Saras SpA

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Press Release

Milan, 9th August 2006

THE SARAS GROUP:
The Board of Directors approves half-year results at 30/06/06

- ***Net profit of € 128.2 million in the first half of 2006 (excluding the valuation at fair value of Sarlux) against € 105.8 million in the first half of 2005: +21%***
- ***Net equity increased to € 1,216 million as of 06/30/2006 compared to € 529 million as of 12/31/2005***
- ***In the second quarter, the transfer of the 45% stake in Sarlux from Enron to Saras was finalised***
- ***Positive performance in all segments during the first half of the year (refining, electric power generation, marketing and wind energy)***
- ***High refining margins, especially in the second quarter. Decreasing gross operating profit because of the extensive scheduled maintenance cycle performed.***
- ***Financial results:***

MILLIONS EURO	**1 H 2006**	1 H 2005	**Δ %**	**2 Q 2006**	2 Q 2006	**Δ %**
Income	**2,.800**	2,184	+28	**1,369**	1,114	+23
Gross Operating Profit	**223.9**	274.8	-18	**148.9**	165.0	-10
Net Operating Profit	**189.4**	236.9	-20	**131.5**	146.4	-10
Net Profit of the Group	**325.9**	105.8	+208	**269.8**	77.4	+249
Net Profit of the Group, excluding valuation at fair value of Sarlux	**128.2**	105.8	+21	**72.1**	77.4	-7
Total assets	**3,330**	1,692	+96	**3,330**	1,692	+96
Net financial position	**304**	263	+16	**304**	263	+16
Shareholders' Equity	**1216**	342	+255	**1216**	342	+255
Investment in plant and machinery	**68**	28	+146	**45**	18	+ 150

The Board of Directors of Saras S.p.A., an energy company and one of the leading refiners in Europe, met today under Chief Executive Officer Massimo Moratti and approved the half-year report as of 06/30/06.

While confirming his satisfaction for the results achieved in the half year, the CEO declared: "In a market scenario in which oil refining maintains a positive outlook, we expect better results in the second part of the year compared to those obtained in the first half, since no significant maintenance operations are scheduled in the refinery. Also

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the other sectors in which our group operates are expected to continue the current positive trend".

Operational Results in the period

- Tons of processed crude oil: 6.6 million
- Saras's average refining margin in the period: 6.0 dollars per barrel
- Tons sold by the marketing segment: 1.6 million
- Kilowatts produced by Sarlux: 2.3 billion

Change in the consolidation area

After the positive outcome from the arbitration proceedings against Enron Dutch Holding B.V. (Enron) – as announced on June 6th 2006 - the transfer of a 45% stake in Sarlux from Enron to Saras was completed in the second quarter, resulting in a €116.8m payment to Enron. On June 28th 2006- as we had already announced - the court ruled that the stake could be released, thus enabling Saras to fully consolidate **Sarlux** into its financial report and accounts from that date.
The impact of this consolidation on the income statement was not considered since it is negligible (only 2 days in the half-year).
Therefore, in the first half of the year, 55% of the net profit of Sarlux was reported in the item "net revenues/(charges) from subsidiary companies".
This consolidation generated a pre-tax non recurring profit of **€ 197.7 million**, due to the valuation at fair value of assets, liabilities and potential liabilities of the subsidiary company Sarlux Srl, in compliance with I.F.R.S. 3- Business combinations.

Sardeolica Srl (wind energy segment) is consolidated into group results by the equity method.

The net profit of the Group amounted to **€ 325.9 million**.

Comments on the Group's results

The increase in revenues from group **sales**, both in the half year period and in the second quarter, is mainly due to the increase in prices of oil products.

Gross operating profit – both in the half year period and in the second quarter - decreased mainly as a consequence of the inferior results achieved in the refining segment. The results of the other segments are in line with the previous half-year period.

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Net Profit (excluding the valuation at fair value of Sarlux) is growing compared to the first half of the previous year.
This increase is also attributable to the results of the hedges on refining margins which had a negative impact on the first half of 2005 reported in the item "net financial revenues/(charges)", an event that did not occur in the first half of 2006.

The **Net Financial Position** is **€ 304 million**. This result is significantly impacted by the full consolidation of Sarlux since the net debt of the subsidiary company, totalling € 171 million, was entirely absorbed by the Group and Enron was paid the purchase price of € 117 million. Apart from the positive cash flow from ordinary operations and a dividend payouts of € 170 million, worth of mention is the capital increase consequent to the company's listing at the Milan Stock-Exchange (€ 342 million, net of listing costs). As a result, a €264 million increase was recorded compared to € 569 million as stated in the pro forma consolidated statements at 31/12/2005 and announced on 13th July 2006.

The **net equity** as of 06/30/2006 is € 1,216 million, increased compared to the value of €529 million as of 12/31/2005 as a result of the listing on the Milan Stock Exchange (€ 342 million), the effects of the Sarlux acquisition (€ 189 million) and the net profit of the first half (€ 326 million), net of dividends paid (€ 170 million).

Investments, totalling approximately **€ 68 million,** mainly focused on the refining segment, to further improve refining performance.
During the shutdown for the Scheduled maintenance the units were also upgraded to improve operations, specifically, the T2 distillation and V2 vacuum distillation units will increase capacity utilization rate.
Furthermore, the production capacity of the catalytic reforming plant increased by 5%, hydrogen production by 10% and the catalyst of the mild hydrocracking units was replaced by a type of latest generation. These improvements will enable to increase annual production of ultra low-sulphur diesel by about 200,000 tons.

Results by segments

The gross operating margin of the **refining segment** is **€ 206.1 million** against **€ 249.8 million in the first half of 2005**. This drop is due in the first quarter to a temporary decrease in refining margins and in the second quarter to the impact of the extensive maintenance cycle that decreased refinery runs and conversion capacity to transform crude oil into high value products. The layout based on 3 production lines allowed refinery to maintain crude runs at 65 per cent of capacity during maintenance , operations at the gasification plant of the Sarlux subsidiary was not affected.

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Saras's refining margins remained high, in spite of the scheduled maintenance efficiency improvements accounted for a loss of crude runs of only 346 thousand tons during the first half of the year compared with the same period of 2005 (about 5%).

The **power generation segment** has been positive, substantially in line with the same period of the previous year. The gross operating margin of the **first half of 2006 is € 115.4 million against € 111.4 million in the first half of 2005**.

A substantial increase in sales was recorded in the **marketing segment** (+8%) that limited the impact of the lower margins in the sector compared to 2005. Gross operating profit is **€ 19.7 million** against **€ 26.4 million** during the first half of 2005.

The positive trend in the **other** segments managed by Sartec Srl and Akhela Srl, should lead to breakeven before next year.

The results of the **wind energy segment**, at the end of the first six months of full production, were in line with expectations: gross operating profit amounted to **€ 12.4 million.** In the Ulassai wind farm, 42 wind turbines of the latest generation are now in operational.

Significant events arising after the end of the reference period

Saras Energia purchased 37 petrol stations from the Caprabo Group - as announced on March 24th, 2006. These are mainly located in the Mediterranean part of Spain.
The stations have an mean throughput of 4 million litres compared with the Spanish average of 2.5 million litres. Due diligence was successfully performed and permits were obtained from the Antitrust and market Authority. The payment is € 32 million, as announced on 8th July 2006.

In the refining segment, as announced on July 24th 2006, the failure of a detector caused the shutdown of the CCR plant for 12 days. Overall refinery runs were not affected. Nevertheless the loss of high-octane gasoline components and hydrogen, normally produced by the CCR plant, have changed the quality of the production. 60 thousand tons of low-octane gasoline and virgin naphtha have therefore been sold instead of unleaded gasoline, and about 100 thousand tons of high-sulphur gas oil instead of low-sulphur diesel (ULSD). The impact on results in the third quarter is expected to be limited.

The consolidated financial statements of the Saras Group were prepared in compliance with IFRS international accounting standards. The half-year report at 30th June 2006 was submitted to limited accounting audit by the audit company PricewaterhouseCoopers S.p.A.. The results will be published when available.

At 4 p.m. a conference call will take place for analysts and investors to present the Group's results in the second quarter of 2006. For further information, see our Web site www.saras.it. Journalists may connect to listen to the conference call.

- **End –**

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. The Group also operates in electric power production and sale through the Sarlux and Parchi Eolici Ulassai joint-ventures.

The Group, with around 1,600 employees, had pre-tax revenues totalling about € 5.2 billion, in 2005, with gross operating margin of € 570 million and net profit of € 293 million.[1]

Saras' operations are mainly centred at the Sarroch refinery near Cagliari on the southern coast of Sardinia. Sarroch is the largest refinery in the Mediterranean by production capacity,[2] one of Western Europe's six *supersites*[3] and one of the region's most sophisticated refineries.[4] The refinery's capacity[5] is approximately 15 million tonnes per year, representing about 15% of Italy's total capacity. [6] Sarlux owns an IGCC power plant with gross capacity of 575 megawatts and annual production exceeding 4 billion kWhours, all of which is sold to the GRTN (the Italian entity that manages the national grid), thereby providing an important contribution to satisfying electric power requirements in Sardinia.

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For further information:

[1] Source: 2005 IFRS consolidated financial statements of the Saras Group.
[2] Source: *Oil &Gas Journal*, December 2005.
[3] The word "supersite" refers to a strategic site of large size, competitive on a major scale and integrated with petrochemical processing (Source: Wood Mackenzie)
[4] Source: Wood Mackenzie
[5] Actual capacity: "technical-balanced" capacity, supported by secondary processing plants fit for the production of petrol and gas oils. Source: Unione Petrolifera Italiana, Economic Energy and Oil Statistics, November 2005.
[6] Source: Wood Mackenzie

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