Saras Group Half Year Report as at 30 June 2012

SARAS

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Statutory and Control Bodies

BOARD OF DIRECTORS

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

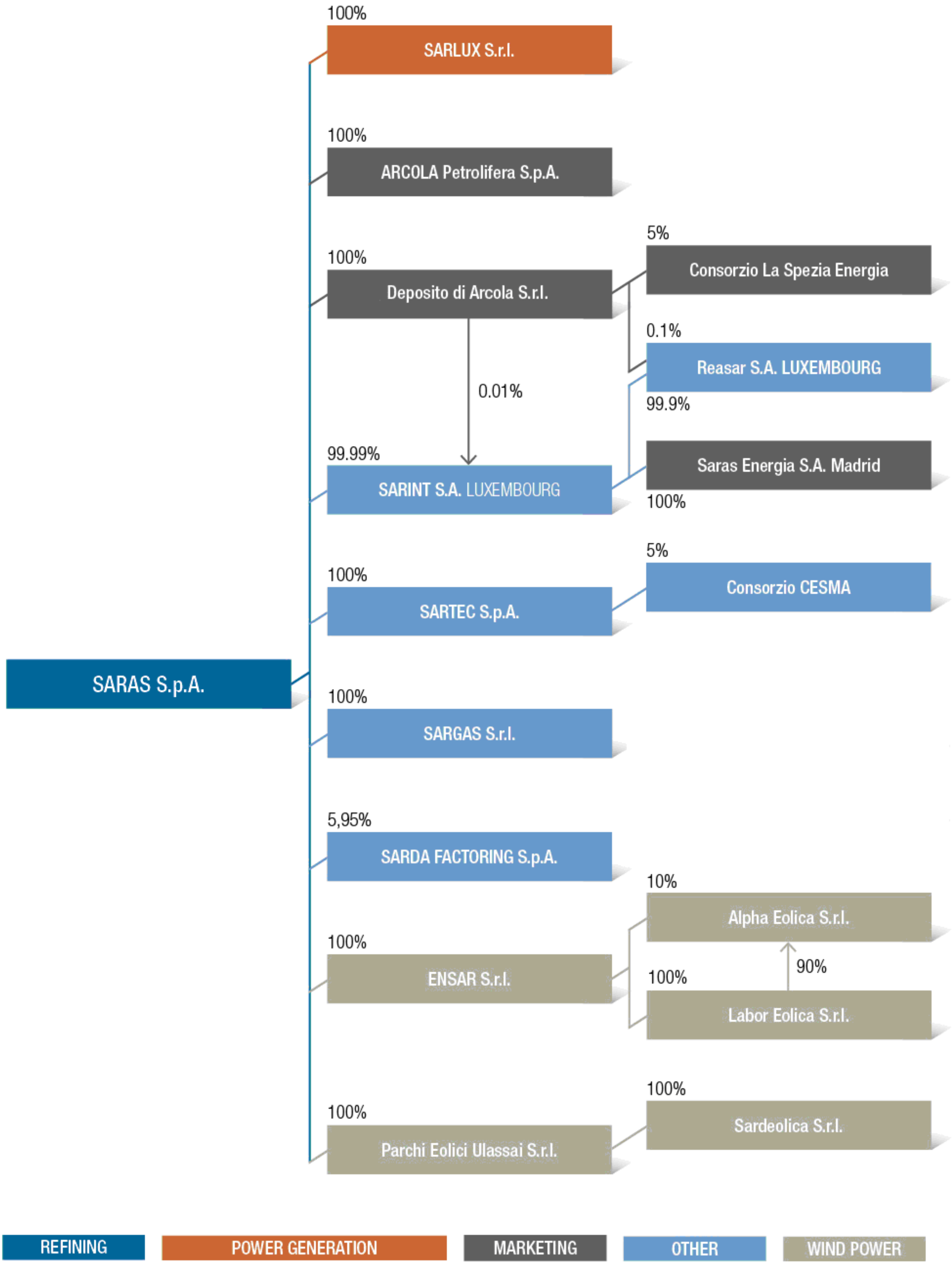
Both directly and through the subsidiaries Arcola Petrolifera S.p.A. and Deposito di Arcola S.r.l. in Italy, and the subsidiary Saras Energia S.A. in Spain, the Group sells and distributes oil products, such as diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel, on the Italian, European and international markets. In particular, in 2011 approximately 2.4 million tons of oil products were sold in Italy, through the subsidiary Arcola Petrolifera, which operates solely in the wholesale market. Arcola Petrolifera uses logistics basis spread across the Italian territory, and also one tank farm for petroleum products owned by the Group, with a capacity of 200,000 cubic metres, managed by the subsidiary Deposito di Arcola S.r.l., and located indeed in the city of Arcola (La Spezia). Further 1.8 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 it also uses other logistic basis owned by third parties (CLH, Decal, Tepsa, etc.) and spread across the Iberian peninsula. Saras Energia also manages a retail network of 124 service stations, primarily located along the Spanish Mediterranean Coast, and the Cartagena biodiesel plant, with a capacity of 200,000 tons per year.

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

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



Stock Performance

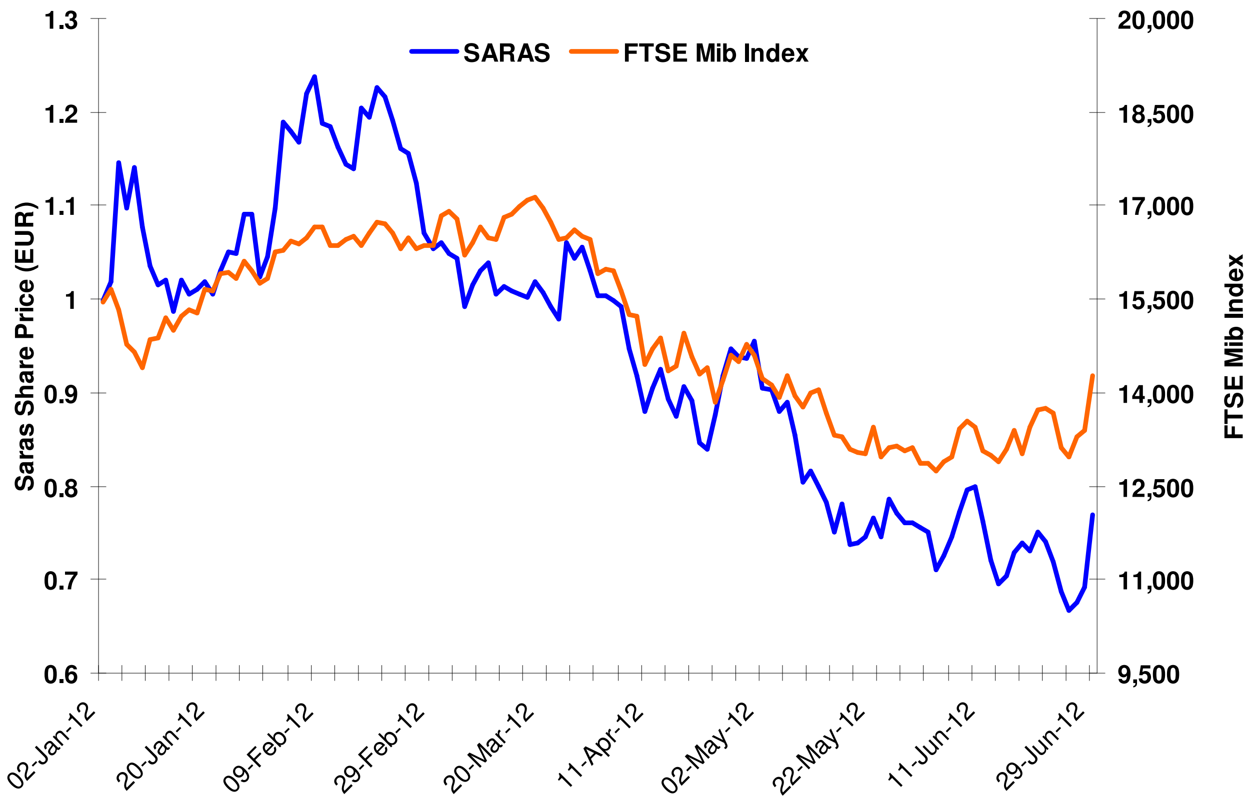
The following data relate to the Saras' share prices and daily volumes, during the First Semester of 2012.

SHARE PRICE (EUR)	H1/12
Minimum price (26/06/2012)	0.667
Maximum price (08/02/2012)	1.238
Average price	0.946
Closing price at the end of the period (29/06/2012)	0.769

DAILY TRADED VOLUMES	H1/12
Maximum traded volume in EUR million (23/03/2012)	55.1
Maximum traded volume in number of shares (million) (23/03/2012)	52.0
Minimum traded volume in EUR million (11/06/2012)	0.7
Minimum traded volume in number of shares (million) (11/06/2012)	0.9
Average volume in EUR million	4.2
Average volume in number of shares (million)	4.2

The Market capitalization on the 30th of June 2012 amounts to approximately EUR 730 million and, at the same date, the number of shares outstanding was approximately 928 million.

The following graph 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 used in the IFRS Financial Statements). The LIFO methodology does not include revaluations and write downs and it combines the most recent costs with the most recent revenues, thus providing a clearer picture of current operating profitability. Furthermore, for the same reason, non recurring items and the change in "*fair value*" of the derivative instruments are also deducted, both from the operating results and from the Net Result. Operating results and Net Result calculated as above are called respectively "*comparable*" and "*adjusted*", and they are not subject to audit, just like quarterly results.

Group consolidated income statement figures

EUR Million	Q2/12	Q2/11	Change %	Q1/12	H1/12	H1/11	Change %
REVENUES	2,672	2,638	1%	3,115	5,787	5,310	9%
EBITDA	(147.3)	12.8	-1251%	111.9	(35.4)	323.2	-111%
Comparable EBITDA	**33.6**	**34.2**	**-2%**	**21.1**	**54.7**	**188.5**	**-71%**
EBIT	(199.4)	(40.2)	-396%	61.2	(138.2)	217.8	-163%
Comparable EBIT	**(18.5)**	**(18.8)**	**2%**	**(29.6)**	**(48.1)**	**83.1**	**-158%**
NET RESULT	(131.8)	(40.6)	-224%	14.1	(117.7)	82.2	-243%
***Adjusted* NET RESULT**	**(29.3)**	**(44.3)**	**34%**	**(36.6)**	**(65.9)**	**(4.9)**	**1250%**

Other Group figures

EUR Million	Q2/12	Q2/11		Q1/12	H1/12	H1/11	
NET FINANCIAL POSITION	**(82)**	**(527)**		**(473)**	**(82)**	**(527)**	
CAPEX	**40**	**39**		**36**	**76**	**59**	
OPERATING CASH FLOW (*)	**431**	**36**		**216**	**647**	**93**	

Comments to First Half 2012 results

Group Revenues in H1/12 were EUR 5,787 ml, up 9% vs. H1/11. This is primarily due to the higher revenues generated from the Refining segment, thanks to higher prices for oil products (for quick reference, in H1/12 diesel traded at an average of 972 $/ton, vs. 950 $/ton in H1/11, while gasoline prices had an average of 1,037 $/ton vs. 984 $/ton in H1/11) and also because of the higher revenues achieved from the Power Generation segment.

Group *reported* EBITDA in H1/12 was EUR -35.4 ml, down versus EUR 323.2 ml in H1/11. This reduction can be attributed mainly to the sharp drop in oil prices, during Q2/12, which caused a significant devaluation of oil inventories. It should be however noted that, at the time of preparing this Half Year Financial Report, the price of Brent Dated crude oil has already climbed back above 110 $/bl.

[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

Group *reported* Net Result stood at EUR -117.7 ml, down versus EUR 82.2 ml in H1/11, essentially for the same reason explained at EBITDA level. Moreover, it should be noted that the net financial charges, which include also the result of the derivative instruments used for hedging purposes, were equal to EUR 38.9 ml in H1/12, while in H1/11 the net financial charges stood at EUR 70.5 ml.

Group *comparable* EBITDA amounted to EUR 54.7 ml in H1/12, down from EUR 188.5 ml in H1/11. Likewise, **Group *adjusted* Net Result stood at EUR -65.9 ml**, down versus EUR -4.9 ml in H1/11. The wide difference versus the same period of last year can be explained primarily with the result of the Refining segment which, during the semester, carried out an important cycle of scheduled maintenance; moreover, in Q2/12, the segment faced a period of transition for the oil markets, caused by the total embargo on Iran declared by the European Union, and the consequent temporary disoptimization in the availability of *medium-sour* and *heavy-sour* crude oils. On the other hand, the contribution from the other segments of the Group was substantially in line with H1/11.

CAPEX in H1/12 was approximately EUR 76 ml, in line with the investment programme for 2012, and almost entirely attributed to the Refining Segment (EUR 67.1 ml).

Group Net Financial Position on the 30th of June 2012 stood at EUR -82 ml, strongly improved both versus the position at the beginning of the year (EUR -653 ml), and also versus the position on the 31st of March 2012 (EUR -473 ml), for the reasons which will be commented in detail, in a chapter specifically dedicated to the Net Financial Position.

Comments to Second Quarter 2012 results

Group Revenues in Q2/12 were EUR 2.672 ml, basically in line in Q2/2011, because the higher revenues coming from the Refining and the Power Generation segments more than offset the reduction in revenues of the Marketing segment, in a context of decreasing consumption and slightly lower prices for oil products. For reference purposes, in Q2/12, the international price for diesel averaged at 938$/ton (vs. 988 $/ton in Q2/11), while gasoline traded at an average price of 1.014$/ton (vs. an average of 1.043$/ton in Q2/11).

Group *reported* EBITDA in Q2/12 was EUR -147.3 ml, down versus EUR 12.8 ml in Q2/11. As commented already in the results of the semester, this reduction can be mainly attributed to the sharp drop in oil prices, and the consequent devaluation of the inventories of crude oil and refined products, calculated according to the FIFO methodology, adopted by Saras Group in the preparation of the IFRS Financial Statements.

Group *reported* Net Result stood at EUR -131.8 ml, down vs. EUR -40.6 ml achieved in Q2/11, mainly because of the devaluation of oil inventories described at EBITDA level. Only some partial compensation came by the net financial charges (that include also the result of the derivative instruments), which stood at EUR 2.4 ml in Q2/12, while in Q2/11 the net charges were equal to EUR 14.9 ml.

Group *comparable* EBITDA in Q2/12 amounted to EUR 33.6 ml, substantially in line with EUR 34.2 ml achieved in Q2/11; furthermore, **Group *adjusted* Net Result was EUR -29.3 ml**, up by 34% versus the Group *adjusted* Net Result of EUR -44.3 ml achieved in Q2/11, mainly because of the lower net financial charges, versus the same period of last year.

CAPEX in Q2/12 was EUR 39.8 ml, in line with the programme for the period and primarily dedicated to the scheduled maintenance cycle carried out in the Refinery segment (EUR 34.7 ml).

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 Q2/12 and H1/12 is shown in the following tables.

Group *adjusted* Net Result

EUR Million	Q2/12	Q2/11	H1/12	H1/11
***Reported* NET RESULT**	**(131.8)**	**(40.6)**	**(117.7)**	**82.2**
(inventories at LIFO - inventories at FIFO) net of taxes	107.0	14.8	53.8	(83.0)
non recurring items net of taxes	0.0	0.0	0.0	0.0
change in derivatives fair value net of taxes	(4.5)	(18.6)	(2.0)	(4.0)
***Adjusted* NET RESULT**	**(29.3)**	**(44.3)**	**(65.9)**	**(4.9)**

Group *comparable* EBITDA

EUR Million	Q2/12	Q2/11	H1/12	H1/11
***Reported* EBITDA**	**(147.3)**	**12.8**	**(35.4)**	**323.2**
inventories at LIFO - inventories at FIFO	180.9	21.4	90.1	(134.7)
non recurring items	0.0	0.0	0.0	0.0
***Comparable* EBITDA**	**33.6**	**34.2**	**54.7**	**188.5**

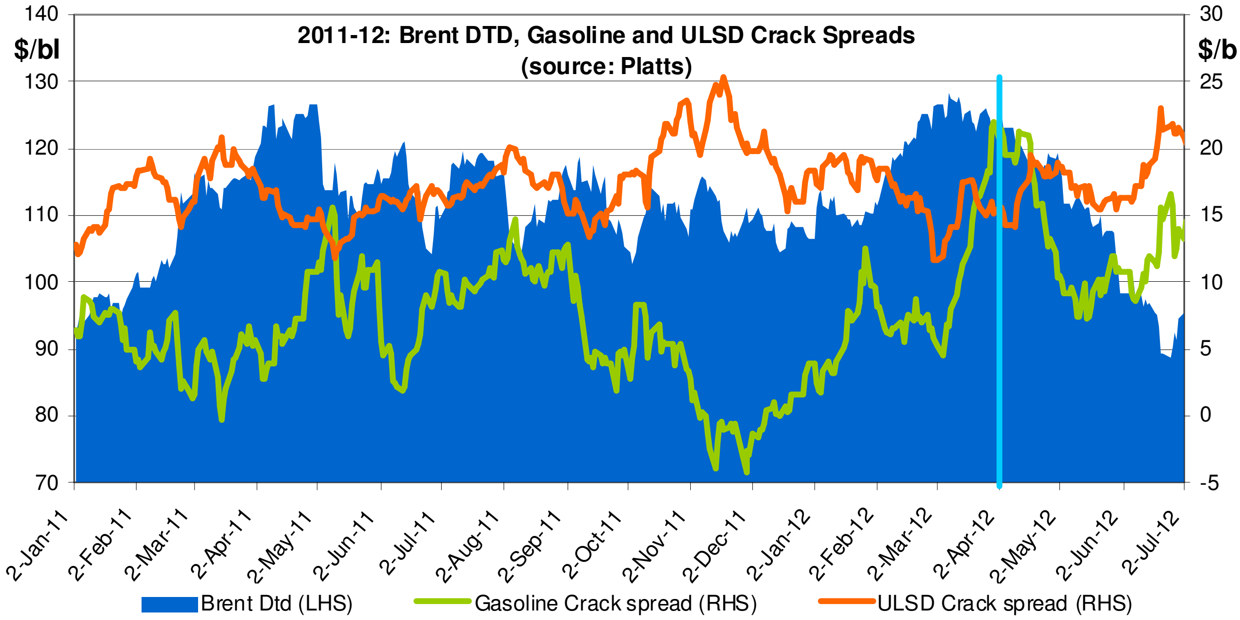
Net Financial Position

EUR Million	30-Jun-12	31-Mar-12	31-Dec-11
Medium/long term bank loans	(33)	(37)	(37)
Bonds	(248)	(248)	(248)
Other financial assets	5		
Total long term net financial position	**(276)**	**(285)**	**(285)**
Short term financing instruments	(8)	(198)	(198)
Short term bank loans	(40)	(115)	(327)
Other short term financial liabilities	(14)	(6)	(6)
Fair value on derivatives	(7)	(14)	(10)
Other marketable financial assets	13	11	11
Cash and cash equivalents	240	114	139
Warranty deposits for derivative instruments	10	20	23
Total short term net financial position	**194**	**(188)**	**(369)**
Total net financial position	**(82)**	**(473)**	**(653)**

The large improvement in **Net Financial Position** since the beginning of the year can be explained through various effects. Positive cashflow from Operations contributed with more than EUR 400 ml, thanks to a reduction of working capital, due to the optimisation of oil inventories, to a drop in oil prices, and to the deferment of payments for Iranian crude oil, related to the embargo. Furthermore, self-financing from provisions for depreciation and amortisation stood at approx. EUR 100 ml, while CAPEX for the period were contained at EUR 76 ml.

Finally, it should be reminded that, on the 27th of June 2012, Saras S.p.A signed a five year loan agreement, for a total amount of Euro 170 million, with a pool of major international and Italian banks, with Banca IMI and BNP Paribas acting as "*Mandated Lead Arrangers*" and "*Bookrunners*". The facility is senior and unsecured, and it confirms the confidence of the credit markets in the mid and long term outlook for the Saras Group.

Oil Market and Refining Margins



<u>Crude oil prices (Source: Platts):</u>

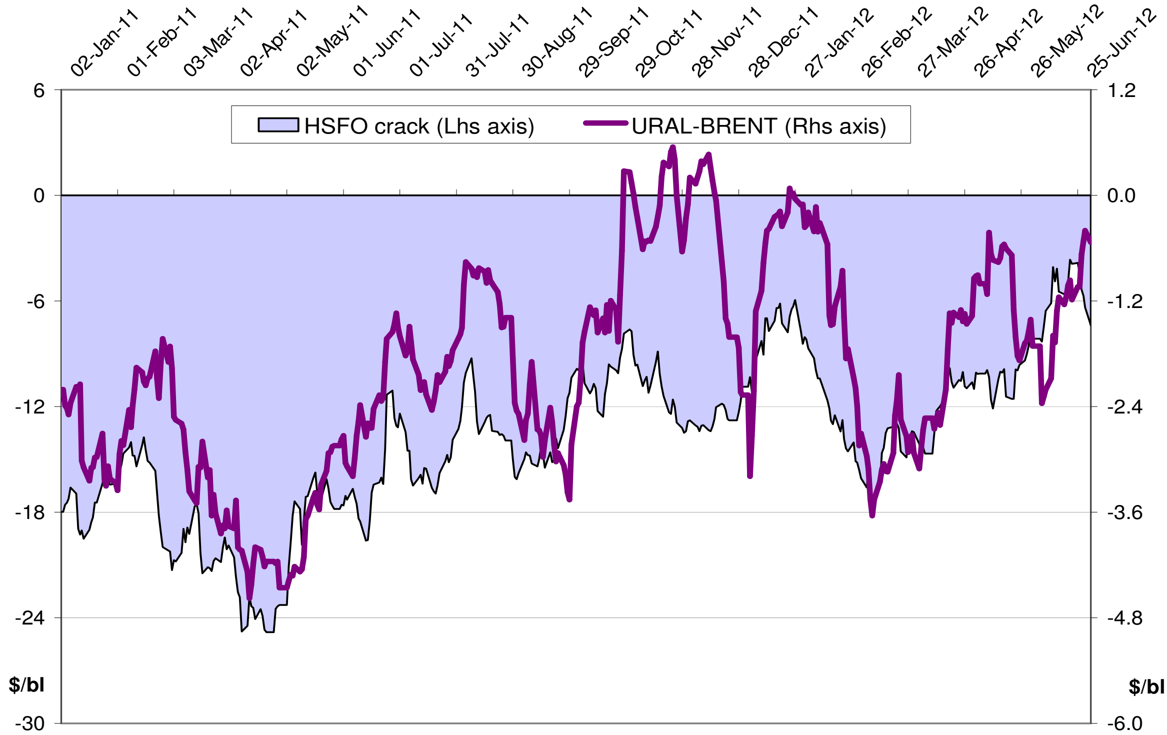
In the first quarter of 2012, crude oil prices had a strong progression, because supply concerns prevailed on the downward pressures exerted by the deteriorating macro economic conditions. Brent Dated started the period at 106.5 $/bl, and it progressively climbed, closing the first quarter at 123.5 $/bl. Among the main events which caused concerns to supply we can mention the following: the worsening tensions between Iran and the Western World; the outbreak of riots in Nigeria, due to the removal of subsidies on fuel prices; and finally, the geopolitical crisis in Syria, Sudan and Yemen, which removed from the markets a combined production of approximately 600 thousand barrels per day.

In the second quarter of 2012, notwithstanding the continuing pressure on the supply side, crude oil prices moved sharply downwards, driven by worsening economical and financial conditions, especially in Europe. Indeed, Brent Dated opened the second quarter at 124.6 $/bl and closed it at 94.5 $/bl, down by 30 dollars, after touching a minimum of 88.6 $/bl on the 25th of June. Behind this remarkable price drop there was, on the one hand, the temporary closures of numerous European and American refineries, in order to carry out the traditional spring maintenance between April and May; on the other hand, the increase of Saudi Arabia's oil production, aimed at reassuring the markets on the availability of crude oil, even after the implementation of the embargo against Iran.

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

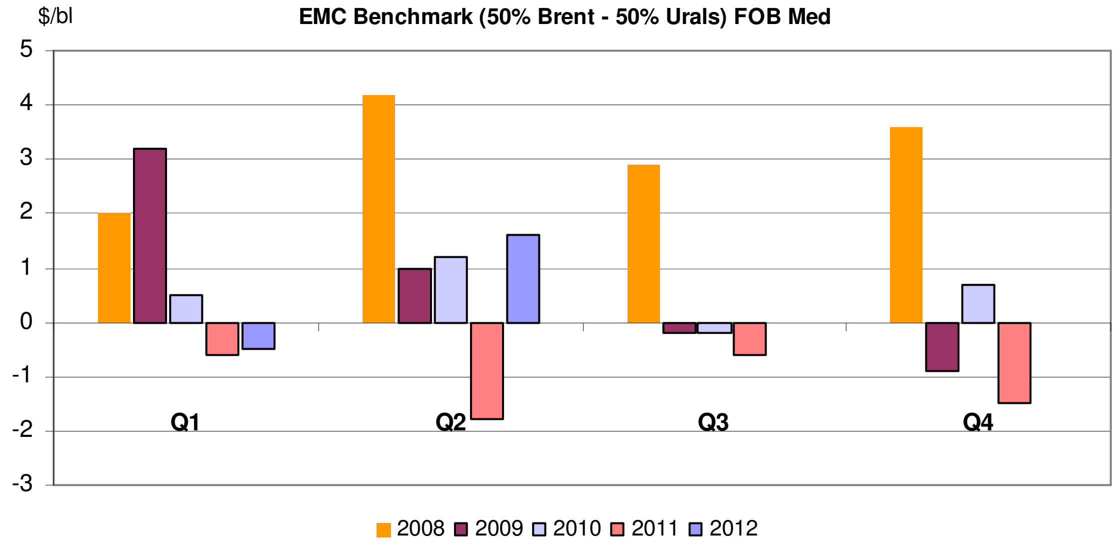
During the first quarter of 2012 the "heavy-light" crude oil price differential was extremely volatile. At the beginning of the period, it stood at -3 $/bl. However, during January the differential rapidly shrunk, due to strong pressures on the heavy sour complex, as a consequence of the escalating confrontation between the Western countries and Iran, whose production is primarily made of heavy sour crude oils. Later, on the 23rd of January, Europe declared a total embargo on Iranian crude oil, and the markets immediately reacted, causing actually a reversal of the "heavy-light" differential (+0.1 $/bl on the 24th of January). Subsequently, in mid February, several European and Russian refineries started their traditional spring maintenance, drastically reducing demand for Urals and other heavy sour crudes. At the same time, Saudi Arabia formally committed to increase its production, in order to make up for any potential shortage of the heavy sour Iranian crude oils. The combination of these two events managed to calm the markets, and the "heavy-light" differential widened again, closing the quarter at -2.9 $/bl, hence leading to an average for the period equal to -1.6 $/bl.

During the second quarter of 2012, the "heavy-light" differential started to shrink again, and it reached a relative minimum of -0.6 $/bl on the 18th of May. In fact, in a market of decreasing oil prices, "Urals" crude oil found resilient support thanks to the progressively reduced availability of heavy and medium sour grades in the Mediterranean. This came as a consequence of the progressively lower volumes of Iranian crude oil purchased by the European refineries, in the light of the impending embargo. Simultaneously, several technical problems affected the pipeline system which brings Iraqi crude oil to the Mediterranean Sea, and also tensions between Baghdad and the Kurdistan authorities increased. These two events forced SOMO to reduce its export volumes to Europe. Finally, further pressure on "Urals" quotations in the Mediterranean, originated also from the choices of Russian producers, which prioritised loading schedules from the Baltic Sea (thanks also to the availability of a new hub in the port of Ust-Luga), while reducing the number of available cargoes from the ports of the Black Sea. Only for a short period of time, between May and the beginning of June, the "heavy-light" differential reopened, thanks to a reduction in demand for heavy crude oils, during European refineries' spring maintenance, and thanks also to the increase of Iraqi's volumes (particularly Basrha Light). However, during the last weeks of June, the price of Urals found renewed support (with the upcoming implementation of the embargo on Iranian crude oil), and the "heavy-light" differential closed the period at -0.4 $/bl, with a quarterly average of -1.5 $/bl.



Refining Margin:

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



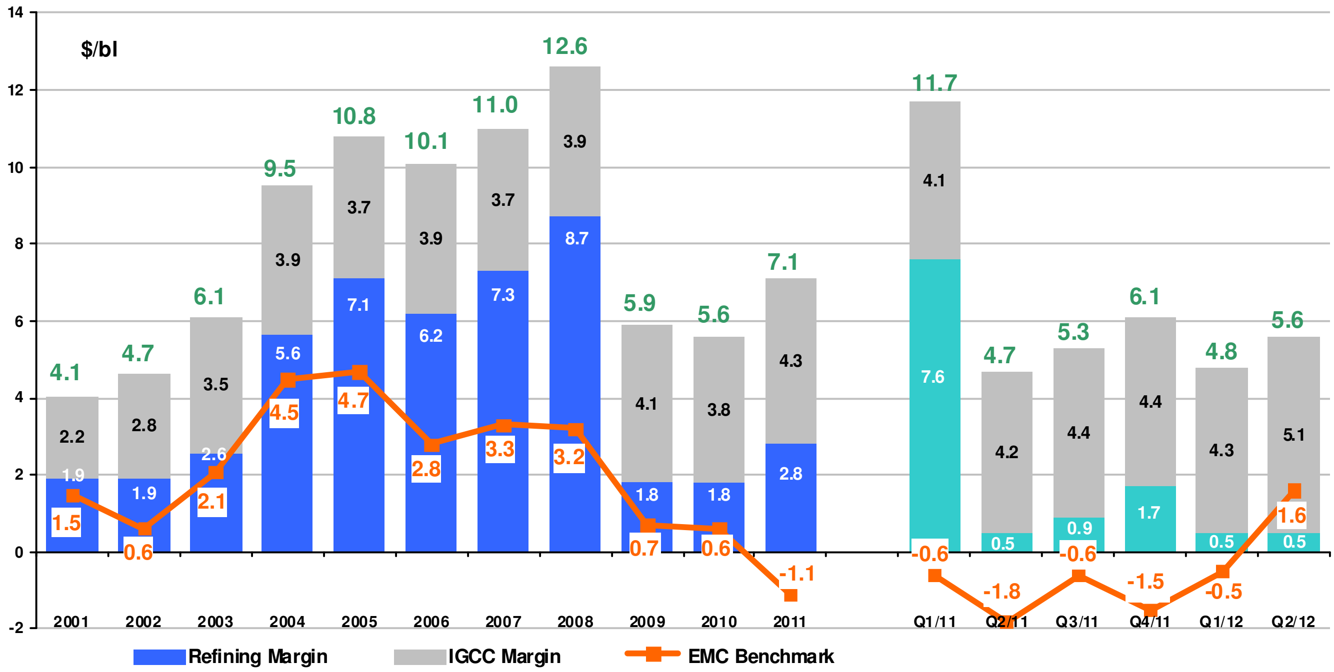
As it can be noted, the EMC Benchmark remained weak in Q1/12 (posting an average of -0.5 $/bl vs. -0.6 $/bl in Q1/11) although, in sequential terms, there was a slight progression versus the absolutely depressed average of Q4/11 (which stood at -1.5 $/bl). The weakness in the EMC Benchmark margin reflected the difficulties of the European refining sector, squeezed between high prices of crude oil (supported by production problems, supply concerns and geopolitical tensions), and inadequate prices for refined products (as a consequence of the drop in consumption, due to a persistently negative economic scenario).

However, in Q2/12, the previously mentioned economic and financial difficulties of the Euro Zone produced a sudden drop of the crude oil prices. Obviously, also the price of the refined products started to decrease, although less rapidly than for crude oil. This trend led to a good rebound of the EMC refining margin, which achieved an average of +1.6 $/bl in Q2/12 (versus -1.9 $/bl in Q2/11).

Looking at the *crack spread* of the main products (which is the difference between the value of the refined product and the price of the crude oil from which the product has been obtained), it can be noted that the gasoline *crack spread* followed a growing trend, both in the first quarter (average 8.5 $/bl) and in the second quarter of 2012 (average of 13.0 $/bl). This came as a consequence of both a "permanent" capacity reduction, due to the closure in 2011 of many refineries located in the East Coast of the United States (PADD 1), and also a "temporary" capacity reduction, due to the spring maintenance being carried out in numerous refineries in Europe and in the USA, at the time when gasoline inventories were being increased, ahead of the "driving season".

Concerning the *crack spread* of middle distillates, it remained at reasonable levels in Q1/12 (average at 16.7 $/bl), thanks to decent seasonal demand for heating oil, as it typically happens during the winter season. Subsequently, it further improved in Q2/12 (average at 17.6 $/bl), notwithstanding the contraction in demand due to the worsening economic crisis in the peripheral countries of the Euro Zone, mainly because of the previously mentioned drop in crude oil prices.

Finally, the graph here below shows Saras refining margin, net of variable costs.



Segment Review

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

Refining

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

EUR Million	Q2/12	Q2/11	Change %	Q1/12	H1/12	H1/11	Change %
EBITDA	(204.3)	(44.1)	-363%	37.7	(166.6)	191.7	-187%
***Comparable* EBITDA**	**(39.3)**	**(42.7)**	**8%**	**(49.0)**	**(88.3)**	**48.4**	**-282%**
EBIT	(230.9)	(71.5)	-223%	12.6	(218.3)	137.1	-259%
***Comparable* EBIT**	**(65.9)**	**(70.1)**	**6%**	**(74.1)**	**(140.0)**	**(6.2)**	**-2169%**
CAPEX	**34.7**	**15.1**		**32.4**	**67.1**	**27.9**	

Margins and refinery runs

		Q2/12	Q2/11	Change %	Q1/12	H1/12	H1/11	Change %
REFINERY RUNS	thousand tons	2,793	3,138	-11%	3,293	6,086	6,842	-11%
	Million bl	20.4	22.9	-11%	24.0	44.4	49.9	-11%
	thousand bl/day	224	252	-11%	264	244	276	-12%
EXCHANGE RATE	EUR/USD	1.281	1.439	-11%	1.311	1.297	1.403	-8%
EMC BENCHMARK MARGIN	$/bl	1.6	(1.8)		(0.5)	0.6	(1.2)	
SARAS REFINERY MARGIN	$/bl	0.5	0.5		0.5	0.5	4.4	

Comments to First Half 2012 results

Refinery runs in H1/12 stood at 6.1 ml tons (44.4 ml barrels, corresponding to 244 thousand barrels per calendar day), down 11% versus the same period of the last year. This difference is mainly due to the higher scheduled maintenance activities carried out on the atmospheric crude distillation units in H1/12.

***Comparable* EBITDA of the Refining segment in H1/12 was EUR -88.3 ml**, (down from EUR 48.4 ml in H1/11), **and the Saras refining margin stood at 0.5 $/bl** (vs. 4.4 $/bl in H1/11), for reasons which can be mainly related to the maintenance cycle of the period, as well as to the temporary disoptimizations on the crude oil markets (in particular for "medium" and "heavy sour" crude oils), due to the impending implementation of the embargo against Iran.

Conversely, H1/11 results were positively affected by a remarkable devaluation of the USD versus the EUR (which contributed for approx. EUR 15 ml, due to the dynamics on accounts payable), and also by robust trading profits, due to time differences between purchases and sales, in a market characterized by oil prices on a steep rising trend. These effects did not materialize in H1/12.

Refining CAPEX in H1/12 was EUR 67.1 ml, in line with the programme for the year, which included also a part of the activities related to the "*revamping*" of the MildHydroCracking2 Unit (MHC2).

Finally, it should be observed that the *reported* results of the semester were heavily influenced by the drop in oil prices, which took place in Q2/12, as a consequence of the worsening economic and financial situation in Europe. As it is well known, the adoption of the FIFO methodology for the evaluation of the oil inventories, in the IFRS Financial Statements of Saras' Group, exposes the *reported* results to the consequences of possible devaluations or revaluations of those oil inventories, deriving from the fluctuations of oil prices. On the other hand, it should be noted that, at the time of preparing this Half Year Financial Report, Brent Dated crude oil prices already rebounded above 110 $/bl.

Comments to Second Quarter 2012 results

Refinery runs in Q2/12 stood at 2.8 ml tons (20.4 ml barrels, corresponding to 224 thousand barrels per calendar day), 11% lower than in Q2/11. As already mentioned in the comments to the semester, this difference is mainly due to the scheduled maintenance activities on the crude distillation units, which in Q2/12 were higher than in Q2/11.

***Comparable* EBITDA of the Refining segment was EUR -39.3 ml**, improved versus EUR -42.7 ml in Q2/11, and **the Saras refining margin stood at 0.5 $/bl**, just like in Q2/11. The results of the quarter, however, reflect the temporary disoptimization of the market for heavy crude oils, as discussed in the comments to H1/12, and also the reduction in conversion capacity, related to the scheduled maintenance cycle.

Refining CAPEX in Q2/12 was EUR 34.7 ml, in line with the programme of the period.

Crude Oil slate and Production

		Q2/12	H1/12	H1/11
Light extra sweet		49%	47%	47%
Light sweet		5%	2%	2%
Medium sweet/extra sweet		5%	4%	2%
Medium sour		25%	29%	29%
Heavy sour/sweet		16%	17%	20%
Average crude gravity	°API	32.9	32.5	32.4

The crude mix processed in H1/12 had an average density of 32.5°API, broadly in line with the mix processed in the same period of last year. When looking in detail at the various crude categories used in the semester, some slight differences can be noted, because of the different market conditions in the two periods (Libyan crisis in H1/11, versus the limited availability of "heavy sour" crude oils in H1/12, due to the tensions between EU and Iran).

Moving on to the product slate, it can be observed that the yield in middle distillates stood at 51.2%, slightly lower than in the same period of last year, due to the maintenance activities carried out in Q1/12 on the MildHydroCracking2 Unit (MHC2), which obviously reduced the conversion capacity of the refinery. On the contrary, the yield in light distillates stood at 29.9%, higher than in H1/11. Therefore, in H1/12 the cumulative yield of high value added products reached 82.9% (when including also the yield of LPG, which was equal to 1.8%), which represents a first quartile performance, within the European competitive framework.

		Q2/12	H1/12	H1/11
LPG	thousand tons	59	110	139
	yield	2.1%	1.8%	2.0%
NAPHTHA + GASOLINE	thousand tons	908	1,819	1,868
	yield	32.5%	29.9%	27.3%
MIDDLE DISTILLATES	thousand tons	1,509	3,117	3,582
	yield	54.0%	51.2%	52.4%
FUEL OIL & OTHERS	thousand tons	-161	62	354
	yield	-5.7%	1.0%	5.2%
TAR	thousand tons	274	587	490
	yield	9.8%	9.6%	7.2%

Note: Balance to 100% is "Consumption & Losses"; the negative yield in fuel oil during the period is due to the purchase of semi-finished products for further processing in the refinery (i.e. vacuum gasoil and straight run residue)

Marketing

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

EUR Million	Q2/12	Q2/11	Change %	Q1/12	H1/12	H1/11	Change %
EBITDA	(3.4)	7.6	-145%	10.2	6.8	22.8	-70%
***Comparable* EBITDA**	**12.5**	**27.6**	**-55%**	**6.1**	**18.6**	**31.4**	**-41%**
EBIT	(6.3)	4.6	-237%	7.0	0.7	16.9	-96%
***Comparable* EBIT**	**9.6**	**24.6**	**-61%**	**2.9**	**12.5**	**25.5**	**-51%**
CAPEX	**3.6**	**1.1**		**1.5**	**5.2**	**1.6**	

Sales

		Q2/12	Q2/11	Change %	Q1/12	H1/12	H1/11	Change %
TOTAL SALES	thousand tons	934	1,006	-7%	971	1,905	2,107	-10%
of which: in Italy	thousand tons	550	602	-9%	547	1,097	1,139	-4%
of which: in Spain	thousand tons	384	404	-5%	424	809	969	-17%

Comments to First Half 2012 results

In H1/12, dire macroeconomic conditions negatively influenced consumption of oil products in the peripheral countries of the Euro Zone and, in particular, in Spain and in Italy, which are the markets were the Saras' Group operates. Notwithstanding this context, the Marketing segment posted a good performance.

In the Italian market, total demand for oil products dropped by 10.6% in H1/12 versus the same period of the last year. Gasoline demand was down by 10.3% and consumption of automotive diesel also went down by 8.6%. In this difficult environment, the sales of Arcola stood at 1,097 ktons, slightly lower than in H1/11 (-4%), while gross margins remained substantially stable, thanks to an accurate management of the mix of the sale channels (i.e. increasing volumes towards unbranded retail stations, while reducing sales to the other oil companies).

Moreover, also in the Spanish market there were sharp contractions in consumption of the main refined products (-6% for gasoline, and -5.3% for the automotive diesel). Consequently, the Spanish subsidiary Saras Energia continued its strategy of protecting its gross margins at acceptable levels, through further optimization in the mix of sale channels, and consequent reduction in volumes (809 ktons, down 17% versus H1/11).

Overall, ***comparable* EBITDA of the Marketing segment stood at EUR 18.6 ml in H1/12** (versus EUR 31.4 ml posted in H1/11). It should be noted, however, that the results in H1/11 benefited from a relevant positive inventory contribution, during Q2/11.

Finally, **CAPEX in the Marketing segment were EUR 5.2 ml in H1/12.**

Comments to Second Quarter 2012 results

In Q2/12, both the Group's subsidiaries had a good performance, managing their mix of sale channels, and protecting their gross margins. In Italy, Arcola Petrolifera sold 550 ktons (-9% versus Q2/11), while in Spain sales stood at 384 ktons (-5% vs. Q2/11).

***Comparable* EBITDA of the Marketing segment stood at EUR 12.5 ml in Q2/12**, which is a quite remarkable result, considering the complicated economic macro scenario, as previously commented.

Finally, **CAPEX was EUR 3.6 ml in Q2/12**, in line with the programme for the period.

Power Generation

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

EUR Milion	Q2/12	Q2/11	Change %	Q1/12	H1/12	H1/11	Change %
EBITDA	55.8	46.8	19%	57.5	113.3	101.4	12%
***Comparable* EBITDA**	**55.8**	**46.8**	**19%**	**57.5**	**113.3**	**101.4**	**12%**
EBIT	35.7	27.0	32%	37.8	73.5	62.3	18%
***Comparable* EBIT**	**35.7**	**27.0**	**32%**	**37.8**	**73.5**	**62.3**	**18%**
EBITDA ITALIAN GAAP	**38.2**	**8.0**	**378%**	**54.9**	**93.2**	**42.8**	**118%**
EBIT ITALIAN GAAP	**26.9**	**(3.1)**	**967%**	**43.9**	**70.8**	**21.0**	**237%**
NET INCOME ITALIAN GAAP	**16.0**	**(2.5)**	**738%**	**26.8**	**42.7**	**12.6**	**239%**
CAPEX	**1.2**	**22.4**		**1.8**	**3.0**	**27.9**	

Other figures

		Q2/12	Q2/11	Change %	Q1/12	H1/12	H1/11	Change %
ELECTRICITY PRODUCTION	MWh/1000	996	675	48%	1,176	2,172	1,849	17%
POWER TARIFF	**Eurocent/KWh**	**12.1**	**10.0**	**20%**	**11.9**	**12.0**	**9.9**	**21%**
POWER IGCC MARGIN	$/bl	5.1	4.2	21%	4.3	4.7	4.1	15%

Comments to First Half 2012 results

The results achieved by the Power Generation segment in H1/12 have been fully satisfactory, with **power production reaching 2.172 TWh**, up 17% versus H1/11. The important change in operational performance is mainly due to the 10-year maintenance cycle carried out on the entire IGCC plant during Q2/11, which compares with standard maintenance activity on only one train of "Gasifier – combined cycle Turbine" in Q2/12.

Italian GAAP EBITDA was EUR 93.2 ml in H1/12, up 118% versus H1/11, primarily because of the higher power production, as well as the higher value of the CIP6/92 power tariff (which had an average of 12.0 EURcent/kWh, up 21% versus H1/11). Further support to the results came also from the sales of steam and hydrogen, which were approx. EUR 8 ml higher than in the same period of last year.

IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 113.3 ml in H1/12, up 12% versus the same period of last year, thanks mainly to the above mentioned higher sales of hydrogen and steam (worth approx. EUR 8 ml), whose revenues are not subject to the IFRS equalization procedure. Finally, **in H1/12 CAPEX was EUR 3.0 ml**.

Comments to Second Quarter 2012 results

In Q2/12 the power production was of 0.996 TWh, coherent with the scheduled maintenance activities carried out on one train of "Gasifier – combined cycle Turbine". In any case, this production was still 48% higher than in Q2/11 (because of the 10-year maintenance on the entire IGCC plant).

Italian GAAP EBITDA was EUR 38.2 ml, up of 378% versus Q2/11, primarily because of the higher production, and also because of the higher value of the CIP6/92 power tariff (average of 12.1 EURcent/kWh, up 20% versus Q2/11), and of the higher sales of steam and hydrogen.

IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 55.8 ml in Q2/12, up 19% versus the same period of last year, thanks mainly to the higher sales of hydrogen and steam (worth approx. EUR 6 ml), whose revenues are not subject to the IFRS equalization procedure. **CAPEX in the quarter was EUR 1.2 ml**.

Finally, it should be mentioned that, according to Article 3, paragraph 1, of the Ministry of Economic Development's Decree dated 2nd December 2009, the terms for the presentation of Sarlux S.r.l. binding request for a voluntary early exit from the CIP6/92 contract, expired on the 30th of June 2012. The company, after careful evaluations, decided not to exit the CIP6/92 contract.

Wind

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

EUR million	Q2/12	Q2/11	Change %	Q1/12	H1/12	H1/11	Change %
EBITDA	4.2	2.8	50%	6.0	10.2	7.8	31%
***Comparable* EBITDA**	**4.2**	**2.8**	**50%**	**6.0**	**10.2**	**7.8**	**31%**
EBIT	1.7	0.3	467%	3.4	5.1	2.7	89%
***Comparable* EBIT**	**1.7**	**0.3**	**467%**	**3.4**	**5.1**	**2.7**	**89%**
CAPEX	**0.2**	**1.0**		**0.3**	**0.5**	**1.0**	

Other figures

		Q2/12	Q2/11	Change %	Q1/12	H1/12	H1/11	Change %
ELECTRICITY PRODUCTION	MWh	41,262	27,394	51%	47,039	88,301	65,343	35%
POWER TARIFF	EURcent/KWh	7.1	7.4	-4%	8.6	7.9	6.9	15%
GREEN CERTIFICATES	EURcent/KWh	6.9	8.0	-14%	7.2	7.0	8.1	-13%

Comments to First Half 2012 results

In H1/12, the IFRS EBITDA of the Wind segment (which is equal to the *comparable* EBITDA) stood at EUR 10.2 ml, up 31% versus H1/11. This result derives from more favourable weather conditions than in the same period of last year, which pushed **production of electricity up to 88,301 MWh** (+35% versus H1/11). Moreover, the results of the semester were supported also by the greater value of the power tariff (equal to 7.9 EURcent/kWh, +15% versus Q1/11), while the lower value of the Green Certificates (-13%) had the opposite effect.

It should be finally mentioned that the results of H1/11 received a positive contribution (approx. EUR 1 ml) from the sale of Green Certificates pertaining to previous years.

Comments to Second Quarter 2012 results

In Q2/12, the IFRS EBITDA of the Wind segment (equal to the *comparable* EBITDA) stood at EUR 4.2 ml, up 50% versus Q2/11, thanks to more windy conditions, unusual for this period of the year. More specifically, **production of electricity stood at 41,262 MWh** (+51% versus Q2/11), more than offsetting the small decrease in the power tariff (-4%) and also in the value of the Green Certificates (-14%).

Other Activities

The following table shows the financial highlights of the subsidiary Sartec S.p.A..

EUR Million	Q2/12	Q2/11	Change %	Q1/12	H1/12	H1/11	Change %
EBITDA	0.4	(0.3)	233%	0.5	0.9	(0.5)	280%
***Comparable* EBITDA**	**0.4**	**(0.3)**	**233%**	**0.5**	**0.9**	**(0.5)**	**280%**
EBIT	0.4	(0.6)	167%	0.4	0.8	(1.2)	167%
***Comparable* EBIT**	**0.4**	**(0.6)**	**167%**	**0.4**	**0.8**	**(1.2)**	**167%**
CAPEX	**0.09**	**0**		**0.05**	**0.14**	**0.84**	

Note: 2011 results include also the subsidiary Akhela S.r.l., which was sold during the period.

Strategy and Investments

Also in 2012 the Saras' Group strategy will continue along the directions outlined at the beginning of the year.

In particular, in the Refining segment Saras continues the implementation of its asset management programme called "Project FOCUS", which is primarily aimed at improving production efficiency and operational effectiveness, reducing costs, and also increasing the coordination between the "Planning" department, in charge of refinery production scheduling, and the "Supply & Trading" department, managing all commercial activities.
Furthermore, progress continues to be made in the revamping of the MildHydroCracking2 Unit (MHC2), which completed another important "step" during the maintenance turnaround carried out in Q1/12. The remaining "steps" of the project will be completed in the subsequent turnarounds scheduled in H1/2013. When the revamping of the unit will become fully operational, it will deliver approx. 600 Ktons/year of additional diesel production in exchange for heating gasoil, and an increase in refinery runs for approx. 650 Ktons/year.

In the Wind segment, in August 2011 the Sardinian Regional Authorities published updated guidelines, establishing new "authorised areas" for the construction of wind parks. Within this new framework, the Group is developing two projects with a total combined capacity of approx. 100 MW. For both projects the Environmental Assessment Procedure (called V.I.A.) is in progress, and it should be completed by the end of 2012. Regarding the "*pipeline*" outside Italy, the Group has a project in Romania, for a capacity of approx. 100 MW, which is now completing the final step of its authorisation procedure.

Finally, regarding Gas Exploration, the Group is currently proceeding along the permitting path to start 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 meters of natural gas, for a production period of more than 20 years. Once the permitting path will be completed, with the Environmental Assessment Procedure (V.I.A.), it will then take between 4 and 6 months in order to drill the exploration well.

CAPEX by segment

EUR Million	Q2/12	H1/12	H1/11
REFINING	34.7	67.1	27.9
POWER GENERATION	1.2	3.0	27.9
MARKETING	3.6	5.2	1.6
WIND	0.2	0.5	1.0
OTHER	0.1	0.1	0.9
Total	**39.8**	**75.9**	**59.3**

Outlook

The outlook for 2012 is characterized by a severe economic slowdown of the Euro Zone, and by high volatility of the financial markets and of the "*commodities*" markets. Notwithstanding this context, the International Energy Agency (IEA) forecast that global demand for oil products will continue to grow, both in 2012 and 2013, thanks to increasing consumption in the emerging and developing countries, which will more than compensate the drop in demand from the more developed countries (OECD).

More specifically, in the most recent "*Monthly Oil Market Report*", published by IEA on the 12th of July 2012, global demand is expected at 89.9 million barrels per day (mbd) in 2012 (+0.8 mbd versus 2011). However, OECD countries will see their oil demand decrease by 0.4 mbd (-0.9%), while in the emerging and developing economies oil products' consumption will grow by 1.2 mbd (+2.8% versus 2011). Moreover, in 2013, oil demand is expected to continue growing (+1.0 mb/g versus 2012), pushing global consumption at about 90.9 mb/g. During 2013, however, the oil consumption in the emerging and the developing countries will surpass that of the OECD, reaching a total of 45.8 mb/g (+2.5% versus 2012), while OECD countries will further downsize, limiting their total consumption at 45,1 mb/g (-0.4%).

Looking at crude oil prices in 2012, the first semester showed high instability and volatility, with Brent Dated (the European benchmark) swinging between a peak of 123.5 $/bl, and a trough of 88.6 $/bl, as a consequence of changing market sentiment. Indeed, at times there was a prevalence of bullish factors, related to concerns on the supply side, due to the geopolitical tensions in numerous producing countries; at other times instead, bearish factors seemed to prevail, in tune with decreasing consumption of oil products, driven by the economic recession in which Europe stagnates since several quarters. For the rest of the year, the experts continue to forecast volatile and uncertain oil markets.

REFINING

- **Sarroch refinery Maintenance and Operations:** 2012 maintenance programme is proceeding according to schedule, and almost all activities were carried out in the first semester 2012. In the second semester there will be only minor work. Therefore, as a result, total refinery runs in 2012 are expected at 13.1 ÷ 13.5 ml tons (which corresponds to 95.5 ÷ 98.5 ml barrels).
- **Crude Slate:** On the 1st of July 2012 the oil embargo declared by the European Union against Iran became fully effective. The Saras Group, which used approx. 10% of Iranian crude in its refinery mix, stopped the imports of Iranian oil already since a few months. After a momentary phase, during which the oil market experienced some disoptimizations and reduced availability of heavy grades, it appears now that the supply of alternative crude oils is becoming regular again, and no further difficulties are anticipated for the future quarters.

POWER GENERATION

- **IGCC Maintenance and Operations:** during the first semester of 2012 scheduled maintenance activities were regularly carried out on one train of "Gasifier – combined cycle Turbine" of the IGCC plant. During the remaining part of the year, there will be only some planned activities on the "H_2S Absorber" Unit, which will be carried out in Q4/12. Therefore, total power production is expected between 4.18 ÷ 4.38 TWh for the full year.
- **EBITDA:** Following the update in the calculation of the equalization procedure required by the IFRS, with the use of a new forecast for crude oil prices in 2012 (105 $/bl), the *comparable* EBITDA is now expected at approx. EUR 220 ml per year, stable until the end of 2020. On the contrary, Italian GAAP EBITDA, which reflects more closely the actual cash generation of the IGCC plant, will come at approx. EUR 170 ÷ 180 ml in 2012.
- **CIP/6 power tariff:** The 9-month delay in the formula used to calculate the "fuel component" implies that the CIP6/92 power tariff should see a substantial stability during 2012, in line with the trend of crude oil prices. Indeed, during 2011 Brent Dated remained confined within 105 ÷ 120 $/bl, although with several fluctuations between the two extremes of the range.

MARKETING

- Given the difficult economic conjuncture in Italy and in Spain, it is currently not possible to expect significant changes in the market scenarios during the following semester of 2012. For this reason, in the Marketing segment, the Group will continue to follow the same operational strategy adopted so far.

Main events after the end of the First Half 2012

On the 1st of July 2012, the European Union's crude oil embargo against Iran became fully effective. The effects on Saras' Group activities were already discussed in previous chapters.

On the 3rd of July 2012, Saras received the EUR 170 ml five year loan, whose contract was signed on the 27th June 2012.

Risk Analysis

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

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

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

Financial risks

Price fluctuation risk

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

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

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

Exchange rate risk

The Group's oil business is structurally exposed to fluctuations in exchange rates, because the reference prices for the procurement of crude oil and for the sale of the vast majority of refined oil products are linked to the US dollar.

To reduce both the exchange rate risk for transactions that will be executed in the future, and the risk originating from payables and receivables expressed in currencies other than the functional currency, Saras also uses derivative instruments.

Interest rate risk

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

Credit risk

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

Liquidity risk

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

Regulatory risk

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

Dependencies on third parties

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

Protection of Personal Data

Pursuant to the provisions of Legislative Decree 196 of the 30th June 2003 "Norms related to the protection of sensitive personal data", the Group adopted all minimum safety measures required in the Annex B of such Decree (Article 34), and in particular we are currently updating the Safety Document (DPS) as required by the item 19 of the above mentioned Annex B.

Other Information

Transactions with related parties

The effect on Saras' Group Balance Sheet and Income Statement, deriving from transactions or positions with related parties, is not significant.

Research and Development

Saras did not undertake meaningful "Research and Development" activities in the period, therefore no significant cost was capitalized or accounted in the Income Statement during the first semester of 2012.

Own shares

During the first semester of 2012 Saras did not acquire or sell Company's own shares.

For the Board of Directors
The Chairman
Gian Marco Moratti

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of: 30th June 2012 and 31st December 2011

EUR thousand		30/06/2012	31/12/2011
ASSETS	(1)		
Current assets	**5.1**	**2,273,307**	**2,348,332**
Cash and cash equivalents	5.1.1	239,740	139,343
Other financial assets held for trading	5.1.2	72,559	42,843
Trade receivables	5.1.3	934,444	869,738
Inventories	5.1.4	924,081	1,154,350
Current tax assets	5.1.5	37,405	36,499
Other assets	5.1.6	65,078	105,559
Non-current assets	**5.2**	**1,848,716**	**1,804,425**
Property, plant and equipment	5.2.1	1,373,966	1,392,317
Intangible assets	5.2.2	363,323	378,258
Other equity interests	5.2.3.1	526	547
Deferred tax assets	5.2.4	104,986	32,407
Other financial assets	5.2.5	5,915	896
Total assets		**4,122,023**	**4,152,757**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities	**5.3**	**2,129,935**	**1,996,740**
Short-term financial liabilities	5.3.1	128,560	573,862
Trade and other payables	5.3.2	1,588,961	1,188,503
Current tax liabilities	5.3.3	319,095	141,829
Other liabilities	5.3.4	93,319	92,546
Non-current liabilities	**5.4**	**824,706**	**872,983**
Long-term financial liabilities	5.4.1	281,292	284,798
Provisions for risks and charges	5.4.2	52,470	77,267
Provisions for employee benefits	5.4.3	20,767	23,299
Deferred tax liabilities	5.4.4	2,873	4,474
Other liabilities	5.4.5	467,304	483,145
Total liabilities		**2,954,641**	**2,869,723**
EQUITY	**5.5**		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		1,219,519	1,158,676
Net profit/(loss) for the period		(117,693)	58,802
Total equity attributable to owners of the company		**1,167,382**	**1,283,034**
Minority interest		0	0
Total Equity		**1,167,382**	**1,283,034**
Total liabilities and equity		**4,122,023**	**4,152,757**

(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 January–30th June 2012 and 1st January–30th June 2011

Consolidated Income Statements for the periods 1st January - 30th June 2012 and 2011

EUR thousand	(1)	1st January 30th June 2012	of which non recurring	1st January 30th June 2011	of which non recurring
Revenues from ordinary operations	6.1.1	5,747,727		5,270,895	
Other income	6.1.2	39,634		39,433	
Total revenues		**5,787,361**	***0***	**5,310,328**	***0***
Purchases of raw materials, spare parts and consumables	6.2.1	(5,461,210)		(4,636,236)	
Cost of services and sundry costs	6.2.2	(292,223)		(271,067)	
Personnel costs	6.2.3	(69,325)		(79,751)	
Depreciation, amortization and write-downs	6.2.4	(102,847)		(105,436)	
Total costs		**(5,925,605)**	***0***	**(5,092,490)**	***0***
Operating results		**(138,244)**	***0***	**217,838**	***0***
Net income (charges) from equity interests					
Financial income	6.3	168,252		29,295	
Financial charges	6.3	(207,107)		(99,766)	
Profit before taxes		**(177,099)**	***0***	**147,367**	***0***
Income tax for the period	6.4	59,406		(65,208)	
Net profit/(loss) for the period		**(117,693)**	***0***	**82,159**	***0***
Net profit/(loss) for the period attributable to:					
Equity holders of the company		(117,693)		82,159	
Minority interest		0		0	
Earnings per share - basic (Euro cent)		**(12.68)**		**8.85**	
Earnings per share - diluted (Euro cent)		**(12.68)**		**8.85**	

Statement of Comprehensive Income for the periods 1st January - 30th June 2012 and 2011

EUR thousand	1st January 30th June 2012	1st January 30th June 2011
Net result of the period (A)	**(117,693)**	**82,159**
Effect of translation of f/s in foreign currency	(16)	3
Income / (loss), net of fiscal effect (B)	**(16)**	**3**
Consolidated Comprehensive Result of the period (A + B)	**(117,709)**	**82,162**
Net consolidated Comprehensive Result of the period attributable to :		
Equity holders of the Company	(117,709)	82,162
Minority Interest	0	0

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

Statement of Changes in Consolidated Shareholders' Equity from: 31st December 2010 to 30th June 2012

EUR thousand	Share Capital	Legal Reserve	Other Reserves	Profit (loss)	Total equity attributable to owners of the company	Minority interest	Total equity
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 - 30/6/2011							
Appropriation of previous year profit			(9,468)	9,468	0		0
Reserve for employees share plan			1,672		1,672		1,672
Effect of translation of f/s in foreign currency			3		3		3
Net profit/(loss) for the period				82,159	82,159		82,159
Balance as of 30/06/2011	**54,630**	**10,926**	**1,156,504**	**82,159**	**1,304,219**	**0**	**1,304,219**
Period 1/7/2011 - 31/12/2011							
Reserve for employees share plan			2,179		2,179		2,179
Effect of translation of f/s in foreign currency			(7)		(7)		(7)
Net profit/ (loss) for the period				(23,357)	(23,357)		(23,357)
Balance as of 31/12/2011	**54,630**	**10,926**	**1,158,676**	**58,802**	**1,283,034**	**0**	**1,283,034**
Period 1/1/2012 - 30/06/2012							
Appropriation of previous year profit			58,802	(58,802)	0		0
Reserve for employees share plan			2,057		2,057		2,057
Effect of translation of f/s in foreign currency			(16)		(16)		(16)
Net profit /(loss) for the period				(117,693)	(117,693)		(117,693)
Balance as of 30/06/2012	**54,630**	**10,926**	**1,219,519**	**(117,693)**	**1,167,382**	**0**	**1,167,382**

Consolidated Cash Flow Statements as of: 30th June 2012 and 30th June 2011

EUR thousand	1/1/2012 - 30/06/2012	1/1/2011 - 30/06/2011
A - Cash and cash equivalents at the beginning of the period	**139,343**	**80,835**
B - Cash generated from/(used in) operating activities		
Net profit / (loss) for the period	(117,693)	82,159
Amortization, depreciation and write-downs of fixed assets	102,847	105,436
Net change in provisions for risks and charges	(24,787)	411
Net change in employee benefits	(1,248)	(5,120)
Net change in deferred tax liabilities and deferred tax assets	(74,417)	43,402
Net interest income (expense)	17,428	14,887
Income tax	15,011	65,208
Change in fair value of financial assets held for trading and of financial liabilities	(2,566)	9,370
Other non-cash items	1,656	1,675
Profit / (Loss) from operating activities before changes of working capital	**(83,769)**	**317,428**
(Increase)/Decrease in trade receivables	(70,455)	40,529
(Increase)/Decrease in inventory	230,269	(351,458)
Increase/(Decrease) in trade and other payables	398,961	130,403
Change in other current assets	27,216	16,137
Change in other current liabilities	168,309	(8,254)
Interest received	295	145
Interest paid	(14,475)	(8,148)
Change in other non-current liabilities	(15,922)	(57,036)
Total (B)	**640,429**	**79,746**
C - Cash flow from (to) investment activities		
(Investments) in tangible and intangible assets	(69,029)	(59,278)
Increase/(Decrease) in financial assets	52,847	28,758
Other cash items	0	132
Total (C)	**(16,182)**	**(30,388)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium-/long-term borrowings	0	(193,146)
Increase/(Decrease) in short-term borrowings	(523,484)	114,341
Total (D)	**(523,484)**	**(78,805)**
E - Cashflow for the period (B+C+D)	**100,763**	**(29,447)**
F - Net Cash from disposal of Akhela/Artemide	**(366)**	**0**
G - Cash and cash equivalents at the end of the period	**239,740**	**51,388**

For the Board of Directors
The Chairman
Gian Marco Moratti

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2012

1. Preliminary remarks

Saras S.p.A. (the Parent Company) is a company limited by shares listed on the Milan stock exchange. Its registered office is at S.S. 195 Sulcitana, km 19, Sarroch (CA), Italy, and it is 62.461% owned (excluding own shares) by Angelo Moratti S.A.P.A. (registered office: Foro Bonaparte 69, Milan). The company is established, as stated in its incorporation documents, until 31 December 2056.

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

These consolidated financial statements for the period to 30 June 2012 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 income and comprehensive income, cash flow statement, statement of changes in shareholders' equity and these notes to the accounts. All amounts shown in these notes are expressed in thousands of euro, unless otherwise stated.

The consolidated financial statements for the quarter ended 30 June 2012 should be read in conjunction with the consolidated accounts of the Saras Group for the year ended 31 December 2011.

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

The consolidated financial statements of the group for the period ended 30 June 2012 were prepared in accordance with the International Financial Reporting Standards (IFRS or "International Accounting Standards") issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002.

The term IFRS is used to mean all International Financial Reporting Standards, all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Commission as of the date the 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 income and 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, investing and financing activities.

3. Accounting standards applied

This consolidated report for the half-year to 30 June 2012 was prepared in condensed form in accordance with the international accounting standard that applies to interim financial statements (IAS 34 "Interim Financial Reporting"), adopted according to the procedures set out in article 6 of Regulation (EC) 1606 of 2002 and must be read in conjunction with the consolidated financial statements for the year ended 31 December 2011.
The accounting standards and valuation and consolidation criteria adopted to prepare the condensed consolidated half-year report are consistent with those used for the consolidated accounts for the year ended 31 December 2011 to which reference should be made for more comprehensive information. The above-mentioned standards have been applied consistently for all periods reported.

The IASB and IFRIC have approved some changes to and interpretations of IFRS, which were published in part in the Official Journal of the European Union and apply for the first time from 1 January 2012. They have also approved some changes in interpretations already issued but applicable to financial statements referring to periods beginning on or after 1 January 2012.

Accounting standards, amendments and interpretations applicable from 1 January 2012

On 20 December 2010, the IASB issued a minor amendment to *IAS 12 – Income Taxes*, which requires the company to estimate the value of deferred taxes arising from an asset according to the way in which the carrying value of the asset will be recovered (through continued use or sale).
As a result of this amendment, *SIC-21 – Income Taxes – Recovery of Revalued Non-Depreciable Assets* will no longer apply. The amendment is applicable retrospectively from 1 January 2012. The adoption of the amendment did not have a significant impact on the group's financial statements.

Accounting standards and amendments not yet applicable and not adopted in advance by the group

On 12 November 2009, the IASB published *IFRS 9 – Financial Instruments*, which was then amended on 28 October 2010. The standard, which is applicable retrospectively to annual periods beginning on or after 1 January 2015, represents the first step in a process to fully replace IAS 39.
IFRS 9 introduces two categories of valuation: amortised cost and fair value. All equity instruments will be measured at fair value. Many of the provisions of IAS 39 relating to financial liabilities are unchanged in the new standard. These include reference to the amortised cost for most financial liabilities. The main change regards the accounting treatment of changes in the fair value of a financial liability designated as measured at fair value through profit and loss if such changes are attributable to a change in the credit risk of the liability. According to the new standard, these changes must be recognised in other comprehensive income and will no longer pass through profit and loss. The effects of applying this standard are currently being assessed.

On 16 June 2011, the IASB issued an amendment to *IAS 1 – Presentation of Financial Statements*, which requires entities to group all the components presented in the statement of comprehensive income based on whether or not they can be subsequently recycled to profit or loss. The amendment is applicable retrospectively to annual periods beginning on or after 1 July 2012. It is believed that the adoption of this amendment will have no significant impact on the Group's financial statements.

On 12 May 2011, the IASB issued the standard *IFRS 10 – Consolidated Financial Statements*, which will replace *SIC-12 Consolidation – Special Purpose Entities* and parts of *IAS 27 – Consolidated and Separate Financial Statements*, which is to be renamed *Separate Financial Statements* and will govern the accounting treatment of equity investments in the separate financial statements. The new standard moves on from the existing standards, identifying the factor within the concept of control that determines whether or not a company should be consolidated into the parent company's consolidated financial statements. This will also provide a guide for determining the existence of control where this is difficult to ascertain. The standard is applicable retrospectively to annual periods beginning on or after 1 January 2013. The adoption of this standard is not expected to have any impact on the group's financial statements.

On 12 May 2011, the IASB issued the standard *IFRS 11 – Joint Arrangements*, which will replace *IAS 31 – Interests in Joint Ventures* and *SIC-13 – Jointly Controlled Entities – Non-monetary Contributions by Venturers*. The new standard sets out the criteria for identifying joint arrangements based on the rights and obligations arising from the agreement rather than on the legal form of the agreement itself, and establishes that equity investments in jointly controlled entities may only be accounted for in the consolidated financial statements using the equity method. IFRS 11 is applicable retrospectively to annual periods beginning on or after 1 January 2013. Following the issue of this standard, *IAS 28 – Investments in Associates* was amended to include equity investments in jointly controlled entities within its scope of application, from the effective date of application of the standard. The adoption of this standard is not expected to have an impact on the group's financial statements.

On 12 May 2011, the IASB issued *IFRS 12 – Disclosure of Interests in Other Entities*, a new and complete standard on additional information to be provided on any type of equity investment, including in subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated structured entities. The standard is applicable retrospectively to annual periods beginning on or after 1 January 2013. It is believed that the adoption of this standard will have no significant impact on the group's financial statements.

On 12 May 2011, the IASB issued *IFRS 13 – Fair Value Measurement*, which clarifies how fair value should be calculated for the purposes of recording it in the financial statements. It applies to all IFRS standards that require or permit measurement at fair value or the presentation of information based on fair value. The standard is applicable retrospectively to annual periods beginning on or after 1 January 2013. It is believed that the adoption of this standard will have no significant impact on the group's financial statements.

On 10 October 2011, the IASB issued an interpretation on the accounting treatment relating to the production phase of a surface mine. The adoption of this interpretation is not expected to have any impact on the group's financial statements.

On 16 December 2011, the IASB issued two amendments to *IFRS 7 – Financial Instruments: Offsetting Financial Assets and Financial Liabilities* and to *IAS 32 – Financial Instruments: Disclosure in the Financial Statements: Offsetting Financial Assets and Financial Liabilities*, applicable to annual period beginning on or after 1 January 2013 and 1 January 2014. It is believed that the adoption of these amendments will have no significant impact on the Group's financial statements.

On 13 March 2012, the IASB issued an amendment to IFRS 1 entitled *Government Loans* applicable to annual periods beginning on or after 1 January 2013. It is believed that the adoption of this amendment will have no significant impact on the Group's financial statements.

On 17 May 2012, the IASB issued various amendments to IFRS (2009-2011), applicable to annual period beginning on or after 1 January 2013, the impact of which for the group is currently being evaluated.

On 16 June 2011, the IASB issued an amendment to *IAS 19 – Employee Benefits*, which removes the option to defer recognition of actuarial gains and losses using the corridor method. The amendment requires the deficit or surplus on the benefit plan to be presented in the financial statements; cost components associated with benefits earned by employees and net financial charges should be recognised in profit or loss; and actuarial gains and losses arising from remeasurements of assets and liabilities should be presented in other comprehensive income. In addition, the return on assets included in net financial charges must be calculated using the discount rate of the liability rather than its expected return as before. Lastly, the amendment introduces new additional disclosures to be provided in the notes to the financial statements. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2013. The adoption of this amendment is not expected to have any impact on the Group's financial statements.

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%
Deposito di Arcola S.r.l.	100%
Sarlux S.r.l.	100%
Saras Ricerche e Tecnologie S.p.A.	100%
Ensar S.r.l. and subsidiaries:	100%
Labor Eolica S.r.l.	100%
Alpha Eolica S.r.l.	100%
Sarint S.A. and subsidiaries:	100%
Saras Energia S.A.	100%
Reasar S.A.	100%
Parchi Eolici Ulassai S.r.l. and subsidiary:	100%
Sardeolica S.r.l.	100%
Sargas S.r.l.	100%

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

On 29 February, the sale of the subsidiaries Akhela S.r.l. and Artemide S.r.l. and related equity investments in ITSME S.r.l. and the ICT Competence Centre was completed. The impact on the accounts of the need to align the carrying value of the net assets sold with their selling price was reported in the consolidated financial statements for the year ended 31 December 2011, to which reference should be made for further information.

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 are considered from time to time 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. The actual amounts of accounting entries for which estimates and assumptions have been used may differ from those shown in the financial statements, due to the uncertainty surrounding said assumptions and the conditions upon which the estimates are based.
These types of valuations, particularly those that are more complex, such as the determination of any impairment losses 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 impairment.
A summary of the most significant estimates is provided in the Group's consolidated financial statements for the year ended 31 December 2011.

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 the sourcing of raw materials to the refining and production of finished products, which is carried out at the company's site in Sarroch, Sardinia;
- by purchasing 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 purchasing oil products from third parties.

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

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

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

- in Italy, by Arcola Petrolifera S.p.A. for off-network customers (wholesalers, purchasing consortia, local authority-owned utility companies and resellers) and oil companies (ENI, Tamoil, Total, etc.) through a logistics network comprising both its own bases (at Sarroch) and those of third-party operators by way of a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata) as well as Deposito di Arcola S.r.l. for the logistics management of the Arcola storage facility in Liguria;
- in Spain, by Saras Energia S.A. for third-party and group-owned service stations, supermarkets and resellers via an extensive network of storage facilities located throughout the Iberian peninsula, the most important of which, the Cartagena storage facility, is owned by the company itself. In addition, the Cartagena site also produces biodiesel; this activity has been merged with the group's marketing business, as management considers it to be an integral part of marketing (analysing its performance within the business), and in view of its minor significance in terms of resources used and volumes produced.

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

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

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

Management monitors the operating results for individual business segments separately, in order to determine the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses.

The breakdown by business segment and the basis on which segment results are determined are the same as in the financial statements for the year ended 31 December 2011.

4.2 Segment information

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

	Refining	Marketing	Power Generation	Wind Power	Other	Total
30th June 2011						
Revenues from ordinary operations	4,644,907	1,764,073	273,281	4,497	20,062	6,706,820
deduction: revenues intra-segment	(1,361,138)	(43,319)	(22,295)	0	(9,173)	(1,435,925)
Revenues from third parties	**3,283,769**	**1,720,754**	**250,986**	**4,497**	**10,889**	**5,270,895**
Other revenues	60,648	550	30,332	5,869	308	97,707
deduction: revenues intra-segment	(49,902)	(40)	(8,136)	0	(196)	(58,274)
Other revenues from third parties	**10,746**	**510**	**22,196**	**5,869**	**112**	**39,433**
Amortisation and Depreciation	**(54,598)**	**(5,914)**	**(39,100)**	**(5,125)**	**(699)**	**(105,436)**
Operating profit (a)	**137,124**	**16,932**	**62,292**	**2,697**	**(1,207)**	**217,838**
Financial Income (a)	30,260	674	701	677	62	32,374
Financial Charges (a)	(96,586)	(3,893)	(613)	(1,596)	(157)	(102,845)
Income taxes	(34,638)	(5,493)	(24,167)	(863)	(47)	(65,208)
Net Profit for the period (a)	**36,160**	**8,220**	**38,213**	**915**	**(1,349)**	**82,159**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,154,236**	**713,661**	**1,019,996**	**129,863**	**33,941**	**4,051,697**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**1,846,313**	**234,636**	**582,944**	**65,490**	**18,095**	**2,747,478**
Investments in tangible assets	27,252	1,511	27,935	333	746	**57,777**
Investments in intangible assets	680	79	0	647	95	**1,501**
30th June 2012						
Revenues from ordinary operations	5,165,315	1,585,721	315,202	6,992	7,427	7,080,657
deduction: revenues intra-segment	(1,269,354)	(30,889)	(28,917)	0	(3,770)	(1,332,930)
Revenues from third parties	**3,895,961**	**1,554,832**	**286,285**	**6,992**	**3,657**	**5,747,727**
Other revenues	57,728	2,090	22,099	6,420	174	88,511
deduction: revenues intra-segment	(39,078)	(8)	(9,671)	0	(120)	(48,877)
Other revenues from third parties	**18,650**	**2,082**	**12,428**	**6,420**	**54**	**39,634**
Amortisation and Depreciation	**(51,744)**	**(6,060)**	**(39,757)**	**(5,144)**	**(142)**	**(102,847)**
Operating profit (a)	**(218,326)**	**696**	**73,535**	**5,054**	**797**	**(138,244)**
Financial Income (a)	171,328	697	1,906	295	134	174,360
Financial Charges (a)	(205,360)	(5,499)	(650)	(1,691)	(15)	(213,215)
Income taxes	92,000	194	(30,500)	(1,887)	(401)	59,406
Net result for the period (a)	**(160,358)**	**(3,912)**	**44,291**	**1,771**	**515**	**(117,693)**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,379,358**	**639,890**	**947,955**	**126,317**	**28,503**	**4,122,023**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**2,059,257**	**304,470**	**519,970**	**61,906**	**9,038**	**2,954,641**
Investments in tangible assets	65,856	4,307	3,017	333	144	**73,657**
Investments in intangible assets	1,264	849	0	137	0	**2,250**

(a) Calculated without taking into account intra-segment eliminations
(b) Total assets and liabilities are calculated after intra-segment eliminations. Intra-segment revenues fully reflect market conditions

5. Notes to the statement of financial position

5.1 Current assets

5.1.1 Cash and cash equivalents

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

	30/06/2012	31/12/2011	Change
Bank and postal deposits	237,130	136,963	100,167
Cash	2,610	2,380	230
Total	**239,740**	**139,343**	**100,397**

Bank deposits were mainly attributable to Saras S.p.A. (€210,748 thousand), Arcola Petrolifera S.p.A. (€1,940 thousand) and Sardeolica S.r.l. (€19,271 thousand).
For clarification on restrictions on the use of the cash and cash equivalents of Sardeolica S.r.l. see section 5.4.1.
For further details on the net financial position, see both the relevant section in the Report on Operations and the cash flow statement.

5.1.2 Other financial assets held for trading

The table below shows the breakdown of other financial assets held for trading:

	30/06/2012	31/12/2011	Change
Securities	0	1	(1)
White Certificates	1,942	2,315	(373)
Green Certificates	10,622	8,592	2,030
Derivative instruments	59,995	31,935	28,060
Total	**72,559**	**42,843**	**29,716**

White certificates relate to energy savings made at the Sarroch refinery by the Parent Company. They are sold on a specific regulated market or through bilateral agreements between market operators. The certificates in the portfolio are valued at the average annual market price (€101.50 per certificate in the first half of 2012, compared with €103.12 in 2011). Gains and losses realised during the period were booked to the income statement under "Other income" or "Sundry costs".

Green certificates relate to electricity generation from renewable sources by the subsidiary Sardeolica S.r.l. They are sold on a specific regulated market or through bilateral agreements between market operators, or through withdrawal by GSE at a pre-determined price; the certificates in the portfolio accruing during the reporting period are measured at market value at period-end, since this is less than the average period market price (70.32 €/MWh for the first half of 2012 compared with 79.24 €/MWh for 2011). 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 "Sundry costs".

Changes in securities, white certificates and green certificates are shown below:

	Securities	White Certificates	Green Certificates	Total
Balance at 31/12/2010	**15,793**	**480**	**12,527**	**28,800**
Increase for financial year	1	2,764	11,206	13,971
Decrease for financial year	(15,793)	(929)	(15,141)	(31,863)
Balance at 31/12/2011	**1**	**2,315**	**8,592**	**10,908**
Increase for financial period	0	3,320	6,210	9,530
Decrease for financial period	(1)	(3,693)	(4,180)	(7,874)
Balance at 30/06/2012	**0**	**1,942**	**10,622**	**12,564**

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

5.1.3 Trade receivables

This item totalled €934,444 thousand, an increase of €64,706 thousand compared with the previous year, due to price rises.

Note also that the selling price for electricity for the years 2008 and 2010 is subject to adjustment as a final ministerial decision is still pending.

5.1.4 Inventories

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

	30/06/2012	31/12/2011	Change
Raw materials, spare parts and consumables	359,623	246,004	113,619
Semi-finished products and work in progress	76,386	101,993	(25,607)
Finished products and good held for resale	487,657	805,811	(318,154)
Advance payments	415	542	(127)
Total	**924,081**	**1,154,350**	**(230,269)**

The decrease in the value of inventories is mainly attributable to a reduction in the quantities of stocks held.
The measurement of inventories at net realisable value led to a write-down of around €61.6 million. This valuation is thus equivalent to the market value.

The item "Finished products and goods held for resale" includes around 827,000 tons of oil products (measured at around €593 million) held for group companies and certain third parties in accordance with the obligations laid down in Legislative Decree 22 of 31 January 2001 (in the previous year, these stocks amounted to 838,000 tons valued at around €601 million).

No inventories are used as collateral for liabilities.

The Sarroch refinery held crude and oil products belonging to third parties worth a total of €2.3 million at 30 June 2012 (€59 million at 31 December 2011).

5.1.5 Current tax assets

The following table shows a breakdown of current tax assets.

	30/06/2012	31/12/2011	Change
VAT	328	285	43
IRES	32,237	27,808	4,429
IRAP (regional income tax)	1,803	3,195	(1,392)
Other tax receivables	3,037	5,211	(2,174)
Total	**37,405**	**36,499**	**906**

IRES and IRAP receivables are essentially due to surplus payments on account made in the previous year for tax liabilities of the year; the change is mainly due to the receivable arising from the recalculation of substitute tax on oil stocks pursuant to Legislative Decree 112/2008 (the "Robin Tax").

5.1.6 Other assets

The balance breaks down as follows:

	30/06/2012	31/12/2011	Change
Accrued Income	1,524	837	687
Prepaid expenses	14,073	4,676	9,397
Other receivables	49,481	100,046	(50,565)
Total	**65,078**	**105,559**	**(40,481)**

Deferred charges mainly relate to insurance premiums for the Parent Company and its subsidiary Sarlux S.r.l.
“Other receivables” mainly comprise:

- A receivable of €11,871 thousand due to the subsidiary Sarlux S.r.l. arising from the recognition pursuant to section II, point 7-*bis* of CIP resolution 6/92 of the refund of charges applicable to 2012 relating to the application of EC Directive 2003/87 (Emissions Trading), as per AEEG Resolution 77/08;
- The recovery of the amount paid by Sarlux S.r.l. to GSE of €22,667 thousand, as described in section 7.1;
- Deposits to secure derivatives transactions carried out by the Parent Company of €10,033 thousand.

5.2 Non-current assets

On 30 June 2012, the market capitalisation of the Parent Company, Saras S.p.A., was less than the carrying value of shareholders’ equity; no indicators of impairment are considered to arise from such circumstances, as it is due to the unfavourable global economic situation of the past few years. Moreover, the instability of prices and refining/marketing margins on oil products is not thought to represent an impairment indicator.

5.2.1 Property, plant and equipment

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

COST	31/12/2010	Additions	(Disposals)	Revaluations (write-down)	Other Changes	31/12/2011
Land & buildings	234,106	126	(257)	(3,493)	2,235	232,717
Plant & machinery	2,639,577	27,481	(2,025)		37,251	2,702,284
Industrial & commercial equipment	33,571	40	(892)		1,267	33,986
Other assets	465,880	286	(3,730)		12,813	475,249
Work in progress and advances	167,811	72,416	(646)		(53,907)	185,674
Total	**3,540,945**	**100,349**	**(7,550)**	**(3,493)**	**(341)**	**3,629,910**

ACCUMULATED DEPRECIATION	31/12/2010	Depreciation	(Disposals)	Revaluations (write-down)	Other Changes	31/12/2011
Land & buildings	67,707	10,109	0		13	77,829
Plant & machinery	1,623,128	143,746	(1,752)		4	1,765,126
Industrial & commercial equipment	24,484	2,506	(482)		(409)	26,099
Other assets	352,342	19,911	(3,715)		1	368,539
Total	**2,067,661**	**176,272**	**(5,949)**	**0**	**(391)**	**2,237,593**

NET BOOK VALUE	31/12/2010	Additions	(Disposals)	(Depreciation)	Other changes revaluations/ write-down	31/12/2011
Land & buildings	166,399	126	(257)	(10,109)	(1,271)	154,888
Plant & machinery	1,016,449	27,481	(273)	(143,746)	37,247	937,158
Industrial & commercial equipment	9,087	40	(410)	(2,506)	1,676	7,887
Other assets	113,538	286	(15)	(19,911)	12,812	106,710
Work in progress and advances	167,811	72,416	(646)	0	(53,907)	185,674
Total	**1,473,284**	**100,349**	**(1,601)**	**(176,272)**	**(3,443)**	**1,392,317**

COST	31/12/2011	Additions	(Disposals)	Revaluations (write-down)	Other Changes	30/6/2012
Land & buildings	232,717	226	(55)	(268)	(2,894)	229,726
Plant & machinery	2,702,284	30,274	(428)		451	2,732,581
Industrial & commercial equipment	33,986	618	(325)		(10)	34,269
Other assets	475,249	3,522	(401)		(1,300)	477,070
Work in progress and advances	185,674	39,017	(2,123)		(22,860)	199,708
Total	**3,629,910**	**73,657**	**(3,332)**	**(268)**	**(26,613)**	**3,673,354**

ACCUMULATED DEPRECIATION	31/12/2011	Depreciation	(Disposals)	Revaluations (write-down)	Other Changes	30/6/2012
Land & buildings	77,829	4,892	(14)		(2,524)	80,183
Plant & machinery	1,765,126	68,515	(365)		(9,143)	1,824,133
Industrial & commercial equipment	26,099	1,041	(178)		(403)	26,559
Other assets	368,539	9,516	(395)		(9,147)	368,513
Total	**2,237,593**	**83,964**	**(952)**	**0**	**(21,217)**	**2,299,388**

NET BOOK VALUE	31/12/2011	Additions	(Disposals)	(Depreciation)	Other changes revaluations/ write-down	30/6/2012
Land & buildings	154,888	226	(41)	(4,892)	(638)	149,543
Plant & machinery	937,158	30,274	(63)	(68,515)	9,594	908,448
Industrial & commercial equipment	7,887	618	(147)	(1,041)	393	7,710
Other assets	106,710	3,522	(6)	(9,516)	7,847	108,557
Work in progress and advances	185,674	39,017	(2,123)	0	(22,860)	199,708
Total	**1,392,317**	**73,657**	**(2,380)**	**(83,964)**	**(5,664)**	**1,373,966**

Costs are shown net of grants received for investments. The gross value of grants deducted from fixed assets was €160,963 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 net book value of these grants at 30 June 2012 was €2,867 thousand, compared with €4,429 thousand at 31 December 2011.

The item “Land and buildings” chiefly includes industrial buildings, offices and warehouses (net value: €100,176 thousand), civil buildings in Milan, Cagliari and Rome used as offices (net value: €13,008 thousand) and land largely relating to the Sarroch and Arcola sites belonging to the Parent Company and the subsidiary Deposito di Arcola S.r.l. respectively (€36,359 thousand).

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

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

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

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

Increases during the period totalled €73,657 thousand and mainly relate to technological work on the parent company's plants.

The decrease of €22.8 million recorded under “Work in progress - Other changes” relates to work completed during the year and consequently recorded in the related asset class. The other values shown in the “Other changes” columns mainly relate to the exclusion from the scope of consolidation of the assets belonging to the subsidiary Akhela S.r.l., sold on 29 February 2012.

The main depreciation rates used are as follows:

Industrial buildings (land and buildings)	5. 50%
Generic plant (plant and machinery)	8. 38% - 6. 25%
Highly corrosive plant (plant and machinery)	11. 73% - 8. 75%
Pipelines and tanks (plant and machinery)	8. 38% - 6. 25%
Thermoelectric plant (plant and machinery)	4. 50%
Wind farm (plant and machinery)	10. 00% - 4. 00%
Supplies (equipment plant and machinery)	25. 00%
Electronic office equipment (other assets)	20. 00%
Office furniture and machinery (other assets)	12. 00%
Vehicles (other assets)	25. 00%

There are no fixed assets 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 dock). Currently there is no reason to believe that the concession will not be renewed on expiry.

Financial charges of €4,484 thousand (at a rate of 5.04%) and internal costs of €2,030 thousand were capitalised during the period.

5.2.2 Intangible assets

The following table shows changes in intangible assets.

COST	31/12/2010	Additions	Disposals	write-down	Other Changes	31/12/2011
Industrial & other patent rights	51,102	277	(1,282)	0	975	51,072
Concessions, licences, trademarks & similar rights	58,515	6	0	0	0	58,521
Goodwill	24,400		0	(926)	(1,565)	21,909
Assets in progress & payments on account	18,643	3,846	0	(2,764)	(863)	18,862
Other intangible assets	511,599	533	0	0	907	513,039
Total	**664,259**	**4,662**	**(1,282)**	**(3,690)**	**(546)**	**663,403**

ACCUMULATED AMORTISATION	31/12/2010	Amortisation	Disposals	write-down	Other Changes	31/12/2011
Industrial & other patent rights	48,994	1,631	(1,277)	0	0	49,348
Concessions, licences, trademarks & similar rights	10,754	2,683	0	0	0	13,437
Goodwill	0	0	0	0	0	0
Other intangible assets	190,305	32,730	0	0	(675)	222,360
Total	**250,053**	**37,044**	**(1,277)**	**0**	**(675)**	**285,145**

NET	31/12/2010	Additions	Disposals write-down	Other Changes	Amortisation	31/12/2011
Industrial & other patent rights	2,108	277	(5)	975	(1,631)	1,724
Concessions, licences, trademarks & similar rights	47,761	6	0	0	(2,683)	45,084
Goodwill	24,400	0	(926)	(1,565)	0	21,909
Assets in progress & payments on account	18,643	3,846	(2,764)	(863)	0	18,862
Other intangible assets	321,294	533	0	1,582	(32,730)	290,679
Total	**414,206**	**4,662**	**(3,695)**	**129**	**(37,044)**	**378,258**

COST	31/12/2011	Additions	Disposals	write-down	Other Changes	30/06/2012
Industrial & other patent rights	51,072	134	(13)		(11,466)	39,727
Concessions, licences, trademarks & similar rights	58,521		(69)			58,452
Goodwill	21,909					21,909
Assets in progress & payments on account	18,862	1,401	(88)		(1,828)	18,347
Other intangible assets	513,039	715				513,754
Total	**663,403**	**2,250**	**(170)**	**0**	**(13,294)**	**652,189**

ACCUMULATED AMORTISATION	31/12/2011	Amortisation	Disposals	write-down	Other Changes	30/06/2012
Industrial & other patent rights	49,348	1,105	(12)		(15,130)	35,311
Concessions, licences, trademarks & similar rights	13,437	1,340	(20)			14,757
Goodwill	0					0
Other intangible assets	222,360	16,438				238,798
Total	**285,145**	**18,883**	**(32)**	**0**	**(15,130)**	**288,866**

NET	31/12/2011	Additions	Disposals write-down	Other Changes	Amortisation	30/06/2012
Industrial & other patent rights	1,724	134	(1)	3,664	(1,105)	4,416
Concessions, licences, trademarks & similar rights	45,084	0	(49)	0	(1,340)	43,695
Goodwill	21,909	0	0	0	0	21,909
Assets in progress & payments on account	18,862	1,401	(88)	(1,828)	0	18,347
Other intangible assets	290,679	715	0	0	(16,438)	274,956
Total	**378,258**	**2,250**	**(138)**	**1,836**	**(18,883)**	**363,323**

The main items are set out in detail below.

Concessions, licences, trademarks and similar rights
The balance of the item mainly refers to the concessions relating to Estaciones de Servicio Caprabo S.A. (merged into 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
The item mainly relates to goodwill recorded for the subsidiary Parchi Eolici Ulassai S.r.l. (€21,408 thousand), which was paid to acquire this company: the goodwill was justified given the projection of future cash flows by Sardeolica S.r.l. until 2035 when the concessions expire.
As an asset with an indefinite useful life, goodwill is not amortised, but is subject to annual impairment tests at the end of every financial year, or whenever there are indicators of impairment losses. As of 30 June 2012, there were no such indicators.

Intangible assets in progress and payments on account
This item mainly includes the cost of natural gas exploration in Sardinia (€16,205 thousand). These costs include capitalisation of internal costs of €89 thousand incurred during the period. No financial charges were capitalised.

Other intangible assets
This item mainly relates to the booking at fair value of the existing contract between the subsidiary Sarlux S.r.l. and GSE (Gestore dei Servizi Energetici S.p.A.), which stood at €263 million at 30 June 2012.

Amortisation of intangible assets totalled €18,883 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%

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

5.2.3 Equity investments

The table below shows a list of equity investments held at 30 June 2012, with the main figures relating to each subsidiary.

Company name	HQ	Currency	Share Capital	% owned by Group as of 06-12	% owned by Group as of 12-11	% of 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
Deposito di Arcola S.r.l.	Arcola (SP)	EUR	1,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie S.p.A.	Assemini (CA)	EUR	3,600,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Ensar S.r.l. and subsidiaries:	Milan	EUR	100,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Alpha Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Labor Eolica S.r.l.	Bucarest (Romania)	Leu	1,000	100.00%	100.00%	100.00%	Ensar S.r.l.	100.00%	Indirect Subsidiary
Akhela S.r.l. and subsidiaries:	Uta (CA)	EUR	3,000,000	0.00%	100.00%	0.00%	Saras S.p.A.	0.00%	
Artemide S.r.l.	Rome	EUR	20,000	0.00%	100.00%	0.00%	Akhela S.r.l.	0.00%	
ITSME S.r.l.	Milan	EUR	39,632	0.00%	3.38%	0.00%	Akhela S.r.l.	0.00%	
Sarint S.A. and subsidiaries:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Energia S.A.	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect Subsidiary
Reasar S.A.	Luxemburg	EUR	2,225,000	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect Subsidiary
Sarlux S.r.l.	Sarroch (CA)	EUR	27,730,467	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Parchi Eolici Ulassai S.r.l. and subsidiary:	Cagliari	EUR	500,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sardeolica S.r.l.	Cagliari	EUR	56,696	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect Subsidiary
Sargas S.r.l.	Uta (CA)	EUR	10,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Consorzio Cesma	Castellamonte (TO)	EUR	51,000	5.00%	5.00%	5.00%	Saras Ricerche e Tecnologie S.p.A.	5.00%	Other equity investments
Consorzio La Spezia Utilities	La Spezia	EUR	114,000	5.00%	5.00%	5.00%	Deposito di Arcola S.r.l.	5.00%	Other equity investments
Sarda Factoring	Cagliari	EUR	8,320,000	5.95%	5.95%	5.95%	Saras S.p.A.	5.95%	Other equity investments
Centro di Competenza I.C.T.	Cagliari	EUR	20,000	0.00%	0.50%	0.00%	Akhela S.r.l.	0.00%	

As explained earlier, equity investments in subsidiaries are consolidated on a line-by-line basis in these financial statements. The investments held in Akhela S.r.l., Artemide S.r.l., I.T.S.M.E. S.r.l. and the ICT Competence Centre were sold during the period.

5.2.3.1 Other equity interests

Other equity interests break down as follows:

	30/06/2012	31/12/2011
Consorzio Cesma	3	3
Consorzio La Spezia Utilities	28	28
Sarda Factoring	495	495
Centro di Competenza I.C.T.	0	21
Total	**526**	**547**

5.2.4 Deferred tax assets

The composition of the balance of €104,968 thousand at 30 June 2012 is as follows:
- Deferred tax assets of the Parent Company, Saras S.p.A., including €50,493 thousand relating to tax losses still to be used for the IRES surcharge payable by energy generators (€24,802 thousand at 31 December 2011) and €47,630 thousand relating to net tax losses for the period under the national tax consolidation scheme; the amounts in question are expected to be recovered against future taxable income.
- Net deferred tax assets of the subsidiary Sarlux S.r.l. of €1,302 thousand (including deferred tax assets of €177,070 thousand for the reporting on a straight-line basis of margins - IAS 17 and IFRIC 4 -, and deferred tax liabilities of €101,707 thousand for the booking at fair value of the existing agreement with GSE, and of €65,535 thousand relating to excess and accelerated depreciation.

The change compared with 31 December 2011 (€73,162 thousand) is due to the increase in deferred tax assets recognised on tax losses as described above.

5.2.5 Other financial assets

The balance at 30 June 2012 was €5,915 thousand (€896 thousand in the previous year) and it is chiefly represented by guarantee deposits paid by the Parent Company, Saras S.p.A., and its subsidiary Saras Energia S.A. and by the long-term portion of the financial receivable by the Parent Company, Saras S.p.A. (€5,154 thousand) from Akhela S.r.l., which is no longer consolidated at 30 June 2012.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

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

	30/06/2012	31/12/2011	Change
Bank loans	7,944	198,054	(190,110)
Bank accounts	39,618	327,441	(287,823)
Financial Derivatives	66,959	42,134	24,825
Other short-term financial liabilities	14,039	6,233	7,806
Total short-term financial liabilities	**128,560**	**573,862**	**(445,302)**
Total long-term financial liabilities	**281,292**	**284,798**	**(3,506)**
Total financial liabilities	**409,852**	**858,660**	**(448,808)**

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

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

"Short-term financial liabilities" mainly comprises the interest owed on the bond issued by the parent company.

For further details, please see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	30/06/2012	31/12/2011	Change
Advances from customers: portion due within the period	34,553	53,512	(18,959)
Trade payables: portion due within the period	1,554,408	1,134,991	419,417
Total	**1,588,961**	**1,188,503**	**400,458**

The item "Advances from customers" relates to payments on account received from the Parent Company's customers for the supply of oil products.
The increase in trade payables is mainly due to the deferral of payment for Iranian oil, in the second quarter of the year, due to the restrictions on the international banking circuits, ahead of the oil embargo decided by the European Union.

5.3.3 Current tax liabilities

This item breaks down as shown below.

	30/6/2012	31/12/2011	Change
VAT payables	168,575	61,698	106,877
IRES (Corporation Tax) and income tax of foreign companies	15,279	5,882	9,397
IRAP (Regional Income Tax)	2,891	41	2,850
Other tax payables	132,350	74,208	58,142
Total	319,095	141,829	177,266

The change in VAT payables is due to the tax facility granted by the customs authority to the Parent Company Saras S.p.A. to defer payment of tax for up to 90 days from each importation, from 1 January 2012.

IRES payables increased due to the tax calculated on the taxable income for the period, particularly the IRES tax surcharge levied on Italian energy generators.

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

The item "Other tax payables" mainly includes excise duties on products introduced into the market by the subsidiary Arcola Petrolifera S.p.A. (€118,018 thousand); the increase was largely due to advance payments of excise duties made in December, as required by the applicable regulations.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below.

	30/6/2012	31/12/2011	Change
Payables to welfare and social security bodies: portions due within the period	9,361	9,903	(542)
Due to personnel	21,454	16,865	4,589
Payables to Ministry for grants	41,297	43,546	(2,249)
Other payables	19,132	19,815	(683)
Other accrued liabilities	1,366	1,695	(329)
Other deferred income	709	722	(13)
Total	**93,319**	**92,546**	**773**

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

The item "Payables to Ministry for grants" mainly includes advances received from the Ministry for Economic Development:

- by the Parent Company in connection with the programme agreement signed on 10 June 2002, for which the final concession decree has yet to be granted (€24,736 thousand);
- by the subsidiary Sardeolica S.r.l. for the construction of the Ulassai wind farm (€15,679 thousand).

The decrease versus the previous year is due to the exclusion from the scope of consolidation of Akhela S.r.l., which was sold during the period and which showed a balance of €2,249 thousand at 31 December 2011.

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

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 accrual basis under “Cost of services and sundry costs”.

5.4 Non-current liabilities

5.4.1. Long-term financial liabilities

This item breaks down as follows:

	30/06/2012	31/12/2011	Change
Euro Bond	248,472	248,223	249
Bank loans	32,820	36,575	(3,755)
Total long-term financial liabilities	**281,292**	**284,798**	**(3,506)**

On 16 July 2010, the Parent Company Saras S.p.A., an unrated company, carried out a bond issue aimed solely at institutional investors, with a nominal value of €250 million and a five-year duration. The bonds, which are listed on the Luxembourg stock exchange, have a coupon of 5.583% and will mature on 21 July 2015. They are not secured by collateral and are not subject to any covenants.
The bond issue is recorded net of issue charges incurred.
Note that market values from the relevant stock exchange are not available for the bond. The current value of the related cash flows discounted to present value using the market rate does not vary significantly from the carrying value in the financial statements.

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

Figures in Euro million	Loan origination date	Amount originally borrowed	Base rate	Net book value at 31/12/11	Net book value at 30/06/12	Maturity			Collateral
						1 year	from 1 to 5 years	beyond 5 years	
Saras S.p.A.									
IntesaSanPaolo in pool	3-Jun-09	100.0	Euribor 6M	100.0	-	-			
IntesaSanPaolo in pool	16-Jun-09	90.0	Euribor 6M	89.8	-	-			
				189.8	**0.0**	**-**	**-**	**-**	
Saras Energia S.A.									
Banca Esp. De Credito	11-Sep-02	10.0	Euribor 6M	1.1	0.6	0.6			
				1.1	**0.6**	**0.6**	**-**	**-**	
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	43.8	40.1	7.3	32.8		
				43.8	**40.1**	**7.3**	**32.8**	**-**	
Total payables to banks for loans				**234.7**	**40.7**	**7.9**	**32.8**	**-**	

The weighted average interest rate at 30 June 2012 was 4.57%.

In June, the Parent Company, Saras S.p.A., repaid a loan in the form of a credit facility for a nominal amount of €190 million, in accordance with the terms of the agreement with a pool of banks (led by Intesa San Paolo).

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 covenants 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 covenants, the pool of lending banks has the right to demand early repayment of the loan.
In addition, to secure the loan taken out by Sardeolica, all of the shares in the company were pledged as collateral to the lending banks.

On 27 June 2012, the Parent Company, Saras S.p.A., signed a five-year loan agreement for €170 million with a group of leading national and international banks. This senior loan is not secured by real guarantees, and was drawned on 3 July 2012.
The loan, which carries an interest rate equal to EURIBOR plus a fixed annual component, is repayable in nine half-yearly instalments, of which the first, equal to 5% of the principal amount, is due on 27 June 2013 and the last on 27 June 2017.

The loan agreement imposes certain covenants on the company:
- in financial terms, it will have to meet the following ratios: net debt/EBITDA < 3.25 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, selling the majority of its significant shareholdings or selling a significant portion of its non-current assets;
- as regards dividends, the company is allowed to pay out a maximum amount of 60% of consolidated adjusted net profit provided that it complies with the net debt/EBITDA ratio restriction even after this distribution. Note that the restriction in question is consistent with the policy adopted some time ago by the Parent Company.
If the company fails to comply with these covenants, the pool of lending banks has the right to demand early repayment of the loan.

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

5.4.2 Provisions for risks and future charges

Provisions for risks and future liabilities break down as follows:

	31/12/2010	Additions	Decrease for use and reversal	Other changes	31/12/2011
Provisions for dismantling of plants	17,146	1,283	0	0	18,429
Provisions for CO2 allowances	46,978	45,817	(46,809)	(168)	45,818
Other risk provisions	14,409	4,524	(5,913)	0	13,020
Total	**78,533**	**51,624**	**(52,722)**	**(168)**	**77,267**

	31/12/2011	Additions	Decrease for use and reversal	Other changes	30/06/2012
Provisions for dismantling of plants	18,429	283	0	0	18,712
Provisions for CO2 allowances	45,818	15,411	(36,185)	78	25,122
Other risk provisions	13,020	94	(4,381)	(97)	8,636
Total	**77,267**	**15,788**	**(40,566)**	**(19)**	**52,470**

Provisions for dismantling plants relate to the future costs of dismantling plant and machinery, and are made wherever there is a legal and implicit obligation to be met in this regard. This was adjusted during the year on the basis of changes in the ISTAT cost-of-living index.

The provision for CO_2 allowances, €25,122 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 entire Sarroch site, including the IGCC plant owned by its subsidiary Sarlux S.r.l..

For 2012, 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 1,073,676 tons of CO_2 as of 30 June. A provision was made for the shortfall for the period of 213,557 tons, worth €742 thousand;
- 444,404 tons of CO_2 for the combined cycle plant owned by the subsidiary Sarlux S.r.l., which had emitted 1,899,285 tons of CO_2 as of 30 June. A provision was made for the shortfall for the year, of 1,989,729 tons, worth €14,669 thousand.
Over the period, €36,185 thousand was used from the provisions (€11,928 thousand for Saras and €24,257 thousand for Sarlux) to make purchases to cover the shortfall relating to the previous year.

The item "Other risk provisions" mainly relates to provisions made for potential legal and tax liabilities. The decrease compared with 31 December 2011 is mainly due to the release of the provision of €2,381 thousand posted previously by Arcola Petrolifera S.p.A. in relation to the requirement to use biofuels for 2011. This was recovered through the release of biofuels for sale to consumers in the first half of 2012. An adjustment to the provisions for risks in relation to legal disputes made up the rest of the change.

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	30/06/2012	31/12/2011	Change
Employee end-of-service payments	11,624	12,852	(1,228)
Other supplementary provisions	9,143	10,447	(1,304)
Total	**20,767**	**23,299**	**(2,532)**

Employee end-of-service payments are governed by article 2120 of the Italian Civil Code and reflect the estimated amount, based on actuarial estimates, that the company will be required to pay employees when they leave their employment. The change over the year is due mainly to the sale of Akhela S.r.l.
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 employees given the option of transferring the benefits earned up to that date to another supplementary pension scheme or of redeeming the entire amount. The trade unions disputed the cancellation of the fund, and a number of the employees involved have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision. Having taken legal advice from the lawyers acting for the company in this matter, the company is confident that the propriety of its actions will be upheld in court.

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

Balance at 31.12.2010	**14,529**
Accrual for the year	6,092
Amount used during the year	(7,769)
Balance at 31.12.2011	**12,852**
Accrual for the period	2,940
Amount used during the period	(4,168)
Balance at 30.06.2012	**11,624**

The table below shows changes in the CPAS fund.

Balance at 31.12.2010	**16,018**
Accrual for the year	0
Amount used during the year	(5,571)
Balance at 31.12.2011	**10,447**
Accrual for the period	0
Amount used during the period	(1,304)
Balance at 30.06.2012	**9,143**

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling €2,873 thousand, relate to the foreign subsidiaries.

5.4.5 Other non-current liabilities

Other non-current liabilities break down as follows:

	30/6/2012	31/12/2011	Change
Payables to welfare and social security bodies	312	357	(45)
Deferred income	464,379	480,175	(15,796)
Other payable	2,613	2,613	0
Total	**467,304**	**483,145**	**(15,841)**

The change compared with 31 December 2011 is mainly due to the decrease in "Deferred income" recorded by the subsidiary Sarlux S.r.l. The item in question relates to the agreement for the sale of energy between Sarlux S.r.l. and GSE (Gestore dei Servizi Energetici S.p.A.), which was accounted for according to IFRIC 4. Revenues from the sale of energy are calculated on a straight-line basis since the electricity supply contract, pursuant to IAS 17 (Leases) and IFRIC 4 (Determining Whether an Arrangement Contains a Lease), has been recognised as a contract regulating the use of the plant by the customer of Sarlux S.r.l., meaning that it is comparable to an operating lease. These revenues have therefore been stated on a straight-line basis in accordance with both the duration of the contract (20 years) and forecasts for the price of crude oil, which constitute a determining factor for electricity tariffs and electricity production costs.

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	30/06/2012	31/12/2011	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	1,219,519	1,158,676	60,843
Profit (Loss) for the period	(117,693)	58,802	(176,495)
Total Shareholders Equity	**1,167,382**	**1,283,034**	**(115,652)**

Share capital

At 30 June 2012, the share capital of €54,630 thousand, fully subscribed and paid up, comprised 951,000,000 ordinary shares with no nominal value.

Legal reserve

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

Other reserves

This item totalled €1,219,519 thousand, representing a net increase of €60,843 thousand compared with the previous year. The net increase was the combined result of:

- The appropriation of profit from the previous year of €58,802 thousand;
- A rise of €2,057 thousand relating to the creation of a reserve for the bonus allocation of shares to employees and management under companies' stock grant plans;
- A decrease of €16 thousand due to the translation of the financial statements of subsidiaries in foreign currency.

Pursuant to IAS 1, paragraphs 1 and 97, no movements in shareholders' equity were made with owners of the company's shares.

Loss for the period

The consolidated net loss totalled €117,693 thousand.

Dividends

On 27 April 2012, 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:

	30/06/2012	30/06/2011	Change
Sales and services revenues	5,451,166	5,004,192	446,974
Sale of electricity	292,591	255,261	37,330
Other revenues	3,112	11,083	(7,971)
Change in contract work in progress	858	359	499
Total	**5,747,727**	**5,270,895**	**476,832**

Sales and services revenues increased by €476,832 thousand compared with the previous year. The change was largely due to oil product price trends in the first quarter of the year.

Revenues from the sale of electricity include €285,599 thousand relating to the gasification plant of the subsidiary Sarlux S.r.l. and €6,992 thousand relating to the wind farm owned by the subsidiary Sardeolica S.r.l.

Revenues from the sale of electricity by Sarlux S.r.l. reflect the reporting of figures on a straight-line basis, calculated according to 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 €/USD exchange rate, until the contract expires. Note that, pending the settlement of the dispute with the AEEG (Italian 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.

Other payments are mainly attributable to revenues posted by the subsidiaries Sartec S.p.A. and Reasar S.A. in their respective sectors. The decrease in the item is mainly due to the exclusion of Akhela S.r.l. from the basis of consolidation.

6.1.2 Other income

The following table shows a breakdown of other income.

	30/06/2012	30/06/2011	Change
Revenues for stocking of mandatory supplies	3,658	1,128	2,530
Sales of sundry materials	3,705	1,997	1,708
Grants	6,438	5,801	637
Chartering of tankers	1,532	5,223	(3,691)
Recovery for claims and damages	552	653	(101)
Reimbursment of emission trading charges	11,870	21,908	(10,038)
Other income	11,879	2,723	9,156
Total	**39,634**	**39,433**	**201**

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

The item “Recognition of emissions trading charges” comprises income posted by the subsidiary Sarlux S.r.l., deriving from the recognition – pursuant to section II, point 7-*bis* of CIP resolution 6/92 – of the reimbursement of charges relating to the application of EC Directive 2003/87 (Emissions Trading), as per AEEG Resolution 77/08. The decrease versus the same period of the previous year is mainly due to the fall in the price of CO2 allowances (from €15.28 per allowance in the first half of 2011 to €7.15 per allowance in the first half of 2012).

The item “Other income” includes the non-recurring gains reported mainly by Parent Company Saras S.p.A.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, spare parts and consumables

	30/06/2012	30/06/2011	Change
Purchases of raw materials	4,305,662	4,066,269	239,393
Purchases of semifinished materials	110,785	22,176	88,609
Purchases of replacement parts and consumables	40,001	29,487	10,514
Purchases of finished products	774,414	869,357	(94,943)
Other purchases	58	63	(5)
Change in inventories	230,290	(351,116)	581,406
Total	**5,461,210**	**4,636,236**	**824,974**

Costs relating to the purchase of raw materials, replacement parts and consumables totalled €5,461,210 thousand, an increase of €824,974 thousand versus the same period of the previous year, mainly due to both the change in inventories and the trend in average prices for crude and oil products.

6.2.2 Cost of services and sundry costs

	30/06/2012	30/06/2011	Change
Service costs	266,674	240,798	25,876
Rent, leasing and similar costs	7,150	6,672	478
Provisions for risks and charges	12,641	15,789	(3,148)
Other operating charges	5,758	7,808	(2,050)
Total	**292,223**	**271,067**	**21,156**

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

The change is mainly due to the increase in the cost of rentals and freight, and higher utilities costs, mainly electricity.

The item “Rent, leasing and similar costs” includes the costs incurred by the Parent Company (for the lease of its offices in Milan and Rome, the state concession at the Sarroch site and the leasing of equipment) and by the subsidiary Saras Energia (for rents on the distribution network). The item “Rent, leasing and similar costs” includes costs of €1,037 thousand relating to the rental of the building that houses the registered office of Parent Company Saras S.p.A. in Milan. Under the eight-year contract, which is tacitly renewable and expires on 30 September 2015, payments are €1,725 thousand for the subsequent year and €5,750 thousand for the following years up to five years.

Provisions for risks mainly consist of a provision relating to CO_2 allowances for the first half of 2012 that had not yet been purchased as of 30 June 2012. The change from the same period of the previous year is mainly due to the fall in the price of allowances.

The item “Other operating charges” mainly comprises non-recurring losses, non-income taxes (local property taxes, atmospheric emission taxes) and membership fees. The change from the same period of the year before is mainly due to a decrease in provisions for doubtful debts.

6.2.3 Personnel costs

Personnel costs are broken down as follows:

	30/06/2012	30/06/2011	Change
Wages and salaries	47,999	54,922	(6,923)
Social security	14,367	15,415	(1,048)
Employee end-of-service payments	2,940	3,614	(674)
Pensions and similar	0	57	(57)
Other costs	2,149	2,706	(557)
Directors' remuneration	1,870	3,037	(1,167)
Total	**69,325**	**79,751**	**(10,426)**

The decrease in the item is mainly due to the exclusion from the scope of consolidation of Akhela S.r.l. and Artemide S.r.l., which were sold during the period.

On 27 April 2010, the shareholders' meeting approved 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 2010, one share for every six held by the beneficiary at 31 December 2009;
- for the years 2011 and 2012, one share for every six additional shares purchased by the beneficiary in 2010 and 2011, on condition that the number of shares held by the beneficiary on a daily basis during each of these years is never less than the number of shares held at 31 December of the previous year.

Under the Employee Share Plan, the total value of the shares allocated to each beneficiary must not exceed €2,065 in any given year. Furthermore, the value of the total shares allocable must never exceed the sum of €2 million.
The share allocation for 2012 is scheduled to take place in the second half of the year.

The Stock Grant Plan 2010/2012 (for senior managers at the Parent Company, and senior managers and directors individually specified by the Board of Directors of the Parent Company and the subsidiaries) provides for 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.
The plan will involve the allocation of:

- 1,505,000 shares for the 2010 plan, at a cost of €2,248 thousand;
- 1,962,800 shares for the 2011 plan, at a cost of €3,474 thousand (of which €773 thousand relates to the first half of 2012);
- €4,249,136 shares for the 2012 plan, of which €1,079 thousand relates to the first half of 2012.

Furthermore, beneficiaries who had participated in the 2007/2009 Stock Grant Plan were offered the opportunity of postponing the transfer of the shares that they are entitled to receive until the first half of 2013, in return for a one-off premium to be paid in shares as part of the current plan.
This option would involve the allocation of 891,900 shares, at a cost of €1,332 thousand (of which €205 thousand relates to the first half of 2012).

6.2.4 Depreciation, amortisation and write-downs

Depreciation and amortisation figures are shown below.

	30/06/2012	30/06/2011	Change
Amortisation of intangible assets	18,883	18,441	442
Depreciation of tangible assets	83,964	86,995	(3,031)
Total	**102,847**	**105,436**	**(2,589)**

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	30/06/2012	30/06/2011	Change
Financial income:			
- from financial assets recorded under current assets	0	131	(131)
Other income			
- interest on bank and post office accounts	295	116	179
- fair value of held for trading financial assets	0	0	0
- fair value on derivative instruments held at the end of the period	59,549	12,497	47,052
- positive differences on derivatives	59,377	6,366	53,011
- other income	245	187	58
Exchange gains	48,786	9,998	38,788
Total Financial Income	**168,252**	**29,295**	**138,957**
Financial charges :			
- fair value on derivative instruments held at the end of the period	(65,104)	(6,459)	(58,645)
- fair value of held for trading financial assets	0	0	0
- negative differences on derivatives	(73,809)	(68,437)	(5,372)
- other (interest on loans, late payment interest, etc.)	(19,346)	(15,724)	(3,622)
Exchange losses	(48,848)	(9,146)	(39,702)
Total Financial Charges	**(207,107)**	**(99,766)**	**(107,341)**
Total	**(38,855)**	**(70,471)**	**31,616**

The table below shows net income/charges by type:

	30/06/2012	30/06/2011	Change
Net interest income / (expense)	(19,051)	(15,608)	(3,443)
Net result from derivative financial instruments	(19,987)	(56,033)	36,046
- realised	*(14,432)*	*(62,071)*	*47,639*
- fair value of the open positions	*(5,555)*	*6,038*	*(11,593)*
Net exchange gains (losses)	(62)	852	(914)
Other	245	318	(73)
Total	**(38,855)**	**(70,471)**	**31,616**

The change in the fair value of the derivatives existing at 30 June 2012 compared with those existing at 31 December 2011 gave rise to net income of €3,372 thousand (compared with net income of €6,038 thousand in the same period of the previous year).

As shown in the table, the main changes chiefly relate to net gains/losses on derivatives. The financial derivates in question relate to hedging transactions to which hedge accounting is not applied.

6.4 Income tax

Income tax can be shown as follows:

	30/06/2012	30/06/2011	Change
Current taxes	10,016	41,064	(31,048)
Deferred tax (assets) liabilities, net	(69,422)	24,144	(93,566)
Total	**(59,406)**	**65,208**	**(124,614)**

Current taxes consist of taxes calculated on the taxable income of the companies, including the IRES tax surcharge for Italian companies, where due, which temporarily increased from 6.5% to 10.5% for the three-year period 2011-2013. The change is due to the effect of the net loss for the period arising under the consolidated tax regime, compared with the taxable income generated in the same period of the previous year.

Deferred tax assets/liabilities refer to changes during the period in the temporary differences between the carrying amounts of assets and liabilities and those recognised for tax purposes; the change is mainly due to net deferred tax assets for the period, of which €47,630 thousand relates to the consolidated tax regime and €25,844 thousand relates to the additional IRES tax surcharge owed by the Parent Company Saras S.p.A.

7. Additional disclosures

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

7.1 Main legal actions pending

The Parent Company, Saras S.p.A., and its subsidiaries Arcola Petrolifera S.p.A. and Sarlux 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 2011. The liabilities arising from this dispute, as determined by GSE, which has already adopted this interpretation, come to about EUR 32 million (for the acquisition of green certificates that have already been bought, as required by GSE); however, these liabilities would qualify for partial relief pursuant to section II, point 7-bis of CIP resolution 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 equalization fund for the electricity sector – CCSE). If the interpretation of the above-mentioned AEEG committee is confirmed, the requirement would be extended to 2009, adding a further potential liability of around €12 million, with the related refund amounting to some €7 million.
Based on the considerations expressed by its advisors on the TAR's rejection of the appeal, Sarlux appealed against the TAR's ruling to the High Court and believes that its appeal will be successful. As a result, no provision was made in the accounts at 30 June 2012 for this case.

7.2 Early withdrawal from CIP 6/92 agreement

As provided for in article 3, paragraph 1 of the Ministry for Economic Development Decree of 2 December 2009, Sarlux S.r.l., as a party to an agreement signed under the CIP 6/92 programme valid as of 1 January 2010 for plants that use process fuels from residues, expressed its interest in an early withdrawal from the agreement to Gestore dei Servizi Energetici, on a non-binding basis.
GSE has established the fees payable to settle this decision; the Ministry for Economic Development has extended until 30 June 2012 the deadline for presentation by Sarlux S.r.l. of the binding application for voluntary early withdrawal from the CIP6 agreement.
After assessing the various alternatives available based on affordability, the company's managers deemed it appropriate not to withdraw from the agreement.

7.3 Transactions with related parties

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

7.4 Other

There are no developments to report on the accidents that occurred on 26 May 2009 and 12 April 2011. Specifically, preliminary investigations into the accident in 2011 are still under way. With reference to the accident in 2009, appeals against the judgment of the court of first instance, which considered that Saras S.p.A. had no administrative responsibility pursuant to Legislative Decree 231/2001, are still pending. For further information, please refer to the Report on Operations of the Consolidated Financial Statements for the year ended 31 December 2011.

We highlight that during the period there were no non-recurring or unusual transactions, and there are no open positions originating from such transactions.

Saras SpA

Direzione generale
Sede amministrativa

I-20122 Milano
Galleria de Cristoforis 1
Telefono 02 77371
Fax 02 76020640

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

1. The undersigned, Gian Marco Moratti, Chairman of the Board of Directors, Massimo Moratti, CEO and Corrado Costanzo, the Executive responsible for the preparation of Saras S.p.A. financial reporting, hereby attest, pursuant also to the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:

- to the appropriateness in respect of the type of company, and
- the efficient application of the administrative and accounting procedures for the preparation of the interim consolidated half year financial statements, for the period 1 January 2012 to 30 June 2012.

2. In addition, the undersigned declare that:

2.1 the Half-Year Financial Report as at 30 June 2012:

a) was prepared in accordance with the applicable international accounting standards recognised in the European Union, pursuant to European Parliament and Council Regulation (EC) n. 1606/2002 of 19 July 2002;
b) accurately represent the figures in the company's accounting records;
c) give a true and fair view of the assets, liabilities and financial position of Saras S.p.A. and all consolidated companies.

2.2 the interim "report on operations" includes a reliable analysis of the main events which took place during the first semester of the financial year and their impact on company results together with a description of the main risks and uncertainties for the remaining semester of the financial year.
The Half-Year Financial Report also contains a reliable analysis of the transactions with related parties.

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

Milan, 7 August 2012

Signature: delegated authority

Signature: director responsible for drawing up the accounting statements

(Dott. Gian Marco Moratti)

(Dott. Corrado Costanzo)

(Dott. Massimo Moratti)

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AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of
SARAS SpA

1 We have reviewed the condensed consolidated interim financial statements of Saras SpA and its subsidiaries (Saras Group) as of 30 June 2012 and for the six months then ended, comprising the statement of financial position, income statement and statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and related explanatory notes. Saras SpA's directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

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

For the amounts of the consolidated financial statements of the previous year and the condensed consolidated interim financial statements for the corresponding period of the previous year presented as comparatives, reference is made to our reports dated, respectively, 5 April 2012 and 9 August 2011.

3 Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Saras Group as of 30 June 2012 have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, 9 August 2012

PricewaterhouseCoopers SpA

Giulio Grandi
(Partner)

This report has been translated into the English language solely for the convenience of international readers