Saras Group Third Quarter 2011 Report

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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	Director and General Manager
ANGELOMARIO MORATTI	Director
GABRIELE MORATTI	Director
GABRIELE PREVIATI	Director
GILBERTO CALLERA	Independent Director
GIANCARLO CERUTTI*	Independent Director
MARIO GRECO	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 is one of the leading independent oil refiners in Europe. With a production capacity of 15 million tons per year (or 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, technology and human resources accrued in almost 50 years of business, and thanks also to continuous investments in plant upgrades.

Both directly and through our subsidiaries Arcola Petrolifera S.p.A. (Italy) and Saras Energia S.A. (Spain), the Saras Group sells and distributes oil products including diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel on the Italian, European and international markets. In particular, in 2010 approximately 1.7 million tons of oil products were sold in Italy, through the subsidiary Arcola Petrolifera, which operates solely in the wholesale market. Arcola Petrolifera also manages a tank farm for petroleum products with a capacity of 200,000 cubic metres, owned by the Group and located in Arcola (La Spezia). A further 2.5 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 petroleum products tank farm with a capacity of 112,000 cubic metres, owned by the Group and located in Cartagena (Spain), and also a biodiesel plant with a capacity of 200,000 tons per year, which is also located in Cartagena, in order to generate synergies with the tank farm. Finally, Saras Energia manages a retail network of 124 service stations, primarily located on the Spanish Mediterranean Coast.

In recent years, 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 (Integrated Gasification Combined Cycle) plant, with a total 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, which has been recently re-powered and it achieved its full capacity of 96MW in the second quarter of 2011. Saras operates also in the information technology services sector through its subsidiary Akhela S.r.l., and it provides industrial engineering and scientific research services to the oil, energy and environment industry via its subsidiary Sartec S.p.A.. Finally, in July 2011, the Group created a new subsidiary called Sargas S.r.l., which will operate in the fields of exploration and development, as well as transport, storage, purchase and sale of 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.

SARAS S.p.A.

- 100% SARLUX S.r.l.
- 100% Deposito di Arcola S.r.l. (from 01/10/2011)
- 100% ARCOLA Petrolifera S.p.A.
  - 5% Consorzio La Spezia Energia
  - 0.1% Reasar S.A. LUXEMBOURG
  - 0.01% SARINT S.A. LUXEMBOURG
- 99.99% SARINT S.A. LUXEMBOURG
  - 99.9% Reasar S.A. LUXEMBOURG
  - 100% Saras Energia S.A. Madrid
- 100% SARTEC S.p.A.
  - 5% Consorzio CESMA
- 100% SARGAS S.r.l.
- 100% AKHELA S.r.l.
  - 3.379% ITSME S.r.l.
  - 0.5% Centro di Competenza I.C.T.
  - 100% Artemide S.r.l.
- 5,95% SARDA FACTORING S.p.A.
- 100% ENSAR S.r.l.
  - 10% Alpha Eolica S.r.l.
  - 100% Labor Eolica S.r.l.
    - 90% Alpha Eolica S.r.l.
- 100% Parchi Eolici Ulassai S.r.l.
  - 100% Sardeolica S.r.l.

Stock Performance

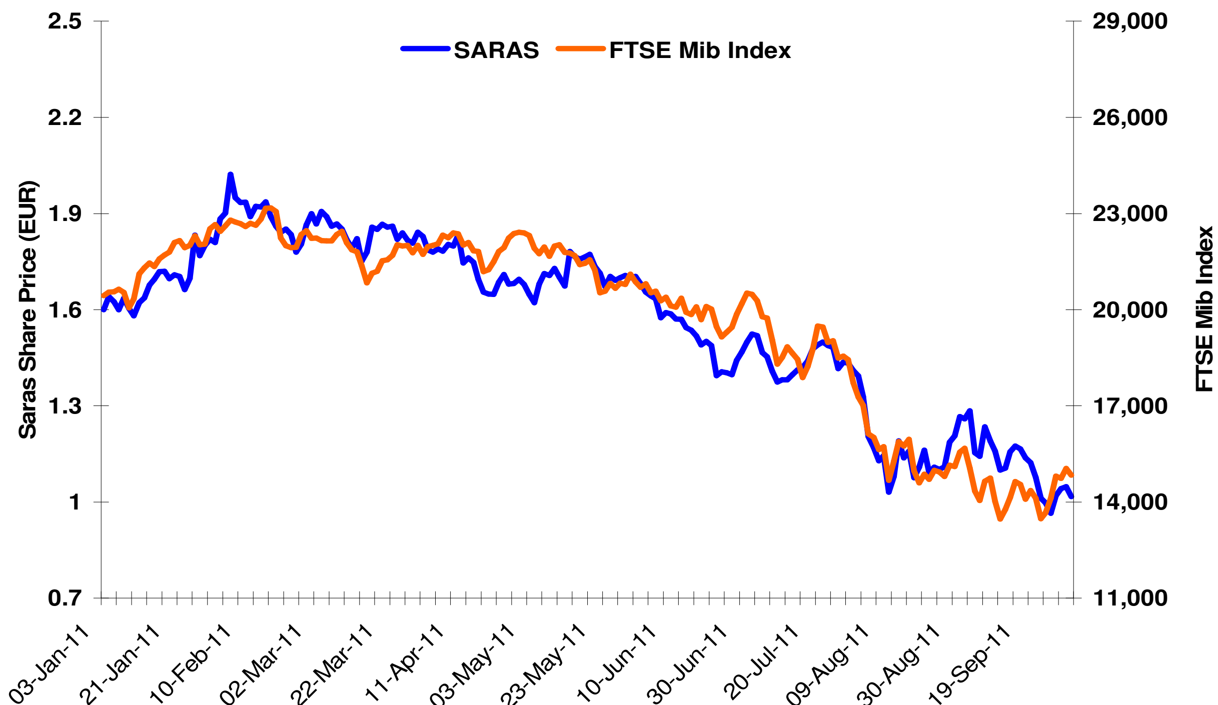
Below are some data concerning prices and daily volumes relating to the Saras share, in the period between 3rd January 2011 and 30th September 2011.

SHARE PRICE (EUR)	9M/11
Minimum price (26/09/2011)	0.965
Maximum price (07/02/2011)	2.023
Average price	1.564
Closing price at the end of the period (30/09/2011)	1.017

DAILY TRADED VOLUMES (Million)	9M/11
Maximum traded volume in EUR (07/02/2011)	40.4
Maximum traded volume in number of shares (07/02/2011)	20.0
Minimum traded volume in EUR (13/06/2011)	0.8
Minimum traded volume in number of shares (13/06/2011)	0.5
Average volume in EUR	4.3
Average volume in number of shares	2.7

Market capitalization on the 30th of September 2011 amounts to EUR 967 million and, at the same date, the outstanding shares were approximately 928 million.

The graph reported below shows the daily performance of Saras share price compared to FTSE Mib index of the Milan 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, as requested by IFRS accounting principles). 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 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	Q3/11	Q3/10	Change %	Q2/11	9M/2011	9M/2010	Change %
REVENUES	2,787	2,042	36%	2,638	8,097	6,108	33%
EBITDA	20.8	36.0	-42%	12.8	344.0	137.7	150%
Comparable EBITDA	**22.4**	**27.0**	**-17%**	**34.2**	**210.9**	**68.7**	**207%**
EBIT	(32.5)	(15.5)	-110%	(40.2)	185.3	(15.6)	1287%
Comparable EBIT	**(30.9)**	**(24.5)**	**-26%**	**(18.8)**	**52.2**	**(84.6)**	**162%**
NET RESULT	(2.0)	(11.0)	81%	(40.6)	80.1	0.8	n/a
***Adjusted* NET RESULT**	**(24.0)**	**(13.0)**	**-84%**	**(44.3)**	**(28.8)**	**(40.4)**	**29%**

Other Group figures

EUR Million	Q3/11	Q3/10		Q2/11	9M/2011	9M/2010	
NET FINANCIAL POSITION	**(512)**	**(644)**		**(527)**	**(512)**	**(644)**	
CAPEX	**15**	**20**		**39**	**74**	**103**	
OPERATING CASH FLOW (*)	**30**	**(57)**		**36**	**122**	**(8)**	

Comments to January – September 2011 results

In a macroeconomic context seriously shaken by debt problems in the peripheral economies of the Euro Zone and by high unemployment levels in the United States, the first nine months of 2011 have been characterized by two particularly relevant events for the Saras Group.
The first is the Libyan crisis, which started in February, and caused a sharp increase in crude oil prices and a consequent squeeze in the refining margins for all European refineries. In addition, the Libyan crisis also had a specific impact on the Sarroch refinery which, traditionally, was capable of achieving particularly profitable cycles by processing some peculiar Libyan crude oils. The second important event for the Saras Group in 9M/11 is related to the 10-year turnaround for the IGCC plant. The maintenance activities were carried out during the second quarter of the year, and they had an obvious influence on the production of electricity and the results of the segment in the period. In Q3/11

[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.
(*) **Cash Flow** reclassified to highlight changes in the Net Financial Position

however, the IGCC plant was again fully operational, and it achieved economic results of absolute relevance, as well as full scale productivity.

The Marketing segment achieved a robust performance in 9M/11, notwithstanding the generalized reduction in oil products' consumption in Italy and Spain. Moreover, the results of Q2/11 and Q3/11 have been influenced by non recurring effects (equal and opposite in the two quarters), related to changes in the quantities of oil product inventories held in storage, due to operational reasons.

Finally, the Wind segment had a performance in line with expectations, also in consideration of the not particularly favourable weather conditions, especially during the second and third quarter of the year.

Group Revenues in 9M/11 were EUR 8,097 ml, up 33% vs. 9M/10, mainly because of the higher revenues coming from the Refining and Marketing segments, in the light of significantly higher prices for all the main oil products (for quick reference, in 9M/11 diesel traded at an average of 956 $/ton vs. 660 $/ton in 9M/10, and gasoline priced at 997 $/ton vs. 710 $/ton in 9M/10). Moreover, the higher revenues in 9M/11 derive also from higher volumes of oil products sold on our own account, due to the expiry of all third parties processing contracts in the Sarroch refinery.

Group *reported* EBITDA in 9M/11 was EUR 344.0 ml, substantially higher than EUR 137.7 ml in 9M/10. This result came primarily as a consequence of a strong revaluation of the oil inventories, related to the growing trend followed by oil prices. Moreover, the higher operational performance of the Sarroch refinery also supported the results of Saras Group in 9M/11. **Group *reported* Net Result stood at EUR 80.1 ml**, up vs. EUR 0.8 ml in 9M/10, essentially for the same reason explained at EBITDA level.

Group *comparable* EBITDA amounted to EUR 210.9 ml in 9M/11, up vs. EUR 68.7 ml in 9M/10. Similarly, **Group *adjusted* Net Result stood at EUR -28.8 ml**, up vs. EUR -40.4 ml in 9M/10. The large improvements versus same period last year can be primarily explained with the better results achieved by the Refining, Marketing and Power Generation segments (for the reasons subsequently explained in the comments specifically dedicated to each one of these segments). Moreover, it should be noted that the financial charges, which include also the result of the derivative instruments, were negative for EUR 52.0 ml in 9M/11, while in 9M/10 the Group posted financial income for EUR 15.5 ml.

CAPEX in 9M/11 stood at EUR 74.1 ml, in line with the investment programme for the year 2011, and distributed primarily between the Refining segment (EUR 39.2 ml) and the Power Generation segment (EUR 29.7 ml).

Group Net Financial Position on 30th September 2011 was EUR -512 ml, improved versus EUR -560 ml on 31st December 2010.

Comments to Third Quarter 2011 results

Group Revenues in Q3/11 were EUR 2,787 ml, up 36% vs. Q3/10. This result is primarily due to the higher revenues coming from the Refining and Marketing segments, in the light of significantly higher oil products' prices (diesel traded at an average of 969 $/ton in Q3/11 vs. 660 $/ton in Q3/10, and gasoline priced on average at 1,023 $/ton vs. 689 $/ton in Q3/10). Moreover, as already noted in the comments for the first nine months, the higher revenues in 2011 derive also from an increase in volume of direct sales, in consideration of the expiry of all third party processing contracts.

Group *reported* EBITDA was EUR 20.8 ml in Q3/11, down versus EUR 36.0 ml in Q3/10. The difference can be primarily explained with the weaker result of the Refining segment in the period. Indeed, some refinery units had some scheduled maintenance in Q3/11 (vs. no maintenance in Q3/10), and also the market situation was characterised by lower margins, as well as the previously mentioned shortage in Libyan crude oils. **Group *reported* Net Result was EUR -2.0 ml**, up vs. EUR -11.0 ml in Q3/10, essentially because of the financial income (which includes also the result of the derivative instruments used for hedging of the commercial transactions on crude oil and products), which was equal to EUR 18.4 ml in Q3/11 vs. EUR 3.9 ml in Q3/10.

Group *comparable* EBITDA amounted to EUR 22.4 ml in Q3/11, down vs. EUR 27.0 ml in Q3/10, mainly because of the results of the Marketing segment, only partially compensated by the Power Generation segment. Finally, **Group *adjusted* Net Result stood at EUR -24.0 ml**, down vs. EUR -13.0 ml in Q3/10, because the methodology used to calculate the *adjusted* result does not include the changes in *fair value* of the derivative instruments net of taxes. These changes in *fair value* were positive for EUR 26.9 ml in Q3/11, while they were negative for EUR 3.4 ml in Q3/10.

CAPEX in Q3/11 stood at EUR 14.8 ml, used almost entirely in the Refining segment (EUR 11.2 ml).

Finally, **Group Net Financial Position on 30th Sep 2011 was EUR -512ml,** improved vs. EUR -527ml on 30th Jun 2011.

Calculations of the *adjustments* for Group Net Result and 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. The relevance of the various items for the first nine months and for the third quarter of 2011 is shown in the following tables.

Group Net Result *adjustment*

EUR Million	Q3/11	Q3/10	9M/2011	9M/2010
***Reported* NET RESULT**	**(2.0)**	**(11.0)**	**80.1**	**0.8**
(inventories at LIFO - inventories at FIFO) net of taxes	5.0	(5.4)	(78.0)	(44.2)
non recurring items net of taxes	0.0	0.0	0.0	0.0
change in derivatives fair value net of taxes	(26.9)	3.4	(30.9)	3.0
***Adjusted* NET RESULT**	**(24.0)**	**(13.0)**	**(28.8)**	**(40.4)**

Group EBITDA *adjustment*

EUR Million	Q3/11	Q3/10	9M/2011	9M/2010
***Reported* EBITDA**	**20.8**	**36.0**	**344.0**	**137.7**
inventories at LIFO - inventories at FIFO	1.6	(9.0)	(133.1)	(69.0)
non recurring items	0.0	0.0	0.0	0.0
***Comparable* EBITDA**	**22.4**	**27.0**	**210.9**	**68.7**

Net Financial Position

EUR Million	30-Sep-11	30-Jun-11	31-Dec-10
Medium/long term bank loans	(40)	(41)	(234)
Bonds	(248)	(248)	(248)
Total long term net financial position	**(289)**	**(289)**	**(482)**
Short term financing instruments	(198)	(198)	(8)
Short term bank loans	(143)	(104)	(155)
Other loans	(5)	(13)	
Fair value on derivatives	27	(16)	(25)
Other marketable financial assets	8	7	29
Cash and cash equivalents	74	51	81
Warranty deposits for derivative instruments	14	35	
Total short term net financial position	**(223)**	**(238)**	**(78)**
Total net financial position	**(512)**	**(527)**	**(560)**

The difference in **Net Financial Position** between 30th September 2011 and 31st December 2010 can be primarily explained with the positive cashflow from operations (approx. EUR 123 ml) and self-financing from provisions for depreciation and amortisation (approx. EUR 159 ml), which more than compensated the investments for the period (approx. EUR 74 ml) and the large increase in working capital. With specific reference to inventories, it can be noted that there was not only a meaningful increase of their value in the period due to pricing effects, but also a remarkable increase in volumes (approx. 300 ktons, mainly of crude oil), in order to take advantage of commercial opportunities. Such volumes could be eventually sold, with relevant positive effects on the financial position.

Oil Market and Refining Margins

Crude oil prices (Source: Platts):

In the first quarter 2011 crude oil prices continued the growing trend they began in the previous months, boosted by robust growth in global oil products' demand (particularly strong in the Far East), as well as disruptions in crude oil supply caused by the social unrest in the Middle East and in North Africa (especially in Libya, an important member of the OPEC organization, with a production capacity of 1.7 million barrels per day). Brent quotations had a gradual progression, starting from slightly above 90 $/bl in early January, and arriving as high as approx. 120 $/bl at the end of the first quarter, with only a moderate correction at the beginning of March, following the devastation caused in Japan by a terrifying earthquake and the subsequent "*tsunami*".

In the second quarter of 2011, prices continued to climb during the entire month of April, along with news of worsening conflicts in North Africa. In this context, Brent touched a peak value of 126.5 $/bl on April 29th. Subsequently, however, crude oil prices moved sharply downwards in May, in tune with a flow of depressing macroeconomic news concerning both advanced economies (with the Euro Zone chocked by the high debts of some peripheral countries, and the United States still dealing with stagnating demand and high unemployment rates), and also developing and emerging economies (slow down in the Chinese growth rates and, more in general, also in the other Asian countries). These factors compounded with the International Energy Agency (IEA) announcement of the release of strategic reserves of crude and refined products, in the second half of June, in order to contrast the bullish effects on "light-sweet" crude oils induced by the shut down of the Libyan production. As such, Brent closed the second quarter on a decreasing note, with a price of 111.5 $/bl on June 30th.

The third quarter 2011 started with Brent quotations climbing rapidly for the entire month of July, thanks to a series of reassuring macroeconomic news, both in the USA and also in Europe, where France and Germany seemed to have finally found an agreement on the solution to adopt for the Greek debt. In August however, the agreement showed its limits, and the debt crisis extended to other countries of the Euro Zone, reaching also Italy. Fears for a new global recession rapidly spread, and investors immediately switched to panic selling mode, on all financial markets, including also the "commodities" markets. Brent lost more than 15 $/bl in a few days, dropping to a minimum of 103.9 $/bl on the 9th of August. In the second half of the month there has been a partial recovery, due to some interruption of supply of light sweet crude oils, in Nigeria and also in the North Sea. News of a recovery in Asian demand for oil products pushed Brent above 115 $/bl and supported it above that level until the third decade of September. Subsequently, however, renewed fears on the worsening of the European debt crisis caused a new downturn in prices, and Brent closed the quarter at 105.2 $/bl.

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

During the first quarter of 2011 the "heavy-light" crude price differential widened progressively, recording an average of -2.7 $/bl, significantly wider than the average of -1.2 $/bl in the fourth quarter of 2010. Subsequently, in the month of April, this indicator continued to open-up, reaching a peak of -4.5 $/bl towards the end of the month. As a matter of fact, with the outbreak of the Libyan crisis, the price of low sulphur crude oils had a steep acceleration, which involved also the West-African grades.

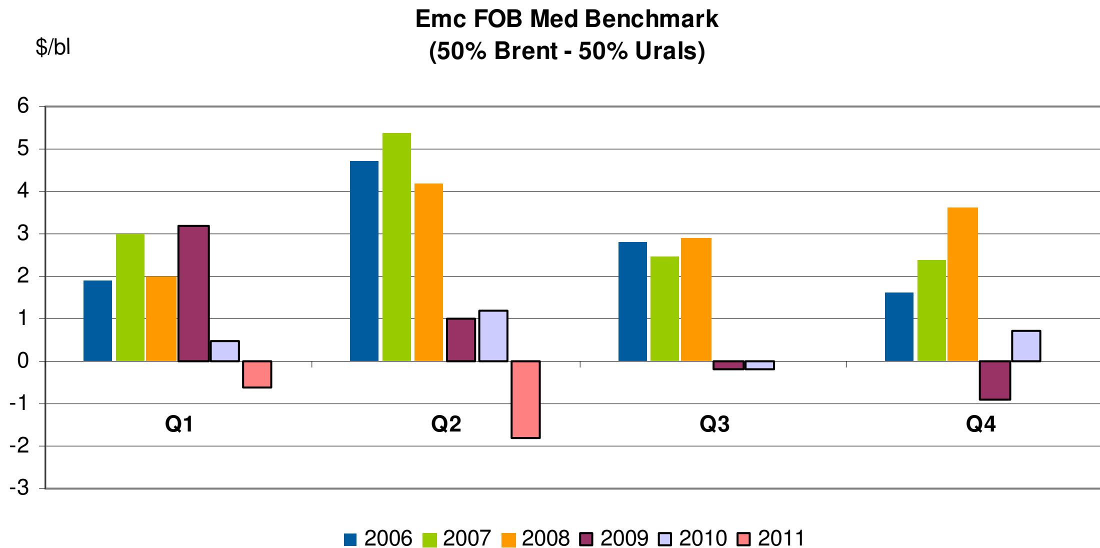
At the beginning of May, however, the "Urals-Brent" differential began to shrink. This came as a consequence of strengthening "Urals" (because of loading problems in the ports of the Baltic Sea), at a time of increasing availability of "sweet" grades in the Mediterranean Sea. The latter phenomenon is related to the reduced buying interest on West-African crude oils from refiners both in the USA (spread WTI-Brent) and also in Asia (spread Dubai-Brent). Under such conditions, light sweet West-African crude oils started to flow again towards the Mediterranean Sea. Notwithstanding all of the above, in the second quarter of 2011, the average of the "Urals-Brent" differential remained quite high, at -3.4 $/bl, thus continuing to provide more favourable conditions for complex refiners.

The squeeze in the differential continued also in the third quarter of 2011 for a combination of reasons, including also limitations in the availability of North Sea crude oils, and some problems related to "Urals" supply in the Mediterranean Sea. The "heavy-light" differential reached a minimum value of -0.8 $/bl in the middle of August, and subsequently rebounded in September. Nonetheless, the third quarter of 2011 closed with an average of -2.0$/bl, noticeably tighter than the previous quarter.

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.

As it can be noted, the EMC Benchmark weakened in Q1/11, posting an average of -0.6 $/bl vs. 0.7 $/bl in Q4/10. Gasoline *crack spread* remained depressed for a large part of the quarter (average at 5.3 $/bl), suffering from seasonally weak demand. It started to improve only towards the end of the period, ahead of the driving season in the United States of America. On the contrary, middle distillates *crack spread* progressively strengthened throughout Q1/11 (average at 17.1 $/bl), reflecting strong demand for the product, backed by lower seasonal maintenance-related refinery output.



Subsequently, during Q2/11, the EMC Benchmark deteriorated further, setting a quarterly average of -1.8 $/bl, which represents the worst data on records, since the beginning of its calculations. Such unfortunate performance can be explained considering that the increase in crude oil prices was far superior than the corresponding movement in the prices of refined products. This was true for the entire quarter, with the only exception of the month of May, when crude oil had the sharp downward correction already discussed in the previous paragraphs. Gasoline *crack spread* averaged at 7.4 $/bl, slightly improved versus Q1/11, managing to cope with a generalised reduction in consumption, both in the USA and in Europe (expensive retail prices, higher efficiency of cars, and substitution effects from ethanol). On the contrary, the middle distillates softened (*crack spread* average at 15.3 $/bl), due to the previously mentioned economic slow-down, as well as the release of strategic reserves, which included also not negligible volumes of refined products.

Finally, in Q3/11, the EMC Benchmark margin has a slight improvement, even if it remained below break even (with an average of -0.6 $/bl), in a context of extremely high volatility. Indeed, the gasoline *crack spread* remained particularly strong until the beginning of September, thanks to relatively low inventories in Europe, and healthy demand in the USA, where prices were supported also from fears of potential disruptions in production during the hurricane season (in particular, the hurricane “Irene” kept everyone extremely worried while it moved on the US coasts during the last week of August). Later on, in September, buying interest for gasoline went down, also in consideration of the shift towards winter specs. The *crack spread* still posted a robust average, standing at 9.1 $/bl, to the advantage of those refiners which were able to capture that opportunity. The middle distillates instead suffered in the initial part of the quarter, because of the reduction of consumption caused by the macroeconomic tensions deriving from the European debt crisis. Notwithstanding the slow start, the diesel *crack spread* recovered towards the end of September, thanks also to autumn maintenance season for several refineries, and the increase in demand to build up heating oil stocks, ahead of the winter season. Overall, the average of diesel crack spread was 16.8 $/bl in Q3/11.

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 has a production capacity of 15 ml tons per year, corresponding to approx. 15% of Italy's total refining capacity. It is one of the biggest and most complex sites in the Mediterranean area.

EUR Million	Q3/11	Q3/10	Change %	Q2/11	9M/2011	9M/2010	Change %
EBITDA	(49.4)	(22.3)	-122%	(44.1)	142.3	(61.7)	331%
***Comparable* EBITDA**	**(33.5)**	**(33.7)**	**1%**	**(42.7)**	**14.9**	**(113.4)**	**113%**
EBIT	(77.0)	(48.8)	-58%	(71.5)	60.1	(140.0)	143%
***Comparable* EBIT**	**(61.1)**	**(60.2)**	**-1%**	**(70.1)**	**(67.3)**	**(191.7)**	**65%**
CAPEX	**11.2**	**12.9**		**15.1**	**39.2**	**75.6**	

Margins and refinery runs

		Q3/11	Q3/10	Change %	Q2/11	9M/2011	9M/2010	Change %
REFINERY RUNS	thousand tons	3,481	3,668	-5%	3,138	10,323	10,467	-1%
	Million bl	25.4	26.8	-5%	22.9	75.4	76.4	-1%
	thousand bl/day	276	291	-5%	252	276	280	-1%
of which:								
Processing for own account	thousand tons	3,481	3,393	3%	3,138	10,323	9,507	9%
Processing on behalf of third parties	thousand tons	0	275	n/a	0	0	960	n/a
EXCHANGE RATE	EUR/USD	1.413	1.291	9%	1.439	1.407	1.315	7%
EMC BENCHMARK MARGIN	$/bl	(0.6)	(0.2)		(1.8)	(1.0)	0.5	
SARAS REFINERY MARGIN	$/bl	0.9	1.0		0.5	3.3	1.0	

Comments to January – September 2011 results

Refinery runs in 9M/11 stood at 10.3 ml tons (75.4 ml barrels, corresponding to 276 thousand barrels per calendar day), slightly lower than same period last year, due to longer maintenance activities on some primary distillation units. Moreover, given that all third party processing contracts expired, processing on behalf of third parties went down to zero in the first nine months of 2011, while it stood at 9.2% of total runs in 9M/10.

***Comparable* EBITDA of the Refining segment was EUR 14.9 ml in 9M/11**, up strongly from EUR -113.4 ml in 9M/10, and the Saras refining margin stood at 3.3 $/bl (vs. 1.0 $/bl in 9M/10), driven by the following combination of factors.

Firstly, there was a deterioration of the "EMC benchmark" margin (which reflects the profitability of an average refinery in the Mediterranean Sea), which went down to an average of -1.0 $/bl in 9M/11, vs. +0.5 $/bl in 9M/10. Nonetheless, in 9M/11 the market conditions proved more favourable than in 9M/10, for highly complex refineries geared towards the production of middle distillates, like our Sarroch refinery. Indeed, the "*conversion spread*" (which is the premium of converting fuel oil into diesel), widened to an average of 337 $/ton, vs. 217 $/ton in 9M/10, and the "heavy-light" crude price differential averaged at -2.7 $/bl, vs. -1.2 $/bl in 9M/10.

Secondly, it should be remembered that 9M/10 results were penalised by some technical issues and scheduled maintenance activities (which caused conversion losses worth approx. USD 35 ml). Instead, maintenance carried out during 9M/11 caused smaller conversion losses (quantifiable in approx. USD 25 ml). Moreover, it should be noted that fixed costs in 9M/11 were lower by approx. EUR 14ml versus same period last year.

Finally, in 9M/11, there were robust trading profits, due to the time differences between purchases and sales, in an oil market characterized by prices on a steep rising trend (especially during Q1/11). In regard of this matter, however, it should be noted that the commercial transactions on crude and products are normally hedged with the use of derivative instruments, whose effect is reported in the income statement within the "Financial Income/Expense", and it can be quantified with realized losses for approx. EUR 37 ml in 9M/11, versus realized gains for approx. EUR 12 ml in the same period of last year.

Refining CAPEX in 9M/11 was EUR 39.2 ml, in line with the investment programme planned for the year.

Comments to Third Quarter 2011 results

Refinery runs in Q3/11 stood at 3.48 ml tons (25.4 ml barrels, corresponding to 276 thousand barrels per calendar day), down 5% versus same period last year. This difference can be explained considering that no maintenance activities were carried out in the refinery during Q3/10. Moreover, in Q3/11 processing on behalf of third parties was zero (vs. 7.5% of total runs in Q3/10), for the same reason discussed in the comments to the first nine months of the year.

***Comparable* EBITDA of the Refining segment was EUR -33.5 ml in Q3/11**, basically in line with EUR -33.7 ml in Q3/10, and the Saras refining margin stood at 0.9 $/bl, vs. 1.0 $/bl in Q3/10.

In order to comment the above result, it should first be considered that the market conditions in Q3/11 proved more favourable, versus the same period of last year, for highly complex refineries strongly geared towards the production of middle distillates. Indeed, the "*conversion spread*" stood at an average of 326 $/ton (vs. 222 $/ton in Q3/10), and the "*heavy-light*" crude price differential averaged at -2.0 $/bl (vs. -1.3 $/bl in Q3/10). These two factors allowed the Saras refinery to add a higher premium on top of the "EMC Benchmark" margin, when compared to the premium achieved in the same period of last year.

On the contrary, Q3/11 was penalised by a reduction of conversion capacity (due to maintenance activities, and worth approx. USD 8 ml), and by the unavailability of Libyan crude oils (which impacted negatively for approx. USD 12 ml). Both these effects were not present in Q3/10.

Finally, as discussed in the comments for 9M/11 results, the "Financial Income/Expense" includes also the result of the derivative instruments used to hedge the commercial transactions on crude and oil products. In Q3/11, the above mentioned derivative instruments realized gains worth approx. EUR 24.6 ml, while in Q3/10 the derivative instruments realized losses for approx. EUR 1.4 ml. Therefore, when considering such effect of the derivative instruments, **the corresponding refining margin for Saras in Q3/11 stands at 2.3 $/bl.**

Since Saras refining margin inclusive of realized losses from derivative instruments in Q2/11 was equal to -1.0 $/bl, the **Q3/11 improvement is equal to 3.3 $/bl.** More specifically, approx. 1.8 $/bl are due to a more favourable market scenario and a lower impact from maintenance activities, while approx. 1.5 $/bl are due also to the first achievements of "Project Focus", in terms of increased operational effectiveness.

Refining CAPEX in Q3/11 was EUR 11.2 ml, in line with the investment programme planned for the year.

Crude Oil slate and Production

		Q3/11	9M/2011	FY 2010
Light extra sweet		42%	45%	47%
Light sweet		0%	2%	3%
Medium sweet/extra sweet		4%	3%	1%
Light sour		0%	0%	0%
Medium sour		33%	30%	27%
Heavy sour/sweet		21%	20%	23%
Average crude gravity	°API	31.5	32.1	32.4

With an average density of 32.1°API, the crude mix processed in 9M/11 was broadly in line with the average of the °API in the same period of last year. However, the dramatic Libyan crisis forced Saras to source alternative crude oils, during Q2/11 and Q3/11, with the objective of minimising the economic impact deriving from that situation. In turn, this was reflected in the changes of percentages for our crude oil slate, as shown in the above table. Moreover, it should be underlined that during Q1/11 Saras had sufficient inventories of Libyan crude oils and, as such, there have been no meaningful changes in the crude mix.

Moving on to the product slate, it can be observed that in 9M/11 the middle distillates yield increased to 52.8% thanks to the excellent conversion performance of the MildHydroCracking2 (MHC2) in the first part of the year. Contextually, the light distillates yield stood at 27.2%, substantially in line with the previous periods. Therefore, in 9M/11 the cumulative percentage of high value products reached 81.9%, when including also the yield of LPG (1.9%).

Finally, it is worth to mention that **the crude mix and the product yields in each individual quarter do not provide meaningful information,** because they can be heavily influenced by temporary factors (e.g. maintenance programmes carried out during the quarter, or specific purchases of crude oils for opportunistic reasons, etc.).

		Q3/11	9M/2011	FY 2010
LPG	thousand tons	58	196	323
	yield	1.7%	1.9%	2.3%
NAPHTHA + GASOLINE	thousand tons	940	2,808	4,024
	yield	27.0%	27.2%	28.1%
MIDDLE DISTILLATES	thousand tons	1,868	5,450	7,517
	yield	53.7%	52.8%	52.4%
FUEL OIL & OTHERS	thousand tons	94	448	463
	yield	2.7%	4.3%	3.2%
TAR	thousand tons	306	796	1,166
	yield	8.8%	7.7%	8.1%

Balance to 100% is “Consumption & Losses”

Marketing

Below are the financial highlights of the Marketing segment, which is primarily focused on the wholesale business, through our subsidiaries Arcola Petrolifera S.p.A. in Italy and Saras Energia S.A. in Spain.

EUR Million	Q3/11	Q3/10	Change %	Q2/11	9M/2011	9M/2010	Change %
EBITDA	11.1	4.3	158%	7.6	33.9	36.7	-8%
***Comparable* EBITDA**	**(3.2)**	**6.7**	**-148%**	**27.6**	**28.2**	**19.4**	**45%**
EBIT	8.3	1.3	538%	4.6	25.2	27.6	-9%
***Comparable* EBIT**	**(6.0)**	**3.7**	**-262%**	**24.6**	**19.5**	**10.3**	**89%**
CAPEX	**1.0**	**0.9**		**1.1**	**2.6**	**4.6**	

Sales

		Q3/11	Q3/10	Change %	Q2/11	9M/2011	9M/2010	Change %
TOTAL SALES	thousand tons	1,019	1,074	-5%	1,006	3,126	3,184	-2%
of which: in Italy	thousand tons	613	458	34%	602	1,751	1,249	40%
of which: in Spain	thousand tons	406	616	-34%	404	1,375	1,935	-29%

Comments to January – September 2011 results

Macroeconomic conditions in 9M/11 had a negative influence on consumption of oil products in the peripheral economies of the Euro Zone. In particular, sharp contractions of demand took place both in Spain and in Italy, where the Saras Group conducts its Marketing activities in the retail and the wholesale channels. Nonetheless, the Marketing segment still posted a very satisfactory performance, especially in the second quarter of the year.

More in details, **in 9M/11 *comparable* EBITDA stood at EUR 28.2 ml**, strongly up vs. EUR 19.4 ml in 9M/10. This came primarily as a consequence of a healthy increase in gross margins and a strong growth in sale volumes in the Italian wholesale market. Moreover, in the Spanish market, Saras Energia continued its strategy to rationalize the opportunistic sales towards commercial operators and oil companies, in order to improve its sales margins. The Spanish subsidiary also integrated its management of supplies and inventories together with the parent company. Finally, the bio-diesel plant continued to suffer from high costs of the feedstock, and consequently it alternated periods of operation and periods of stand-by, throughout the semester.

CAPEX in 9M/11 were EUR 2.6 ml, in line with our plan for the period.

Comments to Third Quarter 2011 results

In Q3/11 the Italian subsidiary Arcola Petrolifera increased both its gross sale margins and its volumes (reaching a total of 613 ktons, up 34% versus the same period of last year). At the same time, the Spanish subsidiary Saras Energia continued to protect its gross margins at acceptable levels, through the rationalization in the mix of the sales channels. On the other hand, the reduction of sales to channels with lower profitability, unavoidably conditioned the total volumes sold in the Spanish market, which stood at 406 ktons, down 34% versus Q3/10.

***Comparable* EBITDA in Q3/11 stood at EUR -3.2 ml**, because oil inventories have been boosted at the end of the quarter for operational requirements, and this caused a negative impact of approx. EUR 10 ml on Q3/11 results. It should be however noticed that this non-recurrent effect was exactly equal and opposite to the benefit obtained in Q2/11, when there was a reduction of the oil inventories held into storage as of 30th June.

Finally, **CAPEX in the Marketing segment in Q3/11 were EUR 1.0 ml**.

On 6th July 2011, the meeting of the shareholders of Arcola Petrolifera S.p.A. approved the plan prepared by the Board of Directors for the partial de-merger of the Company. The plan brought to the creation of a new company called "Deposito di Arcola Petrolifera S.r.l." on the 1st of October 2011. All the assets, liabilities and employees of the Arcola tank facility in Liguria have been transferred into the new company, involving a total of 24 employees.

Power Generation

Below are the main financial 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, integrated with the Group refinery, and located within the same industrial complex in Sarroch (Sardinia).

EUR Milion	Q3/11	Q3/10	Change %	Q2/11	9M/2011	9M/2010	Change %
EBITDA	56.7	51.8	9%	46.8	158.1	148.5	6%
***Comparable* EBITDA**	**56.7**	**51.8**	**9%**	**46.8**	**158.1**	**148.5**	**6%**
EBIT	36.7	32.5	13%	27.0	99.0	90.7	9%
***Comparable* EBIT**	**36.7**	**32.5**	**13%**	**27.0**	**99.0**	**90.7**	**9%**
EBITDA ITALIAN GAAP	**36.6**	**33.8**	**8%**	**8.0**	**79.4**	**105.3**	**-25%**
EBIT ITALIAN GAAP	**25.3**	**1.9**	**1253%**	**-3.1**	**46.3**	**44.8**	**3%**
NET INCOME ITALIAN GAAP	**12.5**	**0.1**	**n/a**	**-2.5**	**25.1**	**26.2**	**-4%**
CAPEX	**1.8**	**2.9**		**22.4**	**29.7**	**7.4**	

Other figures

		Q3/11	Q3/10	Change %	Q2/11	9M/2011	9M/2010	Change %
ELECTRICITY PRODUCTION	MWh/1000	1,125	1,122	0%	675	2,974	3,135	-5%
POWER TARIFF	**Eurocent/KWh**	**10.6**	**9.8**	**9%**	**10.0**	**10.1**	**9.3**	**9%**
POWER IGCC MARGIN	$/bl	4.4	3.6	22%	4.2	4.4	3.9	13%

Comments to January – September 2011 results

The results of the Power Generation segment in the 9M/11 have been fully satisfactory, also considering the reduction in production due to the important 10-year maintenance cycle, carried out on the entire IGCC plant, during the second quarter of the year.

Total **power production reached 2.974 TWh in 9M/11**, down 5% versus 9M/10. Nonetheless, **IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 158.1 ml**, up 6% vs. EUR 148.5 ml in the same period of last year. This result is mainly due to the higher sales of hydrogen and steam (for approx. EUR 7 ml), whose revenues are not subject to the IFRS equalization procedure.

Italian GAAP EBITDA in 9M/11 was EUR 79.4 ml, down versus EUR 105.3 ml in 9M/10, primarily because of the lower production of electricity, and the higher procurement costs of the feedstock (in particular TAR and gasoil). The latter, indeed, is used only during transitory periods and start ups, which have been quite significant in Q2/11 due to the 10-year maintenance. The increase in feedstock costs has been only partially compensated by the higher sales of hydrogen and steam, and the higher value of the CIP6/92 power tariff (at 10.1 EURcent/kWh, up 9% versus 9M/10).

CAPEX in 9M/11 were EUR 29.7 ml, due to the efforts required for the 10-year maintenance cycle in Q2/11.

Comments to Third Quarter 2011 results

The IGCC plant came back to its full operational performance in Q3/11, with **power production at 1.125 TWh**, in line with Q3/10. Moreover, **IFRS EBITDA (which coincides with the *comparable* EBITDA) was EUR 56.7 ml**, largely above EUR 51.8 ml in the same period of last year, mainly due to the higher sales of hydrogen and steam to the refinery (worth approx. EUR 3 ml), whose revenues are not subject to the IFRS equalization procedure.

Italian GAAP EBITDA in Q3/11 was EUR 36.6 ml, up 8% vs. EUR 33.8 ml in Q3/10, primarily because of the higher sales of hydrogen and steam, and the higher value of the CIP6/92 power tariff (which stood at 10.6 EURcent/kWh, up 9% versus Q3/10). Finally, **CAPEX in Q3/11 were EUR 1.8 ml,** in line with the investment plan.

Wind

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

EUR million	Q3/11	Q3/10	Change %	Q2/11	9M/2011	9M/2010	Change %
EBITDA	2.4	2.1	14%	2.8	10.2	14.0	-27%
***Comparable* EBITDA**	**2.4**	**2.1**	**14%**	**2.8**	**10.2**	**14.0**	**-27%**
EBIT	(0.2)	(0.3)	33%	0.3	2.5	7.1	-65%
***Comparable* EBIT**	**(0.2)**	**(0.3)**	**33%**	**0.3**	**2.5**	**7.1**	**-65%**
CAPEX	**0.7**	**3.5**		**1.0**	**1.7**	**14.2**	

Other figures

		Q3/11	Q3/10	Change %	Q2/11	9M/2011	9M/2010	Change %
ELECTRICITY PRODUCTION	MWh	24,839	23,433	6%	27,394	90,182	117,264	-23%
POWER TARIFF	EURcent/KWh	8.1	7.2	13%	7.4	7.2	6.9	5%
GREEN CERTIFICATES	EURcent/KWh	7.9	7.6	5%	8.0	8.1	8.3	-3%

Comments to January – September 2011 results

IFRS EBITDA (which coincides with the *comparable* EBITDA) stood at EUR 10.2 ml in 9M/11, down vs. EUR 14.0 ml in 9M/10. This is primarily due to reduced electricity production, related to unfavourable wind conditions, both in the second and third quarter of 2011. It should be noted that the lower value of the Green Certificates (down 3% vs. 9M/10), it's been more than offset by the higher value of the power tariff (7.2 EURcent/kWh, +5% vs. the same period of 2010).

Finally, in Q2/11, the Group completed the "repowering" project of the Ulassai wind park, which has now reached the installed capacity of 96MW.

Comments to Third Quarter 2011 results

IFRS EBITDA (which is equal to the *comparable* EBITDA) stood at EUR 2.4 ml in Q3/11 (up vs. EUR 2.1 ml in Q3/10), thanks to the higher production of electricity (+6% versus Q3/10) and the greater value both of the Green Certificates (up 5%) and of the power tariff (up 13% versus Q3/10). **CAPEX in Q3/11 were EUR 0.7 ml**, in line with the plan.

Finally, on **July 6th 2011,** the meetings of the Shareholders of Ensar S.r.l. and its subsidiaries Eolica Italiana S.r.l. and Nova Eolica S.r.l. approved the merger plans drawn up by their respective Boards of Directors, regarding the merger by incorporation of the two subsidiaries into Ensar S.r.l.. The merger became effective on the 30th September 2011.

Other Activities

The following table shows the financial highlights of the subsidiaries Sartec S.p.A. and Akhela S.r.l..

EUR Million	Q3/11	Q3/10	Change %	Q2/11	9M/2011	9M/2010	Change %
EBITDA	0.0	0.1	-100%	(0.3)	(0.5)	0.2	-350%
***Comparable* EBITDA**	**0.0**	**0.1**	**-100%**	**(0.3)**	**(0.5)**	**0.2**	**-350%**
EBIT	(0.3)	(0.2)	-50%	(0.6)	(1.5)	(1.0)	-50%
***Comparable* EBIT**	**(0.3)**	**(0.2)**	**-50%**	**(0.6)**	**(1.5)**	**(1.0)**	**-50%**
CAPEX	**0.1**	**0.1**		**0.0**	**0.9**	**1.3**	

Strategy and Investments

In 9M/11, Saras Group strategy continued along the direction outlined at the beginning of the year. In particular, in the Refining segment Saras continued its asset management programme called “Project FOCUS”, which is now in its second year, and it is primarily aimed at improving production efficiency, operational effectiveness and reducing costs. To date, the results are extremely positive, especially in the area of “*cost rationalization*” (more than 14 million Euro of savings already realized in the first nine months of this year), and also in the area of “*operational effectiveness*”, while progress in the area of “*energy efficiency*” is requiring important efforts, and it still offers margins for improvements.

In the past months, Saras broaden the scope of the “Project FOCUS”, by identifying investments that provide quick returns in the areas of energy efficiency, de-bottlenecking of units, and enhancement of product yields. Further emphasis continues to be placed on cost reductions, with less recourse to outsourcing. Moreover, the organizational structure has been reviewed, with the appointment of widely respected industry professionals in key management positions.

“Project FOCUS” has been extended to include also the areas of “Planning” and “Supply & Trading”. The approach to refinery planning, previously asset driven, is now becoming mainly commercially driven, in order to capture more value from opportunities arising from oil price volatility in a strong market.

Moreover, in Q1/11, Saras Board of Directors approved the partial restart of the multi-year investment plan announced in 2008. More specifically, a total investment of approx. EUR 60 ml has been approved, in order to complete the project for the revamping of the MildHydroCracking2 unit. The revamping will come to fruition towards the end of H1/2013, and it will bring benefits quantifiable in approx. 600 Ktons of additional diesel production (in exchange of heating oil), and an increase in refinery runs for approximately 650 Ktons.

In the Wind segment, the Ulassai wind park achieved the full installed capacity of 96MW during Q2/11. Currently, the Group is continuing to develop some other projects in its pipeline, concerning sites located in Sardinia and also overseas (Romania).

Finally, regarding Gas Exploration, on **15th July 2011**, a new company has been created (Sargas S.r.l.), which will operate in the fields of exploration and development, as well as transport, storage, purchase and sale of gaseous hydrocarbons. The Group is currently proceeding along the permitting path, which will eventually lead towards the beginning of drilling activities in an area located in Sardinia (called the “Eleonora” exploration block), where prudentially it is estimated to obtain an annual production of 70 up to 170 million cubic metres of natural gas, for a production period of more than 20 years. Once the permitting path will be completed, it will take from 4 up to 6 months in order to complete drilling of the exploration well.

CAPEX by segment

EUR Million	Q3/11	9M/2011	FY 2010
REFINING	11.2	39.2	92.5
POWER GENERATION	1.8	29.7	10.3
MARKETING	1.0	2.6	5.1
WIND	0.7	1.7	14.9
OTHER	0.1	1.0	6.2
Total	**14.8**	**74.1**	**129.0**

Outlook

The International Energy Agency (IEA) continues to have a moderately optimistic stance. Global demand for oil products is expected to grow versus previous year, although the progress will come entirely from the emerging and developing countries. The "Monthly Oil Market Report" published by IEA on the 12th of October shows global demand at 89.2 million barrels per day (mbd) in 2011 (up +1.0 mbd versus 2010), and then a further growth up to 90.5 mbd in 2012 (+1.3 mbd year on year).

Besides the aforementioned perspectives on the oil products' demand side, in the coming months there are expectations to see also some quite positive effects on the crude oil supply side, deriving from the recent conclusion of the Libyan conflict, and the renewed availability of crude oil produced in that country. In particular, it is worth to mention the reduction in the *premium* paid for "light sweet" crude oils, which already started to become material in the weeks preceding the publication of this Interim Report.

Finally, forecasts continue to indicate middle distillates as the oil products with the higher margins, and highly complex refineries, such as the one owned by the Saras Group, as the best positioned players within their competitive context.

REFINING

- **Saras refinery Maintenance and Operations:** In the fourth quarter of the year, there will be minor maintenance activities on the Catalytic Reforming (CCR) and cleaning of the Visbreaking unit (VSB), with estimated losses of conversion capacity worth approx. USD 9 ÷ 14 ml, and refinery runs projected between 3.3 ÷ 3.6 million tons.
- **Crude Slate:** As of April 2011, the Saras Group dealt with the interruption in the production of some peculiar Libyan crude oils, by introducing alternative grades in the Sarroch refinery. This situation, however, caused a dis-optimisation of some processing cycles and reduced our refining margin by approx. 0.3 ÷ 0.5 $/bl, both in the second and third quarter of the year. The politic developments following Gaddafi's death, in the second half of October, have already allowed a partial re-start of production and sale of Libyan crude oils. The Saras Group had immediate benefits from the renewed availability of paraffinic grades in the Mediterranean Sea, and we actually already bought several cargoes in the months of October and November. Therefore, there is the possibility that the above mentioned reduction in our refining margins could be removed, in part or in full, already in the fourth quarter of 2011.
- **Cost control:** The positive progress already achieved by the asset management programme called "Project Focus", leads us to predict a reduction in Sarroch refinery's fixed costs in excess of EUR 20 million for the full year 2011 (corresponding to approx. 10% of the fixed costs).

POWER GENERATION

- **IGCC Maintenance and Operations:** In the last quarter of the year, there will be some minor work on one train of "Gasifier – combined cycle Turbine", with negligible effects on the electricity production. Consequently, projections for total power production in 2011 now stand at 4.02 ÷ 4.12 TWh. This level is not significantly different from the average production in a standard year.
- **EBITDA:** Due to IFRS equalization procedure, *comparable* EBITDA is expected at EUR 200 ml per year, stable until 2021. On the contrary, Italian GAAP EBITDA will continue to reflect oil price volatility, due to the formulas used to calculate the CIP/6 tariff. In particular, the current projections for 2011 stand at approx. EUR 110 ml.
- **CIP/6 power tariff:** The 9-month delay in the formula used to calculate the "fuel component" implies that the CIP/6 power tariff should see a rapid increase starting with the last quarter of 2011, in line with the trend of crude oil prices. Indeed, Brent Dated fluctuated between 70÷85 $/bl for the first nine months of 2010, and then rapidly climbed above 90 $/bl in Q4/10, and continued climbing rapidly also during H1/11, boosted by several bullish factors.

MARKETING

- Given the difficult economic conjuncture in Italy and Spain, it is not expected to observe significant changes in the market scenario within the next quarter. Therefore, in the Marketing segment, the Group will continue to follow the operational strategy adopted during the first nine months of the year.

Main events after the end of the Third Quarter 2011

On the 27th October 2011 it expired the period authorized for Saras own shares buyback programme, regarding a maximum amount of no. 72,423,602 ordinary shares and a duration of 18 months from the authorizing resolution of the AGM held on the 27th April 2010, announced on the same date. In the aforementioned period Saras did not acquire any own ordinary shares. Therefore, considering the shares used to service the "Stock Plan" for the employees, and the "Stock Grant" plan for the management of the Company and of its subsidiaries, Saras currently owns a total number of own shares equal to 22,676,398, which amounts to approximately 2.4% of the share capital.

Furthermore, the AGM held on 28th April 2011, pursuant to Article 2357 of the Italian Civil Code and Article 132 of the Legislative Decree no. 58/1998 (the Italian Financial Services Act, also know as "TUF") and related norms, authorised a new share buyback programme, as well as the disposal of the shares purchased under the above programme, up to a maximum of 10% of the Company's share capital, also considering the shares already owned by the Company, to be implemented also in several stages as appropriate, and to take place in the 12 months following the expiry of the buyback programme previously approved by the AGM held on the 27th April 2010. The start of buyback operations will be eventually communicated, pursuant to Article 144-bis, paragraph 3 of the "Regulations for Issuers", CONSOB Resolution no. 11971/1999 and subsequent amendments.

Risk Analysis

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

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

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 hedge 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 sale 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 derivates 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; nontheless, 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, lead 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.

Legal (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 deliberation 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.

Other Information

Transactions with related parties

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

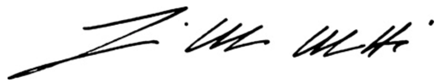
Research and Development

Saras did not have a meaningful "Research and Development" activities in the period, therefore no significant cost was capitalized or accounted in the Income Statement during the first nine months of 2011.

Own shares

During the first nine months of 2011 Saras did not acquire or sell Company's own shares.

For the Board of Directors
The Chairman
Gian Marco Moratti



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of: 30th September 2011 and 31st December 2010

EUR thousand		30/09/2011	31/12/2010
ASSETS	(1)		
Current assets	**5.1**	**2,149,423**	**1,936,994**
Cash and cash equivalents	5.1.1	74,399	80,835
Other financial assets held for trading	5.1.2	7,710	28,800
Trade receivables	5.1.3	762,343	868,537
Inventories	5.1.4	1,167,483	812,162
Current tax assets	5.1.5	21,138	39,266
Other assets	5.1.6	116,350	107,394
Non-current assets	**5.2**	**1,853,423**	**1,956,224**
Property, plant and equipment	5.2.1	1,413,889	1,473,284
Intangible assets	5.2.2	388,134	414,206
Other equity interests	5.2.3.1	571	571
Deferred tax assets	5.2.4	49,913	67,283
Other financial assets	5.2.5	916	880
Total assets		**4,002,846**	**3,893,218**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities	**5.3**	**1,787,095**	**1,495,547**
Short-term financial liabilities	5.3.1	349,739	187,790
Trade and other payables	5.3.2	1,193,803	1,123,500
Current tax liabilities	5.3.3	151,521	89,990
Other liabilities	5.3.4	92,032	94,267
Non-current liabilities	**5.4**	**911,981**	**1,177,286**
Long-term financial liabilities	5.4.1	288,581	481,937
Provisions for risks and charges	5.4.2	82,937	78,533
Provisions for employee benefits	5.4.3	24,673	30,547
Deferred tax liabilities	5.4.4	5,516	0
Other liabilities	5.4.5	510,274	586,269
Total liabilities		**2,699,076**	**2,672,833**
EQUITY	**5.5**		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		1,158,097	1,164,297
Profit/(loss) for the period		80,117	(9,468)
Total equity attributable to owners of the company		**1,303,770**	**1,220,385**
Minority interest		0	0
Total Equity		**1,303,770**	**1,220,385**
Total liabilities and equity		**4,002,846**	**3,893,218**

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

Consolidated Income Statement and Statement of Comprehensive Income for the periods: 1st Jan–30th Sep and 1st Jul–30th Sep 2011 and 2010

Consolidated Income Statement for the periods: 1st January - 30th September 2011 and 2010 and 1st July - 30th September 2011 and 2010

EUR thousand	(1)	1st January 30th September 2011	of which non recurring	1st January 30th September 2010	of which non recurring	1st July 30th September 2011	of which non recurring	1st July 30th September 2010	of which non recurring
Revenues from ordinary operations	6.1.1	8,043,464		6,040,140		2,772,569		2,026,486	
Other income	6.1.2	53,500		67,412		14,067		16,002	
Total revenues		**8,096,964**	*0*	**6,107,552**	*0*	**2,786,636**	*0*	**2,042,488**	*0*
Purchases of raw materials, spare parts and consumables	6.2.1	(7,216,997)		(5,396,433)		(2,580,761)		(1,811,765)	
Cost of services and sundry costs	6.2.2	(419,035)		(460,125)		(147,968)		(156,280)	
Personnel costs	6.2.3	(116,889)		(113,261)		(37,138)		(38,432)	
Depreciation, amortization and write-downs	6.2.4	(158,752)		(153,395)		(53,316)		(51,589)	
Total costs		**(7,911,673)**	*0*	**(6,123,214)**	*0*	**(2,819,183)**	*0*	**(2,058,066)**	*0*
Operating results		**185,291**	*0*	**(15,662)**	*0*	**(32,547)**	*0*	**(15,578)**	*0*
Net income (charges) from equity interests									
Other financial income	6.3	96,740		50,103		67,445		16,538	
Other financial charges	6.3	(148,765)		(34,631)		(48,999)		(12,641)	
Profit before taxes		**133,266**	*0*	**(190)**	*0*	**(14,101)**	*0*	**(11,681)**	*0*
Income tax for the period	6.4	(53,149)		1,002		12,059		697	
Net profit/(loss) for the period		**80,117**	*0*	**812**	*0*	**(2,042)**	*0*	**(10,984)**	*0*
Net profit/(loss) for the period attributable to:									
Equity holders of the company		80,117		882		(2,042)		(10,945)	
Minority interest		0		(70)		0		(39)	
Earnings per share - basic (Euro cent)		**8.63**		**0.10**		**(0.22)**		**(1.17)**	
Earnings per share - diluited (Euro cent)		**8.63**		**0.10**		**(0.22)**		**(1.17)**	

Statement of Comprehensive Income for the periods: 1st January - 30th September 2011 and 2010 and 1st July - 30th September 2011 and 2010

EUR thousand	1st January 30th September 2011	1st January 30th September 2010	1st July 30th September 2011	1st July 30th September 2010
Net result of the period (A)	**80,117**	**812**	**(42,683)**	**(9,267)**
Effect of exchange rate on financial accounts	(7)	(4)	(23)	(4)
Income / (loss), net of fiscal effect (B)	**(7)**	**(4)**	**(23)**	**(4)**
Consolidated Comprehensive Result of the period (A + B)	**80,110**	**808**	**(42,706)**	**(9,271)**
Net consolidated Comprehensive Result of the period perteining to:				
Parent Company shareholding	80,110	878	(42,706)	(9,232)
Minority Interessence	0	(70)	0	(39)

(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 2009 to 30th September 2011

EUR thousand	Share Capital	Legal Reserve	Other Reserves	Profit (Loss)	Total Equity attributable to owners of the company	Minority interests	Total Equity
Balance as of 31/12/2009	**54,630**	**10,926**	**1,089,884**	**72,552**	**1,227,992**	**48**	**1,228,040**
Period 1/1/2010 - 30/9/2010							
Allocation of previous year profit			72,552	(72,552)	0		0
Reserve for employees stock plan			1,398		1,398		1,398
Effect of exchange rate on financial accounts			(4)		(4)		(4)
Net profit (loss)				882	882	(70)	812
Balance as of 30/09/2010	**54,630**	**10,926**	**1,163,830**	**882**	**1,230,268**	**(22)**	**1,230,246**
Period 1/10/2010 - 31/12/2010							
Reserve for employees stock plan			821		821		821
Effect of exchange rate on financial accounts			(6)		(6)		(6)
Acquisition 49% Artemide S.r.l.			(348)		(348)	(48)	(396)
Net profit (loss)				(10,350)	(10,350)	70	(10,280)
Balance as of 31/12/2010	**54,630**	**10,926**	**1,164,297**	**(9,468)**	**1,220,385**	**0**	**1,220,385**
Period 1/1/2011 - 30/9/2011							
Allocation of previous year profit			(9,468)	9,468	0		0
Reserve for employees stock plan			3,275		3,275		3,275
Effect of exchange rate on financial accounts			(7)		(7)		(7)
Net profit (loss)				80,117	80,117		80,117
Balance as of 30/09/2011	**54,630**	**10,926**	**1,158,097**	**80,117**	**1,303,770**	**0**	**1,303,770**

Consolidated Cash Flow Statements as of: 30th September 2011 and 30th September 2010

EUR thousand	(1)	1/1/2011 - 30/09/2011	1/1/2010 - 30/09/2010
A - Cash and cash equivalents at the beginning of period		**80,835**	**111,372**
B - Cash generated from/(used in) operating activities			
Net Profit / (Loss) for the period	5.5	80,117	812
Amortization, depreciation and write-down of fixed assets	6.2.4	158,752	153,395
Net change in provisions for risks and charges	5.4.2	4,404	55,404
Net change in employee benefits	5.4.3	(5,874)	(526)
Net Change in tax liabilities and tax assets	5.2.4 - 5.4.4	22,886	(9,877)
Income tax	6.4	53,149	(1,002)
Period-end accrued interest	6.3	5,367	0
Change in Fair Value of financial assets held for trading, and of financial liabilities	5.1.2 - 5.3.1	(4,055)	0
Other non cash items	5.5	3,268	1,394
Profit / (Loss) from operating activities before changes in working capital		**318,014**	**199,600**
(Increase) / Decrease in trade receivables	5.1.3	106,194	(257,733)
(Increase) / Decrease in inventory	5.1.4	(355,321)	(83,607)
Increase / (Decrease) in trade and other payables	5.3.2	70,303	105,118
Change in other current assets	5.1.5 - 5.1.6	9,172	19,058
Change in other current liabilities	5.3.3 - 5.3.4	11,385	88,212
Imposte sul reddito pagate	*5.3.2*	(5,238)	(11,952)
Change in other non-current liabilities	5.4.5	(75,995)	(45,576)
Total (B)		**78,514**	**13,120**
C - Cash flow from / (to) investment activities			
Investments in tangible and intangible assets	5.2.1-5.2.2	(73,778)	(103,174)
Change in financial assets	5.1.2	30,595	(11,390)
Interest received		284	136
Other non cash items	5.2.1-5.2.2	493	3,124
Total (C)		**(42,406)**	**(111,304)**
D - Cash generated from / (used in) financing activities			
Increase / (Decrease) in medium/long term borrowings	5.4.1	(193,356)	193,737
Increase / (Decrease) in short term borrowings	5.3.1	169,311	(161,390)
Distribuzione dividendi		0	0
Interest paid		(18,499)	(15,336)
Total (D)		**(42,544)**	**17,011**
E - Cashflow for the period (B+C+D)		**(6,436)**	**(81,173)**
F - Cash from new consolidated subsidiaries		**0**	**0**
G - Cash and cash equivalents at the end of period		**74,399**	**30,199**

(1) Please refer to the Notes to the Financial Statements chapter 5 "Notes to the Financial Position" and chapter 6 "Notes to the Income Statement"

For the Board of Directors
The Chairman
Gian Marco Moratti

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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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 62.461% owned (excluding own shares) by Angelo Moratti SAPA (registered office: Foro Bonaparte 69, Milan).

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 its subsidiary Parchi Eolici Ulassai S.r.l.

These consolidated financial statements for the period to 30 September 2011 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, 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 quarter ended 30 September 2011 should be read in conjunction with the consolidated accounts of the Saras Group for the year ended 31 December 2010.

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

The Group's consolidated financial statements to 30 September 2011 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. Legislative Decree 38 was subsequently issued on 20 February 2005, introducing the obligation to incorporate IFRS into Italian law, extending it to the preparation of annual accounts by companies having equity or debt securities listed on a regulated market in the EU from the 2006 financial year.

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 consolidated 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 financial position:

- statement of financial position: assets and liabilities are divided into current and non-current items, according to liquidity;
- 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.

3. Accounting standards applied

These consolidated financial statements were prepared in abbreviated 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, and must be read in conjunction with the consolidated accounts for the year ended 31 December 2010.
The accounting standards and valuation and consolidation criteria adopted to prepare the abbreviated consolidated quarterly report are consistent with those used for the consolidated accounts for the year ended 31 December 2010, to which reference should be made for more comprehensive information. The above-mentioned standards have been applied consistently for all periods shown.

Accounting standards, amendments and interpretations applicable from 1 January 2011

The following accounting standards, amendments and interpretations were applied by the Group for the first time from 1 January 2011.

On 8 October 2009, the IASB issued an amendment to *IAS 32 – Financial Instruments: Presentation – Classification of rights issues* governing the accounting treatment of rights issues (rights, options or warrants) denominated in a currency other than the issuer's functional currency. Previously, these rights were accounted for as liabilities arising from derivatives; the amendment now requires that, under certain conditions, these rights are classified under shareholders' equity, regardless of the currency in which the exercise price is denominated.
The amendment in question must be applied retrospectively from 1 January 2011. The adoption of the amendment had no effect on the Group's financial statements.

On 4 November 2009, the IASB issued a revised version of *IAS 24 – Related Party Disclosures* that simplifies the type of information required in the event of transactions with related parties that are state-controlled entities and clarifies the definition of related parties. The standard must be applied from 1 January 2011. The adoption of this amendment had no effect on the valuation of items in the financial statements.

On 12 November 2009, the IASB published accounting standard *IFRS 9 – Financial Instruments* on the classification and measurement of financial assets, which is applicable from 1 January 2013. The publication of this standard represents the first stage of a process to fully replace IAS 39. The new standard uses a single approach based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets to determine the measurement criteria, replacing the various rules established by IAS 39. The new standard also sets out a single method of determining the impairment of financial assets. At the reporting date, the competent bodies of the European Union had not yet completed the ratification process necessary for the application of the new standard: the impact this will have on the group's financial statements is currently being assessed.

On 26 November 2009, the IASB issued a minor amendment to *IFRIC 14 – Prepayment of a Minimum Funding Requirement*, allowing companies making prepayments of a minimum funding requirement to defined benefit pension plans to recognise these payments as assets. The amendment must be applied from 1 January 2011. The adoption of the amendment had no significant impact on the Group's financial statements.

On 26 November 2009, IFRIC issued the interpretation *IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments*, which provides guidelines regarding the recognition of a financial liability that has been extinguished using equity instruments. The interpretation states that if a company renegotiates the conditions for extinguishing a financial liability and its creditor agrees to extinguish the liability in return for being issued with shares in the company, the shares issued become part of the price paid to extinguish the financial liability and must be valued at fair value; the difference between the carrying value of the extinguished financial liability and the initial value of the equity instruments issued must be taken to the income statement during the period. The interpretation must be applied from 1 January 2011. The adoption of the interpretation had no significant impact on the Group's financial statements.

On 6 May 2010, the IASB issued a series of modifications to the IFRS ("Improvements") that are applicable from 1 January 2011; below are listed those that contain changes that affect the presentation, recognition and measurement of items in the financial statements, leaving aside those that merely contain terminology changes or editorial amendments with a minimal impact in accounting terms, or those regarding standards or interpretations not applied by the Group:

IFRS 3 (2008) – *Business Combinations*: the amendment clarifies that the components of minority interests that do not give holders the right to receive a proportional share of the subsidiary's net assets must be measured at fair value or in accordance with the applicable accounting standards. For example, in the event of a business combination, a stock option plan for employees must be valued according to the rules of IFRS 2, and the equity portion of a convertible bond must be valued according to IAS 32.

IFRS 7 – *Financial Instruments: Disclosures:* the amendment highlights the interaction between the qualitative and quantitative information required by the standard regarding the nature and scale of the risks associated with financial instruments. This should help users of the financial statements to link the information presented and should constitute a general description of the nature and scale of the risks deriving from financial instruments. The disclosure requirement regarding financial assets that are past due but which have been renegotiated or impaired and the requirement regarding the fair value of collateral have also been removed.

IAS 1 – *Presentation of Financial Statements*: the amendment requires that a reconciliation of changes to any component of shareholders' equity must be presented either in the notes to the financial statements or in the financial statements themselves.

IAS 34 – *Interim Financial Reporting:* a number of examples have been added to clarify the additional information that must be presented in interim financial reports. At the reporting date, the competent bodies of the European Union had not yet completed the ratification process necessary for the application of the improvements described above: the impact this will have on the Group's financial statements is currently being assessed.

On 7 October 2010, the IASB published a number of amendments to *IFRS 7 – Financial Instruments: Disclosure*, applicable for accounting periods that commence on or after 1 July 2011. The amendments were issued with the aim of improving understanding of transactions involving the transfer of financial assets, including the possible impact of any risks still borne by the company transferring the assets. The amendments also require more information to be provided in the event that a disproportionate amount of transactions of this type are generated at the end of the reporting period. At the reporting date, the competent bodies of the European Union had not yet completed the ratification process necessary for the application of the amendments.

3.1 Basis of consolidation

Subsidiaries consolidated on a line-by-line basis that are included in the basis of consolidation are listed below:

Consolidated on a line-by-line basis	% owned
Arcola Petrolifera S.p.A.	100%
Sarlux S.r.l.	100%
Saras Ricerche e Tecnologie S.p.A.	100%
Sargas S.r.l.	100%
Ensar S.r.l. and subsidiaries:	100%
Labor Eolica S.r.l.	100%
Alpha Eolica S.r.l.	100%
Akhela S.r.l. and subsidiary:	100%
Artemide 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%

The Group also holds the following other investments:

Other investments: of insignificant value (valued at cost)	
ITSME S.r.l.	3.379%
Consorzio Cesma	5%
Consorzio La Spezia Energia	5%
Sarda Factoring	5.95%
I.C.T. Competence Centre	0.5 %

On 30 September 2011, the merger by incorporation of the indirect subsidiaries Eolica Italiana S.r.l. and Nova Eolica S.r.l. into the parent company (and direct subsidiary of Saras S.p.A.) Ensar S.r.l. came into effect. The aim of the operation was to streamline the Group's corporate structure in the renewable energy sector.

3.2 Use of estimates

The preparation of the financial statements requires the directors to apply accounting standards and methods that, in certain situations, are based on difficult and subjective valuations and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The use of these estimates and assumptions influences the amounts reported in the financial statements, i.e. the statement of financial position, statement of comprehensive income and cash flow statement, as well as the accompanying disclosures. Actual amounts may differ from those reported in the financial statements due to the lack of certainty surrounding these 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 2010.

4. Information by business segment

4.1 Preliminary remarks

The Saras Group operates primarily in the following 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 commodity sourcing to 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;
- 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, Polimeri Europa, ENI, Shell, British Petroleum and Repsol.

[B] Revenues from refining activities undertaken on behalf of third parties, which represent only the income from refining activities that the parent company also carries out on behalf of third parties; this service is provided to major clients.

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.p.A. for off-network customers (wholesalers, buying 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 Arcola and Sarroch) and those of third-party operators by way of a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata);
- in Spain, by Saras Energia S.A. for third-party and Group-owned service stations, supermarkets and resellers via an extensive network of depots located throughout the Iberian peninsula, the most important of which, the Cartagena depot, is owned by the company itself. In addition, the Cartagena site also produces biodiesel; this activity has been merged with the Group's marketing business as the management considers it to be an integral part of the marketing business (analysing its performance within the business), and in view of its minor significance in terms of resources used and volumes produced.

3. The generation of power by the combined-cycle plant relates to:

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

4. Wind power is generated:

- by the Ulassai wind farm owned by subsidiary Sardeolica S.r.l.

5. Other activities include reinsurance activities undertaken for the Group by Reasar S.A., information technology activities undertaken by Akhela S.r.l. 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 define the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses.

4.2 Segment information

	Refining	Marketing	Power Generation	Wind Power	Other	Total
30th September 2010						
Revenues from ordinary operations	5,207,356	1,940,315	399,025	8,080	37,519	7,592,295
deduction: revenues infrasegment	(1,478,976)	(27,191)	(32,425)	0	(13,563)	(1,552,155)
Revenues from third parties	**3,728,380**	**1,913,124**	**366,600**	**8,080**	**23,956**	**6,040,140**
Other revenues	89,299	906	44,209	9,782	855	145,051
deduction: income infrasegment	(66,430)	(61)	(10,936)	0	(212)	(77,639)
Other income from third parties	**22,869**	**845**	**33,273**	**9,782**	**643**	**67,412**
Amortisation and Depreciation	**(78,356)**	**(9,102)**	**(57,861)**	**(6,812)**	**(1,264)**	**(153,395)**
Operating profit (a)	**(140,020)**	**27,572**	**90,707**	**7,141**	**(1,062)**	**(15,662)**
Financial Income (a)	48,778	779	219	233	94	50,103
Financial Charges (a)	(24,114)	(3,359)	(3,502)	(3,413)	(243)	(34,631)
Income taxes	42,454	(8,508)	(32,749)	35	(230)	1,002
Net Profit (Loss) for the period (a)	**(72,902)**	**16,484**	**54,675**	**3,996**	**(1,441)**	**812**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**1,815,199**	**598,854**	**1,071,409**	**110,225**	**39,008**	**3,634,695**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1,455,034**	**209,836**	**645,253**	**75,622**	**18,704**	**2,404,449**
Investments in tangible assets	71,102	3,950	7,413	14,246	734	**97,445**
Investments in intangible assets	4,514	660	0	0	555	**5,729**
30th September 2011						
Revenues from ordinary operations	7,225,230	2,547,189	426,504	6,518	32,147	10,237,588
deduction: revenues infrasegment	(2,083,051)	(58,572)	(38,069)	0	(14,432)	(2,194,124)
Revenues from third parties	**5,142,179**	**2,488,617**	**388,435**	**6,518**	**17,715**	**8,043,464**
Other income	84,618	723	44,328	7,879	486	138,034
deduction: income infrasegment	(71,669)	(58)	(12,499)	0	(308)	(84,534)
Other income from third parties	**12,949**	**665**	**31,829**	**7,879**	**178**	**53,500**
Amortisation and Depreciation	**(82,180)**	**(8,744)**	**(59,114)**	**(7,704)**	**(1,010)**	**(158,752)**
Operating profit (a)	**60,128**	**25,207**	**99,010**	**2,478**	**(1,532)**	**185,291**
Financial Income (a)	103,030	1,068	1,311	214	111	105,734
Financial Charges (a)	(148,158)	(5,951)	(758)	(2,635)	(257)	(157,759)
Income taxes	(1,405)	(9,000)	(40,465)	(1,741)	(538)	(53,149)
Net Profit (Loss) for the period (a)	**13,595**	**11,324**	**59,098**	**(1,684)**	**(2,216)**	**80,117**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,167,666**	**708,125**	**969,652**	**127,808**	**29,595**	**4,002,846**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1,773,412**	**280,787**	**559,538**	**66,906**	**18,433**	**2,699,076**
Investments in tangible assets	38,202	2,338	29,717	947	824	**72,028**
Investments in intangible assets	974	220	0	711	105	**2,010**

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

5. Notes to the statement of financial position

The most significant changes to the statement of financial position compared with 31 December 2010 are shown below.

5.1 Current assets

5.1.1 Cash and cash equivalents

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

	30/09/2011	31/12/2010	Change
Bank and postal deposits	72,323	79,033	(6,710)
Cash	2,076	1,802	274
Total	**74,399**	**80,835**	**(6,436)**

Bank deposits were mainly attributable to Saras S.p.A. (EUR 51,477 thousand), Sardeolica S.r.l. (EUR 16,583 thousand) and Arcola Petrolifera S.p.A. (EUR 1,676 thousand).

5.1.2 Other financial assets held for trading

This item (EUR 7,710 thousand) mainly includes green certificates (EUR 7,266 thousand) obtained by subsidiary Sardeolica S.r.l. for the generation of energy from renewable sources and still held as of the reporting date, as well as white certificates (EUR 443 thousand) obtained by the parent company for energy savings made by the Sarroch refinery.

The green certificates relating to subsidiary Sardeolica S.r.l. are sold on an appropriate regulated market or via bilateral agreements between market operators; the certificates accrued during the period were valued at the average market price for the period (EUR 80.55/MWh). 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 were booked to the income statement under “Other income” or “Miscellaneous costs”.

Similarly, the white certificates relating to the parent company are sold on an appropriate regulated market or via bilateral agreements between market operators; the certificates accrued during the period were valued at the price registered in the last trading session (EUR 107.22/MWh per certificate). Gains and losses realised during the period were booked to the income statement under “Other income” or “Miscellaneous costs”.

Changes in the item are as follows

	Securities	White Certificates	Green Certificates	Total
Balance at 31/12/2009	**17,549**	**0**	**3,752**	**21,301**
Increases for the year	10,170	480	14,065	24,715
Decreases for the year	(11,926)	0	(5,290)	(17,216)
Balance at 31/12/2010	**15,793**	**480**	**12,527**	**28,800**
Increases for the period	1	449	7,266	7,716
Decreases for the period	(15,793)	(486)	(12,527)	(28,806)
Balance at 30/09/2011	**1**	**443**	**7,266**	**7,710**

5.1.3 Trade receivables

Trade receivables totalled EUR 762,343 thousand, net of an impairment provision of EUR 17,801 thousand, representing a decline of EUR 106,194 thousand from the figure reported at 31 December 2010 due to a reduction in the volumes sold by the parent company compared with 2010, although this was partly offset by a rise in prices.

5.1.4 Inventories

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

	30/09/2011	31/12/2010	Change
Raw materials, spare parts and consumables	413,499	306,668	106,831
Semi-finished products and work in progress	102,757	70,650	32,107
Finished products and good held for resale	650,854	434,608	216,246
Advance payments	373	236	137
Total	**1,167,483**	**812,162**	**355,321**

The valuation of inventories of crude and other oil products at market value led to a write-down of EUR 39.8 million as of 30 September 2011. This valuation is thus equivalent to the market value.
The increase in the value of inventories is attributable to both the general increase in prices, mainly of finished products, and the quantity of inventories.

No inventories are put up as guarantees for liabilities.

5.1.5 Current tax assets

The following table shows a breakdown of current tax assets.

	30/09/2011	31/12/2010	Change
IVA	235	239	(4)
IRES	16,353	32,768	(16,415)
IRAP (regional income tax)	1,114	4,672	(3,558)
Other tax credits	3,436	1,587	1,849
Total	**21,138**	**39,266**	**(18,128)**

The items “IRES receivables” and “IRAP receivables” mainly refer to the surplus payments on account made in previous years for tax liabilities for those years, which take into account the reduction in the related taxable amounts.

The decrease recorded during the period is the result of the recognition of tax liabilities.

5.1.6. Other current assets

The balance is detailed below.

	30/09/2011	31/12/2010	Change
Accrued Income	1,382	1,495	(113)
Prepaid expenses	7,007	12,842	(5,835)
Financial Derivatives	30,508	0	30,508
Other receivables	77,453	93,057	(15,604)
Total	**116,350**	**107,394**	**8,956**

Deferred charges mainly refer to insurance premiums for the parent company and its subsidiary Sarlux S.r.l.

“Other receivables” mainly comprise:

- the receivable of EUR 31,536 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 of the refund of charges applicable to the period from 1 January to 30 September 2011 relating to the application of Directive 2003/87/EC (Emissions Trading), as per AEEG Resolution 77/08;
- the recovery of the amount paid by Sarlux S.r.l. to GSE of EUR 30,031 thousand, as described in point 7.1

5.2 Non-current assets

5.2.1 Property, plant and equipment

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

COST	31/12/2009	Additions	(Disposals)	Revaluations (write-down)	Other Changes	31/12/2010
Land & buildings	224,655	4,885	0		4,566	234,106
Plant & machinery	2,542,809	18,853	(2,404)		80,319	2,639,577
Industrial & commercial equipment	30,631	1,752	(88)		1,276	33,571
Other assets	443,662	543	(622)		22,297	465,880
Work in progress and advances	185,159	96,804	(1,920)		(112,232)	167,811
Total	**3,426,916**	**122,837**	**(5,034)**	**0**	**(3,774)**	**3,540,945**

ACCUMULATED DEPRECIATION	31/12/2009	Depreciation	(Disposals)	Revaluations (write-down)	Other Changes	31/12/2010
Land & buildings	58,000	9,707	0		0	67,707
Plant & machinery	1,486,452	138,361	(2,403)		718	1,623,128
Industrial & commercial equipment	23,039	2,310	(19)		(846)	24,484
Other assets	333,878	19,303	(622)		(217)	352,342
Total	**1,901,369**	**169,681**	**(3,044)**	**0**	**(345)**	**2,067,661**

NET BOOK VALUE	31/12/2009	Additions	(Disposals)	(Depreciation)	Other changes revaluations/write-down	31/12/2010
Land & buildings	166,655	4,885	0	(9,707)	4,566	166,399
Plant & machinery	1,056,357	18,853	(1)	(138,361)	79,601	1,016,449
Industrial & commercial equipment	7,592	1,752	(69)	(2,310)	2,122	9,087
Other assets	109,784	543	0	(19,303)	22,514	113,538
Work in progress and advances	185,159	96,804	(1,920)	0	(112,232)	167,811
Total	**1,525,547**	**122,837**	**(1,990)**	**(169,681)**	**(3,429)**	**1,473,284**

COST	31/12/2010	Additions	(Disposals)	Revaluations (write-down)	Other Changes	30/9/2011
Land & buildings	234,106	893	(165)		1,457	236,291
Plant & machinery	2,639,577	23,722	(114)		25,276	2,688,461
Industrial & commercial equipment	33,571	684	(183)		772	34,844
Other assets	465,880	731	(687)		5,463	471,387
Work in progress and advances	167,811	45,998			(32,972)	180,837
Total	**3,540,945**	**72,028**	**(1,149)**	**0**	**(4)**	**3,611,820**

ACCUMULATED DEPRECIATION	31/12/2010	Depreciation	(Disposals)	Revaluations (write-down)	Other Changes	30/9/2011
Land & buildings	67,707	7,569				75,276
Plant & machinery	1,623,128	107,216	(114)			1,730,230
Industrial & commercial equipment	24,484	1,613	(102)		(4)	25,991
Other assets	352,342	14,765	(673)			366,434
Total	**2,067,661**	**131,163**	**(889)**	**0**	**(4)**	**2,197,931**

NET BOOK VALUE	31/12/2010	Additions	(Disposals)	(Depreciation)	Other changes revaluations/write-down	30/9/2011
Land & buildings	166,399	893	(165)	(7,569)	1,457	161,015
Plant & machinery	1,016,449	23,722	0	(107,216)	25,276	958,231
Industrial & commercial equipment	9,087	684	(81)	(1,613)	776	8,853
Other assets	113,538	731	(14)	(14,765)	5,463	104,953
Work in progress and advances	167,811	45,998	0	0	(32,972)	180,837
Total	**1,473,284**	**72,028**	**(260)**	**(131,163)**	**0**	**1,413,889**

Costs are shown net of grants received for investments. The gross value of grants deducted from fixed assets was EUR 167,089 thousand, and related to the programme agreements entered into with the Ministry of Industry, Commerce and Crafts on 19 June 1995 and the Ministry of Productive Activities on 10 October 1997. The residual value of these grants at 30 September 2011 was EUR 4,853 thousand, compared with EUR 6,126 thousand at 31 December 2010.

The item “Land and buildings” includes industrial buildings used as offices and warehouses (net value: EUR 109,797 thousand), civic buildings used as offices in Milan, Cagliari and Rome (net value: EUR 14,312 thousand) and land, which largely relates to the Sarroch and Arcola sites belonging to the parent company and Arcola Petrolifera S.p.A. respectively, and service stations belonging to Saras Energia S.A. (EUR 36,906 thousand).

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

The item “Industrial and commercial equipment” includes equipment for the chemicals laboratory and the control room for the parent company’s refining activities, plus 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’s trading companies (Saras Energia S.A. and Arcola Petrolifera S.p.A.).

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

Increases during the period totalled EUR 72,028 thousand and mainly relate to technological work on the parent company's plants.

The main annual 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%
Pipeline and storage (plant and machinery)	8.38% - 6.25%
Thermoelectric plant	4.50%
Wind farm	10.00% - 4.00%
Supplies (equipment)	25.00%
Electronic office equipment (other assets)	20.00%
Office furniture and machinery (other assets)	12.00%
Vehicles (other assets)	25.00%

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.

Leased assets, booked as "Vehicles", totalled EUR 14,663 thousand, with a residual net value of zero.

Financial charges of EUR 3,744 thousand and internal costs of EUR 9,885 thousand were capitalised during the period.

5.2.2 Intangible assets

The following table shows the changes in intangible assets.

CATEGORY	31/12/2009	Additions	Disposals	Other Changes	(Amortisation)	31/12/2010
Industrial & other patent rights	2,951	725	(5)	373	(1,936)	2,108
Concessions, licences, trademarks & similar rights	50,362	88	0	0	(2,689)	47,761
Goodwill	24,409	0	(9)	0	0	24,400
Assets in progress & advances	13,878	4,931	(9)	(157)	0	18,643
Other intangible assets	353,949	370	0	(4)	(33,021)	321,294
Total	**445,549**	**6,114**	**(23)**	**212**	**(37,646)**	**414,206**

CATEGORY	31/12/2010	Additions	Disposals	Other Changes	(Amortisation)	30/09/2011
Industrial & other patent rights	2,108	217	0	649	(1,119)	1,855
Concessions, licences, trademarks & similar rights	47,761	6	0	0	(1,902)	45,865
Goodwil	24,400	0	0	0	0	24,400
Assets in progress & advances	18,643	1,685	0	(1,042)	0	19,286
Other intangible assets	321,294	102	0	(100)	(24,568)	296,728
Total	**414,206**	**2,010**	**0**	**(493)**	**(27,589)**	**388,134**

The main items are set out in detail below.

Concessions, licences, trademarks and similar rights
The balance of the item mainly relates 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.

Goodwill
This item mainly relates to goodwill paid for the purchase of 30% of Parchi Eolici Ulassai S.r.l.: the goodwill was calculated using a projection of future cash flows by Sardeolica until 2035 when the concessions expire.
As an asset with an indefinite useful life, goodwill is not amortised, but is subject to annual impairment tests at the end of every financial year, or whenever there are indications of losses in value. As of 30 September 2011, there were no such indications.

Intangible assets in progress and payments on account
This item mainly includes the cost of natural gas exploration in Sardinia.

Other intangible assets
This item largely refers to the booking at fair value (EUR 287 million) of the existing agreement between Sarlux S.r.l. and GSE (Gestore dei Servizi Elettrici S.p.A.).

Amortisation of intangible assets totalled EUR 27,589 thousand, and was calculated using the annual rates shown below.

Industrial patent rights and intellectual property rights	20%
Concessions, licences, trademarks and similar rights	5% - 33%
Other intangible assets	6% - 33%

No intangible assets with a finite useful life are held for sale.

5.2.3 Equity investments

The table below shows a list of equity investments held at 30 September 2011, with the main figures relating to each subsidiary.

Company name	Registered office	Currency	Share Capital	% owned by Group as of 09-11	% owned by Group as of 12-10	% share Capital	Shareholder	% of voting rights	Category
Arcola Petrolifera S.p.A.	Sarroch (CA)	EUR	7,755,000	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
Eolica Italiana S.r.l.	Cagliari	EUR	100,000	0.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Nova Eolica S.r.l.	Cagliari	EUR	10,000	0.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect 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
Akhela S.r.l. and subsidiaries:	Uta (CA)	EUR	3,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Artemide S.r.l.	Rome	EUR	20,000	100.00%	100.00%	100.00%	Akhela S.r.l.	100.00%	Indirect Subsidiary
ITSME S.r.l.	Milan	EUR	39,632	3.38%	3.38%	3.38%	Akhela S.r.l.	3.38%	Other Interests
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 Interests
Consorzio La Spezia Energia	La Spezia	EUR	50,000	5.00%	5.00%	5.00%	Arcola Petrolifera S.p.A.	5.00%	Other Interests
Sarda Factoring	Cagliari	EUR	8,320,000	5.95%	5.95%	5.95%	Saras S.p.A.	5.95%	Other Interests
Centro di Competenza I.C.T.	Cagliari	EUR	20,000	0.50%	0.50%	0.50%	Akhela S.r.l.	0.50%	Other Interests

5.2.3.1 Other equity interests

Other investments break down as follows:

	30/09/2011	31/12/2010
ITSME S.r.l.	50	50
Consorzio Cesma	3	3
Consorzio La Spezia Energia	2	2
Sarda Factoring	495	495
Centro di Competenza I.C.T.	21	21
Total	**571**	**571**

5.2.4 Deferred tax assets

At 30 September 2011, deferred tax assets stood at EUR 49,913 thousand, and mainly comprised net deferred tax assets of Saras S.p.A. (including EUR 16,524 thousand relating to unused tax losses) and Sarlux S.r.l. (relating to the reporting of revenues on a linear basis net of deferred taxes relating to the accounting at fair value of the contract in place with GSE (Gestore dei Servizi Elettrici S.p.A.). The item includes the effects of the rise in additional IRES described below in section 6.4 “Income tax”.

5.2.5 Other financial assets

The balance at 30 September 2011 was EUR 916 thousand (EUR 880 thousand at 31 December 2010) and is chiefly represented by deposits paid by the parent company Saras S.p.A. and its subsidiary Energia S.A.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table shows short-term financial liabilities.

	30/9/2011	31/12/2010	Change
Bank loans	197,963	7,977	189,986
Bank accounts	143,361	154,501	(11,140)
Financial Derivatives	3,433	25,312	(21,879)
Other short-term financial liabilities	4,982	0	4,982
Total short-term financial liabilities	**349,739**	**187,790**	**161,949**
Total long-term financial liabilities	**288,581**	**481,937**	**(193,356)**
Total financial liabilities	**638,320**	**669,727**	**(31,407)**

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

For further details, please see the cash flow statement.

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

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	30/9/2011	31/12/2010	Change
Advances from clients: portion due within the period	6,858	29,264	(22,406)
Payables to suppliers: portion due within the period	1,186,945	1,094,236	92,709
Total	**1,193,803**	**1,123,500**	**70,303**

Trade payables increased versus the previous year, mainly because of the trend in oil prices and the greater quantities of crude acquired by the parent company.

5.3.3 Current tax liabilities

This item is broken down below.

	30/9/2011	31/12/2010	Change
VAT payables	38,511	38,167	344
IRES (Corporate Tax)	5,394	297	5,097
IRAP (Regional Tax)	2,045	438	1,607
Other tax payables	105,571	51,088	54,483
Total	**151,521**	**89,990**	**61,531**

The item “VAT payables” is chiefly attributable to the debt position accrued under the VAT consolidation scheme entered into by the Italian companies (EUR 19,521 thousand) and by Saras Energia S.A. (EUR 18,990 thousand).

The change in “IRES payables” is largely due to the rise in the rate of additional IRES for Italian energy companies, as discussed in greater detail in section 6.4 “Income tax”.

The item “Other tax payables” mainly includes excise duties on products introduced into the market by Arcola Petrolifera S.p.A. (EUR 91,361 thousand); the increase was largely due to the above-mentioned rise in the company's sales on the Sardinian market, and to advance payments of excise duties made in December, as required by the regulations.

5.3.4 Other current liabilities

A breakdown of other current liabilities is shown below.

	30/9/2011	31/12/2010	Change
Amount payable to welfare and social security bodies: portions due within the year	8,138	8,050	88
Due to personnel	20,880	17,658	3,222
Payables to Ministry for grants	43,546	43,141	405
Other payables	17,367	17,520	(153)
Other accrued liabilities	1,446	7,448	(6,002)
Other deferred income	655	450	205
Total	**92,032**	**94,267**	**(2,235)**

The item “Payables to personnel” includes salaries not yet paid for September and the portion of additional monthly payments accrued.

The item “Payables to ministry for grants” mainly includes advances received from the Ministry of Productive Activities by both the parent company in connection with the programme agreement with the ministry signed on 10 June 2002, for which the final concession decree has yet to be granted (EUR 24,736 thousand), and by the subsidiary Sardeolica S.r.l. for the construction of the Ulassai wind farm (EUR 15,679 thousand). The increase for the period relates to the payment on account received by Akhela S.r.l. in respect of the third programme agreement signed with the above-mentioned ministry.

The item “Other payables” mainly relates to port duties as determined by the customs authority in respect of the parent company (EUR 15,115 thousand); note in this regard that the initial phase of the company’s long-standing dispute with the Italian tax authority regarding port duties payable for the Sarroch landing dock for the 1994-1995 period was settled to the full satisfaction of Saras, after the Court of Cassation found in favour of the company and issued a definitive ruling declaring that the taxes were not due.
A second phase of the dispute is now under way, and despite a favourable decision by the court of Cagliari, an unfavourable ruling was handed down by the Cagliari Court of Appeal. The company has now lodged an appeal with the Court of Cassation, which has yet to announce its decision.
In addition, during 2007, the tax authority asked the parent company to pay the tax assessed and put on hold. The company appealed against this measure to the Regional Tax Court, while the tax authority refused to grant a suspension for further assessments.
As a result of this dispute, the entire amount relating to port duties for the current year, as well as for previous years, has 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

Long-term financial liabilities break down as follows.

	30/9/2011	31/12/2010	Change
Euro Bond	248,098	247,725	373
Bank loans	40,483	234,212	(193,729)
Total long-term financial liabilities	**288,581**	**481,937**	**(193,356)**

On 16 July 2010, Saras S.p.A., an unrated company, carried out a bond issue aimed solely at institutional investors, with a nominal value of EUR 250 million and a five-year duration. The bonds are listed on the Luxembourg stock exchange, have a coupon of 5.583%, and will mature on 21 July 2015. They are not supported by a guarantee or subject to any covenants, while there are restrictions relating to the majority ownership structure and the possibility of pledging as a guarantee or selling certain assets belonging to the Group. The bond issue is recorded net of issue charges incurred. For further details, please see the cash flow statement. Details of the terms and conditions of bank loans are shown in the table below.

Figures in EUR million	Date of borrowing	Amount originally borrowed	Base rate	Outstanding 31/12/10	Outstanding 30/09/11	Maturity			Collateral
						1 year	from 1 to 5 years	Beyond 5 years	
Saras S.p.A.									
IntesaSanPaolo in pool	3-giu-09	100.0	Euribor 6M	99.7	99.8	99.8			
IntesaSanPaolo in pool	16-giu-09	90.0	Euribor 6M	89.6	89.8	89.8			
				189.3	**189.6**	**189.6**	**-**	**-**	
				-	**-**	**-**	**-**	**-**	
Akhela S.r.l.									
Unicredit	6-ago-08	0.2	0.74%	0.2	-	-			
				0.2	**-**	**-**	**-**	**-**	
Artemide S.r.l.									
Banca Intesa	11-apr-07	0.3	Euribor 3M	0.1	-	-			
				0.1	**-**	**-**	**-**	**-**	
Saras Energia S.A.									
Banca Esp. De Credito	11-set-02	10.0	Euribor 6M	2.2	1.1	1.1			
				2.2	**1.1**	**1.1**	**-**	**-**	
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-dic-05	90.0	Euribor 6M	50.4	47.8	7.3	40.5	-	
				50.4	**47.8**	**7.3**	**40.5**	**-**	
Total payables to banks for loans				**242.2**	**238.5**	**198.0**	**40.5**	**-**	

The weighted average interest rate at 30 September 2011 was 4.56 %.

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 until 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 restrictions on the subsidiary:

- financial (mainly comprising liquidity parameters set out in the agreement 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 restrictions, 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.

A simple loan agreement for a nominal amount of EUR 190 million was signed on 25 May 2009 by parent company Saras S.p.A. with a pool of banks (led by Intesa Sanpaolo). The term of the loan is three years; it is repayable in a single instalment in June 2012 and carries a six-monthly interest rate based on Euribor.
The loan agreement imposes certain restrictions on the company:

- in financial terms, it will have to meet the following ratios: net debt/EBITDA < 3.5 and net debt/shareholders' equity < 1.5;
- in corporate terms, mainly in relation to ownership structure, a ban on changing business activities, reducing the share capital or carrying out extraordinary operations.

If the company fails to comply with these restrictions, the pool of lending banks has the right to demand early repayment of the loan. At the last contractual deadline, the restrictions relating to the above-mentioned loans had been complied with.

5.4.2 Provisions for risks and charges

Provisions for risks and charges break down as follows:

	31/12/2009	Additions	Decrease for use	Other changes	31/12/2010
Provisions for dismantling of plants	16,826	320			17,146
Provisions for CO2 quotas	18,713	46,978	(18,713)		46,978
Other risk provisions	5,579	5,314	(322)	3,838	14,409
Total	**41,118**	**52,612**	**(19,035)**	**3,838**	**78,533**

	31/12/2010	Additions	Decrease for use	Other changes	30/09/2011
Provisions for dismantling of plants	17,146				17,146
Provisions for CO2 quotas	46,978	48,053	(37,591)	(168)	57,272
Other risk provisions	14,409	25	(5,915)		8,519
Total	**78,533**	**48,078**	**(43,506)**	**(168)**	**82,937**

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.

The provision for CO_2 emission quotas, EUR 41,533 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. Under Italy's National Allocation Plan, the parent company Saras S.p.A. receives CO_2 allowances from the government, and is responsible for CO_2 emissions at the whole Sarroch site, including the IGCC plant owned by its subsidiary Sarlux S.r.l.

For 2011, the CO_2 allowances assigned under the National Allocation Plan for the period 2008-2012 were:
- 2,159,696 tons of CO_2 for the refinery plants owned by the parent company, which had emitted 1,746,910 tons of CO_2 as of 30 September. A provision was made for the shortfall for the period, net of purchases, of 1,259,162 tons, worth EUR 16,069 thousand;
- 444,404 tons of CO_2 for the cogeneration plants owned by Sarlux S.r.l., which had emitted 2,627,250 tons of CO_2 as of 30 September. A provision was made for the shortfall for the period, net of purchases, of 2,485,709 tons, worth EUR 31,984 thousand.

The item "Other risk provisions" mainly relates to provisions made for possible legal and tax liabilities. The uses made during the period mainly relate to payments made by the parent company as part of the transaction relating to the tragic event of 26 May 2009 that led to the death of three workers. Although Saras S.p.A. accepts no responsibility for the causes behind this event, in order to prevent and/or bring to a close any and every dispute in this regard, in a final and irrevocable settlement of any damages, in February the parent company reached an agreement with the claimants, paying compensation to the civil law parties. The full amount for this transaction, together with the associated legal costs, was set aside in the previous year under "Other risk provisions".

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	30/09/2011	31/12/2010	Change
Employee end-of-service payments	13,949	14,529	(580)
Other complementary provisions	10,724	16,018	(5,294)
Total	**24,673**	**30,547**	**(5,874)**

Employee end-of-service payments are governed by article 2120 of the 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 company's supplementary employee pension fund, the fund was dissolved and put into liquidation, with workers given the option of transferring the contributions accrued up until that date to another supplementary pension scheme or of redeeming the funds completely. The trade unions contested the cancellation of the fund, and a number of the employees involved have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision. Having taken legal advice from the lawyers assisting the company in this matter, the company is confident that the correctness of its actions will be upheld in court.

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

Balance at 31.12.2009	**15,412**
Accrual for the year	7,287
Amount used during the year	(8,170)
Balance at 31.12.2010	**14,529**
Accrual for the period	5,450
Amount used during the period	(6,030)
Balance at 30.09.2011	**13,949**

Changes in "Other funds" are as follows:

Balance at 31.12.2009	**20,008**
Accrual for the year	1,214
Amount used during the year / settlement	(5,204)
Balance at 31.12.2010	**16,018**
Accrual for the period	0
Amount used during the period/ settlement	(5,294)
Balance at 30.09.2011	**10,724**

5.4.4 Deferred tax liabilities

This item totalled EUR 5,516 thousand, and was due to the deferred tax liabilities of foreign subsidiaries Reasar S.A. (EUR 2,514 thousand) and Saras Energia S.A. (EUR 2,612 thousand).

5.4.5 Other non-current liabilities

Other non-current liabilities break down as follows:

	30/9/2011	31/12/2010	Change
Payables to welfare and social security bodies	339	357	(18)
Deferred income	507,322	583,300	(75,978)
Other	2,613	2,612	1
Total	**510,274**	**586,269**	**(75,995)**

The change compared with 31 December 2010 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 Elettrici S.p.A.), which was accounted for according to IFRIC 4. Revenues from the sale of energy are calculated on a linear 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 linear basis in accordance with both the duration of the contract (20 years) and forecasts for the price of crude oil, which constitute a determining factor for electricity tariffs and electricity production costs.

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	30/09/2011	31/12/2010	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	1,158,097	1,164,297	(6,200)
Result for the period	80,117	(9,468)	89,585
	1,303,770	**1,220,385**	**83,385**
Share capital and reserves attributable to minority interests	0	0	0
Result for the period attributable to minority interests	0	0	0
Total minority interests	**0**	**0**	**0**
Total Shareholders Equity	**1,303,770**	**1,220,385**	**83,385**

Share capital

At 30 September 2011, the share capital of EUR 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 EUR 1,158,097 thousand, a net decrease of EUR 6,200 thousand compared with the previous period. The net decrease was the combined result of:

- a decrease of EUR 9,468 thousand due to the allocation of the loss from the previous year;
- a decrease of EUR 7 thousand owing to the translation of the financial statements of subsidiaries in foreign currency
- an increase of EUR 3,275 thousand in the reserve for the bonus allocation of shares to Group employees and management under the stock grant plans.

The item is shown net of an amount of EUR 17,881 thousand (after the fiscal effect of EUR 10,119 thousand) for charges arising from the listing operation which took place in 2006.

Pursuant to IAS 1, paragraphs 1 and 97, please note that no transactions were carried out during the period with owners of the company's shares.

Profit for the period
Consolidated net profit for the period was EUR 80,117 thousand.

Dividends
On 28 April 2011, the ordinary shareholders' meeting of Saras S.p.A. voted not to pay any dividends.

No own shares were acquired or sold during the period.

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

The item "Revenues from ordinary operations" breaks down as follows:

	30/09/2011	30/09/2010	Change
Sales and services revenues	7,629,595	5,639,492	1,990,103
Processing fee from third parties	84	6,973	(6,889)
Sale of electricity	394,527	373,879	20,648
Other revenues	18,844	19,620	(776)
Change in construction contracts	414	176	238
Total	**8,043,464**	**6,040,140**	**2,003,324**

Sales and services revenues increased by EUR 1,990,103 thousand compared to the same period of the previous year. The change was mainly due to the larger quantities sold and the trend in oil prices.

Revenues from the sale of electricity include EUR 388,010 thousand relating to the gasification plant of subsidiary Sarlux S.r.l. and EUR 6,517 thousand relating to the wind farm owned by subsidiary Sardeolica S.r.l.
Revenues from the sale of electricity by Sarlux S.r.l. reflect the reporting of figures on a linear basis (as indicated in point 5.4.4 – Other non-current liabilities, above), calculated on the basis of the remaining duration of the contract that expires in 2021, principally taking into account the tariff amount and forward curves of both the crude price and projections of the EUR/USD exchange rate until the contract expires.
Note that, pending the settlement of the dispute with the AEEG (gas and electricity regulator) over the method of calculating the avoided fuel cost component (CEC), for the purposes of these financial statements, revenues from the sale of electricity were determined in accordance with AEEG Resolution PAS 09/10.

In a macroeconomic context seriously shaken by debt problems in the peripheral economies of the Euro Zone and by high unemployment levels in the United States, the first nine months of 2011 have been characterized by two particularly relevant events for the Saras Group. The first is the Libyan crisis, which started in February, and caused a sharp increase in crude oil prices and a consequent squeeze in the refining margins for all European refineries. In addition, the Libyan crisis also had a specific impact on the Sarroch refinery which, traditionally, was capable of achieving particularly profitable cycles by processing some peculiar Libyan crude oils. The second important event for the Saras Group in 9M/11 is related to the 10-year turnaround for the IGCC plant. The maintenance activities were carried out during the second quarter of the year, and they had an obvious influence on the production of electricity and the results of the segment in the period. In Q3/11 however, the IGCC plant was again fully operational, and it achieved economic results of absolute relevance, as well as full scale productivity.

The Marketing segment achieved a robust performance in 9M/11, notwithstanding the generalized reduction in oil products' consumption in Italy and Spain. Moreover, the results of Q2/11 and Q3/11 have been influenced by non recurring effects (equal and opposite in the two quarters), related to changes in the quantities of oil product inventories held in storage, due to operational reasons.

Finally, the Wind segment had a performance in line with expectations, also in consideration of the not particularly favourable weather conditions, especially during the second and third quarter of the year.

6.1.2 Other income

The following table shows a breakdown of other income.

	30/09/2011	30/09/2010	Change
Revenues for stocking of mandatory supplies	1,359	857	502
Sales of sundry materials	3,182	1,599	1,583
Grants	7,363	9,769	(2,406)
Chartering of tanker	6,029	2,451	3,578
Recover for demages and compensation	657	462	195
Reimbursment of emission trading charges	31,536	32,728	(1,192)
Other income	3,374	19,546	(16,172)
Total	**53,500**	**67,412**	**(13,912)**

"Other income" largely comprises revenues recorded by Sarlux S.r.l. following the recognition of the reimbursement of charges relating to the application of Directive 2003/87/EC (Emission Trading).

As in the same period of the previous year, the "Other revenues" item included income of EUR 12,507 thousand from the sale of CO_2 allowances by the parent company. No allowances were sold in the period under review.

The item "Grants" includes the revenues from green certificates obtained by Sardeolica S.r.l. The change from the same period of the year before is largely due to lower wind energy generation.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, spare parts and consumables

	30/09/2011	30/09/2010	Change
Purchases of raw materials	6,275,186	4,239,573	2,035,613
Purchases of semifinished materials	21,735	26,980	(5,245)
Purchases of replacement parts and consun	40,488	48,175	(7,687)
Purchases of finished products	1,234,038	1,173,737	60,301
Other purchases	104	140	(36)
Inventory's change	(354,554)	(92,172)	(262,382)
Total	**7,216,997**	**5,396,433**	**1,820,564**

Costs for the purchase of raw materials, replacement parts and consumables totalled EUR 7,216,997 thousand, an increase of EUR 1,820,564 thousand compared to the same period of the previous year: this rise was chiefly due to the trend in average prices of crude and oil products.

6.2.2 Cost of services and sundry costs

	30/09/2011	30/09/2010	Change
Service costs	363,303	384,198	(20,895)
Use of third-party assets	10,600	10,763	(163)
Provisions for risks and charges	35,543	55,521	(19,978)
Other operating charges	9,589	9,643	(54)
Total	**419,035**	**460,125**	**(41,090)**

Service costs mainly comprise maintenance, rentals, freight, electricity, steam, hydrogen and other utilities.

The item “Use of third-party assets” includes EUR 1,556 thousand in parent company costs relating to rental of the building that houses the new registered office in Milan. The cost has been reported on a linear basis according to IAS 17 – Leasing, IAS 1, IAS 8 and SIC Interpretation 15, for the eight-year duration of the contract, which expires on 31 October 2015. Minimum future payments under the terms of the contract are EUR 2,300 thousand for the following 12 months, and EUR 8,625 thousand for the following years up to five years. The yearly rental payments are pegged to the ISTAT consumer price index for the families of manual workers and employees. There are no options for contract renewal or acquisition.

The item “Provisions for risks and charges” mainly relates to the cost of acquiring CO_2 emission allowances (EUR 32,792 thousand, for further information please see 5.4.2. above). The consolidated net charge for the period for compliance with CO_2 emissions regulations comes in at EUR 16,517 thousand.

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

6.2.3 Personnel costs

Personnel costs are broken down as follows:

	30/09/2011	30/09/2010	Change
Wages and salaries	80,372	76,442	3,930
Social security	22,396	22,428	(32)
Staff several indemnity	5,450	4,906	544
Pensions and similar	83	1,079	(996)
Other costs	4,034	4,050	(16)
Directors’ remuneration	4,554	4,356	198
Total	**116,889**	**113,261**	**3,628**

On 27 April 2010, the shareholders’ meeting approved the plans for the bonus allocation of ordinary shares in the company:

- to employees of the company and its Italian subsidiaries (the “employee share plan”)
- to the management of the Saras Group (the “stock grant plan 2010/2012”).

The employee share plan provides for a bonus allocation to employees:

- for the year 2011, a share for every six additional shares held by the beneficiary at 31 December 2010 compared with 31 December 2009;
- for the year 2012, a share for every six additional shares purchased by the beneficiary in 2011, on condition that the number of shares held by the beneficiary on a daily basis during the year is never lower than the number of shares held at 31 December 2010.

Under the employee share plan, the total value of the shares allocated to each beneficiary cannot exceed EUR 2,065 each year. Furthermore, the maximum value of the shares assignable overall may never exceed the sum of EUR 2 million. The share allocation for 2011 was made in June.

The Stock Grant Plan 2010/2012 (for directors of the parent company, and directors and managers individually specified by the Board of Directors of the parent company and subsidiaries) sets out the allocation of a “base number of shares” for each beneficiary, which is amended according to the difference between the change in value of the parent company’s shares and that of the shares of a group of comparable companies, as recorded at the end of each year.

The 2010 plan involved the allocation of 1,505,000 shares at a cost for the period of EUR 606 thousand. The 2011 plan will involve the allocation of 2,658,500 shares at a cost for the period under review of EUR 2,353 thousand.

6.2.4 Depreciation and amortisation

Depreciation and amortisation figures are shown below.

	30/09/2011	30/09/2010	Change
Amortisation of intangible assets	27,589	28,187	(598)
Depreciation of tangible assets	131,163	125,208	5,955
Total	**158,752**	**153,395**	**5,357**

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	30/09/2011	30/09/2010	Change
Financial income:			
- from financial assets recorded under current assets	135	125	10
Other income			
- interest on bank and post office accounts	163	136	27
- fair value of held for trading financial assets	0	66	(66)
- fair value of derivatives outstanding on reporting date	48,641		48,641
- positive differences on derivatives	45,488	22,750	22,738
- other income	289	379	(90)
Exchange rate gains	2,024	26,647	(24,623)
Total Financial Income	**96,740**	**50,103**	**46,637**
Financial charges:			
- fair value of derivatives outstanding on reporting date	(3,431)	(5,770)	2,339
- fair value of held for trading financial assets	0		0
- negative differences on derivatives	(83,007)	(10,513)	(72,494)
- other (interest on loans, arrears, etc.)	(28,103)	(15,167)	(12,936)
Exchange rate losses	(34,224)	(3,181)	(31,043)
Total Financial Charges	**(148,765)**	**(34,631)**	**(114,134)**
Total	**(52,025)**	**15,472**	**(67,497)**

The summary table below is provided to allow an analysis of the main changes during the year:

	30/09/2011	30/09/2010	Change
Net interest gains (losses)	(27,940)	(15,031)	(12,909)
Net result from derivative financial instruments	7,691	6,467	1,224
- realised	*(37,519)*	*12,237*	*(49,756)*
- fair value of the open positions	*45,210*	*(5,770)*	*50,980*
Net exchange rate gains (losses)	(32,200)	23,466	(55,666)
Other	424	570	(146)
Total	**(52,025)**	**15,472**	**(67,497)**

The higher charges from financial management are largely attributable to:

- net exchange rate losses of EUR 55,666 thousand;
- higher net interest payments of EUR 12,909 thousand due to the parent company's higher average net debt;

offset by:

- higher income of EUR 1,224 thousand from differences realised during the year on financial derivatives and from changes in the fair value of these derivatives (these relate to hedging transactions to which hedge accounting procedures are not applied).

6.4 Income tax

Income tax breaks down as follows:

	30/09/2011	30/09/2010	Change
Current taxes	49,105	8,975	40,130
Net deferred taxes	4,044	(9,977)	14,021
Total	**53,149**	**(1,002)**	**54,151**

Current taxes essentially include IRES and IRAP for the Italian companies, which amount to EUR 39,391 thousand (including EUR 8,382 thousand in additional tax) and EUR 8,001 thousand respectively.

Net deferred tax assets/liabilities refer to changes during the year in the temporary differences between values recorded in the accounts and those recognised for tax purposes.
The most significant changes regard:

- the reversal of deferred tax assets for the linear reporting of Sarlux's margin (EUR 22,750 thousand);
- the reversal of deferred tax assets following the use of tax losses from previous periods (EUR 2,739 thousand);
- the adjustment of net deferred tax assets resulting from the rise in additional IRES from 6.5% to 10.5%, which applies to companies in the Italian energy sector under the provisions of Decree Law 138/2011 (EUR 10,910 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

Parent company Saras S.p.A. and subsidiaries Arcola Petrolifera S.p.A., Sarlux S.r.l. and Akhela S.r.l. were subject to tax inspections and assessments by the tax authorities that led, in some cases, to disputes pending before tax courts.
Although the decisions made by the tax courts were not consistent, the company assumes that any liability is likely to be remote.
Moreover, with reference to the subsidiary Sarlux S.r.l., please note that companies producing electricity that is not from renewable sources or cogeneration (as defined by AEEG Resolution 42/02) are required to purchase green certificates in respect of a certain percentage of electricity introduced into the grid. In 2007, a specially created AEEG committee, in coming to a different interpretation of the resolution subsequently, deemed the subsidiary 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. The liabilities arising from this dispute, as determined by the GSE, which has already adopted this interpretation, are estimated at about EUR 32 million (for the acquisition of green certificates that have already been bought, as requested by the GSE); however, these liabilities would qualify for partial relief pursuant to section II, point 7-*bis* of CIP Provision 6/92 in respect of costs arising from article 11 of Legislative Decree 79/99 in application of AEEG Resolution 113/06, as supplemented by AEEG Resolution ARG/elt 80/08, of around EUR 14 million (the refund was made during the previous year through the compensation fund for the electricity sector – CCSE). If the interpretation of the above-mentioned AEEG committee is confirmed, the obligation in question would be extended to 2009, adding a further potential liability of around EUR 12 million, with the related refund estimated at around EUR 6 million.
Based on the considerations expressed by its advisors on the TAR's rejection of the appeal, Sarlux will appeal 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 to 30 September 2011 for this case.

7.2 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.

7.3 Extraordinary events and transactions and atypical and/or unusual operations

On 12 April 2011, a tragic accident occurred at the DEA3 plant at the Sarroch refinery, which was closed for planned maintenance. The accident involved three employees of an external company, one of whom died in the early hours of the following morning. The condition of the other two engineers gradually improved over the next few days and they subsequently made a full recovery. As investigations by the public prosecutor's office are currently under way, it is not possible at the present time to give an indication of the extent to which the Company may be liable.

On 4 July 2011, the Court of Cagliari, in relation to the incident on 26 May 2009 that resulted in the death of three employees of an external company, absolved two Company managers charged in this matter and ruled that Saras had no administrative responsibility pursuant to Legislative Decree 231/2001. The Court of Cagliari handed the Company's General Manager and Refinery Manager and a manager of the external company a two-year suspended sentence and awarded damages to the plaintiffs. The decision by the Court of Cagliari can be appealed by the parties.

No atypical and/or unusual operations were carried out during the period.