Press Release Milan, 25th October 2006

SARAS GROUP
Saras release quarterly consolidated "proforma" statements for 2005 and 2006

- ***In order to better explain the impact of the Sarlux acquisition and to facilitate quarter on quarter comparison quarterly consolidated "proforma" statements have been prepared for the year 2005 and the first half of 2006***

- ***Proforma figures also include comparable EBITDA, comparable EBIT and adjusted NET INCOME***

- ***Quarterly Italian GAAP income statements have been made available for the Power Generation segment because they provide a clearer representation of cashflows***

- ***Further details on Saras refining margins have also been included:***
    - ***IFRS based criteria adopted for calculating Saras refining margin, full details in the following pages;***
    - ***An external refining margin benchmark most relevant to Saras, which will also be published on the company website (***www.saras.it***) and updated weekly***

A conference call for analysts and investors will be held today at 16:00 CET where CFO Corrado Costanzo will be explaining the above mentioned reports and answering to your questions.

Dial in numbers:

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A slide presentation has been distributed and is available on our website (www.saras.it).

A digital playback of the call will be available until the 3rd of December calling the following number: +39 02 806 137 80 Code: 926 #

Best Regards
Saras SpA

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Main assumptions for the preparation of "Proforma" statements:

1) Saras Group consolidated financial statements and Sarlux Srl financial statements under IFRS accounting principles are the basis of "proforma" statements

2) Sarlux S.r.l consolidated by the line-by-line method as of 1st January 2005, as if acquisition took place at end 2004. Besides making all the usual consolidation entries the following items have been moved from Q2/06 back to Q1/05

a) **Revaluation of Sarlux S.r.l. electricity sale contract to GRTN** (national grid company) at fair value : 604 € million accounted to intangible assets. As a compensation on the liabilities side 225 € million accounted as deferred taxes and the balance 379 € million accounted as Shareholders Equity

b) **Enron Dutch frozen dividends** accounted in the Shareholder's Equity as follows:

- 41.1 € million as of 1stJanuary 2005
- 25.1 € million in Q3/05

c) **P/L effects:**

- **additional amortization of € 9.4 million per quarter** in the Power gen. segment (due to revaluation of GRTN contract)

  (1) effect on deferred taxes + € 3.6 million per quarter.

  (2) effect on Net Income – € 5.8 million per quarter

- Interest expenses of € 1.1 million per quarter on payment of € 127 million on acquisition at end 2004.

Consolidated "proforma" income statement

€ millions	Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06
EBITDA	168.9	214.6	298.1	102.1	783.7	138.1	201.2
Comparable EBITDA[1]	**148.2**	**147.0**	**201.2**	**157.2**	**653.6**	**143.6**	**124.5**
depreciation&amortization	-43.4	-41.1	-41.8	-44.6	-170.9	-39.2	-39.3
EBIT	125.5	173.5	256.3	57.5	612.8	98.9	161.9
Comparable EBIT[2]	**104.8**	**105.9**	**159.4**	**112.6**	**482.7**	**104.4**	**85.2**
Net financial income/expenses	-64.3	-33.0	-23.6	27.0	-93.9	-0.8	-26.6
Adj to the value of fin.assets[4]	0.0	0.0	-0.2	-0.2	-0.4	2.4	1.1
Non recurring items[5]	0.0	0.0	0.0	0.0	0.0	0.0	-12.9
Profit before taxes	61.2	140.5	232.5	84.3	518.5	100.5	123.5
taxes	-28.1	-60.3	-87.4	-36.3	-212.1	-37.7	-47.7
Net income	33.1	80.2	145.1	48.0	306.4	62.8	75.8
Adjusted Net income[3]	**48.6**	**47.1**	**60.8**	**74.0**	**230.5**	**66.3**	**40.3**
Number of shares (millions)					**891**		
EPS (€)					**0.26**		

Notes:

1) **Comparable EBITDA:** calculated evaluating inventories at LIFO

2) **Comparable EBIT** = Comparable EBITDA - depreciation&amortization

3) **Adjusted NET INCOME** = reported NET INCOME
+/- (inventories at FIFO-inventories at LIFO) net of taxes
+/- non recurring items net of taxes
+/- Δ in derivatives fair value net of taxes

4) **Adj to the value of financial assets:** Joint Ventures consolidated by the Equity method (Wind)

5) **Non recurring items:** includes IPO costs

NET INCOME adjustments details are as follows:

€ millions	Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06
REPORTED NET INCOME	33.1	80.2	145.1	48.0	306.4	62.8	75.8
(inventories at FIFO-inventories at LIFO) net of taxes	-13.0	-42.4	-60.8	34.6	-81.6	3.5	-48.1
non recurring items net of taxes	0	0	0	0	0	0	8.1
Δ in derivatives fair value net of taxes	28.5	9.3	-23.5	-8.6	5.7	0.1	4.5
TOTAL ADJUSTMENTS TO REPORTED NET INCOME	15.5	-33.1	-84.3	26.0	-75.9	3.5	-35.5
ADJUSTED NET INCOME	**48.6**	**47.1**	**60.8**	**74.0**	**230.5**	**66.3**	**40.3**

Consolidated "proforma" balance-sheet

€ millions	12/2004	31/3/05	30/6/05	30/9/05	12/2005	31/3/06	30/6/06
CURRENT ASSETS	**1,050**	**1,427**	**1,425**	**1,657**	**1,409**	**1,618**	**1,643**
of which *Cash*	*166*	*357*	*242*	*282*	*227*	*261*	*300*
Other current assets	*884*	*1,069*	*1,183*	*1,372*	*1,182*	*1,356*	*1,344*
NON CURRENT ASSETS	**1,775**	**1,752**	**1,732**	**1,702**	**1,684**	**1,676**	**1,689**
TOTAL ASSETS	**2,825**	**3,179**	**3,157**	**3,356**	**3,093**	**3,294**	**3,332**
NON INT.BEARING LIABILITIES	**1,179**	**1,336**	**1,479**	**1,426**	**1,376**	**1,574**	**1,502**
INT. BEARING LIABILITIES	**927**	**1,079**	**973**	**1,081**	**820**	**930**	**618**
of which Sarlux Project Finance	*566*	*566*	*507*	*507*	*465*	*465*	*421*
EQUITY	**719**	**765**	**705**	**849**	**897**	**790**	**1,211**
TOTAL LIABILITIES	**2,825**	**3,179**	**3,157**	**3,356**	**3,093**	**3,294**	**3,332**
LOANS TO UNCONSOLIDATED SUBSIDIARIES	**35.3**	**28.6**	**68.8**	**75.2**	**19.4**	**13.6**	**14.6**
NET FINANCIAL POSITION*	**-726**	**-693**	**-662**	**-724**	**-573**	**-655**	**-304**
NFP / EBITDA**		**1.17**	**1.12**	**1.09**	**0.88**	**1.14**	**0.57**

Notes:
* Net financial position = Interest bear liabilities – cash – loans to unconsolidated subsidiaries (wind)
** calculated using comparable EBITDA figures

Consolidated "proforma" cashflow

€ millions	Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06
INITIAL NET FINANCIAL POSITION	**-726**	**-693**	**-662**	**-724**	**-703**	**-573**	**-655**
CASHFLOW FROM OPERATIONS (a)	**61**	**191**	**-48**	**174**	**379**	**116**	**54**
of which *p/l+dep&amort.+change in provisions*	*108*	*180*	*276*	*134*	*699*	*148*	*159*
Working capital	*-47*	*11*	*-324*	*40*	*-320*	*-32*	*-104*
CASHFLOW FROM INVESTMENTS (b)	**-28**	**-21**	**-14**	**-24**	**-86**	**-27**	**-46**
CASHFLOW FROM FINANCING (c)	**0.0**	**-140**	**0**	**0**	**-140**	**-170**	**342**
Capital increase	*0*	*0*	*0*	*0*	*0*	*0*	*342*
dividends	*0*	*-140*	*0*	*0*	*-140*	*-170*	*0*
TOTAL CASHFLOW FOR THE PERIOD (a)+(b)+(c)	**33**	**30**	**-62**	**151**	**152**	**-81**	**351**
FINAL NET FINANCIAL POSITION	**-693**	**-662**	**-724**	**-573**	**-573**	**-655**	**-304**

In the following tables key figures for each segment are reported:

Refining

€ millions	Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06
EBITDA	101.4	148.4	223.1	58.6	531.5	68.3	137.8
Comparable EBITDA	**83.6**	**89.9**	**147.2**	**100.8**	**421.5**	**77.7**	**66.8**
depreciation&amortization	-17.9	-14.1	-20.7	-20.6	-73.3	-15.1	-17.8
EBIT	83.5	134.3	202.4	38.0	458.2	53.2	120.0
Comparable EBIT	**65.7**	**75.8**	**126.5**	**80.2**	**348.2**	**62.6**	**49.0**
CAPEX	**10.1**	**17.4**	**10.3**	**19.5**	**57.3**	**22.7**	**44.4**
Total runs (kt)	**3,437**	**3,510**	**3,684**	**3,765**	**14,396**	**3,709**	**2,918**
Saras margin ($/bl)	**6.5**	**6.5**	**8.6**	**6.6**	**7.1**	**5.6**	**7.7**
EMC margin ($/bl)	**3.7**	**5.3**	**5.6**	**4.1**	**4.7**	**1.9**	**4.7**

Power Generation

Milioni di €	Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06
EBITDA	59.1	49.6	51.9	52.8	213.4	63.1	52.3
Comparable EBITDA	**59.1**	**49.6**	**51.9**	**52.8**	**213.4**	**63.1**	**52.3**
Ammortamenti&svalutazioni*	-24.1	-22.5	-23.0	-23.4	-93.0	-22.1	-22.0
EBIT	35.0	27.1	28.9	29.4	120.4	41.0	30.3
Comparable EBIT	**35.0**	**27.1**	**28.9**	**29.4**	**120.4**	**41.0**	**30.3**
INVESTIMENTI IN IMMOBILIZZAZIONI	**3.5**	**1.1**	**0.7**	**8.2**	**13.5**	**2.4**	**1.1**
Produzione en.elettrica (Mwh/000)	**1,191.2**	**1,086.7**	**1,147.0**	**921.1**	**4,346.9**	**1,154.9**	**1,135.9**
Prezzo en.el. (€cent/Kwh)	**11.02**	**11.63**	**12.46**	**13.28**	**12.10**	**13.31**	**14.18**
Margine IGCC ($/bl)**	**4.2**	**3.6**	**3.4**	**3.6**	**3.7**	**4.0**	**4.5**

* *additional 9.4 m€ per quarter amortization due to fair value valuation of GRTN contract*
** *calculated on the basis of linearised revenues and costs*

Power Generation (Supplementary informations)

ITALIAN accounting principles, **€ million**

€ millions	Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06
EBITDA	74.1	64.7	77.5	53.5	269.7	79.5	86.8
depreciation&amortization	-15.1	-15.4	-15.4	-15.9	-61.8	-13.2	-13.4
EBIT	**59.0**	**49.3**	**62.1**	**37.6**	**208.0**	**66.3**	**73.3**
Net financial income/expenses	-4.2	-3.4	-3.3	-3.3	-14.2	-3.1	-2.7
Extraordinary items	0.0	0.0	-0.4	3.3	3.0	0.0	0.0
Profit before taxes	54.8	45.9	58.4	37.7	**196.7**	63.2	70.7
NET INCOME	**34.0**	**28.6**	**36.2**	**22.9**	**121.8**	**39.3**	**44.0**

Marketing

€ millions	Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06
EBITDA	10.4	16.0	26.7	-10.0	43.1	7.3	12.4
Comparable EBITDA	**7.5**	**6.9**	**5.7**	**2.9**	**23.0**	**3.4**	**6.7**
depreciation&amortization	-0.6	-1.9	0.5	0.8	-1.2	-0.3	-0.3
EBIT	9.8	14.1	27.2	-9.2	41.9	7.0	12.1
Comparable EBIT	**6.9**	**5.0**	**6.2**	**3.7**	**21.8**	**3.1**	**6.4**
CAPEX	**0.1**	**0.8**	**0.0**	**0.3**	**1.2**	**0.0**	**0.2**
Total sales (kt)	**765**	**715**	**690**	**786**	**2,956**	**803**	**771**
Sales in Italy (kt)	***257***	***238***	***241***	***300***	***1,036***	***263***	***236***
Sales in Spain (kt)	***508***	***477***	***449***	***486***	***1,920***	***540***	***535***

Other

€ millions	Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06
EBITDA	-2.0	0.6	-3.6	0.7	-4.3	-0.6	-1.3
Comparable EBITDA	**-2.0**	**0.6**	**-3.6**	**0.7**	**-4.3**	**-0.6**	**-1.3**
depreciation&amortization	-0.8	-2.6	1.4	-1.4	-3.4	-1.7	0.8
EBIT	-2.8	-2.0	-2.2	-0.7	-7.7	-2.3	-0.5
Comparable EBIT	**-2.8**	**-2.0**	**-2.2**	**-0.7**	**-7.7**	**-2.3**	**-0.5**
CAPEX	**0.1**	**0.0**	**0.3**	**0.4**	**0.8**	**0.5**	**0.0**

Wind

JV consolidated by the equity method – Saras share is 70%

€ millions	Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06
EBITDA						7.7	4.7
Comparable EBITDA						**7.7**	**4.7**
depreciation&amortization						-1.9	-1.9
EBIT						5.8	2.8
Comparable EBIT						**5.8**	**2.8**
Net financial income/expenses						-0.3	-0.1
Profit before taxes						5.5	2.6
NET INCOME						**3.4**	**1.6**
Electricity Production (Mwh)						**52,902**	**31,624**
Power tariff (€cent/Kwh)						**7.4**	**6.7**
Green certificates price (€cent/Kwh)						**10. 9**	**10.9**

Refining margins

Calculation of Saras refining margins based on management accounting has been dropped and a new formula based on IFRS accounting principles has been adopted in order to make results more easily verifiable:

SARAS TOTAL REFINING MARGIN =
SARAS REFINERY MARGIN + SARLUX IGCC MARGIN

SARAS REFINERY MARGIN =
[comparable LIFO EBITDA + Fixed Costs] / Refinery Crude Runs

SARLUX IGCC MARGIN =
[EBITDA + Fixed Costs] / Refinery Crude Runs

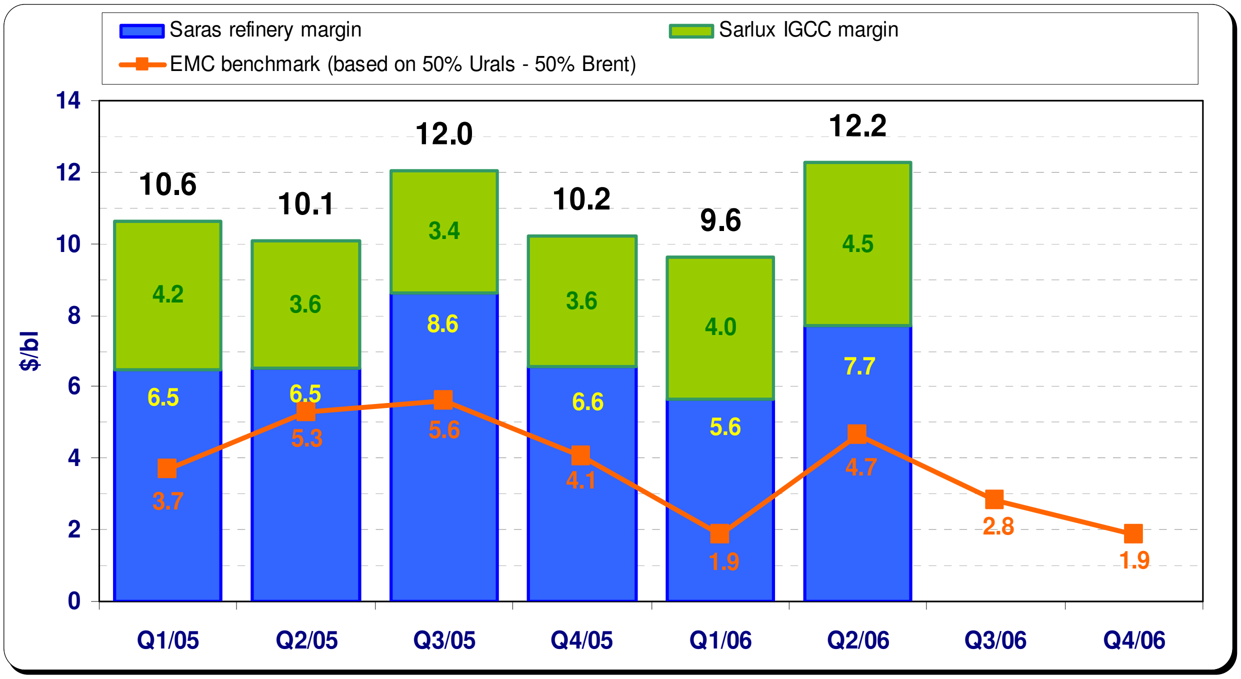
Revenues and costs for IGCC margin are linearised over the life of GRTN contract (to 2021) as per IFRS accounting principles

Saras refining margin calculated as above will then be, on a quarterly basis, compared to the **EMC* benchmark** refining margin.
The benchmark is a customized margin calculated for Saras by EMC and it represents Saras' typical crude slate, pricing structure and reference market.
The yields and variable costs used in the calculation are EMC's estimates for a complex refinery in the MED region.

A market section will be added as of tomorrow to our website (www.saras.it) where we will be providing crude oil prices (Brent and Urals), crack spreads for the main products (Gasoline, Gasoil and Fuel Oil) and the value of Saras' refining margin compared with the EMC benchmark refining margin (as reported in the graph reported in the following page). A historical series for the EMC benchmark is provided starting from 2005 (on a quarterly basis) and the value for the current quarter will be updated on a weekly basis.

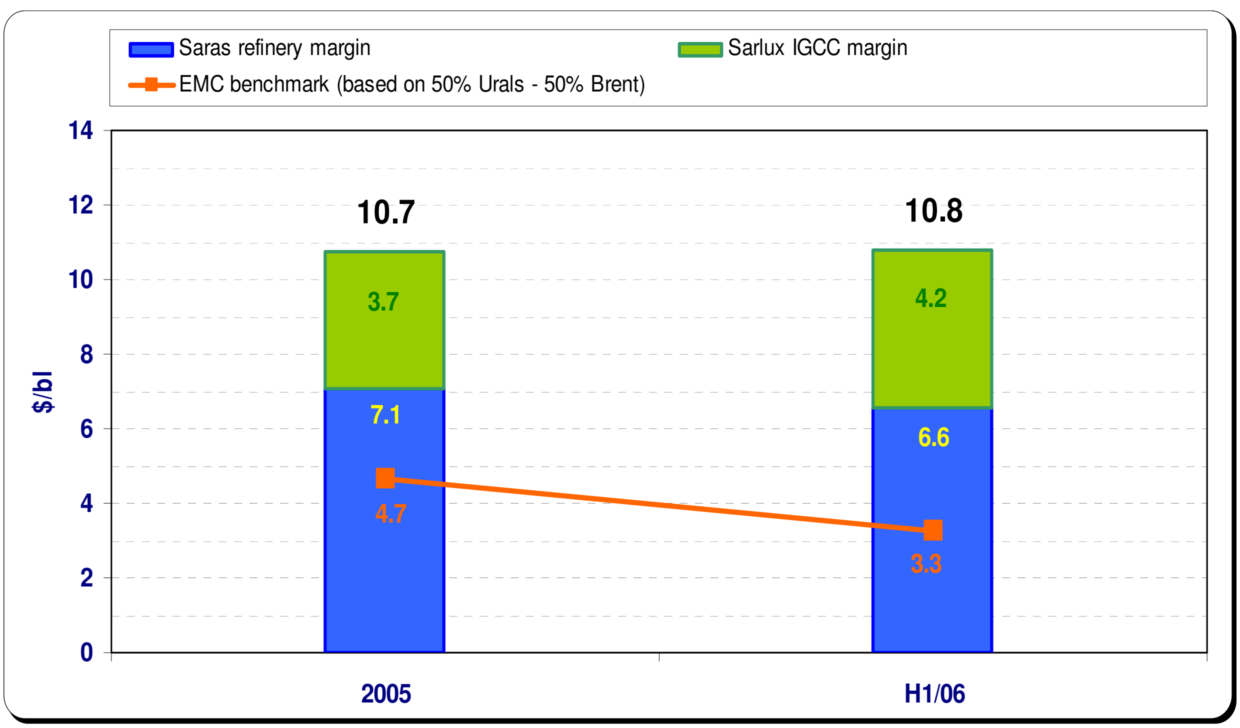
* **EMC (Energy Market Consultants)** is based in London and was founded in 1989 by a group of dedicated consultants with extensive experience in their respective fields. Since then the company has established a reputation for high quality original research and a genuinely independent perspective on the oil/energy markets and industries. For more informations please refer to the company website www.energymc.com

Quarterly Saras margin compared to EMC benchmark:



Q2/06: **1.2 $/bl** lost for major maintenance affecting conversion capacity

In the following table we report summary for 2005 and first half 2006:



Detail of fixed and variable costs

REFINERY	Q105	Q205	Q305	Q405	2005	Q106	Q206
refinery runs (Mbl)	25.3	25.6	26.9	27.5	105.3	27.1	21.3
exchange rate	1.31	1.26	1.22	1.19	1.24	1.20	1.26
refining IFRS LIFO EBITDA (M€)	83.6	89.9	147.2	100.8	421.5	77.7	66.8
EBITDA margin ($/bl)	**4.3**	**4.4**	**6.7**	**4.4**	**5.0**	**3.4**	**3.9**
fixed costs ($/bl)	**2.1**	**2.1**	**2.0**	**2.2**	**2.1**	**2.2**	**3.8**
variable costs ($/bl)	1.5	1.4	1.3	1.3	1.4	1.6	2.4

IGCC	Q105	Q205	Q305	Q405	2005	Q106	Q206
refinery runs (Mbl)	25.3	25.6	26.9	27.5	105.3	27.1	21.3
exchange rate	1.31	1.26	1.22	1.19	1.24	1.20	1.26
Sarlux IFRS EBITDA (M€)	59.1	49.6	51.9	52.8	213.4	63.1	52.3
EBITDA margin ($/bl)	**3.1**	**2.4**	**2.4**	**2.3**	**2.5**	**2.8**	**3.1**
fixed costs ($/bl)	**1.1**	**1.1**	**1.1**	**1.4**	**1.2**	**1.2**	**1.4**
variable costs ($/bl)	0.8	0.7	0.7	0.6	0.7	0.7	1.2

Q2/06: fixed costs increased for major maintenance and reduction of runs, variable costs increased for MHC catalyst substitution.

- 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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[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