rate is based on the rate currently effective.

Based on the above, the new determination of the contract's value, carried out by an independent expert, resulted in a write-down of the contract (equal to EUR 232,455 thousand).

Moreover, at the moment when Saras' Board of Directors approved the present financial statements, the referenced Decree had not yet been converted to Law and thus, there may be amendments, the impact of which will be covered in future financial statements.

Intangible assets in progress and payments on account

This item mainly includes the cost (€17,424 thousand) of natural gas exploration in Sardinia. These costs include capitalisation of internal costs of €93 thousand accrued during the reporting period. No financial charges were capitalised.

5.2.3 Equity investments

The table below shows a list of equity investments held at 30 June 2013, with the main figures for each subsidiary.

Company name	HQ	Currency	Share Capital	% owned by Group as of 06-13	% owned by Group as of 12-12	% of Share Capital	Shareholder	% of voting rights	Category
Arcola Petrolifera Srl	Sarroch (CA)	EUR	7,755,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Deposito di Arcola S.r.l.	Arcola (SP)	EUR	1,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie S.p.A.	Assemini (CA)	EUR	3,600,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Ensar S.r.l. and subsidiaries:	Milan	EUR	100,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Alpha Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect subsidiary
Labor Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect subsidiary
Sarint S.A. and subsidiaries:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Energia S.A.	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Reasar S.A.	Luxemburg	EUR	2,225,000	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Sarlux S.r.l.	Sarroch (CA)	EUR	27,730,467	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Parchi Eolici Ulassai S.r.l. and subsidiary:	Cagliari	EUR	500,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sardeolica S.r.l.	Cagliari	EUR	56,696	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect subsidiary
Sargas S.r.l.	Uta (CA)	EUR	10,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Consorzio Cesma	Castellamonte (TO)	EUR	51,000	5.00%	5.00%	5.00%	Saras Ricerche e Tecnologie S.p.A.	5.00%	Other equity investments
Consorzio La Spezia Utilities	La Spezia	EUR	114,000	5.00%	5.00%	5.00%	Deposito di Arcola S.r.l.	5.00%	Other equity investments
Sarda Factoring	Cagliari	EUR	8,320,000	5.95%	5.95%	5.95%	Saras S.p.A.	5.95%	Other equity investments

There were no changes compared with 31 December 2012.
As previously mentioned, equity investments in subsidiaries are consolidated on a line-by-line basis in these financial statements.

5.2.3.1 Other equity interests

Other equity interests break down as follows:

	30/06/2013	31/12/2012
Consorzio Cesma	3	3
Consorzio La Spezia Utilities	7	28
Sarda Factoring	495	495
Total	**505**	**526**

5.2.4 Deferred tax assets

The balance at 30 June 2013 (€203,281 thousand compared with €86,430 thousand at 31 December 2012) mainly consisted of:

- net deferred tax assets of the Parent Company, Saras S.p.A., of €100,263 thousand, including €92,654 thousand still to be used against tax losses under the national tax consolidation scheme (€35,436 thousand), and against the additional IRES applicable to the energy sector (€57,218 thousand), excluded from tax consolidation; the amounts in question should be recoverable by way of future taxable income. Specifically, despite part of this additional amount (4%) being valid for the three tax periods following the one ending on 31 December 2010, the corresponding tax asset until 31 December 2012 was considered to be recoverable both because the tax is expected to be reconfirmed for future tax years and because of the possible impact of oil prices on the valuations of inventories as at 31 December 2013;
- net deferred tax assets of the subsidiary Sarlux S.r.l. totalling €89,907 thousand, mainly consisting of deferred tax assets of €159,756 thousand for the straight-line reporting of margins (IAS 17 and IFRIC 14) and deferred tax liabilities of €61,202 thousand relating to excess and accelerated depreciation;
- net deferred tax assets of the subsidiary Saras Energia S.A. of €15,849 thousand, including €9,900 thousand relating to depreciation of the biofuel production plant.

The increase of €116,851 thousand versus 31 December 2012 was mainly due to the elimination of deferred taxes allocated in previous years to reflect the recording under intangible assets of the agreement of subsidiary Sarlux S.r.l. to sell electricity to GSE; this agreement was written down during the period as noted above.

5.2.5 Other financial assets

The balance at 30 June 2013 was €6,101 thousand (€6,089 thousand in the previous year) and is chiefly represented by the long-term portion of the financial receivable of the Parent Company Saras S.p.A. from Akhela S.r.l. (€5,510 thousand), and security deposits granted by the Parent Company Saras S.p.A. and its subsidiary Saras Energia S.A.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table shows short-term financial liabilities:

	30/06/2013	31/12/2012	Change
Bank loans	40,833	33,239	7,594
Bank accounts	44,839	81,893	(37,054)
Derivative instruments	21,484	45,632	(24,148)
Other short term financial liabilities	22,161	6,233	15,928
Total short-term financial liabilities	**129,317**	**166,997**	**(37,680)**
Total long-term financial liabilities	**405,286**	**424,891**	**(19,605)**
Total financial liabilities	**534,603**	**591,888**	**(57,285)**

The terms and conditions of the loans are explained in the note on the item “5.4.1 - Long-term financial liabilities”.
The “Derivative instruments” item includes the negative *fair value* of the financial derivatives in place at the reporting date.

“Other Short-term financial liabilities” mainly comprises the interest accrued on the bond issued by the Parent Company. For further details, please see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	30/06/2013	31/12/2012	Change
Advances from customers: portion due within the period	6,370	6,526	(156)
Payables to suppliers: portion due within the period	1,480,577	1,387,816	92,761
Total	**1,486,947**	**1,394,342**	**92,605**

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

5.3.3 Current tax liabilities

This item breaks down as shown below.

	30/6/2013	31/12/2012	Change
VAT payables	97,261	81,180	16,081
IRES (Corporation Tax) and income tax of foreign companies	14,698	5,885	8,813
IRAP (Regional Income Tax)	5,780	2,042	3,738
Other tax payables	127,568	72,018	55,550
Total	245,307	161,125	84,182

The change in VAT payables is due to an advance tax payment made in December 2012, as required by law, but not due for the year.

IRES payables include the balance accrued by Italian companies in the energy sector for the additional 10.5% (Robin Hood tax) plus the tax due for the period.

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

The item "Other tax payables" chiefly includes excise duties on products introduced into the market by the subsidiaries Arcola Petrolifera S.r.l. (€115,492 thousand) and Saras Energia S.A. (€6,106 thousand). The increase was largely due to advance payments of excise duties made only in December, as required by regulations.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below.

	30/6/2013	31/12/2012	Change
Social security payables: portions due within one period	9,990	9,494	496
Due to personnel	22,932	17,066	5,866
Payables to Ministry for grants	16,560	41,297	(24,737)
Other payables	16,120	25,402	(9,282)
Other accrued liabilities	660	798	(138)
Other deferred income	1,711	733	978
Total	**67,973**	**94,790**	**(26,817)**

The item “Due to personnel” includes salaries not yet paid for June, the portion of additional monthly payments accrued and performance bonuses for achieving business targets.

The item "Payables to ministry for grants" mainly includes the advance received from the Ministry of Economic Development, for which the final concession decree has yet to be obtained by the subsidiary Sardeolica S.r.l. for the construction of the Ulassai wind farm (€15,679 thousand). As already noted in section 5.2.1 "Property, plant and equipment" the decrease was due to the granting of the final concession decree of 14 May 2013 related to grants received by the Parent Company to support the Programme Agreement signed on 10 June 2002 (€24,737 thousand).

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

In the second phase of the dispute, the Court of Cassation ruled against the Parent Company in March 2012, in part due to regulatory amendments that had been introduced in the intervening period.

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

5.4 Non-current liabilities

5.4.1. Long-term financial liabilities

This item breaks down as follows:

	30/6/2013	31/12/2012	Change
Euro Bond	248,972	248,724	248
Bank loans	156,314	176,167	(19,853)
Total long-term financial liabilities	**405,286**	**424,891**	**(19,605)**

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

The bond issue is recorded net of issue charges incurred.

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

On 27 June 2012, the company signed a five-year loan agreement, disbursed on 3 July, for €170 million with a group 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 component and is repayable in nine half-yearly instalments, of which the first, equal to 5% of the capital, is due on 27 June 2013 and the last on 27 June 2017.

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

Figures in Euro million	Loan origination date	Amount originally borrowed	Base rate	Net book value at 31/12/12	Net book value at 30/06/13	Maturity			Collateral
						1 year	from 1 to 5 years	beyond 5 years	
Saras S.p.A.									
Loan in pool	03-Jul-12	170.0	Euribor 6M	167.8	159.5	31.8	127.7		
				167.8	**159.5**	**31.8**	**127.7**		
Saras Energia S.A.									
Banca Esp. De Credito	11-Sep-02	10.0	Euribor 6M	-	-				
Banco Santander	27-Jul-12	5.0	Euribor 12M	5.0	5.0	1.3	3.7		
				5.0	**5.0**	**1.3**	**3.7**		
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	36.6	32.6	7.7	24.9		
				36.6	**32.6**	**7.7**	**24.9**		
Total payables to banks for loans				**209.4**	**197.1**	**40.8**	**156.3**		

The weighted average interest rate at 30 June 2013 was 4.87%.

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

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

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

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

This loan agreement imposes certain covenants on the subsidiary:

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

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

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

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

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows:

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

	31/12/2012	Additions	Decrease for use and reversals	Other changes	30/06/2013
Provisions for dismantling of plants	18,836	44	0	0	18,880
Provisions for CO2 allowances	23,886	6,371	(23,896)	10	6,371
Other risk provisions	9,669	5	(622)	11	9,063
Total	**52,391**	**6,420**	**(24,518)**	**21**	**34,314**

The provisions for dismantling plants relate to the future costs of dismantling plants and machinery, which are made wherever there is a legal and implicit obligation to be met in this regard. This was adjusted during the year on the basis of ISTAT changes. The increase in the period comprises €36 thousand due to the above-mentioned ISTAT adjustment for the Parent Company Saras S.p.A. and €9 thousand for subsidiary Sarlux S.r.l.

The provision for CO_2 emission quotas (€6,371 thousand in respect of the Parent Company) was made pursuant to Legislative Decree 216 of 4 April 2006, which introduced limits on CO_2 emissions from plants. If these limits are exceeded allowances covering the excess amount of CO_2 must be purchased on the appropriate market. The provision in question represents allowances required and not yet purchased.

The Parent Company Saras S.p.A. is responsible for CO_2 emissions at the entire Sarroch site including the IGCC plant owned by its subsidiary Sarlux S.r.l.

The EU Allocation Plan, valid for the period 2013-2020, is still being defined; currently there is no indication of the completion time for the procedure which, as things stand, is likely to stipulate a general allocation for the entire EU with a maximum ceiling of free allowances that can be assigned. Based on EC Decision 2011/278, the Saras Group's production site was assigned a preliminary annual allowance of 2,760,047 tons of CO_2, which in the absence of related provisions, was divided by the company in proportion to allocations set out in the previous allocation plan for the 2008-2012 period. Specifically:

- 2,289,030 tonnes were allocated on an annual basis for the refinery owned by the parent company; at 30 June actual emissions totalled 1,076,550 tons of CO2, and thus, were covered by the allocation for the first half of the year.
- 471,017 tonnes of CO2 were allocated on an annual basis for the cogeneration plants owned by Sarlux S.r.l., which had emitted 1,776,450 tons of CO2 as of 30 June. A provision was made for the shortfall for the period, net of purchases, of 1,546,468 tonnes, worth €6,371 thousand.

Over the half year, €23,896 thousand was used from the provisions (€2,815 thousand for Saras and €21,081 thousand for Sarlux) to make (and deliver) purchases to cover the shortfall relating to the previous year;

It is to be noted that CO_2 allowances already held by the group are taken into account in determining the provision.

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

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	30/06/2013	31/12/2012	Change
Employee end-of-service payments	13,479	13,833	(354)
Other supplementary provisions	8,356	8,992	(636)
Total	**21,835**	**22,825**	**(990)**

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

On 30 June 2010, following the cancellation by the parent company of the agreement establishing CPAS, 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 entire amount. The 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. Having taken legal advice from the lawyers acting for the company in this matter, the company is confident that the propriety of its actions will be upheld in court.

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

Balance at 31.12.2011	**12,852**
Accruals	8,411
Deductions	(2,051)
Payments to supplementary pension schemes (such as INPS treasury fund)	(5,379)
Balance at 31.12.2012	**13,833**
Accruals	2,955
Deductions	(354)
Payments to supplementary pension schemes (such as INPS treasury fund)	(2,955)
Balance at 30.06.2013	**13,479**

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

Balance at 31.12.2011	**10,447**
Accrual for the year	0
Amount used during the year	(1,455)
Balance at 31.12.2012	**8,992**
Accrual for the period	0
Amount used during the period	(636)
Balance at 30.06.2013	**8,356**

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling €3,389 thousand, relate to the subsidiary Reasar S.A.

5.4.5 Other non-current liabilities

Other non-current liabilities break down as follows:

	30/6/2013	31/12/2012	Change
Payables to welfare and social security bodies	39	75	(36)
Deferred income	418,890	420,012	(1,122)
Other	2,613	2,613	0
Total	**421,542**	**422,700**	**(1,158)**

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

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	30/06/2013	31/12/2012	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	1,126,179	1,219,718	(93,539)
Profit/(Loss) for the period	(201,257)	(88,576)	(112,681)
Total Shareholders Equity	**990,478**	**1,196,698**	**(206,220)**

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

Share capital

At 30 June 2013, the share capital of €54,630 thousand, fully subscribed and paid up, comprised 951,000,000 ordinary shares with no nominal value.

Legal reserve

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

Other reserves

This item totalled €1,126,179 thousand, a net decrease of €95,064 thousand compared with the previous period. This net decrease was the combined result of:

- the allocation of loss from the previous year of €88,576 thousand;
- a reduction for the purchase of own shares totalling €5,943 thousand corresponding to 5,689,270 shares at an average price of €1.04;
- a rise of €1,017 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 €37 thousand due to the translation of the financial statements of subsidiaries denominated in foreign currency.

Furthermore, other reserves reflect the IAS 19 actuarial effect (end-of-service fund) of €335 thousand. Pursuant to IAS 1, paragraphs 1 and 97, please note that no changes in shareholders' equity were conducted with owners of the company's shares.

Net profit/(loss)

The consolidated net loss for the period totalled €201,257 thousand.

Dividends

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

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

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

	30/06/2013	30/06/2012	Change
Sales and services revenues	5,127,098	5,451,166	(324,068)
Sale of electricity	248,965	292,591	(43,626)
Other revenues	5,325	3,112	2,213
Change in contract work in progress	(67)	858	(925)
Total	**5,381,321**	**5,747,727**	**(366,406)**

Sales and services revenues decreased by €324,068 thousand compared with the same period of the previous year. This was due to the fall in oil product prices during the period compared with the first half of 2012.

Revenues from the sale of electricity include €241,240 thousand relating to the gasification plant of subsidiary Sarlux S.r.l. and €7,725 thousand relating to the wind farm owned by subsidiary Sardeolica S.r.l.

Revenues from the sale of electricity by Sarlux S.r.l., which is operating in accordance with regulation CIP6/92, reflect the reporting of income on a linear basis, as required by IAS 17 and IFRIC 4, calculated according to the remaining duration of the contract, which expires in 2021. For these purposes, the main item considered is the amount of the CIP 6/92 tariff, determined on the basis of forecasts provided by independent experts regarding future prices for crude oil, gas, and the Euro/Dollar exchange rate, until the expiry of the contract.

As indicated in point 5.2.2 above ("Intangible Assets"), Law Decree 69/2013 changed the criteria for calculating the "Avoided Fuel Cost" component (CEC), using gas prices rather than crude oil prices as a reference. This amendment resulted in a reduction in projected revenues, especially starting from 2014. Due to the linear reporting methodology, the reduction must be taken into account already in the current financial statements.

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

6.1.2 Other income

The following table shows a breakdown of other income.

	30/06/2013	30/06/2012	Change
Revenues for stocking of mandatory supplies	5,099	3,658	1,441
Sales of sundry materials	2,155	3,705	(1,550)
Grants	12,323	6,438	5,885
Chartering of tankers	234	1,532	(1,298)
Recovery for claims and damages	5	552	(547)
Reimbursement of emission trading charges	6,418	11,870	(5,452)
Other income	37,262	11,879	25,383
Total	**63,496**	**39,634**	**23,862**

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

The item “Reimbursement of emissions trading charges” comprises income posted by the subsidiary Sarlux S.r.l., deriving from the reimbursement – pursuant to section II, point 7-bis of CIP Provision 6/92 – of charges relating to the application of Directive 2003/87/EC (Emissions Trading), as per AEEG Resolution 77/08. The decrease compared with the same period of the previous year was due to smaller allowances and to the change in the price of allowances (from €7.15 per allowance in the first half of 2012 to €4.15 per allowance in the first half of 2013).

The item "Other income" mainly includes income related to energy efficiency credits (white certificates totalling €5,054 thousand) accrued during the period, and the release of depreciation accrued in previous periods (€23,573 thousand) as a result of the final concession decree for grants related to the programme agreement entered into with the Ministry of Economic Development on 10 June 2002, sent by the Parent Company Saras S.p.A. on 14 May 2013

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, spare parts and consumables

	30/06/2013	30/06/2012	Change
Purchases of raw materials	4,215,781	4,305,662	(89,881)
Purchases of semifinished materials	37,307	110,785	(73,478)
Purchases of spare parts and consumables	35,991	40,059	(4,068)
Purchases of finished products	852,249	774,414	77,835
Change in inventories	(59,661)	230,290	(289,951)
Total	**5,081,667**	**5,461,210**	**(379,543)**

The change in this item, as already discussed under revenues, was due to the decline in oil product prices recorded in the same period of the previous year.

6.2.2 Cost of services and sundry costs

	30/06/2013	30/06/2012	Change
Service costs	242,381	266,674	(24,293)
Use of third-party assets	7,085	7,150	(65)
Provisions for risks and charges	6,371	12,641	(6,270)
Other operating charges	8,546	5,758	2,788
Total	**264,383**	**292,223**	**(27,840)**

Service costs mainly comprise maintenance, rentals, transport, electricity and utilities, as well as costs for bank charges. The rise of €24,293 thousand compared with the previous year was mainly due to the decrease in rentals and transport costs.

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

The item “Use of third-party assets” includes €1,151 thousand relating to the rental of the building that houses the registered office of the Parent Company, Saras S.p.A., in Milan. The cost has been reported on a straight-line basis according to IAS 17 – Leasing, supplemented by IAS 1, IAS 8 and SIC Interpretation 15, for the eight-year duration of the contract, which expires on 30 September 2015. Minimum future payments under the terms of the contract are €2,300 thousand for the subsequent year and €2,875 thousand for the following years up to five years. The annual rental payments are pegged to the ISTAT consumer price index for the families of manual workers and employees; the contract will be renewed for a further eight-year period at the expiry date, and at every subsequent expiry date, unless cancelled with at least 12 months’ notice prior to the expiry date.

“Provisions for risks and charges” mainly consist of a provision relating to CO_2 allowances for the first half of 2013 that had not yet been purchased as of 30 June 2013. The change from the same period of the previous year is mainly due to the fall in the value of allowances.

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

6.2.3 Personnel costs

Personnel costs are broken down as follows:

	30/06/2013	30/06/2012	Change
Wages and salaries	49,166	47,999	1,167
Social security	14,598	14,367	231
Employee end-of-service payments	2,955	2,940	15
Other costs	1,913	2,149	(236)
Directors' remuneration	1,876	1,870	6
Total	**70,508**	**69,325**	**1,183**

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

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

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

Recipients of the Plan are:
- Directors with strategic responsibilities within the Company;
- Directors of the Board of Italian and/or foreign subsidiaries controlled by the Company;
- Other eligible top executive within the Group, including those with an independent employment contract.

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

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

Since the maximum number of shares to be assigned to individual beneficiaries has yet to be determined, these financial statements do not include any impact of the plan.

6.2.4 Depreciation and amortisation

Depreciation and amortisation figures are shown below.

	30/06/2013	30/06/2012	Change
Amortisation of intangible assets	18,635	18,883	(248)
Write-downs of intangible assets	232,455	0	232,455
Depreciation of tangible assets	78,418	83,964	(5,546)
Total	**329,508**	**102,847**	**226,661**

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

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	30/06/2013	30/06/2012	Change
Financial income:			
- from financial assets recorded under current assets	0	0	0
Other income			
- Interest on bank and post office accounts	387	295	92
- Fair value of financial assets held for trading		0	0
- Fair value of derivatives held at the reporting date	18,833	59,549	(40,716)
- Positive differences on derivatives	53,246	59,377	(6,131)
- Other income	381	245	136
Exchange gains	46,148	48,786	(2,638)
Total Financial Income	**118,995**	**168,252**	**(49,257)**
Financial charges:			
- from non-consolidated Group companies			0
- Fair value of derivatives held at the reporting date	(15,887)	(65,104)	49,217
- Fair value of financial assets held for trading		0	0
- Negative differences on derivatives	(46,747)	(73,809)	27,062
- Other (interest on loans, late payment interest, etc.)	(11,136)	(19,346)	8,210
Exchange losses	(48,733)	(48,848)	115
Total Financial Charges	**(122,503)**	**(207,107)**	**84,604**
Total	**(3,508)**	**(38,855)**	**35,347**

The table below shows net income/charges by type:

	30/06/2013	30/06/2012	Change
Net interest income / (expense)	(10,749)	(19,051)	8,302
Net result from derivative financial instruments	9,445	(19,987)	29,432
- realised	*6,499*	*(14,432)*	*20,931*
- fair value of the open positions	*2,946*	*(5,555)*	*8,501*
Net exchange gains/(losses)	(2,585)	(62)	(2,523)
Other	381	245	136
Total	**(3,508)**	**(38,855)**	**35,347**

The fair value of outstanding derivatives at 30 June 2013 represented net income of €2,946 thousand, compared with a net cost of €5,555 thousand in the same period of the previous year.

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

6.4 Income tax

Income tax breaks down as follows:

	30/06/2013	30/06/2012	Change
Current taxes	12,550	10,016	2,534
Deferred tax (assets)/liabilities, net	(116,050)	(69,422)	(46,628)
Total	**(103,500)**	**(59,406)**	**(44,094)**

Current taxes consist mainly of additional IRES calculated, where due, on the taxable income for the period of Italian companies, which temporarily increased from 6.5% to 10.5% for the three-year period 2011-2013 (€8,705 thousand), and of IRAP (€3,937 thousand).

Deferred tax income/expenses refer to changes during the period in the temporary differences between values recorded in the financial statements and those recognised for tax purposes, mainly due to the elimination of deferred taxes allocated by the subsidiary Sarlux S.r.l. to cover the write-down of the electricity sales agreement with GSE (€91,967 thousand) and the recording of the tax asset for tax losses for IRES purposes (as well as the related additional tax) for Italian companies (€16,545 thousand).

7. Other information

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

7.1 Main legal actions pending

The Parent Company Saras S.p.A. and subsidiaries Arcola Petrolifera S.r.l. and Sarlux S.r.l., were subject to tax audits and assessments by the tax authorities that led, in some cases, to disputes pending before tax courts.
Although the decisions made by the tax courts were not consistent, the company assumes that any liability is remote.
Moreover, with reference to the subsidiary Sarlux S.r.l., please note that companies generating electricity not from renewable sources or cogeneration (as defined by AEEG Resolution 42/02) are required to purchase green certificates for a certain percentage of electricity introduced into the grid. In 2007, in subsequently coming to a different interpretation of the resolution, a specially-created AEEG committee ruled that the subsidiary was subject to this obligation for the years 2002-2005. Sarlux appealed against this interpretation to the Lombardy regional administrative court (TAR); the appeal was rejected on 14 June 2011. The liabilities arising from this dispute, as determined by GSE, which has already adopted this interpretation, are estimated at approximately €32 million (for the acquisition of green certificates that have already been bought, as required by GSE); however, these liabilities would qualify for partial relief pursuant to section II, point 7-bis of CIP Provision 6/92 in respect of costs arising from article 11 of Legislative Decree 79/99 in application of AEEG Resolution 113/06, as supplemented by AEEG Resolution ARG/elt 80/08, of around €14 million (the refund was made during the previous year through the compensation fund for the electricity sector – CCSE). If the aforementioned interpretation of the committee is confirmed, the obligation in question would be extended to financial year 2009, for which the subsidiary has in any event already purchased and delivered the related green certificates in May 2011 totalling approximately €12 million with a related refund of around €7 million.
For 2011 production, in March 2012 the subsidiary Sarlux submitted the cogeneration declaration pursuant to the requirements of Resolution 42/02 as in previous years, since it considered this resolution was still in effect. GSE instead ruled that starting with the 2012 obligation (2011 production), the only reference regulation was that for High Yield Cogeneration as set out in the Ministerial Decree of 4 April 2011, and therefore rejected the company's request. As a result, Sarlux S.r.l. lodged an appeal with the TAR. However, in order to avoid incurring administrative penalties, the company purchased green certificates as per GSE's calculation talling approximately €21 million, and immediately forwarded the reimbursement request to the AEEG. In addition, based on further clarifications with GSE, Sarlux S.r.l. submitted to GSE a request to review the High Yield Cogeneration valuation for 2011 production.
Based on the considerations expressed by its advisors on the TAR's rejection of the appeal, Sarlux appealed against the TAR's ruling to the high court (Consiglio di Stato) and believes that its appeal will be successful. As a result, no provision was made in the financial statements at 30 June 2013 for this case.

7.2 Early withdrawal from CIP 6/92 agreement

Based on the provisions of article 3, paragraph 1 of the Ministry for Economic Development Decree of 2 December 2009, the subsidiary Sarlux S.r.l., as a party to an agreement signed under the CIP 6/92 programme, still valid as of 1 January 2010 for plants that use process fuels from residues, on 16 December 2009 expressed its interest, to the Gestore dei Servizi Elettrici (GSE), in an early withdrawal from the CIP 6/92 agreement, on a non-binding basis.
GSE determined the compensation fees at which such early withdrawal could be settled. The Ministry for Economic Development subsequently extended to 30 September 2013, the deadline for presentation of the binding application for voluntary early withdrawal from the CIP 6/92 agreement.
The company is assessing the available alternatives, in order to make a decision by the above deadline.

7.3 Transactions with related parties

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

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

To the extent that it is applicable to the Saras Group, the disclosure on financial instruments to be provided in financial statements and interim reports is mainly set out in IFRS 7 and 13.
IFRS 7 – Financial Instruments: disclosures, asks entities to provide additional information in financial statements making it possible to assess:

a) the value of financial instruments reported in the financial statements;
b) the nature and size 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 1 January 2013, requests additional information on fair value, a part 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, it should be noted that IFRS 13 specifies a precise three-level fair value hierarchy. The criterion used concerns the actual degree to which inputs used for the estimate can be observed. In fact, the hierarchy establishes various degrees 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 as a reference inputs other than the listed prices indicated in the point above, that can be observed directly (prices) or indirectly (price derivatives) on the market (level 2);
(c) valuation techniques that use as a reference inputs that are not based on observable market data (level 3).

Based on the above, the following table shows assets and liabilities measured at fair value by the Group at 30 June 2013; since they can all be classified under fair value level 2, there is no major hierarchy breakdown at 30 June 2013:

Assets	**commodities**	**exchange rates**	**interest rates**	**other**	**Total**
FUTURES	10,560	2,733			13,293
SWAPS	2,939				2,939
OPTIONS	2,642				2,642
GREEN CERTIFICATES				12,266	12,266
Total	**16,140**	**2,733**	**0**	**12,266**	**31,139**

Liabilities	**commodities**	**exchange rates**	**interest rates**		**Total**
FUTURES	(13,406)	(130)			(13,536)
SWAPS	(3,730)		(2,544)		(6,274)
OPTIONS	(1,674)				(1,674)
Total	**(18,810)**	**(130)**	**(2,544)**	**0**	**(21,484)**

Pursuant to point c) of paragraph 93, note that there were no reclassifications among the various fair value hierarchies.

Valuation techniques

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

- for interest and exchange rate derivatives, based on periodic 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 these instruments are stipulated.

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

The Group's criterion specifies that the transfer of financial assets and liabilities measured at fair value from one hierarchy level to another is recognised on the date that the event that causes the transfer takes place.
There were no transfers among fair value hierarchy levels from the previous year.

Note that with regard to the remaining financial assets and liabilities that are not directly measured at fair value, their book value approximates fair value.

7.5 Other

Please see the Report on Operations for details on atypical and/or unusual transactions.
There are no major updates to report on the accidents that occurred on 26 May 2009 and 12 April 2011. Appeals against the judgment of the court of first instance, which found that Saras S.p.A. had no administrative responsibility pursuant to Legislative Decree 231/2001 in regard to the 2009 accident, are still pending.
With regard to the 2011 accident, preliminary investigations were completed in the first half of 2013. We are awaiting the related decisions.

Saras SpA

Direzione generale
Sede amministrativa

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Declaration in respect of the Half-Year Financial Report, pursuant to the article 81-ter of Consob Regulation n. 11971 of 14 May 1999 and subsequent amendment and additions thereto:

1. The undersigned, Dario Scaffardi, Executive Vice Chairman of the Board of Directors, and Corrado Costanzo, the Executive responsible for the preparation of Saras S.p.A. financial reporting, 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 interim consolidated half year financial statements, for the period 1 January 2013 to 30 June 2013.

2. In addition, the undersigned declare that:

2.1 the Half-Year Financial Report as at 30 June 2013:

a) was prepared in accordance with the applicable international accounting standards recognised in the European Union, pursuant to European Parliament and Council Regulation (EC) n. 1606/2002 of 19 July 2002;
b) accurately represent the figures in the company's accounting records;
c) 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 interim "report on operations" includes a reliable analysis of the main events which took place during the first semester of the financial year and their impact on company results together with a description of the main risks and uncertainties for the remaining semester of the financial year.
The Half-Year Financial Report also contains a reliable analysis of the transactions with related parties.

This declaration is made pursuant to article 154-*bis*, paragraphs 2 and 5, of the Legislative Decree 58, dated 24 February 1998.

Milan, 7 August 2013

Signature: delegated authority	Signature: director responsible for drawing up the accounting statements
(Ing. Dario Scaffardi)	(Dott. Corrado Costanzo)

SARAS SpA

Review of the condensed consolidated interim financial statements for the six-month period ended 30 June 2013

AUDITORS' REPORT

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AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

To the Shareholders of
Saras SpA

1 We have reviewed the condensed consolidated interim financial statements of Saras SpA and its subsidiaries (Saras Group) as of 30 June 2013, which comprise the statement of financial position, separate income statement and statement of comprehensive income, statement of changes in equity, statement of cash flows and related explanatory notes. The directors of Saras SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2 We conducted our review in accordance with the criteria for a review recommended by CONSOB, the national stock exchange commission, with Resolution No. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the condensed consolidated interim financial statements and about the consistency of the accounting principles utilised therein, as well as the application of analytical review procedures on the data contained in the above mentioned consolidated financial statements. The limited review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike the audit on the annual consolidated financial statements, we do not express a professional audit opinion on the condensed consolidated interim financial statements.

Regarding the comparative data of the consolidated financial statements of the prior period and of the condensed consolidated interim financial statements of the prior interim period, which are presented for comparative purposes, reference is made to our reports dated 2 April 2013 and dated 9 August 2012 respectively. As reported in the explanatory notes, the directors reclassified certain comparative amounts as of 31 December 2012 compared with the amounts previously presented and audited by us. We examined the method applied to re-determine the comparative amounts and the related disclosures in the explanatory notes for the purpose of our review of the condensed consolidated interim financial statements as of 30 June 2013.

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3 Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Saras Group as of 30 June 2013 have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, 8 August 2013

PricewaterhouseCoopers SpA

Giulio Grandi
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers