The Board of Directors of SARAS S.p.A. approves the preliminary Full Year 2011 Financial Statements[1]

Milan, 28th February 2012: The Board of Directors of Saras S.p.A. met yesterday under Chairman Gian Marco Moratti and approved the preliminary Full Year 2011 Financial Statements. The Fourth Quarter Results are also presented here below for sake of completeness of the information provided. After the meeting, the Chairman declared:

"Notwithstanding the difficult macroeconomic context, the Saras Group achieved solid results in the fourth quarter of 2011, thanks to the contribution of all segments. In particular, the Refining segment recorded a Comparable EBITDA of approx. EUR 5 ml, when including also the realized gains from the derivative instruments used for hedging purposes, performing well at operational level and capturing all opportunities offered by oil markets' volatility. Furthermore, also the Marketing segment achieved strong results, taking full benefit from the deep integration with refinery activities, as announced at the end of the first semester.

Looking at the future, the economic conditions of the Euro Zone continue to be troubled. In this scenario, the Saras Group confirms and intensifies its efforts for the implementation of "Project Focus", with the aim of further cost rationalization, as well as higher production efficiency and operational effectiveness".

Saras Group key financial and operational results[2]

EUR Million	Q4/11	Q4/10	Change %	FY 2011	FY 2010	Change %
REVENUES	2,940	2,507	17%	11,037	8,615	28%
EBITDA	49.0	85.8	-43%	393.0	223.5	76%
Comparable EBITDA	**55.6**	**80.5**	**-31%**	**266.5**	**149.2**	**79%**
EBIT	(5.6)	31.7	-118%	179.7	16.1	1017%
Comparable EBIT	**1.0**	**26.5**	**-96%**	**53.2**	**(58.1)**	**192%**
NET RESULT	(22.1)	(10.3)	-115%	58.0	(9.5)	710%
***Adjusted* NET RESULT**	**10.3**	**(3.5)**	**394%**	**(18.5)**	**(43.9)**	**58%**
NET FINANCIAL POSITION	**(653)**	**(560)**		**(653)**	**(560)**	
CAPEX	**31**	**26**		**105**	**129**	
OPERATING CASH FLOW (*)	**(111)**	**110**		**12**	**102**	

[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] In order to give a better representation of the Group's operating performance, and in line with the standard practice in the oil industry, the operating results (EBITDA and EBIT) and the Net Result are provided also with an evaluation of oil inventories based on the LIFO methodology (and not only according to FIFO methodology, as requested by IFRS accounting principles). The LIFO methodology does not include revaluations and write downs and it combines the most recent costs with the most recent revenues, thus providing a clearer picture of current operating profitability. Furthermore, for the same reason, changes in *fair value* of the derivative instruments and non recurring items are also deducted, both from the operating results and from the Net Result. Operating results and Net Result calculated as above are called respectively "*comparable*" and "*adjusted*", and they are not subject to audit review. Moreover, also quarterly figures are unaudited

(*) Cash Flow reclassified to highlight the change in the net financial position

Programme of today's conference call (28th February 2012)

At 15:00 C.E.T., there will be a conference call for analysts and investors, during which Saras top management will discuss a slide presentation on Q4/11 and preliminary FY2011 results, and subsequently answer all relevant questions. The presentation will be available on our website starting from 07:30 am C.E.T..

Dial in numbers for the conference call:

For Italy +39 02 8058811
For U.K. + 44 121 281 8003
For U.S. +1 718 7058794

Link for the live webcast:
http://services.choruscall.eu/links/saras120228.html

Playback and transcript of the live webcast will also be available on our website. For further information, please contact the Investor Relations department (e-mail: **ir@saras.it**, and telephone: **+39 02 7737 642**).

Comments to preliminary Full Year 2011 Group results

2011 has been a difficult year for the global economy, because of continuing financial troubles in the peripheral countries of the Euro Zone, and persistently high unemployment levels in the United States. Moreover, two geopolitical events weighted heavily on the stability of the crude oil supply, causing strong tensions on oil prices: in the first part of the year, the so called "Arab spring" touched its apex with the dramatic events in Libya and Syria; later, in the last quarter, the confrontation between Iran and the Western World dramatically intensified.

Refining margins were under pressure for most of the year, putting under severe stress the resilience of the entire European refining industry, which also had to face the competition of both American and Asian refineries. In particular, the wide discount of WTI crude versus European Brent, allowed the American refineries based in the Mid-West and in the Gulf of Mexico to benefit from a cheaper cost of the feedstock. This was more than sufficient to compensate the cost of transportation, and made it possible for American refiners to export refined products to Europe at competitive prices. In Asia instead, the local refineries enjoy various forms of economic incentives and fiscal reliefs, as well as Health, Environment and Safety regulations far less severe than in Europe.

In such a challenging context, the Refining segment of the Saras Group leveraged its traditional flexibility to limit the effects related to the shortage of Libyan crude oils and it was also able to implement meaningful reductions in operational costs, as well as improvements in energy efficiency. Consequently, it achieved a good result, especially in comparative terms versus the European peers.

Also the Power Generation segment obtained an excellent performance, notwithstanding the important 10-year turnaround cycle, carried out during the second quarter of the year, to allow the scheduled maintenance activities on the IGCC plant. In the subsequent quarters indeed, the plant was again fully operational, and it achieved solid economic results, and full scale productivity.

Moving to the Marketing segment, the year 2011 was characterized by a generalized reduction in oil products' consumption in all main European markets, including Italy and Spain where our Group activities are concentrated. Nonetheless, the segment's economic results have been strong, thanks also to focused policies of optimisation in the mix of sales channels and oil product inventories.

Finally, the Wind segment's performance was influenced by unfavourable weather conditions, especially during the second and third quarter of the year.

Group Revenues in FY2011 were EUR 11,037 ml, up 28% vs. FY2010, mainly because of the higher revenues coming from the Refining and Marketing segments, in the light of significantly higher prices for all the main oil products (for quick reference, in FY2011 diesel traded at an average of 958 $/ton vs. 683 $/ton in FY2010, and gasoline priced at 979 $/ton vs. 730 $/ton in FY2010). Moreover, the higher revenues in FY2011 derive also from higher volumes of oil products sold on our own account, due to the expiry of all third parties processing contracts in the Sarroch refinery.

Group *reported* EBITDA in FY2011 was EUR 393.0 ml, substantially higher than EUR 223.5 ml in FY2010. This result came primarily as a consequence of the revaluation of the oil inventories, related to the growing trend followed by oil prices. Moreover, Group EBITDA was supported also by the higher operational performance of the Sarroch refinery, as

well as the stronger results of the Power Generation segment. **Group *reported* Net Result stood at EUR 58.0 ml**, up vs. EUR -9.5 ml in FY2010, essentially for the same reason explained at EBITDA level.

Group *comparable* EBITDA amounted to EUR 266.5 ml in FY2011, up vs. EUR 149.2 ml in FY2010. Similarly, **Group *adjusted* Net Result stood at EUR -18.5 ml**, up vs. EUR -43.9 ml in FY2010. The large improvements versus same period last year can be primarily explained with the better results achieved by the Refining, Marketing and Power Generation segments. Moreover, it should be noted that the net financial charges, which include also the result of the derivative instruments, were negative for EUR 61.6 ml in FY2011, while in FY2010 they were negative for EUR 29.9 ml.

CAPEX in FY2011 stood at EUR 105.0 ml, in line with the investment programme for the year 2011, and distributed primarily between the Refining segment (EUR 64.6 ml) and the Power Generation segment (EUR 31.2 ml).

Comments to Fourth Quarter 2011 Group results

Group Revenues in Q4/11 were EUR 2,940 ml, up 17% vs. Q4/10. This result is primarily due to the higher revenues coming from the Refining and Marketing segments, in the light of significantly higher oil products' prices (diesel traded at an average of 963 $/ton in Q4/11 vs. 753 $/ton in Q4/10, and gasoline priced on average at 927 $/ton vs. 789 $/ton in Q4/10). Moreover, as already noted in the comments for the first nine months, the higher revenues in 2011 derive also from an increase in volume of direct sales, in consideration of the expiry of all third party processing contracts.

Group *reported* EBITDA was EUR 49.0 ml in Q4/11, down versus EUR 85.8 ml in Q4/10, mainly due to lower results from the Refining and Marketing segments, only partially compensated by the results of the Power Generation segment. Moreover, **Group *reported* Net Result was EUR -22.1 ml**, down vs. EUR -10.3 ml in Q4/10. Furthermore, in the quarters under comparison, there was a different impact of the net financial charges (which include also the result of the derivative instruments used for hedging of the commercial transactions on crude oil and products). Such net financial charges were equal to EUR 9.5 ml in Q4/11, while in Q4/10 the net financial charges were EUR 45.3 ml.

Group *comparable* EBITDA amounted to EUR 55.6 ml in Q4/11, only apparently down vs. EUR 80.5 ml in Q4/10. Indeed, the result of the Refining segment should take into account also EUR 31.0 ml of realized gains from the derivative instruments used for hedging purposes, which are formally included within the "financial income and charges". On the contrary, in Q4/10 there were realized losses worth EUR 4.2 ml related to the derivative instruments used for hedging purposes. Coherently, the **Group *adjusted* Net Result stood at EUR 10.3 ml in Q4/11**, sensibly higher than EUR -3.5 ml in Q4/10.

CAPEX in Q4/11 stood at EUR 31.0 ml, used almost entirely in the Refining segment (EUR 25.5 ml).

Calculations of the *adjustments* for Group Net Result and EBITDA

As previously mentioned, *reported* and *comparable* 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. Further differences between *reported* and *comparable* figures are represented by the changes in *fair value* of the derivative instruments and also by the non recurring items. The relevance of the various items for Q4/11 and FY2011 is shown in the following tables.

Group Net Result *adjustment*

EUR Million	Q4/11	Q4/10	FY 2011	FY 2010
***Reported* NET RESULT**	**(22.1)**	**(10.3)**	**58.0**	**(9.5)**
(inventories at LIFO - inventories at FIFO) net of taxes	5.4	(5.3)	(72.6)	(49.5)
non recurring items net of taxes	4.4	0.0	4.4	0.0
change in derivatives fair value net of taxes	22.6	12.1	(8.3)	15.1
***Adjusted* NET RESULT**	**10.3**	**(3.5)**	**(18.5)**	**(43.9)**

Group EBITDA *adjustment*

EUR Million	Q4/11	Q4/10	FY 2011	FY 2010
***Reported* EBITDA**	**49.0**	**85.8**	**393.0**	**223.5**
inventories at LIFO - inventories at FIFO	6.6	(5.3)	(126.5)	(74.3)
non recurring items	0.0	0.0	0.0	0.0
***Comparable* EBITDA**	**55.6**	**80.5**	**266.5**	**149.2**

Net Financial Position

EUR Million	31-Dec-11	31-Dec-10
Medium/long term bank loans	(37)	(234)
Bonds	(248)	(248)
Total long term net financial position	**(285)**	**(482)**
Short term financing instruments	(198)	(8)
Short term bank loans	(327)	(155)
Other short term financial liabilities	(6)	
Fair value on derivatives	(10)	(25)
Other marketable financial assets	11	29
Cash and cash equivalents	139	81
Warranty deposits for derivative instruments	23	
Total short term net financial position	**(369)**	**(78)**
Total net financial position	**(653)**	**(560)**

The **Group Net Financial Position on 31st Dec 2011 was EUR -653 ml**, while on the 31st Dec 2010 it was EUR -560 ml. The difference in the **Net Financial Position** during the year can be primarily explained with the large increase in working capital (approx. EUR 280 ml) and the investments for the period (EUR 105 ml). Those cash flows were partially offset by the self-financing from provisions for depreciation and amortisation (EUR 213 ml).

Finally, with specific reference to inventories, which are included in the working capital, it can be noted that between the beginning and the end of 2011 there was not only a meaningful increase of their value due to pricing effects, but also an increase in volumes (approx. 170 ktons, mainly of refined products). The liquidation of these volumes in subsequent periods will certainly produce positive effects on the financial position.

Oil Market and Refining Margins

Crude oil prices (Source: Platts):

In the first quarter 2011 crude oil prices continued the growing trend they began in the previous months, boosted by robust growth in global oil products' demand (particularly strong in the Far East), as well as disruptions in crude oil supply caused by the social unrest in the Middle East and in North Africa (especially in Libya, an important member of the OPEC organization, with a production capacity of 1.7 million barrels per day). Brent quotations had a gradual progression, starting from slightly above 90 $/bl in early January, and arriving as high as approx. 120 $/bl at the end of the first quarter, with only a moderate correction at the beginning of March, following the devastation caused in Japan by a terrifying earthquake and the subsequent "*tsunami*".

In the second quarter of 2011, prices continued to climb during the entire month of April, along with news of worsening conflicts in North Africa. In this context, Brent touched a peak value of 126.5 $/bl on April 29th. Subsequently, however, crude oil prices moved sharply downwards in May, in tune with a flow of depressing macroeconomic news concerning both advanced economies (with the Euro Zone chocked by the high debts of some peripheral countries, and the United States still dealing with stagnating demand and high unemployment rates), and also developing and emerging economies (slow down in the Chinese growth rates and, more in general, also in the other Asian countries). These factors compounded with the International Energy Agency (IEA) announcement of the release of strategic reserves of crude and refined products, in the second half of June, in order to contrast the bullish effects on "light-sweet" crude oils induced by the shut down of the Libyan production. As such, Brent closed the second quarter on a decreasing note, with a price of 111.5 $/bl on June 30th.

The third quarter 2011 started with Brent quotations climbing rapidly for the entire month of July, thanks to a series of reassuring macroeconomic news, both in the USA and also in Europe, where France and Germany seemed to have finally found an agreement on the solution to adopt for the Greek debt. In August however, the agreement showed its limits, and the debt crisis extended to other countries of the Euro Zone, reaching also Italy. Fears for a new global recession rapidly spread, and investors immediately switched to "panic selling" mode, on all financial markets, including also the "commodities" markets. Brent lost more than 15 $/bl in a few days, dropping to a minimum of 103.9 $/bl on the 9th of August. In the second half of the month there has been a partial recovery, due to some interruption of supply of light sweet crude oils, in Nigeria and also in the North Sea. News of a recovery in Asian demand for oil products pushed Brent above 115 $/bl and supported it above that level until the third decade of September. Subsequently, however, renewed fears on the worsening of the European debt crisis caused a new downturn in prices, and Brent closed the quarter at 105.2 $/bl.

The fourth quarter 2011 started with Brent again on a sliding trend, down to a minimum value of 102.7 $/bl on the 4th of October. In the following weeks however, prices climbed again above 110 $/bl due to a seasonal rebound of demand and also to production disruptions in various geographical areas (North Sea, Sudan, Syria, etc.). Later on, at the end of October, the tragic civil war in Libya came finally to an end. At that point, production of crude oil restarted very rapidly, albeit partially. This provided some relief to the tensions which, until that moment, stressed the "light sweet" crude oil markets. Even then, for the entire month of November and up until mid December, crude oil prices remained stubbornly anchored around the 110 $/bl, mainly because of the worsening relationships between Iran and the Western World, which could potentially lead to a closure of the Strait of Hormuz, the strategic gateway for crude oil being exported from the Persian Gulf. Finally, in the last days of 2011, Brent went down again on the negative macroeconomic news flow, due to the worsening debt problems of the Euro Zone. As of 30th December, Brent closed its trading at 106 $/bl.

Price differential between "heavy" and "light" crude oil grades (i.e. "Urals" and "Brent" respectively):

During the first quarter of 2011 the "heavy-light" crude price differential widened progressively, recording an average of -2.7 $/bl, significantly wider than the average of -1.2 $/bl in the fourth quarter of 2010. Subsequently, in the month of April, this indicator continued to open-up, reaching a peak of -4.5 $/bl towards the end of the month. As a matter of fact, with the outbreak of the Libyan crisis, the price of low sulphur crude oils had a steep acceleration, which involved also the West-African grades.

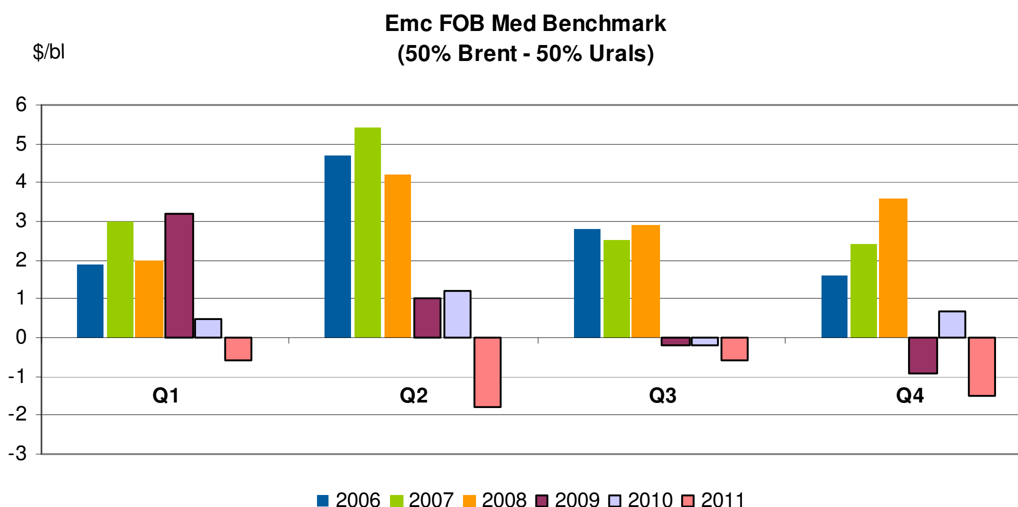
At the beginning of May, however, the "Urals-Brent" differential began to shrink. This came as a consequence of strengthening "Urals" (because of loading problems in the ports of the Baltic Sea), at a time of increasing availability of "sweet" grades in the Mediterranean Sea. The latter phenomenon is related to the reduced buying interest on West-African crude oils from refiners both in the USA (spread WTI-Brent) and also in Asia (spread Dubai-Brent). Under such conditions, light sweet West-African crude oils started to flow again towards the Mediterranean Sea. Notwithstanding all of the above, in the second quarter of 2011, the average of the "Urals-Brent" differential remained quite high, at -3.4 $/bl, thus continuing to provide more favourable conditions for complex refiners.

The squeeze in the differential continued also in the third quarter of 2011 for a combination of reasons, including also limitations in the availability of North Sea crude oils, and some problems related to "Urals" supply in the Mediterranean Sea. The "heavy-light" differential reached a minimum value of -0.8 $/bl in the middle of August, and subsequently rebounded in September. Nonetheless, the third quarter of 2011 closed with an average of -2.0$/bl, noticeably tighter than the previous quarter.

Finally, in the fourth quarter of 2011, the "Urals–Brent" differential shrunk again (average of -0.7 $/bl), due to the combined pressure of two phenomena. On one hand there was a relaxation of the tensions around the "light sweet" crude oil complex, thanks to the renewed availability of the Libyan barrels and the closures of various low complexity refineries. On the other hand, the "heavy sour" crude oils were pushed upwards by the worsening situation in Iran, and also by an increased demand of the new high conversion refineries which recently started production in Asia.

Refining Margin:

Moving to the profitability analysis of the refining industry, 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.



As it can be noted, the EMC Benchmark weakened in Q1/11, posting an average of -0.6 $/bl vs. 0.7 $/bl in Q4/10. Gasoline *crack spread* remained depressed for a large part of the quarter (average at 5.3 $/bl), suffering from seasonally weak demand. It started to improve only towards the end of the period, ahead of the "driving season" in the United States of America. On the contrary, middle distillates *crack spread* progressively strengthened throughout Q1/11 (average at 17.1 $/bl), reflecting strong demand for the product, backed by lower seasonal maintenance-related refinery output.

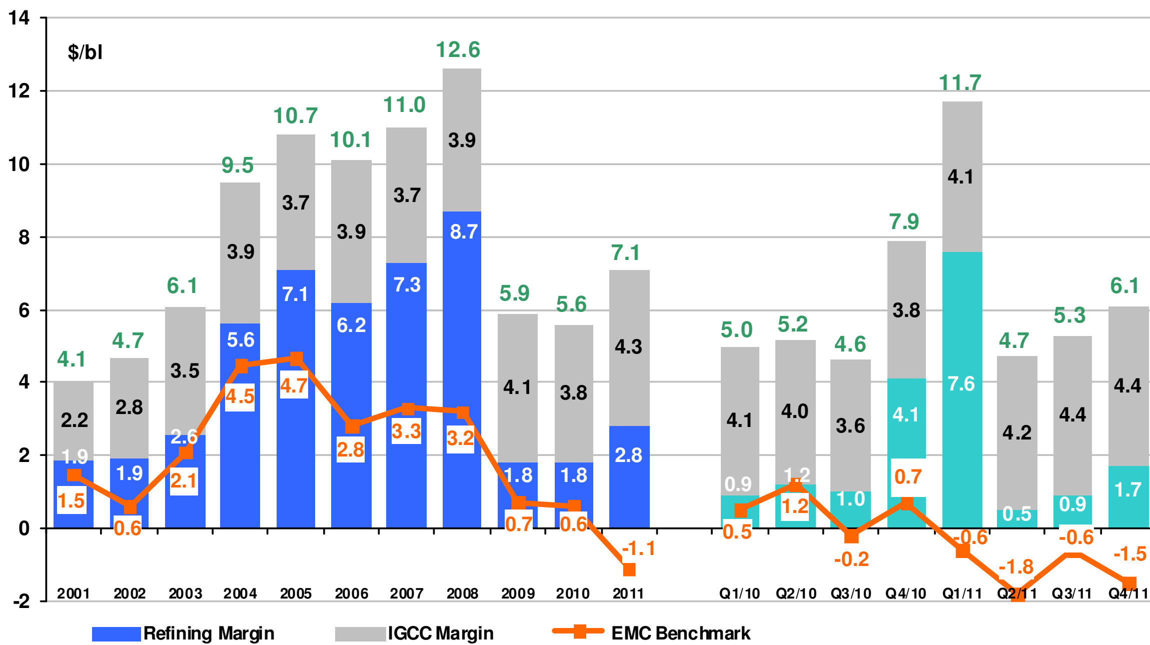
Subsequently, during Q2/11, the EMC Benchmark deteriorated further, setting a quarterly average of -1.8 $/bl, which represents the worst data on records, since the beginning of its calculations. Such unfortunate performance can be explained considering that the increase in crude oil prices was far superior than the corresponding movement in the prices of refined products. This was true for the entire quarter, with the only exception of the month of May, when crude oil had the sharp downward correction already discussed in the previous paragraphs. Gasoline *crack spread* averaged at 7.4 $/bl, slightly improved versus Q1/11, managing to cope with a generalised reduction in consumption, both in the USA and in Europe (expensive retail prices, higher efficiency of cars, and substitution effects from ethanol). On the contrary, the middle distillates softened (*crack spread* average at 15.3 $/bl), due to the previously mentioned economic slow-down, as well as the release of strategic reserves, which included also not negligible volumes of refined products.

In Q3/11, the EMC Benchmark margin has a slight improvement, even if it remained below break even (with an average of -0.6 $/bl), in a context of extremely high volatility. Indeed, the gasoline *crack spread* remained particularly strong until the beginning of September, thanks to relatively low inventories in Europe, and healthy demand in the USA, where prices were supported also from fears of potential disruptions in production during the hurricane season (in particular, the hurricane "Irene" kept everyone extremely worried while it moved on the US coasts during the last week of August). Later on, in September, buying interest for gasoline went down, also in consideration of the shift towards winter specs. The *crack spread* still posted a robust average, standing at 9.1 $/bl, to the advantage of those refiners which were able to capture that opportunity. The middle distillates instead suffered in the initial part of the quarter, because of the reduction of consumption caused by the macroeconomic tensions deriving from the European debt crisis. Notwithstanding the slow

start, the diesel *crack spread* recovered towards the end of September, thanks also to autumn maintenance season for several refineries, and the increase in demand to build up heating oil stocks, ahead of the winter season. Overall, the average of diesel crack spread was 16.8 $/bl in Q3/11.

Finally, in Q4/11 the EMC Benchmark deteriorated again, setting an average of -1.5 $/bl. Once again, the steep rise in oil prices was only partially reflected in the movements of the refined products. In particular, the gasoline *crack spread* had a sharp drop (quarterly average at 1.7 $/bl), and it was even negative for the period between mid November and mid December. This situation can be primarily explained with the reduced volumes of gasoline imports in the USA, where demand was stagnant due to the efficiency achieved by the car fleet. Partial compensation of that negative trend came from the increase in Libyan consumption, and also from the higher export opportunities towards Latin America (especially Brasil, where more than one quarter of consumption was satisfied with imported volumes). Looking at middle distillates, the diesel crack spread had a robust average in Q4/11 (20.1 $/bl) notwithstanding mild temperatures in November and December, and the continued erosion of demand in the main European markets (-80 kbd in 2011). It appears, indeed, that the main support to diesel cracks in Europe comes from the decrease in Russian exports, as a consequence of an increase of domestic demand for low sulphur gasoil.

The following graph shows Saras refining margin after variable costs.



Segment Review

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

Refining

Saras refinery is strategically positioned in Sarroch (on the South-Western coast of Sardinia), and it has a production capacity of 15 ml tons per year, corresponding to approx. 15% of Italy's total refining capacity. It is one of the biggest and most complex sites in the Mediterranean area.

EUR Million	Q4/11	Q4/10	Change %	Q3/11	FY 2011	FY 2010	Change %
EBITDA	(19.9)	7.3	-373%	(49.4)	122.4	(54.4)	325%
***Comparable* EBITDA**	**(26.1)**	**26.6**	**-198%**	**(33.5)**	**(11.2)**	**(86.8)**	**87%**
EBIT	(47.9)	(21.4)	-124%	(77.0)	12.2	(161.4)	108%
***Comparable* EBIT**	**(54.1)**	**(2.0)**	**-2605%**	**(61.1)**	**(121.4)**	**(193.7)**	**37%**
CAPEX	**25.5**	**16.9**		**11.2**	**64.6**	**92.5**	

Margins and refinery runs

		Q4/11	Q4/10	Change %	Q3/11	FY 2011	FY 2010	Change %
REFINERY RUNS	thousand tons	3,683	3,873	-5%	3,481	14,006	14,340	-2%
	Million bl	26.9	28.3	-5%	25.4	102.2	104.7	-2%
	thousand bl/day	292	307	-5%	276	280	287	-2%
of which:								
Processing for own account	thousand tons	3,683	3,777	-2%	3,481	14,006	13,284	5%
Processing on behalf of third parties	thousand tons	0	96	n/a	0	0	1,056	n/a
EXCHANGE RATE	EUR/USD	1.348	1.358	-1%	1.413	1.392	1.326	5%
EMC BENCHMARK MARGIN	$/bl	(1.5)	0.7		(0.6)	(1.1)	0.6	
SARAS REFINERY MARGIN	$/bl	1.7	4.1		0.9	2.8	1.8	

Comments to preliminary Full Year 2011 results

Refinery runs in FY2011 stood at 14.0 ml tons (102.2 ml barrels, corresponding to 280 thousand barrels per calendar day), substantially in line with last year, notwithstanding the absence of Libyan crude oils for several months during 2011. This proved a further confirmation of Saras refinery flexibility and capability to procure crude oil from numerous alternative sources.

Refinery runs were entirely on Saras account, since all third party processing contracts expired in 2010 and they have not been renewed.

***Comparable* EBITDA of the Refining segment was EUR -11.2 ml in FY2011**, strongly up from EUR -86.8 ml in FY2010, and the Saras refining margin stood at 2.8 $/bl (vs. 1.8 $/bl in FY2010), driven by the following combination of factors.

Firstly, there was a deterioration of the "EMC benchmark" margin (which reflects the profitability of an average refinery in the Mediterranean Sea), which went down to an average of -1.1 $/bl in FY2011, vs. +0.6 $/bl in FY2010. On the other hand, FY2011 market conditions proved more favourable to highly complex refineries geared towards the production of

middle distillates, like our Sarroch refinery. Indeed, the "*conversion spread*" (which is the premium of converting fuel oil into diesel), widened to an average of 334 $/ton, vs. 234 $/ton in FY2010, and the "heavy-light" crude price differential averaged at -2.2 $/bl, vs. -1.2 $/bl in FY2010.

Secondly, in FY2011 there were robust trading profits, due to the time differences between purchases and sales, in an oil market characterized by prices on a steep rising trend (especially during the first part of the year). In this regard, it should be further noted that the commercial transactions on crude and products are normally hedged with the use of derivative instruments. The result of these operations is reported in the income statement within the "Financial Income/Expense", and it can be quantified with realized losses for EUR 6.6 ml in FY2011 (versus realized gains for EUR 8.1 ml in the FY2010).

Finally, fixed costs in FY2011 were approx. EUR 15 ml lower than in FY2010, and **Refining CAPEX was EUR 64.6 ml,** in line with the programme for FY2011.

Comments to Fourth Quarter 2011 results

Refinery runs in Q4/11 stood at 3.68 ml tons (26.9 ml barrels, corresponding to 292 thousand barrels per calendar day), higher than anticipated some months ago, thanks to the renewed availability of Libyan crude oils towards the end of October, (whose positive impact can also be appreciated on the margins achieved in the quarter). Therefore, when comparing with Q4/10, the slightly lower runs (-5%) are due to the scheduled maintenance activities carried out in Q4/11, whilst in Q4/10 there was no planned maintenance.

***Comparable* EBITDA of the Refining segment was EUR -26.1 ml in Q4/11**, down versus EUR 26.6 ml in Q4/10, and the Saras refining margin stood at 1.7 $/bl, vs. 4.1 $/bl in Q4/10.

Indeed, Q4/11 was characterized by particularly challenging market conditions. Crude oil prices were stubbornly high due to the increasing tensions between Iran and the Western World. Demand for refined products however, was depressed by the severe financial and economic problems of the Euro Zone. Therefore, the "EMC Benchmark" margin was deeply into negative territory in Q4/11, with an average at -1.5 $/bl, significantly lower than the +0.7 $/bl average of Q4/10.

Despite the above premise, the Saras premium above the EMC Benchmark margin was similar in the two quarters under comparison (3.2 $/bl in Q4/11, versus 3.4 $/bl in Q4/10), because of similar levels both for the "*heavy-light*" crude oil price differential (-0.7 $/bl vs. -1.2 $/bl in Q4/10), and for the "*conversion spread*" (328 $/ton, vs. 285 $/ton in Q4/10).

A further difference between the two quarters is related to a reduction of conversion capacity in Q4/11, due to maintenance activities, and worth approx. EUR 6 ml.

Finally, as discussed in the comments for FY2011 results, the "Financial Income/Expense" includes also the result of the derivative instruments used to hedge the commercial transactions. In Q4/11, the above mentioned derivative instruments realized gains worth approx. EUR 31.0 ml, while in Q4/10 the derivative instruments realized losses for approx. EUR 4.2 ml. Therefore, when considering such effect of the derivative instruments, **the corresponding refining margin for Saras in Q4/11 stands at 3.3 $/bl.**

Refining CAPEX in Q4/11 was EUR 25.5 ml.

Crude Oil slate and Production

		Q4/11	FY 2011	FY 2010
Light extra sweet		46%	46%	47%
Light sweet		3%	2%	3%
Medium sweet/extra sweet		2%	3%	1%
Light sour		0%	0%	0%
Medium sour		30%	30%	27%
Heavy sour/sweet		18%	20%	23%
Average crude gravity	°API	32.2	32.2	32.4

The crude mix processed in FY2011 in the Sarroch refinery had an average density of 32.2°API, broadly in line with the average of the °API in the previous year. However, the dramatic Libyan crisis led Saras to source alternative crude oils, during Q2/11 and Q3/11, with the objective of minimising the economic impact deriving from that situation. In turn, this was reflected in the changes of percentages for our crude oil slate, as shown in the above table.

Moving on to the product slate, it can be observed that in FY2011 the middle distillates yield increased to 52.9% thanks to the excellent conversion performance of the MildHydroCracking2 (MHC2) in the first part of the year. Contextually, the light distillates yield stood at 27.3%, slightly lower than in FY2010. Therefore, in FY2011 the cumulative percentage of high value products reached 81.9%, when including also the yield of LPG (1.7%).

Finally, it is worth to mention that **the crude mix and the product yields in each individual quarter do not provide meaningful information,** because they can be heavily influenced by temporary factors (e.g. maintenance programmes carried out during the quarter, or specific purchases of crude oils for opportunistic reasons, etc.).

		Q4/11	FY 2011	FY 2010
LPG	thousand tons	41	238	323
	yield	1.1%	1.7%	2.3%
NAPHTHA + GASOLINE	thousand tons	1,017	3,824	4,024
	yield	27.6%	27.3%	28.1%
MIDDLE DISTILLATES	thousand tons	1,965	7,415	7,517
	yield	53.3%	52.9%	52.4%
FUEL OIL & OTHERS	thousand tons	175	623	463
	yield	4.8%	4.4%	3.2%
TAR	thousand tons	279	1,075	1,166
	yield	7.6%	7.7%	8.1%

Note: 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	Q4/11	Q4/10	Change %	Q3/11	FY 2011	FY 2010	Change %
EBITDA	3.5	18.1	-81%	11.1	37.4	54.8	-32%
***Comparable* EBITDA**	**16.3**	**(6.5)**	**353%**	**(3.2)**	**44.5**	**12.9**	**244%**
EBIT	0.0	15.0	-100%	8.3	25.2	42.6	-41%
***Comparable* EBIT**	**12.8**	**(9.6)**	**234%**	**(6.0)**	**32.3**	**0.8**	**4207%**
CAPEX	**2.2**	**0.5**		**1.0**	**4.8**	**5.1**	

Sales

		Q4/11	Q4/10	Change %	Q3/11	FY 2011	FY 2010	Change %
TOTAL SALES	thousand tons	1,031	1,082	-5%	1,019	4,158	4,266	-3%
of which: in Italy	thousand tons	615	482	28%	613	2,367	1,731	37%
of which: in Spain	thousand tons	416	600	-31%	406	1,791	2,535	-29%

Comments to preliminary Full Year 2011 results

Macroeconomic conditions in FY2011 had a negative influence on consumption of oil products in the peripheral economies of the Euro Zone. In particular, sharp contractions of demand took place both in Spain and in Italy, where the Saras Group conducts its Marketing activities in the retail and the wholesale channels. Nonetheless, the Marketing segment still posted a very satisfactory performance.

More in details, **in FY2011 *comparable* EBITDA stood at EUR 44.5 ml**, strongly up vs. EUR 12.9 ml in FY2010. This came primarily as a consequence of a healthy increase in sale volumes in the Italian wholesale market (+37%), thanks to the acquisition of new logistic basis, both in the North and in Central Italy. Moreover, in the Spanish market, Saras Energia continued its strategy to rationalize the opportunistic sales towards commercial operators and oil companies. In this was, it achieved a clear improvement in its sales margins, even if volumes sold went down (-29%). Important benefits for the Spanish subsidiary came also by the integration of its management of supplies and inventories together with the parent company. Finally, the bio-diesel plant continued to suffer from high costs of the feedstock, and consequently it alternated periods of operation and periods of stand-by, throughout the entire year.

CAPEX in FY2011 were EUR 4.8 ml, in line with our plan.

Finally, on 6th July 2011, the meeting of the shareholders of Arcola Petrolifera S.p.A. approved the plan prepared by the Board of Directors for the partial de-merger of the Company. The plan brought to the creation of a new company called "Deposito di Arcola S.r.l." on the 1st of October 2011. All the assets, liabilities and employees of the Arcola tank facility in Liguria have been transferred into the new company, involving a total of 24 employees.

Comments to Fourth Quarter 2011 results

***Comparable* EBITDA of the Marketing segment in Q4/11 stood at EUR 16.3 ml**, significantly higher than in Q4/10. This result can be primarily explained with the strong operational performance of both the subsidiaries. In particular, Arcola Petrolifera increased its sale volumes (615 ktons, +28% versus Q4/10), for the reasons described in the comments to the full year, while protecting margins at a solid level. At the same time, the Spanish subsidiary largely increased its gross margin, continuing its policy of optimisation of the sales channels (total sales went down by 31% versus Q4/10).

Finally, **CAPEX in the Marketing segment in Q4/11 were EUR 2.2 ml**.

Power Generation

Below are the main financial data of the Power Generation segment related to the subsidiary 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).

EUR Milion	Q4/11	Q4/10	Change %	Q3/11	FY 2011	FY 2010	Change %
EBITDA	61.1	51.9	18%	56.7	219.2	200.4	9%
***Comparable* EBITDA**	**61.1**	**51.9**	**18%**	**56.7**	**219.2**	**200.4**	**9%**
EBIT	40.9	32.6	25%	36.7	139.9	123.3	13%
***Comparable* EBIT**	**40.9**	**32.6**	**25%**	**36.7**	**139.9**	**123.3**	**13%**
EBITDA ITALIAN GAAP	**36.4**	**38.2**	**-5%**	**36.6**	**115.8**	**143.5**	**-19%**
EBIT ITALIAN GAAP	**24.9**	**27.5**	**-9%**	**25.3**	**71.3**	**72.4**	**-2%**
NET INCOME ITALIAN GAAP	**15.1**	**17.2**	**-12%**	**12.5**	**40.2**	**43.4**	**-7%**
CAPEX	**1.5**	**2.9**		**1.8**	**31.2**	**10.3**	

Other figures

		Q4/11	Q4/10	Change %	Q3/11	FY 2011	FY 2010	Change %
ELECTRICITY PRODUCTION	MWh/1000	1,038	1,201	-14%	1,125	4,012	4,337	-7%
POWER TARIFF	**Eurocent/KWh**	**11.4**	**10.2**	**13%**	**10.6**	**10.6**	**9.5**	**11%**
POWER IGCC MARGIN	$/bl	4.4	3.8	16%	4.4	4.3	3.8	13%

Comments to preliminary Full Year 2011 results

The results of the Power Generation segment in FY2011 have been fully satisfactory, also considering the reduction in production due to the important 10-year maintenance cycle, carried out on the entire IGCC plant, during the second quarter of the year. Total **power production reached 4.012 TWh in FY2011**, down 7% versus FY2010. Nonetheless, **IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 219.2 ml**, up 9% vs. EUR 200.4 ml in FY2010. This result is due in part to the higher sales of hydrogen and steam for approx. EUR 9 ml, (whose revenues are not subject to the IFRS equalization procedure), and in part also to the use of the 2012 budget forecast for crude oil prices, in the calculation for the IFRS equalization procedure. This last element produces an increase in the EBITDA projections, which is applicable starting already from the last quarter of 2011.

Italian GAAP EBITDA in FY2011 was EUR 115.8 ml, down versus EUR 143.5 ml in FY2010. This difference is primarily related to the lower production of electricity (for the reasons explained in the previous paragraphs), and the higher procurement costs of the feedstock (in particular TAR and gasoil). The latter, indeed, is used only during transitory periods and start ups, which have been quite significant in Q2/11 due to the 10-year maintenance. These two factors were only partially compensated by the higher sales of hydrogen and steam, and the higher value of the CIP6/92 power tariff (at 10.6 EURcent/kWh, up 11% versus FY2010).

CAPEX was EUR 31.2 ml in FY2011, due to the efforts required for the 10-year maintenance cycle during Q2/11.

Comments to Fourth Quarter 2011 results

In Q4/11 there was a “slowdown” of one train of “Gasifier – combined cycle Turbine”, in order to carry out some planned maintenance activities. For this reason, **power production was 1.038 TWh**, down 14% versus Q4/10, because last year no maintenance activities took place in the fourth quarter.

Moreover, **IFRS EBITDA (which coincides with the *comparable* EBITDA) was EUR 61.1 ml**, largely above EUR 51.9 ml in the same period of last year. As discussed in the comments to the full year, this result mainly comes from the updates to the calculation for the IFRS equalization procedure, by using the 2012 budget forecast for crude oil prices. In addition, sales of hydrogen and steam to the refinery were higher by more than EUR 2 ml versus Q4/10 and, as it is well known, those revenues are not subject to the IFRS equalization procedure.

Italian GAAP EBITDA was EUR 36.4 ml, essentially in line with EUR 38.2 ml in Q4/10, because the lower production of electricity was almost entirely compensated by the higher sales of hydrogen and steam, and the higher value of the CIP6/92 power tariff (at 11.4 EURcent/kWh, up 13% versus Q4/10). Finally, **CAPEX in Q4/11 were EUR 1.5 ml**.

Wind

Saras Group is active in the renewable power production and sale through its subsidiary Sardeolica S.r.l., which operates a wind park located in Ulassai (Sardinia).

EUR million	Q4/11	Q4/10	Change %	Q3/11	FY 2011	FY 2010	Change %
EBITDA	3.8	7.2	-47%	2.4	14.0	21.2	-34%
***Comparable* EBITDA**	**3.8**	**7.2**	**-47%**	**2.4**	**14.0**	**21.2**	**-34%**
EBIT	1.3	4.7	-72%	(0.2)	3.8	11.8	-68%
***Comparable* EBIT**	**1.3**	**4.7**	**-72%**	**(0.2)**	**3.8**	**11.8**	**-68%**
CAPEX	**0.8**	**0.6**		**0.7**	**2.5**	**14.9**	

Other figures

		Q4/11	Q4/10	Change %	Q3/11	FY 2011	FY 2010	Change %
ELECTRICITY PRODUCTION	MWh	50,715	58,670	-14%	24,839	140,897	175,934	-20%
POWER TARIFF	EURcent/KWh	7.9	6.8	16%	8.1	7.5	6.9	9%
GREEN CERTIFICATES	EURcent/KWh	7.8	7.3	6%	7.9	8.0	8.0	-1%

Comments to preliminary Full Year 2011 results

In FY2011, IFRS EBITDA (which coincides with the *comparable* EBITDA) stood at EUR 14.0 ml, down vs. EUR 21.2 ml in FY2010. This is primarily due to reduced electricity production, related to unfavourable wind conditions, for most of 2011. The value of the Green Certificates was practically unchanged (8.0 Eurocent/kWh) while the power tariff (7.5 EURcent/kWh) went up by 9% vs. FY2010. Furthermore, 2011 results were penalised by a write off worth approx. EUR 3 ml, accounted for during Q4/11, and related to some projects in our pipeline which, due to the new regulations of the Sardinian Regional Authorities, are no longer inside the so called "authorised areas", where it is permitted to build wind parks.

In Q2/11, the Group completed the "repowering" project of the Ulassai wind park, which has now reached the installed capacity of 96MW. For this reason, **CAPEX in FY2011 was equal to EUR 2.5 ml**.

Finally, on July 6th 2011, the meetings of the Shareholders of Ensar S.r.l. and its subsidiaries Eolica Italiana S.r.l. and Nova Eolica S.r.l. approved the merger plans drawn up by their respective Boards of Directors, regarding the merger by incorporation of the two subsidiaries into Ensar S.r.l.. The merger became effective on the 30th September 2011.

Comments to Fourth Quarter 2011 results

In Q4/11 IFRS EBITDA (which is equal to the *comparable* EBITDA) stood at EUR 3.8 ml (down vs. EUR 7.2 ml in Q4/10). As discussed in the comments for the full year, this result takes into account also a write off of approx. EUR 3 ml, related to some projects in the pipeline of one subsidiary of the Group. Noticeably, the lower production of electricity (down 14% versus Q4/10) was almost entirely compensated by the higher value both of the power tariff (up 16%), and of the Green Certificates (+6% versus Q4/10). **CAPEX in Q4/11 were EUR 0.8 ml**.

Other Activities

The following table shows the financial highlights of the subsidiaries Sartec S.p.A. and Akhela S.r.l..

EUR Million	Q4/11	Q4/10	Change %	Q3/11	FY 2011	FY 2010	Change %
EBITDA	0.5	1.3	-62%	0.0	0.0	1.5	-100%
***Comparable* EBITDA**	**0.5**	**1.3**	**-62%**	**0.0**	**0.0**	**1.5**	**-100%**
EBIT	0.1	0.8	-88%	(0.3)	(1.4)	(0.2)	-600%
***Comparable* EBIT**	**0.1**	**0.8**	**-88%**	**(0.3)**	**(1.4)**	**(0.2)**	**-600%**
CAPEX	**1.0**	**4.9**		**0.1**	**1.9**	**6.2**	

Strategy and Investments

In the Refining segment, Saras Group strategy during 2011 was centered on the implementation of the asset management programme called "Project Focus", which is primarily aimed at improving production efficiency, operational effectiveness and reducing costs. To date, the results are extremely positive, especially in the area of "*cost rationalization*" (approx. EUR 23 ml of savings in FY2011, when considering also the compensation of the inflation), and also in the area of "*operational effectiveness*". Progress in the area of "*energy efficiency*" is requiring important efforts, and it still offers margins for improvements.

During the year, Saras broaden the scope of the programme, by identifying investments that provide quick returns in the areas of energy efficiency, de-bottlenecking of units, enhancement of product yields, and rationalisation of outsourcing. Moreover, the organizational structure has been reviewed, with the appointment of widely respected industry professionals in key management positions.

"Project Focus" has been extended to include also the areas of "Planning" and "Supply & Trading". The approach to refinery planning, previously asset driven, is now mainly commercially driven, in order to capture more value from opportunities arising from high volatility in oil prices, within a context of strong oil markets.

Moreover, in Q1/11, Saras Board of Directors approved the partial restart of the multi-year investment plan announced in 2008. More specifically, a total investment of approx. EUR 60 ml has been approved, in order to complete the project for the revamping of the MildHydroCracking2 (MHC2) unit. The revamping will come to fruition towards the end of H1/2013, and it will bring benefits quantifiable in approx. 600 Ktons of additional diesel production (in exchange of heating gasoil), and an increase in refinery runs for approximately 650 Ktons.

In the Wind segment, the Ulassai wind park achieved the full installed capacity of 96MW during Q2/11. Currently, the Group is continuing to develop other projects in its pipeline, concerning sites located in the island of Sardinia and also overseas (Romania).

Finally, regarding Gas Exploration, a new company (Sargas S.r.l.) has been created on 15th July 2011, which will operate in the fields of exploration and development, as well as transport, storage, purchase and sale of gaseous hydrocarbons. The Group is currently proceeding along the permitting path, which will eventually lead towards the beginning of drilling activities in an area located in Sardinia (called the "Eleonora" exploration block), where prudentially it is estimated to obtain an annual production of 70 up to 170 million cubic metres of natural gas, for a production period of more than 20 years. Once the permitting path will be completed, it will take from 4 up to 6 months in order to complete drilling of the exploration well.

CAPEX by segment

EUR Million	Q4/11	FY 2011	FY 2010
REFINING	25.5	64.6	92.5
POWER GENERATION	1.5	31.2	10.3
MARKETING	2.2	4.8	5.1
WIND	0.8	2.5	14.9
OTHER	1.0	1.9	6.2
Total	**31.0**	**105.0**	**129.0**

Outlook

In the latest "*World Economic Outlook*" (WEO) published on the 24th of January 2012, the International Monetary Fund (IMF) drastically trimmed its forecasts for global GDP, bringing it down to +3.3% in 2012 (versus previous estimates of +4.0%). The most concerning revision is the one of the Euro Zone GDP, which is now expected to contract by 0.5% in 2012, while in the WEO published last September, it was projected to grow by 1.1%. However, the IMF opted for a downward revision of the GDP also for the emerging economies (+5.4% in 2012, versus the previous forecast of +6.1%), in order to take into account the deteriorating external conditions, as well as the slow down in internal consumption.

In the above context, the International Energy Agency (IEA) continues to anticipate growth for global demand of oil products, although the progress will come entirely from the emerging and developing countries. Indeed, the "*Monthly Oil Market Report*" published by IEA on the 10th of February 2012, shows global demand at 89.9 million barrels per day (mbd) in 2012 (+0.8 mbd versus 2011). However, OECD countries will see their oil demand decreasing by 0.4 mbd (-0.8%), while in the emerging and developing economies consumption will grow by 1.2 mbd (+2.8% versus 2011).

Looking at prices for crude oil, the geopolitical component could play a dominant role in 2012. Indeed, in Syria there is a very serious crisis, with lots of uncertainties around possible solutions. In Saudi Arabia social tensions are becoming more acute, exactly at a time when there is a very delicate generational transition. Furthermore, the confrontation between Iran and the Western countries has now reached dangerous levels, with potential implications on security and stability of global crude oil supply. On the demand side, OPEC will be on the driving seat, with its choices around production quotas. Therefore, the experts now imagine various price scenarios, varying from a minimum of 80 $/bl (in case the entire global economy would fall into a recession), and a higher end range which could easily exceed 120 $/bl, in case geopolitical tensions would cause temporary disruptions in crude oil supply.

Finally, forecasts continue to indicate middle distillates as the oil products with the higher margins, and highly complex refineries, such as the one owned by the Saras Group, as the best positioned players within their competitive context.

REFINING

- **Saras refinery Maintenance and Operations:** In 2012 there will be a standard programme of scheduled maintenance activities, which will involve two crude distillation units (T1 and T2), a Vacuum unit (V2), and some other conversion and desulphurisation units (MHC1, MHC2, Alky, Tame, VSB, etc.). As a result, total refinery runs in 2012 are expected at 13.5 ÷ 14.3 million tons (which corresponds to 99 ÷ 105 million barrels), and there will also be a reduction of conversion capacity worth approx. 0.7 ÷ 0.8 $/bl.
- **Crude Slate:** The politic developments subsequent to the fall of Gaddafi's dictatorship in the second half of October 2011, allowed a rapid re-start of the production and sale of Libyan crude oils. The Saras Group had immediate benefits from the renewed availability of paraffinic grades in the Mediterranean Sea, and it is expected that also in 2012 these crude oils will continue to have an important role in Saras' crude mix (approx. 30%). Conversely, on the 23rd of January 2012, the European Union decided to establish a total crude oil embargo versus Iran, effective as of 1st of July 2012, in order to contrast its nuclear enrichment programme. If the embargo will actually be enforced, the Saras Group, which currently uses approx. 10% of Iranian crude oils in its refinery mix, will take all necessary actions in order to leverage its commercial flexibility and procure alternative crude oils.

POWER GENERATION

- **IGCC Maintenance and Operations:** In 2012 there will be standard maintenance on one train of "Gasifier – combined cycle Turbine", during the second quarter, and subsequently, some planned activities will be carried out on the H_2S absorber unit during the third quarter of the year. Total power production is expected between 4.15 ÷ 4.55 TWh for the full year, therefore at a higher level than in 2011.
- **EBITDA:** Following the new forecasts for crude oil prices in 2012 (105 $/bl), calculation for the IFRS equalization procedure have been updated, and the *comparable* EBITDA is now expected at approx. EUR 220 ml per year, stable until 2021. On the contrary, Italian GAAP EBITDA, which reflects more closely the actual cash generation of the IGCC plant, will come at approx. EUR 170 ÷ 180 ml in 2012.
- **CIP/6 power tariff:** The 9-month delay in the formula used to calculate the "fuel component" implies that the CIP/6 power tariff should see a substantial stability during 2012, in line with the trend of crude oil prices. Indeed, as widely discussed in the chapter dedicated to market analysis, during 2011 Brent Dated remained confined within 105 ÷ 120 $/bl, albeit with several fluctuations between the two extremes of the range.

MARKETING

- Given the difficult economic conjuncture and the continued tensions on the debt of the Euro Zone, it is currently not possible to expect significant changes in the Italian and Spanish market scenarios during 2012. For this reason, in the Marketing segment, the Group will continue to follow the operational strategy adopted in 2011.

WIND

- In August 2011 the Sardinian Regional Authorities published updated guidelines, establishing new “authorised areas” for the construction of wind parks. Within this new framework, the Group is developing two projects with a total combined capacity of approx. 100 MW. For both projects the Environmental assessment procedure is in progress, and it should be completed by the end of 2012. Regarding the pipeline outside Italy, the Group has a project in Romania, for approx. 100 MW, which is now completing the final step of its authorisation procedure.

Main events after the end of FY2011

On the **22nd of February 2012**, the Group reached a preliminary agreement to sell its affiliate Akhela and its subsidiary Artermide. The transaction is expected to close very rapidly. As such, its effects have already been accounted for in the “Statement of consolidated Financial Position” as of 31st December 2011.

CONSOLIDATED FINANCIAL STATEMENTS

Statement of consolidated Financial Position:
as of 31st December 2011 and 31st December 2010

EUR thousand	31/12/2011	31/12/2010
ASSETS		
Current assets	**2,348,678**	**1,936,994**
Cash and cash equivalents	139,343	80,835
Other financial assets held for trading	42,843	28,800
Trade receivables	869,738	868,537
Inventories	1,154,350	812,162
Current tax assets	36,845	39,266
Other assets	105,559	107,394
Non-current assets	**1,804,557**	**1,956,224**
Property, plant and equipment	1,392,317	1,473,284
Intangible assets	378,258	414,206
Other equity interests	547	571
Deferred tax assets	32,539	67,283
Other financial assets	896	880
Total assets	**4,153,235**	**3,893,218**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**1,997,990**	**1,495,547**
Short-term financial liabilities	573,862	187,790
Trade and other payables	1,188,503	1,123,500
Current tax liabilities	141,829	89,990
Other liabilities	93,796	94,267
Non-current liabilities	**872,983**	**1,177,286**
Long-term financial liabilities	284,798	481,937
Provisions for risks and charges	77,267	78,533
Provisions for employee benefits	23,299	30,547
Deferred tax liabilities	4,474	0
Other liabilities	483,145	586,269
Total liabilities	**2,870,973**	**2,672,833**
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	1,158,676	1,164,297
Profit/(loss) for the year	58,030	(9,468)
Total equity attributable to owners of the company	**1,282,262**	**1,220,385**
Minority interest	0	0
Total Equity	**1,282,262**	**1,220,385**
Total liabilities and equity	**4,153,235**	**3,893,218**

Consolidated Income Statement and Comprehensive Income Statement
1st Jan – 31st Dec 2011 and 1st Jan – 31st Dec 2010

Consolidated Income Statement for the periods: 1st January - 31st December 2011 and 2010

EUR thousand	1st January 31st December 2011	1st January 31st December 2010
Revenues from ordinary operations	10,960,866	8,529,750
Other income	76,233	84,888
Total revenues	**11,037,099**	**8,614,638**
Purchases of raw materials, spare parts and consumables	(9,907,367)	(7,629,722)
Cost of services and sundry costs	(576,649)	(611,033)
Personnel costs	(160,064)	(150,482)
Depreciation, amortization and write-downs	(213,316)	(207,327)
Total costs	**(10,857,396)**	**(8,598,564)**
Operating results	**179,703**	**16,074**
Net income (charges) from equity interests	0	0
Other financial income	123,730	37,463
Other financial charges	(185,294)	(67,344)
Profit before taxes	**118,139**	**(13,807)**
Income tax of the period	(60,109)	4,339
Net profit/(loss) of the period	**58,030**	**(9,468)**
Net profit/(loss) of the period attributable to:		
Equity holders of the company	58,030	(9,468)
Minority interest	0	0
Earnings per share - basic (Euro cent)	**6.25**	**(1.02)**
Earnings per share - diluited (Euro cent)	**6.25**	**(1.02)**

Statement of Comprehensive Income for the periods: 1st January - 31st December 2011 and 2010

EUR thousand	1st January 31st December 2011	1st January 31st December 2010
Net result of the period (A)	**58,030**	**(9,468)**
Effect of exchange rate on financial accounts	(4)	(10)
Income / (loss), net of fiscal effect (B)	**(4)**	**(10)**
Consolidated Comprehensive Result of the period (A + B)	**58,026**	**(9,478)**
Net consolidated Comprehensive Result of the period perteining to :		
Parent Company shareholding	58,026	(9,478)
Minority Interessence	0	0

Statement of Changes in Consolidated Shareholders' Equity: **from 31st December 2009 to 31st December 2011**

EUR thousand	Share Capital	Legal Reserve	Other Reserves	Profit (Loss)	Total equity attributable to owners of the company	Minority interests	Total Equity
Balance as of 31/12/2009	**54,630**	**10,926**	**1,089,884**	**72,552**	**1,227,992**	**48**	**1,228,040**
Period 1/1/2010 - 30/9/2010							
Allocation of previous year profit			72,552	(72,552)	0		0
Reserve for employees stock plan			2,219		2,219		2,219
Effect of exchange rate on financial accounts			(10)		(10)		(10)
Acquisition 49% Artemide S.r.l.			(348)		(348)	(48)	(396)
Net profit (loss)				(9,468)	(9,468)		(9,468)
Balance as of 31/12/2010	**54,630**	**10,926**	**1,164,297**	**(9,468)**	**1,220,385**	**0**	**1,220,385**
Period 1/1/2011 - 31/12/201							
Allocation of previous year profit			(9,468)	9,468	0		0
Reserve for employees stock plan			3,851		3,851		3,851
Effect of exchange rate on financial accounts			(4)		(4)		(4)
Net profit (loss)				58,030	58,030		58,030
Balance as of 31/12/2011	**54,630**	**10,926**	**1,158,676**	**58,030**	**1,282,262**	**0**	**1,282,262**

Consolidated Cash Flow Statements as of:
31st December 2011 and 31st December 2010

EUR thousand	1/1/2011 - 31/12/2011	1/1/2010 - 31/12/2010
A - Cash and cash equivalents at the beginning of year	**80,835**	**111,372**
B - Cash generated from/(used in) operating activities		
Net Profit / (Loss)	58,030	(9,468)
Amortization, depreciation and write-down of fixed assets	213,316	207,327
Net change in provisions for risks and charges	(1,266)	37,415
Net change in employee benefits	(7,248)	(4,873)
Net Change in tax liabilities and tax assets	39,218	(20,351)
Income tax	20,891	(4,339)
Change in Fair Value of financial assets and liabilities held for trading	11,186	13,561
Other non cash items	3,801	2,209
Profit / (Loss) from operating activities before changes in working capital	**337,928**	**221,481**
(Increase) / Decrease in trade receivables	(1,201)	(471,583)
(Increase) / Decrease in inventory	(342,188)	(80,085)
Increase / (Decrease) in trade and other payables	65,003	476,508
Change in other current assets	4,256	(5,917)
Change in other current liabilities	44,169	71,373
Income tax paid	(13,692)	(21,943)
Change in other non-current liabilities	(103,124)	(63,494)
Total (B)	**(8,849)**	**126,340**
C - Cash flow from / (to) investment activities		
Investments in tangible and intangible assets	(105,011)	(128,951)
(Investments) / disinvestments in other holdings	74	0
Change in financial assets	16,521	5,450
Interest received	368	213
Other non cash items	8,606	5,230
Total (C)	**(79,442)**	**(118,058)**
D - Cash generated from / (used in) financing activities		
Increase / (Decrease) in medium/long term borrowings	0	192,385
Increase / (Decrease) in short term borrowings	180,163	(214,544)
Interest paid	(33,364)	(16,264)
Acquisition 49% Artemide S.r.l.	0	(396)
Total (D)	**146,799**	**(38,819)**
E - Cashflow for the year (B+C+D)	**58,508**	**(30,537)**
F - Cash from new consolidated subsidiaries	**0**	**0**
G - Cash and cash equivalents at the end of year	**139,343**	**80,835**