SARAS: Leading independent refiner announces preliminary full year 2007 results[1]

Another year of solid earnings, Adjusted net income at EUR 250 ml, up 3%

2007 highlights

- **Group comparable EBITDA**[2] **at EUR 587 ml, up 3%**
- **Group adjusted net income**[3] **at EUR 250 ml, up 3%**
- **Saras refining margin at 7.3 $/bl up 18% versus 2006**
    - Premium above EMC benchmark at **4.0 $/bl**, up 0.6 $/bl vs 2006
- **CIP6 power tariff indexation modified by the Energy Authority as of 1st January 2007,** with negative impact on the Power Generation segment results
- **Strong balance sheet:** net financial position at **EUR -27** ml vs EUR -285 ml at end 2006
- **The Board of Director will propose a dividend to the AGM of EUR 0.17 per share (payout 65%), an increase of 13% versus 2006.**

Fourth quarter 2007 highlights

- **Group comparable EBITDA at EUR 118 ml, down 15%** vs Q4/06
- **Group adjusted net income at EUR 44.2 ml, down 33%** vs Q4/06
- **Saras refining margin at 7.0 $/bl up 18%** vs Q4/06
    - Premium above EMC benchmark at **4.6 $/bl**, in line with expectations

Milan, 22 February, 2008. - The Board of Directors of Saras S.p.A. met yesterday under Chairman GianMarco Moratti and reviewed preliminary 2007 results. The Chairman declared: **"Saras registered another year of growing earnings thanks to a strong operating performance in all divisions and a resilient oil market scenario. In the current financial turmoil, more than ever, our strong balance sheet provides strong opportunities for our company. Both organic and external growth remain our top priorities for 2008*".***

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

[2] **Comparable EBITDA:** calculated evaluating inventories at LIFO and adjusted for non recurring items.

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

Program of the conference call organized for today 22nd February 2008

at **16:00 C.E.T**. conference call for analysts and investors. Slide presentation will be distributed and is available on our website www.saras.it from 07:30 am CET.

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Link for the live webcast
http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=198291&eventID=1758419

Playback and transcript of the live webcast will also be available on our website.

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Key Consolidated financial figures

Below are the key consolidated financial figures, shown in comparison with the data from the same period last. **It should be noted** that 2006 figures are proforma, i.e. with Sarlux S.r.l. fully consolidated as of 1st January 2005.

Saras Group income statement figures:

EUR Million	Q4/07	Q4/06	var %	2007	2006	var %
REVENUES	1,801	1,505	20%	6,664	6,324	5%
EBITDA	168.3	102.4	64%	760.1	526.2	44%
EBITDA *comparable*	**118.1**	**138.9**	**-15%**	**587.3**	**567.5**	**3%**
EBIT	37.6	58.7	-36%	508.8	363.5	40%
EBIT *comparable*	**75.2**	**95.2**	**-21%**	**423.7**	**404.8**	**5%**
NET INCOME	46.2	35.7	29%	322.7	208.1	55%
***adjusted* NET INCOME**	**44.2**	**66.2**	**-33%**	**249.6**	**242.0**	**3%**

Other Group figures:

EUR Million	Q4/07	Q4/06	Q3/07	2007	2006
NET FINANCIAL POSITION	**(27)**	**(285)**	**(136)**	**(27)**	**(285)**
CAPEX	**63**	**43**	**54**	**210**	**130**
OPERATING CASH FLOW	**173**	**(63)**	**(72)**	**623**	**345**

Overview of 2007 results

Saras Group registered good results during 2007, showing an improvement versus 2006 thanks to the good performance of the Refining and Marketing segments that more than offset the impact of the new indexation methodology of the power tariff, under the revised CIP6/92 tariff scheme, that negatively affected the Power generation segment.
Refining margins improved versus last year (EMC benchmark at 3.3 $/bl vs 2.8 $/bl in 2006), but such increase has been completely offset by a stronger EUR vs USD (EUR/USD at 1.37 vs 1.26 in 2006).

Group **Revenues** were EUR 6,664 ml up 11% compared to last year in the light of higher oil product prices.

Group **Comparable EBITDA** amounted to EUR 587.3 ml a slight increase (+3%) vs 2006 attributable to the good operational performance of the Sarroch refinery and the outstanding performance of the Marketing segment, offsetting the decline in the Power generation segment.

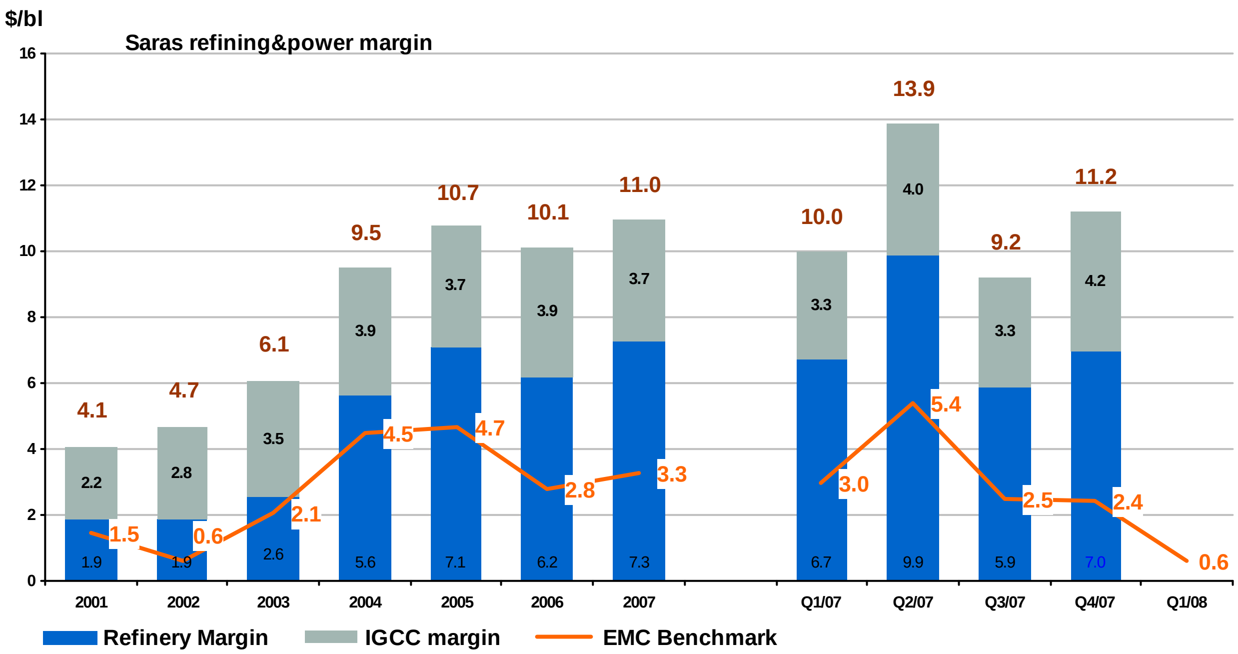
Adjusted net income was EUR 250 ml, showing an increase of 3% vs 2006, in line with the increase of EBITDA.

Reported net income was influenced by a non recurring gain due to the effect on deferred taxes of the statutory corporate income tax reduction and by a non recurring loss due to the impact of IAS36 (impairment test) on Sarlux electricity sale agreement.

CAPEX amounted to EUR 210 ml in the period, in line with the investment program for 2007.

Net Financial Position at the end of 2007 reduced to a negative of EUR 27 ml from a negative of EUR 285 ml at the end of 2006 in the light of a strong operating cashflow.

During the year a total of 650,000 Saras shares have been bought from the market at an average price of EUR 4.30 per share to service the Stock plans for employees and managers as approved by the last Saras S.p.A. AGM.
Outstanding shares at 31/12/2007 are therefore 950.3 million from 951 million at the end of 2006.



__Note__: 2007 figures related to the IGCC margin have been recalculated on the basis of the Energy Authority resolution n.249/06 issued on November 2006 and applicable as of 1st January 2007.

Overview of fourth quarter results

Saras Group results were largely in line with company expectations in a scenario of high volatility of crude oil and product prices. Results of the Power Generation segment, negatively affected by the above mentioned change in the indexation of power tariff, were significantly lower versus same quarter last year, while the results of the Refining segment have been affected by costs associated with the scheduled maintenance on one crude distillation unit.
The excellent results of the Marketing segment supported overall earnings in the quarter.

Group **Revenues** were EUR 1,801 ml up 20% vs Q4/06 in the light of higher oil product prices.

Group **Comparable EBITDA** amounted to EUR 118.1 ml, a decrease (-15%) vs Q4/06 due to the reduction in the Refining and Power Generation segments partially offset by the good performance of the Marketing segment.

Adjusted net income was EUR 44.2 ml, showing a decrease of 33% vs Q4/06.

Reported net income was influenced by a non recurring gain due to the effect on deferred taxes of the statutory corporate income tax reduction and by a non recurring loss due to the impact of IAS36 on Sarlux purchase agreement.

CAPEX amounted to EUR 63 ml in the period, in line with the investment program for 2007.

Segment Reviews

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

Refining

EUR Million	Q4/07	Q4/06	var %	Q3/07	2007	2006	var %
EBITDA	120.5	55.1		105.3	511.5	292.2	
EBITDA *comparable*	**61.4**	**80.8**	**-24%**	**73.7**	**371.6**	**323.8**	**15%**
EBIT	100.4	36.8		86.7	437.4	223.8	
EBIT *comparable*	**41.3**	**62.5**	**-34%**	**55.1**	**297.5**	**255.4**	**16%**
CAPEX	**54**	**23**	**135%**	**43**	**177**	**108**	**64%**

Overview of 2007 results

Refining operations in 2007 were characterized by a good performance in a context of well supported refining margins.

Important activities for maintenance and upgrades of various units were carried out as planned, mainly during the second and fourth quarter: in particular two crude distillation units, one vacuum unit and the visbreaker underwent technical improvements aimed at increasing their reliability and performance.

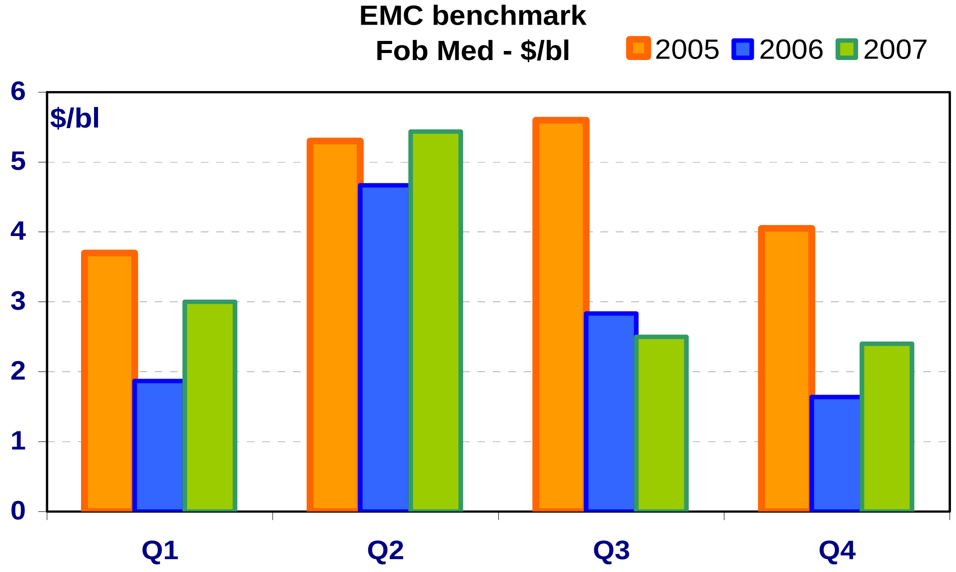
Refinery runs, 106.5 million barrels (292 kbd) in 2007, were up 2% versus 2006, mainly for the different scheduled downtime of the crude distillation units. The processing on behalf of third parties was 38% of total runs, down from 48% of the year 2006, as a contract expiring at the end of 2006 was not renewed.

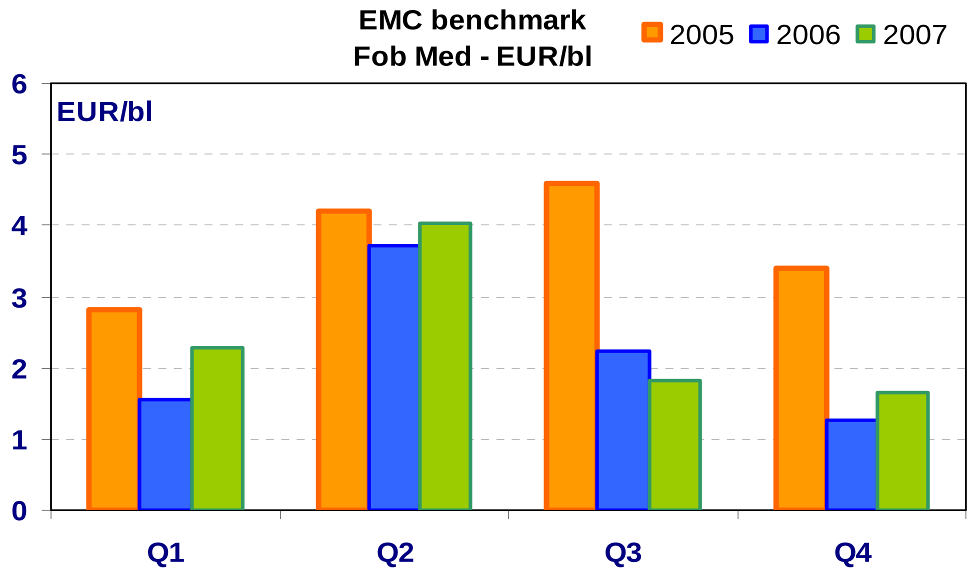
The improved performance of the refinery is reflected in the crude quality and product yields data: while the crude mix was substantially unchanged compared to last year (with an average density confirmed at 32.9°API) the total yield of high value products (i.e. LPG, naphtha, gasoline and middle distillates) rose from 80.9% in 2006 to 81.5% in 2007. Middle distillates production, mainly automotive diesel, was in excess of 7.5 million tons, 2.6% higher than previous year.

The improvements in refining operations had a significant positive effect on the premium that Saras managed to achieve in terms of margin (after variable costs) per barrel over the EMC benchmark.
Saras' refining margin rose from 6.2 $/bl in 2006 to 7.3 $/bl in 2007, whereas the EMC benchmark increased from 2.8 $/bl in 2006 to 3.3 $/bl in 2007. Saras' premium versus the benchmark, therefore, rose from 3.4$/bl to 4.0$/bl, substantially in line with our guidance for the full year, that was 4.0 $/bl for the first half and 4.5 $/bl for the second half to be reduced by 14 million dollars for the impact of reduced conversion capacity during the maintenance of some conversion units.

The EBITDA of the refining segment improved by EUR 49 million versus 2006 (+15%). The stronger refining margin scenario was more than offset by the weaker dollar vis a vis the euro, thus the EBITDA increase is attributable to the good operational performance of the refinery and to the upgrades which went on stream.

This improvement (about USD 70 million) is perfectly in line with the organic growth strategic plan for the period 2006-2009.





Overview of fourth quarter results

The fourth quarter was characterized by the planned maintenance of one crude distillation unit and two desulphurization units:

- the shutdown of the crude distillation unit reduced the throughput of the refinery to 25.8 million barrels, down both versus the previous quarter (-8%) and versus the same quarter of last year (-9%), and was responsible for the higher than normal level of fixed costs in the period.

- the catalyst substitution of two desulphurization units had a negligible impact on production but contributed to the increase of the variable costs in the period.

Saras' refining margin after variable costs was 7.0 $/bl, with a premium on the EMC benchmark of 4.6 $/bl, in line with guidance and expectations.

The EBITDA of the refining segment was EUR 61 ml, -24% vs the same quarter last year, penalised by lower runs and higher costs and with the negative impact of a weaker dollar offsetting the higher refining margins environment.

Margins and refinery runs

		Q4/07	Q4/06	var %	Q3/07	2007	2006	var %
REFINERY RUNS	Thousand ton	3,530	3,895	-9%	3,839	14,593	14,286	2%
	Million bl	25.8	28.4	-9%	28.0	106.5	104.3	2%
	thousand bl/day	280	309	-9%	305	292	286	2%
of which: Processing for own account	Thousand ton	2,020	2,085	-3%	2,599	9,100	7,381	23%
Processing on behalf of third parties	Thousand ton	1,510	1,810	-17%	1,240	5,493	6,905	-20%
EXCHANGE RATE	EUR/USD	1.450	1.290	12%	1.374	1.370	1.256	9%
EMC BENCHMARK MARGIN	$/bl	2.4	1.6	50%	2.5	3.3	2.8	18%
SARAS REFINERY MARGIN	$/bl	7.0	5.6	25%	5.9	7.3	6.2	18%

Production

		Q4/07	H2/07	2007	2006
LPG	thousand ton	60	143	306	312
	yield	1.7%	1.9%	2.1%	2.2%
NAPHTHA + GASOLINE	thousand ton	1,018	2,031	4,039	3,893
	yield	28.8%	27.6%	27.7%	27.3%
MIDDLE DISTILLATES	thousand ton	1,848	3,781	7,541	7,350
	yield	52.4%	51.3%	51.7%	51.4%
FUEL OIL & OTHERS	thousand ton	104	407	707	725
	yield	2.9%	5.5%	4.8%	5.1%
TAR	thousand ton	282	571	1,120	1,152
	yield	8.0%	7.8%	7.7%	8.1%

Balance to 100% is Fuel&losses

Crude Oil slate

		Q4/07	H2/07	2007	2006
Light extra sweet		45.2%	45.7%	44.8%	42.6%
Light sweet		3.5%	2.4%	2.2%	4.9%
Medium sweet					1.4%
Light sour					
Medium sour		23.9%	23.1%	25.7%	23.4%
Heavy Sour		27.3%	28.7%	27.3%	27.6%
Average crude gravity	°API	33.1	33.1	32.9	32.9

Marketing

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

EUR Million	Q4/07	Q4/06	var %	Q3/07	2007	2006	var %
EBITDA	14.5	(5.4)		20.6	55.4	15.1	
EBITDA *comparable*	**10.1**	**5.4**	**87%**	**10.4**	**33.2**	**24.8**	**34%**
EBIT	13.2	(7.6)		19.3	50.3	11.7	
EBIT *comparable*	**8.8**	**3.2**	**175%**	**9.1**	**28.1**	**21.5**	**31%**
CAPEX	**5**	**6**		**5**	**11**	**9**	

Sales

		Q4/07	Q4/06	var %	Q3/07	2007	2006	var %
TOTAL SALES	Kton	1057	870	22%	994	3,906	3,217	21%
of which Italy	Kton	318	276	15%	261	1,102	1,013	9%
of which Spain	Kton	740	594	25%	733	2,804	2,204	27%

Overview on 2007 results

Marketing achieved an outstanding performance during 2007, with sales, margins and EBITDA significantly improved versus previous year.

During 2007 oil product demand in Italy registered a reduction (-3.2%) versus 2006 mainly driven by a decrease in heating gasoil consumptions (-21%) due to a mild winter season and the persisting shift from Low Sulphur Fuel Oil (-12%) to natural gas as a feedstock for electricity production. With regard to high value products, diesel consumption increased compared to last year (+2.6%), while gasoline continued the downward trend (-6.2%) due to the ongoing *"dieselization"* of the Italian car fleet.
Spain, on the other hand, registered a growth in oil product demand (+1.3%) with the same main trends of Italy in term of single products consumptions. Growth of diesel consumption was stronger than Italy (+4.5%) and the decline of gasoline consumption less pronounced (-3.5%).

In this scenario Arcola Petrolifera achieved a good performance in Italy, increasing sales by 9% and consequently improving its wholesale market share from 5.4% to 6.3%.
The performance of Saras Energia in Spain has been outstanding with sales increased by 27% and market share consistently improved.
Overall sales reached almost 4 million tons during 2007 with a 21% increase versus 2006 driven by a strong increase of diesel sales in both markets (+10% in Italy and + 35% in Spain). Also margins improved overall versus 2006 (in particular in Spain, while a slight reduction has been registered in Italy) leading to a 34% increase of comparable EBITDA up to the record high of EUR 33.2 million.

The beginning of the construction activities of the biodiesel production plant close to the Saras Energia depot in Cartagena (Spain) led to a significant increase of Capex during 2007. The plant will produce approximately 200,000 tons per year of Biodiesel; operations are expected to start in mid 2008.

Overview on fourth quarter results

Marketing achieved an outstanding performance in Q4/07, with both sales and margins improved versus same quarter last year.

Sales in Spain increased by 25% versus same period last year, while in Italy the increase was around 15% driven by strong diesel sales in both markets. Overall wholesale margins also improved versus same period last year, in particular in Spain, while a slight reduction has been registered in Italy, leading to a 87% increase of comparable EBITDA.

Construction of the biodiesel production plant close to the Saras Energia depot in Cartagena (Spain) continued during the quarter leading to a significant increase of Capex versus same period last year.

Power Generation

Below are the main financial data of the Power segment related to operations by Sarlux S.r.l. (2006 figures are proforma).
As of this quarter comparable figures have been introduced for the Power segment in order to better explain the impact of resolution n.249/06 issued by the Energy Authority in November 2006, which modified the fuel component of the CIP6/92 power tariff scheme. **Comparable figures have been calculated restating all the previous 2007 quarters with the new tariff scheme applicable as of 1st January 2007.**

EUR Milion	Q4/07	Q4/06	var %	Q3/07	2007	2006	var %
EBITDA	22.9	52.0	-56%	53.2	182.1	220.0	-17%
EBITDA comparable	**47.0**	**52.0**	**-10%**	**44.8**	**182.1**	**220.0**	**-17%**
EBIT	-85.8	29.9	-387%	32.9	**12.3**	131.7	-91%
EBIT comparable	**26.2**	**29.9**	**-12%**	**24.5**	**100.2**	**131.7**	**-24%**
EBITDA ITALIAN GAAP	32.8	68.8	-52%	88.5	258.2		
EBITDA ITALIAN GAAP comparable	**58.5**	**68.8**	**-15%**	**70.0**	**258.2**	**323.8**	**-20%**
EBIT ITALIAN GAAP	19.0	55.2	-66%	75.1	204.4	270.0	-24%
EBIT ITALIAN GAAP comparable	**44.7**	**55.2**	**-19%**	**56.6**	**204.4**	**270.0**	**-24%**
NET INCOME ITALIAN GAAP	20.1	32.4	-38%	45.3	131.4	160.9	-18%
Adjusted NET INCOME ITALIAN GAAP	**34.8**	**32.4**	**7%**	**26.8**	**120.7**	**160.9**	**-25%**
CAPEX	**3**	**11**		**7**	**20**	**12**	

Other figures

		Q4/07	Q4/06	var %	Q3/07	2007	2006	var %
ELECTRICITY PRODUCTION	MWh/1000	1,095	999	10%	1,169	4,414	4,467	-1%
POWER TARIFF	**Eurocent/KWh**	**12.4**	**13.5**	**-8%**	**12.3**	**12.3**	**13.5**	**-9%**
POWER TARIFF (old formula)	*Eurocent/KWh*	*14.7*	*13.5*		*13.4*	*13.4*	*13.6*	
POWER IGCC MARGIN	$/bl	4.2	3.6	17%	3.3	3.7	3.9	-5%

Overview on 2007 results

The performance of the Sarlux IGCC plant was good during 2007 with power production slightly lower than previous year (-1%) due to the general inspection performed on one gas turbine during Q2/07. Furthermore during the year routine maintenance cycles have been performed on 2 gasification and one of the other power production trains with time and costs in line with our expectations. The production of steam and hydrogen was higher than last year.

Contraction of EBITDA *comparable*, both IFRS and Italian GAAP versus 2006 (-17% for IFRS EBITDA *comparable* and –20% for Italian GAAP EBITDA *comparable*) is attributable to a reduction of the power tariff from 13.5 eurocent per KWh in 2006 down to 12.3 eurocent per KWh in 2007 (-9%). This is due to the new indexation methodology of the power tariff, for power plants with tariff scheme defined under the CIP6/92 law, introduced by the Energy Authority resolution n.249/06 issued on November 2006 and applicable as of 1st January 2007.
During the course of 2007 such resolution was initially challenged before the relevant court in Italy (TAR: "*Tribunale Amministrativo Regionale"*), which ruled in Saras' favour at the beginning of May 2007. The Authority then appealed to the highest administrative level ("*Consiglio di Stato"*) during the month of October 2007. Final ruling, in the Energy Authority's favour, was finally issued during January 2008.

The new indexation methodology concerns the fuel component of the tariff which will continue to be linked to product and crude oil prices but with a different mechanism. In particular, during 2007, the new methodology resulted in a reduction of the fuel component and consequently of the entire tariff by 1.06 Eurcent/KWh (2007 tariff with the old indexation methodology would have been 13.44 Eurcent/KWh).

This negatively impacted 2007 Italian GAAP EBITDA *comparable* by EUR 47 million (with the old tariff Italian GAAP EBITDA *comparable* would have been EUR 305 million).

In terms of IFRS EBITDA *comparable* the negative impact on 2007 was EUR 29 million, lower than the impact on Italian GAAP. This is due to the review of the linearization procedure required by IFRS to reflect the new indexation methodology of the power tariff and an updated forward curve for oil and petroleum products (used as a starting point for the forecast of the fuel component of the tariff).

Moreover, pursuant to IAS36 (impairment test principle), the value of the long term power sale agreement with the national grid operator (GSE) was reduced by EUR 88 million with a one-off charge to Q4 and full year reported EBIT figures.

Overview of fourth quarter results

The excellent performance of the Sarlux IGCC plant was in line with expectations during the fourth quarter of 2007 with production 10% higher than same quarter last year despite routine maintenance carried out on 1 gasification and power generation train.

During the month of January 2008 the dispute on the power tariff between Sarlux and the Energy Authorithy was resolved in the Energy Authority's favour thanks to the final ruling issued by the highest administrative level ("*Consiglio di Stato"*).

With the new indexation methodology, the power tariff during Q4/07 was 8% lower than same period last year. Italian GAAP EBITDA **comparable** was 15% lower than Q4/06 even with a 10% increase in production due to higher feedstock costs (TAR).

In terms of IFRS EBITDA **comparable** the impact was, however, negative by EUR 5 million versus the same quarter last year (-10%) in the light of the review of the linearization procedure required by IFRS accounting principles as explained above.

Other

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

EUR Million	Q4/07	Q4/06	Q3/07	2007	2006	var %
EBITDA	10.4	0.7	1.7	11.1	(1.1)	
EBITDA *comparable*	(0.4)	0.7	1.7	0.4	(1.1)	136%
EBIT	9.8	(0.4)	1.1	8.8	(3.7)	
EBIT *comparable*	(1.1)	(0.4)	1.1	(2.1)	(3.7)	43%

Overview of 2007 results

Comparable figures largely show a breakeven with a considerable improvement thanks to the restructuring efforts carried out during the year. Reported figures benefited from a one-off gain related to a government grant.

Overview of fourth quarter results

Fourth quarter results were in line with expectations, with reported figures including the finalization of a government grant.

Wind

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

EUR million	Q4/07	Q4/06	var %	Q3/07	2007	2006	var %
EBITDA	5.4	7.9	-31%	5.0	25.6	25.7	0%
EBIT	2.0	5.6	-64%	3.1	15.8	17.4	-9%
NET INCOME	1.0	3.2	-69%	0.2	7.0	8.9	-21%
***Adjusted* NET INCOME (*)**	1.0	1.7	-41%	0.4	6.2	8.1	-23%

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

Other figures

		Q4/07	Q4/06	var %	Q3/07	2007	2006	var %
ELECTRICY PRODUCTION	MWh	51,631	39,708	30%	29,855	168,185	157,290	7%
POWER TARIFF	EURcent/KWh	8.2	8.2	0%	8.4	8.5	7.4	14%
GREEN CERTIFICATES	EURcent/KWh	9.7	11.9	-18%	11.9	9.7	11.9	-18%

Overview of full 2007 results

Results during 2007 were substantially in line with 2006.
An increase of electricity production (+7%) and a higher power tariff (+9%) were entirely balanced out by lower green certificate prices (-18%), leading to an unchanged EBITDA versus last year.

2007 EBIT lower than 2006 (-9%) due to some bank fees originally capitalised and fully expensed during the year causing a one-off increase of depreciation of about EUR 1.5 million.

An increase in interest rates coupled with a 10% write-down of the value of some 2006 green certificates (accounted during 2006 on the basis of the market price at that time and sold during 2007) caused Adjusted Net Income to be substantially lower than 2006 (-23%).

During 2007 the activities for the development of new wind farms has continued. A pipeline of projects in Sardinia and Southern Italy are in the permitting phase.

Overview on fourth quarter results

The operational performance of the plant has been good during Q4 thanks to favourable weather conditions with electricity production up 30% versus same quarter last year. Power tariff was in line with same quarter last year.
EBITDA instead decreased versus the same period last year due to a significant downward revision of the price of green certificates for the entire 2007 (impact for the first nine months of 2007 has been included in the Q4 figures).
Worthy of note is that green certificates are accounted during the year on the basis of a provisional price and then sold in the market during the following year.

Strategy and Investments

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

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

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

During 2007 Saras completed another step in the organic growth strategy thanks to the upgrades carried out during Q2/07 maintenance that improved the yields of high value products (mainly diesel and gasoline) by 0.6% with an additional profitability of approx 0.5 $/bl (approx USD 50 million per year of EBITDA).

Ongoing construction activities

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

- The construction of the Biodiesel plant in Spain with a capacity of 200,000 tons per year started at the end of the year with completion expected by mid 2008 and an estimated cost of approx. EUR 35 million.

Other activities

- Gas exploration: seismic tests in Sardinia are continuing with encouraging preliminary findings; on-shore test area was widened during 2007 and off-shore test will start during 2008.

Capex by segment

	Q4/07	2007	2006
REFINING	54	177	108
POWER GENERATION	3	20	12
MARKETING	5	11	9
OTHER	1	2	1
Total	**63**	**210**	**130**

Outlook

- Approximately **6% lower corporate tax rates** starting from 2008.
    - IRES from 33% to 27.5% (-5.5%) and IRAP from 4.25% to 3.9% (-0.35%).

REFINING

- **After a weak January EMC benchmark is climbing back to normal levels**:
    - average of February close to **2 $/bl** and **above 3.5 $/bl** this week.

- **Market fundamentals are unchanged: positive medium term outlook, strong growth in oil demand (recently estimated by IEA for 2008 at +1.9% over 2007) and tight situation of the refining industry**.

- **Change of product specifications (gasoline and diesel from 50 to 10 ppm sulphur as of 1/1/09) will provide further opportunities for high conversion refineries. Saras will be fully compliant with new specification.**

- No major turnarounds in 2008. Runs expected to be in excess of 15 million tons (110 million barrels).

- Updated maintenance schedule of adjoining petrochemical plant will reduce hydrogen supply, we therefore plan to concentrate accordingly routine cleaning and catalyst substitution between end of Q1 and beginning of Q2 (previously spread along the year).

- **Premium over EMC benchmark** (refining margin after variable costs) expected in the range of **4.0-4.5 $/bl.**

- Refining fixed costs in line with 2007, variable costs up EUR 30-40 million but reflected in the EMC benchmark.

- Processing contracts for 2008 around 35% of refining capacity with a minimum fee around **5.5 $/bl.**

POWER GENERATION

- IGCC always at very high utilization rates, with slowdowns during Q2 and Q4. Electricity production expected in the range of 4.3-4.5 TWh.

- Power tariff benefiting from high crude oil prices

MARKETING

- We expect to consolidate the good performance of 2007.

GAS EXPLORATION

- On shore tests completed, data in the processing phase. Encouraging preliminary findings.

Saras Group Financial Statements

Consolidated Balance-Sheets as at 31/12/07 and 31/12/06

	31/12/2007	31/12/2006
ASSETS		
Current Assets	**1,772,974**	**1,513,799**
Cash and cash equivalents	308,108	217,604
Other financial assets held for trading	15,209	13,816
Trade receivables	690,162	574,483
Inventory	724,715	599,802
Current tax assets	6,131	66,344
Other assets	28,649	41,750
Non-current assets	**1,669,170**	**1,706,568**
Property, plant and equipment	1,181,154	1,105,088
Intangible assets	465,443	584,350
Equity interests consolidated under the equity method	13,369	9,970
Other equity interests	1,841	1,192
Other financial assets	7,363	5,968
Total assets	**3,442,144**	**3,220,367**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**1,008,519**	**866,545**
Short-term financial liabilities	173,178	202,097
Trade and other payables	655,582	551,622
Current tax liabilities	120,922	52,093
Other liabilities	58,837	60,733
Non-current liabilities	**967,166**	**1,068,440**
Long-term financial liabilities	186,283	322,671
Provisions for risks	23,296	24,485
Provisions for employee benefits	36,680	45,431
Deferred tax liabilities	133,581	161,087
Other liabilities	587,326	514,766
Total liabilities	**1,975,685**	**1,934,985**
SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,237
Other reserves	1,078,000	825,090
Profit/(loss) for the period	322,903	395,425
Total shareholders' equity	**1,466,459**	**1,285,382**
Total liabilities and shareholders' equity	**3,442,144**	**3,220,367**

Consolidated Income Statements for the periods 1/1-31/12/07, 1/1-31/12/06, 1/10-31/12/07 and 1/10-31/12/06

	1 JANUARY 31 DECEMBER 2007	1 JANUARY 31 DECEMBER 2006	1 OCTOBER 31 DECEMBER 2007	1 OCTOBER 31 DECEMBER 2006
Revenues from ordinary operations	6,663,671	5,986,815	1,800,916	1,504,705
Other income	36,309	32,613	20,539	5,955
Total revenues	**6,699,980**	**6,019,428**	**1,821,455**	**1,510,660**
Purchases of raw materials, spare parts and consumables	(5,364,316)	(5,118,970)	(1,489,576)	(1,265,868)
Cost of services and sundry costs	(454,752)	(378,102)	(126,293)	(111,353)
Personnel costs	(120,819)	(111,596)	(37,392)	(31,181)
Depreciation, amortization and write-downs	(251,245)	(118,553)	(130,583)	(43,583)
Total costs	**(6,191,132)**	**(5,727,221)**	**(1,783,844)**	**(1,451,985)**
Operating results	**508,848**	**292,207**	**37,611**	**58,675**
Net income (charges) from equity interests	5,067	35,302	872	2,505
Other financial income/(charges), net	(42,041)	(2,003)	(10,948)	5,886
Sarlux S.r.l acquisition		199,167		
IPO and company restructuring charges		(22,222)		(9,300)
Profit before taxes	**471,874**	**502,451**	**27,535**	**57,766**
Income tax for the period	(148,971)	(107,026)	18,775	(22,082)
Net profit/(loss) for the period	**322,903**	**395,425**	**46,310**	**35,684**

Statement of Changes in Consolidated Shareholders' Equity for the periods 01/01/06-31/12/07

	Share capital	Legal reserve	Other reserves	Profit/ (Loss) for the period	Shareholders' equity
Balance as at 1/1/2006	**51,183**	**10,237**	**174,706**	**292,642**	**528,768**
Capital increase (net of IPO costs)	3,447		338,983		342,430
Allocation of previous period profit			152,946	(152,946)	
Dividends			(30,485)	(139,696)	(170,181)
Shareholders' equity increase related to the fair value evaluation of assets and liabilities of the 55% sarlux stake			188,940		188,940
Profit (loss) for the year				395,425	395,425
Balance as at 31/12/2006	**54,630**	**10,237**	**825,090**	**395,425**	**1,285,382**
Allocation of previous period profit		689	252,086	(252,775)	
Dividends				(142,650)	(142,650)
Reserve for employee stock plan			2,105		2,105
Own treasury shares in portfolio			(1,975)		(1,975)
Tax rate effect			694		694
Profit (loss) for the year				322,903	322,903
Balance as at 31/12/2007	**54,630**	**10,926**	**1,078,000**	**322,903**	**1,466,459**

Consolidated Cash Flow Statements as at 31/12/07 and 31/12/06

	31/12/2007	31/12/2006
A - Cash and cash equivalents at the beginning of period (short-term net financial indebteness)	**217,604**	**24,709**
B - Cash generated from/(used in) operating activities		
Profit/ (Loss) for the period of the Group	322,903	395,425
Non recurring income due to the Sarlux acquisition		(199,168)
Amortization, depreciation and write-down of fixed assets	251,245	118,553
Net (income)/charges from equity interests	(3,399)	(35,512)
Net change in provisions for risks and charges	(1,189)	(3,082)
Net change in employee benefits	(8,751)	(4,586)
Change in tax liabilities and tax assets	(27,506)	(33,527)
Income tax	148,971	107,026
Profit (Loss) from operating activities before changes in working capital	**682,274**	**345,129**
(Increase)/Decrease in trade receivables	(115,679)	8,110
(Increase)/Decrease in inventory	(124,913)	(29,766)
Increase/(Decrease) in trade and other payables	103,960	(15,739)
Change in other current assets	73,314	(41,769)
Change in other current liabilities	86,650	86,673
Income tax paid	(156,552)	(205,555)
Change in other non-current liabilities	72,560	61,513
Other non cash items	947	
Total (B)	**622,561**	**208,596**
C - Cash flow from investment activities		
(Investments) in tangible and intangible assets, net of disinvestments and accumulated dep	(209,922)	(129,807)
Change in equity interests valued under the equity method	(649)	208
45% Sarlux acquisition		(127,047)
100% acquisition of Estaciones de Servicio Caprabo S.A.(Saras Energia Red S.A.)		(28,041)
interest received/(paid)	(12,136)	(12,563)
Total (C)	**(222,707)**	**(297,250)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	(136,388)	(134,350)
(Increase)/Decrease in other financial assets	(1,393)	(6,427)
Increase/(Decrease) in short term borrowings	(28,919)	(1,409)
Capital increase		342,430
Dividend distribution to shareholders	(142,650)	(170,181)
Total (D)	**(309,350)**	**30,063**
E - Cashflow for the period (B+C+D)	**90,504**	**(58,591)**
F - Cashflow from new consolidated subsidiaries		
Sarlux S.r.l.		249,940
Saras Energia Red S.A.		1,546
G - Cash and cash equivalents at the end of period (short-term net financial indebteness)	**308,108**	**217,604**

THE SARAS GROUP

The Saras Group, whose operations were launched by Angelo Moratti in 1962, works in the energy industry and is a leading Italian and European crude oil refiner. It sells and distributes petroleum products in the domestic and international markets directly and through the subsidiaries Saras Energia S.A. in Spain and Arcola Petrolifera S.p.A. in Italy. The Group also operates in the electric power production and sale through the subsidiary Sarlux S.r.l. and the Parchi Eolici di Ulassai S.r.l. joint-venture. In addition the Group provides industrial engineering and scientific research services to the oil, energy and environment sectors through the subsidiary Sartec S.p.A. and operates in the information services sector through the subsidiary Akhela S.r.l..

The Group, with about 1,800 employees, during 2006 reported total revenues of about EUR 6 billion, a proforma operating profit of EUR 364 million and proforma net profit of EUR 208 million.

Saras' operations are mainly centred at the Sarroch refinery near Cagliari on the southern coast of Sardinia. Sarroch is one of the largest refinery in the Mediterranean by production capacity and one the most complex in Europe. The refinery's actual capacity is 15 million tonnes per year (110 million barrels), representing about 15% of Italy's total capacity. Sarlux owns a combined cycle power plant with gross capacity of 575 megawatts and annual production exceeding 4 billion KWhours, all of which is sold to the GSE (the Italian entity that manages renewable sources).