

**Saras Group
Interim Financial
Report as of
31st March 2015**



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Statutory and Control Bodies

BOARD OF DIRECTORS

GIAN MARCO MORATTI	Chairman
MASSIMO MORATTI	Chief Executive Officer
ANGELO MORATTI	Vice Chairman
DARIO SCAFFARDI	Executive Vice President and General Manager
ANGELOMARIO MORATTI	Director
GABRIELE MORATTI	Director
GABRIELE PREVIATI	Director
IGOR IVANOVICH SECHIN	Director *
GILBERTO CALLERA	Independent Director
ADRIANA CERRETELLI	Independent Director
LAURA FIDANZA	Independent Director
ISABELLE HARVIE-WATT	Independent Director

BOARD OF STATUTORY AUDITORS

ANDREA VASAPOLLI	Chairman
GIOVANNI LUIGI CAMERA	Permanent Auditor
PAOLA SIMONELLI	Permanent Auditor
GIANCARLA BRANDA	Stand-in Auditor
PINUCCIA MAZZA	Stand-in Auditor

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

CORRADO COSTANZO	Chief Financial Officer
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INDEPENDENT AUDITING FIRM

RECONTA ERNST & YOUNG SpA

* Independent Director elected by the Minority list of Shareholders

Group Activities

The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Group's refinery is situated in Sarroch, on the South-Western coast of Sardinia, and it is one of the biggest and most complex sites in the Mediterranean area. Owned and managed by the subsidiary Sarlux Srl, the refinery enjoys a strategic location at the heart of the Mediterranean Sea and is regarded as a model of efficiency and environmental sustainability, thanks to a wealth of know-how, technology and human resources accumulated in more than 50 years of business. With a production capacity of 15 million tons per year (or 300,000 barrels per day), the Sarroch refinery accounts for about 15% of Italy's total refining capacity.

Both directly and through its subsidiaries, the Saras Group sells and distributes oil products including diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel, mainly on the Italian and Spanish markets, but also in various other European and extra-EU countries. In particular, in 2014 approximately 2.45 million tons of oil products were sold in the Italian wholesale market, and a further 1.23 million tons of oil products were sold in the Spanish market through the subsidiary Saras Energia SAU, which is active both in the wholesale and in the retail channels.

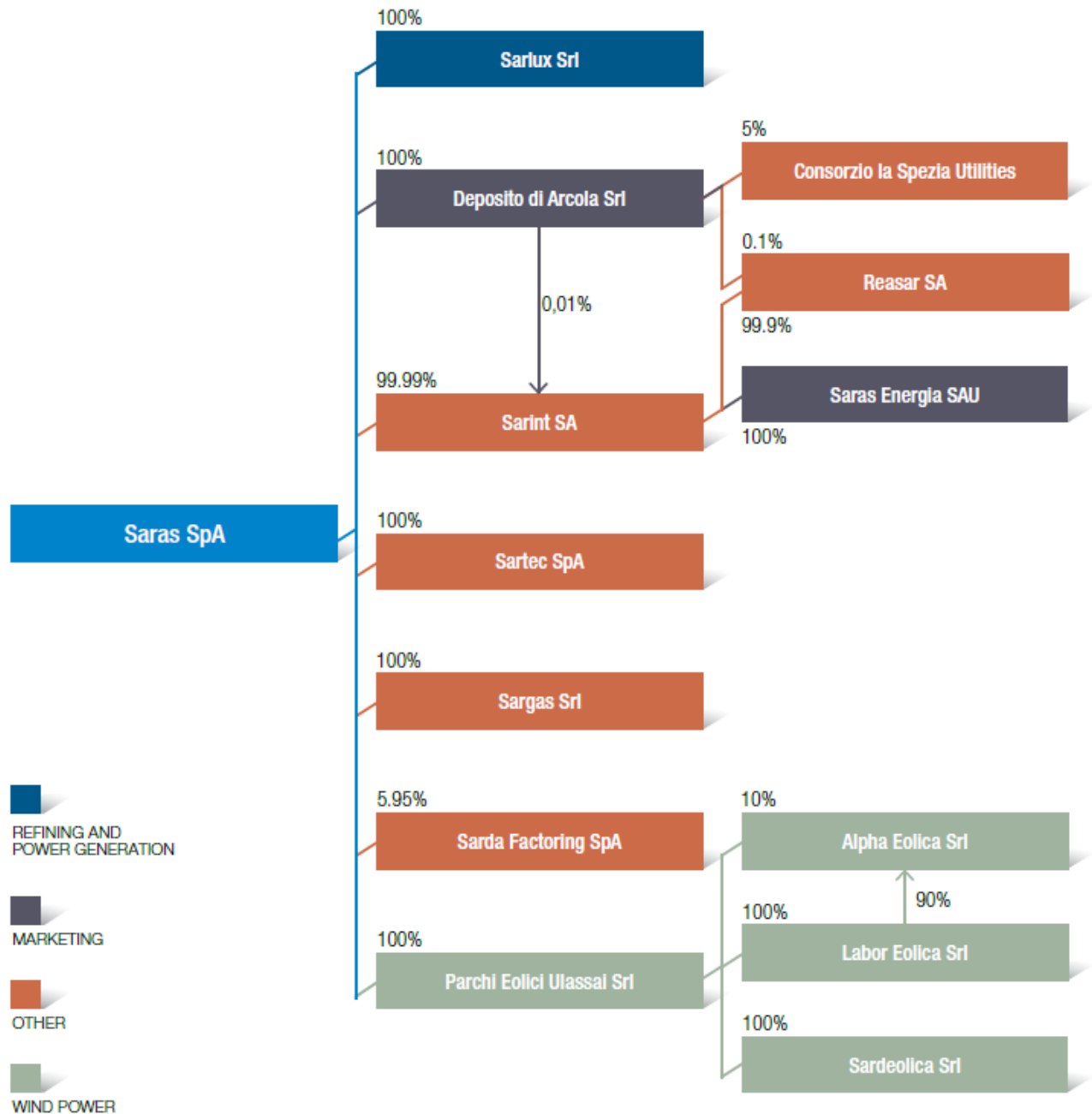
In the early 2000s, the Saras Group entered also the power generation sector with the construction of an IGCC plant (Integrated Gasification plant with Combined Cycle power generation), which has an installed capacity of 575MW and it also is owned and managed by the subsidiary Sarlux Srl. The feedstock used by the IGCC plant is obtained from the heavy oil products of the refinery, and the plant generates over 4 billion kWh of electricity each year, which corresponds to more than 30% of the electricity requirements in Sardinia. Moreover, still in Sardinia, the Group produces and sells electricity from renewable sources, through a wind farm situated in Ulassai. The wind farm, which started operations in 2005, is owned and managed by the subsidiary Sardeolica Srl and it has an installed capacity equal to 96MW.

Lastly, the Saras Group provides industrial engineering and scientific research services to the petroleum, energy and environment industries, via its subsidiary Sartec SpA, and it operates also in the research and development of gaseous hydrocarbons.



Structure of the Saras Group

The following picture illustrates the complete structure of the Saras Group and the various business Segments, with the main companies involved in each segment, as of 31st March 2015.



Saras Stock Performance

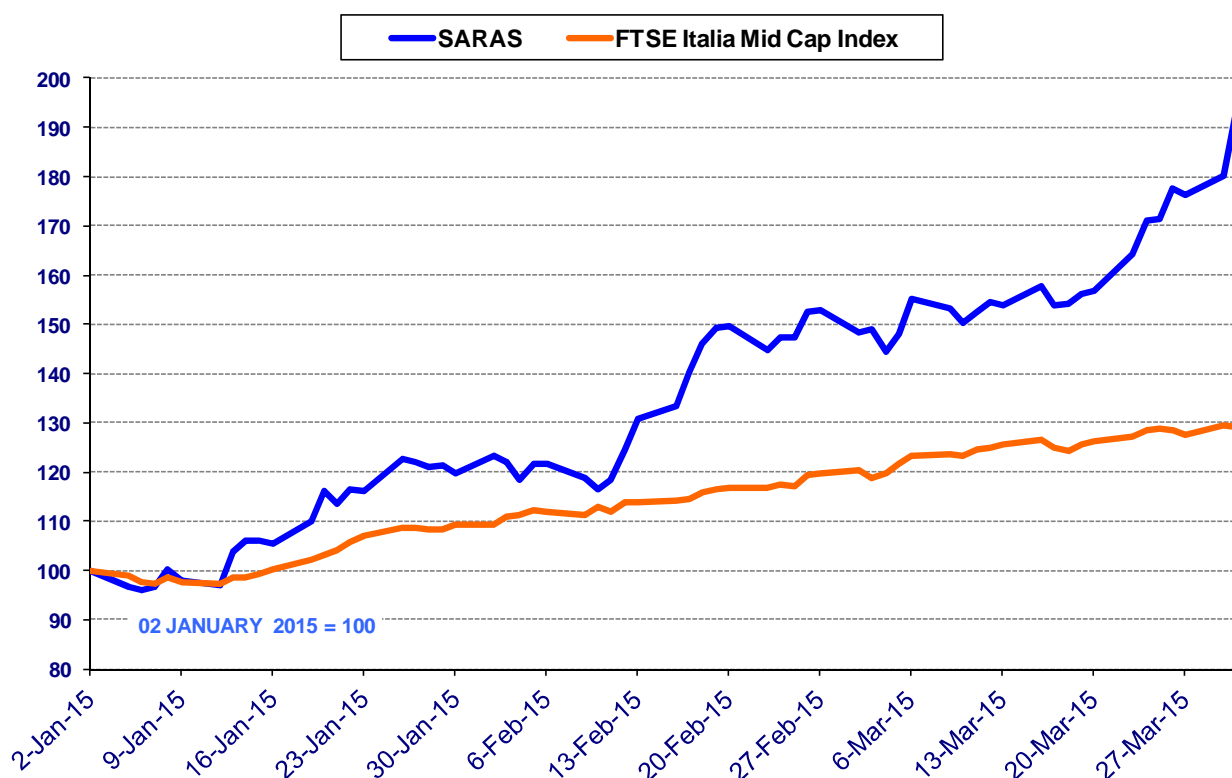
The following data relate to Saras' share prices and the daily volumes, traded during the first three months of 2015.

SHARE PRICE (EUR)	Q1/15
Minimum price (06/01/2015)	0.794
Maximum price (31/03/2015)	1.617
Average price	1.116
Closing price at the end of the first three months of 2015 (31/03/2015)	1.617

DAILY TRADED VOLUMES	Q1/15
Maximum traded volume in EUR million (31/03/2015)	25.3
Maximum traded volume in number of shares (million) (24/03/2015)	17.5
Minimum traded volume in EUR million (09/01/2015)	0.4
Minimum traded volume in number of shares (million) (09/01/2015)	0.5
Average traded volume in EUR million	5.5
Average traded volume in number of shares (million)	4.5

The Market capitalization at the end of the first three months of 2015 was equal to approximately EUR 1,538 million and the number of shares outstanding was approximately 930 million.

The following graph shows the daily performance of Saras' share price during the first three months of 2015, compared to the "FTSE Mid Cap Index" of the Italian Stock Exchange:



REPORT ON OPERATIONS

Key financial and operational Group Results¹

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, which is used in the Financial Statements). 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, non-recurring items and the "fair value" of the open positions of the derivative instruments are also excluded, 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, just like the quarterly results.

Starting with the financial year 2015, the *comparable* operating results (EBITDA and EBIT) include also the realized results of the derivative instruments, used for hedging transactions on crude oil and refined products, and the net Forex results, which in previous years were classified within the "Financial Income/Expense". Indeed, as explained in our previous Financial Reports, such transactions are standard practice in our commercial activity and, at times characterised by large swings in oil prices and exchange rates between Euro and US dollar, they constitute a meaningful part of our operating results. In order to allow comparison, the financial results for the year 2014 have been reclassified, including at the operating levels the relevant aforementioned transactions, whose amounts in each individual quarter were explicitly disclosed in our Financial Reports.

Group consolidated income statement figures

EUR Million	Q1/15	Q1/14	Change %	Q4/14
REVENUES	1,985	2,758	-28%	2,277
EBITDA	135.6	(17.0)	898%	(233.1)
Comparable EBITDA	144.2	8.4	1625%	106.1
EBIT	78.6	(65.5)	220%	(132.6)
Comparable EBIT	87.2	(40.1)	317%	51.9
NET RESULT	74.2	(51.7)	244%	(135.1)
Adjusted NET RESULT	54.5	(40.4)	235%	24.7

Other Group figures

EUR Million	Q1/15	Q1/14	Q4/14
NET FINANCIAL POSITION	(38)	(55)	108
CAPEX	22.7	23.7	44.9
OPERATING CASH FLOW	(68)	(32)	218

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 Report correspond to the company's documents, books and accounting records.

Comments to First Quarter 2015 results

Group Revenues in Q1/15 were EUR 1,985 million, down versus EUR 2,758 million in Q1/14. This change is primarily due to the lower revenues generated by the Refining segment (down by approx. EUR 630 million) and by the Marketing segment (down by approx. EUR 130 million), which were influenced by oil prices remarkably lower than in the same period of last year. For reference purposes, gasoline quotations had an average of 545 \$/ton in Q1/15 (versus 961 \$/ton in Q1/14), and diesel quotations stood at an average of 518 \$/ton (versus 919 \$/ton in Q1/14). Revenues from the other segments were substantially unchanged.

Group reported EBITDA in Q1/15 was EUR 135.6 million, strongly increased from EUR -17.0 million in Q1/14. The difference is almost entirely due to the Refining segment, which found favourable market conditions during Q1/15, and it achieved a substantially larger operating margin than the one realized in Q1/14 harsh market. Moreover, also the refinery runs in Q1/15 were 12% higher than in the same period of last year.

Group reported Net Result stood at EUR 74.2 million in Q1/15, remarkably up from EUR -51.7 million in Q1/14, basically due to the same reasons discussed at EBITDA level, and notwithstanding the higher charges for depreciation and amortisation (equal to EUR 57 million in Q1/15 vs. EUR 48.5 million in the same quarter last year). Finally, the net interest charges were in line in the two quarters under comparison (at approx. EUR 8.7 million).

Group comparable EBITDA amounted to EUR 144.2 million in Q1/15, largely up from EUR 8.4 million earned in Q1/14. As per previous comments, the large improvement between the two quarters being compared, can be primarily attributed to the Refining segment. This trend was also reflected all the way down to the bottom line. Indeed, the **Group adjusted Net Result was positive for EUR 54.5 million**, strongly up from the Group *adjusted* Net Result of EUR -40.4 million in Q1/14.

CAPEX in Q1/15 was EUR 22.7 million, in line with the investment programme planned for 2015, and mainly directed to the Refining segment (EUR 19.1 million) and marginally also to the Power Generation segment (EUR 3.2 million).

Finally, **Group Net Financial Position on 31st March 2015 stood at EUR -38 million**, versus the net cash position at the beginning of the year (EUR +108 million), for the reasons illustrated in the specifically dedicated chapter.

Group comparable EBITDA and *adjusted* Net Result

As mentioned at the beginning of this section, “*reported*” figures differ from “*comparable*” and “*adjusted*” figures 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. Moreover, the *comparable* and *adjusted* figures do not take into account the “*fair value*” of the open positions of the derivative instruments, and the non-recurring items. The relevance of the various items in Q1/15 results is shown in the following tables.

Group comparable EBITDA

EUR Million	Q1/15	Q1/14
Reported EBITDA	135.6	(17.0)
Inventories at LIFO - inventories at FIFO	(13.3)	24.3
Non-recurring items	0.0	0.0
Realized result of derivatives and net FOREX	21.9	1.1
Comparable EBITDA	144.2	8.4

Group *adjusted* Net Result

EUR Million	Q1/15	Q1/14
Reported NET RESULT	74.2	(51.7)
(Inventories at LIFO - Inventories at FIFO) net of taxes	(9.7)	15.0
Non-recurring items net of taxes	0.0	0.0
Fair value of derivatives' open positions net of taxes	(9.9)	(3.8)
Adjusted NET RESULT	54.5	(40.4)

Net Financial Position

The Net Financial Position on 31st March 2015 stood at EUR -38 million, versus the position at the beginning of the year (EUR +108 million).

Such change is primarily due to the increase in working capital, deriving from the change in oil prices as well as in the quantity of oil inventories held at the end of the two periods under comparison. Conversely, the CAPEX for the period (approx. EUR 22 million) were largely off-set with the self-financing from the provisions for depreciation (approx. EUR 57 million).

Finally, it should be noted that some payments for crude oil are still outstanding, due to the oil embargo declared by the European Union against Iran, which started on July 2012.

Oil Market and Refining Margins

Here below there is a short analysis of the trends followed by crude oil quotations, by the *crack spreads* of the main refined oil products, and also by the reference refining margin (the EMC Benchmark) in the European market, which is the most relevant geographical context in which the Refining segment of the Saras Group conducts its operations.

Average Values ⁽¹⁾	Q1/15	Q1/14
Crude Oil prices and differential (\$/bl)		
Brent Dated (FOB Med)	53.9	108.2
Urals (CIF Med)	53.3	106.8
"Heavy-Light" price differential	-0.6	-1.4
Crack spreads for refined oil products (\$/bl)		
ULSD <i>crack spread</i>	15.5	15.0
Gasoline 10ppm <i>crack spread</i>	11.3	6.9
Reference Margin (\$/bl)		
EMC Benchmark	+4.0	-1.9

(1) Sources: "Platts" for prices and crack spreads, and "EMC – Energy Market Consultants" for the reference refining margin EMC Benchmark

Crude oil prices:

In Q1/15 crude oil quotations swung between 45 and 60 \$/bl and the average price of Brent Dated for the period stood at 53.9 \$/bl. With crude supply largely exceeding consumption, in January, Brent Dated continued its descending trajectory started in the fourth quarter of 2014, and it reached the lowest value of the period at 45.2 \$/bl, on January 13th. However, at the beginning of February, quotations climbed back above 50 \$/bl and crude oil posted a progressive recovery up to the maximum quarterly value of 62.0 \$/bl on February 27th. Such reversal is primarily attributed to the reduction in Iraqi oil exports, both for production problems (Kirkuk) and for bad weather conditions (Bashra), and to the almost complete shut-down of Libyan oil production, due to the armed conflicts in various areas of the country. Additional bullish factors came from the data reporting a slow-down in the number of new exploration rigs drilled in the USA, for the research and development of "*tight oil*" fields. Finally, in March, spring maintenance activities started in many European and American refineries, leading to a subsequent reduction in crude oil demand. Brent Dated slipped down once again, and it closed the first quarter at 54 \$/bl.

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

During Q1/15 the "heavy-light" crude oil price differential was very volatile, with the quarterly average settling at -0.6 \$/bl. In general, the reduction in the export volumes of Libyan crude oil (light sweet grades) acted as a support to the "light crude complex" especially in the first part of the quarter. The differential reached its peak at -1.7 \$/bl towards the middle of January. Subsequently, the contraction of Urals' volumes assigned for export compounded with the production problems of the Iraqi Kirkuk crude oil, and the "heavy crude complex" rebounded, actually climbing to a premium versus light crudes: the differential reached +0.7 \$/bl at the end of January. Later, towards the end of February and for the entire month of March, the seasonal maintenance of many Russian refineries influenced the price of Urals, and the differential gradually widened again, closing the quarter at -0.6 \$/bl.

Crack spreads of the main products (i.e. the difference between the value of the product and the price of the crude):

During Q1/15, the gasoline *crack spread* posted a very strong performance, with a quarterly average equal to 11.3 \$/bl. Such performance can be explained with the robust demand, materialising in the Persian Gulf region and in Central America, at the same time with the shut-down of some refineries in the United States, due to strikes and bad weather. Towards the end of the quarter, the gasoline *crack spread* touched its highest level (+17.6 \$/bl on March 25th), coincidentally with the switch to summer grades.

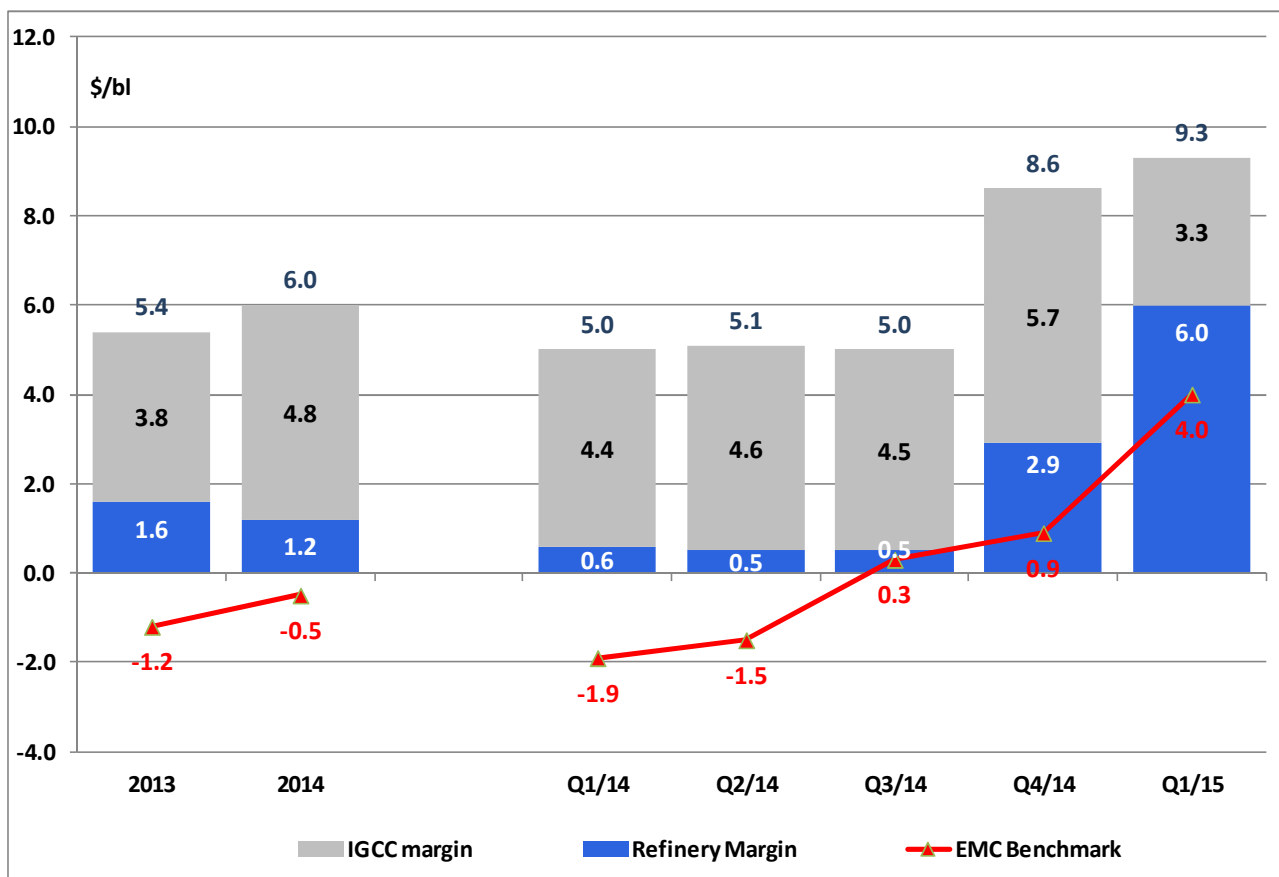
Moving to the analysis of the middle distillates, in Q1/15 the *crack spread* of the automotive diesel remained at a good level, with a quarterly average of 15.5 \$/bl, in line with the same quarter of last year, also thanks to the support received from heating gasoil consumption. Additionally, also the consumption of automotive diesel started to give the first signals of improvement, driven by the economic recovery.

Refining Margin:

Moving to the profitability analysis of the refining industry, Saras traditionally uses a reference refining margin calculated by EMC (Energy Market Consultants) for a mid-complexity coastal refinery, located in the Mediterranean Sea, which processes a feedstock made of 50% Brent and 50% Urals crude oils.

The above mentioned EMC Benchmark margin, after a long period in negative territory, began a progressive recovery in the second half of 2014 (+0.3 \$/bl in Q3/14 and +0.9 \$/bl in Q4/14), and it further strengthened in Q1/15, posting the quarterly average of +4.0 \$/bl, thanks to the decline in crude oil prices (for the above mentioned reasons), and the simultaneous improvement in the crack spreads of the main refined products.

Finally, as shown in detail in the graph here below, the Saras Group's refinery, thanks to the flexibility and complexity of its industrial units, constantly manages to achieve a refining margin sustainably higher than the EMC Benchmark, with a premium which varies from quarter to quarter, according to the specific market conditions and the operating performance of the refinery.



Refining Margin: (comparable EBITDA Refining + Fixed Costs) / Refinery runs in the period

IGCC Margin: (EBITDA IGCC plant + Fixed Costs) / Refinery runs in the period

EMC Benchmark: margin calculated by EMC (Energy Market Consultants) with 50% Urals – 50% Brent crude oil slate

Segment Review

With the purpose of providing a consistent disclosure of the results for each business of the Saras Group, the financial information of the individual companies within the Group have been calculated and reported according to the same business segments adopted in all previous Financial Reports, including also the intercompany services, which ceased to exist as a consequence of some corporate reorganisations, at the same economic conditions applied in the previously existing contracts.

Refining

Sarroch refinery is strategically positioned on the South-Western coast of Sardinia, and it is one of the largest and most complex refineries in the Mediterranean area. It has a production capacity of 15 million tons per year, which corresponds to approximately 15% of Italy's total refining capacity. Below are the financial and operational highlights of this segment:

EUR Million	Q1/15	Q1/14	Change %	Q4/14
EBITDA	68.3	(75.7)	190%	(309.4)
Comparable EBITDA	83.3	(50.0)	266%	11.1
EBIT	38.2	(104.4)	137%	(366.1)
Comparable EBIT	53.1	(78.7)	167%	(22.9)
CAPEX	19.1	18.1		41.9

Margins and refinery runs

		Q1/15	Q1/14	Change %	Q4/14
REFINERY RUNS	Tons (thousand)	3,705	3,297	12%	3,144
	Barrels (million)	27.0	24.1	12%	22.9
	Bl/day (thousand)	301	267	12%	249
EXCHANGE RATE	EUR/USD	1.126	1.370	-18%	1.250
EMC BENCHMARK MARGIN	\$/bl	4.0	(1.9)		0.9
SARAS REFINERY MARGIN	\$/bl	6.0	0.5		1.2

Comments to First Quarter 2015 results

Refinery runs in Q1/15 stood at 3.71 million tons (27.0 million barrels, corresponding to 301 thousand barrels per calendar day), up 12% versus the same period of last year. In both quarters under comparison, scheduled maintenance activities did not involve any crude distillation unit. However, the favourable market scenario in Q1/15 allowed to push the units up to maximum capacity, while the runs were trimmed-down in Q1/14 for economic reasons.

Comparable EBITDA was EUR 83.3 million, largely improved versus EUR -50.0 million in Q1/14, thanks to a positive trend for refinery margins in the quarter just ended, in striking contrast with the very challenging market conditions during Q1/14. More specifically, the EMC Benchmark margin posted an average equal to +4.0 \$/bl in Q1/15, almost six dollars per barrel higher than the average of -1.9 \$/bl in Q1/14. Similarly, Saras refining margin stood at +6.0 \$/bl in Q1/15, which compares with a margin of just +0.5 \$/bl in the same quarter of last year.

From an operational point of view, in Q1/15 all the refinery units run smoothly and efficiently, and scheduled maintenance activities led to an EBITDA reduction of approx. EUR 19 million (as opposed to approx. EUR 3 million in Q1/14).

Regarding the EUR/USD exchange rate, in Q1/15 the US dollar was remarkably stronger than in the same period of last year, leading to large positive effects on the results of the Refining segment, which pays its fixed and variable costs in Euro, while it earns a gross margin in US dollars. In particular, the average of the exchange rate in Q1/15 was equal to 1.126 US Dollars for 1 Euro vs. the average of 1.370 in Q1/14 (i.e. the US dollar strengthened by approx. 18% against the Euro).

Finally, **Refining CAPEX in Q1/15 was EUR 19.1 million**, in line with the programme of the period.

Crude Oil slate and Production

The crude mix processed by the Sarroch refinery in Q1/15 had an average density of 33.1°API, significantly lighter than the mix processed in FY 2014. When looking in detail at the various crude grades used in the feedstock, it can be noted a strong increase in the percentage of light crude oils with extremely low sulphur content ("*light extra sweet*"), with a corresponding decrease in the percentage of the crude oils with average density and high sulphur content (so called "*medium sour*"). These changes in the feedstock mix are mainly due to economic and commercial choices, made in order to exploit the recent strength of gasoline, as well as the new opportunities to extract higher value from naphtha, thanks to the units acquired from Versalis.

	Q1/15	FY2014
Light extra sweet	48%	34%
Light sweet	8%	8%
Medium sweet/extra sweet	2%	3%
Medium sour	11%	22%
Heavy sour/sweet	31%	33%
Average crude gravity °API	33.1	32.0

Moving on to the product slate, it can be observed that in Q1/15 the yields in LPG (2.5%), light distillates (27.2%), and also middle distillates (55.5%) reached exceptional levels, even greater than the high yields achieved in FY 2014. This came as a consequence of the optimal performance of the refinery and the lightening of the crude slate, which also made it possible to reduce the heavy distillates yield. Overall, the cumulative yield of high value added products stood at 85.2% in Q1/15, which represents an outstanding performance within the European competitive context.

		Q1/15	FY2014
LPG	Tons (thousand)	92	146
	yield (%)	2.5%	1.2%
NAPHTHA + GASOLINE	Tons (thousand)	1,006	3,328
	yield (%)	27.2%	26.8%
MIDDLE DISTILLATES	Tons (thousand)	2,058	6,725
	yield (%)	55.5%	54.1%
FUEL OIL & OTHERS	Tons (thousand)	27	377
	yield (%)	0.7%	3.0%
TAR	Tons (thousand)	273	1,149
	yield (%)	7.4%	9.2%

Note: Balance to 100% of the production is "Consumption & Losses".

Marketing

The Saras Group is active in the Marketing segment in Italy and Spain, directly and through its subsidiaries, primarily in the wholesale channel. Below are the financial and operational highlights of the segment.

EUR Million	Q1/15	Q1/14	Change %	Q4/14
EBITDA	5.1	(0.9)	666%	(16.5)
Comparable EBITDA	(1.3)	(1.2)	-9%	2.2
EBIT	3.3	(3.0)	209%	(21.5)
Comparable EBIT	(3.1)	(3.3)	5%	(0.2)
CAPEX	0.2	0.6		0.9

Sales

		Q1/15	Q1/14	Change %	Q4/14
TOTAL SALES	Tons (thousand)	990	873	13%	949
of which: in Italy	Tons (thousand)	621	553	12%	646
of which: in Spain	Tons (thousand)	369	320	15%	303

Comments to First Quarter 2015 results

Consumption of oil products started to give some recovery signals during the first quarter of 2015, also in Italy and Spain, which are the main countries where the Saras Group conducts its Marketing activities.

In particular, in Q1/15 total consumption of oil products in the Italian market registered a slightly positive result (+0.2%), led by robust demand in March for heating gasoil and for automotive diesel. Nonetheless, wholesale margins dropped because of the intensified competitive pressure from inland refineries, which all ran at their maximum capacity, and also because of the higher blending costs with biofuels (with the minimum mandatory level increased to 5% as of January 1st 2015, from the previous level of 4.5%). In such a context, Saras Group still gained market share (with volumes sold up by 12% vs. Q1/14), while its gross commercial margin came under strong pressure.

In the Spanish market, oil products' demand in Q1/15 was basically unchanged (-0.1%) versus the same period of 2014. More precisely, the drop in the consumption of gasoline (-2.6%) and fuel oils (-11.4%), was entirely compensated by the increase in demand for total gasoil (+4.3%), pulled by the automotive gasoil and also by the heating gasoil. The Spanish subsidiary Saras Energia continued its policy aimed at the optimization of the sale channels, managing to contain the pressure on the commercial margins, while increasing the volume sold (369ktons, +15% versus Q1/14).

According to the trends commented in the previous paragraphs, **comparable EBITDA of the Marketing segment in Q1/15 stood at EUR -1.3 million**, in line with the result of EUR -1.2 million in Q1/14.

Power Generation

Below are the main financial and operational data of the Power Generation segment, which uses an IGCC power plant (Integrated Gasification and Combined Cycle power generation) with an installed capacity of 575MW, fully integrated with the Group's refinery and located within the same industrial complex in Sarroch (Sardinia).

EUR Million	Q1/15	Q1/14	Change %	Q4/14
EBITDA	53.9	51.5	5%	86.1
Comparable EBITDA	53.9	51.5	5%	86.1
EBIT	30.2	35.1	-14%	249.7
Comparable EBIT	30.2	35.1	-14%	69.7
EBITDA ITALIAN GAAP	35.9	32.6	10%	48.3
EBIT ITALIAN GAAP	20.7	17.2	20%	32.7
CAPEX	3.2	4.5		1.9

Other figures

		Q1/15	Q1/14	Change %	Q4/14
ELECTRICITY PRODUCTION	MWh/1000	1,017	1,085	-6%	1,068
POWER TARIFF	Eurocent/KWh	9.7	10.1	-4%	10.1
POWER IGCC MARGIN	\$/bl	3.3	4.4	-25%	5.7

Comments to First Quarter 2015 results

The Power Generation segment achieved a solid operational performance in Q1/15, with the **production of electricity reaching 1.017 TWh**. This 6% decrease versus the same quarter of 2014 can be explained with the fact that the Q1/15 maintenance activities involved one of the three trains of "Gasifier – combined cycle Turbine", and also one of the two "H₂S Absorber" units. Conversely, in Q1/14 there was only standard maintenance on one of the three trains of "Gasifier – combined cycle Turbine".

IFRS EBITDA (which is coincident with the comparable EBITDA) was EUR 53.9 million in Q1/15, up 5% versus Q1/14. The difference is mainly due to the update, made in Q4/14, of the outlook for the prices of crude oil and gas, used in the calculation of the IFRS results. Conversely, in Q1/15 the sales of hydrogen and steam were approx. EUR 5.8 million lower than in Q1/14.

The **Italian GAAP EBITDA stood at EUR 35.9 million in Q1/15**, up 10% versus EUR 32.6 million in Q1/14, primarily because of the steep decline in the procurement cost of the feedstock (-35%), whose effect more than off-set the lower production and sale of electricity (-6%), the decrease in the value of the CIP6/92 tariff (-4%), as well as the lower sales of hydrogen and steam, as disclosed in the previous paragraph.

Finally, CAPEX in Q1/15 was EUR 3.2 million, coherently with the ordinary maintenance activities carried out in the period.

Wind

Saras Group is active in the production and sale of electricity from renewable sources, through its subsidiary Sardeolica Srl, which operates a wind park located in Ulassai (Sardinia). Below are the financial and operational highlights of the segment.

EUR million	Q1/15	Q1/14	Change %	Q4/14
EBITDA	8.6	8.6	0%	4.5
Comparable EBITDA	8.6	8.6	0%	4.5
EBIT	7.3	7.4	-2%	3.3
Comparable EBIT	7.3	7.4	-2%	3.3
CAPEX	0.0	0.2		0.3

Other figures

		Q1/15	Q1/14	Change %	Q4/14
ELECTRICITY PRODUCTION	MWh	69,019	61,546	12%	38,929
POWER TARIFF	EURcent/KWh	4.9	4.8	2%	5.7
GREEN CERTIFICATES	EURcent/KWh	10.0	9.9	1%	9.0

Comments to First Quarter 2015 results

IFRS EBITDA of the Wind segment (which is equal to the **comparable EBITDA**) stood at EUR 8.6 million in Q1/15, perfectly in line with the result achieved in Q1/14, which however benefited from certain capitalizations of costs. Indeed, in Q1/15, electricity production was up 12% versus the same period of last year, and also the power tariff and the Green Certificates had higher values (respectively +2% and +1%), versus their values in Q1/14.

Other Activities

The following table shows the financial highlights of the subsidiaries Sartec SpA, Reasar SA, and others.

EUR Million	Q1/15	Q1/14	Change %	Q4/14
EBITDA	(0.2)	(0.5)	56%	2.2
Comparable EBITDA	(0.2)	(0.5)	56%	2.2
EBIT	(0.3)	(0.6)	45%	2.0
Comparable EBIT	(0.3)	(0.6)	45%	2.0
CAPEX	0.2	0.3		0.0

Strategy and Outlook

The second quarter of 2015 is unfolding in a positive manner, and refining margins are holding broadly in line with the level achieved in the first quarter, notwithstanding a certain recovery in crude oil quotations. In particular, the reference margin EMC Benchmark is standing at an average of +3.6 \$/bl in Q2/15-to-date (according to the data available at the time of writing this Interim Financial Report), thanks to the support provided by a robust demand for summer grade gasoline, together with a well-balanced diesel market.

Crude oil supply continues to exceed demand, creating very favourable conditions for complex and versatile refineries, such as the one owned and operated by the Saras Group, that is capable of processing even the most difficult and unconventional kind of feedstock (which is sold at interesting discounts vs. Brent – the reference crude oil).

Another positive catalyst for the 2015 outlook is the strength of the US dollar which, in April, posted a monthly average of approx. 1.078 USD for 1 Euro (i.e. 5% stronger than the average of 1.126 set in the first quarter of 2015). As it is well known, a strong dollar supports the results of the Refining segment, which earns a gross margin in US dollars, and it pays fixed and variable costs in Euro.

Moreover, the result of the Group's Refining segment is benefitting also from a high operational availability, because the maintenance programme of the refinery for the year 2015 is quite light, with reduced impact on EBITDA and on refinery runs. More precisely, the refinery is expected to process approx. 15 million tons of crude oil (equivalent to 110 million barrels), which represents an increase of more than 2.5 million tons vs. FY 2014.

It continues apace, and in line with the programme, the activities aimed at integrating the petrochemical plants acquired from Versalis, within the operations of Saras' wholly owned subsidiary, Sarlux Srl.

Finally, notwithstanding the delays in the development of the announced commercial JV between Rosneft and Saras due to the political tensions between Europe and Russia, the cooperation between the two companies continues to remain solid and intense: to that purpose, Saras will open an office in Geneva dedicated to oil trading.

Moving to the Power Generation segment, its financial results in FY 2015 are expected to stay strong, thanks to a combination of stable revenues and decreasing costs for the procurement of the feedstock.

Finally, signals confirm the progressive recovery in oil products' consumption for many countries of the Euro zone, as a consequence of improving macroeconomic conditions and the reduction of fuels' retail prices. Such effects should allow for a recovery of the profitability of Saras Group's Marketing segment, as we move along the year.

Investments by business Segment

EUR Million	Q1/15	FY2014
REFINING	19.1	124.9
POWER GENERATION	3.2	6.8
MARKETING	0.2	3.0
WIND	0.0	0.6
OTHER	0.2	0.9
Total	22.7	136.3

Main events after the end of the First Quarter of 2015

On April 1st, 2015 it was completed the merger by incorporation of Labor Eolica Srl and Alpha Eolica Srl, both Rumanian companies belonging to the Saras Group. As a consequence of this transaction, Labor Eolica ceased to exist and it has been merged into Alpha Eolica.

On April 28th, 2015 the Shareholders' Meeting of Saras SpA was held, and it approved the Financial Statements of Saras SpA as of 31st December 2014, deciding to carry forward the net loss for the year, equal to EUR 328,872,284. The Shareholders' Meeting also deliberated not to distribute any dividends for the financial year 2014, in accordance with the dividend policy adopted by the company. Moreover, the Shareholders' Meeting appointed the new members of the Board of Directors and the Statutory Auditors, who will remain in charge for the next three years, until the date of the Shareholders' Meeting which will be called to approve the Financial Statements for the year ending 31st December 2017. Finally, the Shareholders' Meeting appointed the firm "Reconta Ernst & Young SpA" as the new independent auditors in charge of carrying-out the audit of Saras SpA Financial Accounts for the period 2015-2023, and it also approved the corporate Remuneration Report pursuant to Art. 123-ter of the Legislative Decree 58/1998, and the new purchase plan of own shares and acts of disposal on the purchased shares. More details can be found in the press release issued by the company on April 28th, 2015.

Risk Analysis

Saras bases its risk management policy on the identification, assessment, and possible reduction or elimination of the principal risks associated with the Group's objectives, with reference to the strategic, operational and financial areas.

The principal risks are reported to and discussed by the Group's top management, to create the prerequisites for their management and also to assess the acceptable residual risk.

The management of the risks found in the company processes is based on the principle by which the operational or financial risk is managed by the person responsible for the related process, based on the indications of top management, while the control function measures and controls the level of exposure to risk and the results of the actions to reduce such risk. To manage financial risks, the Saras Group policy includes the use of derivatives, only for the purposes of cover and without resorting to complex structures.

Financial risks

Price fluctuation risk

The results of Saras Group are influenced by the trend in oil prices and especially by the effects that this trend has on refining margins (represented by the difference between the prices of the oil products generated by the refining process and the price of the raw materials, principally crude oil). In addition, to carry out production, the Saras Group is required to maintain adequate inventories of crude oil and finished products, and the value of these inventories is subject to the fluctuations of market prices.

Also subject to fluctuations is the selling price of electricity, produced and sold by our subsidiaries, as well as the prices of green certificates and emissions credits.

The risk of price fluctuation and of the related financial flows is closely linked to the very nature of the business and it can be only partly mitigated, through the use of appropriate risk management policies, including agreements to refine oil for third parties, at partially preset prices. To mitigate the risks deriving from price fluctuation, the Saras Group also takes out derivative contracts on commodities.

Exchange rate risk

The Group's oil business is structurally exposed to fluctuations in exchange rates, because the reference prices for the procurement of crude oil and for the sale of the vast majority of refined oil products are linked to the US dollar. To reduce both the exchange rate risk for transactions that will be executed in the future, and the risk originating from payables and receivables expressed in currencies other than the functional currency, Saras also uses derivative instruments.

Interest rate risk

Loans at variable interest rates expose the Group to the risk of variations in results and in cash flows, due to interest payments. Loans at fixed interest rates expose the Group to the risk of variation of the fair value of the loans received. The principal existing loan contracts are stipulated in part at variable market rates and in part at fixed rates. The Saras Group also uses derivative instruments to reduce the risk of variations in results and in cash flows deriving from interest.

Credit risk

The refining sector represents the Group's reference market and it is principally made up of multinational companies operating in the oil sector. Transactions executed are generally settled very quickly and are often guaranteed by primary credit institutions. Sales in the retail and wholesale markets are small on an individual basis; nonetheless, also these sales are usually guaranteed or insured.

Liquidity risk

The Group finances its activities both through the cash flows generated by operating activities and through the use of externally-sourced financing, and it is therefore exposed to liquidity risk, comprising the capacity to source adequate lines of credit as well as fulfil contractual obligations deriving from the financing contracts entered into. The capacity for self-financing, together with the low level of debt, leads us to consider that the liquidity risk is moderate.

Other risks

Risk related to the procurement of crude oil

A relevant portion of the crude oil refined by Saras originates from countries exposed to political, economical and social uncertainties, higher than in other countries: changes in legislation, political rulings, economic stability and social unrest could have a negative impact on the commercial relationships between Saras and those countries, with potential negative effects on the Group's economic and financial position.

Risks of interruption of production

The activity of the Saras Group depends heavily on its refinery located in Sardinia, and on the contiguous IGCC plant. This activity is subject to the risks of accident and of interruption due to non-scheduled plant shutdowns.

Saras believes that the complexity and modularity of its systems limit the negative effects of unscheduled shutdowns and that the safety plans in place (which are continuously improved) reduce any risks of accident to a minimum: in addition Saras has a major programme of insurance cover in place to offset such risks. However, under certain circumstances, this programme may not be sufficient to prevent the Group from bearing costs in the event of accidents and/or interruption to production.

Environmental risk

The activities of the Saras Group are regulated by many European, national, regional and local laws regarding the environment.

The highest priority of the Saras Group is to conduct its activity with the utmost respect for the requirements of environmental legislation. The risk of environmental responsibility is, however, inherent in our activity, and it is not possible to say with certainty that new legislation will not impose further costs in the future.

Regulatory risk

The Sarlux Srl subsidiary sells the electricity generated to GSE (the Italian National Grid Operator) at the conditions specified by the legislation in force (law no. 9/1991, law no. 10/1991, CIP resolution no. 6/92 and subsequent modifications, law no. 481/1995) which remunerate the electricity produced by plants powered by renewable and assimilated sources based on the costs avoided and time-limited incentives, linked to the actual production. The risk is therefore linked to possible unfavourable modifications to the legislation, which could have significant negative effects.

Dependencies on third parties

The IGCC plant, owned by the Sarlux Srl subsidiary, depends on raw materials derived from crude oil, supplied by Saras, and on oxygen supplied by Air Liquide Italia. If these supplies should fail, Sarlux would have to locate alternative sources, which the company may not be able to find, or to source at similar economic conditions.

Protection of Personal Data

Pursuant to the provisions of Legislative Decree 196 of the 30th June 2003 "Norms related to the protection of sensitive personal data", the Group adopted all minimum safety measures required in the Annex B of such Decree (Article 34); in particular, the Safety Document (DPS), as required by the item 19 of the above mentioned Annex B, has been updated on the 31st March 2012.

Other Information

Research and Development

Saras did not undertake meaningful “Research and Development” activities in the period; therefore, no significant cost was capitalized or accounted in the Income Statement during the first quarter of 2015.

Own shares

During the first quarter of 2015 no transactions took place, involving the sale or purchase of Saras SpA own shares.

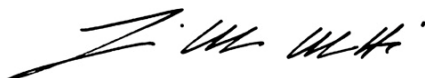
Information on the accidents happened in 2009 and 2011

In relation to the lawsuit opened following the accident in 2011 at the Sarroch refinery, which involved three workers from a subcontractor, in March 2014 the Public Prosecutor requested that, for the Company, the following be committed for trial (for liability pursuant to Legislative Decree 231/2001): the Chairman; the CEO, the General Manager, the Refinery Manager, three managers and three staff of the Company. For the firm which employed the injured workers, the owner, a manager and a team leader were committed for trial. The preliminary hearing is scheduled for 16th July 2015, following which there may be a prosecution or a non-suit.

In relation to the lawsuit opened following the accident in 2009 at the Sarroch refinery, which involved three workers from a subcontractor, in March 2014 the appeal process came to a conclusion. The acquittals in first instance of the company and of two managers, pursuant to Legislative Decree 231/2001, were upheld. The suspended sentences of the General Manager and the Refinery Manager, handed down by the Court of first instance, were upheld with a reduction in the term, while damages awarded to the plaintiffs were also upheld. Lastly, the sentence of the owner of the external firm was upheld, with no reduction in the term and confirmation of the damages awarded to the plaintiffs. Currently, an appeal requested by the General Manager and by the former Refinery Manager is pending before the Court of Cassation, against the suspended sentence handed down by the Court of Appeal.

For the Board of Directors
The Chairman

Gian Marco Moratti



CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of:
31st March 2015 and 31st December 2014

EUR thousand	31/03/2015	31/12/2014
ASSETS		
Current assets	2,111,866	2,240,608
Cash and cash equivalents	659,315	633,544
Other financial assets	92,490	294,514
Trade receivables	402,824	426,816
Inventories	733,849	670,065
Current tax assets	75,264	78,264
Other assets	148,124	137,405
Non-current assets	1,560,286	1,621,400
Property, plant and equipment	1,094,812	1,121,128
Intangible assets	277,803	286,134
Other equity interests	502	502
Deferred tax assets	181,971	208,511
Other financial assets	5,198	5,125
Total assets	3,672,152	3,862,008
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	2,133,038	2,506,190
Short-term financial liabilities	371,917	550,119
Trade and other payables	1,438,657	1,714,284
Current tax liabilities	244,456	168,664
Other current liabilities	78,008	73,123
Non-current liabilities	804,823	696,075
Long-term financial liabilities	418,070	276,595
Provisions for risks and charges	57,199	72,033
Provisions for employee benefits	11,928	12,011
Deferred tax liabilities	4,348	4,236
Other non-current liabilities	313,278	331,200
Total liabilities	2,937,861	3,202,265
SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	594,569	856,034
Profit/(loss) for the period	74,166	(261,847)
Total equity attributable to owners of the Parent company	734,291	659,743
Minority interests	0	0
Total equity	734,291	659,743
Total liabilities and shareholders' equity	3,672,152	3,862,008

Consolidated Income Statement and Statement of Comprehensive Income for the periods: 1st January – 31st March 2015 and 2014

Consolidated Income Statement for the periods: 1st January - 31st March 2015 and 2014

EUR thousand	1st January 31st March 2015	of which non recurring	1st January 31st March 2014	of which non recurring
Revenues from ordinary operations	1,960,117		2,730,968	
Other income	24,481		27,400	
Total revenues	1,984,598	0	2,758,368	0
Purchases of raw materials, spare parts and consumables	(1,679,241)		(2,595,482)	
Cost of services and sundry costs	(131,297)		(145,900)	
Personnel costs	(38,412)		(34,041)	
Depreciation, amortisation and write-downs	(57,037)		(48,453)	
Total costs	(1,905,987)	0	(2,823,876)	0
Operating results	78,611	0	(65,508)	0
Net income/(charges) from equity interests				
Financial income	156,190		46,492	
Financial charges	(129,378)		(53,693)	
Profit/(loss) before taxes	105,423	0	(72,709)	0
Income tax for the period	(31,257)		21,044	
Net profit/(loss) for the period	74,166	0	(51,665)	0
Net profit/(loss) for the period attributable to:				
Owners of the Parent Company	74,166		(51,665)	
Minority interests	0		0	
Earnings per share - basic (EUR cent)	8.01		(5.59)	
Earnings per share - diluted (EUR cent)	8.01		(5.59)	

Statement of Comprehensive Income for the periods: 1st January - 31st March 2015 and 2014

EUR thousand	1st January 31st March 2015	1st January 31st March 2014
Net result for the period (A)	74,166	(51,665)
Items included in comprehensive income which will be reclassified subsequently to profit or loss (when specific conditions are met)		
Effect of translation of F/S in foreign currency	0	(57)
Items included in comprehensive income which will not be reclassified subsequently to profit or loss (when specific conditions are met)		
IAS 19 actuarial effect on end-of-service payments	0	0
Income / (loss), net of fiscal effect (B)	0	(57)
Consolidated Comprehensive Result for the period (A + B)	74,166	(51,722)
Net consolidated Comprehensive Result for the period attributable to:		
Owners of the Parent Company	74,166	(51,722)
Minority interests	0	0

Statement of Changes in Consolidated Shareholders' Equity: From 31st December 2013 to 31st March 2015

EUR thousand	Share Capital	Legal reserve	Other reserve	Profit / (Loss)	Total equity attributable to owners of the Parent Company	Minority interests	Total Equity
Balance as of 31/12/2013	54,630	10,926	1,126,726	(271,080)	921,202	0	921,202
Period 1/1/2014 - 31/3/2014							
Appropriation of previous year's profit			(271,080)	271,080	0		0
Reserve for share plan			382		382		382
Effect of translation of F/S in foreign currency			(57)		(57)		(57)
Net profit/(loss) for the period				(51,665)	(51,665)		(51,665)
<i>Total comprehensive profit/(loss) for the period</i>			(57)	(51,665)	(51,722)		(51,722)
Balance as of 31/03/2014	54,630	10,926	855,971	(51,665)	869,862	0	869,862
Period 1/4/2014 - 31/12/2014							
Reserve for share plan			1,147		1,147		1,147
Effect of translation of F/S in foreign currency			60		60		60
IAS 19 actuarial effect			(1,144)		(1,144)		(1,144)
Net profit/(loss) for the period				(210,182)	(210,182)		(210,182)
<i>Total comprehensive profit/(loss) for the period</i>			(1,084)	(210,182)	(211,266)		(211,266)
Balance as of 31/12/2014	54,630	10,926	856,034	(261,847)	659,743	0	659,743
Period 1/1/2015 - 31/3/2015							
Appropriation of previous year's profit			(261,847)	261,847	0		0
Reserve for share plan			382		382		382
Effect of translation of F/S in foreign currency			0		0		0
Net profit/(loss) for the period				74,166	74,166		74,166
<i>Total comprehensive profit/(loss) for the period</i>			382	74,166	74,548		74,548
Balance as of 31/03/2015	54,630	10,926	594,951	74,166	734,291	0	734,291

Consolidated Cash Flow Statements as of: 31st March 2015 and 31st March 2014

EUR thousand	1/1/2015 - 31/03/2015	1/1/2014 - 31/03/2014
A - Cash and cash equivalents at the beginning of the period	633,544	506,827
B - Cash generated from/(used in) operating activities		
Net Profit / (Loss) for the period	74,166	(51,665)
Unrealised exchange losses/(gains) on bank accounts	(3,992)	(771)
Amortisation, depreciation and write-downs on assets	57,037	48,453
Net change in provisions for risks and charges	(14,834)	(10,027)
Net change in employee benefits	(83)	(2,774)
Net change in deferred tax liabilities and deferred tax assets	26,652	(22,339)
Net interest income (expense)	377	8,820
Accrued income tax	51,314	1,295
Change in fair value of derivatives, green certificates	2,587	(32,378)
Other non cash items	382	382
(Increase)/Decrease in trade receivables	23,992	148,385
(Increase)/Decrease in inventory	(63,784)	(66,332)
Increase/(Decrease) in trade and other payables	(275,627)	(137,493)
Change in other current assets	(7,585)	11,180
Change in other current liabilities	76,072	98,738
Interest received	198	138
Interest paid	(575)	(7,231)
Tax paid	0	0
Change in other non-current liabilities	(17,922)	(19,401)
Total (B)	(71,625)	(33,020)
C - Cash flow from/(used in) investing activities		
(Investments) in tangible and intangible assets	(22,390)	(23,746)
- of which interest paid capitalized	0	0
Change in other financial assets	(42)	17,807
Total (C)	(22,432)	(5,939)
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	141,475	0
Increase/(Decrease) in short term borrowings	(25,639)	25,030
Total (D)	115,836	25,030
E - Cashflow for the period (B+C+D)	21,779	(13,929)
Unrealised exchange losses/(gains) on bank accounts	3,992	771
F - Cash and cash equivalents at the end of the period	659,315	493,669

For the Board of Directors
The Chairman
Gian Marco Moratti



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 31st MARCH 2015

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1. Introduction

Saras SpA (the “Parent Company”) is a company limited by shares listed on the Milan stock market. Its registered office is at S.S. 195 Sulcitana, Km 19, Sarroch (CA), Italy . It is jointly controlled by Gian Marco Moratti SAPA and Massimo Moratti SAPA, which own 25.01% each and 50.02% jointly of the share capital of Saras SpA (excluding own shares), under the shareholders’ agreement signed by the two companies on 1 October 2013. The Company is established, as stated in its incorporation documents, until 31 December 2056.

Saras SpA operates in the Italian and international oil markets as a buyer of crude oil and a seller of finished products. The Group’s activities include the refining of crude, the production and sale of electricity via an integrated gasification combined cycle (IGCC) plant operated by its subsidiary Sarlux Srl, and a wind farm run by the subsidiary Parchi Eolici Ulassai Srl (via the subsidiary Sardeolica Srl).

The consolidated financial statements for the period ending 31 March 2015 should be read in conjunction with the consolidated financial statements of the Saras Group for the year ending 31 December 2014.

2. General criteria for the preparation of the Consolidated Financial Statements

The consolidated financial statements of the Group for the period ending 31 March 2015 were prepared in accordance with the International Financial Reporting Standards (IFRS or “International Accounting Standards”) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002.

The term IFRS is used to mean all International Financial Reporting Standards, all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Commission as of the date the draft consolidated financial statements of the Parent Company were approved by its Board of Directors and set out in the relevant EU regulations published on that date.

In accordance with Consob Resolution 15519 of 27 July 2006, the financial statements have been prepared using the following criteria, which are considered to provide a more complete picture of the Group’s assets, liabilities and financial position:

- Statement of financial position: assets and liabilities are divided into current and non-current items, according to degree of liquidity;
- Income statement and consolidated income statement: items are presented according to their nature;
- Cash Flow Statement: items are presented using the indirect method, which differentiates between financial flows deriving from operating, investment and financial activities.

The accounting standards shown below have been applied consistently to all the periods reported.

3. Accounting standards applied

The IASB and IFRIC have approved some changes to and interpretations of the IFRS, which were published in part in the Official Journal of the European Union, and are not yet applicable to these financial statements. They have also approved some changes in interpretations already issued but applicable to financial statements relating to periods beginning after 1 January 2015.

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

IFRS 9 – Financial Instruments. The IASB issued this standard on 12 November 2009. At the reporting date, the IASB had not set the effective date for the standard and the competent bodies of the European Union had not yet completed the ratification process necessary for the application of the amendment.

The amendments concern the reporting and measurement criteria for financial assets and the related classification in the financial statements. Among other things, the new provisions establish a model for classifying and measuring financial assets based solely on the following categories: (i) assets measured at amortised cost; (ii) assets measured at fair value. The new provisions also require equity investments other than those in subsidiaries, joint ventures or affiliates to be measured at fair value through the income statement. Where such investments are not held for trading, fair value changes may be recognised in the statement of comprehensive income, with only the effects of the distribution of dividends being recognised in the income statement. When the investment is sold, the amounts recognised in the statement of comprehensive income do not need to be recognised in the income statement.

Furthermore, on 28 October 2010, the IASB incorporated new requirements into IFRS 9 including the criteria for recognising and measuring financial liabilities. Specifically, the new provisions require, among other things, that when measuring a financial liability at fair value through the income statement, the changes in fair value relating to changes in the issuer's own credit risk must be recognised in the statement of comprehensive income. The item must be recognised in the income statement to ensure a match with other items relating to the liability, thereby avoiding accounting mismatch.

Improvements 2010-2012. The following amendments have been made in the 2010-2012 annual improvements:

- **IFRS 2:** The definition of “vesting conditions” has been clarified, and definitions of “service conditions” and “performance conditions” have been introduced;
- **IFRS 3:** The standard was amended to clarify that the obligation to pay a contingent consideration falls within the definition of a financial instrument and must be classified as a liability or as a component of shareholders' equity based on the guidelines in IAS 32. It has also been clarified that, unlike equity instruments, obligations to pay a contingent consideration are measured at fair value as at the date of the financial statements, and any changes recognised in the income statement;
- **IFRS 8:** the amendment requires the disclosure of information on the valuations made by the company management in aggregating the operating segments, including a description of the segments that have been aggregated and the economic indicators that have been assessed to ascertain that the aggregated segments have similar economic characteristics. The principle has also been amended to require that the notes to the financial statements include a reconciliation between the assets of operating segments and the total assets in the statement of financial position (this information must be provided only if information is given about the assets of the operating segments);
- **IAS 16 and IAS 38:** both principles have been amended to clarify the accounting treatment of historical cost and the accumulated depreciation or amortisation of a fixed asset when an entity applies the revalued cost model. It has been clarified that the accounting balance can be aligned to the revalued amount in two ways; a) the gross value of the asset is revalued. The value of the accumulated depreciation or amortisation is revalued, if necessary proportionately; b) the accumulated depreciation or amortisation is offset against the gross value of the asset.
- **IAS 24:** The amendment introduced sets out the information to be provided when a third party provides services relating to the management of executives with strategic roles of the entity that draws up the financial statements.

Improvements 2011-2013. The following amendments were made in the 2011-2013 annual improvements:

- **IFRS 3:** The amendment clarifies that IFRS 3 is not applicable when measuring the effects on the accounts of setting up a joint venture or joint operation (as defined by IFRS 11) in the financial statements of the joint venture or joint operation;
- **IFRS 13:** clarifies that the provision contained in IFRS 13 that permits a group of financial assets or liabilities to be measured at fair value on a net basis includes all agreements accounted for within the scope of IAS 39 or IFRS 9;
- **IAS 40:** the amendment clarifies that reference should be made to IFRS 3 to determine whether the purchase of investment property constitutes a business combination.

The IASB also issued the following amendments, for which the European Union had not completed the ratification process by the date of these financial statements.

Investment entities (IFRS 10; IFRS 12 and IAS 27): on 31 October 2012, the IASB issued the document “Investment Entities”, which regulates the activities carried out by specific types of companies classified as investment entities. The IASB considers investment entities to be companies that invest with the sole aim of increasing the capital invested or the investment income or both. The provisions will be effective from financial years beginning on or after 1 January 2014.

At the moment, it is not considered that adopting these amendments will have significant effects on the Group's financial statements.

3.1 Basis of consolidation

Subsidiaries that are consolidated on a line-by-line basis and non-consolidated subsidiaries that are included in the Group's basis of consolidation are listed below.

Consolidated on a line-by-line basis

% owned

Deposito di Arcola Srl	100%
Sarlux Srl	100%
Saras Ricerche e Tecnologie SpA	100%
Sarint SA and subsidiaries:	100%
Saras Energia S.A.	100%
Reasar SA	100%
Parchi Eolici Ulassai Srl and subsidiaries:	100%
Sardealica Srl	100%
Labor Eolica Srl	100%
Labor Eolica Srl	100%

Other equity interests: valued at cost as immaterial amounts

Consorzio La Spezia Utilities	5%
Sarda Factoring	5.95%

No changes occurred in the basis of consolidation compared with 31 December 2014.

3.2 Use of estimates

The preparation of the financial statements requires the directors to apply accounting standards and methodology that, in certain situations, are based on difficult and subjective valuations and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The use of these estimates and assumptions affects the values reported in the financial statements, i.e. the Statement of Financial Position, Income Statement, Statement of Comprehensive Income and Cash Flow Statement, as well as the accompanying disclosures. The actual values of accounting entries for which estimates and assumptions have been used may differ from those shown in the financial statements, due to the uncertainty surrounding said assumptions and the conditions upon which the estimates are based.

These types of valuations, particularly those that are more complex, such as the determination of any loss in value of fixed assets, are only fully carried out when the annual consolidated financial statements are prepared, at which time all the required information is available, except in cases where there are impairment indicators requiring an immediate valuation of loss in value.

A summary of the most significant estimates is provided in the Group's consolidated financial statements for the year ended 31 December 2014.

4. Information by business segment and geographical area

4.1 Preliminary remarks

The Saras Group operates primarily in the following business segments:

1. refining;
2. marketing;
3. generation of power by the combined cycle plant;
4. generation of power by wind farms;
5. other activities

1. Refining activities carried out by Parent Company Saras SpA and subsidiary Sarlux Srl relate to:

[A] the sale of oil products obtained:

- upon completion of the entire production cycle, ranging from the sourcing of raw materials to the refining and production of finished products, which is carried out at the Company's site in Sarroch, Sardinia;

- by acquiring oil products from third parties that were previously refined on behalf of these same third parties at the Sarroch site in Sardinia;
- and, to a lesser extent, by acquiring oil products from third parties.

Finished products are sold to major international operators such as the Total Group, the ENI Group, NOC (National Oil Corporation), Shell, British Petroleum and Galp.

[B] revenues from refining services provided to third parties, which only represent the income from refining activities conducted on behalf of third parties.

2. Marketing activities concern the distribution of oil products, an activity aimed at smaller-sized customers and/or those with distribution procedures that differ from those described above in relation to refining. These activities are undertaken:

- in Italy, by Saras SpA (Off-network Division) for off-network customers (wholesalers, purchasing consortia, local authority-owned utility companies and resellers) and oil companies (ENI, Tamoil, Total, etc.) through a logistics network comprising both its own bases (at Sarroch) and those of third-party operators by way of a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata and Torre Annunziata) as well as Deposito di Arcola Srl for the logistics management of the Arcola storage facility;
- in Spain, by Saras Energia S.A. for third-party and Group-owned service stations, supermarkets and resellers via an extensive network of storage facilities located throughout the Iberian peninsula, the most important of which, the Cartagena storage facility, is owned by the company itself.

3. Generation of power by the combined-cycle plant relates to the sale of electricity generated at the Sarroch plant owned by Sarlux Srl. This electricity is sold exclusively to the grid operator GSE (Gestore dei Servizi Energetici SpA), with sales benefiting from tariffs included in the CIP 6/92 agreement.

4. The generation of power by wind farms relates to the activity carried out at the Ulassai wind farm owned by subsidiary Sardeolica Srl.

5. Other activities include reinsurance activities undertaken for the Group by Reasar SA and research for environmental sectors undertaken by Sartec SpA.

The management monitors the operating results for individual business segments separately, in order to determine the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses. The breakdown by business segment and the basis on which segment results are determined are the same as in the consolidated financial statements for the year ended 31 December 2014.

4.2 Segment information

A breakdown by segment is shown below. For further details, please see the appropriate sections of the Report on Operations:

	Refining	Marketing	Power Generation	Wind Power	Other	Total
31st March 2014						
Revenues from ordinary operations	2,505,390	646,718	144,113	2,944	4,906	3,304,071
less: intersegment revenues	(539,727)	(18,400)	(13,682)	0	(1,294)	(573,103)
Revenues from third parties	1,965,663	628,318	130,431	2,944	3,612	2,730,968
Other revenues	36,256	496	10,495	6,084	32	53,363
less: intersegment revenues	(20,115)	(52)	(5,774)	0	(22)	(25,963)
Other revenues from third parties	16,141	444	4,721	6,084	10	27,400
Amortisation and depreciation	(28,684)	(2,186)	(16,353)	(1,175)	(55)	(48,453)
Operating profit (a)	(104,396)	(3,043)	35,092	7,377	(538)	(65,508)
Financial income (a)	49,338	936	1,878	196	123	52,471
Financial charges (a)	(57,015)	(2,144)	(338)	(126)	(49)	(59,672)
Income taxes	38,025	(37)	(14,116)	(2,891)	63	21,044
Net result for the period (a)	(74,048)	(4,288)	22,516	4,556	(401)	(51,665)
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	2,389,695	591,304	605,098	114,159	33,845	3,734,101
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	2,012,257	368,536	423,895	49,359	10,192	2,864,239
Investments in tangible assets	17,970	473	3,972	4	150	22,569
Investments in intangible assets	174	113	484	200	142	1,113
31st March 2015						
Revenues from ordinary operations	1,909,209	499,676	130,580	3,358	4,552	2,547,375
less: intersegment revenues	(571,126)	(1,558)	(13,598)	0	(976)	(587,258)
Revenues from third parties	1,338,083	498,118	116,982	3,358	3,576	1,960,117
Other revenues	26,476	748	5,970	6,915	36	40,145
less: intersegment revenues	(15,564)	0	(70)	0	(30)	(15,664)
Other revenues from third parties	10,912	748	5,900	6,915	6	24,481
Amortisation and depreciation	(30,114)	(1,817)	(23,699)	(1,300)	(107)	(57,037)
Operating profit (a)	38,175	3,269	30,207	7,280	(328)	78,603
Financial income (a)	158,800	1,168	1,994	165	82	162,209
Financial charges (a)	(133,431)	(1,582)	(300)	(42)	(34)	(135,389)
Income taxes	(19,552)	(851)	(8,865)	(2,100)	110	(31,258)
Net result for the year (a)	43,992	2,004	23,036	5,303	(170)	74,165
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	2,356,340	475,669	716,023	104,355	19,765	3,672,152
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	2,183,715	322,236	378,759	40,658	12,493	2,937,861
Investments in tangible assets	18,388	133	3,194	6	192	21,913
Investments in intangible assets	728	77			17	822

(a) Calculated without taking into account intra-segment eliminations

(b) Total assets and liabilities are calculated after intra-segment eliminations.

5. Notes to the Statement of Financial Position

5.1 Current assets

5.1.1 Cash and cash equivalents

The following table shows a breakdown of cash and cash equivalents.

	31/03/2015	31/12/2014	Change
Bank and postal deposits	657,231	631,740	25,491
Cash	2,084	1,804	280
Total	659,315	633,544	25,771

Bank deposits are mainly attributable to Saras SpA (EUR 575,729 thousand), Sarlux Srl (EUR 63,422 thousand), Sardeolica Srl (EUR 5,655 thousand) and Saras Energia SAU (EUR 10,737 thousand). For further details on the net financial position, see both the relevant section in the Report on Operations and the cash flow statement.

5.1.2 Other financial assets

The table below shows the breakdown of other financial assets held for trading:

	31/03/2015	31/12/2014	Change
Securities	4,771	4,802	(31)
Green Certificates	30,332	33,053	(2,721)
Derivative instruments	44,423	211,270	(166,847)
Other financial assets	12,964	45,389	(32,425)
Total	92,490	294,514	(202,024)

Green certificates partly relate to the generation of electrical power from renewable sources by the subsidiary Sardeolica Srl (EUR 14,066 thousand), and partly held by the subsidiary Sarlux Srl (EUR 16,264 thousand) in order to comply with obligations to purchase green certificates pursuant to applicable legislation.

The green certificates allocated to the subsidiary Sardeolica Srl are sold on a specific regulated market or through bilateral agreements between market operators, or through withdrawal by GSE at a pre-determined price; the certificates in the portfolio accruing during the reporting period are valued at the price set for withdrawal by GSE. (estimated at EUR 100.08/MWh for 2015 compared with EUR 97.4/MWh for 2014). Gains and losses realised for the period, and any write-downs applied in cases where the market value is lower than the carrying value at the end of the period, are booked to the income statement under "Other income" or "Services and sundry costs".

Green certificates held by the subsidiary Sarlux Srl have been measured at cost (EUR 90.4 per certificate) in view of the situation described in note 7.1.

Changes in securities and green certificates are shown below.

	Securities	Green Certificates	Total
Balance at 31/12/2013	3,418	17,599	21,017
Increase	1,384	33,471	34,855
Decrease	0	(18,017)	(18,017)
Balance at 31/12/2014	4,802	33,053	37,855
Increase		6,909	6,909
Decrease	(31)	(9,630)	(9,661)
Balance at 31/03/2015	4,771	30,332	35,103

The "Financial derivatives" item comprises the positive fair value of derivatives outstanding at the end of the reporting period.

5.1.3 Trade receivables

This item totalled EUR 402,824 thousand, a decrease of EUR 23,992 thousand compared with the previous year. The item is presented net of bad debt provisions, which amounted to EUR 15,291 thousand.

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred during the period.

	31/03/2015	31/12/2014	Change
Raw materials, spare parts and consumables	282,831	260,335	22,496
Semi-finished products and work in progress	61,438	63,126	(1,688)
Finished products and goods held for resale	388,668	346,441	42,227
Advance payments	912	163	749
Total	733,849	670,065	63,784

The change in inventories is broadly due to the increase in stocks.

The recording of inventories at net realisable value led to a write-down of around EUR 7.3 million.

This valuation is thus equivalent to the market value.

No inventories are used as collateral for liabilities.

The Sarroch refinery held no crude oil or oil products belonging to third parties (which was also the case at 31 December 2014).

5.1.5 Current tax assets

Current tax assets break down as follows.

	31/03/2015	31/12/2014	Change
VAT	3,258	2,575	683
IRES (corporate income tax, including income tax of foreign companies)	53,379	56,018	(2,639)
IRAP (regional income tax)	8,581	9,537	(956)
Other tax receivables	10,046	10,134	(88)
Total	75,264	78,264	(3,000)

IRES (corporate income tax) receivables are attributable to the overpayment of taxes in previous years and the recognition of a tax credit relating to the 2014 investment incentive pursuant to article 18 of Legislative Decree 91/14 (EUR 5,900 thousand) and the 2014 Robin Hood Tax prepayment of EUR 5,372 thousand made by the subsidiary Sarlux Srl.

5.1.6 Other assets

The balance breaks down as follows.

	31/03/2015	31/12/2014	Change
Accrued income	1,568	491	1,077
Prepaid expenses	18,551	6,480	12,071
Other receivables	128,005	130,434	(2,429)
Total	148,124	137,405	10,719

Deferred charges mainly relate to insurance premiums for the Parent Company.

“Other receivables” mainly comprise:

- the receivable of EUR 23,817 thousand claimed by the subsidiary Sarlux Srl from the Adjustment Fund for the Electrical Power Industry due to the approval, pursuant to Title II, point 7-*bis* of CIP Order 6/92, of charges arising from Directive 2003/87/EC (Emissions Trading), in application of the resolution of the Italian Regulatory Authority for Electricity and Gas of 11 June 2008, ARG/ELT 77/08, in connection with the year 2014 (EUR 18,627 thousand to be collected in the second half of 2015) and the first quarter of 2015 (EUR 5,190 thousand);
- recovery of the amount of EUR 44,442 thousand paid by subsidiary Sarlux Srl to G.S.E., as described in section 7.1 (EUR 59,582 thousand the previous year);
- white certificates for EUR 11,105 thousand (of which EUR 131 thousand have already been awarded) of energy savings made in the Sarroch refinery (EUR 6,535 thousand in 2014). These are sold on an appropriate regulated market or through bilateral agreements between market operators. The certificates in the portfolio are valued at the average annual market price (EUR 103.70 per certificate for the period, compared with EUR 99.55 in 2014);
- the receivable of EUR 20,186 thousand claimed by the subsidiary Sarlux Srl in connection with the status of energy-intensive business granted by the compensation fund for the electricity sector. The subsidy is provided for in Decree Law 83 of 22 June 2012, which identifies energy-intensive companies entitled to relief from the payment of systemic charges.

5.2 Non-current assets

5.2.1 Property, plant and equipment

The following table shows a breakdown of property, plant and equipment.

COST	31/12/2013	Additions	(Disposals)	(write-downs)	Other changes	31/12/2014
Land & buildings	234,380	3,795	(19,471)	(1,474)	(869)	216,361
Plant & machinery	2,889,428	39,448	(34,474)	(11,041)	27,132	2,910,493
Industrial & commercial equipment	28,479	372	(879)		388	28,360
Other assets	495,281	1,445	(10,455)		15,294	501,565
Assets under construction and payments on account	117,218	88,000	(4)	(22,736)	(48,505)	133,973
Total	3,764,786	133,060	(65,283)	(35,251)	(6,560)	3,790,752

ACCUMULATED DEPRECIATION	31/12/2013	Additions	(Disposals)	(write-downs)	Other changes	31/12/2014
Land & buildings	107,325	9,780	(15,156)		(337)	101,612
Plant & machinery	2,022,550	160,402	(28,006)	(6,915)	(6,059)	2,141,972
Industrial & commercial equipment	19,833	2,062	(665)		(14)	21,216
Other assets	397,653	18,020	(8,933)		(1,916)	404,824
Total	2,547,361	190,264	(52,760)	(6,915)	(8,326)	2,669,624

NET BOOK VALUE	31/12/2013	Additions	(Disposals)	(Depreciation and write-downs)	(write-downs)	Other Changes and Revaluations	31/12/2014
Land & buildings	127,055	3,795	(4,315)	(9,780)	(1,474)	(532)	114,749
Plant & machinery	866,878	39,448	(6,468)	(160,402)	(4,126)	33,191	768,521
Industrial & commercial equipment	8,646	372	(214)	(2,062)	0	402	7,144
Other assets	97,628	1,445	(1,522)	(18,020)	0	17,210	96,741
Assets under construction and payments on account	117,218	88,000	(4)	0	(22,736)	(48,505)	133,973
Total	1,217,425	133,060	(12,523)	(190,264)	(28,336)	1,766	1,121,128

COST							
	31/12/2014	Additions	(Disposals)	(write-downs)	Other changes		31/3/2015
Land & buildings	216,361	301			2,297		218,959
Plant & machinery	2,910,493	1,096			48,543		2,960,132
Industrial & commercial equipment	28,360	20			1,032		29,412
Other assets	501,565	67			6,985		508,617
Assets under construction and payments on account	133,973	20,429			(52,565)		101,837
Total	3,790,752	21,913	0	0	6,292		3,818,957
ACCUMULATED DEPRECIATION							
	31/12/2014	Additions	(Disposals)	(write-downs)	Other changes		31/3/2015
Land & buildings	101,612	2,322			62		103,996
Plant & machinery	2,141,972	40,726			6,310		2,189,008
Industrial & commercial equipment	21,216	188			450		21,854
Other assets	404,824	4,911			(448)		409,287
Total	2,669,624	48,147	0	0	6,374		2,724,145
NET BOOK VALUE							
	31/12/2014	Additions	(Disposals)	(Depreciation and write-downs)	(write-downs)	Other Changes and Revaluations	31/3/2015
Land & buildings	114,749	301	0	(2,322)	0	2,235	114,963
Plant & machinery	768,521	1,096	0	(40,726)	0	42,233	771,124
Industrial & commercial equipment	7,144	20	0	(188)	0	582	7,558
Other assets	96,741	67	0	(4,911)	0	7,433	99,330
Assets under construction and payments on account	133,973	20,429	0	0	0	(52,565)	101,837
Total	1,121,128	21,913	0	(48,147)	0	(82)	1,094,812

Historical costs are shown net of grants received for investments. The gross value of grants deducted from fixed assets was EUR 188,448 thousand, and related to the programme agreements entered into with the Ministry of Industry, Commerce and Crafts on 19 June 1995, with the Ministry of Productive Activities on 10 October 1997 and with the Ministry of Economic Development on 10 June 2002 whose final concession decree was submitted on 14 May 2013.

At 31 March 2015, the residual value of these grants was EUR 1,896 thousand (EUR 2,124 thousand at 31 December 2014).

The item "Land and buildings" chiefly includes industrial buildings, offices and warehouses with a net value of EUR 70,215 thousand, civic buildings in Milan and Rome belonging to the Parent Company and used as offices with a net value of EUR 4,522 thousand and land largely relating to the Sarroch and Arcola sites belonging to the Parent Company Sarlux Srl and the subsidiary Deposito di Arcola Srl respectively, totalling EUR 40,226 thousand.

The "Plant and machinery" item mainly relates to the refining and combined-cycle power plants at Sarroch.

The "Industrial and commercial equipment" item includes equipment for the chemicals laboratory and the control room for refining activities, as well as miscellaneous production equipment.

"Other assets" mainly include tanks and pipelines used to carry the products and crude oil of Group companies (Sarlux Srl, Saras Energia SAU and Deposito di Arcola Srl).

"Work in progress and advances" reflects costs incurred mainly for investment in tanks, and work to adapt and upgrade existing structures, particularly for environmental, safety and reliability purposes.

Increases for the year amounted to EUR 21,913 thousand, mainly reflecting technological work on the refinery plants.

The main depreciation rates used are as follows:

	I.G.C.C. plant	Other Assets (annual rates)
Industrial buildings (land and buildings)	until 2020	5.50%
Generic plant (plant and machinery)	until 2020	8.38%
Highly corrosive plant (plant and machinery)	until 2020	11.73%
Pipelines and tanks (plant and machinery)		8.38%
Thermoelectric plant (plant and machinery)	until 2020	
Wind farm (plant and machinery)		10.00%
Equipment (equipment plant and machinery)		25.00%
Electronic office equipment (other assets)		20.00%
Office furniture and machinery (other assets)		12.00%
Vehicles (other assets)		25.00%

The Group has a concession from the Cagliari Port Authority allowing it to occupy state-owned areas until 31 December 2015. These areas contain the Sarroch refinery's service facilities (waste-water treatment, seawater desalinisation, blow-down, flare system and landing stage). Currently there is no reason to believe that the concession will not be renewed on expiry.

Internal costs capitalised in the period totalled EUR 998 thousand.

5.2.2 Intangible assets

The following tables show the changes in intangible assets.

<i>COST</i>	31/12/2013	Additions	Disposals	Revaluation Reversals of impairment losses	Other changes	31/12/2014	
Industrial & other patent rights	40,849	1,462	(98)		(39)	42,174	
Concessions, licences, trademarks & similar rights	57,742		(96)		(1)	57,645	
Goodwill	21,909					21,909	
Other intangible assets	512,105	733			17,632	530,470	
Assets in progress & payments on account	22,488	1,021	(2,476)		(668)	20,365	
Total	655,093	3,216	(2,670)	0	16,924	672,563	
<i>ACCUMULATED AMORTISATION</i>	31/12/2013	Amortisation	Disposals	Write-downs	Other changes	31/12/2014	
Industrial & other patent rights	36,790	2,094	(52)		(119)	38,713	
Concessions, licences, trademarks & similar rights	18,552	2,557	(14)		(49)	21,046	
Goodwill	0					0	
Other intangible assets	502,668	4,120		(180,000)	(118)	326,670	
Total	558,010	8,771	(66)	(180,000)	(286)	386,429	
<i>NET BOOK VALUE</i>	31/12/2013	Additions	Disposals	Write-downs Reversals of impairment losses on Sarlux/GSE contract	Other changes	(Amortisation)	31/12/2014
Industrial & other patent rights	4,059	1,462	(46)	0	80	(2,094)	3,461
Concessions, licences, trademarks & similar rights	39,190	0	(82)	0	48	(2,557)	36,599
Goodwill	21,909	0	0	0	0	0	21,909
Other intangible assets	9,437	733	0	180,000	17,750	(4,120)	203,800
Assets in progress & payments on account	22,488	1,021	(2,476)	0	(668)	0	20,365
Total	97,083	3,216	(2,604)	180,000	17,210	(8,771)	286,134

<i>COST</i>	<i>31/12/2014</i>	<i>Additions</i>	<i>Disposals</i>	<i>Revaluation Reversals of impairment losses</i>	<i>Other changes</i>	<i>31/03/2015</i>	
Industrial & other patent rights	42,174	94				42,268	
Concessions, licences, trademarks & similar rights	57,645				(193)	57,452	
Goodwill	21,909					21,909	
Other intangible assets	530,470				(56)	530,414	
Assets in progress & payments on account	20,365	728				21,093	
Total	672,563	822	0	0	(249)	673,136	
<i>ACCUMULATED AMORTISATION</i>	<i>31/12/2014</i>	<i>Amortisation</i>	<i>Disposals</i>	<i>Write-downs</i>	<i>Other changes</i>	<i>31/03/2015</i>	
Industrial & other patent rights	38,713	170				38,883	
Concessions, licences, trademarks & similar rights	21,046	636			(12)	21,670	
Goodwill	0					0	
Other intangible assets	326,670	8,084			26	334,780	
Total	386,429	8,890	0	0	14	395,333	
<i>NET BOOK VALUE</i>	<i>31/12/2014</i>	<i>Additions</i>	<i>Disposals</i>	<i>Write-downs Reversals of impairment losses on Sarlux/GSE contract</i>	<i>Other changes</i>	<i>(Amortisation)</i>	<i>31/03/2015</i>
Industrial & other patent rights	3,461	94	0	0	0	(170)	3,385
Concessions, licences, trademarks & similar rights	36,599	0	0	0	(181)	(636)	35,782
Goodwill	21,909	0	0	0	0	0	21,909
Other intangible assets	203,800	0	0	0	(82)	(8,084)	195,634
Assets in progress & payments on account	20,365	728	0	0	0	0	21,093
Total	286,134	822	0	0	(263)	(8,890)	277,803

Amortisation of intangible assets totalled EUR 8,890 thousand, and was calculated using the annual rates shown below.

Industrial patent rights and intellectual property rights	20%
Concessions, licences, trademarks and similar rights	3% - 33%
Other intangible assets	6% - 33%

The main items are set out in detail below.

Concessions, licences, trademarks and similar rights

The balance of the item mainly refers to the concessions relating to Estaciones de Servicio Caprabo SA (merged with Saras Energia S.A.) for the operation of the service stations in Spain, and to Sardeolica Srl for the operation of the Ulassai wind farm, which will be fully amortised by 2026 and 2035 respectively.

Goodwill

This item mainly relates to goodwill (EUR 21,408 thousand) paid for the purchase of subsidiary Parchi Eolici Ulassai Srl: the goodwill was calculated using a projection of future cash flows by Sardeolica Srl until 2035 when the concessions expire.

Other intangible assets

The item mainly expresses the value of the long-term contract in force for the supply of electrical power according to the CIP6 scheme agreed between the subsidiary Sarlux Srl and Gestore dei Servizi Elettrici SpA (hereinafter "G.S.E."). The contract expires in 2020 and was valued according to the criteria set out in IAS 36. On 31 December 2014, an external consultant set a value at EUR 180,000 thousand; amortisation relating to the first quarter of 2015 was EUR 7,500 thousand.

Intangible assets in progress and payments on account

This item mainly includes the cost of natural gas exploration in Sardinia (EUR 18,568 thousand).

In September 2014, Saras received a letter from the environmental sustainability service (*Servizio della sostenibilità ambientale, or SAV*) that its appeal against the environmental sustainability assessment for its exploration activity in one of the two projects that the Group was working on was inadmissible. Saras filed an appeal with the TAR (regional administrative court) of Sardinia and, after assessing the possible outcome of the dispute, did not believe that there were any indicators of impairment, as defined in IFRS 6, and therefore continued to carry the assets at their capitalised values.

5.2.3 Equity investments

The table below shows a list of equity investments held at 31 March 2015, with the main figures relating to each subsidiary.

Company name	HQ	Currency	Share Capital	% owned by Group as of 03-15	% owned by Group as of 12-14	% of share capital	Shareholder	% of voting rights	Category
Deposito di Arcola S.r.l.	Arcola (SP)	EUR	1,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie S.p.A.	Assemini (CA)	EUR	3,600,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sarint S.A. and subsidiaries:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Saras Energia S.A.U.	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Reasar S.A.	Luxemburg	EUR	2,225,000	100.00%	100.00%	100.00%	Sarint S.A.	100.00%	Indirect subsidiary
Sarlux S.r.l.	Sarroch (CA)	EUR	100,000,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Parchi Eolici Ulassai S.r.l. and subsidiaries:	Cagliari	EUR	500,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Sardeolica S.r.l.	Cagliari	EUR	56,696	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect subsidiary
Alpha Eolica S.r.l.	Bucarest (Romania)	Leu	468,046	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect subsidiary
Labor Eolica S.r.l.	Bucarest (Romania)	Leu	63,894	100.00%	100.00%	100.00%	Parchi Eolici Ulassai S.r.l.	100.00%	Indirect subsidiary
Sargas S.r.l.	Uta (CA)	EUR	10,000	100.00%	100.00%	100.00%	Saras S.p.A.	100.00%	Subsidiary
Consorzio La Spezia Utilities	La Spezia	EUR	122,143	5.00%	5.00%	5.00%	Deposito di Arcola S.r.l.	5.00%	Other equity interests
Sarda Factoring	Cagliari	EUR	9,027,079	5.95%	5.95%	5.95%	Saras S.p.A.	5.95%	Other equity interests

There were no changes compared with 31 December 2014.

To guarantee the loan taken out by Sardeolica Srl, all of the shares in the Company were pledged as collateral to the financing banks.

As previously mentioned, equity investments in subsidiaries are consolidated on a line-by-line basis in these financial statements.

5.2.3.1 Other equity interests

Other equity investments break down as follows:

	31/03/2015	31/12/2014
Consorzio La Spezia Utilities	7	7
Sarda Factoring	495	495
Total	502	502

5.2.4 Deferred tax assets

The balance of EUR 181,971 thousand at 31 March 2015 essentially comprises:

- net deferred tax assets of EUR 147,303 thousand relating to tax assets on tax losses still to be used in connection with the IRES tax consolidation scheme;
- net deferred tax assets of the subsidiary Sarlux Srl totalling EUR 4,476 thousand, consisting of deferred tax assets of EUR 98,782 thousand for the straight-line reporting of revenues – IAS 17 and IFRIC 4 – and deferred tax liabilities of EUR 94,306 thousand relating to the valuation of the contract with G.S.E. of EUR 53,551 and excess and accelerated depreciation of EUR 40,755 respectively;
- net deferred tax assets of the subsidiary Saras Energia SAU of EUR 20,607 thousand, which mainly comprises tax assets on tax losses.

The decrease of EUR 26,540 thousand versus 31 December 2014 was mainly due to the release of deferred tax income in order to offset past tax losses against income in the period under the IRES tax consolidation scheme.

5.2.5 Other financial assets

At 31 March 2015, the balance of this item was EUR 5,198 thousand (EUR 5,125 thousand in the previous year) and is chiefly represented by the long-term portion of a financial receivable of the Parent Company Saras SpA from third parties (EUR 4,615 thousand), and security deposits granted by the Parent Company Saras SpA and its subsidiary Saras Energia SAU.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table provides a breakdown of short-term financial liabilities.

	31/03/2015	31/12/2014	Change
Bond	249,915	249,723	192
Bank loans	38,324	31,668	6,656
Bank accounts	46,692	68,749	(22,057)
Derivative instruments	19,785	172,348	(152,563)
Other short term financial liabilities	17,201	27,631	(10,430)
Total short-term financial liabilities	371,917	550,119	(178,202)
Total long-term financial liabilities	418,070	276,595	141,475
Total financial liabilities	789,987	826,714	(36,727)

The terms and conditions of the company's loans and bond issues are explained in the note on the item "5.4.1 - Long-term financial liabilities".

On 16 July 2010, Saras SpA issued a bond with a nominal value of EUR 250 million and a five-year duration, expiring on 21 July 2015. The bonds, which are listed on the Luxembourg stock exchange, have a coupon of 5.583%. They are not secured by collateral and are not subject to any covenants.

The "Financial derivatives" item includes the negative fair value of the financial derivatives in place at the reporting date. "Short-term financial liabilities" mainly comprises the interest accrued on the bond issued by the Parent Company. For further details, please see the statement of cash flows.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	31/03/2015	31/12/2014	Change
Advances from customers: portion due within the year	33,836	845	32,991
Trade payables: portion due within the year	1,404,821	1,713,439	(308,618)
Total	1,438,657	1,714,284	(275,627)

The item "Customer advances" relates to payments on account received from the Parent Company's customers for the supply of oil products.

The balance of "Payables to suppliers" includes the payable for the provision of crude oil purchased from Iran, the payment for which continues to be suspended due to restrictions in international banking networks resulting from the total oil embargo imposed by the European Union; the change in payables to suppliers in the last three years is mainly due to said deferrals. At 31 December 2011, the balance of payables to suppliers was EUR 1,134,991 thousand.

5.3.3 Current tax liabilities

This item breaks down as shown below.

	31/3/2015	31/12/2014	Change
VAT	82,423	56,355	26,068
IRES (corporation tax) and income tax of foreign companies	18,376	17,870	506
IRAP (regional income tax)	4,988	4,801	187
Other tax payables	138,669	89,638	49,031
Total	244,456	168,664	75,792

The change in VAT payables is due to an advance tax payment made in December 2014, as required by law, but not due for the year.

IRES liabilities are broadly unchanged due to the partial use of past tax losses offset against taxable income for the period, under the tax consolidation scheme.

The "Other tax payables" item chiefly includes excise duties on products introduced into the market by the parent company Saras SpA (EUR 128,018 thousand) and by the subsidiary Saras Energia SAU (EUR 5,781 thousand). The increase was largely due to advance payments of excise duties made only in December, as required by regulations.

5.3.4 Other liabilities

A breakdown of other current liabilities is shown below.

	31/3/2015	31/12/2014	Change
Social security payables: portions due within one year	8,041	8,401	(360)
Due to personnel	22,200	22,121	79
Payables to Ministry for grants	15,679	15,679	0
Other payables	27,622	25,533	2,089
Other accrued liabilities	1,701	342	1,359
Other deferred income	2,765	1,047	1,718
Total	78,008	73,123	4,885

The item "Payables to personnel" includes salaries not yet paid in March, the portion of additional monthly payments accrued and performance bonuses for the achievement of business targets.

The "Payables to Ministry for grants" item relates to the advance (EUR 15,679 thousand) received by the subsidiary Sardeolica Srl from the Ministry of Economic Development for the construction of the Ulassai wind farm, for which the final decree has yet to be issued.

The item "Other payables" mainly refers to port taxes payable (EUR 15,115 thousand), previously assessed by the Customs Authority on the Parent Company for the period 2005-2007. The appeal filed with the Provincial Tax Commission resulted in an unfavourable outcome for the Company and the date of the hearing before the Regional Tax Commission remains to be set.

Please note that the initial phase of the long-standing dispute between this latter company and the Italian tax authority regarding port duties payable for the Sarroch landing dock for the 1994-1995 period was settled to the full satisfaction of Saras, after the Court of Cassation found in favour of the Company and issued a definitive ruling declaring that the taxes were not due.

In the second phase of the dispute, the Court of Cassation ruled against the Parent Company in March 2012, in part due to regulatory amendments that had been introduced in the intervening period.

As a result of the outcome of this dispute, the entire amount relating to port duties for the current year, as well as for previous years, has always been booked on an accruals basis under "Cost of services and sundry costs".

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below.

	31/03/2015	31/12/2014	Change
Euro Bond	173,727	173,727	0
Bank loans	244,343	102,868	141,475
Total long-term financial liabilities	418,070	276,595	141,475

On 17 July 2014, the Parent Company Saras SpA issued a private placement of bonds with a total nominal value of EUR 175 million. The bonds, which mature on 17 July 2019, pay a 5% fixed coupon each year. The bonds are admitted to trading on the Third Market of the Wiener Borse AG, the Austrian multilateral trading facility.

On 27 June 2012, Saras SpA signed a five-year loan agreement for EUR 170 million with a group of leading national and international banks. This is a senior loan that is not backed by collateral. It carries an interest rate equal to Euribor plus a fixed annual component and is repayable in nine half-yearly instalments, of which the first, equal to 5% of the capital, is due on 27 June 2013 and the last on 27 June 2017.

On 23 March 2015, Saras SpA signed a four-year loan agreement for EUR 150 million with a group of leading national and international banks. The loan is not backed by collateral. It carries an interest rate equal to Euribor plus a fixed annual component and is repayable in seven instalments, of which the first, equal to 5% of the capital, is due on 6 March 2016 and the last on 6 March 2019.

Details of the terms and conditions of bank loans are shown in the table below.

Figures in Euro million	Loan origination date	Amount originally borrowed	Base rate	Net book value at 31/12/14	Net book value at 31/03/15	Maturity			Collateral
						1 year	from 1 to 5 years	after 5 years	
Saras S.p.A.									
Loan in pool	23-Mar-15	150.0	Euribor 6M	-	148.3	7.2	141		
Loan in pool	3-Jul-12	170.0	Euribor 6M	111.8	111.8	28.4	83.4		
				111.8	260.1	35.6	224.5		
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	22.7	22.5	2.7	19.8		
				22.7	22.5	2.7	19.8		
Total payables to banks for loans				134.5	282.6	38.3	244.3		

Saras SpA's loan agreement for EUR 170 million is subject to covenants as follows:

- In financial terms, the Company will have to meet the following ratios: net debt/EBITDA < 3.25 and net debt/shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements for the previous 12 months) at 30 June and 31 December each year.
- In corporate terms, mainly in relation to the Company's ownership structure, a ban on changing business activities, reducing the share capital, selling the majority of its significant shareholdings or selling a significant portion of its non-current assets.

- As regards dividends, the Company is allowed to pay out a maximum amount of 60% consolidated adjusted net profit provided that, after distribution, it still complies with the net debt/EBITDA ratio covenant. Note that the covenant in question is consistent with the policy adopted some time ago by the Parent Company.
- If the Company fails to comply with these covenants, the pool of lending banks has the right to demand early repayment of the loan.

Saras SpA's loan agreement for EUR 150 million is subject to covenants as follows:

- In financial terms, the Company will have to meet the following ratios: net debt/EBITDA < 3.5 and net debt/shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements for the previous 12 months, at 31 December each year.
- In corporate terms, mainly in relation to the Company's ownership structure, a ban on changing business activities, reducing the share capital, selling the majority of its significant shareholdings or selling a significant portion of its non-current assets.

If the Company fails to comply with these covenants, the pool of lending banks has the right to demand early repayment of the loan.

Sardeolica Srl entered into a loan agreement divided into five credit lines with a pool of banks (led by Banca Nazionale del Lavoro), which was signed on 6 December 2005. The loan is repayable in half-yearly instalments by the end of 2016, and carries a variable interest rate equivalent to Euribor plus a margin, which is also variable.

This loan agreement imposes certain covenants on the subsidiary:

- financial (mainly comprising liquidity parameters that must be met every six months and a ban on carrying out derivatives transactions unless authorised by the pool of banks);
- operational, in regard to the management of the wind farm and the obligation to provide insurance cover;
- corporate, connected to the Company's ownership structure, specifically a ban on carrying out extraordinary financing transactions without the authorisation of the lending banks or making changes to the licences and permits the company needs to carry out the project.

If the Company fails to comply with these covenants, the pool of lending banks has the right to demand early repayment of the loan.

In addition, to guarantee the loan taken out by Sardeolica, all of the shares in the Company were pledged as collateral to the financing banks.

The weighted average interest rate at 31 March 2015 was 4.82%.

5.4.2 Provisions for risks and future liabilities

Provisions for risks and future liabilities break down as follows:

	31/12/2013	Additions	Decrease for use and reversals	Other changes	31/12/2014
Provision for dismantling of plants	18,963	0	0	0	18,963
Provision for CO2 allowances	15,044	32,273	(15,052)	8	32,273
Other provisions	8,971	15,548	(3,702)	(20)	20,797
Total	42,978	47,821	(18,754)	(12)	72,033

	31/12/2014	Additions	Decrease for use and reversals	Other changes	31/03/2015
Provision for dismantling of plants	18,963				18,963
Provision for CO2 allowances	32,273	6,794	(21,644)		17,423
Other provisions	20,797	16			20,813
Total	72,033	6,810	(21,644)	0	57,199

The provisions for dismantling plants relate to the future costs of dismantling plants and machinery, which are made wherever there is a legal and constructive obligation to be met in this regard. This was adjusted on the basis of ISTAT changes.

The provision for CO₂ emission allowances (EUR 17,423 thousand) was made pursuant to Legislative Decree 216 of 4 April 2006, which introduced limits on CO₂ emissions from plants. If these limits are exceeded, allowances covering the

excess amount of CO₂ must be purchased on the appropriate market. The provision in question represents allowances required and not yet purchased.

Until 30 June 2013, the Parent Company Saras SpA was responsible for the CO₂ emissions at the entire Sarroch site, including the IGCC plant owned by its subsidiary Sarlux Srl; from 1 July 2013, following the transfer of the refining division mentioned above, Sarlux Srl took on responsibility for the entire Sarroch site. Similarly, the relevant authorities also transferred the CO₂ allowances and compliance obligations to Sarlux Srl from 1 January 2013.

Under the “allocation plan” for allowances in the period 2013-2020, the Sarroch site has been allocated 2,815,928 tons (304,891 tons of which related to plants in the north that had yet to receive their allocation) of CO₂ for 2015; within this allocation, the part technically relating to the refinery plants, calculated using methodology compliant with the provisions set by the new allocation plan, is 2,196,430 tons of CO₂, while the part relating to the cogeneration plant is 619,498 tons of CO₂. This results in the following situation:

- for the refinery plants, actual emissions as of 31 March totalled 703,388 tons of CO₂. A provision was made for the shortfall for the period, net of purchases and sales made (130,268 tons, worth EUR 906 thousand);
- for the cogeneration plants, actual emissions as of 31 March totalled 888,487 tons of CO₂. A provision was made for the shortfall for the period, net of purchases and sales made (746,722 tons, worth EUR 5,195 thousand).

Over the year, EUR 21,644 thousand was used from the provisions, to buy (and deliver) allowances relating to the previous year. Please note that CO₂ allowances held by the group are taken into account in calculating the provision.

The “Other risk provisions” item mainly relates to provisions made for potential legal and tax liabilities.

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	31/03/2015	31/12/2014	Change
Employee end-of-service payments	11,834	11,917	(83)
Other supplementary pension funds	94	94	0
Total	11,928	12,011	(83)

Employee end-of-service payments are governed by article 2120 of the Italian Civil Code and reflect the estimated amount that the Company will be required to pay employees when they leave their employment. The liability accrued at 31 December 2006 was calculated according to actuarial methods. On 30 June 2010, following the cancellation by the Company of the agreement establishing CPAS, the Company's supplementary employee pension fund, the fund was dissolved and put into liquidation, with workers given the option of transferring the benefits earned until that date to another supplementary pension scheme or of redeeming the full amount. The trade unions, however, disputed the termination of the fund, and a number of the employees involved have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision. Having taken legal advice from the lawyers assisting the Company in this matter, the Company is confident that the propriety of its actions will be upheld in court. Following the above-mentioned cancellation, the Saras CPAS fund is the Company's supplementary employee pension fund, and is structured as a defined contribution fund.

The following table shows the changes in ‘Employee end-of service payments’.

Balance at 31.12.2013	13,440
Accruals for defined contribution plan (TFR)	6,853
Deductions	(3,321)
Payments to supplementary pension schemes (or to INPS treasury funds)	(5,055)
Balance at 31.12.2014	11,917
Accruals for defined contribution plan (TFR)	1,369
Deductions	(83)
Payments to supplementary pension schemes (or to INPS treasury funds)	(1,369)
Balance at 31.03.2015	11,834

The table below shows the changes in the CPAS fund, which is a defined contribution plan.

Balance at 31.12.2013	6,466
Accrual for the period	0
Amount used during the period	(6,372)
Balance at 31.12.2014	94
Accruals for defined contribution plan (TFR)	0
Deductions	0
Payments to supplementary pension schemes (or to INPS treasury funds)	0
Balance at 31.03.2015	94

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 4,348 thousand, relate to the foreign subsidiaries.

5.5.5 Other non-current liabilities

Other non-current liabilities break down as follows:

	31/3/2015	31/12/2014	Change
Deferred income	311,440	329,368	(17,928)
Other	1,838	1,831	7
Total	313,278	331,199	(17,921)

The change compared with 31 December 2014 is mainly due to the decrease in "Deferred income" posted by the subsidiary Sarlux Srl. The item in question relates to the agreement for the sale of energy between the subsidiary and GSE (Gestore dei Servizi Energetici SpA), which was accounted for according to IFRIC 4. Revenues from the sale of energy are calculated on a straight-line basis since the electricity supply contract, pursuant to IAS 17 (Leases) and IFRIC 4 (Determining Whether an Arrangement Contains a Lease) has been recognised as a contract regulating the use of the plant by the customer of Sarlux Srl, meaning that it is comparable to an operating lease. Such revenues have therefore been stated on a straight-line basis in accordance with both the duration of the contract (20 years) and forecast changes in the price of crude oil and gas, which are determining factors for electricity tariffs and electricity production costs.

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	31/3/2015	31/12/2014	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	594,569	856,034	(261,465)
Profit/(Loss) for the period	74,166	(261,847)	336,013
Total Shareholders Equity	734,291	659,743	74,548

Share capital

At 31 March 2015, the fully subscribed and paid-up share capital of EUR 54,630 thousand comprised 951,000,000 ordinary shares with no par value.

Legal reserve

The legal reserve was unchanged from the previous year and stood at one-fifth of the share capital.

Other reserves

This item totalled EUR 594,569 thousand, a net decrease of EUR 261,465 thousand compared with the previous period. The net decrease was the combined result of:

- the allocation of the loss from the previous year (EUR 261,847 thousand);
- an increase of EUR 382 thousand relating to the establishment of a reserve for the bonus allocation of shares to employees and management under stock grant plans;

Pursuant to IAS 1, paragraphs 1 and 97, please note that no transactions relating to shareholders' equity were carried out with owners of the Company's shares.

Net loss

The consolidated profit for the period was EUR 74,166 thousand.

Dividends

On 28 April 2015, the ordinary shareholders' meeting of Saras SpA called to approve the financial statements ending 31 December 2014 voted not to pay any dividends.

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

The “Revenues from ordinary operations” item breaks down as follows:

	31/03/2015	31/03/2014	Change
Sales and services revenues	1,836,453	2,594,235	(757,782)
Sale of electricity	120,036	133,059	(13,023)
Other revenues	2,992	3,174	(182)
Change in contract work in progress	636	500	136
Total	1,960,117	2,730,968	(770,851)

Sales and services revenues decreased by EUR 757,782 thousand, basically due to oil product price trends.

Revenues from the sale of electricity include EUR 116,678 thousand relating to the gasification plant of subsidiary Sarlux Srl and EUR 3,358 thousand relating to the wind farm owned by subsidiary Sardeolica Srl.

Revenues from the sale of electricity by Sarlux Srl reflect the reporting of figures on a straight-line basis, calculated according to the remaining duration of the contract that expires in 2021, principally taking into account the tariff amount and forward curves of both the crude price and projections of the EUR/USD exchange rate until the contract expires; the projections are reviewed when there are significant changes.

Note that, pending the settlement of the dispute with the AEEG (gas and electricity regulator) over the method of calculating the avoided fuel cost component, for the purposes of these financial statements, revenues from the sale of electricity were determined in accordance with Legislative Decree 69/2013 (Decree of Doing).

Other payments are mainly attributable to revenues posted by the subsidiaries Sartec SpA and Reasar SA in their respective business segments.

6.1.2 Other revenues

The following table shows a breakdown of other revenues:

	31/03/2015	31/03/2014	Change
Revenues for storage of mandatory stocks	1,388	2,094	(706)
Sales of sundry materials	118	68	50
Grants	6,914	6,081	833
Chartering of tankers	100	2,181	(2,081)
Recoveries from claims and damages	476	0	476
Reimbursement of emission trading charges	5,190	4,721	469
Other income	10,295	12,255	(1,960)
Total	24,481	27,400	(2,919)

The “Grants” item mainly includes the revenues from green certificates obtained by the subsidiary Sardeolica Srl.

The item “Reimbursement of emissions trading charges” comprises income posted by the subsidiary Sarlux Srl, deriving from the reimbursement – pursuant to section II, point 7-bis of CIP Provision 6/92 – of charges relating to the application of Directive 2003/87/EC (Emissions Trading), as per AEEG Resolution 77/08. The increase compared with the previous year was due to the rise in the price of allowances (from EUR 5.88 per allowance in 2014 to EUR 6.95 per allowance in 2015).

The item “Other income” mainly includes income from energy efficiency credits (white certificates) of EUR 4,298 thousand (compared with EUR 6,260 thousand in the first quarter of the previous year) accrued during the period, as well as EUR 272 thousand relating to the adjustment to market value of the allowances still held at 31 March 2015.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, replacement parts and consumables

	31/03/2015	31/03/2014	Change
Purchases of raw materials	1,416,190	2,213,034	(796,844)
Purchases of semifinished materials	64,361	35,338	29,023
Purchases of spare parts and consumables	13,818	20,320	(6,502)
Purchases of finished products	248,851	392,354	(143,503)
Other purchases	21	26	(5)
Change in inventories	(64,000)	(65,590)	1,590
Total	1,679,241	2,595,482	(916,241)

Costs for the purchase of raw materials, replacement parts and consumables decreased by EUR 916,241 thousand compared with the same period of the previous year, mainly due to the above-mentioned changes in oil and oil product prices.

6.2.2 Services and sundry costs

	31/03/2015	31/03/2014	Change
Service costs	117,090	132,687	(15,597)
Rent, leasing and similar costs	3,418	3,314	104
Provisions for risks and charges	5,919	5,075	844
Other operating charges	4,870	4,824	46
Total	131,297	145,900	(14,603)

Service costs mainly comprise maintenance, rentals, transport, electricity and other utilities, as well as bank charges.

“Rent, leasing and similar costs” includes the costs incurred by the Parent Company and the subsidiary Sarlux Srl (for the lease of its offices in Milan and Rome, government concessions for the Sarroch site and the leasing of equipment) and by the subsidiary Saras Energia SAU. for rents on the distribution network.

The “Use of third-party assets” item includes EUR 519 thousand in costs relating to the rental of the building that houses the registered office of the Parent Company Saras SpA. The cost has been reported on a straight line basis according to IAS 17 – Leasing, IAS 1, IAS 8 and SIC Interpretation 15, for the eight-year duration of the contract, which expires on 30 September 2015. Minimum future payments under the terms of the contract are EUR 862 thousand for the following year. The annual rental payments are pegged to the ISTAT consumer price index for the families of manual workers and employees.

The contract will be renewed for a further eight-year period at the expiry date, and at every subsequent expiry date, unless cancelled with at least 12 months’ notice prior to the expiry date: the Company did not take up this option.

“Provisions for risks” essentially consist of a provision relating to CO₂ allowances applicable to the period that had not yet been purchased as of 31 March 2015.

The “Other operating charges” item chiefly comprises non-income taxes (combined municipal tax on property (IMU), atmospheric emission taxes) and membership fees.

6.2.3 Labour costs

“Personnel costs” break down as follows:

	31/03/2015	31/03/2014	Change
Wages and salaries	26,951	23,428	3,523
Social security	8,229	7,382	847
Employee end-of-service payments	1,369	1,372	(3)
Other costs	973	941	32
Directors' remuneration	890	918	(28)
Total	38,412	34,041	4,371

The increase in the item is mainly due to the larger average workforce - a consequence of the acquisition of the Versalis business unit, which was completed during the previous year

On 24 April 2013, the Shareholders' Meeting approved the 'Plan to grant free company shares to the Saras Group management' (the '2013-2015 Stock Grant Plan' or the 'Plan'), assigning the Board of Directors all powers necessary and appropriate to implement the Plan.

Beneficiaries of the Plan are:

- Managers with strategic responsibilities within the Company
- Directors of Italian and/or foreign companies controlled by the Company
- Other senior managers in the Group, including those with an independent employment contract

Each beneficiary is assigned the right to receive free shares upon achieving performance objectives determined in relation to the performance of Saras' Total Shareholder Return (TSR) compared with the TSR of a group of industrial companies forming a part of the FTSE Italia Mid Cap Index (the 'Peer Group'). TSR is calculated as the change in the value of Saras shares and the shares of Peer Groups during the three-year period 2013-2015; the change will be calculated using as a reference the initial value (average value of shares recorded on the Milan Stock Exchange from 1 October 2012 to 31 December 2012) and the ending value (average value of shares recorded on the Milan Stock Exchange from 1 October 2015 to 31 December 2015).

The maximum number of shares covered by the Plan is 9,500,000. Shares are to be delivered within six months of the end of the Plan, and the beneficiary undertakes not to sell, transfer, dispose of or subject to any restriction a number of shares equivalent to 20% of the shares for a period of 24 months from the delivery date.

On 8 August 2013, the Board of Directors set the maximum number of shares to be assigned to individual beneficiaries, with a cost of EUR 382 thousand in these consolidated financial statements.

6.2.4 Depreciation, amortisation and write-downs

Depreciation and amortisation figures are shown below:

	31/03/2015	31/03/2014	Change
Amortisation and write-downs of intangible assets	8,890	1,569	7,321
Depreciation and write-downs of tangible assets	48,147	46,884	1,263
Total	57,037	48,453	8,584

The increase in the amortisation of intangible assets is mainly due to the amortisation of the value of the contract, renewed between G.S.E and the subsidiary Sarlux Srl at the end of the previous year.

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	31/03/2015	31/03/2014	Change
Financial income:			
- from financial assets recorded under current assets	35		35
Other income:			
- Interest on bank and post office accounts	132	129	3
- Fair value of derivatives held at the reporting date	30,878	10,525	20,353
- Positive differences on derivatives	101,350	13,496	87,854
- Other income	68	167	(99)
Exchange gains	23,727	22,175	1,552
Total Financial Income	156,190	46,492	109,698
Financial charges :			
- Fair value of derivatives held at the reporting date	(17,195)	(10,037)	(7,158)
- Negative differences on derivatives	(29,760)	(12,627)	(17,133)
- Other (interest on loans, late payment interest, etc.)	(8,965)	(9,043)	78
Exchange losses	(73,458)	(21,986)	(51,472)
Total Financial Charges	(129,378)	(53,693)	(75,685)
Total	26,812	(7,201)	34,013

The table below shows net income/charges by type:

	31/03/2015	31/03/2014	Change
Net interest income / (expense)	(8,833)	(8,914)	81
Net result from derivative financial instruments	85,273	1,357	83,916
- Realised gains (losses)	71,590	869	70,721
- Fair value of the open positions	13,683	488	13,195
Net exchange gains/(losses)	(49,731)	189	(49,920)
Other	103	167	(64)
Total	26,812	(7,201)	34,013

The fair value of outstanding derivatives at 31 March 2015 represented net income of EUR 13,683 thousand, compared with net income of EUR 488 thousand in the same period of the previous year. The derivatives in question relate to hedging transactions to which hedge accounting is not applied.

6.4 Income tax

Income tax can be shown as follows.

	31/03/2015	31/03/2014	Change
Current taxes	29,818	724	29,094
Deferred tax (income)/expense, net	1,439	(21,768)	23,207
Total	31,257	(21,044)	52,301

Current taxes relating to the period consist of IRES, calculated, where due, on the taxable income of Italian companies, (EUR 28,705 thousand), and IRAP (EUR 1,113 thousand). The change compared with the same period of the previous year is due to the positive results recorded in the period by some consolidated companies, for the purposes of the IRES tax consolidation scheme.

Deferred tax income/expenses relate to changes during the period in the temporary differences between values recorded in the financial statements and those recognised for tax purposes; the change is mainly due to tax losses in the corresponding period of the previous year and the recording of the related tax asset, a situation that, as stated above, did not occur in the quarter under review.

7. Other information

For information on events that took place after the end of the period, please see the relevant section in the Report on Operations.

7.1 Main legal actions outstanding

The Parent Company Saras SpA and Sarlux Srl were subject to tax inspections and assessments by the tax authorities that led, in some cases, to disputes pending before tax courts.

Although the decisions made by the tax courts were not consistent, the Company assumes that any liability is likely to be remote.

In addition, as regards the subsidiary Sarlux Srl, legal action is pending regarding the IGCC plant not being recognised as a cogeneration plant, resulting in the company being required to purchase green certificates.

Specifically:

i) Generation: 2002-2005 and 2009. Companies producing electricity that is not from renewable sources or cogeneration (as defined by AEEG Resolution 42/02) are required to purchase green certificates in respect of a certain percentage of electricity introduced into the grid. A specially-created AEEG committee, in coming to a different interpretation of the resolution subsequently, deemed the company subject to this obligation for the years 2002-2005. Sarlux has initiated legal proceedings for all the years contested. In March 2015, the high court accepted, as its final decision, Sarlux's appeal for the years 2002-2005, granting Sarlux the right to a reimbursement of the charges incurred net of related amounts recognised in the electricity sales tariff pursuant to section II, point 7-*bis* of CIP Provision 6/92. However, in its ruling, the high court did not pronounce on one point (hydrogen produced by the plant qualifying as "useful heat"), which would have allowed the subsidiary to be considered a cogeneration plant also for the generation in 2009. As Sarlux considers the arguments already presented to the high court to be justified, it intends to launch further legal action with the aim of achieving recognition of its arguments relating to cogeneration in 2009.

These financial statements show a net credit of EUR 17,700,910 for 2002-2005 (a gross liability of EUR 31,937,498, net of a reimbursement pursuant to CIP 6/92 of EUR 14,236,588) and a net credit of EUR 4,966,320 for 2009 (a gross liability of EUR 12,331,199, net of a reimbursement pursuant to CIP 6/92 of EUR 7,364,879). The subsidiary is currently making arrangements with the GSE about how to repay the amounts relating to 2002-2005.

ii) Generation: 2011, 2012 and subsequently. As regards production in 2011, 2012 and 2013, the company submitted the cogeneration declaration pursuant to the requirements of Resolution 42/02 as in previous years, since it considered this resolution was still in effect. GSE, however, ruled that, starting with the 2012 obligation (2011 production onwards), the only applicable regulation was that for High Yield Cogeneration as set out in the Ministerial Decree of 4 April 2011, and therefore rejected the company's application. Sarlux Srl therefore lodged various appeals to the TAR with the aim of receiving confirmation that Resolution 42/02 was applicable or, if the regulation for High Yield Cogeneration applied, that the cogeneration conditions were complied with for the years in question. In the meantime, in order to avoid incurring administrative penalties, the Company purchased green certificates for 2011 and 2012 production as per GSE's calculations totalling EUR 48,660,040 and immediately forwarded a request for a refund of EUR 26,885,212 to the AEEG, of which EUR 11,744,546 was recognised and granted in 2014, and EUR 15,140,666 was recognised in February 2015. The situation described above also applies to 2013 and 2014; for 2013, specifically, GSE has already rejected the cogeneration statement submitted by the company and, to date, no communication about the number of green certificates to be purchased has been received. Should the company lose the case, the estimated net cost for 2013 would amount to about EUR 9 million. Although the appeal lodged with the TAR aimed at confirming the applicability of Resolution 42/02 was rejected in February 2015, Sarlux Srl considers that the arguments supporting this appeal, the rejection of which may in any case be appealed against, and the appeal aimed at confirming that the cogeneration conditions have been satisfied, should the CAR ruling be applied, are valid and applicable for all the years contested, and has therefore not recorded any charges or income for 2011 onwards.

See note 5.2.2 for information about the legal proceedings relating to the Eleonora project.

7.2 Early withdrawal from CIP 6/92 agreement

Based on the provisions of article 3, paragraph 1 of the Ministry for Economic Development Decree of 2 December 2009, on 16 December 2009, Sarlux Srl, as a party to an agreement signed under the CIP 6/92 programme in force at 1 January 2010 for plants that use process fuels from residues, expressed its interest in an early withdrawal from the agreement to Gestore dei Servizi Elettrici (GSE), on a non-binding basis.

GSE calculated the fees payable under which such withdrawal could be effected: the Ministry for Economic Development subsequently extended the deadline for presentation of the binding application for voluntary early withdrawal from the CIP6 agreement to 30 September 2015.

The Company is assessing the alternatives available in order to arrive at a decision by the deadline.

7.3 Transactions with related parties

The effects on the Statement of Financial Position and the Statement of Comprehensive Income of the Saras Group of transactions or positions with related parties are not significant.

7.4 Other

With regards to atypical and/or unusual transactions, please refer to the Report on Operations of the Consolidated Financial Statements for the year 2014. Finally, for details on the accidents that occurred in 2009 and 2011, please refer to Report on Operations of the present Interim Report.