SARAS announces Q2/10 and H1/10 results[1]

First Half 2010 highlights

- **Group *reported* EBITDA** at EUR 101.7 ml (vs. EUR 292.5 ml in H1/09)
- **Group *comparable*[2] EBITDA** at EUR 41.7 ml (vs. EUR 115.2 ml in H1/09)
- **Group *reported* Net Result** at EUR 11.8 ml (vs. EUR 117.0 ml in H1/09)
- **Group *adjusted*[3] Net Result** at EUR -27.4 ml (vs. EUR 7.1 ml in H1/09)
- **Saras refining margin** after variable costs at 1.1 $/bl
- **Net financial position** improved to EUR -567 ml as of 30th Jun 2010, vs. EUR -643 ml on 31st Mar 2010

Second Quarter 2010 highlights

- **Group *reported* EBITDA** at EUR 51.0 ml (vs. EUR 147.9 ml in Q2/09)
- **Group *comparable* EBITDA** at EUR 27.9 ml (vs. EUR 24.1 ml in Q2/09)
- **Group *reported* Net Result** at EUR 21.1 ml (vs. EUR 58.8 ml in Q2/09)
- **Group *adjusted* Net Result** at EUR 2.4 ml (vs. EUR -18.3 ml in Q2/09)
- **Saras refining margin** after variable costs at 1.2 $/bl

Milan, 10th August 2010: The Board of Directors of Saras S.p.A. met yesterday under Chairman Gian Marco Moratti and approved Q2/10 and H1/10 results. The Chairman declared: ***"Saras Group came back to profitability in the second quarter of 2010. The merits of this result can be attributed primarily to the Marketing and Power Generation segments. The refining sector instead remains depressed, although there are encouraging signs of improvement: global demand for oil products grew by almost 3% in the second quarter 2010, pulled primarily by emerging economies. Europe however remained stagnant, even if diesel demand is picking up, and volumes in floating storage went down significantly. These elements lead to positive expectations on the future patterns of oil products consumption, and consequent improvements in refining margins, for the latter part of the year. Saras Group priorities stay firmly set on the achievement of maximum efficiency in production and effectiveness in operations. We are vigorously pursuing these targets with an encompassing asset management programme, which involves all our industrial activities".***

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[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

[2] ***Comparable*** **EBITDA:** calculated evaluating inventories based on LIFO methodology (which does not include revaluations and write downs), and adjusting for non recurring items and change of the derivatives fair value.

[3] ***Adjusted*** **Net Result:** Net Income or Loss adjusted for the differences between LIFO and FIFO inventories after taxes, non recurring items after taxes and change in the derivatives fair value after taxes. Quarterly, *comparable* and *adjusted* figures are unaudited.

Programme of the conference call organized for today 10th August 2010

At **15:00 C.E.T.** of today, Tuesday 10th August 2010, there will be a conference call for analysts and investors, during which Saras top management will discuss a slide presentation on Q2/10 and H1/10 results, and answer relevant questions. The presentation will be available on our website (www.saras.it) starting from 07:30 am C.E.T..

Dial in numbers:

For Italy +39 02 8058811

For U.K. + 44 203 147 47 96

For U.S. + 1 866 63 203 28

Link for the live webcast: https://services.choruscall.eu/links/saras100810.html

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

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The Saras Group

The Saras Group, whose operations were started by Angelo Moratti in 1962, has approximately 2,200 employees and total revenues of about 5.3 billion Euros, as of 31st December 2009. The Group is active in the energy sector, 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 subsidiaries Sarlux S.r.l. and Parchi Eolici Ulassai S.r.l. (PEU). 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 it operates in the information services sector through the subsidiary Akhela S.r.l..

More in details, Saras refinery operations take place in the Sarroch refinery (near Cagliari), on the southern coast of Sardinia. The capacity of Sarroch refinery is approximately 15 million tonnes per year (110 million barrels), representing about 15% of the total refining capacity in Italy. Indeed, Sarroch is regarded as one of the main refineries in the Mediterranean area, in terms of production capacity and asset complexity. Sarlux owns an IGCC (Integrated Gasification Combined Cycle) plant, with installed capacity of 575MW, and electricity production exceeding 4 billion kWh per year, all of which is sold to the GSE (Gestore dei Servizi Energetici - the Italian entity who plays a central role in promotion, support and development of renewable energy sources in Italy, and is also the parent company of “Gestore dei Mercati Energetici S.p.A.” (GME), the Italian national Power Grid manager, and of “Acquirente Unico S.p.A.” (AU), the company vested with the task of purchasing electricity in the market on the most favourable terms, and subsequently selling it to distributors for supply to captive customers). The wind farm owned by PEU is situated in Ulassai (Sardinia), and has an installed capacity of 72MW (upgradeable to 96MW). Finally, the Marketing segment sells approximately 4 million tons of oil products through the subsidiaries Arcola Petrolifera and Saras Energia, and it also manages two coastal tank farms owned by the Group (Arcola (Italy) – capacity of 200,000 cubic metres, and Cartagena (Spain) – capacity of 112,000 cubic metres), a biodiesel plant with 200,000 tons/year capacity, located in Cartagena, and a retail network of 124 service stations primarily located along the Spanish Mediterranean Coast.

Key Consolidated financial figures

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

Saras Group Income Statement figures:

EUR Million	Q2/10	Q2/09	Var %	Q1/10	H1 2010	H1 2009	Var %
REVENUES	2,183	1,109	97%	1,882	4,065	2,337	74%
EBITDA	51.0	147.9	-66%	50.7	101.7	292.5	-65%
Comparable EBITDA	**27.9**	**24.1**	**16%**	**13.8**	**41.7**	**115.2**	**-64%**
EBIT	(0.2)	102.3	-100%	0.1	(0.1)	202.3	-100%
Comparable EBIT	**(23.3)**	**(21.5)**	**-8%**	**(36.8)**	**(60.1)**	**25.0**	**-340%**
NET RESULT	21.1	58.8	-64%	(9.3)	11.8	117.0	-90%
***Adjusted* NET RESULT**	**2.4**	**(18.3)**	**113%**	**(29.9)**	**(27.4)**	**7.1**	**-488%**

Detail of Group Net Result *adjustment*:

EUR Million	Q2/10	Q2/09	H1 2010	H1 2009
***Reported* NET RESULT**	**21.1**	**58.8**	**11.8**	**117.0**
(inventories at LIFO - inventories at FIFO) net of taxes	(14.6)	(77.8)	(38.8)	(111.8)
non recurring items net of taxes	-	-	-	-
change in derivatives fair value net of taxes	(4.0)	0.7	(0.4)	1.8
***Adjusted* NET RESULT**	**2.4**	**(18.3)**	**(27.4)**	**7.1**

Detail of Group EBITDA *adjustment*:

EUR Million	Q2/10	Q2/09	H1 2010	H1 2009
***Reported* EBITDA**	**51.0**	**147.9**	**101.7**	**292.5**
inventories at LIFO - inventories at FIFO	(23.1)	(123.8)	(60.0)	(177.3)
non recurring items	-	-	-	-
***Comparable* EBITDA**	**27.9**	**24.1**	**41.7**	**115.2**

Other Group figures:

EUR Million	Q2/10	Q2/09	Q1/10	H1 2010	H1 2009
NET FINANCIAL POSITION	**(567)**	**(472)**	**(643)**	**(567)**	**(472)**
CAPEX	**60**	**122**	**23**	**83**	**182**
OPERATING CASH FLOW (*)	**136**	**31**	**(87)**	**49**	**201**

(*) **Cash Flow** reclassified to highlight changes in the Net Financial Position

Comments to First Half 2010 results

During the first half of 2010, the global economy slowly recovered from the severe recession of 2009. However, while financial markets reacted quickly, the real economy played only a slow catch up, with consumers still watching their pockets, especially in OECD countries. In this context, oil products demand remained subdued and, although refining margins posted gains versus the last semester of 2009, they continued to be significantly lower than in H1/09 (for sake of example, the EMC benchmark refining margin stood at 0.8 $/bl in H1/10, up 233% vs. -0.6 $/bl in H2/09, but down 61% vs. 2.1 $/bl in H1/09).

Saras Group posted a weak performance in the Refining segment, also negatively impacted by a scheduled cycle of maintenance activities. The Power Generation segment was broadly in line with expectations. Moreover, the Marketing segment posted strong results, in spite of the generalised reduction of oil consumption in both the Italian and Spanish markets, thanks to a strategic focus on improving the mix of sales channels. Finally, the Wind segment posted a robust performance, aided by very favourable wind conditions in the first quarter of the year.

Group Revenues in H1/10 were EUR 4,065 ml, up 74% vs. H1/09, with substantially higher revenues coming from the Refining and Marketing segments, in the light of significantly higher oil products' prices (for quick reference, in H1/10 diesel traded at an average of 659 $/ton vs. 470 $/ton in H1/09, and gasoline priced at 721 $/ton vs. 502 $/ton in H1/09).

Group *reported* EBITDA in H1/10 was EUR 101.7 ml, (down 65% vs. H1/09). This result can be explained almost entirely with the weak performance of the Refining segment, which suffered from the above mentioned low margin scenario (Saras refining margin stood at 1.1 $/bl in H1/10, vs. 3.5 $/bl in H1/09).

Group *reported* Net Result stood at EUR 11.8 ml, down 90% when compared to the same period of 2009, for the same reasons explained at EBITDA level. It should be noted that in H1/10 there were higher depreciation and amortization charges vis a vis H1/09 (EUR 101.8 ml, vs. EUR 90.2), and net "Financial Income" for approx. EUR 12 ml, compared to approx. EUR 14 ml net "Financial Expense" in H1/09. Since interest expense stood at approx. EUR 8 ml in both periods, this difference is largely due to gains/losses on hedging instruments.

Group *comparable* EBITDA amounted to EUR 41.7 ml, down 64% vs. EUR 115.2 ml in H1/09, and **Group *adjusted* Net Result was EUR -27.4 ml,** vs. EUR 7.1 ml in H1/09, for the same reasons explained for the reported figures.

As mentioned at the beginning of the "Comments on Group Results", *comparable* and *reported* 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. In H1/10, the above mentioned FIFO/LIFO difference after tax was equal to EUR -38.8 ml, due to the increase in crude and oil products prices.

CAPEX in H1/10 amounted to approx. EUR 83 ml, in line with the previously announced investment programme to be carried out during 2010, and primarily distributed between the Refining Segment (EUR 63 ml) and the Wind segment (EUR 11 ml).

At the 30th of June 2010, the **Group Net Financial Position was negative by EUR 567 ml,** compared to a negative figure of EUR 643 ml at the 31st March 2010. The above change in NFP can be almost entirely explained by positive cashflow from operations (approx. EUR 140 ml, related to a decrease in working capital requirements and to self-financing from provisions for depreciation and amortisation), and cashflow for the CAPEX of the period (approx. EUR 60 ml).

Comments to Second Quarter 2010 results

Group Revenues in Q2/10 were EUR 2,183 ml, up 97% vs. Q2/09. The substantially higher revenues came primarily from the Refining and Marketing segments, in the light of significantly higher oil products' prices (for

quick reference, in Q2/10 diesel traded at an average of 680 $/ton vs. 503 $/ton in Q2/09, and gasoline priced at 726 $/ton vs. 582 $/ton in Q2/09).

Group *reported* EBITDA in Q2/10 was EUR 51.0 ml, down 66% vs. Q2/09, depressed by low refining margins and also influenced by changes in the value of oil inventories (considering their fluctuations both in terms of prices and quantities), while the performance of all other Group segments was broadly in line with same period last year.

Group *reported* Net Result in Q2/10 was EUR 21.1 ml, down 64% vs. Q2/09. This result can be explained with the same factors discussed at the EBITDA level, plus the differences in depreciation and amortization charges (EUR 51.2 ml in Q2/10 vs. EUR 45.6 ml in Q2/09), and also in "Financial Income/Expense" (positive for approx. EUR 24 ml in Q2/10, while in Q2/09 they were negative for approx. EUR 11 ml).

Group *comparable* EBITDA in Q2/10 amounted to EUR 27.9 ml, up by 16% vs. Q2/09. The weak performance in the second quarter of 2010 was still stronger than in the corresponding period of 2009, because in Q2/09 the Refining segment had a very heavy maintenance and investment cycle, which involved one crude distillation unit (leading to lower runs) and several conversion units (reducing production of both gasoline and middle distillates). Moreover, in Q2/09 further losses were caused by a tragic incident at the MHC1 unit, which delayed the completion of maintenance activities.

Group *adjusted* Net Result was EUR 2.4 ml in Q2/10, up 113% vs. Q2/09, mainly due to gains on hedging instruments, which in Q2/10 brought a positive contribution of approx. EUR 22 ml, included in the "Financial Income/Expense".

When looking at the *adjustment* of the Net Result in the second quarter 2010, it can be observed once again that the *comparable* figures differ from the *reported* ones, mainly because of the difference between FIFO/LIFO inventory evaluations, equal to negative EUR 14.6 ml, for the same reasons explained in the comments of the half year results.

CAPEX amounted to approx. EUR 60 ml in Q2/10, substantially in line with our investment plan. This figure includes approx. EUR 43 ml related to the investment activities carried out in the Sarroch refinery during the period, as well as approx. EUR 11 ml related to the construction of 6 new aero-generators "Vestas V80" which are being installed in our Ulassai Wind park.

The Oil Market and Refining margins

During the first quarter of 2010 Brent Dated crude oil prices have been basically confined in the 70 ÷ 80 $/bl corridor: opening at approx. 77 $/bl on 1st Jan 2010, prices initially climbed to 80 $/bl in the first week of the year, and subsequently fell down to 70 $/bl by early February. Later on, prices started to gradually raise again (closing the first quarter just above 80 $/bl), and reaching their highest levels since autumn 2008 by mid April. This upward trend was supported by positive market sentiment and expectations of a quick economic recovery on a global scale, which in turn would have boosted robust growth in oil demand. On such premises, Brent Dated reached 85 $/bl. However, towards the end of April, the European debt crisis caused a steep drop in global equity markets, and also crude oil prices went down sharply throughout the month of May, going as low as 67 $/bl, on May 20th. Later on, Brent Dated recovered to some extent in June, reaching 75 $/bl at the end of the second quarter.

The price differential between heavy and light crude oil (i.e. "Brent – Urals") widened to approx. 1.0 $/bl, vs. the narrow spread of 0.5 $/bl experienced in Q1/09. This was a consequence of the low OPEC compliance with their production quotas. However, in Q2/10 the heavy-light differential narrowed again, driven by high speculation in the Urals market, as well as lower export schedule in May and June from the Russian ports of Primorks and Novorossijsk.

Wide price differentials between "heavy" and "light" crude grades are instrumental to restore part of the competitive advantage of complex refineries. Moreover, greater availability of heavy crude oils has a further beneficial effect of removing support to the fuel oil crack, hence allowing the "conversion spread" to widen again, to the advantage of complex refineries like Saras. In the early weeks of Q3/10, the "heavy-light" differential has started to widen again.

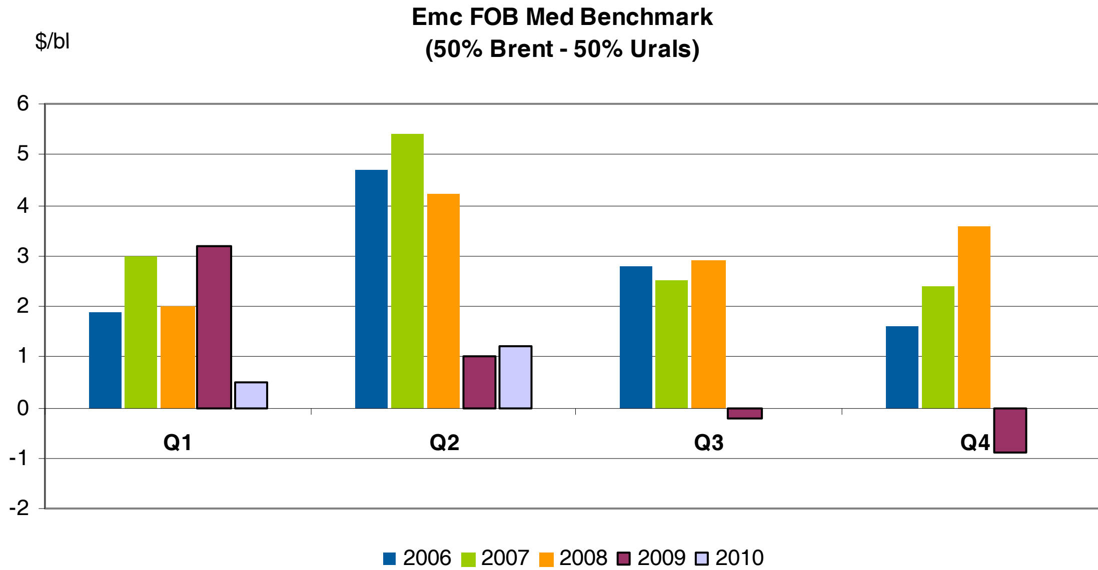
Moving on to oil products, throughout the first half of the year, demand experienced only modest signals of improvement for the various product categories.

In January and February 2010, the gasoline crack spread remained at similar level as in Q4/09, with MED monthly averages around 8 $/bl. Subsequently, in March, gasoline crack had a 40% rebound, reaching a peak value of 14 $/bl. This came as a consequence of the traditional "spring maintenance" for various refineries in USA and Europe, combined with robust buying interest from West Africa and Middle East. April, May and June however, saw the gasoline crack moving back below 10 $/bl, due to the end of the maintenance season, and sluggish demand in the USA, leading to high inventory levels and the closure of arbitrage windows from Europe.

Middle distillates were quite depressed in the first two months of Q1/10, due to ample inventories and weak demand trends, which moved in synchrony with the slow pace of the industrial and economic recovery. Later on, in March, the above mentioned refinery "spring maintenance" played a fundamental role in reducing the massive inventory overhang, more than halving the volumes held in floating storage. In April, May and June diesel crack spread continued its progressive recovery, amid strong buying interest in Middle East and Asia, combined with a supply reduction of Russian export gasoil. The latter was decided by FSU traders, waiting to profit from an announced 15% cut in diesel export duties, which Russian Government decided to make effective as of 1st July 2010.

Fuel oil crack spreads, in January and the first half of February 2010, remained at a sustained level primarily because of strong buying interest in Asia. However, from mid February onwards, the reduction in OPEC compliance with their production quotas, combined with higher supplies from Russia, weakened fuel oil, bringing its crack spread to -14 $/bl in early April, a level not seen since late 2008. Subsequently, the previously mentioned steep contraction in "heavy-light" crude price differentials provided new support to fuel oil, and the crack spread went up to -9 $/bl in May and June.

Finally, 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.



The average of the EMC margin in Q1/10 was 0.5 $/bl (vs. 3.2 $/bl in Q1/09) due to a steep spike of gasoline crack spread in March. The benchmark went however back to zero in April, and it recovered in May and June as a result of cheaper crude oil and growing demand for diesel in Asia and in the United States. The average in Q2/10 settled to 1.2 $/bl (vs. 1.0 $/bl in Q2/09).

Segment Review

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

Refining

With a production capacity of 15 ml tons per year, Saras refinery situated in Sarroch (on the South-Western coast of Sardinia) accounts for about 15% of Italy's total refining capacity. It is one of the biggest and most complex sites in the Mediterranean area.

EUR Million	Q2/10	Q2/09	Var %	Q1/10	H1 2010	H1 2009	var %
EBITDA	(20.9)	67.5	-131%	(18.5)	(39.4)	156.8	-125%
***Comparable* EBITDA**	**(40.7)**	**(38.9)**	**-5%**	**(39.0)**	**(79.7)**	**0.5**	**n/a**
EBIT	(47.1)	46.0	-202%	(44.1)	(91.2)	114.2	-180%
***Comparable* EBIT**	**(66.9)**	**(60.4)**	**-11%**	**(64.6)**	**(131.5)**	**(42.1)**	**-212%**
CAPEX	**42.8**	**90.9**		**19.9**	**62.7**	**143.5**	

Margins and refinery runs

		Q2/10	Q2/09	Var %	Q1/10	H1 2010	H1 2009	var %
REFINERY RUNS	thousand tons	3,330	2,704	23%	3,469	6,799	6,427	6%
	Million bl	24.3	19.7	23%	25.3	49.6	46.9	6%
	thousand bl/day	267	217	23%	281	274	259	6%
of which:								
Processing for own account	thousand tons	2,879	1,878	53%	3,235	6,114	4,566	34%
Processing on behalf of third parties	thousand tons	451	826	-45%	234	685	1,861	-63%
EXCHANGE RATE	EUR/USD	1.271	1.363	-7%	1.383	1.327	1.333	0%
EMC BENCHMARK MARGIN	$/bl	1.2	1.0	20%	0.5	0.8	2.1	-62%
SARAS REFINERY MARGIN	$/bl	1.2	1.4	-8%	0.9	1.1	3.5	-68%

Comments to First Half 2010 results

Refinery runs in H1/10 stood at 6.8 ml tons (49.6 ml barrels, corresponding to 274 thousand barrels per day). This operating performance was 6% higher than same period last year. The difference can be explained when considering that H1/09 scheduled maintenance work on crude distillation units was heavier than in H1/10, causing a larger reduction on runs.

Processing on behalf of third parties went down to 10% of total runs (vs. 29% in H1/09), because a processing contract expired at the end of 2009 and was not renewed. Indeed, at the time of renegotiating the aforementioned contract, the prevailing market conditions were characterised by an extremely depressed refining margin. Under the circumstances, Saras choose not to lock a considerable part of its refining capacity in a processing contract with a low "base fee".

***Comparable* EBITDA was EUR -79.7 ml in H1/10** vs. EUR 0.5 ml in H1/09, depressed by significantly lower refining margin than in same period last year. Indeed, the **EMC benchmark margin stood at 0.8 $/bl** (vs. 2.1 $/bl in H1/09), and the **Saras refining margin stood at 1.1 $/bl** (vs. 3.5 $/bl in H1/09). These values

came as a consequence of the unfavourable market conditions, characterized by sluggish demand for oil products, tight price differential between "heavy" and "light" crude oils (-1.19 $/bl), and narrow "conversion spread" for the upgrading process of fuel oil into diesel (214 $/tons in H1/10).

Refining **CAPEX in H1/10 was EUR 62.7 ml,** in line with investment plan for the period.

Comments to Second Quarter 2010 results

Crude runs for Q2/10 were 3.3 ml tons (24.3 ml barrels, corresponding to 267 thousand barrels per day), up 23% versus same quarter last year. As explained above, maintenance on the crude distillation units in Q2/09 was significantly heavier, and in May 2009 there were further delays caused by the tragedy at the MHC1 unit.

Processing on behalf of third parties in Q2/10 was approx. 13% of total runs (vs. 30% in Q2/09), due to the previously mentioned decision not to renew a processing contract expired at the end of 2009.

***Comparable* EBITDA came at EUR -40.7 ml in Q2/10**, down 5% vs. Q2/09. The slightly lower results of the second quarter 2010, despite the higher runs, are primarily related to the **Saras refining margin, which was only 1.2 $/bl** (compared to 1.4 $/bl in Q2/09). However, from a practical stand-point, the performance of our Refining segment in Q2/10 was much better than it appears, when taking into account gains for EUR 22 ml net, due to hedging instruments on crude and oil products, which have been included within the "Financial Income/Expense". Therefore, when considering the hedging measures discussed above, the corresponding **Saras refining margin in Q2/10 lands at 2.3 $/bl** (with a premium of 1.1 $/bl on top of the EMC benchmark, versus a premium of 0.4 $/bl in Q2/09).

CAPEX for refining in Q2/10 was EUR 42.8 ml, substantially in line with 2010 investment programme.

Finally, on the 24th of June 2010, the Cagliari Public Prosecutor served a notice of pending investigation on the Company, four of its managers and two managers of CO.ME.SA., together with a notice of conclusion of the preliminary investigation, with reference to the tragic event that caused the death of three workers of CO.ME.SA. at the Sarroch refinery on the 26th of May 2009.

Crude Oil slate and Production

		Q2/10	H1 2010	FY 2009
Light extra sweet		50%	49%	48%
Light sweet		3%	3%	0%
Medium sweet		0%	1%	0%
Light sour		0%	0%	0%
Medium sour		23%	25%	28%
Heavy Sour		23%	23%	24%
Average crude gravity	°API	32.6	32.5	32.4

With an average density of 32.5°API in H1/10 (and 32.6°API in Q2/10), the crude mix was in line with the average of last year. However, while the percentage of "light extra sweet" crude oil was practically in line with the average of 2009, the percentages of "medium sour" and "heavy sour" crude oils decreased

versus 2009 values, and these grades were replaced primarily by “light sweet” and “medium sweet” crude oils.

Moving on to the product slate, in H1/10 the middle distillates yield reached 51.9% (and 52.1% in Q2/10), while the light distillates yield stood at 27.9% (and 28.0% in Q2/10). Therefore, when considering also the production of LPG, we can conclude that the percentage of high value products in H1/10 reached 82.4% (and 83.0% in Q2/10).

		Q2/10	H1 2010	FY 2009
LPG	thousand tons	98	175	221
	yield	2.9%	2.6%	1.7%
NAPHTHA + GASOLINE	thousand tons	933	1,899	3,343
	yield	28.0%	27.9%	25.1%
MIDDLE DISTILLATES	thousand tons	1,735	3,527	6,769
	yield	52.1%	51.9%	50.9%
FUEL OIL & OTHERS	thousand tons	74	228	1,119
	yield	2.2%	3.4%	8.4%
TAR	thousand tons	281	543	1,077
	yield	8.4%	8.0%	8.1%

Balance to 100% is “Consumption & Losses”

Marketing

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

EUR Million	Q2/10	Q2/09	Var %	Q1/10	H1 2010	H1 2009	var %
EBITDA	18.4	30.5	-40%	14.0	32.4	33.3	-3%
***Comparable* EBITDA**	**15.1**	**13.1**	**15%**	**(2.4)**	**12.7**	**12.3**	**3%**
EBIT	15.3	28.5	-46%	11.0	26.3	30.0	-12%
***Comparable* EBIT**	**12.0**	**11.1**	**8%**	**(5.4)**	**6.6**	**9.0**	**-27%**
CAPEX	**2.8**	**26.2**		**0.8**	**3.7**	**30.4**	

Sales

		Q2/10	Q2/09	Var %	Q1/10	H1 2010	H1 2009	var %
TOTAL SALES	thousand tons	1,058	985	7%	1,052	2,110	1,998	6%
of which: in Italy	thousand tons	409	304	34%	382	790	612	29%
of which: in Spain	thousand tons	650	681	-5%	670	1,320	1,387	-5%

Comments to First Half 2010 results

The oil products market during the first half of 2010 has been weak, particularly in the developed economies (OECD), including countries like Spain and Italy, where our Marketing sales are localised.

On top of the difficult scenario, seasonality effects conditioned the performance in Q1/10 of our Marketing segment, which posted negative results. This was however, followed by very strong figures in the second quarter, hence closing the semester marginally ahead of same period last year (+3% at *comparable* EBITDA level).

From a macro perspective, the Spanish market posted a 6.1% decrease in gasoline demand vs. H1/09, and a further 1.1% contraction for middle distillates (with a split of –0.5% for diesel, and -2.7% for heating and agricultural gasoil). In this difficult context, **Saras Energia continued its strategy** of reducing opportunity sales of gasoline and diesel towards commercial operators and major oil companies, while increasing sales towards more profitable channels (i.e. unbranded service stations, small retail operators, etc.). As a result of this initiative, **gross margins remained healthy in the semester, but there was an overall contraction in sale volumes which stood at 1,320 ktons** (-4.8% vs. H1/09), with total gasoil down by 4.1% vs. H1/09 (split as -2.6% for diesel, and -8.3% for heating and agricultural gasoil), and also gasoline down by 10.5%.

Looking at the Italian market, in H1/10 total demand for oil products decreased by 2.5% vs. H1/09. Gasoline was down by 6.9%, while middle distillates were down by 1.4% (with a split of -0.3% for diesel, -9.5% for heating oil, and agricultural gasoil also down by 8.0%). In this scenario, **sales of Arcola (Italy) in H1/10 were 790 ktons** (+29.2% vs. H1/09), due to an increase in the Sardinian wholesale market share. More in detail, gasoline sales went up by 147%, diesel went up by 16.4%, while sales of other gasoil were down by 26.6%, vs. same period last year. Margins were weak in the first quarter of the year, due to seasonality effects, but went back up to healthy levels in the second quarter of 2010.

***Comparable* EBITDA was EUR 12.7 ml in H1/10**, up 3% compared to the same period last year, thanks to a very robust performance in Q2/10, which completely offset the negative results of Q1/10 which, as explained before, were due to seasonally low margins and negative contribution from the bio-diesel plant.

CAPEX in H1/10 was EUR 3.7 ml, in line with the investment plan for the period.

Comments to Second Quarter 2010 results

During Q2/10 demand for middle distillates in Spain lost 0.9% versus Q2/09 (of which -0.5% for diesel, and -1% for heating oil and agricultural gasoil), and also gasoline shrank by 6.5% versus Q2/09.

In this challenging market scenario, **Saras Energia reduced sales by 4.6%, while protecting marginality at healthy levels**, thanks to a progressive shift towards more profitable sales channels (in particular, sales to unbranded retail stations went up by 14%), as discussed in the results for the semester. When looking more closely at the individual products, it can be observed that total gasoline sales of Saras Energia contracted by 9.2%, and total gasoil flexed by 3.9% vs. Q2/09 (-3.2% for diesel, and -6.7% for heating and agricultural gasoil).

Similarly, in the Italian market, total oil products demand slowed by 6.7% in Q2/10 versus same period last year, dragged down by gasoline (-7.0%), fuel oil (-71,2%) and also middle distillates (-2,8% for transportation diesel, and -11,7% for heating gasoil). However, **sales of Arcola Petrolifera went up by 34.4%** vs. Q2/09, due to the previously discussed growth in the Sardinian wholesale market. More specifically, Arcola sales of gasoline climbed by 153%, diesel sales enjoyed and increase of 17.3%, while other kind of gasoil went down by 39.7%, vs. same period last year.

All in all, **in Q2/10 *comparable* EBITDA of the Marketing segment was very strong at EUR 15.1 ml** (up 15% when compared to EUR 13.1 ml in Q2/09). Such performance can be attributed to our ongoing strategy to push sales of products with higher margins, and shift the mix of sales channels towards a more profitable base.

CAPEX in Q2/10 was EUR 2.8 ml, in line with the investment plan for the quarter.

Power Generation

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

EUR Milion	Q2/10	Q2/09	Var %	Q1/10	H1 2010	H1 2009	var %
EBITDA	49.7	45.7	9%	47.0	96.7	89.5	8%
***Comparable* EBITDA**	**49.7**	**45.7**	**9%**	**47.0**	**96.7**	**89.5**	**8%**
EBIT	30.5	26.4	16%	27.7	58.2	51.0	14%
***Comparable* EBIT**	**30.5**	**26.4**	**16%**	**27.7**	**58.2**	**51.0**	**14%**
EBITDA ITALIAN GAAP	**50.8**	**47.8**	**6%**	**20.6**	**71.4**	**105.7**	**-32%**
EBIT ITALIAN GAAP	**36.5**	**33.7**	**8%**	**6.4**	**43.0**	**77.5**	**-45%**
NET INCOME ITALIAN GAAP	**23.0**	**17.6**	**31%**	**3.1**	**26.1**	**43.7**	**-40%**
CAPEX	**2.7**	**3.2**		**1.8**	**4.5**	**5.9**	

Other figures

		Q2/10	Q2/09	Var %	Q1/10	H1 2010	H1 2009	var %
ELECTRICITY PRODUCTION	MWh/1000	1,075	1,116	-4%	939	2,014	2,014	0%
POWER TARIFF	**Eurocent/KWh**	**9.6**	**9.6**	**1%**	**9.2**	**9.4**	**11.1**	**-16%**
POWER IGCC MARGIN	$/bl	4.0	4.8	-17%	4.1	4.0	4.0	0%

Comments to First Half 2010 results

Results of the Power Generation segment were in line with expectations in the first half 2010, with **Power production standing at 2.014 TWh,** exactly in line with H1/09. This level of production was associated with the maintenance activities on two of the three parallel trains of “Gasifier - Turbine”, which were completed during the semester, according to schedule.

***Comparable* EBITDA in H1/10 was EUR 96.7 ml,** up 8% vs. same period last year, due to higher sales of Hydrogen and Steam (approx. EUR 6 ml), whose revenues are not subject to the IFRS linearization procedure.

Italian GAAP EBITDA in H1/10 was EUR 71.4 ml, down 32% versus first half 2009. Indeed, the expiry in April 2009 of the “incentive” component of the CIP6/92 tariff, led to a reduction of H1/10 Italian GAAP EBITDA worth approx. EUR 40 ml. This was also reflected in the average value of the **total CIP6/92 power tariff, which in H1/10 stood at 9.4 EURcent/kWh,** down 16% versus H1/09. On the other hand, in July 2010 the Ministry for Economic Development defined the adjustment value of the “fuel” component of the CIP6/92 tariff for the year 2009, which resulted in a “one-off” pre-tax gain of EUR 23 million in H1/10.

CAPEX in H1/10 was EUR 4.5 ml, as per investment plan.

Comments to Second Quarter 2010 results

In Q2/10 the performance of the Power Generation segment was in line with expectations, and all scheduled maintenance activities were completed as per plan. **Power production stood at 1.075 TWh,** slightly lower than Q2/09 (down 4%).

***Comparable* EBITDA was EUR 49.7 ml**, up 9% vs. same period last year, due to higher sales of Hydrogen and Steam (up by EUR 2.9 ml), whose revenues are not subject to the IFRS linearization procedure, as explained in the comments for the half year results.

Italian GAAP EBITDA was EUR 50.8 ml, up 6% versus Q2/09. This result is explained considering the previously mentioned "one-off" pre-tax gain of EUR 23 million in Q2/10, due to the final determination of the adjustment value for the 2009 "fuel" component of the CIP6/92 tariff. This gain more than offset the lower revenue due to the expiry of the "incentive" component of the CIP6/92 tariff, and also the lower electricity production and the higher "non-TAR feedstock" costs.

CAPEX was EUR 2.7 ml, in line with the investment plan for the period.

Wind

Saras Group is active in the renewable power production and sale through its subsidiary Parchi Eolici Ulassai S.r.l. (PEU), fully consolidated as of the 30th June 2008. PEU operates a 72MW wind park, located in Ulassai (Sardinia).

EUR million	Q2/10	Q2/09	Var %	Q1/10	H1 2010	H1 2009	var %
EBITDA	3.5	3.7	-5%	8.4	11.9	12.0	-1%
***Comparable* EBITDA**	**3.5**	**3.7**	**-5%**	**8.4**	**11.9**	**12.0**	**-1%**
EBIT	1.3	1.3	0%	6.1	7.4	7.2	3%
***Comparable* EBIT**	**1.3**	**1.3**	**0%**	**6.1**	**7.4**	**7.2**	**3%**
CAPEX	**10.7**	**0.1**		**0.1**	**10.8**	**0.1**	

Other figures

		Q2/10	Q2/09	Var %	Q1/10	H1 2010	H1 2009	var %
ELECTRICITY PRODUCTION	MWh	32,094	25,249	27%	61,737	93,831	83,805	12%
POWER TARIFF	EURcent/KWh	6.2	6.4	-3%	7.1	6.8	7.4	-8%
GREEN CERTIFICATES	EURcent/KWh	8.5	8.0	6%	8.5	8.5	8.3	3%

Comments to First Half 2010 results

In H1/10 the Ulassai wind park posted strong results, substantially in line with the same period of last year. More specifically, ***comparable* EBITDA stood at EUR 11.9 ml in H1/10,** (down 1% vs. H1/09), thanks to remarkably higher sales of electricity. It's worth to remember that in H1/09, the EBITDA of the Wind segment

received a substantial boost (approx. EUR 1.3 ml) from the sales of Green Certificates related to the year 2008. By contrast, in H1/10 there were no meaningful sales of Green Certificates pertaining to previous years.

Electricity production in H1/10 stood at 93,831 MWh (up 12% vs. the 83,805 MWh produced in H1/09), due to very favourable wind conditions in the first quarter of 2010, followed by seasonally lower production in the second quarter.

The average price of **Green Certificates in H1/10 stood at 8.5 EURcent/kWh** (up 3% vs. H1/09), while the power tariff declined down to 6.8 EURcent/kWh (from 7.4 EURcent/kWh in H1/09), reflecting reduced demand for electricity related to slow industrial activity.

CAPEX in H1/10 were EUR 10.8 ml, almost entirely spent in Q2/10, for the completion of the Ulassai wind park.

Comments to Second Quarter 2010 results

In the second quarter of 2010, the performance of the Ulassai wind farm was in line with expectations, with a seasonally lower **production of electricity (32,094 MWh)**, which was however 27% higher than same quarter last year.

***Comparable* EBITDA in Q2/10 stood at EUR 3.5 ml** (down 5% vs. Q2/09). Indeed, despite the higher production of electricity in Q2/10, the EBITDA of Q2/09 received an important contribution from the above mentioned sale of Green Certificates related to the year 2008 (worth approx. EUR 1.3 ml).

Green Certificates in Q2/10 had an average price of 8.5 EURcent/kWh, up 6% vs. Q2/09, thus providing compensation for the reduction in the value of the power tariff (-3%).

CAPEX were EUR 10.7 ml, in line with the project to complete the Ulassai wind park, which consists in the installation of 6 new aero-generators model “Vestas V80”, each one with a capacity of 2MW.

Other Activities

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	Q2/10	Q2/09	Var %	Q1/10	H1 2010	H1 2009	var %
EBITDA	0.3	0.5	-40%	(0.2)	0.1	0.9	-89%
***Comparable* EBITDA**	**0.3**	**0.5**	**-40%**	**(0.2)**	**0.1**	**0.9**	**-89%**
EBIT	(0.2)	0.1	n/a	(0.6)	(0.8)	(0.1)	n/a
***Comparable* EBIT**	**(0.2)**	**0.1**	**n/a**	**(0.6)**	**(0.8)**	**(0.1)**	**n/a**

Strategy and Investments

At a time of global economic turbulence, low demand for oil products, and consequently thin refining margins, the effects of non-optimal operations is more apparent.

In order to achieve maximum efficiency in production and effectiveness in operations, Saras launched an ambitious asset management programme, in cooperation with world-class consultants, named “Project Focus”. Industrial operations have been divided in three main areas, each headed by a senior manager. Overall, the programme involves directly the vast majority of Saras personnel, with specific targets to be achieved within the following aspects of refinery operations:

- ✓ “Asset Integrity” (enhancing both routine and turn-around maintenance procedures)
- ✓ “Asset Efficiency” (addressing consumption and losses)
- ✓ “Asset Effectiveness” (addressing productivity and availability)

The immediate results which the programme is expected to deliver in 2010 can be quantified in approx. EUR 10 ml, almost entirely related to a reduction in fixed costs. In the mid-term the evaluations are presently showing a significantly larger potential, spread among the areas of cost reductions, efficiency gains, and asset productivity. “Project Focus” shall continue until 2013, and it has been estimated that it’s Net Present Value corresponds to approx. EUR 0.3 per share.

Looking beyond the Refining segment, the Group strategy in 2010 continues to remain focused on consolidating the performance achieved by the Marketing segment in the previous years. This includes the complete integration of the new retail stations acquired in Spain during 2009. Moreover, we are pursuing opportunities to expand in the Spanish retail business, with a "small steps" approach, considering acquisitions of stations which can generate synergies with our existing network

In the Wind segment, the Group is proceeding with the completion of the Ulassai wind park, which consists in the construction of another 6 “Vestas V80” aero-generators. This project is expected to be completed by early Q4/10, and it will increase the total installed capacity of the park to 96MW. At the same time, Saras Group is progressing also with the development of its pipeline, both in southern Italy and also abroad.

Finally, regarding gas exploration activities, the studies carried out during the second half of 2009 were encouraging, showing possible geological formations usually associated with natural gas. These results have warranted further seismic testing, in order to better determine the optimal location for exploration wells.

CAPEX by segment

EUR Million	Q2/10	H1/10	FY 2009
REFINING	42.8	62.7	244.4
POWER GENERATION	2.7	4.5	12.4
MARKETING	2.8	3.7	56.6
WIND	10.7	10.8	0.3
OTHER	0.6	1.2	3.3
Total	**59.7**	**82.7**	**317.0**

Outlook

In the latest "World Economic Outlook" (WEO), published on July 7th, the International Monetary Fund (IMF) expects World Growth at about 4.6% in 2010, and 4.3% in 2011. Relative to the April 2010 WEO, this represents an upward revision of about ½ percentage point in 2010, reflecting stronger economic activity during the first half of the year, while 2011 forecast is unchanged.

While growth projections are now more bullish, downside risks have risen sharply amid renewed financial turbulence. In this context, the new IMF forecasts are based on the implementation of policies to rebuild confidence and stability, particularly in the Eurozone (fiscal consolidation, accommodative monetary conditions, financial and structural reforms).

REFINING

- Coherently with the IMF forecasts, the International Energy Agency (IEA) retains an optimistic view on **oil demand** trends for the second half of 2010, with global oil demand expected to climb back at 86.5 mb/d (+1.8 mb/d year-on-year), close to pre-crisis levels. Nevertheless, growth will not be homogeneous: six non-OECD countries (China, Saudi Arabia, India, Brazil, Russia and Iran) are expected to account for almost three-quarters of global oil demand growth in 2010.
- On the **crude supply** side, in their last "policy setting" meeting, OPEC decided again to leave output targets unchanged. However, compliance has been below 50% since several months, bringing back to the market increasing quantities of heavy crude oil. The "heavy-light" price differential widened in the first quarter of the year. Subsequently, in May and June, a reduction in supplies of Urals, combined with growing demand of heavy grades in the Far East, caused a new contraction of the "heavy-light" price differential. There are signs that increased availability of heavier crude oils should ease the differential in the remaining part of the year.
- Looking at **oil products inventories**, during the first half of 2010 middle distillates decreased meaningfully, and are now expected to move progressively in line with seasonal norms. On the contrary, gasoline stocks have recently started to increase again, as the US driving season is ending.
- **Refining margins** started very weak in the third quarter, with the EMC benchmark moving back into negative territory (-0.4 $/bl in July). Accordingly, Saras is making economic run-cuts in Q3/10. The new projections for refinery runs in Q3/10 are now between 3.3 ÷ 3.5 million tons (24.0 ÷ 25.6 million barrels), bringing the full year runs in the range 13.9 ÷ 14.2 million tons (101.5 ÷ 103.7 million barrels).
- Looking towards the end of the year, the international Agencies expect **diesel cracks** to further strengthen in Q4/10, as a result of seasonality as well as demand growth linked to economic and industrial activity; on the contrary, **gasoline cracks** are expected to soften in the remaining part of 2010, due to the seasonal weakening of demand. Accordingly, Saras now projects the **EMC benchmark to average between 1 ÷ 1.5 $/bl**, and the **conversion spread between 200 ÷ 250 $/tons.**
- All **scheduled maintenance activities are now completed** in the Sarroch refinery for the year 2010.

POWER GENERATION

- Standard maintenance activities on 2 trains of "Gasifier – Turbine" of our Sarlux IGCC plant were completed as per schedule in H1/10, and **no further maintenance** is expected for the remaining part of the year.
- Due to IFRS linearisation procedure, ***comparable* EBITDA** is expected at EUR 180÷190 ml per year, stable until 2021. On the contrary, Italian GAAP EBITDA will reflect oil price volatility, due to the formulas used to calculate CIP/6 tariff.
- The 9-month delay in the formula used to calculate the "fuel component" implies that the **CIP/6 power tariff** will remain approximately at the current levels for the remainder of 2010, in line with the trend of crude oil prices during the second half of 2009 (Brent DTD was stable within the 65 ÷ 75 $/bl range during the second semester of 2009).

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of 30th June 2010 and as of 31st December 2009

EUR thousand	30/06/2010	31/12/2009
ASSETS		
Current assets	**1,650,260**	**1,405,678**
Cash and cash equivalents	96,300	111,372
Other financial assets held for trading	25,582	21,301
Trade receivables	687,932	396,954
of which with related parties	*48*	*90*
Inventories	733,747	732,077
Current tax assets	37,199	39,983
Other assets	69,500	103,991
Non-current assets	**2,015,893**	**2,019,986**
Property, plant and equipment	1,518,263	1,525,547
Intangible assets	431,377	445,549
Other equity interests	571	571
Deferred tax assets	57,932	46,932
Other financial assets	7,750	1,387
Total assets	**3,666,153**	**3,425,664**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**1,431,860**	**1,181,771**
Short-term financial liabilities	435,245	379,562
Trade and other payables	795,113	646,992
of which with related parties	*69*	*30*
Current tax liabilities	110,638	67,955
Other liabilities	90,864	87,262
Non-current liabilities	**993,866**	**1,015,853**
Long-term financial liabilities	259,011	289,552
Provisions for risks	80,993	41,118
Provisions for employee benefits	35,140	35,420
Other liabilities	618,722	649,763
Total liabilities	**2,425,726**	**2,197,624**
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	1,163,027	1,089,884
Profit/(loss) for the period	11,827	72,552
Total equity attributable to owners of the company	**1,240,410**	**1,227,992**
Minority interest	17	48
Total Equity	**1,240,427**	**1,228,040**
Total liabilities and equity	**3,666,153**	**3,425,664**

Consolidated Income Statement and Statement of Comprehensive Income for the periods: 1st Jan–30th Jun2010 and 1st Jan–30th Jun 2009

Consolidated Income Statement for the period 1st January - 30th June 2010 and 2009 (EUR thousand)

EUR thousand	1st January 30th June 2010	of which non recurring	1st January 30th June 2009	of which non recurring
Revenues from ordinary operations	4,013,654		2,300,494	
Other income	51,410		36,436	
of which with related parties	*48*		*98*	
Total revenues	**4,065,064**	*0*	**2,336,930**	*0*
Purchases of raw materials, spare parts and consumables	(3,584,668)		(1,706,491)	
Cost of services and sundry costs	(303,845)		(264,755)	
of which with related parties	*(656)*		*(959)*	
Personnel costs	(74,829)		(73,222)	
Depreciation, amortization and write-downs	(101,806)		(90,207)	
Total costs	**(4,065,148)**	*0*	**(2,134,675)**	*0*
Operating results	**(84)**	*0*	**202,255**	*0*
Net income (charges) from equity interests				
Financial income	33,565		11,276	
Financial charges	(21,990)		(25,442)	
Profit before taxes	**11,491**	*0*	**188,089**	*0*
Income tax	305		(71,117)	
Net profit/(loss) for the period	**11,796**	*0*	**116,972**	*0*
Net profit/(loss) for the period attributable to:				
Equity Holders of the company	11,827		116,972	
Minority interest	(31)			
Earnings per share - basic (Euro cent)	**1.27**		**12.61**	
Earnings per share - diluted (Euro cent)	**1.27**		**12.61**	

Statement of Comprehensive Income for the periods 1st January -- 30th June 2010 and 2009 (EUR thousand)

EUR thousand	1st January 30th June 2010	1st January 30th June 2009
Result of the period (A)	**11,796**	**116,972**
Effect of exchange rate on financial accounts	(16)	
Profit / (loss), net of fiscal effect (B)	**(16)**	**0**
Consolidated Comprehensive Result (A + B)	**11,780**	**116,972**
Consolidated Comprehensive Result perteining to:		
Parent Company shareholding	11,780	116,972
Minority Interest	(31)	0

Statement of Changes in Consolidated Shareholders' Equity from 31st December 2008 to 30th June 2010

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 31/12/2008	**54,630**	**10,926**	**1,183,675**	**61,822**	**1,311,053**	**0**	**1,311,053**
Allocation of previous year profit			61,822	(61,822)			**0**
Reserve for employees stock plan			2,515		2,515		2,515
Dividends			(157,721)		(157,721)		(157,721)
Effect of Corporate tax rate reduction (IRES)			84		84		84
Minority on Artemide Srl acquisition						7	7
Profit (loss) for the period				116,972	116,972		116,972
Balance as of 30/06/2009	**54,630**	**10,926**	**1,090,375**	**116,972**	**1,272,903**	**7**	**1,272,910**
Reserve for employees stock plan			(464)		(464)		(464)
Effect of Corporate tax rate reduction (IRES)			(29)		(29)		(29)
Minority on Artemide Srl acquisition					0	35	35
Profit (loss) for the period			2	(44,420)	(44,418)	6	(44,412)
Balance as of 31/12/2009	**54,630**	**10,926**	**1,089,884**	**72,552**	**1,227,992**	**48**	**1,228,040**
Allocation of previous year profit			72,552	(72,552)	0		0
Reserve for employees stock plan			607		607		607
Profit (loss) for the period			(16)	11,827	11,811	(31)	11,780
Balance as of 30/06/2010	**54,630**	**10,926**	**1,163,027**	**11,827**	**1,240,410**	**17**	**1,240,427**

Consolidated Cash Flow Statements as of 30th June 2010 and as of 30th June 2009

EUR thousand	1/1/2010 - 30/06/2010	1/1/2009 - 30/06/2009
A - Cash and Cash Equivalents at the beginning of period	**111,372**	**65,180**
B - Cash generated from/(used in) operating activities		
Profit/ (Loss) of the Group	11,796	116,972
Amortization, depreciation and write-down of fixed assets	101,806	90,207
Net change in provisions for risks and charges	39,875	17,661
Net change in employee benefits	(280)	(1,514)
Net Change in tax liabilities and tax assets	(11,000)	17,204
Income tax	(305)	71,117
Other non cash items	591	2,606
Profit (Loss) from operating activities before changes in working capital	**142,483**	**314,253**
(Increase)/Decrease in trade receivables	(290,978)	190,439
of which with related parties	*42*	*239*
(Increase)/Decrease in inventory	(1,670)	(228,883)
Increase/(Decrease) in trade and other payables	148,121	(37,518)
of which with related parties	*39*	*59*
Change in other current assets	37,275	(63,893)
Change in other current liabilities	54,770	21,385
Income tax paid	0	0
Change in other non-current liabilities	(31,041)	1,449
Total (B)	**58,960**	**197,232**
C - Cash flow from (to) investment activities		
(Investments) in tangible and intangible assets	(81,159)	(182,276)
(Investments) disinvestments in other holdings	0	440
Change in financial assets	(10,644)	(6,421)
Interest received	84	617
Other non cash items	809	7,827
Total (C)	**(90,910)**	**(179,813)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	(30,541)	152,874
Increase/(Decrease) in short term borrowings	55,683	84,661
Dividend distribution to shareholders	0	(157,721)
Interest paid	(8,264)	(6,485)
Total (D)	**16,878**	**73,329**
E - Cashflow for the period (B+C+D)	**(15,072)**	**90,748**
F - Cash from new consolidated subsidiaries	**0**	**0**
G - Cash and Cash Equivalents at the end of period	**96,300**	**155,928**