SARAS announces results for the First Half 2008[1]

Adjusted Net Income up 14% vs. H1/07

Highlights for the period

- **Group *comparable* EBITDA[2] at EUR 340 ml, up 0.5%** vs. H1/07[3]
  - Q2/08 Group *comparable* EBITDA at EUR 192 ml, in line with Q2/07

- **Group adjusted net income[4] at EUR 172 ml, up 14%** vs. H1/07
  - Q2/08 Group adjusted net income at EUR 97 ml, up 15% vs. Q2/07

- **Saras Refining margin at 9.4 $/bl** in H1/08 up 15% vs. H1/07 (11.3 $/bl in Q2/08, up 14% yoy)
  - **Premium above EMC benchmark at 6.3 $/ bl in H1/08** (7.1 $/bl in Q2/08)

- **Net Financial Position negative by EUR 223 ml at the end of H1/08**

- **Acquisition of 30% wind stake from Babcock & Brown**, for a total consideration of about EUR 30 ml. Wind segment fully consolidated as of 30/06/2008

Milan, 07 August, 2008. - The Board of Directors of Saras S.p.A. met yesterday under Chairman GianMarco Moratti and approved first half 2008 results. The Chairman declared: ***"In a period characterised by high volatility of oil prices and an exceptionally strong Euro vs. the USD, Saras achieved satisfactory results, hitting all the operational targets and fully exploiting its superior exposure to the diesel market, which recorded the strongest performance amongst other oil products during the first half of 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 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 deducting non-recurring items.

[3] **2007 *comparable* figures restated** after resolution of Energy Authority n°249/06 which modified evaluation of "fuel component" of the electricity price generated by CIP6 plants

[4] **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 calls organized for today 07th August 2007

at **16:00 C.E.T.** conference call for analysts and investors.
Slide presentation is available on our website www.saras.it

Dial in numbers:
For Italy **+39 02 36 00 90 16**
For U.K. **0 808 238 9072**
For U.S. **+1 866 508 8020**

Link for the live webcast
http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=198291&eventID=1749776

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

For any information please contact:

Marco Schiavetti
Saras – IR Manager
Tel. +39 02 7737301

Massimo Vacca
Saras – IR Officer
Tel + 39 02 7737376

Rafaella Casula
Saras – Head of Financial Communications
Tel. +39 02 7737495

Federico Steiner – Giovanni Vantaggi
Barabino&Partners
Tel. +39 02 72023535

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 Parchi Eolici Ulassai S.r.l.. 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 1,900 employees, during 2007 reported total revenues of about EUR 6.7 billion, an operating profit of EUR 509 million and net profit of EUR 323 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 refining capacity. Sarlux S.r.l. 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).

Key Consolidated financial figures

Below the key consolidated financial figures, shown in comparison with the data related to the same period last year and also with the previous quarter. It should be noted that **2007 *comparable* figures** have been restated after the resolution of the Energy Authority n°249/06 which modified the criteria for the evaluation of the "fuel component" of the electricity price generated by CIP6 plants.

Saras Group income statement figures:

EUR Million	Q2/08	Q2/07	var %	Q1/08	H1/08	H1/07	var %
REVENUES	2,406	1,701	41%	2,054	4,460	3,208	39%
EBITDA	316.0	265.7	19%	151.4	467.4	411.0	14%
EBITDA *comparable*	**192.1**	**191.5**	**0.3%**	**148.1**	**340.2**	**338.6**	**0.5%**
EBIT	275.6	225.9	22%	113.3	388.9	331.2	17%
EBIT *comparable*	**151.7**	**151.7**	**0.0%**	**110.0**	**261.7**	**258.8**	**1.1%**
NET INCOME	251.5	136.0	85%	78.3	329.8	187.0	76%
***adjusted* NET INCOME**	**96.7**	**84.4**	**15%**	**75.4**	**172.1**	**150.6**	**14%**

Other Group figures:

EUR Million	Q2/08	Q2/07	Q1/08	H1/08	H1/07	2007
NET FINANCIAL POSITION	**(223)**	**12**	**77**	**(223)**	**12**	**(27)**
CAPEX	**69**	**57**	**59**	**128**	**93**	**211**
OPERATING CASH FLOW	**33**	**347**	**165**	**198**	**536**	**637**

Comments to Q2/08 results:

Saras Group achieved a satisfactory performance in Q2/08, confirming the results of the same period last year at *comparable* EBITDA level, notwithstanding a sharp increase in the EUR/USD exchange rate (over 16% vs. Q2/07) and rising crude oil prices, which adversely affected costs.

The second quarter 2008 has been characterized by robust refining margins and by an important maintenance cycle at the Sarroch refinery that involved the shutdown of one Mild Hydro-cracking unit, the Alkylation unit and the Visbreaking unit. As a consequence of the maintenance, EBITDA has been negatively impacted by approx. USD 30 ml, in line with forecasts.

On 30th June 2008, **Saras SpA has acquired from Babcock & Brown Wind Energy Srl its 30% of the share capital of Parchi Eolici Ulassai Srl (PEU)** for a total consideration of around EUR 30 million. Saras now owns 100% of PEU, which therefore has been fully consolidated as of 30th June.

Saras **Refining & Power margin** reached **15.6 $/bl** (+12% vs. same period last year) confirming the superior quality of the assets at the Saras site, as well as the advantages of complex and diesel oriented refineries in the current market scenario.

Group **Revenues** of EUR 2,406 ml are up 41% versus Q2/07 thanks to higher oil and products prices.

Group ***Comparable*** **EBITDA** of EUR 192 ml registered a minor increase of 0.3% vs Q2/07, and up 30% vs. Q1/08. Overall, the weaker performance of the Refining segment vs. Q2/07 was offset by the higher results achieved by the Power Generation and the Marketing segments.

Adjusted **NET INCOME** of EUR 97 ml, registered an increase of 15% vs Q2/07. The main reason of such increase is due to lower financial expenses an lower losses on derivatives instruments compared to same period last year.

CAPEX was at EUR 69 ml in Q2/08, 17% higher than Q1/08, due to the previously mentioned maintenance activities, and in line with the investment programme for 2008.

On the 29th of April, the **AGM approved a share buyback programme**, up to 10% of the outstanding shares, to be executed during the next 18 months. Since the approval of the plan and up to the 30th of June 2008, Saras bought back approx. 1.5 ml shares. Therefore, the total number of shares in treasury as of 30th June 2008 is about 6.3 ml, including 4.8 ml shares from the previous buyback programme.

Net Financial Position at the end of the Q2/08 turned to a negative of EUR 223 ml from a positive of EUR 77 ml at the end of Q1/08, in the light of an increase in working capital, as well as the effects of the dividends payment, the share buyback programme and the acquisition of 30% of Parchi Eolici Ulassai (PEU) which, in addition to the acquisition cost, had a non recourse net debt of EUR 60.5 ml at the 30th of June 2008.

Comments to H1/08 results:

Saras Group performance in H1/08 was good, in spite of a sharp increase in the EUR/USD exchange rate (over 15% vs. H1/07) and rising crude oil prices which adversely affected costs.

The first half of 2008 has been characterized by robust refining margins and by an important maintenance cycle at the Sarroch refinery, during the second quarter, involving the shutdown of one Mild Hydro-cracking unit, the Alkylation unit and the Visbreaking unit. As a consequence of the maintenance, EBITDA was negatively impacted by approx. USD 30 ml, in line with the forecasts.

Saras **Refining & Power margin** reached **13.6 $/bl** (+14% vs. H1/07), a sizeable level, especially when considering the low levels registered during the first months of the year.

Group **Revenues** of EUR 4,460 ml are up 39% versus H1/07, mainly due to higher oil and product prices.

Group ***Comparable*** **EBITDA** of EUR 340 ml is in line with H1/07 (up 0.5%). Overall, the weaker performance of Refining vs. H1/07 was completely offset by Power Generation and Marketing.

Adjusted **NET INCOME** of EUR 172 ml, registered an increase of 14% vs H1/07. The main reason of such increase is due to lower financial expenses and lower losses on derivative instruments compared to same period last year.

CAPEX was at EUR 128 ml in H1/08, higher than same period last year, but in line with the investment program for the period 2008-2011, which was announced to the financial community in June 2008.

Net Financial Position at the end of H1/08 reached a negative of EUR 223 ml from a negative of EUR 27 ml at the end of 2007. The change can be mainly traced back to the increase in working capital, the payment of dividends in May 2008, the share buyback programme currently under way, and the acquisition of 30% of Parchi Eolici Ulassai (PEU) which, in addition to the acquisition cost, had a non recourse net debt of EUR 60.5 ml at the 30th of June 2008.

Segment Reviews

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

Refining

EUR Million	Q2/08	Q2/07	var %	Q1/08	H1/08	H1/07	var %
EBITDA	217.9	197.2	10%	91.4	309.3	285.7	8%
Comparable EBITDA	**131.4**	**140.8**	**-7%**	**94.4**	**225.8**	**236.5**	**-5%**
EBIT	198.2	179.6	10%	73.8	272.0	250.3	9%
Comparable EBIT	**111.7**	**123.2**	**-9%**	**76.8**	**188.5**	**201.1**	**-6%**
CAPEX	**50**	**51**	**-1%**	**38**	**88**	**81**	**9%**

Comments to Q2/08 results:

Q2/08 was characterised by planned maintenance, which involved one Mild Hydro-cracking unit, the Alkylation unit and the Visbreaking unit. EBITDA was adversely affected by USD 30 ml, in line with forecast.

However, when compared with Q2/07 (also characterised by planned maintenance), the crude runs for Q2/08 were 27.6 Mbl (or 3.8 ml tons), up 11%. The higher runs can be explained by the fact that in Q2/07 the planned shutdown involved one crude distillation unit, with a clear penalisation of refinery runs at that time.

Refinery margin in Q2/08 reached 11.3 $/bl (vs. 9.9 $/bl in Q2/07, and 7.6 $/bl in Q1/08) with the premium above the EMC benchmark reaching 7.1 $/bl (was 4.5 $/bl in Q2/07), thanks to the wide diesel-fuel oil price differential (602 $/ton during Q2/08, vs. 300 $/ton in Q2/07), and the good operating and commercial performance of the refinery, which allowed Saras to fully exploit the high level of the diesel crack[5] in the quarter (Saras diesel yield in Q2/08 was 54%) and to recover the negative impact of maintenance on the EBITDA.

Notwithstanding the above, the EBITDA *comparable* was down 7% vs. Q2/07, because the higher refining margins were more than offset by the weaker USD and higher fixed costs due to turnaround maintenance.

The CAPEX for refining in Q2/08 were EUR 50 ml, substantially in line with same period last year and with the investment program for 2008.

Comments to H1/08 results:

In the first half of 2008 crude runs at the Sarroch refinery were 56.2 Mbl (or 7.7 ml tons), up 7% vs. H1/07. The higher runs can be explained by the fact that the planned shutdown of 2007 involved one crude distillation unit, with a clear reduction of refinery runs at that time.

Refinery margin in H1/08 was 9.4 $/bl (vs. 8.2 $/bl in H1/07) with a premium above the EMC benchmark of 6.3 $/bl, vs. 4.0 $/bl in H1/07. The main reasons for the increase in performance can be explained by a higher diesel-fuel oil price differential (517 $/ton vs. 289 $/ton in H1/07), and an increased conversion capacity, related to the upgrades carried out during the second half of 2007, which delivered their full benefit in the first half of this year. In particular, it should be noted that in H1/08, Saras had a remarkable middle distillates yield of 53.6%, which is an increase of roughly 2% points vs. 2007, with a substantially unchanged crude slate.

The EBITDA *comparable* in H1/08 was down 5% vs. H1/07, because the higher refining margins were offset by a weaker USD and higher fixed costs due to Q2 turnaround maintenance.

Refining CAPEX in H1/08 were EUR 88 ml, slightly higher than same period last year, however in line with the 2008 – 2011 investment plan.

[5] The diesel crack is the differential between the price of diesel and the price of the reference crude oil (Brent DTD).

Margins and refinery runs

		Q2/08	Q2/07	var %	Q1/08	H1/08	H1/07	var %
REFINERY RUNS	Thousand ton	3,777	3,415	11%	3,920	7,697	7,224	7%
	Million bl	27.6	24.9	11%	28.6	56.2	52.7	7%
	thousand bl/day	303	274	11%	314	309	291	6%
of which: Processing for own account	Thousand ton	2,315	2,061	12%	2,729	5,044	4,481	13%
Processing on behalf of third parties	Thousand ton	1,462	1,354	8%	1,191	2,653	2,743	-3%
EXCHANGE RATE	EUR/USD	1.563	1.348	16%	1.500	1.531	1.329	15%
EMC BENCHMARK MARGIN	$/bl	4.2	5.4	-22%	2.0	3.1	4.2	-26%
SARAS REFINERY MARGIN	$/bl	11.3	9.9	14%	7.6	9.4	8.2	15%

Production

		Q2/08	Q1/08	H1/08	2007	2006
LPG	thousand ton	88	99	187	306	312
	yield	2.3%	2.5%	2.4%	2.1%	2.2%
NAPHTHA + GASOLINE	thousand ton	955	984	1,939	4,039	3,893
	yield	25.3%	25.1%	25.2%	27.7%	27.3%
MIDDLE DISTILLATES	thousand ton	2,038	2,086	4,124	7,541	7,350
	yield	54.0%	53.2%	53.6%	51.7%	51.4%
FUEL OIL & OTHERS	thousand ton	202	245	447	707	725
	yield	5.3%	6.3%	5.8%	4.8%	5.1%
TAR	thousand ton	279	284	563	1,120	1,152
	yield	7.4%	7.2%	7.3%	7.7%	8.1%

Balance to 100% is Fuel & losses

Crude Oil slate

		Q2/08	Q1/08	H1/08	2007	2006
Light extra sweet		54%	53%	53%	45%	43%
Light sweet		0%	0%	0%	2%	5%
Medium sweet		0%	0%	0%	0%	1%
Light sour		0%	0%	0%	0%	0%
Medium sour		19%	20%	20%	26%	23%
Heavy Sour		27%	27%	27%	27%	28%
Average crude gravity	°API	32.5	33.0	32.7	32.9	32.9

Marketing

Below are the financial highlights of the marketing segment, which is especially focused on wholesale activities through Arcola Petrolifera S.p.A. in Italy and Saras Energia S.A. in Spain.

EUR Million	Q2/08	Q2/07	var %	Q1/08	H1/08	H1/07	var %
EBITDA	48.0	17.3	177%	12.7	60.7	20.3	199%
EBITDA *comparable*	**10.6**	**7.2**	**47%**	**6.4**	**17.0**	**12.7**	**34%**
EBIT	46.6	16.1	189%	11.5	58.1	17.8	226%
EBIT *comparable*	**9.2**	**6.0**	**53%**	**5.2**	**14.4**	**10.2**	**41%**
CAPEX	**14.5**	**0.8**		**10.6**	**25.1**	**1.0**	

Comments to Q2/08 results:

Transportation fuels reached record high prices for the final consumer in the second quarter, which in turn adversely affected demand, in particular during the month of June. However, in Italy, diesel consumption grew in the second quarter of 2008 by approx. 1% vs. same period last year, whilst gasoline continued its downward trend, with consumption shrinking by approx. -8% vis a vis same period last year. In Spain, similar trends were registered, with the main difference in the gasoline consumption, which dropped only by approx. 5% vs. same period last year (much less than in Italy).

Focusing on the performance of the Marketing segment, *comparable* EBITDA increased to EUR 10.6 ml, up 47% vs. same quarter last year, due to volume increases (up 5% vs. Q2/07) and higher wholesale margins, mainly related to a more profitable mix of sales channels.

Construction of the Biodiesel plant in Cartagena, absorbing almost entirely the CAPEX of the period, is progressing according to plan, with start of production expected for the end of 2008.

Comments to H1/08 results:

In the first half of the year 2008, both gasoline and diesel suffered from slowing demand, mainly due to the remarkable increases in their sale prices to the end consumer. In particular demand for gasoline was down by approx. 6% in Spain and 8% in Italy, versus same period last year. Diesel instead remained substantially flat in Spain, while Italy posted an increase of approx. 1% vs. H1/07.

In the above context, the Marketing segment registered a good performance in H1/08, increasing *comparable* EBITDA by 34% versus same period last year, reaching EUR 17 ml. This increase has been driven by a rise in total sales volumes (1,999 ktons, up 8% vs. H1/07), and higher wholesale margins thanks to a more profitable mix of sales channels in particular in Spain.

The CAPEX of the period, amounting to EUR 25 ml, are almost entirely related to the construction of the Biodiesel plant at Cartagena.

Sales

		Q2/08	Q2/07	var %	Q1/08	H1/08	H1/07	var %
TOTAL SALES	Kton	967	920	5%	1,032	1,999	1,854	8%
of which Italy	Kton	275	268	2%	286	560	523	7%
of which Spain	Kton	692	652	6%	746	1,438	1,331	8%

Power Generation

Below are the main financial data of the Power segment related to operations by Sarlux S.r.l.:

EUR Milion	Q2/08	Q2/07	var %	Q1/08	H1/08	H1/07	var%
EBITDA	49.7	52.3	-5%	47.7	97.4	106.0	-8%
EBITDA *comparable*	**49.7**	**44.5**	**12%**	**47.7**	**97.4**	**90.3**	**8%**
EBIT	30.9	31.8	-3%	28.9	59.8	65.2	-8%
EBIT *comparable*	**30.9**	**24.1**	**28%**	**28.9**	**59.8**	**49.6**	**21%**
EBITDA ITALIAN GAAP	**63.3**	**44.3**	**43%**	**70.5**	**133.8**	**129.7**	**3%**
EBIT ITALIAN GAAP	**49.7**	**30.9**	**61%**	**57.0**	**106.7**	**103.1**	**3%**
NET INCOME ITALIAN GAAP	**17.8**	**16.0**	**11%**	**37.4**	**55.2**	**59.1**	**-7%**
CAPEX	**4.2**	**5.5**		**9.3**	**13.5**	**10**	

Other figures

		Q2/08	Q2/07	var %	Q1/08	H1/08	H1/07	var%
ELECTRICITY PRODUCTION	MWh/1000	1,084	934	16%	1,121	2,205	2,150	3%
POWER TARIFF	**Eurocent/KWh**	**13.7**	**12.3**	**12%**	**13.4**	**13.6**	**12.5**	**9%**
POWER IGCC MARGIN	$/bl	4.3	4.0	8%	3.9	4.2	3.7	14%

Comments to Q2/08 results:

The performance of the Sarlux IGCC plant was in line with expectations during Q2/08, with the completion of some routine maintenance, started in the previous quarter, and involving one gasification and one power production train.

The electricity production was 1.084 TWh, up 16% vs. Q2/07. The higher figure vs. same period last year can be explained by the fact that this year maintenance was distributed between Q1 and Q2/08, whilst last year all took place during the second quarter. Moreover, Q2/07 maintenance was heavier, including also a planned major overhaul on one of the three gas turbines and the Air Liquide oxygen plant.

The total power tariff during Q2/08 reached 13.7 EURcent/KWh, up 12% vs. Q2/07. In particular, the fuel component rose to 7.2 EURcent/KWh, in the light of a rise in the price of crude oil and products. The above effects caused the IT GAAP EBITDA in Q2/08 to reach EUR 63.3 ml, up 43% vs. Q2/07.

On the other hand, the impact of a higher power production and tariff on IFRS EBITDA was lower than IT GAAP, due to the effect of the linearization procedure required by IFRS. The 12% increase vs. same period last year was mainly due to higher sales of Hydrogen and Steam, whose revenues are not subject to the linearization procedure, and to the changes to the crude oil forward curve used in the linearization procedure.

Finally, with resolution number 77/08, issued on 11th June 2008, the Italian Energy Authority confirmed the entitlement to the reimbursement of the CO2 costs incurred by CIP6 plants, for the entire duration of their contracts.

Comments to H1/08 results:

During H1/08, the Sarlux IGCC plant registered a positive performance, with electricity production at 2.205 TWh, up 3% vs. H1/07. The higher figure vs. same period last year can be mainly explained by the fact that H1/07 maintenance was heavier, because it included also a planned major overhaul on one of the three gas turbines as well as maintenance on the Air Liquide oxygen plant.

Total power tariff during H1/08 was 13.6 EURcent/KWh, up 9% vs. H1/07, thanks to a significant rise in the price of crude oil and products. However, the above effects caused only a 3% increase vs. H1/07, for the IT GAAP EBITDA, which stood at EUR 133.8 ml in H1/08. The limited increase can mainly be justified by the different dynamics of tariff and TAR price indexation, with the TAR still being linked to the old indexation mechanism, and therefore reacting more quickly to any rise in the price of crude oil and products.

IFRS EBITDA, subject to the linearization procedure required by IFRS accounting principles, was EUR 97.4 ml, up 8% vs. H1/07, mainly due to the higher sales of Hydrogen and Steam, whose revenues are not subject to the above mentioned linearization procedure.

Wind

On 30th June 2008, Saras SpA has acquired from Babcock & Brown Wind Energy Srl its 30% of the share capital of Parchi Eolici Ulassai Srl (PEU), for a total consideration of around EUR 30 million. Saras now owns 100% of PEU, which therefore has been fully consolidated as of 30th June. The following tables show the financial highlights of the Wind segment:

EUR million	Q2/08	Q2/07	var %	Q1/08	H1/08	H1/07	var %
EBITDA	**5.1**	**5.9**	**-13%**	**4.4**	**9.5**	**15.1**	**-37%**
EBIT	**3.0**	**3.6**	**-16%**	**2.1**	**5.1**	**10.7**	**-52%**
NET INCOME	2.3	2.0	15%	0.1	2.4	5.7	-57%
***Adjusted* NET INCOME (*)**	**1.4**	**1.4**	**0%**	**0.6**	**2.0**	**4.9**	**-59%**

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

Other figures

		Q2/08	Q2/07	var %	Q1/08	H1/08	H1/07	var %
ELECTRICY PRODUCTION	MWh	47,761	31,789	50%	49,773	97,534	86,699	12%
POWER TARIFF	EURcent/KWh	9.4	9.9	-5%	8.5	8.9	8.4	6%
GREEN CERTIFICATES	EURcent/KWh	7.1	11.9	-40%	8.0	7.1	11.9	-40%

Comments to Q2/08 results:

The performance of the Ulassai wind farm has been good during Q2/08, with electricity production up 50% vs. same period last year, thanks to favourable wind conditions.

EBITDA for Q2/08 was EUR 5.1 ml, down 13% vs. Q2/07, since the positive increase in electricity sales was more than offset by the negative impact of a lower power tariff (-5% vs. Q2/07), lower value for the 2008 Green certificates (-40% vs. same period last year) and losses on the 2007 Green certificates.
To be more specific on the last point, the Green certificates are accounted during the year on the basis of a provisional price and then typically sold in the market towards the end of the year or at the beginning of the following year. In the specific case of Q2/08 about EUR 1 million has been booked as additional costs to take in account:
- losses in the sale of some 2007 Green certificates
- change of the fair value of the remaining 2007 Green certificates

Adjusted NET INCOME at EUR 1.4 ml in line with Q2/07.

Comments to H1/08 results:

The Ulassai wind farm achieved a good performance during H1/08 with electricity production up 12% vs. H1/07, thanks to favourable wind conditions.

The EBITDA for H1/08 decreased to EUR 9.5 ml, down 37% vs. H1/07, in the light of a sharp reduction in the value of the 2008 Green certificates (-40% vs. same period last year) and losses on 2007 green certificates (about EUR 3.6), which more than offset the positive hike in electricity sales (+12% vs. H1/07) and in the power tariff (+6% vs. H1/07).

As a consequence *adjusted* NET INCOME was at EUR 2.0 ml down 59% vs. H1/07.

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	Q2/08	Q2/07	var %	Q1/08	H1/08	H1/07	var %
EBITDA	0.4	(1.0)		(0.4)	0.0	(0.9)	
EBITDA *comparable*	**0.4**	**(1.0)**	**140%**	**(0.4)**	**0.0**	**(0.9)**	**100%**
EBIT	(0.1)	(1.6)		(0.9)	(1.0)	(2.1)	
EBIT *comparable*	**(0.1)**	**(1.6)**	**94%**	**(0.9)**	**(1.0)**	**(2.1)**	**52%**

Comments to Q2/08 results:

EBITDA *comparable* at EUR 0.4 ml, significantly better than same period last year, and previous quarter.

Comments to H1/08 results:

Overall results in line with expectations, up 52% vs. same period last year (H1/07).

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. In this respect, during the June 2008 Capital Market day, Saras presented the investment plan for the period 2008-2011, which incorporates the following main points.

- Focus on organic growth in the Refining & Marketing segment:
  - ✓ further increase our already superior conversion capacity, boosting diesel production at the expense of fuel oil
  - ✓ expansion in the marketing segment (construction of the bio-diesel plant in Cartagena, and of a new depot near Sagunto, in Spain)
- Maintain top returns in the industry, with an IRR in excess of 15% for the various projects:
  - ✓ Group's Gross margin expected to increase by about USD 240 ml from 2012 (up 27% on 2008 market consensus)
- Group's CAPEX for the period 2008-2011 will be approx. EUR 1,230 ml, of which:
  - ✓ EUR 690 ml for growth projects in Refining & Marketing
  - ✓ the balance for maintain capacity and HSE
- Evaluating the next steps for Gas exploration:
  - ✓ on-shore seismic tests and data processing were recently concluded with positive results, and we are currently evaluating how to approach the next phase of the project
- Wind
  - ✓ After the completion of the deal with Babcock & Brown, we continue to develop our pipeline of projects in Southern Italy and Eastern Europe

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

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 second half of 2008 and it will allow the full production of gasoline with less than 10 ppm sulphur, as required by EU specification, starting from 2009. The tail gas treatment plant will also be operational in H2/08, allowing Saras to be aligned with the best standards in terms of sulphur emissions.

The bio-diesel plant in Cartagena, included in the marketing segment, is reaching completion, and will be fully operational by the end of 2008.

Finally, in the Power Generation segment the upgrade of Hydrogen production from the IGCC will be completed by the end of this year.

Capex by segment

	Q2/08	Q1/08	2007	2006
REFINING	50.1	38.2	177	108
POWER GENERATION	4.2	9.3	20	12
MARKETING	14.5	10.6	11	9
OTHER	0.3	0.4	2	1
Total	**69.1**	**58.5**	**210**	**130**

Outlook

REFINING

- Weaker economic growth projections and a doubling of oil prices over the past year led to a downward revision of the global demand forecast for oil products. However, structural demand growth in developing countries and ongoing supply constraints will continue to paint a tight market picture over the medium term, especially for middle distillates.
- Growth in oil demand will remain concentrated in developing economies, with 90% of the growth spread between Asia, South America and the Middle East, reflecting the improving wealth and accelerating energy use in several high-population countries.
- Refining investments will continue to experience cost increases. Planned expansions will be put under regular financial scrutiny and projects will be subject to ongoing slippage, and will remain vulnerable to changes in refining margins.
- As such, with roughly half of global product demand growth concentrated in middle distillates, it will be challenging for the refining industry to generate sufficient product to meet demand.
- Weakness in the north American economies, coupled with political pressure for higher fuel efficiencies for transportation, will continue to put pressure on the gasoline market, which will be characterised by oversupply in the coming years, worsened by the impact of bio-ethanol.
- Declining demand for fuel oil in power generation (where it will be replaced by cheaper and more environmentally friendly fuels) and in the shipping industry (new sulphur emission regulations will force a switch towards gasoil), will put a downward pressure on the crack spreads for the heavy end of the barrel.
- In the light of the above, the outlook for complex and diesel oriented refineries like Saras will remain favourable for the rest of 2008 and beyond. Strong support will come from the diesel crack, which we expect to stay substantially above historical levels, due to persisting strength in demand, and further support from change of product specifications (from 50 to 10 ppm sulphur as of Jan-09).
- We expect the “conversion spread” (differential between the price of diesel and the price of the average of Low Sulphur and High Sulphur fuel oil) to remain healthy in the second half of 2008, thus supporting Saras’ premium above the EMC benchmark.
- Finally, we expect Saras refinery to run at full capacity for the remaining part of the year, since no further maintenance has been scheduled, and to take full benefit of the above mentioned favourable market outlook.

POWER GENERATION

- The IGCC plant has confirmed the next routine slowdown in the last quarter of 2008. Nevertheless, the overall electricity production is expected to be in the range of 4.4 ÷ 4.5 TWh for the full year.
- Power tariff will continue to benefit from sustained level in crude oil prices

OTHER SEGMENTS

- In the marketing segment, we will continue to focus on sales channels with higher profitability, namely the large supermarket chains, commercial centres and unbranded service stations. In the second half of the year we will complete construction of the biodiesel plant in Cartagena, and start the test runs.
- In the Wind segment, after completion of the acquisition of PEU minority stake, we will now focus on the development of our pipeline of projects in Southern Italy and Eastern Europe.

Saras Group Financial Statements

Consolidated Balance-Sheets as at 30/06/08 and 31/12/07

EUR thousand		30/06/08	31/12/07
ASSETS	(1)		
Current Assets		**2,041,049**	**1,772,974**
Cash and cash equivalents	5.1.1	126,997	308,108
Other financial assets held for trading	5.1.2	27,786	15,209
Trade receivables	5.1.3	830,584	690,162
of which with related parties:		*169*	*476*
Inventory	5.1.4	975,743	724,715
Current tax assets	5.1.5	5,495	6,131
Other assets	5.1.6	74,444	28,649
of which with related parties:		*2,500*	*8,528*
Non-current assets		**1,820,474**	**1,669,170**
Property, plant and equipment	5.2.1	1,320,488	1,181,154
Intangible assets	5.2.2	482,267	465,443
Equity interests consolidated under the equity method	5.2.3.1		13,369
Other equity interests	5.2.3.2	1,991	1,841
Deffered tax assets	5.2.4	11,548	
Other financial assets	5.2.5	4,180	7,363
Total assets		**3,861,523**	**3,442,144**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities		**1,295,407**	**1,008,519**
Short-term financial liabilities	5.3.1	172,004	173,178
of which with related parties:			*1,198*
Trade and other payables	5.3.2	733,806	655,582
of which with related parties:		*637*	*483*
Current tax liabilities	5.3.3	315,485	120,922
Other liabilities	5.3.4	74,112	58,837
Non-current liabilities		**949,771**	**967,166**
Long-term financial liabilities	5.4.1	208,723	186,283
Provisions for risks	5.4.2	73,955	23,296
Provisions for employee benefits	5.4.3	34,626	36,680
Deferred tax liabilities	5.4.4		133,581
Other liabilities	5.4.5	632,467	587,326
Total liabilities		**2,245,178**	**1,975,685**
SHAREHOLDERS' EQUITY	5.5		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		1,221,039	1,078,000
Profit/(loss) for the period		329,750	322,903
Total shareholders' equity		**1,616,345**	**1,466,459**
Total liabilities and shareholders' equity		**3,861,523**	**3,442,144**

(1) please refer to the notes to the consolidated financial statements - chapter 5 "Notes to balance sheet"

Consolidated Income Statements for the periods 1/1-30/6/08 e 1/1-30/6/07

EUR thousand	(1)	1-Jan-2008 30-Jun-2008	*of which non recurring*	1-Jan-2007 30-Jun-2007	*of which non recurring*
Revenues from ordinary operations	6.1.1	4,400,156		3,196,044	
of which with related parties:		*48*		*81*	
Other income	6.1.2	59,767		12,055	
of which with related parties:		*98*		*172*	
Total revenues		**4,459,923**		**3,208,099**	
Purchases of raw materials, spare parts and consumables	6.2.1	(3,623,743)		(2,514,946)	
of which with related parties:				*(5)*	
Cost of services and sundry costs	6.2.2	(300,439)		(221,674)	
of which with related parties:		*(773)*		*(1,374)*	
Personnel costs	6.2.3	(68,250)		(60,415)	*5,156*
Depreciation, amortization and write-downs	6.2.4	(78,588)		(79,750)	
Total costs		**(4,071,020)**		**(2,876,785)**	***5,156***
Operating result		**388,903**		**331,314**	***5,156***
Net income (charges) from equity interests	6.3	1,367		3,903	
of which with related parties:		*1,367*		*3,903*	
Other financial income/(charges), net	6.4	(1,810)		(32,693)	
of which with related parties:		*137*		*53*	
Profit before taxes		**388,460**		**302,524**	*5,156*
Income tax for the period	6.5	(58,710)	*56,872*	(115,591)	*(1,701)*
Net profit/(loss) for the period		**329,750**	***56,872***	**186,933**	*3,455*
Earnings per share - base (Euro cent)		**34.77**		**19.66**	
Earnings per share - diluted (Euro cent)		**34.77**		**19.66**	

(1) please refer to the notes to the consolidated financial statements - chapter 6 "Notes to Income Statement"

Statement of Changes in Consolidated Shareholders' Equity for the periods 31/12/06 - 30/06/08

EUR thousand	Share capital	Legal reserve	Other reserves	Profit/ (Loss) for the period	Shareholders' equity
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			1,435		1,435
Profit (loss) for the first Half 2007				186,933	186,933
Balance as at 30/06/2007	**54,630**	**10,926**	**1,078,611**	**186,933**	**1,331,100**
Reserve for employee stock plan			671		671
Own share purchase			(1,975)		(1,975)
Effect of Corporate tax rate reduction			693		693
Profit (loss) for the second half 2007				135,970	135,970
Balance as at 31/12/2007	**54,630**	**10,926**	**1,078,000**	**322,903**	**1,466,459**
Allocation of previous period profit			**162,060**	**(162,060)**	
Dividends				**(160,843)**	**(160,843)**
Reserve for employee stock plan			**994**		**994**
Own share purchase net of stock grant assignment			**(21,259)**		**(21,259)**
Profit (loss) for first Half 2008				**329,750**	**329,750**
Adjustment of share premium reserve			**770**		**770**
Write-off of a credit in respect of the minority shareholder of the subsidiary Parchi Eolici Ulassai Srl			**474**		**474**
Balance as at 30/06/2008	**54,630**	**10,926**	**1,221,039**	**329,750**	**1,616,345**

Consolidated Cash Flow Statements as at 30/06/08 and 30/06/07

EUR thousand	1-Jan-2008 30-Jun-2008	1-Jan-2007 30-Jun-2007
A - Cash and cash equivalents at the beginning of period (short-term net financial indebteness)	**308.108**	**217.604**
B - Cash generated from/(used in) operating activities		
Profit/ (Loss) for the period of the Group	329.750	186.933
Amortization, depreciation and write-down of fixed assets	78.588	79.750
Net (income)/charges from equity interests	(1.367)	(3.910)
of which with related parties:	*(1.367)*	*(3.910)*
Net change in provisions for risks and charges	50.659	(1.286)
Net change in employee benefits	(2.067)	(5.259)
Net Change in tax liabilities and tax assets	(146.057)	16.367
Income tax	58.710	115.591
Profit (Loss) from operating activities before changes in working capital	**368.216**	**388.186**
(Increase)/Decrease in trade receivables	(135.111)	37.058
of which with related parties:	*307*	*854*
(Increase)/Decrease in inventory	(250.378)	(25.098)
Increase/(Decrease) in trade and other payables	73.933	58.925
of which with related parties:	*154*	*(14)*
Change in other current assets	(42.167)	70.282
of which with related parties:	*6.028*	*2.953*
Change in other current liabilities	166.420	28.014
Income tax paid	(27.817)	(60.490)
Change in other non-current liabilities	45.084	24.743
of which with related parties:		
Other non cash items	5	1.612
Total (B)	**198.185**	**523.232**
C - Cash flow from (to) investment activities		
(Investments) in tangible and intangible assets, net of disinvestments and accumulated depreciation and amortization	(127.524)	(92.922)
Change in equity interests valued under the equity method	(474)	
Change in other equity interests	(115)	1
Acquisition of 30% PEU Srl	(32.000)	
Interest received/(paid)	(1.782)	7.237
of which with related parties:	*137*	*53*
Total (C)	**(161.895)**	**(85.684)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	(42.295)	(60.729)
(Increase)/Decrease in other financial assets	3.044	20
Increase/(Decrease) in short term borrowings	(9.587)	6.362
of which with related parties:	*(1.198)*	*(433)*
Buyback own shares	(21.259)	
Dividend distribution to shareholders	(160.843)	(142.650)
Other non-monetary movements	2.238	
Total (D)	**(228.702)**	**(196.997)**
E - Cashflow for the period (B+C+D)	**(192.412)**	**240.551**
F - Cash from new consolidated subsidiaries		
PEU Srl	**11.301**	
G - Cash and cash equivalents at the end of period (short-term net financial indebteness)	**126.997**	**458.155**