Saras Group Quarterly Report as of 31 March 2008

“This is a translated version of the first quarter 2008 report of the Saras Group especially intended for an international audience. Those who wish to receive the original report in Italian should address their request in writing or refer to the company website”

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Statutory bodies

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

INDEPENDENT AUDITING FIRM

PRICEWATERHOUSECOOPERS S.p.A.

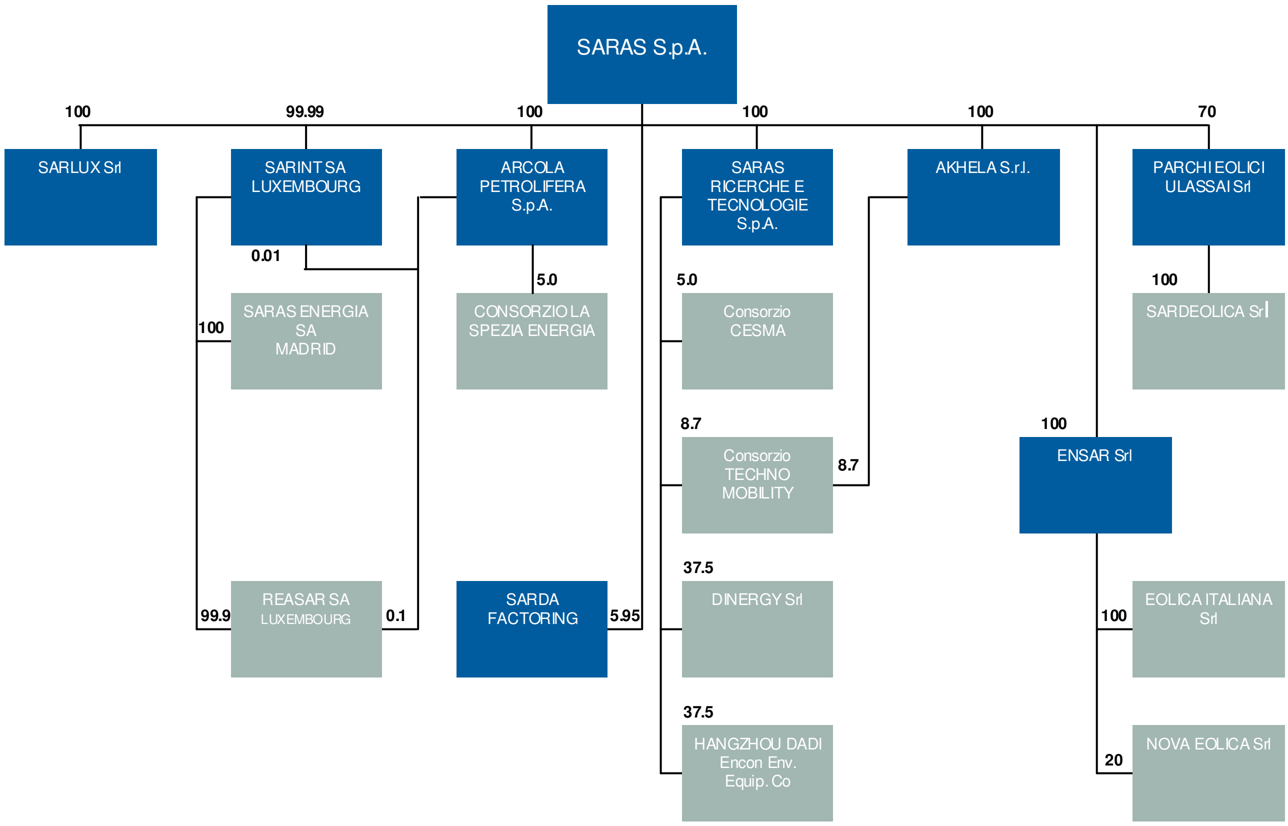
Group Activities

The Saras Group is active in the energy sector, and is one of the leading operators in Italy and the rest of Europe when it comes to refining crude oil. It sells and distributes oil products in both the domestic and international market, and produces and sells power, as well as engaging in other activities such as industrial engineering for the oil sector and IT services.
As part of its refining activities, it processes both purchased crude oil and the crude oil of third parties. Refining is carried out at the Saras Group's plant in Sarroch, on the south-western coast of Sardinia. The Sarroch refinery is one of the largest in the Mediterranean in terms of production capacity, and one of Europe's six super-sites[1], as well as one of the most complex refineries. Boasting an effective refining capacity of approximately 15 million tons per year (around 300,000 barrels/day), the refinery accounts for 15% of Italy's total distillation capacity.
Thanks to the refinery size, highly complex organisation and location, the Saras Group has been able to refine different grades of crude oil, while developing commercial relationships over the years with both crude-exporting countries in North Africa and the Near East and major international oil corporations.
The Saras Group, both directly and via the subsidiary companies Arcola Petrolifera S.p.A. and Saras Energia S.A., sells and distributes oil products such as diesel, gasoline, heating oil, liquid petroleum gas (LPG), virgin naphtha and aviation fuel to markets in Italy, Europe, overseas (mainly the Spanish market) and outside of Europe.
The Saras Group also operates in the power sector through the IGCC plant (Integrated Gasification Combined Cycle) of the subsidiary Sarlux S.r.l. and the joint venture Parchi Eolici Ulassai S.r.l., which owns and manages the wind power farm located in the Municipality of Ulassai in Sardinia (power from renewable sources).
The IGCC plant, which is completely integrated with the Sarroch refinery's production processes, produces power, hydrogen and steam, as well as sulphur and metal concentrates, by using heavy crude oil residues originating from refining processes (assimilated to renewable sources). The power produced by the IGCC plant is sold to Gestore del Sistema Elettrico (GSE: the national grid operator for renewable sources) in accordance with the terms and conditions set out in CIP 6 resolution, while hydrogen and steam are used by Saras in the refinery's production processes.
The Saras Group also provides industrial engineering and scientific research services to the oil, energy and environment sectors through the subsidiary Sartec S.p.A. and operates in the information services sector through the subsidiary Akhela S.r.l.

[1] Source: Wood Mackenzie

Structure of the Saras Group

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



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

Consolidated by the line-by-line method

Consolidated by the equity method

Saras share is 70%

WIND

Parchi Eolici Ulassai
Sardeolica Srl

Stock performance

Below are some data concerning prices and daily volumes relating to the Saras share between 02/01/2008 and 31/03/2008.

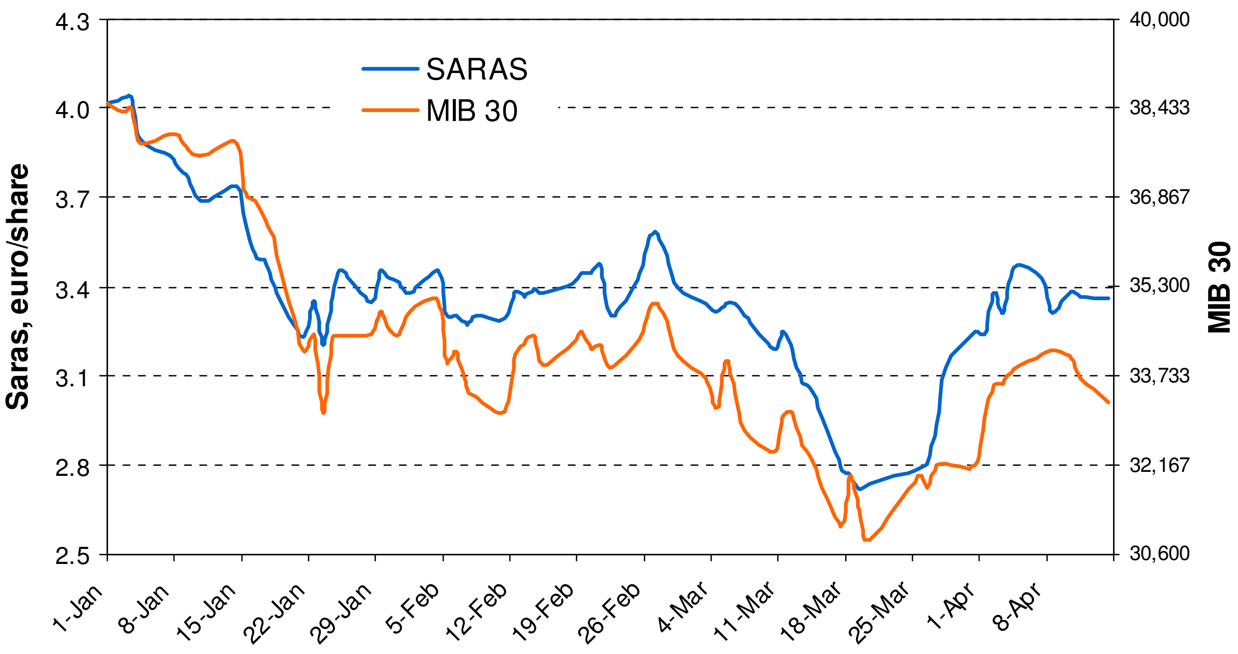
SHARE PRICE, EURO	Q1/08
Minimum price (20/03/2008) *	2.688
Maximum price (3/1/2008) *	4.078
Average price	3.361
Closing price at the end of the period	3.246

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

DAILY TRADED VOLUMES, Millions of Euro	Q1/08
Maximum volume (22/02/2008)	25.3
Minimum volume (13/02/2008)	1.7
Average volume	7.4

Market capitalization at 31/03 amounts to about EUR 3,086 million.

The graph reported below shows the daily performance of the Saras share compared to the MIB30 index of the Milan Stock Exchange.

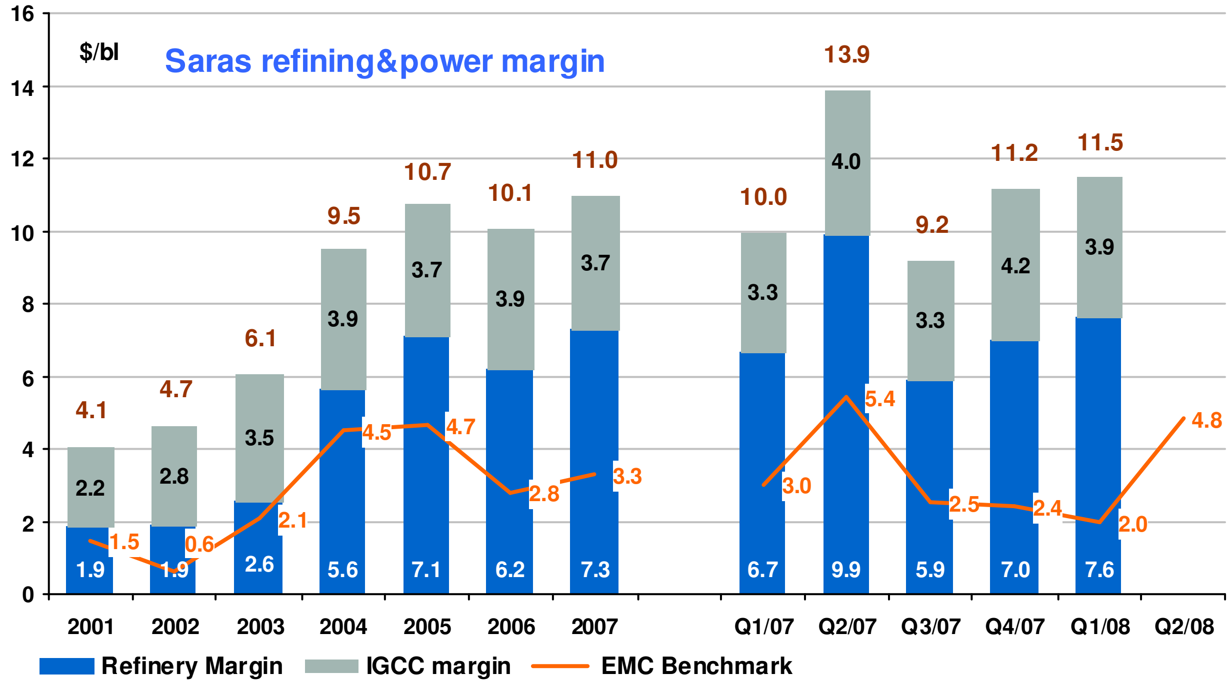


REPORT ON OPERATIONS

Comments on Group results[2]

Q1/2008 highlights

- **Group comparable[3] EBITDA at EUR 148.1 ml**
  - +1% vs Q1/07[4]
  - +25% vs previous quarter
- **Group adjusted[5] net income at EUR 75.4 ml**
  - +14% vs Q1/07
  - +71% vs previous quarter
- **Refining margin at 7.6 $/bl**
  - +13% vs Q1/07
  - +9% vs previous quarter
- **Net financial position: positive by EUR 77 ml** vs a negative of EUR 27 ml at the end of 2007



Refinery margins: (comparable refining LIFO EBITDA + Fixed Costs) / Refinery Crude Runs in the period.

IGCC margin: (power.gen EBITDA + Fixed Costs) / Refinery Crude Runs in the period

EMC benchmark: margin calculated by EMC (Energy Market Consultants) based on runs equal to 50% of Urals and 50% of Brent.

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

[3] **Comparable EBITDA:** calculated evaluating inventories at LIFO

[4] **First three quarters 2007 comparable figures have been restated** after the resolution of the Energy Authority n°249/06 which modified the criteria for the evaluation of the "fuel component" of the electricity price generated by CIP6 plants

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

Key Consolidated Economic and Financial Figures

Below are key consolidated economic and financial figures, shown in comparison with the data related to the same period last year.

First three quarters 2007 comparable figures have been restated after the resolution of the Energy Authority n°249/06 which modified the criteria for the evaluation of the "fuel component" of the electricity price generated by CIP6 plants; details about restated figures can be found at the end of this press release

Saras Group income statement figures

EUR Million	Q1/08	Q1/07	var %	Q4/07
REVENUES	2.054	1.507	36%	1.825
EBITDA	151,4	145,3	4%	168,3
EBITDA *comparable*	**148,1**	**147,1**	**1%**	**118,1**
EBIT	113,3	105,3	8%	37,6
EBIT *comparable*	**110,0**	**107,1**	**3%**	**75,2**
NET INCOME	78,3	51,0	54%	46,2
***adjusted* NET INCOME**	**75,4**	**66,2**	**14%**	**44,2**

Other Group figures

EUR Million	Q1/08	Q1/07	Q4/07
NET FINANCIAL POSITION	**77**	**(135)**	**(27)**
CAPEX	**59**	**36**	**63**
OPERATING CASH FLOW	**165**	**189**	**173**

Remarks on first quarter 2008 results

Saras Group registered very good results during the first quarter, showing an improvement versus the same period of last year despite of a much stronger EUR/USD exchange rate (1.50 vs 1.31) and weaker refining benchmark margins (the EMC benchmark was at 2.0 $/bl vs 3.0 $/bl in the first quarter last year).

Group **Revenues** were EUR 2,054 ml up 37% compared to last year in the light of higher oil product prices.

Group **Comparable EBITDA** amounted to EUR 148.1 ml slightly up (+1%) vs last year with a good performance in all segments.

Adjusted net income was EUR 75.4 ml, up 14% vs last year, mainly as a consequence of lower corporate tax rate and interest expenses.

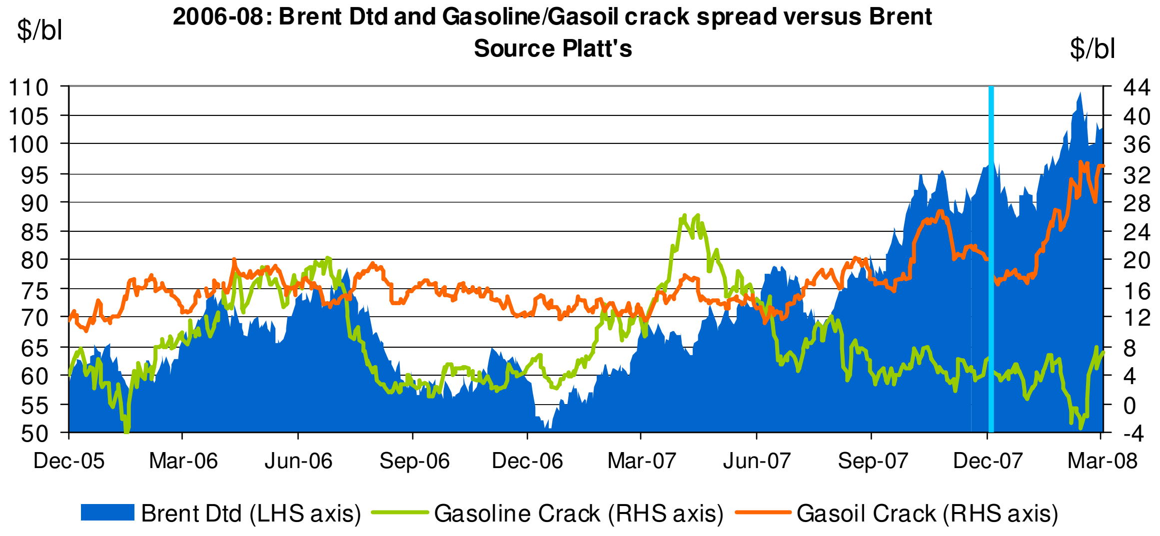
CAPEX amounted to EUR 59 ml in the period, in line with the investment program for 2008.

Net Financial Position turned positive and was at EUR 77 ml, up EUR 104 ml from the negative of EUR 27 ml at the end of 2007, in the light of a strong operating cashflow.

During the quarter a total of 400,000 Saras shares have been bought from the market at an average price of EUR 3.20 per share. Outstanding shares at 31/03/2008 are therefore 949.9 million from 950.3 million at the end of 2007.

The Oil Market

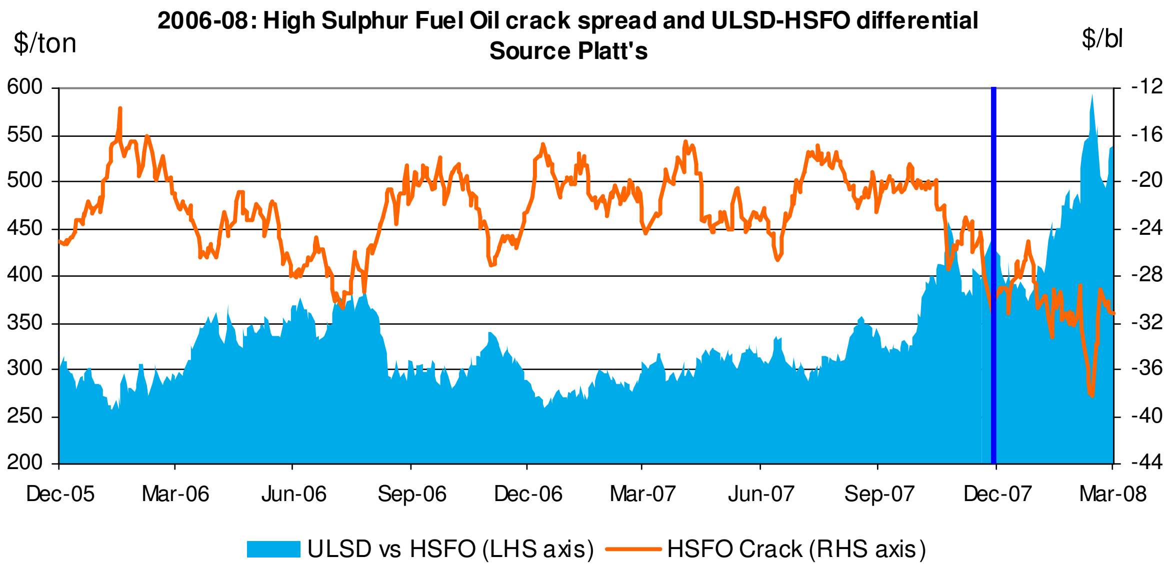
The graph shows the course of the price of Dated Brent crude oil and the crack spread values for ULSD and Unleaded Gasoline.



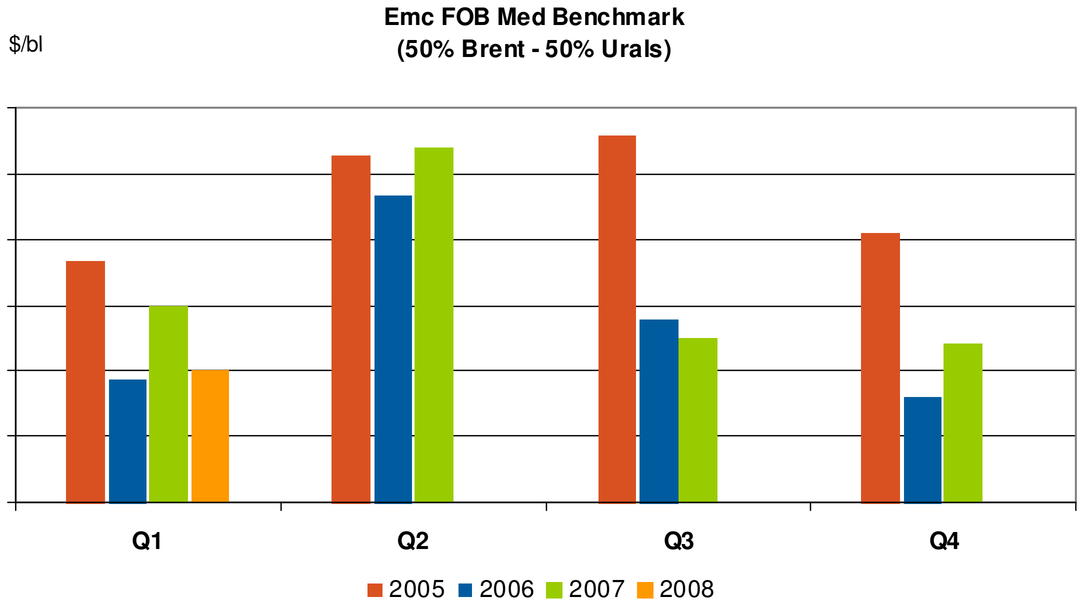
Dated Brent price averaged 96.7 $/bl in Q1.

At the beginning of the year the price dropped significantly together with financial markets, because many thought that a possible recession in the US economy could lead to lower global oil demand; the downward trend was in any case short-lived and a new rally brought the price above 100 $/bl.

Diesel was the leading product and its crack spread rose to historical high levels, supported by global healthy demand, while gasoline was very weak because of slowing demand and ample stocks in the US. Fuel oil market was very depressed, as shown by a falling crack spread which, coupled with strong middle distillates, led to a substantial increase of the light-heavy differential (ULDS-HSFO differential averaged 455 $/ton in Q1, well above the 321 $/ton registered in the FY2007)



Below the graph shows the margin calculated by EMC (Energy Market Consultants) used by Saras as a benchmark.
The average of Q1/08 has been 2.0 $/bl to be compared with 3.0 $/bl of same quarter last year, because the strong increase in ULSD crack spread (from 13 $/bl to 23 $/bl), was more than balanced by weaker gasoline (2 $/bl vs 7 $/bl in Q1 last year) and fuel oil (-27 $/bl vs -18 $/bl last year) crack spreads and from the increased cost of consumption&losses related to higher crude prices (Brent was at 96.7 $/bl vs 57.8 $/bl in Q1 last year).



Segment Reviews

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

Refining

EUR Million	Q1/08	Q1/07	var %	Q4/07
EBITDA	91.4	88.5	3%	120.5
EBITDA *comparable*	**94.4**	**95.7**	**-1%**	**61.4**
EBIT	73.8	70.7	4%	100.4
EBIT *comparable*	**76.8**	**77.9**	**-1%**	**41.3**
CAPEX	**38**	**30**	**27%**	**54**

Remarks on the first quarter

Refining operations were very good; all the units ran at full capacity until the last days of March, when the planned shut-down of the mildhydrocracking, visbreaking and alkylation units was started for maintenance activities.
Refinery runs were at 28.6 million barrels, up 3% vs Q1/07 (+2% on a daily basis: 314 kbd vs 309 kbd), which represents a record high level for a quarter.
The processing on behalf of third parties was 31% of total runs, down from 36% in Q1/07.

During the quarter we were able to take advantage of two key market trends:

a. on the crude supply side, the profitability of Caspian crude oil; the portion of these crude oils grew significantly in our mix and the amount of light crudes increased to more than 53% of total runs; notwithstanding that, the average crude oil density was substantially unchanged at 33.0°API
b. on the product side, the strong diesel crack in a context of weak gasoline market; thanks to the refinery flexibility we have been able to optimize our production, shifting as much light products as possible to middle distillates, and the result was that middle distillates yield increased to 53.2% (vs 51.7% on average in 2007) while LPG, naphtha and gasoline decreased to a total of 27.6% (vs 29.8 on average in 2007)

Refining margin was 7.6 $/bl, with a premium of 5.6 $/bl above the EMC benchmark that averaged 2.0$/bl in the quarter. This premium exceeded significantly the company guidance of 4.0 to 4.5 $/bl for several reasons that can be analyzed as follows:

1. oil market prices showed a constantly rising diesel crack spread and a constantly weakening of fuel oil crack spread; the conversion spread[6], thus, increased to unprecedented levels (430 $/ton in the quarter, compared to about 310 $/ton both for the FY2006 and FY2007). Saras refinery is more complex than the average refinery represented by the EMC benchmark and has consequently higher yields in middle distillates and lower yields in fuel oil; this means that when the conversion spread widens also the premium that Saras can structurally achieve over the benchmark increases.
2. during the first half of the quarter when market conditions were particularly difficult, processing agreements protected our refining margins
3. the very good operating performance, the optimization of crude supply and the shift of yields from gasoline to diesel allowed us to further increase the premium

As a consequence, the EBITDA of the refining segment was substantially in line with the first quarter of last year (-1%), notwithstanding lower benchmark margins (-1.0 $/bl) and higher EUR/USD exchange rate (+14%).

[6] Conversion spread: difference between diesel price and the average of low sulphur and high sulphur fuel oil prices

Margins and refinery runs

		Q1/08	Q1/07	var %	Q4/07
REFINERY RUNS	Thousand ton	3,920	3,809	3%	3,530
	Million bl	28.6	27.8	3%	25.8
	thousand bl/day	314	309	2%	280
of which: Processing for own account	Thousand ton	2,699	2,420	12%	2,020
Processing on behalf of third parties	Thousand ton	1,221	1,389	-12%	1,510
EXCHANGE RATE	EUR/USD	1.50	1.310	14%	1.450
EMC BENCHMARK MARGIN	$/bl	2.0	3.0	-33%	2.4
SARAS REFINERY MARGIN	$/bl	7.6	6.7	13%	7.0

Production

		Q1/08	2007	2006
LPG	thousand ton	99	306	312
	yield	2.5%	2.1%	2.2%
NAPHTHA + GASOLINE	thousand ton	984	4,039	3,893
	yield	25.1%	27.7%	27.3%
MIDDLE DISTILLATES	thousand ton	2,086	7,541	7,350
	yield	53.2%	51.7%	51.4%
FUEL OIL & OTHERS	thousand ton	245	707	725
	yield	6.3%	4.8%	5.1%
TAR	thousand ton	284	1,120	1,152
	yield	7.2%	7.7%	8.1%

Balance to 100% is Fuel&losses

Crude Oil slate

		Q1/08	2007	2006
Light extra sweet		53.1%	44.8%	42.6%
Light sweet		0.3%	2.2%	4.9%
Medium sweet				1.4%
Light sour				
Medium sour		20.1%	25.7%	23.4%
Heavy Sour		26.5%	27.3%	27.6%
Average crude gravity	°API	33.0	32.9	32.9

Marketing

Below are the main financial data of the marketing segment, concentrated especially in the wholesale business where the Saras Group operates through Arcola Petrolifera S.p.A. in Italy and Saras Energia S.A. in Spain.

EUR Million	Q1/08	Q1/07	var %	Q4/07
EBITDA	12.7	3.0		14.5
EBITDA *comparable*	**6.4**	**5.5**	**16%**	**10.1**
EBIT	11.5	1.7		13.2
EBIT *comparable*	**5.2**	**4.2**	**24%**	**8.8**
CAPEX	**10.6**	**0.2**		**5.0**

Sales

		Q1/08	Q1/07	var %	Q4/07
TOTAL SALES	Kton	1,032	934	10%	1,057
of which Italy	Kton	286	255	12%	318
of which Spain	Kton	746	680	10%	740

Remarks on the first quarter

Marketing achieved a good performance in the first quarter with EBITDA *comparable* up 16% versus the same period last year.

During the first quarter the trend of growing diesel and declining gasoline consumption has continued both in Italy and Spain. In this context overall sales were in line with Q4/07 and up 10% versus same quarter last year consolidating the wholesale market share achieved during 2007. Wholesale margins were lower compared with Q4/07 but higher than the same period last year thanks to our commercial policy with increased focus on clients with higher contribution margin.

CAPEX of EUR 10.6 million are related to the ongoing construction of the biodiesel production plant close to the Saras Energia depot in Cartagena (Spain). Start of operations is expected in the third quarter 2008.

Power Generation

Below are the main financial data of the Power segment related to operations by Sarlux S.r.l.:
First three quarters 2007 comparable and Italian GAAP figures have been calculated on the basis of the new tariff scheme applicable as of 1st January 2007.

EUR Milion	Q1/08	Q1/07	var %	Q4/07
EBITDA	47,7	53,7		22,9
EBITDA comparable	**47,7**	**45,8**	**4%**	**47,0**
EBIT	28,9	33,4		-85,8
EBIT comparable	**28,9**	**25,5**	**13%**	**26,2**
EBITDA ITALIAN GAAP	**70,5**	**85,4**	**-17%**	**58,5**
EBIT ITALIAN GAAP	**57,0**	**72,2**	**-21%**	**44,7**
NET INCOME ITALIAN GAAP	**37,4**	**43,1**	**-13%**	**34,8**
CAPEX	**9,3**	**4,5**		**3,0**

Other figures

		Q1/08	Q1/07	var %	Q4/07
ELECTRICITY PRODUCTION	MWh/1000	1,121	1,215	-8%	1,095
POWER TARIFF	**Eurocent/KWh**	**13.4**	**12.7**	**6%**	**12.4**
POWER IGCC MARGIN	$/bl	3.9	3.3	18%	4.2

Remarks on the first quarter

Results of the Power generation segment were in line with expectations during Q1/08.
Service factor of the IGCC plant has been as usual high with production 8% lower than same period last year due to routine maintenance to one gasification and one production train (last year routine maintenance was performed during Q2).

ITALIAN GAAP EBITDA declined by 17% versus same period last year. Lower production (-8%) was almost compensated by higher power tariff (+6%) but feedstock (TAR) costs increased by about 33% since they are linked to the old indexation methodology of the electricity fuel component. This is the confirmation that the new indexation methodology of the fuel component has a bigger delay (about 10 months) versus the old formula in reflecting oil prices changes.

IFRS EBITDA comparable was in line with same period last year thanks to the linearization procedure required by IFRS accounting principles.

Other

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

EUR Million	Q1/08	Q1/07	var %	Q4/07
EBITDA	(0.4)	0.1		10.4
EBITDA comparable	**(0.4)**	**0.1**		**(0.4)**
EBIT	(0.9)	(0.5)		9.8
EBIT comparable	**(0.9)**	**(0.5)**		**(1.1)**

Remarks on the first quarter

Results in line with expectations.

Wind

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

EUR million	Q1/08	Q1/07	var %	Q4/07
EBITDA	**4.1**	**9.4**	**-56%**	**5.4**
EBIT	**1.9**	**7.1**	**-74%**	**2.0**
NET INCOME	0.0	3.8	-100%	1.0
***Adjusted* NET INCOME** (*)	**0.4**	**3.4**	**-87%**	**1.0**

(*) *Adjusted* Net Income: Net Income adjusted by non recurring items after taxes and change in derivatives fair value after taxes

Other figures

		Q1/08	Q1/07	var %	Q4/07
ELECTRICY PRODUCTION	MWh	49,773	54,910	-9%	51,631
POWER TARIFF	EURcent/KWh	8.5	7.62	11%	8.2
GREEN CERTIFICATES	EURcent/KWh	8.0	11.9	-32%	9.7

Remarks on the first quarter

Results during first quarter were considerably lower than Q1/07.
Electricity production was 9% lower than same period last year due to less favourable windy conditions in particular during the first part of the quarter.
In addition an extremely long green certificate market caused prices to drop by 32% versus same period last year only partially compensated by higher power tariffs (+11%).

Worthy of note is that green certificates are accounted during the year on the basis of a provisional price and then typically sold in the market during end of year/beginning of following year. As a consequence about EUR 3 million have been booked in the quarter as additional costs to take in account:

- losses in the sale of some 2007 green certificates (accounted at the price of 9.7 EURcent/KWh)
- the write-down of the value of the remaining 2007 green certificates (accounted at the price of 9.7 EURcent/KWh)

As a consequence of the above mentioned reasons EBITDA declined by 56% versus same period last year.

Net Financial Position

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

	31-Mar-08	31-Dec-07
Medium/long term bank loans	(186)	(186)
total long term net financial position	**(186)**	**(186)**
Short term bank loans	(108)	(108)
Bank overdrafts	(117)	(63)
Loans from unconsolidated subsidiaries	(1)	(1)
Loans made to unconsolidated subsidiaries	4	9
Other marketable financial assets	15	15
Cash and cash equivalents	468	308
total short term net financial position	**263**	**159**
Total net financial position	**77**	**(27)**

Net Financial Position turned positive and was at EUR 77 ml, up EUR 104 ml from the negative of EUR 27 ml at the end of 2007, in the light of a strong operating cashflow.

Strategy and Investments

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

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

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

Ongoing construction activities

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

Other activities

- Gas exploration: on-shore seismic tests in Sardinia have been completed and data in the processing phase. Off-shore tests will commence during 2008.

Capex by segment

	Q1/08	2007	2006
REFINING	38.2	177	108
POWER GENERATION	10.6	20	12
MARKETING	9.3	11	9
OTHER	0.4	2	1
Total	**58.5**	**210**	**130**

- Capex in the Power Generation segment are related to the upgrade of Hydrogen production from the IGCC;
- Capex in the marketing segment are related to the construction of the Biodiesel plant in Cartagena (Spain).

Outlook

REFINING

- The Q2 average for EMC benchmark is close to 5 $/bl thanks to a persisting strong diesel crack spread.
- Change of product specifications (gasoline and diesel from 50 to 10 ppm sulphur as of 1/1/09) will provide further opportunities for high conversion refineries. Saras will be fully compliant with new specification.
- The impact on Q2 EBITDA deriving from the completed maintenance activities (which involved the mildhydrocracking, visbreaking and alkylation units) can be valued at 30M$. No other major shutdown is expected in 2008

POWER GENERATION

- IGCC has completed the Q1/Q2 routine slowdown, and the next one is confirmed for Q4. Electricity production expected in the range of 4.3-4.5 TWh for the full year.
- Power tariff benefiting from high crude oil prices

Main events after the end of the quarter

- Maintenance of the Mildhydrocraking, Alkylation and Visbreaking units, started at the end of march, has been successfully completed during the month of April.
- On 29th April 2008 the Saras S.p.A. ordinary shareholders' meeting approved:
    - the Parent Company Financial Statements as of 31 December 2007 and a dividend distribution of EUR 0.17 per share.
    - a share buyback programme pursuant to art. 2357 of Italian Civil Code and 132 law by decree 58/1998, substituting the authorization resolved by the AGM the 27 April 2007, up to 10% of the company's outstanding shares. The share buyback programme will be carried out within 18 months of the approval. The buyback will be carried out at the reference market price recorded on the day before the purchase plus 15% (maximum) or at the reference market price recorded on the day before the purchase minus 15% (minimum).
- A total of 4 million Saras shares have been bought during the month of April at an average price of EUR 3.457 per share to service the stock plans for employees and managers as approved during the 27 April 2007 AGM .

SARAS GROUP CONSOLIDATED FINANCIAL STATEMENTS

2007 quarterly restated figures

First three quarters 2007 comparable figures have been restated after the resolution of the Energy Authority n°249/06 which modified the criteria for the evaluation of the "fuel component" of the electricity price generated by CIP6 plants.

	Q1/07	Q2/07	Q3/07	Q4/07	2007
refining	88.5	197.2	105.3	120.5	511.5
marketing	3.0	17.3	20.6	14.5	55.4
power	53.7	52.3	53.2	22.9	182.1
other	0.1	-1.1	1.7	10.4	11.1
EBITDA	145.3	265.7	180.8	168.3	760.1
refining	**95.7**	**140.8**	**73.7**	**61.4**	**371.6**
marketing	**5.5**	**7.2**	**10.4**	**10.1**	**33.2**
power	**45.8**	**44.5**	**44.8**	**47.0**	**182.1**
other	**0.1**	**-1.0**	**1.7**	**-0.4**	**0.4**
comparable EBITDA	**147.1**	**191.5**	**130.6**	**118.1**	**587.3**
refining	17.8	17.6	18.6	20.1	74.1
marketing	1.3	1.2	1.3	1.3	5.1
power	20.3	20.5	20.3	108.7	169.8
other	0.6	0.5	0.6	0.6	2.3
depreciation&amortization	**40.0**	**39.8**	**40.8**	**130.7**	**251.3**
refining	70.7	179.6	86.7	100.4	437.4
marketing	1.7	16.1	19.3	13.2	50.3
power	33.4	31.8	32.9	-85.8	12.3
other	-0.5	-1.6	1.1	9.8	8.8
EBIT	105.3	225.9	140.0	37.6	508.8
refining	**77.9**	**123.2**	**55.1**	**41.3**	**297.5**
marketing	**4.2**	**6.0**	**9.1**	**8.8**	**28.1**
power	**25.5**	**24.1**	**24.4**	**26.2**	**100.2**
other	**-0.5**	**-1.6**	**1.1**	**-1.1**	**-2.1**
comparable EBIT	**107.1**	**151.7**	**89.7**	**75.2**	**423.7**
financial inc/expenses	-23.5	-9.2	1.6	-10.9	-42.0
interest expenses	*-5.1*	*-3.2*	*-2.3*	*-7.0*	*-17.7*
derivatives	*3.6*	*-11.8*	*-0.9*	*-2.9*	*-12.1*
fair value	*-22.0*	*5.9*	*4.8*	*-1.0*	*-12.3*
equity companies	2.6	1.3	0.3	0.8	5.0
Profit before taxes	84.4	218.0	141.9	27.5	471.8
taxes	*-33.4*	*-82.0*	*-52.4*	*18.7*	-149.0
	-40.8%	*-37.8%*	*-37.0%*	*69.9%*	*-31.9%*
reported NET INCOME	51.0	136.0	89.5	46.2	322.8
adjustments to net income	15.2	-51.6	-34.7	-2.0	-73.1
adjusted NET INCOME	**66.2**	**84.4**	**54.8**	**44.2**	**249.7**

Consolidated Balance-Sheets as at 31/03/08 and 31/12/07

EUR thousand	31/03/08	31/12/07
ASSETS		
Current Assets	**2,005,671**	**1,772,974**
Cash and cash equivalents	468,406	308,108
Other financial assets held for trading	15,382	15,209
Trade receivables	611,335	690,162
Inventory	825,047	724,715
Current tax assets	5,569	6,131
Other assets	79,932	28,649
Non-current assets	**1,687,742**	**1,669,170**
Property, plant and equipment	1,210,293	1,181,154
Intangible assets	457,568	465,443
Equity interests consolidated under the equity method	13,440	13,369
Other equity interests	1,991	1,841
Other financial assets	4,450	7,363
Total assets	**3,693,413**	**3,442,144**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**1,169,853**	**1,008,519**
Short-term financial liabilities	225,326	173,178
Trade and other payables	685,773	655,582
Current tax liabilities	183,147	120,922
Other liabilities	75,607	58,837
Non-current liabilities	**978,887**	**967,166**
Long-term financial liabilities	185,759	186,283
Provisions for risks	23,252	23,296
Provisions for employee benefits	36,270	36,680
Deferred tax liabilities	122,278	133,581
Other liabilities	611,328	587,326
Total liabilities	**2,148,740**	**1,975,685**
SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	1,400,769	1,078,000
Profit/(loss) for the period	78,348	322,903
Total shareholders' equity	**1,544,673**	**1,466,459**
of which : minority interest		
capital and reserves		
Profit (loss) for the period		
Total minority interest		
Total liabilities and shareholders' equity	**3,693,413**	**3,442,144**

Consolidated Income Statements for the first quarter 2008 and 2007

EUR thousand	1-Jan-2008 31-Mar-2008	1-Jan-2007 31-Mar-2007
Revenues from ordinary operations	2,048,335	1,502,055
Other income	5,570	5,432
Total revenues	**2,053,905**	**1,507,487**
Purchases of raw materials, spare parts and consumables	(1,728,589)	(1,218,037)
Cost of services and sundry costs	(139,606)	(112,891)
Personnel costs	(34,295)	(31,202)
Depreciation, amortization and write-downs	(38,088)	(39,942)
Total costs	**(1,940,578)**	**(1,402,072)**
Operating result	**113,327**	**105,415**
Net income (charges) from equity interests	68	2,633
Other financial income/(charges), net	2,451	(23,539)
Profit before taxes	**115,846**	**84,509**
Income tax for the period	(37,498)	(33,446)
Net profit/(loss) for the period	**78,348**	**51,063**
of which		
minority interest	0	0
Net Profit (Loss) for the Group	**78,348**	**51,063**
Earnings per share - base (Euro cent)	**8.24**	**5.37**
Earnings per share - diluited (Euro cent)	**8.24**	**5.37**

Statement of Changes in Consolidated Shareholders' Equity for the periods 31/12/05-31/03/08

EUR thousand	Share capital	Legal reserve	Other reserves	Profit/ (Loss) for the period	Shareholders' equity
Balance as at 31/12/2005	**51,183**	**10,237**	**174,706**	**292,642**	**528,768**
Capital increase (net of IPO costs)	3,447		338,983		342,430
Allocation of previous period profit			152,946	(152,946)	
Dividends			(30,485)	(139,696)	(170,181)
Shareholders' equity increase related to the fair value evaluation of assets and liabilities of the 55% sarlux stake			188,940		188,940
Profit (loss) for the year				395,425	395,425
Balance as at 31/12/2006	**54,630**	**10,237**	**825,090**	**395,425**	**1,285,382**
Allocation of previous period profit		689	252,086	(252,775)	
Dividends				(142,650)	(142,650)
Reserve for employee stock plan			2,106		2,106
Own treasury shares in portfolio			(1,975)		(1,975)
Effect of Corporate tax rate reduction			693		693
Profit (loss) for the year				322,903	322,903
Balance as at 31/12/2007	**54,630**	**10,926**	**1,078,000**	**322,903**	**1,466,459**
Allocation of previous period profit			**322,903**	**(322,903)**	
Reserve for employee stock plan			**499**		**499**
Own share purchase			**(633)**		**(633)**
Profit (loss) for first quarter				**78,348**	**78,348**
Balance as at 31/03/2008	**54,630**	**10,926**	**1,400,769**	**78,348**	**1,544,673**

Consolidated Cash Flow Statements as at 31/03/08, 31/03/07 and 31/12/07

EUR thousand	1-Jan-2008 31-Mar-2008	1-Jan-2007 31-Mar-2007	1-Jan-2007 31-Dec-2007
A - Cash and cash equivalents at the beginning of period (short-term net financial indebteness)	**308,108**	**217,604**	**217,604**
B - Cash generated from/(used in) operating activities			
Profit/ (Loss) for the period of the Group	78,348	51,063	322,903
Non recurring income due to the Sarlux acquisition			
Amortization, depreciation and write-down of fixed assets	38,088	39,942	251,245
Net (income)/charges from equity interests	(68)	(2,633)	(3,399)
Net change in provisions for risks and charges	(44)	(2,785)	(1,189)
Net change in employee benefits	(410)	278	(8,751)
Change in tax liabilities and tax assets	(11,303)	(22,466)	(27,506)
Income tax	37,498	33,446	148,971
Profit (Loss) from operating activities before changes in working capital	**142,109**	**96,845**	**682,274**
(Increase)/Decrease in trade receivables	78,827	7,397	(115,679)
(Increase)/Decrease in inventory	(100,332)	(38,054)	(124,913)
Increase/(Decrease) in trade and other payables	30,191	6,361	103,960
Change in other current assets	(50,721)	25,958	73,314
Change in other current liabilities	42,177	48,489	86,650
Income tax paid			(156,552)
Change in other non-current liabilities	24,002	27,546	72,560
Other non cash items	(984)		949
Total (B)	**165,269**	**174,542**	**622,563**
C - Cash flow from investment activities			
(Investments) in tangible and intangible assets, net of disinvestments and accumulated depreciation and amortization	(58,505)	(35,546)	(209,922)
Change in equity interests valued under the equity method	(150)		(649)
Interest received/(paid)	(680)	(4,111)	(12,136)
Total (C)	**(59,335)**	**(39,657)**	**(222,707)**
D - Cash generated from/(used in) financing activities			
Increase/(Decrease) in medium/long term borrowings	(524)	(1,043)	(136,388)
(Increase)/Decrease in other financial assets	2,740	(197)	(1,395)
Increase/(Decrease) in short term borrowings	52,148	29,122	(28,919)
Capital increase			
Dividend distribution to shareholders			(142,650)
Total (D)	**54,364**	**27,882**	**(309,352)**
E - Cashflow for the period (B+C+D)	**160,298**	**162,767**	**90,504**
F - Cash and cash equivalents at the end of period (short-term net financial indebteness)	**468,406**	**380,371**	**308,108**

Notes to the Consolidated Quarterly Report as at 31 March 2008

1. Foreword

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

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

The financial data shown refer to the period from 1 January to 31 March for the financial years 2008 and 2007 respectively. The balance sheet figures refer to 31 March 2008 and to 31 December 2007.

This consolidated quarterly report is presented in Euro because Euro is the currency of the economy in which the Group operates, and is composed of a Balance Sheet, Income Statement, Cashflow Statement, Statement of Changes in Shareholders’ Equity and these Notes. Unless stated otherwise, all amounts shown in the above statement and in the notes to the consolidated quarterly report, bearing in mind their size and significance, are expressed in thousands of Euro as provided by resolution n.11661 issued by Consob on 20th October 1998.

The quarterly report as at 31 March 2008 must be read jointly with the Saras Group consolidated report as at 31 December 2007.

The quarterly report as at 31 March 2008 is not subject to audit.

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

The consolidated quarterly report as at 31 March 2008 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure outlined in Article 6 of Regulation EC No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

Quarterly report are prepared in accordance with the provisions set in the Regolamento Emittenti (Issuer report) Consob resolution n.11971 dated 14 May 1999 and following modifications. The presentation of accounting prospectus corresponds to those presented in the half-year report and the annual report.

The consolidation perimeter comprises the following companies:

Fully Consolidated	**% Owned**
Arcola Petrolifera S.p.A	100%
Sarlux S.r.l.	100%
Sartec Saras Ricerche e Tecnologie S.p.A.	100%
Ensar S.r.l.and subsidiary:	100%
- Eolica Italiana S.r.l.	100%
Akhela S.r.l.	100%
Sarint S.A. and subsidiary:	100%
- Saras Energia S.A.	100%
Reasar S.A.	100%
***Joint Ventures* measured at equity**	
Parchi Eolici Ulassai S.r.l. and subsidiary :	70%
- Sardeolica S.r.l.	100%
Associated companies measured at equity	
Dynergy S.r.l.	37,50%
Hangzhou Dadi Encon Environmental Equipment Co.	37,50%
Nova Eolica S.r.l.	20%
Other interests: measured at cost since not relevant	
Consorzio Cesma	5%
Consorzio La Spezia Energia	5%
Consorzio Techno Mobility	17,40%
Sarda Factoring	6,00%

Consolidation perimeter is different from the one reported at the end of first quarter 2007, the reasons are:
Liquidation procedure of Xanto S.r.l. and subsidiary Xanto Basilicata S.r.l., Consorzio Ricerche Associate and Consorzio Cifra (in liquidation as at 31st december 2006) was completed during 2007.
Furthermore, interest in Hydrocontrol was sold during 2007 and merger by incorporation of Saras Energia Red S.A. in Saras Energia S.A was finalized during 2007.

3. Segment review

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

	Refining	Marketing	Power generation	Other activities	Total
31st MARCH 2007					
Revenues from ordinary operations	1,333,982	432,682	132,968	8,861	1,908,493
less: intercompany revenues	(362,049)	(31,046)	(8,392)	(4,951)	(406,438)
Revenues from third parties	**971,933**	**401,636**	**124,576**	**3,910**	**1,502,055**
Other revenues	10,087	1,475	3,220	177	14,959
less: intercompany revenues	(6,282)	(32)	(3,101)	(112)	(9,527)
Other revenues from third parties	**3,805**	**1,443**	**119**	**65**	**5,432**
Operating result (a)	**70,742**	**1,730**	**33,398**	**(455)**	**105,415**
Net income on unconsolidated equity companies					
- Parchi Eolici Ulassai S.r.l.			2,633		**2,633**
Total			**2,633**		**2,633**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**1,371,833**	**400,340**	**1,573,504**	**40,568**	**3,386,245**
Of which:					
Equity interests measured at equity			**11,234**		**11,234**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**841,415**	**161,380**	**1,014,475**	**32,530**	**2,049,800**
Investments in tangible assets	25,964	147	4,464	573	**31,148**
Investments in intangible assets	4,233	130	0	36	**4,399**
31st MARCH 2008					
Revenues from ordinary operations	1,854,440	633,861	156,356	10,827	2,655,484
less: intercompany revenues	(592,317)	(1,626)	(9,311)	(3,895)	(607,149)
Revenues from third parties	**1,262,123**	**632,235**	**147,045**	**6,932**	**2,048,335**
Other revenues	11,285	1,315	3,826	288	16,714
less: intercompany revenues	(6,925)	(316)	(3,822)	(81)	(11,144)
Other revenues from third parties	**4,360**	**999**	**4**	**207**	**5,570**
Operating result (a)	**73,817**	**11,467**	**28,920**	**(877)**	**113,327**
Net income on unconsolidated equity companies					
- Parchi Eolici Ulassai S.r.l.			68		68
Total			**68**		**68**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**1,794,031**	**578,920**	**1,284,392**	**36,070**	**3,693,413**
Of which:					
Equity interests measured at equity			**13,440**		**13,440**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**995,731**	**220,507**	**917,520**	**14,983**	**2,148,741**
Investments in tangible assets	37,416	10,588	9,292	201	**57,497**
Investments in intangible assets	802	0	0	206	**1,008**

(a) Operating result is determined without considering intra-segment eliminations.

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

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

4. Cash and cash equivalents

Detailed information as follows:

	31/03/2008	31/12/2007	Change
Bank and Postal deposits	468,319	308,013	160,306
Cash	87	95	(8)
Total	**468,406**	**308,108**	**160,298**

The increase of the item is mainly due to the strong cashflow from operating activities, as evidenced in the cashflow statement.

5. Trade receivables

Detailed information as follows:

	31/03/2008	31/12/2007	Change
From clients	611,048	689,775	(78,727)
From non consolidated Group Companies	287	387	(100)
Total	**611,335**	**690,162**	**(78,827)**

6. Inventories

Detailed information as follows:

	31/03/2008	31/12/2007	Change
Inventories:			
raw materials, spare parts and consumables	223,878	206,366	17,512
work in progress and semi-finished products	64,387	66,876	(2,489)
finished products and goods held for sale	523,549	441,457	82,092
Advances	13,233	10,016	3,217
Total	**825,047**	**724,715**	**100,332**

The increase is mainly due to higher quantities and crude oil and products prices than 31 december 2007.

7. Current tax assets

Detailed information as follows:

	31/03/2008	31/12/2007	Change
To Italian Government for VAT	2,647	2,684	(37)
To Italian Government for IRES	0	0	0
To Italian Government for IRAP	6	480	(474)
Tther current tax liabilies	2,916	2,967	(51)
Total	**5,569**	**6,131**	**(562)**

8. Property, plant and equipments

Detailed information as follows:

HISTORIC COST	31/12/2007	Additions	(Disposals)	Revaluations	Other changes	31/3/2008
Land and buildings	148,246	156			925	149,327
Plant and machinery	1,994,922	3,705			3,337	2,001,964
Industrial and commercial equipment	15,487	28				15,515
Other assets	423,524	138			190	423,852
Work in progress and advances	182,865	53,470			(3,634)	232,701
Total	**2,765,044**	**57,497**	**0**	**0**	**818**	**2,823,359**

ACCUMULATED DEPRECIATION	31/12/2007	Depreciation charge	(Disposals)	Revaluations (Write-downs)	Altri movimenti	31/3/2008
Land and buildings	44,040	1,117				45,157
Plant and machinery	1,221,582	23,245				1,244,827
Industrial and commercial equipment	11,456	107				11,563
Other assets	306,812	4,707				311,519
Total	**1,583,890**	**29,176**	**0**	**0**	**0**	**1,613,066**

NET BOOK VALUE	31/12/2007	Additions	(Disposals)	Revaluations (Write-downs)	Other changes	31/3/2008
Land and buildings	104,206	156	0	(1,117)	925	104,170
Plant and machinery	773,340	3,705	0	(23,245)	3,337	757,137
Industrial and commercial equipment	4,031	28	0	(107)	0	3,952
Other assets	116,712	138	0	(4,707)	190	112,333
Work in progress and advances	182,865	53,470	0		(3,634)	232,701
Total	**1,181,154**	**57,497**	**0**	**(29,176)**	**818**	**1,210,293**

Increase is mainly due to the ongoing construction activities of a gasoline desulphurization unit and a tail gas treatment/sulphur recovery plant at the Sarroch refinery.

9. Intangibile assets

CATEGORIES	31/12/2007	Additions	Disposals	Other changes	(Amortization)	31/03/2008
Industrial and other patent rights	1,782	637		29	(270)	2,178
Concessions, licenses, trade marks and similar rights	29,295				(443)	28,852
Goodwill	2,515					2,515
Assets under construction and advances	9,050	371				9,421
Other intangible assets	422,801				(8,199)	414,602
Total	**465,443**	**1,008**	**0**	**29**	**(8,912)**	**457,568**

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

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

The item “Asset under construction and advances” includes exploration costs for natural gas in Sardinia.

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

10. Short and medium-long term financial liabilities

Le passività finanziarie sono rappresentate da:

	31/03/2008	31/12/2007	Change
Bank loans	107,682	107,682	0
Bank overdrafts	116,682	63,390	53,292
Loans from unconsolidated group companies	962	1,166	(204)
Other short term financial liabilities	0	940	(940)
Total short term financial liabilities	**225,326**	**173,178**	**52,148**
Bank loans	185,759	186,283	(524)
Total medium-long term financial liabilities	**411,085**	**359,461**	**51,624**

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

Values in million of EUR	Date of borrowing	Amount originally borrowed	Base rate	Outstanding at 31/12/07	Outstanding at 31/03/08	Maturity			Security
						1 year	from 1 to 5 years	beyond 5 years	
Saras S.p.A.									
Unicredit	20-dic-04	50,0	Euribor 6M	20.0	20.0	10.0	10.0		20.0
				20.0	**20.0**	**10.0**	**10.0**		
Sartec S.p.A.									
San Paolo Imi	30-giu-01	1.7	2.31%	0.6	0.6	0.2	0.4		
				0.6	**0.6**	**0.2**	**0.4**		
Akhela S.r.l.									
Banco di Sardegna	24-apr-02	3.1	Euribor 6M	0.9	0.9	0.6	0.3		
				0.9	**0.9**	**0.6**	**0.3**		
Saras Energia S.A.									
Banca Esp. De Credito	11-set-02	10.0	Euribor 6M	5.5	5.0	1.1	3.9		
				5.5	**5.0**	**1.1**	**3.9**		
Sarlux S.r.l.									
Banca Intesa	29-nov-96	572.0	Libor 3M	158.9	158.9	57.1	101.8		158.9
EIB	29-nov-96	180.0	7.35%	54.0	54.0	19.3	34.7		54.0
EI	29-nov-96	208.0	Euribor 3M	54.0	54.0	19.3	34.7		54.0
				266.9	**266.9**	**95.7**	**171.2**		
Total bank loans				**293.9**	**293.4**	**107.6**	**185.8**		

The weighted average interest rate as at 31st March 2008 was equal to 5.8% (commitment and guarantee fees of Sarlux S.r.l. included).

The subsidiary Sarlux S.r.l. must comply with certain parameters with regard to existing loans before paying dividends. Specifically, in order to use liquidity for this purpose, it is necessary that:

- the following current bank accounts, held by Sarlux S.r.l. at Banca Intesa in London, remain in credit, in order to cover the expected expenses for the purposes for which they were set up:
    1. *Debt Service Reserve Account*: this holds amounts to be paid to banks to repay loan instalments (principal plus interest) due in the following six months;
    2. *Air Liquide Account*: this holds collateral securing the oxygen supplies that Air Liquide Italia will make in the following six months.
- the following ratios, referring to amounts derived from the financial statements and forecasts of Sarlux S.r.l., are complied with:
    1. Annual Debt Service Coverage Ratio (ADSCR): available post-tax cash flow (for the next twelve months) to total debt repayable (in the next twelve months) should be greater than 1.15;
    2. Loan Life Coverage Ratio (LLCR): net present value of post-tax cash flow (foreseen for the remaining life of the agreement) to total debt outstanding should be greater than 1.2.

All of the loans granted to Sarlux S.r.l. must be repaid on request of the Facilities Agent in the event that:

(i) the loan life coverage ratio (net present value of post-tax cash flow over total debt to be repaid) falls below 1.05;

(ii) the annual debt service coverage ratio (available post-tax cash flow –for the next 12 months – over total debt to be repaid) falls below 1; (iii) the forecast annual debt service coverage ratio falls below 1.

Sarlux Srl complied with all the ratios mentioned above as of 31 December 2007.

In addition to the above requirements, as security for the loans taken out by Sarlux S.r.l., all shares held in the company have been pledged as guarantees in favour of the lending banks involved.

11. Trade and other payables

Detailed information as follows:

	31/03/2008	31/12/2007	Change
Advances from clients within year end	872	690	182
Payables to suppliers within year end	684,399	654,590	29,809
Trade payables to associate companies	502	302	200
Total	**685,773**	**655,582**	**30,191**

12. Current tax liabilities

Detailed information as follows:

	31/03/2008	31/12/2007	Variazione
To Italian Government for VAT	59,228	58,281	947
To Italian Government for IRES	64,010	24,218	39,792
To Italian Government for IRAP	9,934	4,084	5,850
Other current tax liabilities	49,975	34,339	15,636
Total	**183,147**	**120,922**	**62,225**

The increase is mainly due to the accrued taxes related to the current quarter.
The item “other current tax liabilities” includes payments due for excise duties.

13. Provisions for risks

Detailed information as follows:

	31/12/2007	Provisions	Decrease	31/03/2008
Provision for dismantling of plants	16,826			16,826
Provision for other risks	6,470		(44)	6,426
Total	**23,296**	**0**	**(44)**	**23,252**

14. Deferred taxes

The item decreased by € 11,303 thousand compared to 31 December 2007.
Deferred tax liabilities are shown net of deferred tax assets.
Deferred tax liabilities mainly refers to accelerated depreciation allowed for fiscal purposes until end of 2007, to the inventories evaluation at LIFO for fiscal purposes and to the evaluation at fair value of the electricity sale contract between Sarlux S.r.l. and the grid operator Gestore dei Servizi Elettrici S.p.A (G.S.E.).
Deferred tax assets are related to the methodology used for the accounting of the operating leasing. In this respect see also item “Other non-current liabilities”.

15. Other non-current liabilities

	31/03/2008	31/12/2007	Change
Advances from clients	1,443	2,876	(1,433)
Payables to welfare and social security	298	280	18
Deferred income	602,629	579,791	22,838
Others	6,958	4,379	2,579
Total	**611,328**	**587,326**	**24,002**

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

16. Shareholders’ equity

The Group shareholders’ equity as at 31 March 2008 is equal to € 1,544,673 thousand (to be compared to € 1,466,459 thousand as at 31 December 2008).
The analysis of the movements is reported in the Group Financial statement section in this report .
The increase is due to:

- an increase for the allocation of the profits of the period (€ 78,348 thousand);
- an increase for the allocation of a reserve for stocks grants to employees and management of the Saras Group based on stock plans approved by the Parent Company Saras S.p.A. (€ 499 thousand);
- a decrease for the purchase of own shares related to the service of the above mentioned stock plans (€ 633 Thousand).

On 29th April 2008 the Ordinary Shareholders’ meeting resolved the distribution of a dividend of € 0.17 for each of the 946,134,977 ordinary shares for a total amount of € 160,843 thousand. In this report the related debt has been included as a liability.

17. Earnings per share

In the calculation of the "base earning per share" the net profit of the Group has been used.
The base earning per share for the period 1st January – 31th March 2008 is 8.24 €cent per share.
The diluted earnings per share is similar to the base EPS.

18. Revenues

	31/03/2008	31/03/2007	Change
Revenues from sales and services	1,919,819	1,379,909	539,910
Sale of electricity	127,861	121,912	5,949
Change in work in progress	655	234	421
Total	**2,048,335**	**1,502,055**	**546,280**

The increase is mainly due to the higher oil products prices compared to same quarter last year.

19. Other income

Detailed information as follows:

	31/03/2008	31/03/2007	Change
Revenues from sales of compulsory storage	2,868	1,886	982
Sale of sundry materials	418	1,014	(596)
Other revenues	2,284	2,532	(248)
Total	**5,570**	**5,432**	**138**

20. Purchases of raw materials, spare parts and consumables

Detailed information as follows:

	31/03/2008	31/03/2007	Change
change of finished oil products and feedstock Inventories	(80,235)	16,954	(97,189)
Change of raw materials, spare parts and consumables inventories	(16,811)	(51,735)	34,924
Purchase of raw materials	1,340,208	807,271	532,937
Purchase of feedstocks	6,231	25,880	(19,649)
Purchase of finished products	458,896	405,672	53,224
Purchase of spare parts and consumables	20,300	13,995	6,305
Total	**1,728,589**	**1,218,037**	**510,552**

The increase is mainly due to the higher oil prices compared to same quarter last year.

21. Cost of services and sundry costs

Detailed information as follows:

	31/03/2008	31/03/2007	Change
Cost of services	113,589	103,347	10,242
Rents, leasing and similar costs	3,244	3,110	134
Provision for risks	10	10	0
Other Charges	22,763	6,424	16,339
Total	**139,606**	**112,891**	**26,715**

Cost of services includes chartering of tankships, other transportation costs, electricity, steam, hydrogen and other utilities. The increase is mainly due to the higher refinery runs, implying higher utilities consumptions, and higher utilities costs compared to same period last year.
Other operating charges includes local taxes not related to income (ICI, CO2 emissions) and membership fees. The increase is mainly due to higher CO2 emission costs compared too same period last year.

22. Personell Cost

Detailed information as follows:

	31/03/2008	31/03/2007	Change
Wages and salaries	22,949	21,129	1,820
Social Security	7,016	6,388	628
Staff severance indemnity	1,334	853	481
Pensions and similar	536	648	(112)
Other costs	1,036	762	274
Compensation to the Board of Directors	1,424	1,422	2
Total	**34,295**	**31,202**	**3,093**

The increase is mainly due to the costs related to the Stock plan for employees and Stock grant for managers approved by the AGM on 27 April 2007 and to higher incentive bonuses.

23. Depreciation, amortisation and write-downs

Detailed information as follows:

	31/03/2008	31/03/2007	Change
Intangible assets amortization	8,912	10,489	(1,577)
Tangible assets depreciation	29,176	29,453	(277)
Total	**38,088**	**39,942**	**(1,854)**

The decrease of intangible assets amortization is related to the partial write-down booked at the end of 2007 of the value of the sale contract between Sarlux S.r.l. and the national grid operator (GSE) as also reported in note n.9 of the present report.

24. Net income/(charges) from equity interests

	31/03/2008	31/03/2007	Change
Parchi Eolici Ulassai S.r.l.	68	2,633	(2,565)
Total	**68**	**2,633**	**(2,565)**

The decrease is due to lower net income for the period of the subsidiary Parchi Eolici Ulassai S.r.l. compared to same period last year, caused by lower green certificate prices.

25. Financial income/(charges)

	31/03/2008	31/03/2007	Change
Other financial income:			
from financial assets recorded under non current assets	(5)	29	(34)
other income			
- from non-consolidated subsidiaries	104	37	67
- interest on bank and post office accounts	4,032	2,070	1,962
- fair value of derivatives outstanding on reporting date	1,502		1,502
- positive differences on derivatives	33	4,944	(4,911)
- Other income	102	23	79
Interests and other financial charges			
- to non-consolidated subsidiaries		(24)	24
- fair value of derivatives outstanding on reporting date	(137)	(21,987)	21,850
- negative differences on derivatives	(3,978)	(1,985)	(1,993)
- other (interest on bank loans, arrears, etc,)	(5,899)	(7,246)	1,347
Exchange rate gains/losses on non commercial transaction	6,697	600	6,097
Total	**2,451**	**(23,539)**	**25,990**

The increase is mainly attributable to the changes of the fair value and differences on derivatives instruments.

Detail of the Group companies

Name	Registered Office	Currency	Share capital	% owned by Group at 3/08	% owned by Group at 12/07	% share capital	Shareholder	% of voting ights	Category
Arcola Petrolifera S.p.A.	Sarroch (CA)	Euro	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)	Euro	3,600,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Ensar S.r.l. and subsidiary:	Milano	Euro	100,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Eolica Italiana S.r.l.	Cagliari	Euro	100,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	indirect Subsidiary
Akhela S.r.l.	Uta (CA)	Euro	3,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sarint S.A. and subsidiaries:	Lussemburgo	Euro	50,705,314	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Energia S.A,	Madrid (Spagna)	Euro	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	indirect Subsidiary
Reasar S.A.	Lussemburgo	Euro	1,225,001	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	indirect Subsidiary
Sarlux S.r.l.	Sarroch (CA)	Euro	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	Euro	500,000	70.00%	70.00%	70.00%	Saras S.p.A.	70.00%	Joint venture
Sardeolica S.r.l.	Cagliari	Euro	56,636	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	70.00%	Joint venture
Dynergy S.r.l.	Genova	Euro	179,000	37.50%	37.50%	37.50%	Saras Ricerche e Tecnologie S.p.A.	37.50%	Associated companies
Hangzhou Dadi Encon Environmental Equipment Co.	Hangzhou	RMB*	14,050,200	37.50%	37.50%	37.50%	Saras Ricerche e Tecnologie S.p.A.	37.50%	Associated companies
Nova Eolica S.r.l.	Cagliari	Euro	10,000	20.00%	20.00%	20.00%	Ensar S.r.l.	20.00%	Associated companies
Consorzio Cesma	Castellamonte (TO)	Euro	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	Euro		5.00%	5.00%	5.00%	Arcola Petrolifera S.p.A.	5.00%	Other interests
Consorzio Techno Mobility	Cagliari	Euro	57,500	17.40%	17.40%	17.40%	Saras Ricerche e Tecnologie S.p.A.	17.40%	Other interests
Sarda Factoring	Cagliari	Euro	8,320,000	6.00%	6.00%	6.00%	Saras S.p.A.	6.00%	Other interests

* Ren Min Bi (Chinese currency)

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