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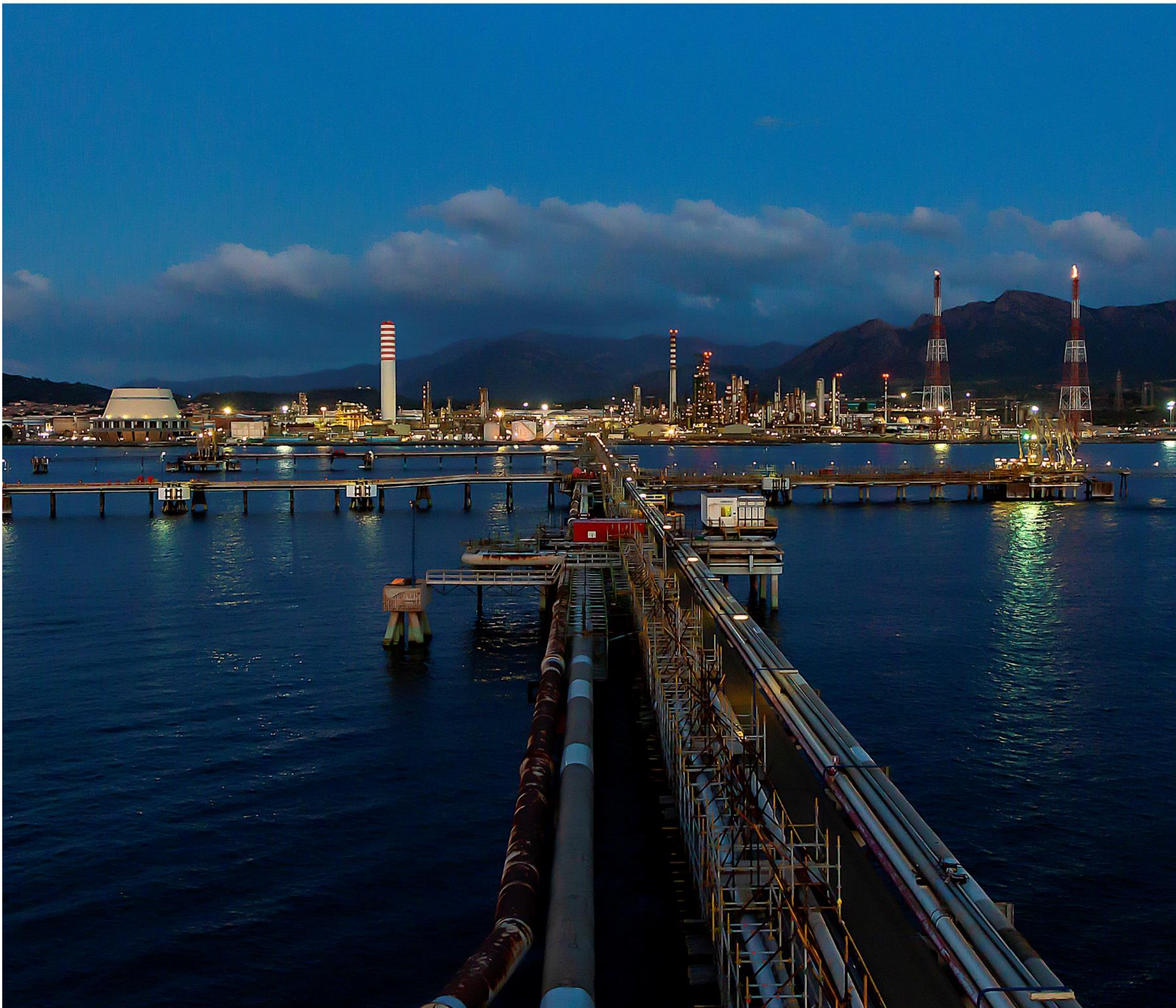
SARAS GROUP
HALF-YEAR FINANCIAL REPORT
AS OF 30TH JUNE 2019

SARAS



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The Financial Statements have been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the reports and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

Statutory and Control Bodies

BOARD OF DIRECTORS

MASSIMO MORATTI	Chairman and Director
DARIO SCAFFARDI	Chief Executive Officer, General Manager and Director
ANGELO MORATTI	Director
ANGELOMARIO MORATTI	Chairman of Saras Energia and Director
GABRIELE MORATTI	Director
GIOVANNI MORATTI	Director
GILBERTO CALLERA	Independent Director
ADRIANA CERRETELLI	Independent Director
LAURA FIDANZA	Independent Director
ISABELLE HARVIE-WATT	Independent Director
FRANCESCA LUCHI	Independent Director
LEONARDO SENNI	Independent Director

BOARD OF STATUTORY AUDITORS

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

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

FRANCO BALSAMO	Chief Financial Officer

INDEPENDENT AUDITING FIRM

EY SpA

Group Activities

The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Sarroch refinery, on the coast south-west of Cagliari, is one of the biggest in the Mediterranean in terms of production capacity (15 million tonnes per year, equal to 300,000 barrels per day) and one of the most advanced plants in terms of complexity (11.7 on the Nelson Index). Located in a strategic position in the middle of the Mediterranean, the refinery is owned and managed by the subsidiary Sarlux Srl, and is a reference model in terms of efficiency and environmental sustainability, due to its technological know-how, expertise and human resources acquired over fifty years of activity. To best exploit these extraordinary resources, Saras has introduced a business model based on the integration of its supply chain through close coordination between refinery operations and commercial activities. This includes the activity of the subsidiary Saras Trading SA, incorporated in Geneva in September 2015, which deals with acquiring crude and other raw materials for the Group's refinery, selling its refined products, and also performing trading activities, acting in one of the main markets for trading oil commodities.

The Group sells and distributes oil products directly, and through its subsidiaries, such as diesel, gasoline, diesel fuel for heating, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel, mainly on the Italian and Spanish markets, but also in various other European and non-European countries. In particular, in 2018 approximately 2.12 million tonnes of oil products were sold in Italy on the wholesale market, and a further 1.56 million tonnes were sold on the Spanish market through its subsidiary Saras Energia SAU, active both on the wholesale and retail channels.

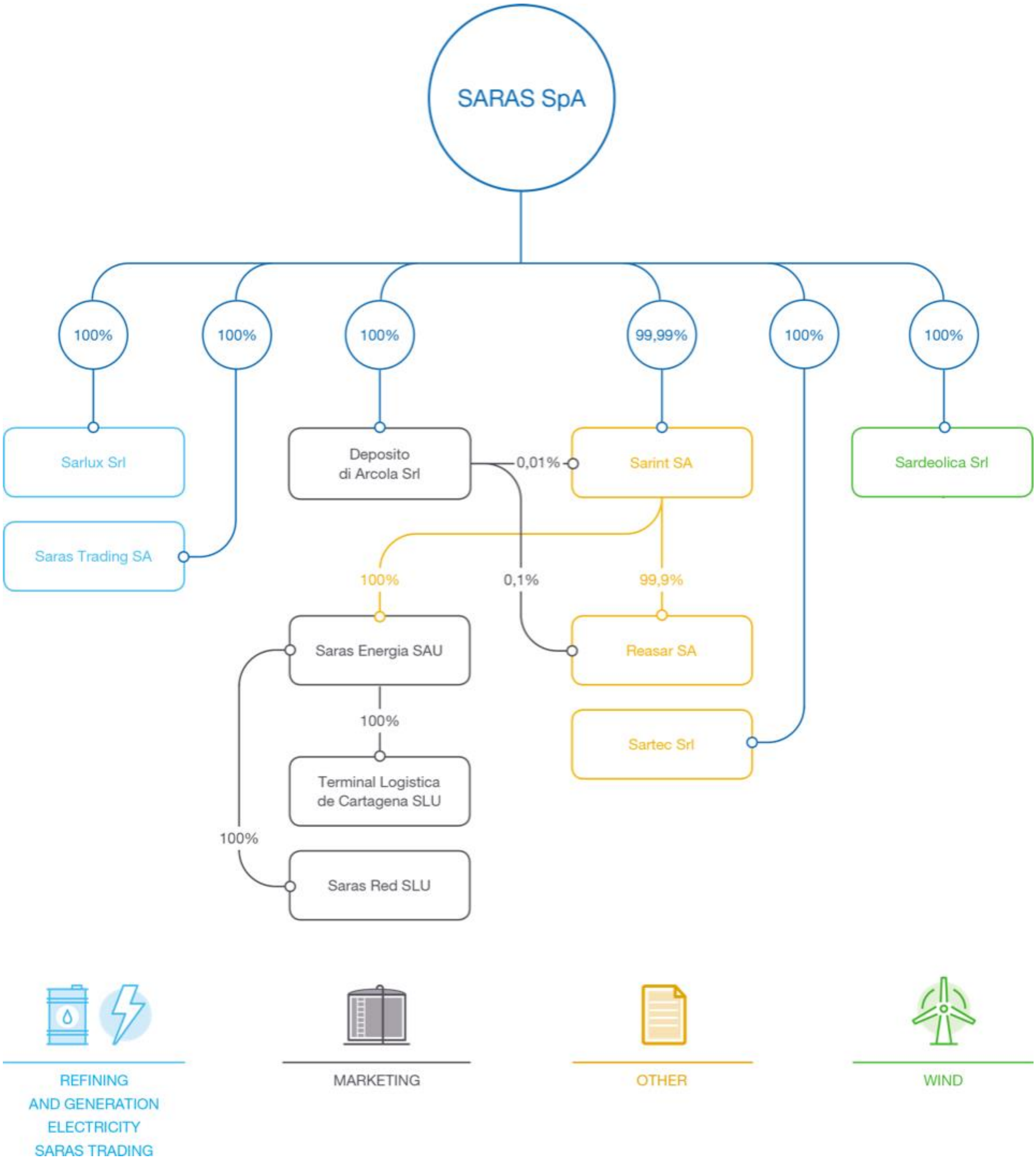
In the early 2000s, the Saras Group also undertook the task of producing and selling electricity by means of an IGCC plant (Integrated Gasification Combined Cycle), which has an installed power of 575 MW and is also managed by the subsidiary Sarlux Srl. The feedstock used by the IGCC plant is the heavy products of the refinery, and the plant generates over 4 billion kWh of electricity each year, which corresponds to more than 45% of the electricity requirements in Sardinia.

In addition, the Group manufactures and sells electricity from renewable sources in Sardinia, via the Ulassai wind farm. The farm, operational since 2005, is managed by the subsidiary Sardeolica Srl and has an installed capacity of 96 MW.

Lastly, the Group provides industrial services to the oil, energy and environment industries, via its subsidiary Sartec Srl.

Structure of the Saras Group

The following picture illustrates the structure of the Saras Group and the main companies involved in each business segment, as of 30th June 2019.



Saras Stock Performance

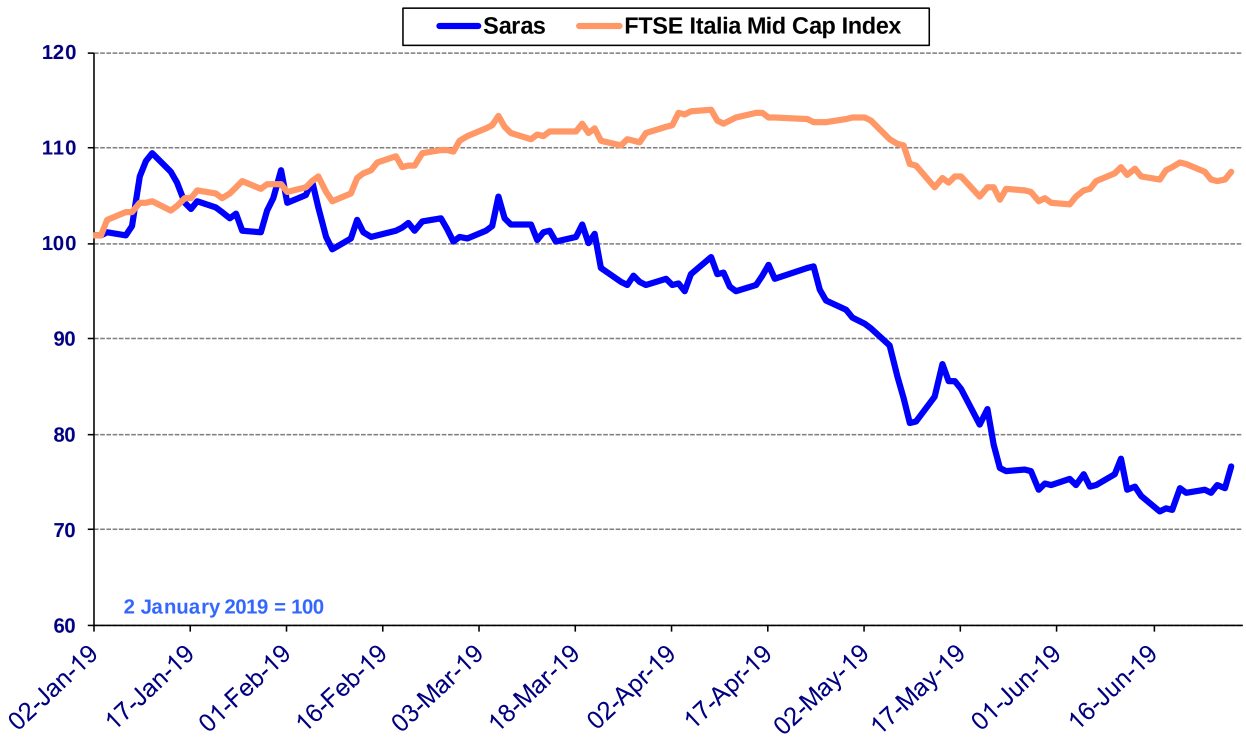
The following data relate to Saras' share prices and the daily volumes, traded during the first half of 2019.

SHARE PRICE (EUR)	H1/19
Minimum price (17/06/2019)	1.242
Maximum price (11/01/2019)	1.890
Average price	1.608
Closing price at the end of the first half of 2019 (28/06/2019)	1.324

DAILY TRADED VOLUMES	H1/19
Maximum traded volume in EUR million (14/05/2019)	17.8
Maximum traded volume in number of shares (million) (14/05/2019)	11.8
Minimum traded volume in EUR million (21/01/2019)	1.7
Minimum traded volume in number of shares (million) (21/01/2019)	1.0
Average traded volume in EUR million	6.0
Average traded volume in number of shares (million)	3.8

The Market capitalization at the end of the first half of 2019 was equal to approximately EUR 1,259 million and the number of shares outstanding was approximately 936 million.

The following graph shows the daily performance of Saras' share price during the first half of 2019, compared to the "FTSE Italia Mid Cap" Index of the Italian Stock Exchange:



REPORT ON OPERATIONS

Non-GAAP measure
Alternative performance indicators

In order to give a representation of the Group's operating performance in line with the standard practice in the oil industry, the operating results and the Net Result are displayed excluding inventories gain and losses and non-recurring items and reclassifying derivatives. Such figures, called "comparable", are financial measures not defined by the International Accounting Standards (IAS/IFRS) and they are not subject to audit.

The operating results and the Net Result, are displayed valuing inventories with FIFO methodology, excluding unrealised inventories gain and losses, due to changes in the scenario, by valuing beginning-of-period inventories at the same unitary value of the end-of-period ones. Moreover the realised and unrealised differentials on oil and exchange rate derivatives with hedging nature which involve the exchange of physical quantities are reclassified in the operating results, as they are related to the Group industrial performance, even if non accounted under the hedge accounting principles. Non-recurring items by nature, relevance and frequency and derivatives related to physical deals not of the period under review, are excluded by the operating results and the Net Result Comparable.

Non-Gaap financial measures should be read together with information determined by applying the International Accounting Standards (IAS/IFRS) and do not stand in for them.

Key financial and operational Group Results

EUR Million	H1 2019	H1 2018	Change %	Q2/19	Q2/18	Change %
REVENUES	4,684	5,591	-16%	2,590	3,172	-18%
Reported EBITDA	195.7	271.4	-28%	87.2	199.2	-56%
Comparable EBITDA	**99.7**	**150.4**	**-34%**	**76.9**	**78.8**	**-2%**
Reported EBIT	101.7	186.5	-45%	39.4	156.1	-75%
Comparable EBIT	**5.8**	**65.5**	**-91%**	**29.2**	**35.7**	**-18%**
Reported NET RESULT	24.0	81.4	-70%	28.2	58.9	-52%
***Comparable* NET RESULT**	**(36.6)**	**14.9**	**-346%**	**4.2**	**6.3**	**-34%**

EUR Million	H1 2019	H1 2018	Q2/19	Q2/18	FY 2018
NET FINANCIAL POSITION ANTE IFRS 16	**76.5**	**42.0**	**76.5**	**42.0**	**46.0**
NET FINANCIAL POSITION POST IFRS 16	**28.0**		**28.0**		
CAPEX	**204.2**	**85.0**	**89.2**	**35.9**	**242.9**

Comments to First Half 2019 Group Results

The Groups revenues in H1/19 were EUR 4,684 million compared to EUR 5,591 million in the first half of last year. The change reflects the different classification, carried out starting from Q4/18, of the revenues and costs related to the trading activity. Moreover average oil and products prices were lower and as well as refinery runs as effect of a heavier planned maintenance program. In the first months of 2019, it was carried out one of the main turnaround of the last 5 years and the Topping "T2", Vacuum "V2", CCR and MHC1 were stopped for about 60 days. In detail, in H1/19 the price of gasoline averaged at 596 $/ton (compared to the average of 669 $/ton in H1/18), while the price of diesel averaged out to 594 $/ton (compared to the average of 623 $/ton in H1/18). As a result, revenues were lower by approximately EUR 855 million in the Refining segment and by more than EUR 50 million in the Marketing segment, also as effect of lower volumes sold (-6% vs H1/18).

The Group's reported EBITDA in H1/19 was EUR 195.7 million, below the EUR 271.4 million reported in H1/18. This difference was mainly attributable to the Refining segment that, in the first half of 2019, operated in a less favourable scenario, with lower gasoline crack spread and discounts on heavy sour crudes, and achieved lower volumes compared to the same period last year due to the above mentioned heavy maintenance program. Moreover, it enjoyed a positive scenario effect on the differences between the beginning and the end of the period inventories but lower than the one registered in the same period of the previous year.

The reported Group Net Result was equal to EUR 24.0 million, compared to EUR 81.4 million in H1/18 mainly as effect of what described at EBITDA level. In H1/19, amortisation and depreciation charges were slightly ahead of the same period of previous year (EUR 94.0 million as compared to EUR 85.0 million in H1/18), as effect of the application of IFRS 16 and the entry in operation of new investments. Financial charges stood at EUR 8.8 million (EUR 6.7 million in H1/18). Finally other financial items (which comprise realised and unrealised differentials on derivative instruments, net exchange rate differences and other financial income and charges) were negative by approximately EUR 54 million in H1/19 compared to a negative contribution of about EUR 66 million in H1/18.

The comparable Group EBITDA was EUR 99.7 million in H1/19, down versus EUR 150.4 million achieved in H1/18. This result is mainly attributable to the Refining and Power Generation segments, which achieved lower volumes in the first half due to the relevant maintenance program carried out and, as already commented, operated in a less favourable scenario. **The comparable Group Net Result in H1/19 was EUR -36.6 million,** versus EUR 14.9 million in H1/18.

It is worth noting that the aforementioned turnaround, penalised EBITDA by an estimated amount of EUR 60 million.

Investments in H1/19 were EUR 204.2 million mainly focused on the Refining segment (EUR 169.9 million). Of the last approximately EUR 70 million refers to the capitalization of costs, mainly related to the aforementioned multi-annual turnaround.

Comments to Second Quarter 2019 Group Results

The Groups revenues in Q2/19 were EUR 2,590 million down 18% compared to EUR 3,172 million in the second quarter of last year. Such dynamic is due to the lower average oil and products prices compared to the same period of last year and the different classification, carried out starting from Q4/18, of the revenues and costs related to the trading activity. In particular, in Q2/19 the price of gasoline averaged at 644 $/ton (compared to the average of 707 $/ton in Q2/18), while the price of diesel averaged out to 603 $/ton (compared to the average of 657 $/ton in Q2/18). Refining segment revenues were lower by approximately EUR 530 million and Marketing segment revenues declined by about EUR 60 million (also as effect of lower volumes by 8% vs Q2/18).

The Group's reported EBITDA in Q2/19 was EUR 87.2 million, down versus the EUR 199.2 million in Q2/18. The comparable results of the Refining and Marketing segments were stable, while the effect of the scenario on inventories was positive but lower than the same period of the previous year. Furthermore, the effect of hedging derivatives and net exchange differences, which are reported among financial income and charges, were positive for around EUR 24 million in Q2/19 while they were negative for around EUR 39 million in Q2/18. Finally, it should be noted that the second quarter of the previous year benefited from non-recurring items for over EUR 11 million.

The reported Group Net Result was equal to EUR 28.2 million, compared to EUR 58.9 million in Q2/18. In Q2/19, amortisation and depreciation charges were slightly above the same period of previous year (EUR 47.8 million versus EUR 43.1 million in Q2/18) for the above mentioned reasons while financial charges (equal to EUR 3.2 million) were in line with Q2/18. Finally other financial items (which comprise realised and unrealised differentials on derivative instruments, net exchange rate differences and other financial income and charges) were positive by approximately EUR 10 million in Q2/19 compared to a negative amount of approximately EUR 69 million in Q2/18.

The comparable Group EBITDA was EUR 76.9 million in Q2/19, broadly in line with the EUR 78.8 million earned in Q2/18 thanks to the stability of Refining and Marketing combined results. The refinery in particular was able to offset the challenging market scenario, featured by lower gasoline and diesel crack spreads and tight heavy-sour crude discounts with higher runs and a sound industrial performance. **The comparable Group Net Result in Q2/19 was EUR 4.2 million,** versus EUR 6.3 million in Q2/18.

Investments in Q2/19 were EUR 89.2 million mainly focused on the Refining segment (EUR 67.2 million).

The tables below present the details of the calculation of comparable EBITDA and comparable Net Result for the first half and second quarter of 2018 and 2019.

Calculation of the Group comparable EBITDA

EUR Million	H1 2019	H1 2018	Q2/19	Q2/18
***Reported* EBITDA**	**195.7**	**271.4**	**87.2**	**199.2**
Gain / (Losses) on Inventories	(86.1)	(113.2)	(34.2)	(93.1)
Hedging derivatives and net FOREX	(9.9)	(19.3) (1)	23.9	(38.7) (1)
Non-recurring items	0.0	11.4 (1)	0.0	11.4 (1)
***Comparable* EBITDA**	**99.7**	**150.4**	**76.9**	**78.8**

(1) The difference with respect to the values reported in the Half-Year Financial Report at 30th June 2018, refers to the reclassification of the change in the valuation of CO2 hedging derivatives that were reported among the non-recurring items and are instead now included among the hedging derivatives and the net exchange differences.

In 2018, non-recurring items essentially refer to provisions relating to the free allocation of CO2 due to the North plants for the 2015-17 period, for which a formal request was resubmitted October 2018 following the dispute concerning the process previously followed, following the acquisition of the business unit from Versalis. This request was approved at national level and is currently being examined by the European Commission.

Calculation of the Group comparable Net Result

EUR Million	H1 2019	H1 2018	Q2/19	Q2/18
***Reported* NET RESULT**	**24.0**	**81.4**	**28.2**	**58.9**
Gain & (Losses) on Inventories net of taxes	(62.1)	(81.6)	(24.6)	(67.1)
Derivatives related to future deals	1.4	4.1	0.7	3.6
Non-recurring items net of taxes	0.0	11.0	0.0	11.0
***Comparable* NET RESULT**	**(36.6)**	**14.9**	**4.2**	**6.3**

In 2018, the non-recurring items refer to the above mentioned provision and impairment net of taxes and to interest charges following the outcome of a litigation on past port taxes.

Net Financial Position

The Net Financial Position as at 30th June 2019 ante effects of the IFRS 16 was positive by EUR 77 million, improving versus the EUR 46 million as at 31 December 2018. The cash flow generated by operations and the working capital release were absorbed by the investments made in the period and the payment of dividend in May.

The **Net Financial Position as at 30th June 2019 post effects of the IFRS 16** (negative by EUR 49 million) **was positive by EUR 28 million**.

For more details please refer to the Explanatory Notes to the Consolidated Financial Statements.

EUR Million	30-Jun-19	31-Dec-18
Medium/long-term bank loans	(49.7)	(49.4)
Bonds	(198.8)	(198.7)
Other medium/long-term financial liabilities	(7.5)	(7.9)
Other medium/long-term financial assets	4.1	4.1
Medium-long-term net financial position	**(252.0)**	**(251.9)**
Short term loans	(0.9)	0
Banks overdrafts	(27.7)	(17.0)
Other short term financial liabilities	(77.0)	(62.7)
Fair value on derivatives and realized net differentials	3.0	66.2
Other financial assets	31.7	38.6
Cash and Cash Equivalents	399.4	272.8
Short-term net financial position	**328.5**	**297.9**
Total net financial position ante lease liabilities ex IFRS 16	**76.5**	**46.0**
Financial lease liabilities ex IFRS 16	**(48.5)**	**-**
Total net financial position post lease liabilities ex IFRS 16	**28.0**	**-**

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 (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)	Q1/18	Q2/18	H1/18	Q1/19	Q2/19	H1/19
Crude oil price and differential ($/bl)						
Brent Dated (FOB Med)	66.8	74.4	70.6	63.1	68.9	66.0
Urals (CIF Med)	65.2	72.8	69.0	63.4	68.1	65.7
"Heavy-light" price differential	-1.6	-1.6	-1.6	+0.3	-0.7	-0.2
***Crack spreads* for refined oil products ($/bl)**						
ULSD *crack spread*	12.1	13.7	12.9	15.2	12.0	13.6
Gasoline 10ppm *crack spread*	8.7	10.3	9.5	2.6	8.3	5.4
Reference margin ($/bl)						
EMC Benchmark	+1.7	+2.2	+1.9	+1.1	+0.2	+0.6

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

Crude oil prices:

After reaching about 50 $/bl at the end of 2018, Brent prices rose progressively in the first quarter of 2019 to reach about 68 $/bl at the end of March. The main reason behind this increase was the reduction in the oil supply on the market, due both to the sanctions imposed by the US administration on Iran and Venezuela, and to the production cuts implemented by OPEC producers and Russia (-1.2 m/bl/d compared to the October 2018 level). On the consumption front, there was a slowdown in the first quarter of the year in the backdrop of international trade tensions (in particular between the United States and China) and of a reduction in global economic growth.

During the month of April and until mid-May an uptrend brought Brent up to 75 $/bl. Among the main reasons behind this movement, there is the decision of the US administration not to renew waivers for imports of Iranian crude oil and the stop of Ural flows from Russia to Central Europe due to the chloride contamination of the Druzhba pipeline. From the second half of May on the other hand, fears of a slowdown in global economy prevailed and Brent prices fell to around 65 $/bl.

Price differential between “heavy” and “light” crude oils (“Urals” VS. “Brent”):

The first quarter of 2019 was influenced by the implementation of production cuts by OPEC + producers. On top of which took place the US sanctions against Iran and Venezuela which are among the main producers of heavy-sour crude oil on a global scale. This has actually limited the availability of this crude qualities, significantly reducing their discount compared to Brent. In this particular market context, the Ural went at premium compared to Brent of 0.3 $/bl on average in Q1/19.

In mid-April Ural traded at significant premium compared to Brent (around +1 $/bl) in relation to the aforementioned contamination of the Druzhba pipeline which temporarily blocked the export of this crude to Central Europe. Since the end of May, the resolution of these problems led to a normalization of the quotations bringing them to more usual levels (-2.5 $/bl). In the second quarter, the Ural dealt at an average discount of 0.7 $/bl with respect to Brent in a context of great volatility. Also in the second quarter, crude oils with a high sulfur content were generally affected by US sanctions against Iran and Venezuela, production cuts by OPEC + and the reduction in Canadian crude oil production.

“C*rack spreads*” of the main refined products (i.e. the difference between the value of the product and the cost oil):

The first quarter of 2019 was characterized by globally high refinery runs that led to large supplies of gasoline, in a context of seasonally low consumption in Europe and the United States. Inventories rose significantly, and the gasoline crack spread since mid-January went into negative territory. Starting in February, a gradual recovery began, thanks to various out of service (planned or not) of Asian, European and American refineries, and to a recovery in consumption in Indonesia and India. Finally, in March, the recovery of gasoline further strengthened, coinciding with the beginning of the traditional spring maintenance of the refineries and the transition to summer specifications. The average gasoline crack spread was 2.6 $/bl in the Q1/19.
In the second quarter, the gasoline crack spread remained at levels lower than the seasonal averages but significantly higher than the one recorded in the first quarter. The relevant inventories accumulated in the previous months have been progressively disposed of. April was the strongest month due to the traditional maintenance carried out by the European and US refineries and to some runs cut in central Europe as a result of the unavailability of crude imports through the Druzhba pipeline. Finally, the fire at the PES (Philadelphia Energy Solutions) refinery, one of the largest refineries on the east coast of the United States, on 21 June caused its definitive closure with likely consequences on the supply of light distillates in the US market in Latin America in the third quarter. The average gasoline crack spread in the second quarter of 2019 was 8.3 $/bl.

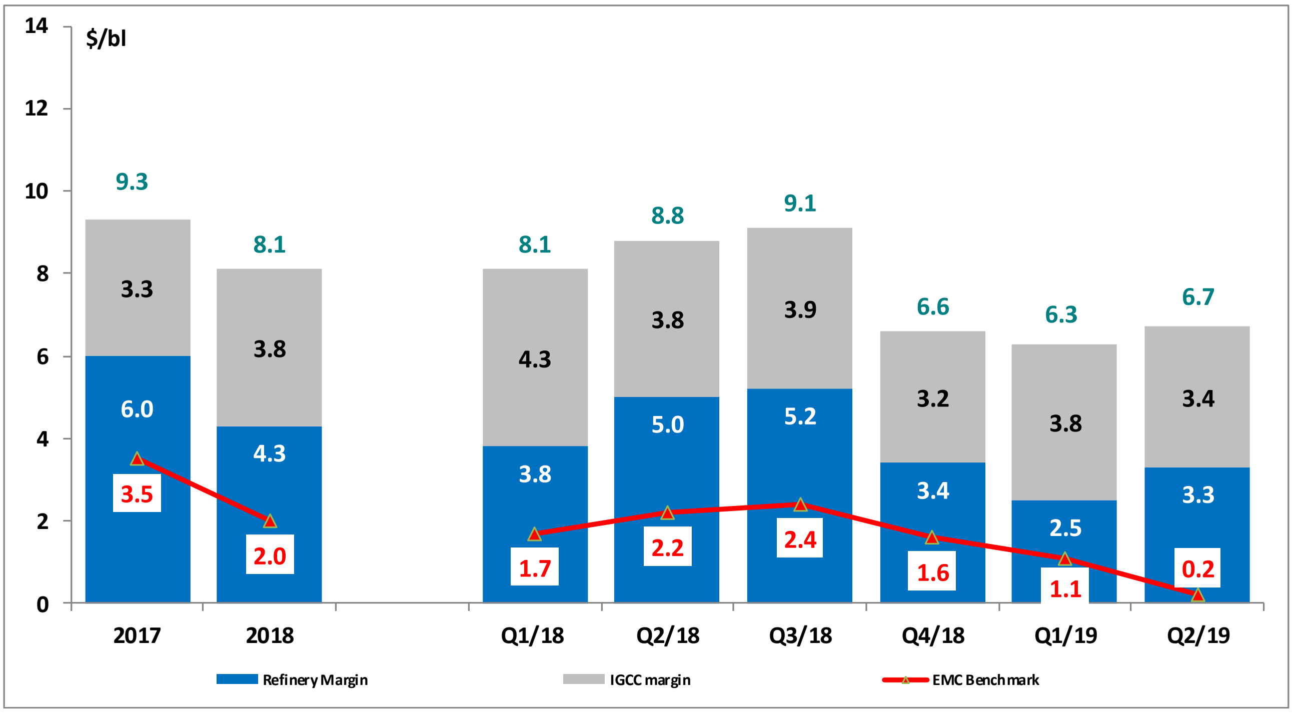
Moving on to middle distillates, the diesel crack spread showed the maximum values of the last 4 years in the first quarter of 2019, thanks to the robust demand for transport and for industrial uses and heating, and at the same time lower supply from the refineries (out of service for maintenance). A partial compensation derived from an increase in Russian, Chinese and Middle Eastern exports. In March, the crack spreads of middle distillates decreased slightly due to the sharp increase in crude oil prices, not entirely transmitted to products, and also to low heating consumption due to mild weather. The diesel crack spread average was 15.2 $/bl in Q1/19.
The diesel crack spread was down by more than 3 $/bl compared to the first quarter, reflecting both seasonal factors such as the decrease in agricultural consumption (due to heavy rains) and lower heating consumption (due to rather mild winter temperatures) and economic factors such as the slowdown in transport consumption. At the same time, exports from China to Europe have increased, also due to the increase in "export quotas" granted by the Government to local refiners. Finally it should be noted the full operation of the new STAR refinery in Turkey which has increased the offer in the Mediterranean area. The average of the diesel crack spread was 12.0 $/bl in the second quarter of 2019.

Refining Margin:

As regards the analysis of the profitability of the refining sector, Saras traditionally uses the refinery margin calculated by EMC (Energy Market Consultants) as a reference for a medium complexity coastal refinery, located in the Mediterranean Basin, which processes a feedstock made up of 50% Brent and 50% Urals crude oils.

This reference margin (called the “EMC Benchmark”) averaged 2.0 $/bl in 2018. In Q1/19 the benchmark margin recorded an average of 1.1 $/bl. It was positively influenced by the strength of middle distillates which was more than balanced by the weakness of light distillates and high valuation of Ural. In Q2/19 the benchmark margin was equal to 0.2 $/bl negatively influenced by the weakening of middle distillates, higher Brent prices and a lower value of fuel oil.

As shown in the graph below, thanks to the flexibility and complexity of its plants, the Saras Group refinery achieved a higher refinery margin than the EMC Benchmark reference margin. However, the size of the Saras premium above the EMC Benchmark is variable and mainly depends on the specific market conditions, as well as the performance of industrial and commercial operations in each quarter.



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

The Sarroch refinery (South-West of Cagliari) is one of the biggest in the Mediterranean in terms of production capacity and also in terms of the complexity of plants. Located in a strategic position in the centre of the Mediterranean, it has a production capacity of 15 million tons/year, which corresponds to approximately 17% of the total distillation capacity in Italy. The main operating and financial information is provided below.

EUR Million	H1 2019	H1 2018	Change %	Q2/19	Q2/18	Change %
Reported EBITDA	98.1	161.6	-39%	48.2	142.0	-66%
***Comparable* EBITDA**	**(3.9)**	**29.9**	**-113%**	**17.0**	**20.8**	**-18%**
Reported EBIT	35.0	107.8	-68%	15.7	114.4	-86%
***Comparable* EBIT**	**(67.0)**	**(23.9)**	**-180%**	**(15.5)**	**(6.8)**	**-128%**
CAPEX	**169.9**	**75.3**		**67.2**	**33.8**	

Margins and refinery runs

		H1 2019	H1 2018	Change %	Q2/19	Q2/18	Change %
REFINERY RUNS	Tons (thousand)	6,225	6,528	-5%	3,571	3,320	8%
	Barrels (million)	45.4	47.7	-5%	26.1	24.2	8%
	Bl/day (thousand)	251	263	-5%	290	269	8%
COMPLEMETARY FEEDSTOCK	Tons (thousand)	551	577	-4%	270	315	-14%
EXCHANGE RATE	EUR/USD	1.130	1.210	-7%	1.124	1.191	-6%
EMC BENCHMARK MARGIN	$/bl	0.6	1.9		0.2	2.2	
SARAS REFINERY MARGIN	$/bl	3.0	4.4		3.3	5.0	

Comments to First half of 2019 Results

Crude refinery runs during H1/19 stood at 6.23 million tons (45.4 million barrels, corresponding to 251 thousand barrels per day), down by 5% compared to H1/18. Complementary feedstock amounted to 0.55 million tons compared to 0.58 in H1/18. This trend is mainly due to heavy maintenance carried out in the period. In the first months of 2019, in fact, took place one of the main turnaround of the last 5 years which involved Topping “T2”, Vacuum “V2”, CCR and MHC1 that were stopped for about 60 days. The operational performance was above expectations and the maintenance activities were completed smoothly and on time.

The comparable EBITDA amounted to EUR -3.9 million in H1/19, with a Saras refinery margin of +3.0 $/bl (as is usual, net of the impact from the maintenance activities conducted during the period). This compares with a comparable EBITDA of EUR 29.9 million and a Saras refinery margin of +4.4 $/bl in H1/18. As always, the comparison between the two quarters must take into account market conditions and the specific performance of the Saras Group, both from an operational and commercial perspective.

Market conditions, in H1/19 proved to be less favourable in particular with reference to the effect of crude differentials that were influenced by low availability of heavy sour due to sanctions against Iran and Venezuela and OPEC cuts. Moreover the weakness of light distillates was only partially offset by stronger middle distillates crack spread. The total effect on the value of production was negative by EUR 75 million compared to H1/18. The effect of the EUR/USD exchange rate (1 EUR was worth 1.130 USD in H1/19 and 1.210 in H1/18) on the opposite was positive by approximately EUR 15 million.

With regard to operational performance, in H1/19 production planning (which involves optimising the mix of the crude oils for processing, the management of semi-finished products, and the production of finished products, including those with special formulations) resulted in an EBITDA higher by approximately EUR 10 million compared to H1/18 thanks to the supply chain optimisation measures.

The execution of production activities (which takes account of losses in connection with scheduled and unscheduled maintenance, and increased consumption with respect to the technical limits of certain utilities such as fuel oil, steam, electricity and fuel gas) resulted in an EBITDA EUR 10 million lower than in H1/18. This is the result of a maintenance program heavier by EUR 30 million compared to the same period of last year, largely offset by a sound operating performance.

Commercial management (involving the supply of crude and additional raw materials, the sale of finished products, the rental costs of oil tankers, and inventory management, including mandatory stocks) generated EBITDA higher by approximately EUR 10 million compared to H1/18 thanks to the results of the trading activity.

Finally first half results benefitted by lower fixed costs.

Investments made in H1/19 were EUR 169.9 million, in line with the investment plan and with the maintenance program, the latter mainly relating to the aforementioned turnaround.

Comments to Second quarter of 2019 Results

Crude refinery runs during Q2/19 stood at 3.57 million tons (26.1 million barrels, corresponding to 290 thousand barrels per day), up by 8% compared to Q2/18. Complementary feedstock amounted to 0.27 million tons compared to 0.32 in Q2/18. During the period, no significant maintenance work was carried out on the plants and the operating performance was very positive.

The comparable EBITDA amounted to EUR 17.0 million in Q2/19, with a Saras refinery margin of +3.3 $/bl (as is usual, net of the impact from the maintenance activities conducted during the period). This compares with a comparable EBITDA of EUR 20.8 million and a Saras refinery margin of +5.0 $/bl in Q2/18. As always, the comparison between the two quarters must take into account market conditions and the specific performance of the Saras Group, both from an operational and commercial perspective.

Market conditions in Q2/19 proved to be less favourable than the same period of previous year with lower gasoline and diesel crack spreads and tighter crude differentials leading to a penalisation of about EUR 70 million. The effect of the EUR/USD exchange rate (1 EUR was worth 1.124 USD in Q2/19 and 1.191 in Q2/18) increased the value of production by approximately EUR 5 million.

Operational performance (which involves optimising the mix of the crude oils for processing, the management of semi-finished products, and the production of finished products, including those with special formulations), in Q2/19 resulted in an EBITDA higher by approximately EUR 5 million compared to Q2/18.

The execution of production activities (which takes account of losses in connection with scheduled and unscheduled maintenance, and increased consumption with respect to the technical limits of certain utilities such as fuel oil, steam, electricity and fuel gas) resulted in an EBITDA EUR 25 million higher than in Q2/18 thanks to a lighter maintenance program carried out and the refinery reliability.

Commercial management (involving the supply of crude and additional raw materials, the sale of finished products, the rental costs of oil tankers, and inventory management, including mandatory stocks) generated EBITDA higher by approximately EUR 5 million compared to Q2/18 thanks to the results of the trading activity.

Finally second quarter results benefitted by lower fixed costs.

Investments made in Q2/19 were EUR 67.2 million.

Crudes processed and yields of finished products

The mix of crudes that the Sarroch refinery processed in H1/19 had an average density of 34.6°API, and is therefore lighter than the average density processed in H1/18. A more detailed analysis of the crude oil grades shows a sharp increase in the percentage of light crude oils with a low sulphur content (“light sweet”). The decrease of heavy crude oils with low and high sulphur content (“Heavy sour/sweet”) has been reflected in an increase of the percentage of medium crude oils with a high sulphur content (“medium sour”). This processing mix was due to contingent plant set-up situations (heavy maintenance carried out in the period) and to economic and commercial choices in view of market supply conditions.

		H1 2019	H1 2018	Q2/19
Light extra sweet		38%	37%	34%
Light sweet		19%	13%	15%
Medium sweet/extra sweet		1%	0%	2%
Medium sour		37%	35%	35%
Heavy sour/sweet		13%	16%	14%
Average crude gravity	°API	34.6	33.7	34.9

Turning to the analysis of finished product yields, we note that in H1/19 the yield of the light distillates (28.4%) was slightly lower than the in H1/18. The yield of middle distillates (50.8%) instead was a tocuh higher. Finally fuel oil yield was quite low (4.4%) as opposed to a higher yield of TAR (7.5%). These changes are mainly due to the maintenance activity carried out in the period and commercial choices.

		H1 2019	H1 2018	Q2/19
LPG	Tons (thousand)	162	145	88
	yield (%)	2.4%	2.0%	2.3%
NAPHTHA + GASOLINE	Tons (thousand)	1,924	2,058	1,082
	yield (%)	28.4%	29.0%	28.2%
MIDDLE DISTILLATES	Tons (thousand)	3,440	3,509	1,936
	yield (%)	50.8%	49.4%	50.4%
FUEL OIL & OTHERS	Tons (thousand)	298	408	247
	yield (%)	4.4%	5.7%	6.4%
TAR	Tons (thousand)	506	512	241
	yield (%)	7.5%	7.2%	6.3%

Note: Balance to 100% of the production is “Consumption and Losses”.

Marketing

The Saras Group conducts its Marketing business in Italy and in Spain directly and through its subsidiaries, primarily in wholesale channels. The main operating and financial information is provided below.

EUR Million	H1 2019	H1 2018	Change %	Q2/19	Q2/18	Change %
Reported EBITDA	8.6	10.4	-17%	4.2	6.6	-36%
***Comparable* EBITDA**	**9.2**	**7.2**	**28%**	**7.5**	**3.2**	**133%**
Reported EBIT	7.1	7.7	-8%	3.4	5.2	-35%
***Comparable* EBIT**	**7.6**	**4.5**	**70%**	**6.7**	**1.8**	**264%**
CAPEX	**0.5**	**0.3**		**0.2**	**0.1**	

Sales

		H1 2019	H1 2018	Change %	Q2/19	Q2/18	Change %
TOTAL SALES	**Tons (thousand)**	**1,721**	**1,821**	**-6%**	**845**	**921**	**-8%**
of which: in Italy	Tons (thousand)	1,027	1,037	-1%	522	538	-3%
of which: in Spain	Tons (thousand)	694	784	-11%	324	383	-15%

Comments to First half of 2019 Results

According to data collected by UP (Unione Petrolifera – the Oil Industry Union), in H1/19 total oil consumption was down by about 2% on the Italian market, which represents the main wholesale channel of the Saras Group. In particular, in Italy in the period considered, gasoline showed a decrease of 1.5% and diesel registered a contraction of 0.8%. Consumption of automotive fuels (gasoline + diesel) amounted to 15.4 million tons, down 0.8% (-127 ktons) compared to the same period of previous year. In the first half of 2019, new car registrations decreased by 3.5%, with diesel vehicles accounting for 43% of the total (compared to 54% in H1/18). The Saras Group kept its own sales volumes stable in Italy.

In Spain, the data collected by CORES indicates road fuel consumption up by 1% in the first 5 months of 2019. The Spanish subsidiary Saras Energia decreased the volumes sold by 11%.

Comparable EBITDA for the Marketing segment amounted to EUR 9.2 million, versus the EUR 7.2 million of H1/18 mainly due to better wholesale margins and lower fixed costs. Such result should be considered in conjunction with the Refining results in light of the strong coordination between technical and commercial skills on which the Group business model is shaped.

Comments to second quarter of 2019 Results

According to data collected by UP (Unione Petrolifera – the Oil Industry Union), in Q2/19 total oil consumption was down by about 2% on the Italian market. In particular, in Italy in the period considered, gasoline showed a decrease of 2.1% and diesel registered a contraction of 1.1%.

As far as the Spanish market is concerned, the data compiled by CORES shows consumption of transport fuels up 2% in the period April-May 2019.

Group volumes declined by 8% while **comparable EBITDA for the Marketing segment amounted to EUR 7.5 million**, versus the EUR 3.2 million of Q2/18 mainly thanks to better wholesale margins and lower fixed costs.

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 Milion	H1 2019	H1 2018	Change %	Q2/19	Q2/18	Change %
Reported EBITDA	80.3	90.6	-11%	31.2	47.2	-34%
***Comparable* EBITDA**	**85.8**	**104.5**	**-18%**	**48.8**	**51.4**	**-5%**
Reported EBIT	53.9	64.8	-17%	18.1	34.3	-47%
***Comparable* EBIT**	**59.4**	**78.7**	**-25%**	**35.7**	**38.5**	**-7%**
EBITDA ITALIAN GAAP	**27.8**	**42.4**	**-35%**	**(16.3)**	**34.2**	**-148%**
EBIT ITALIAN GAAP	**18.2**	**33.4**	**-46%**	**(21.0)**	**29.8**	**-171%**
CAPEX	**13.6**	**9.0**		**2.8**	**1.8**	

Other figures

		H1 2019	H1 2018	Change %	Q2/19	Q2/18	Change %
ELECTRICITY PRODUCTION	MWh/1000	1,870	1,975	-5%	883	1,089	-19%
POWER TARIFF	**Eurocent/KWh**	**9.4**	**9.7**	**-3%**	**9.4**	**9.7**	**-3%**
POWER IGCC MARGIN	$/bl	3.6	4.1	-12%	3.4	3.8	-11%

Comments to First half of 2019 Results

In H1/19, the Electricity Generation segment carried out the maintenance work on three "Gasifier–combined cycle Turbine" and on one the two "gas washing line trains". Electricity production reached 1.870 TWh, down by 5% compared to the first half of last year, due to a maintenance programme concentrated in the first half of the year. The annual planned maintenance program was completed and no further activity is scheduled for the rest of the year.

Comparable EBITDA stood at EUR 85.8 million compared to EUR 104.5 million achieved in H1/18. The scenario was less favourable than in the same period of previous year as the value of the CIP6/92 tariff declined by -3%, feedstock (TAR) costs increased and the revenues from the sale of hydrogen declined. Fixed costs were slightly up as effect of the maintenance program concentrated in the first half of the year. It should be noted that the difference between comparable and reported EBITDA is attributable a reclassification of the results of the CO_2 hedging derivatives. Such item was positive by EUR 5.5 million in H1/19 as effect of the increase of CO_2 value over the period.

Moving on to the analysis of EBITDA calculated according to Italian accounting standards, this stood at EUR 27.8 million in H1/19, below the EUR 42.4 million achieved in the same period last year. The difference is due to the combined effect of lower electricity production (-5%), lower CIP6/92 tariff (-3%). Moreover, the cost of acquiring raw materials (TAR) increased and the revenues from the sale of hydrogen declined. This result does not include the effect of the above mentioned CO2 hedging derivatives (equal to EUR 5.5 million) that are within the financial incomes (versus EUR 14 million in H1/18).

Investments amounted to EUR 13.6 million.

Comments to Second quarter of 2019 Results

In Q2/19, the Electricity Generation segment conducted the maintenance work on two "Gasifier – combined cycle Turbine" and on one the two "gas washing line trains". Electricity production reached 0.883 TWh, down by 19% compared to the second quarter of last year, due to a heavier maintenance programme. The annual planned maintenance program was completed and no further activity is scheduled for the rest of the year.

Comparable EBITDA stood at EUR 48.8 million compared to EUR 51.4 million achieved in Q2/18. The scenario was less favourable than in the same period of previous year as the value of the CIP6/92 tariff decreased by 3% and the cost of TAR rose. Finally a heavier maintenance cycle led to lower volumes produced by 19%. It should be noted that the difference between comparable and reported EBITDA is attributable a reclassification of the results of the CO_2 hedging derivatives. Such item was positive by EUR 17.6 million in Q2/19, due to the rise of the value of CO_2 quotas in the period.

Moving on to the analysis of EBITDA calculated according to Italian accounting standards, this stood at EUR -16.3 million in Q2/19, well below the EUR 34.2 million achieved in Q2/18. The difference is due to the combined effect of lower electricity production (-19%) and CIP6/92 tariff (-3%) and the increase of cost of acquiring raw materials (TAR). This result does not include the effect of the aforementioned CO_2 hedging derivatives (equal to EUR 17.6 million) that are booked as financial incomes (vs +EUR 10 million in Q2/18).

Investments amounted to EUR 2.8 million.

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	H1 2019	H1 2018	Change %	Q2/19	Q2/18	Change %
Reported EBITDA	6.1	5.9	3%	2.5	1.3	92%
***Comparable* EBITDA**	**6.1**	**5.9**	**3%**	**2.5**	**1.3**	**92%**
Reported EBIT	3.6	3.6	0%	1.3	0.2	550%
***Comparable* EBIT**	**3.6**	**3.6**	**0%**	**1.3**	**0.2**	**550%**
CAPEX	**19.8**	**0.1**		**18.9**	**0.0**	

Other figures

		H1 2019	H1 2018	Change %	Q2/19	Q2/18	Change %
ELECTRICITY PRODUCTION	MWh	109,906	99,897	10%	43,852	32,120	37%
POWER TARIFF	EURcent/KWh	5.1	5.1	1%	4.5	5.0	-11%
INCENTIVE TARIFF	EURcent/KWh	9.2	9.9	-7%	9.2	9.9	-7%

Comments to First Half of 2019 Results

In H1/19 the comparable EBITDA for the Wind Power segment (equal to the reported EBITDA) stood at EUR 6.1 million, stable versus the EUR 5.9 million reported in H1/18.

In detail, the volumes produced increased by 10% compared to the same period last year, thanks to more favourable wind conditions. The Incentive Tariff decreased by 0.7 Eurocent/kWh compared to H1/18 and the incentivised production represented 10% of the volumes (compared to 30% in H1/18). The power tariff was broadly in line with the one of H1/18.

Investments amounted to EUR 19.8 million, mainly aimed at the expansion of the wind farm with the installation of 9 new turbines with an additional capacity of 30 MW.

Comments to Second Quarter of 2019 Results

In Q2/19 the comparable EBITDA for the Wind Power segment (equal to the reported EBITDA) stood at EUR 2.5 million, compared to EUR 1.3 million in Q2/18.

In detail, the volumes produced increased by 37% compared to the same period last year, thanks to very positive wind conditions. The Incentive Tariff decreased by 0.7 Eurocent/kWh compared to Q2/18 and the incentivised production represented 10% of the volumes (compared to 16% in Q2/18). The electricity tariff declined by 0.5 Eurocent/kWh compared to Q2/18.

Other Activities

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

EUR Million	H1 2019	H1 2018	Change %	Q2/19	Q2/18	Change %
Reported EBITDA	2.6	2.9	-10%	1.1	2.1	-48%
***Comparable* EBITDA**	**2.6**	**2.9**	**-10%**	**1.1**	**2.1**	**-48%**
Reported EBIT	2.2	2.6	-15%	1.0	2.0	-50%
***Comparable* EBIT**	**2.2**	**2.6**	**-15%**	**1.0**	**2.0**	**-50%**
CAPEX	**0.3**	**0.3**		**0.1**	**0.1**	

Strategy and Outlook

Thanks to its high-conversion configuration, the integration with the IGCC plant, and its operational model based on the integrated Supply Chain Management, the Saras' refinery, positioned in Sarroch (Sardinia, Italy), has a leading position among the European refining sites. Given such features, the Group is well positioned with respect to the expected scenario evolution especially Group with reference to the impact of IMO – Marpol VI regulation that envisages, from January 2020, the lowering of the sulphur emission allowed in the fumes of marine engines, leading to positive market conditions for the sites like the one in Sarroch. The Group intends to pursue initiatives to improve the operational performance and reliability of the plants as well as streamlining costs and complete the important investment cycle.

The price of Brent, after reaching in November 2018 the maximum values of the last 4 years (over 85 $/bl), fell rapidly and the year 2019 opened around 60 $/bl, despite the agreement reached by the OPEC countries and other important producers about the implementation of production cuts of around 1.2 mbl/d. The experts anticipate a substantially balanced oil market for the current year, thanks to continuous increases in production by unconventional US producers, which will offset the aforementioned production cuts. The forward curve point to a Brent of around 65 $/bl for the remaining part of the year. The price differential between light and heavy crude confirms to be tight due to the implementation of production cuts by OPEC+ producers and the US sanctions against Iran and Venezuela.

On the consumption front, in the recent report of July 2019, the International Energy Agency (IEA) confirmed its revised down estimate of global demand of +1.2 mbl/d in 2019 driven by non-OECD countries (especially China and India). The International Monetary Fund trimmed its estimated economic growth to 3.2% in 2019 (versus 3.6% in 2018) and pointed out higher risks on global growth due to protectionist policies and geopolitical uncertainties.

Moving to the profitability of the main refined products, the gasoline crack spread was weak in Q1/19 due to excess production and high inventory levels but it recovered from the second quarter in coincidence with the summer specifications, according to the usual seasonal pattern. As for middle distillates, experts agree to indicate a robust crack spread further strengthening in the second half of the year when the effects of the IMO regulation will start to emerge, in particular in the fourth quarter in conjunction with the preparation of the bunkering global supply logistics for the new legislation.

With regard to the profitability of the refining segment, it should be noted that in the first quarter of the year it was completed the heaviest part of the annual maintenance cycle. Therefore in the second half of the year the Group will be ready to seize the opportunities deriving from the new IMO regulation which is expected to begin to take effect in anticipation to the entry into force on 1st January 2020, determining awarding conditions for high-conversion refineries such as Saras' one. These market conditions should lead to better refining margins in the second half of the year. The Saras group will aim to achieve an average premium above the EMC Benchmark margin of around 2.4 ÷ 2.8 $/bl (net of maintenance).
On 21 June 2019, Cagliari Port Authority approved for Saras the concession to start bunkering in the port of Cagliari. The procedure has been completed, with the visa of the Court of Auditors received on 25 July 2019, and the company is ready to start the business.

As for the Marketing segment results, it expected the consolidation of the good results achieved in the first half of the year. The contribution of this activity must be considered jointly to that of refining due to the strong coordination between technical and commercial skills on which our business model is based.

From an operational point of view, in the Refining segment, 2019 is influenced by an important maintenance cycle, higher than in previous years and concentrated in the first quarter. In Q1/19 it was carried out according to plan one of the main turnaround of the last 5 years which involved Topping "T2", Vacuum "V2", CCR and MHC1. The maintenance activities for the remaining part of the year will regard the North Plants, topping "RT2" and Vacuum "V1" and the VisBreaking "VSB". Overall, yearly crude runs are expected at 13.2÷13.6 million tons (corresponding to 96÷99 million barrels), plus further 1.2 million tons of complementary feedstock (corresponding to approx. 9 million barrels).

With reference to the Power Generation segment, the annual planned maintenance program was completed in the first half of the year and no further activity is scheduled for the rest of the year. Total electricity production in 2019 is expected broadly in line with previous year, while CIP6 tariff is influenced by lower gas prices driven by large availability of gas on the market.

Finally, in the Wind segment, the subsidiary Sardeolica in July 2018 obtained a positive opinion on the environmental compatibility and, on December 2018, the Single Authorization for the expansion project of the Ulassai wind farm for an additional capacity of 30 MW and it is installing 9 new turbines. The new plants are expected to enter into operation in the last quarter of the year.

Investments by business Segment

EUR Million	H1 2019	H1 2018	Q2/19	Q2/18
REFINING	169.9	75.3	67.2	33.8
POWER GENERATION	13.6	9.0	2.8	1.8
MARKETING	0.5	0.3	0.2	0.1
WIND	19.8	0.1	18.9	0.0
OTHER	0.3	0.3	0.1	0.1
Total	**204.2**	**85.0**	**89.2**	**35.9**

Main events after the end of the First Half of 2019

On 24 June 2019 it was singed a deed for the non-proportional total demerger of MOBRO into Angel Capital Management SpA (ACM) and Stella Holding SpA (Stella). Following the demerger, effective from 3 July 2019, Saras SpA is jointly controlled by MOBRO SpA which own 20.01%, Angel Capital Management SpA which own 10.005% and Stella Holding SpA which own 10.005% and jointly 40.02% of the share capital under the supplementary agreement aimed exclusively at incorporating into the Shareholders' Agreement the effects of the MOBRO demerger and the consequent takeover by ACM and Stella of the ownership interest held by MOBRO in Saras SpA. As a result of the second automatic renewal which shall take effect from 1 October 2019, the next expiration date of the Shareholder' Agreement shall fall on 30 September 2022.

On 25 July 2019, upon completion of the agreement signed in November 2018, the Spanish subsidiary Saras Energia and Kuwait Petroleum Espana SA signed the deed of sale of the business unit, already classified as of 31 December 2018 under "Non-current assets held for sale", attributable to the business consisting of service stations located in Spain. The sale concerns the stations, directly owned and operated, the ancillary services and the related personnel directly referable to the network. The total consideration for the sale amounts to EUR 35 million (in addition to the value of working capital and the inventory equal to EUR 3.8 million transferred at the time of the closing). It should be noted, that as of the date on which the aforementioned deed was signed, some stations and the related current assets have not yet been transferred (and the related price has not yet been paid) pending receipt of some authorizations from local authorities: consequently, the subsidiary received a partial consideration of approximately EUR 30 million.

Risk Analysis

Saras bases its risk management policy on the identification, assessment, and possible mitigation 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 mitigate 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

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 hedging 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 main 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 and respect covenants 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 low.

OTHER 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 Sarlux and Sardeolica, as well as the prices of energy efficiency certificates, green certificates and CO_2 emissions. 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 pre-set prices. To mitigate the risks deriving from price fluctuation, the Saras Group also takes out derivative contracts on commodities with hedging nature.

Risk related to the procurement of crude oil
A significant portion of the crude oil refined by Saras originates from countries exposed to a higher level of political, social and macroeconomic uncertainty than 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, withpotential 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 shut-downs. 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.

Legislative and regulatory risk
Owing to the characteristics of the business carried out by the Group, it is conditioned by the continuously evolving legislative and regulatory context of the countries in which it operates. With regard to this, Saras is committed to a continuous activity of monitoring and constructive dialogue with national and local institutions aimed at researching joint activities and promptly evaluating the applicable normative amendments, acting on minimising the economic impact deriving from them. In this context, the most significant aspects of the main regulatory developments relate to:
• Regulations relating to the reduction of national emissions of determined atmospheric pollutants and the relative impact of the same on the limits indicated in the current AIA permit.
• The view of the European Commission and the AAEG implementing documents in relation to the recognition of the Sarlux subsidiary as an energy-intensive enterprise.
• Regulatory dispositions relating to energy efficiency certificates for the Power sector and incentives for the Wind sector and their consequences for the GSE.
• Reference regulations relating to the fact that 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.

Dependencies on third parties
The IGCC plant, owned by the Sarlux Srl subsidiary, depends, on top of raw materials derived from crude oil supplied by Saras, also on oxygen supplied by Air Liquide Italia. Should these supplies 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
The Saras Group operates in compliance with the current regulations on data protection regarding its customers, employees, suppliers and all those with whom it comes into contact daily. In particular, on 25th May 2018 entered in force the new European Regulation no. 679/2016 (the so-called "GDPR") concerning the protection of personal data. The Saras Group activated a project aimed at implementing the new measures required by the GDPR and aligning its procedures and processes with the changes introduced by this Regulation.

Information Technology and Cyber Security
Complex information systems support the various business activities and processes. Risk aspects concern the adequacy of such systems, the availability and integrity/confidentiality of data and information. In particular, some relevant systems may be exposed to Cyberattack risk. The Group has long been developing projects and applying solutions that aim to significantly reduce this type of risk, making use of specialised consultants on the subject and adopting the international standard IEC 62443.

Brexit Risk
Based on the information available to date, Brexit is not expected to have a significant influence on the Group's operations.

Provisions for risks and charges
In addition to what has been described above in relation to risk management and mitigation activities, the Saras Group, in the presence of current obligations, resulting from past events, which may be of a legal, contractual or regulatory nature, made appropriate allocations to provisions for risks and charges included in balance sheet liabilities (see Notes to the Consolidated Financial Statements).

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 half of 2019.

Own shares
During the first half of 2019 no transactions took place, involving the sale or purchase of Saras SpA own shares. However, on 13th May 2019, following the results of the Stock Grant Plan 2016 – 2018, number 5,769,638 Saras S.p.A. ordinary shares were attributed to the management of the Saras Group. Therefore, the number of ordinary shares outstanding is equal to 941,779,784 (corresponding to 0.970%), and the treasury shares are equal to 9,220,216

Non-recurring and unusual Transactions
During the first half of 2019 there were no activities originated from non-recurring and/or unusual transactions, and there are no open positions originating from such transactions.

Authorisation of a programme to purchase own shares and to dispose of them
The Shareholders' Meeting held on 16th April 2019 revoked in the part not executed, the authorisation to purchase and dispose of Saras SpA own shares resolved by the Shareholders' Meeting held on 27th April 2018 and at the same time the Shareholders' Meeting resolved to approve a new programme to purchase Saras SpA own shares and to dispose of them, pursuant respectively to Articles 2357 and 2357-ter of the Italian Civil Code, and to Article 132 of the Legislative Decree 58/1998 (hereinafter the "TUF"). The Buyback programme can be implemented also in several stages as appropriate, and it shall take place in the twelve (12) months following the authorisation resolved on 16th April 2019 by the Shareholders' Meeting, which means during the 12 months ending on 16th April 2020. Moreover, the resolution authorises acts of disposal, to be implemented also in various stages as appropriate, of the shares purchased under the above Buyback programme, as well as of the shares already purchased according to previously authorised buyback programmes and currently held in treasury by the Company. It should be specified that the purchase of own shares within the new Buyback programme is not related to the reduction of the Company's issued share capital, and therefore the purchased shares will not be cancelled.

Dividends
Following the authorisation received by the Ordinary Shareholders Meeting of Saras SpA held on the 16th of April 2019, the company paid, on the 22nd of May 2019, a dividend equal to EUR 0.08 per each of the 941,779,784 ordinary shares in circulation, for a total payment of EUR 75,310 thousands.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30TH JUNE 2019

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position as at 30th June 2019

Thousands of EUR		30/06/2019	31/12/2018
ASSETS	(1)		
Current assets	5.1	**1,962,480**	**1,683,910**
Cash and cash equivalents	5.1.1	399,414	272,831
Other financial assets	5.1.2	92,221	131,723
Trade receivables	5.1.3	264,074	290,210
Inventories	5.1.4	1,062,884	861,601
Current tax assets	5.1.5	19,838	19,051
Other assets	5.1.6	124,049	108,494
Non-current assets	5.2	**1,386,611**	**1,241,008**
Property, plant and equipment	5.2.1	1,212,033	1,087,107
Intangible assets	5.2.2	93,510	112,127
Right of use on leasing assets	5.2.3	49,625	0
Other investments	5.2.4	502	502
Deferred tax assets	5.2.5	26,860	37,205
Other financial assets	5.2.6	4,081	4,067
Non-current assets held for sale	5.3	**38,846**	**35,001**
Total assets		**3,387,937**	**2,959,919**
LIABILITIES AND EQUITY			
Current liabilities	5.4	**1,835,575**	**1,301,078**
Short-term financial liabilities	5.4.1	163,139	106,630
Trade and other liabilities	5.4.2	1,413,728	1,043,162
Current tax liabilities	5.4.3	176,406	74,948
Other liabilities	5.4.4	82,302	76,338
Non-current liabilities	5.5	**498,574**	**554,771**
Long-term financial liabilities	5.5.1	304,544	256,001
Provisions for risks and charges	5.5.2	151,885	203,313
Provisions for employee benefits	5.5.3	10,818	10,322
Deferred tax liabilities	5.5.4	2,472	3,819
Other liabilities	5.5.5	28,855	81,316
Total liabilities		**2,334,149**	**1,855,849**
EQUITY	5.6		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		964,201	898,089
Net result		24,031	140,425
Total parent company equity		**1,053,788**	**1,104,070**
Third-party minority interests		-	-
Total equity		**1,053,788**	**1,104,070**
Total liabilities and equity		**3,387,937**	**2,959,919**

(1) Please refer to the Notes, section 5 "Notes on the Statement of Financial Position"

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for the periods 1st January – 30th June 2019

CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD 1ST JANUARY - 30TH JUNE 2019

Thousands of EUR	(1)	1st January 30th June 2019	*of which non-recurring*	1st January 30th June 2018	*of which non-recurring*
Revenues from ordinary operations	6.1.1	4,619,366		5,519,764	
Other income	6.1.2	64,285		70,946	5,821
Total revenues		**4,683,651**	***0***	**5,590,710**	**5,821**
Raw materials, consumables and supplies	6.2.1	(4,065,486)		(4,870,716)	
Services and sundry costs	6.2.2	(346,551)		(373,283)	(17,277)
Personnel costs	6.2.3	(75,907)		(75,256)	
Amortisation, depreciation and write-downs	6.2.4	(94,047)		(84,967)	
Total costs		**(4,581,991)**	***0***	**(5,404,222)**	***(17,277)***
Operating result		**101,660**	***0***	**186,488**	***(11,456)***
Net income (charges) from equity investments					
Financial income	6.3	111,222		143,396	
Financial charges	6.3	(173,674)		(215,608)	(3,625)
Pre-tax result		**39,208**	***0***	**114,276**	***(15,081)***
Income taxes	6.4	(15,177)		(32,858)	4,066
Net result		**24,031**	***0***	**81,418**	***(11,015)***
Net result attributable to:					
Shareholders of the parent company		24,031		81,418	
Third-party minority interests		0		0	
Net earnings per share – base (EUR cents)		**2.55**		**8.71**	
Net earnings per share – diluted (EUR cents)		**2.55**		**8.71**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1ST JANUARY 30TH JUNE 2019

Migliaia di Euro	1st January 30th June 2019	1st January 30th June 2018
Net result (A)	**24,031**	**81,418**
Items of comprehensive income that may be subsequently reclassified under profit (loss) for the period		
Effect of translation of the financial statements of foreign operations	(77)	(74)
Other profit/(loss), net of the fiscal effect (B)	**(77)**	**(74)**
Total consolidated net result (A + B)	**23,954**	**81,344**
Total consolidated net result attributable to:		
Shareholders of the parent company	23,954	81,344
Third-party minority interests	0	0

(1) Please refer to the Notes section 6 "Notes to the Comprehensive Statement of Income"

Consolidated Statement of Changes in Equity to 30th June 2019

Thousands of EUR	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) period	Total equity Attributable to the Parent Company	Third-party Minority Interest	Total Equity
Balance at 31/12/2017	**54,630**	**10,926**	**765,904**	**240,836**	**1,072,296**	**0**	**1,072,296**
Allocation of previous year result			240,836	(240,836)	0		0
Dividend Distribution			(112,321)		(112,321)		(112,321)
Conversion effect balances in foreign currency			(74)		(74)		(74)
Actuarial effect IAS 19			0		0		0
Reserve for stock option plan			987		987		987
F.T.A. effect IFRS 9			1,204		1,204		1,204
Net result				81,418	81,418		81,418
Total net result			*(74)*	*81,418*	*81,418*	*0*	*81,418*
Balance at 30/06/2018	**54,630**	**10,926**	**896,536**	**81,418**	**1,043,510**	**0**	**1,043,510**
Allocation of previous year result			0	0	0		0
Dividend Distribution			0		0		0
Conversion effect balances in foreign currency			214		214		214
Actuarial effect IAS 19			336		336		336
Reserve for stock option plan			1,003		1,003		1,003
F.T.A. effect IFRS 9			0		0		0
Net result				59,007	59,007		59,007
Total net result			*214*	*59,007*	*59,007*	*0*	*59,007*
Balance at 31/12/2018	**54,630**	**10,926**	**898,089**	**140,425**	**1,104,070**	**0**	**1,104,070**
Allocation of previous year result			140,425	(140,425)	0		0
Dividend Distribution			(75,310)		(75,310)		(75,310)
Conversion effect balances in foreign currency			(77)		(77)		(77)
Reserve for stock option plan			491		491		491
Other changes			583		583		583
Net result				24,031	24,031		24,031
Total net result			*(77)*	*24,031*	*24,031*	*0*	*24,031*
Balance at 30/06/2019	**54,630**	**10,926**	**964,201**	**24,031**	**1,053,788**	**0**	**1,053,788**

Consolidated Statement of Cash Flows for the period to 30th June 2019

Thousands of EUR	1/1/2019-30/06/2019	1/1/2018-30/06/2018
A - Initial cash and cash equivalents	**272,831**	**421,525**
B - Cash flow from (for) operating activities		
Net result	24,031	81,418
Unrealised exchange rate differences on bank current accounts	958	6,656
Amortization, depreciation and write-downs of assets	94,047	84,967
Net change in risk provisions	(51,428)	(4,886)
Net change in provision for employee benefits	496	637
Net change in deferred tax liabilities and deferred tax assets	8,998	974
Net interest	8,716	6,671
Income tax set aside	6,179	31,884
Change in the fair value of derivatives	(3,019)	(6,815)
Other non-monetary components	997	2,117
Profit (Loss) for the period before changes in working capital	**89,975**	**203,624**
(Increase)/Decrease in trade receivables	26,136	(22,180)
(Increase)/Decrease in inventories	(201,283)	(94,986)
(Increase)/Decrease in trade and other payables	370,566	28,489
Change other current assets	(16,342)	7,519
Change other current liabilities	101,243	83,507
Interest received	359	282
Interest paid	(9,075)	(6,953)
Taxes paid	0	0
Change other non-current liabilities	(52,461)	(48,426)
Total (B)	**309,118**	**150,876**
C - Cash flow from (for) investment activities		
(Investments) in tangible and intangible assets	(204,201)	(84,058)
(Investments) in right of use on leasing activities	(49,625)	
(Increase)/Decrease in other financial assets	100,043	66,651
Total (C)	**(153,783)**	**(17,407)**
D - Cash flow from (for) financing activities		
Increase/(decrease) m/l-term financial payables	48,543	(744)
Increase/(decrease) short-term financial payables	(1,027)	(120,027)
Distribution of dividends and treasury share purchases	(75,310)	(112,321)
Total (D)	**(27,794)**	**(233,092)**
E - Cash flows for the period (B+C+D)	**127,541**	**(99,624)**
Unrealised exchange rate differences on bank current accounts	(958)	(6,656)
F - Final cash and cash equivalents	**399,414**	**315,245**

(1) Please refer to the Notes, section 5 "Notes on the Statement of Financial Position"

(2) Please refer to the Notes, section 3.2 "Summary of accounting standards and policies"

For the Board of Directors
The Chairman
Massimo Moratti

NOTES ON THE STATEMENTS OF ACCOUNTS CONSOLIDATED AS AT 30 JUNE 2019

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1. Introduction

Publication of the condensed consolidated half-year financial statements of the Saras Group for the period ended 30 June 2019 was authorised by the Board of Directors on 30 July 2019.

Saras S.p.A. (the "Parent") is a company limited by shares listed on the Milan stock exchange. Its registered office is in Sarroch (CA), Italy, S.S. 195 "Sulcitana" Km. 19. It is jointly controlled by Massimo Moratti S.A.P.A. (20.01%), Angel Capital Management S.p.A. (10.005%) and Stella Holding S.p.A. (10.005%), which together represent 40.02% of the share capital of Saras S.p.A. (excluding treasury shares) under the shareholders' agreement signed by these companies on 24 June 2019. The company is established until 31 December 2056, as stated in its articles of association.

Saras S.p.A. operates in the Italian and international oil markets as a buyer of crude oil and a seller of finished products. Saras Group's activities include refining of crude, the production and sale of electricity via an integrated gasification combined cycle (IGCC) plant operated by its subsidiary Sarlux S.r.l. and a wind farm run by the subsidiary Sardeolica S.r.l.

These consolidated interim financial statements for the period ended June 30th, 2019 are presented in euro, since this is the currency of the economy in which the Group operates. They consist of a statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and these notes to the financial statements. All amounts shown in these notes are expressed in thousands of euro, unless otherwise stated.

2. Basis of preparation and changes to Group accounting policies

2.1 Basis of preparation

The condensed consolidated half-year financial statements of the Saras Group for the period ended 30 June 2019, prepared in consolidated form pursuant to Article 154-*ter* of the TUF, as subsequently amended, have been prepared in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and approved by the European Union, which include all the international accounting standards (IASs) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standard Interpretations Committee (SIC). The condensed consolidated half-year financial statements for the period ended 30 June 2019 have been prepared pursuant to IAS 34 - Interim Financial Reporting.

2.2 New accounting standards, interpretations and changes adopted by the Group

The main standards adopted by the Saras Group are consistent with those applied in the consolidated financial statements as at 31 December 2018 and the corresponding interim reporting period, except for the new accounting standards, interpretations and amendments described below, which, as of the date of preparation of these condensed half-year financial statements, had already been enacted and had become effective in this financial year.

IFRS 16 Leases

With effect from 1 January 2019, the new international financial reporting standard, IFRS 16 - Leases, came into effect. The standard was approved by Regulation 2017/1986, issued by the European Commission on 31 October 2017. It replaces IAS 17 - Leases and defines a single model for recording leases, based on the recording by the lessee of an asset representing the right of use of the asset (the "right-of-use asset") and a liability representing the obligation to make the payments envisaged by the contract (the "lease liability"). As of 1 January 2019, due to first-time application of IFRS 16, the Saras Group recognises for all leases, with the exception of short-term leases (i.e. leases with a term of 12 months or less that do not contain a purchase option) and leases with low-value assets (i.e. with a unit value of less than around EUR 5 thousand), a right of use on the inception date of the lease, i.e. the date on which the underlying asset is available for use. Lease payments for short-term and low-value leases are recognised as costs in the income statement on a straight-line basis throughout the term of the lease. The accounting treatment of the new standard envisages, in short, the recording, for the lessee:

- in the statement of financial position, of the right-of-use assets and the financial liabilities relating to the obligation to make the payments envisaged by the contract. Right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses, adjusted for any subsequent remeasurement of lease liabilities. The value assigned to right-of-use assets corresponds to the initial amount of the lease liabilities plus any initial direct costs incurred, lease payments made before the lease commencement date and restoration costs, minus any lease incentives received. The lease liability is recognised at the lease commencement date for a total amount equal to the current value of the lease payments to be made during the lease term, discounted using the incremental borrowing rate (IBR) when the interest rate implicit in the lease cannot readily be determined. After the commencement date, the amount of the lease liabilities increases to reflect the accrual of interest and decreases to reflect the payments made.
- in the income statement, (i) of the depreciation of the right-of-use asset, which, unless the Saras Group is not reasonably certain that it will obtain ownership of the leased asset at the end of the lease, is amortised on a straight-line basis according to the estimated useful life or the lease term, if this is shorter, and (ii) of the interest expense accrued on the lease liability, which represents the financial cost incurred during the lease term, to reflect a constant interest rate on the residual amount payable on the liability, for each period; lease payments on short-term and low-value leases and variable payments related to the use of the asset that are not included in the determination of the right-of-use asset/lease liability are also recognised in the income statement, as permitted by the standard;
- the reclassification of cash flows related to leases, compared with the previous accounting treatment, has the following effects on the statement of cash flows: a) a change to net cash flow from operating activities, which no longer includes payments for lease payments, but includes the cash out for interest expense on the lease liability; b) a change to net cash flow from financing activities that includes outlays relating to the reimbursement of the lease liability.

During the first application of the new standard, the Saras Group acted as follows:

- it applied the modified retrospective approach;
- it availed itself of the practical expedient that allows it not to apply IFRS 16 to leases with a residual term as at 01 January 2019 of less than 12 months, for all asset types;
- it considered as leases all contracts classifiable as such under IFRS 16, without applying the "grandfathering" expedient (possibility of not reviewing all contracts existing as at 01 January 2019, only applying IFRS 16 to contracts previously identified as leases in accordance with IAS 17 and IFRIC 4);
- it recorded an asset for the right-of-use at an amount corresponding to the lease liability;
- the options for renewal or early termination were analysed, where present, in order to determine the overall term of the contract.

The key assumptions used to define the incremental borrowing rate (IBR) at the date of first-time application of the new standard are as follows:

- a method has been defined for estimating the IBR to be applied to all leases with similar characteristics. The Group then opted to adopt the practical expedient of simplifying the definition of this parameter, as permitted by the new standard;
- the starting point for defining the IBR as of the date of first-time application of the new standard is the average effective financing interest rate as at 31 December 2018 of the Parent Company, Saras S.p.A., in which the Group's cash management activities are pooled, with an expiry date similar to the average of the leases being remeasured. This rate was appropriately adjusted according to the requirements of the new accounting rules to simulate a theoretical IBR consistent with the leases being measured.

The IBR applied to discount lease payments as of 1 January 2019 is 1.55%.

The application of the new standard had significant impacts on the economic and equity position and cash flow of the Group, as a consequence:

(i) of an increase in fixed assets for the right-of-use of assets amongst assets;
(ii) of an impact on net financial debt, deriving from the rise in financial liabilities for lease payables;
(iii) of an increase in EBITDA and, to a lesser extent, EBIT, as a result of the exclusion from these figures of the lease payments previously included in operating costs, and a simultaneous increase in depreciation;
(iv) of a marginal change in the net result, reflecting the difference between the various cost items (financial charges and depreciation) booked in application of the new standard, and the lease payments which were previously entirely recognised in the income statement;
(v) of an improvement in net cash flow from operating activities, which no longer includes payments for operating lease payments, but only outlays for interest expense on the lease liability;
(vi) of a worsening to net cash flow from loans, which includes outlays connected with the reimbursement of the lease liability.

The analysis was performer on the following contracts:

Historical Cost	01/01/2019	N° considered contracts	N° excluded contracts	N° included contracts
Leased Lands and Buildings	35,197	20	3	17
Leased Plant and Machinery	11,952	10	0	10
Other Assets in leasing	6,290	9	3	6
Total	**53,439**	**39**	**6**	**33**

The impacts of Income statement are:

- increase of EBITDA amounting to 6.2 million euro (decrease of services costs);
- increase of EBIT amounting to 1.5 milion euro (increase of depreciations and amortiziation);
- increse of net result amounting to 0.8 million euro (net of taxes, this amount is the difference in EBIT after an increase of financial charges amounting to 0.4 million euro).

Identifying the duration of a lease contract is a relevant issue, since templates, legislations and common practice on lease contracts vary in a significant way from a country to another and the evaluation of the impacts of options to renovate them requires a certain degree of estimation. Thus, the Group considered the existence of renovation or cancellation options both for the lessor and for the lessee: wherever such options are included in the contracts, the Group considered if the options are likely to occur from an economic point of view. As a consequence of such evaluations, the Group considered the contract to continue after its deadline for a period of two-times contractual duration only if the Group has the right to exercise such option and only if it is reasonably likely that it will exercise it.

IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:
• Whether an entity considers uncertain tax treatments separately
• The assumptions an entity makes about the examination of tax treatments by taxation authorities
• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
• How an entity considers changes in facts and circumstances
An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.
The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its interim consolidated financial statements.
Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions.
The interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 9 - Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the interim consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset). These amendments

had no impact on the interim consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures. These amendments had no impact on the interim consolidated financial statements of the Group.

Annual Improvements 2015-2017 Cycle

• IFRS 3 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments had no impact on the interim consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

• IFRS 11 Joint Arrangements
A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments had no impact on the interim consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

• IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, they had no impact on the interim consolidated financial statements of the Group.

• IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, they had no impact on the interim consolidated financial statements of the Group.

2.3 Accounting standards issued but not yet in force

Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018)

The IASB published the revised version of the Conceptual Framework for Financial Reporting with first-time application on 1 January 2020. The main changes concern:

- a new chapter on measurement;

- improved definitions and guidance, particularly with regard to the definition of a liability;
- clarifications of important concepts, such as stewardship, prudence and measurement uncertainty.

Amendments to the definition of a business in IFRS 3 (issued on 22 October 2018)

The IASB published amendments to the definition of a business in IFRS 3 with the aim of helping to determine whether a transaction is an acquisition of a business or a set of activities that does not meet the definition of a business under IFRS 3. The amendments will apply to acquisitions after 1 January 2020. The Group will apply the amendments when they come into effect.

Amendments to the definition of material in IAS 1 and IAS 8 (issued on 31 October 2018)

The IASB published amendments to the definition of material in IAS 1 and IAS 8, in order to clarify the definition of "material" and help entities to assess whether information should be included in the financial statements. The amendments will apply as of 1 January 2020. The Group will apply the amendments when they come into effect.

IFRS 17 - Insurance Contracts (issued on 18 May 2017)

The IASB has published IFRS 17 - Insurance Contracts, a new complete standard which covers the recognition and measurement, presentation and disclosure of insurance contracts. The standard will be effective for annual periods starting on or after 1 January 2021 and will apply to all types of insurance contracts, regardless of the entity writing them, and to certain guarantees and financial instruments with discretionary participation characteristics. On the basis of preliminary analyses, the Group does not expect the standard to have any material effects on its consolidated financial statements.

2.3 Consolidation area

Consolidated subsidiaries are listed below.

Consolidated on a line-by-line basis	**% owned**
Deposito di Arcola Srl	100%
Sarlux Srl	100%
Saras Ricerche e Tecnologie S.r.l.	100%
Sarint SA and subsidiaries:	100%
Saras Energia SAU	100%
Terminal Logistica de Cartagena SLU	100%
Saras RED SL	100%
Reasar SA	100%
Sardeolica S.r.l.	100%
Saras Trading SA	100%

Other equity investments measured at fair value	
Consorzio La Spezia Utilities	5%
Sarda Factoring	4.01%

As compared with 31 December 2018, the only change made is the liquidation of the company Alpha Eolica Srl (already in liquidation last year).

2.4 Use of estimates

The preparation of financial statements requires directors to apply accounting standards and methodologies 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 application of such estimates affects the amounts shown in the statement of financial position, in the income statement, in the statement of comprehensive income and in the cash flow statement, as will as in the notes to the financial statements. The actual results of the events underlying such estimates and evaluations may differ from the amounts originally posted in the financial statements, a due to the uncertainty of the assumptions and to the nature of the estimation process. The main estimations are related to the amortisation and depreciation of assets, the recoverable value of assets, the recoverable value of inventory, deferred tax, provisions for risks, write-downs of current assets, revenues from sales of electricity (Sarlux Srl), recoverable value of receivables and IFRS 16 application.

3. Information by business segment and geographical area

3.1 Introduction

The Saras Group's business segments are:
1. refinement;
2. marketing;
3. generation of power by the combined cycle plant;
4. generation of power by wind farms;
5. other businesses.

1. The refining activities carried out by Parent Saras S.p.A. and subsidiary Sarlux S.r.l. relate to 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;
- and, in part, by acquiring oil products from third parties.

The finished products are sold to major international operators.

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 S.p.A. (Wholesale Division), to wholesale customers (wholesalers, buying consortia, municipal utilities and retailers of oil products) and oil companies through a logistics network organised on own base (Sarroch), on a third party's base pursuant to a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata) and by Deposito di Arcola S.r.l. for the logistics management of the Arcola depot (SP);
- in Spain, by Saras Energia S.A.U., for third-party and Group-owned service stations, supermarkets and resellers via an extensive network of depots located throughout the country, the most important of which, the Cartagena terminal, is owned by the company itself.

3. The electricity generated by the combined cycle plant refers to the sale of the electricity generated by the Sarroch power station owned by Sarlux S.r.l. Sales take place exclusively with the client GSE (Gestore dei Servizi Energetici S.p.A.) and benefit from the feed-in tariff under CIP 6/92.

4. The electricity generated by wind farms relates to the activity carried out at the Ulassai wind farm owned by the subsidiary Sardeoloica S.r.l.

5. Other activities include reinsurance activities carried out for the Group by Reasar S.A. and research for environmental sectors undertaken by Sartec S.r.l.

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 as at 31 December 2018.

3.2 Segment information

A breakdown by segment is shown below. For further details, reference should be made to the specific sections of the Report on Operations:

Income Statement First Half 2019	REFINING	POWER	MARKETING	WIND	OTHER	TOTAL
Revenues from ordinary operations	5,392,311	258,137	987,415	7,032	14,727	6,659,622
to be deducted: intersectoral revenues	(2,000,128)	(28,185)	(428)	0	(11,515)	(2,040,256)
Revenues from third parties	**3,392,183**	**229,952**	**986,987**	**7,032**	**3,212**	**4,619,366**
Other operating revenues	64,523	34,079	3,062	1,373	224	103,261
to be deducted: intersectoral revenues	(38,433)	(253)	0	(132)	(154)	(38,972)
Other income from third parties	**26,090**	**33,826**	**3,062**	**1,241**	**70**	**64,285**
Amortisation, depreciation and write-downs	(63,094)	(26,489)	(1,488)	(2,521)	(455)	(94,047)
Gross operating result	**34,959**	**53,855**	**7,093**	**3,583**	**2,169**	**101,660**
Financial income (a)	101,271	12,928	249	38	8	114,494
Financial charges (a)	(168,668)	(7,430)	(777)	(55)	(19)	(176,949)
Income tax	3,771	(16,169)	(1,397)	(1,012)	(369)	(15,177)
Profit (loss) for the period	**(28,667)**	**43,184**	**5,168**	**2,554**	**1,789**	**24,031**
Total directly attributable assets (b)	**1,765,828**	**1,249,840**	**233,680**	**103,858**	**34,731**	**3,387,937**
Total directly attributable liabilities (b)	**1,864,433**	**123,091**	**293,199**	**24,049**	**29,377**	**2,334,149**
Investments in tangible fixed assets	**164,223**	**13,606**	**259**	**19,840**	**292**	**198,220**
Investments in intangible fixed assets	**4,951**	**0**	**290**	**9**	**1**	**5,251**

Income Statement First Half 2018	REFINING	POWER	MARKETING	WIND	OTHER	TOTAL
Revenues from ordinary operations	6,102,714	263,276	1,039,064	8,226	17,113	7,430,393
to be deducted: intersectoral revenues	(1,875,252)	(24,921)	(465)	0	(9,991)	(1,910,629)
Revenues from third parties	**4,227,462**	**238,355**	**1,038,599**	**8,226**	**7,122**	**5,519,764**
Other operating revenues	93,636	21,504	3,868	993	339	120,340
to be deducted: intersectoral revenues	(48,786)	(250)	0	(120)	(238)	(49,394)
Other income from third parties	**44,850**	**21,254**	**3,868**	**873**	**101**	**70,946**
Amortisation, depreciation and write-downs	(53,799)	(25,817)	(2,721)	(2,285)	(345)	(84,967)
Gross operating result	**107,803**	**64,830**	**7,654**	**3,631**	**2,570**	**186,488**
Financial income (a)	131,947	14,061	193	38	8	146,247
Financial charges (a)	(216,984)	(158)	(1,300)	(14)	(3)	(218,459)
Income tax	(9,227)	(21,581)	(1,366)	10	(694)	(32,858)
Profit (loss) for the period	**13,539**	**57,152**	**5,181**	**3,665**	**1,881**	**81,418**
Total directly attributable assets (b)	**1,526,465**	**1,287,418**	**241,908**	**84,736**	**29,784**	**3,170,311**
Total directly attributable liabilities (b)	**1,601,411**	**192,070**	**295,138**	**22,995**	**15,187**	**2,126,801**
Investments in tangible fixed assets	**75,109**	**9,029**	**57**	**95**	**233**	**84,523**
Investments in intangible fixed assets	**171**	**0**	**249**	**0**	**65**	**485**

(a) Calculated without taking into account inter-segment eliminations.
(b) Total assets and liabilities are calculated after inter-segment eliminations.

4. Impairment test of goodwill and the intangible assets with an indefinite useful life

The Group carries out impairment testing once a year (as at 31 December) and when circumstances suggest that there may be a reduction in the recoverable value of goodwill. Impairment testing of goodwill and intangible assets with an indefinite useful life is based on the calculation of value in use. The variables used to calculate the recoverable value of the various cash generating units (CGUs) are described in the consolidated financial statements as at 31 December 2018.

When it reviews its impairment indicators, the Group takes into account, among other factors, the ratio of its market capitalisation to the book value of its shareholders' equity. As at 30 June 2019, the Group's market capitalisation was greater than the book value of its shareholders' equity, and no material changes had taken place in the operations of the Group or the various CGUs that might indicate impairment of the tangible and intangible assets recognised in the financial statements. Furthermore, specifically with regard to the CGUs, the updates to the scenario analyses carried out by the Group showed no indicators of impairment, confirming the substantive reliability of the estimates made during the impairment testing as at 31 December 2018.

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:

Cash and cash equivalents	30/06/2019	31/12/2018	Change
Bank and postal deposits	399,335	271,616	127,719
Cash	79	1,215	(1,136)
Total	**399,414**	**272,831**	**126,583**

Unrestricted bank deposits mainly relate to Saras SpA for EUR 272,201 thousand and to Saras Trading S.A. for EUR 63,446 thousand. For further details on the company's net financial position, reference should be made to the relevant section of the Report on Operations and the statement of cash flows.

5.1.2 Other financial assets

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

Current financial assets	30/06/2019	31/12/2018	Change
Current financial derivatives	60,555	93,143	(32,588)
Deposits to secure derivatives	30,417	30,595	(178)
Other assets	1,249	7,985	(6,736)
Total	**92,221**	**131,723**	**(39,502)**

Derivatives consist of both the positive fair value of instruments in place at period end and the positive differences realised and not yet collected.

The item "Derivative guarantee deposits" includes the balance at 30 June 2019 of deposits to guarantee open positions in derivative instruments required by the counterparties with which the Group has entered into such transactions.

5.1.3 Trade receivables

Trade receivables amount to EUR 264,074 thousand, down on the equivalent amount as at 31 December 2018, of EUR 26,136 thousand. The item is presented net of the provision for doubtful receivables, which amounts to EUR 5,955 thousand (unchanged as at 31 December 2018).

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred during the period under review:

Inventories	30/06/2019	31/12/2018	Change
Raw materials, consumables and supplies	388,397	193,810	194,587
Unfinished products and semi-finished products	73,482	105,924	(32,442)
Finished products and goods	486,946	439,405	47,541
Spare parts and raw materials, supplies	114,059	122,462	(8,403)
Total	**1,062,884**	**861,601**	**201,283**

The increase in the value of oil inventories (crude oil, semi-finished and finished products) is essentially due to the combined effect of the increase in quantities held in stock at 30 June 2019 - due to a concentration of purchases near to the closing of the period - and rising prices.
Measurement of inventories at their net realisable value resulted in a write-down of approximately EUR 4 million.

No inventories are used as collateral for liabilities.

5.1.5 Current tax assets

Current tax assets break down as follows:

Current tax assets	30/06/2019	31/12/2018	Change
VAT credit	45	81	(36)
IRES credits	4,440	4,493	(53)
IRAP credits	12,059	12,680	(621)
Other amounts due from the tax authorities	3,294	1,797	1,497
Total	**19,838**	**19,051**	**787**

IRES receivables are essentially due to surpluses of the eliminated Robin Hood Tax, recovered against payment of other tax, whilst IRAP receivables mainly refer to deposits paid during previous years by the subsidiary Sarlux and surplus results with respect to the competent tax.
Other receivables also include tax requested by way of reimbursement or paid provisionally, the portion of the tax credit relative to the incentive investments 2014/2015 pursuant to art. 18 of Decree Law 91/14, net of use offsetting other tax payments made during the period.

5.1.6 Other assets

The balance breaks down as follows:

Other assets	30/06/2019	31/12/2018	Change
Accrued income	293	254	39
Prepaid expenses	24,699	10,403	14,296
Other short-term loans	99,060	97,840	1,220
Total	**124,052**	**108,497**	**15,555**

Prepayments mainly relate to insurance premiums paid by subsidiaries, which due to their nature are higher during the year and decrease at year-end; they also includes charges for the biofuel regulations for the Parent. In particular, (comment on REASAR income).

"Other receivables" mainly comprise:
- the receivable of EUR 34,048 thousand due to the subsidiary Sarlux S.r.l. from the Equalisation Fund for the Electricity Sector for the payment, pursuant to Title II, paragraph 7 bis, Cip Regulation no. 6/92, of charges resulting from Directive 2003/87/EC (Emissions Trading), in application of Authority for Electricity and Gas Resolution ARG/elt 77/08 of 11 June 2008, referring to first half of 2019;
- white certificates of EUR 35,795 thousand, related to the benefits granted to the subsidiary Sarlux in respect of the energy savings achieved through specific projects preliminarily authorised by GSE and carried out at the Sarroch refinery (EUR 36,600 thousand in 2018).

The amount also includes the receivables previously recorded against the repayment value requested from the GSE for green certificates purchased and delivered in the past and for which the subsidiary Sarlux has implemented various disputes: following an adverse ruling, such receivables have been written down in 2018. For additional information, reference should be made to section 7.1.

5.2 Non-current assets

5.2.1 Property, plant and equipment

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

Historical Cost	31/12/2018	Increases	Decreases	Write-downs	Other changes	30/06/2019
Land and buildings	183,869	1,240	(12,104)	0	0	173,005
Plant and machinery	3,357,574	62,233	(3,200)	0	18,029	3,434,636
Industrial and commercial equipment	34,993	12	0	0	247	35,252
Other assets	603,861	116	(116)	0	2,082	605,943
Tangible fixed assets under construction	177,689	134,618	187	0	(22,816)	289,678
Total	**4,357,986**	**198,219**	**(15,233)**	**0**	**(2,458)**	**4,538,514**

Depreciation Fund	31/12/2018	Depreciation	Use	Write-downs	Other changes	30/06/2019
Land and buildings fund	109,765	2,217	(11,930)	0	(189)	99,863
Plant and machinery fund	2,686,555	56,340	(3,200)	0	(1)	2,739,694
Industrial and commercial equipment fund	25,170	1,709	0	0	0	26,879
Other assets	449,389	10,765	42	0	(151)	460,045
Total	**3,270,879**	**71,031**	**(15,088)**	**0**	**(1,218)**	**3,326,481**

Net Value	31/12/2018	Increases	Decreases	Depreciation	Write-downs	Other changes	30/06/2019
Land and buildings	74,104	1,240	(174)	(3,067)	0	1,039	73,142
Plant and machinery	671,019	62,233	0	(56,340)	0	18,030	694,942
Industrial and commercial equipment	9,823	12	0	(1,709)	0	247	8,373
Other assets	154,471	116	(158)	(10,792)	0	2,261	145,898
Tangible fixed assets under construction	177,689	134,618	187	0	0	(22,816)	289,678
Total	**1,087,106**	**198,219**	**(145)**	**(71,908)**	**0**	**(1,239)**	**1,212,033**

“Land and buildings” chiefly include industrial buildings, offices and warehouses with a carrying amount of EUR 34,145 thousand, office buildings in Milan and Rome owned by the Parent Company with a carrying amount of EUR 2,177 thousand and land largely relating to the Sarroch and Arcola sites owned by the subsidiaries Sarlux S.r.l. and Deposito di Arcola S.r.l., respectively, with a carrying amount of EUR 36,818 thousand.

“Plant and machinery” mainly relates to the refining and combined-cycle power plants at Sarroch.

“Industrial and commercial equipment” includes equipment relative to the chemical laboratory and the control room connected with refinement and various assets supplied as necessary to the production process.

The item “Other assets” mainly includes tanks and oil pipes for the movement of products and crude products of the group companies (Sarlux Srl, Saras Energia S.A.U. and Deposito di Arcola Srl).

“Assets under construction and payments on account” reflect costs incurred mainly for investment in tanks, and work to adapt and upgrade existing facilities, particularly for environmental, safety and reliability purposes.

The caption increased by EUR 198,219 thousand during the period, mainly reflecting technological work on refinery plants.

The main depreciation rates used are as follows:

	I.G.C.C. plant	other Assets
Industrial buildings (land and buildings)	until 2031	5.5%
Generic plant (plant and machinery)	until 2031	8.4%
Highly corrosive plant (plant and machinery)	until 2031	11.7%
Pipelines and tanks (plant and machinery)		8.4%
Thermoelectric plant (plant and machinery)	until 2031	
Wind farm (plant and machinery)		10.0%
Equipment (plant and machinery)	until 2031	25.0%
Electronic office equipment (other assets)		20.0%
Office furniture and machinery (other assets)		12.0%
Vehicles (other assets)		25.0%

The concession for the use of public lands on which some of the facilities of the Sarroch refinery (wastewater treatment, sea water desalination, blow-down, flare and landing stage) are located, issued by the Port Authority of Cagliari and valid until 31 December 2027. This concession was taken into account in the aforementioned first-time application of IFRS 16.

5.2 2 Intangible assets

The following table shows the changes in intangible assets:

Historical Cost	31/12/2018	Increases	Decreases	Write-downs	Other changes	30/06/2019
Industrial patent and original work rights	51,615	143	0	0	1,363	53,121
Concessions, licences, trademarks and similar rights	24,490	151	0	0	82	24,723
Goodwill and intangible assets with indefinite life	21,019	0	0	0	0	21,019
Other intangible assets	527,317	0	0	0	2,120	529,437
Intangible assets under construction	4,847	410	0	0	(4,429)	828
Total	**629,288**	**704**	**0**	**0**	**(864)**	**629,128**

Amortisation Fund	31/12/2018	Amortisation	Use	Write-downs	Other changes	30/06/2019
Industrial patent and original work rights	45,077	1,421	0	0	289	46,787
Concessions, licences, trademarks and similar rights	11,272	309	0	0	(164)	11,417
Goodwill and intangible assets with indefinite life	0	0	0	0	0	0
Other intangible assets	460,812	16,595	0	0	7	477,414
Total	**517,161**	**18,325**	**0**	**0**	**132**	**535,618**

Net Value	31/12/2018	Increases	Decreases	Amortisation	Write-downs	Other changes	30/06/2019
Industrial patent and original work rights	6,538	143	0	(1,421)	0	1,074	6,334
Concessions, licences, trademarks and similar rights	13,300	151	0	(309)	0	164	13,306
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	82	21,019
Other intangible assets	66,505	0	0	(16,595)	0	2,113	52,023
Intangible assets under construction	4,847	410	0	0	0	(4,429)	828
Total	**112,127**	**704**	**0**	**(18,325)**	**0**	**(996)**	**93,510**

The decrease by comparison with 31 December 2018 mainly reflects amortisation in the period of EUR 18,325 thousand, calculated using the annual rates reported below.

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

The item includes investments underway to purchase software licences. The main items are set out in detail below.

Concessions, licences, trademarks and similar rights

This caption mainly refers to the concessions relating to Estaciones de Servicio Caprabo S.A. (merged into Saras Energia S.A.U.) for the operation of the petrol stations in Spain, and to Sardeolica S.r.l. for the operation of the Ulassai wind farm, which will be fully amortised in 2026 and 2035, respectively.

Goodwill

This caption mainly relates to the goodwill recognised for the subsidiary Sardeolica S.r.l. (EUR 20,937 thousand), which was paid to acquire this company. It was justified given the projection of future cash flows expected by the subsidiary Sardeolica S.r.l. until 2035 when its concessions expire.

Other intangible fixed assets

This item mainly includes the value (EUR 45 million, compared with EUR 60 million as at 31 December 2018) of the long-term contract for the supply of electricity under the CIP6 regime signed between the subsidiary Sarlux S.r.l. and Gestore dei Servizi Elettrici S.p.A. (hereinafter referred to as GSE). This contract, which will expire in 2020 and was initially recognised at fair value (EUR 547.5 million) in the 2006 consolidated financial statements, has always been measured in previous years to determine its recoverable value, in light of scenario and regulatory changes in the intervening period.

The recoverable value of the contract in 2018 was also estimated, with the carrying amount confirmed. Updates to the scenario analyses carried out by management do not show any material changes during the period to the main assumptions incorporated within the valuation.

5.2.3 Right-of-use of leased assets

The balance at 30 June 2019, for EUR 49,625 thousand, relates to the first application of the new standard IFRS 16 - Leases. Booking essentially refers to the following types of contracts:

1) Concessions, building rights and similar: these are mainly concessions of areas on which part of the production site of Sarroch and the oil depots of Arcola and Cartagena are located, as well as the area on which the Ulassai wind farm was built and operates;
2) Plants: these are mainly contracts stipulated by the subsidiary Sarlux with suppliers for the construction and operation of some plants within the production site of Sarroch;
3) Company car fleets: these are long-term lease contracts on company cars used both within the industrial site of Sarroch and by employees in various managerial and commercial sites.

For further details, please see the comments in paragraph 2.2 (New accounting standards, interpretations and amendments adopted by the Group) on the adoption of the new international financial reporting standard, IFRS 16 - Leases.

5.2.4 Other investments

Other investments break down as follows:

Other investments	30/06/2019	31/12/2018	Change
Consorzio La Spezia Utilities	7	7	0
Sarda Factoring	495	495	0
Total	502	502	0

5.2.5 Prepaid tax assets

The balance at 30 June 2019 of EUR 26,860 thousand refers to deferred tax assets believed to be recoverable from future taxable income as envisaged under the Group's most recent plans.

5.2.6 Other financial assets

At 30 June 2019, this item amounts to EUR 4,081 thousand (EUR 4,067 thousand last year) and relates to medium-/long-term receivables.

5.4 Non-current assets classified as held for sale

The balance at 30 June 2019 of EUR 38,846 thousand is represented by the value of the business unit of the subsidiary Saras Energia S.A.U. intended for the sale, less the estimated costs of sale. In November 2018, the Spanish subsidiary signed an agreement with a leading oil sector operator for the sale of the business comprising the network of service stations in Spain, the ancillary services and related staff, for a consideration of EUR 35,000 thousand plus the value of the current assets (EUR 3,846 thousand, mainly comprising oil product inventories at the service stations) that will be transferred at the time of the closing of the transaction (subject to the fulfilment of certain conditions precedent), which took place on July 25th, 2019. For further details, please refer to the section "Main events after the end of the first half of 2019" of the Report on Operations.

5.4 Current liabilities

5.4.1 Short-term financial liabilities

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

Short-term financial liabilities	30/06/2019	31/12/2018	Change
Current bank loans	865	0	865
Bank current accounts	27,698	16,957	10,741
Financial derivatives	57,536	26,937	30,599
Other short-term financial liabilities	77,040	62,736	14,304
Total	**163,139**	**106,630**	**56,509**

'Current bank loans and borrowings' include the short-term portion of bank loans and borrowings raised by the Group, which are measured at amortised cost. The terms and conditions of the loans and bonds are described in note “5.4.1 - Long-term financial liabilities”.

"Current bank accounts" comprise the credit lines balance used by the Group as part of the performance of its ordinary activities.

"Financial derivatives" comprise the negative fair value of the financial derivatives in place as at 30 June 2019: the increase of such items as at 31 December 2018 is primarily due to the rise in the prices of crude and oil products.

The following table displays Assets and Liabilities at fair value at 30 June 2019, divided for fair value hierarchy:

Financial derivatives	30/06/2019 Assets	FV level 1	FV level 2	FV level 3	30/06/2019 Liabilities	FV level 1	FV level 2	FV level 3
Interest rate swaps	0		0		167		167	
Fair value derivatives on commodities	50,132	50,132			57,552	57,552		
Fair value forward purchases and sales on exchange rates	0		0		(183)		(183)	
Fair value forward purchases and sales on CO2 allowances	10,423		10,423		0		0	
Total	**60,555**	**50,132**	**10,423**	**0**	**57,536**	**57,552**	**(16)**	**0**

"Other current financial liabilities" essentially include receipts related to receivables factored without recourse and without notification, received from customers and not paid back to factors.

For further details, see the cash flow statement.

5.4.2 Trade and other payables

The table below shows a breakdown of this item.

Payables to suppliers	30/06/2019	31/12/2018	Change
Customers advances account	39,977	18,890	21,087
Payables to current suppliers	1,373,751	1,024,272	349,479
Total	**1,413,728**	**1,043,162**	**370,566**

"Advances from customers" relate to payments on account received from customers for the supply of oil products.

"Payables to suppliers" mainly comprise the payables related to the provision of raw materials. The increase on the previous year-end balance is essentially due to both the rise in the purchase costs of raw materials in the period and the increase in quantities acquired near the closing of the period.

5.4.3 Current tax liabilities

This item breaks down as shown below:

Current tax liabilities	30/06/2019	31/12/2018	Change
Payables for VAT	50,716	14,727	35,989
IRES payables (and income tax foreign firms)	286	234	52
IRAP payables	6,222	806	5,416
Other tax payables	119,182	59,181	60,001
Total	**176,406**	**74,948**	**101,458**

The change in "VAT payables", which refers to the payable of the period of Italian and foreign companies, comprises the non-recurring taxes paid on account by Italian companies in December 2018 in accordance with the law.
The change for IRES payables reflects the period tax debt.
"Other tax payables" mainly include payables for excise duties on products released for consumption by the Parent, Saras S.p.A., (EUR 109,791 thousand) and the subsidiary Saras Energia S.A.U. (EUR 4,590 thousand). The increase mainly arises from the excise tax advance payments made only in December, as required by Italian law.

5.4.4 Other liabilities

A breakdown of other current liabilities is shown below:

Other current liabilities	30/06/2019	31/12/2018	Change
Payables employee benefit and social security	8,557	11,397	(2,840)
Payables due to employees	26,312	25,236	1,076
Payables to others	14,853	9,467	5,386
Accrued liabilities	4,158	7,452	(3,294)
Deferred income	28,422	22,786	5,636
Total	**82,302**	**76,338**	**5,964**

The item "Due to personnel" includes salaries for June not yet paid and the accrued portion of additional monthly payments, as well as bonuses for the achievement of corporate goals.
The item "Deferred income" includes, amongst other entries, the income recorded by the subsidiary Sardeolica S.r.l. for definitive grants obtained pursuant to Law 488 in relation to the construction of the Ulassai wind farm. These grants are suspended in the statement of financial position and released to the income statement in the various financial years in correlation with the depreciation of the facilities for which they were received.

5.5 Non-current liabilities

5.5.1 Long-term financial liabilities

This item breaks down as shown below.

Long-term financial liabilities	30/06/2019	31/12/2018	Change
Non-current bonds	198,834	198,675	159
Non-current bank loans	49,708	49,393	315
Other long-term financial liabilities	56,002	7,933	48,069
Total	**304,544**	**256,001**	**48,543**

It comprises the medium-/long-term portions of the bank loans taken out by the Parent. These are summarised as follows (values in EUR millions):

Values expressed in millions of euro	Commencement / Renegotiation	Original amount	Base rate	Residual at 31/12/2018	Residual at 30/06/2019	Maturities	
						1 year	beyond 1 year to 5 years
Saras SpA							
Unicredit	April 2017	50	6M Euribor	49.4	49.7	49.7	
Bond	December 2017	200	1.70%	198.7	198.8		198.8
Total liabilities to banks for loans				**248.1**	**248.5**	**49.7**	**198.8**

"Long-term financial liabilities" comprise:

- a bond for a total nominal value of EUR 200 million, maturing on 28 December 2022 with a fixed annual coupon of 1.70%, represented by a private placement of debt securities on Third Market, the Austrian multilateral trading facility owned by Wiener Börse AG;
- a EUR 50 million loan, taken out by Saras SpA, subject to the following covenants: in financial terms, the company will have to meet the following ratios: net financial debt/EBITDA < 3.5 and net financial debt/shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements as 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.
  Failure to comply with these covenants will give the banking syndicate the right to demand early repayment of the loan.

On the last verification date, all financial covenants had been met.

The Parent Company, Saras, also has a revolving credit facility of up to EUR 255 million in place, expiring in 2020. None of this amount had been drawn down as at 30 June 2019.

The increase in "Other long-term financial liabilities" on last year is mainly due to the registration of financial liabilities for leasing relative to the specified first application of the new standard IFRS 16. For further details, please see the comments in paragraph 2.2 (New accounting standards, interpretations and amendments adopted by the Group) on the adoption of the new international financial reporting standard, IFRS 16 - Leases.

5.5.2 Provisions for risks and charges

Provisions for risks and charges break down as follows.

Provisions for risks and charges	31/12/2018	Provision	Use	Other Changes	30/06/2019
Plant dismantling provision	19,039	0	0	0	19,039
Charges for CO2 allowances provision	155,759	49,094	(99,199)	0	105,654
Other provisions for risks and charges	28,515	0	(1,323)	0	27,192
Total	**203,313**	**49,094**	**(100,522)**	**0**	**151,885**

The provisions for dismantling plants relate to the future costs of dismantling plant and machinery, which are made wherever there is a legal and constructive obligation to be met in this regard.

The provision for CO2 allowances (EUR 105,654 thousand) was accrued pursuant to Legislative decree no. 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 includes the provision made for the units due and not yet acquired. In the first half-year, EUR 99,199 thousand of the provision was utilised, for the purchase (and delivery) of allowances pertaining to the previous financial year. It should also be noted that the provision also includes the expense for the allowances relating to the northern site of the Sarroch refinery: for further details, please see the 2018 consolidated financial statements.

"Other provisions for risks" mainly refers to provisions made for probable legal and tax liabilities (including those described in point 7.1), mainly for a dispute with GSE for the recognition of white certificates (TEE). It should be noted that the utilisation of EUR 1,323 thousand relates to the reclassification to "Other tax payables" of the liability relating to a dispute over TARSU (tax on disposal of solid urban waste) with the Sarroch municipal authorities that was defined in the period.

5.5.3 Provisions for employee benefits

The following table shows the changes in "Post-employment benefits":

Provisions for employee benefits	30/06/2019	31/12/2018	Change
Post-employment benefits	10,818	10,322	496
Total	**10,818**	**10,322**	**496**

Employee end-of-service payments are governed by art. 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 as at 31 December 2006 was determined according to actuarial methods.

5.5.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 2,472 thousand, relate to the foreign subsidiaries.

5.5.5 Other non-current liabilities

Other non-current liabilities break down as follows:

Other non-current liabilities	30/06/2019	31/12/2018	Change
Deferred income linearisation reporting Sarlux/Gse	27,803	80,263	(52,460)
Other payables	1,052	1,053	(1)
Total	**28,855**	**81,316**	**(52,461)**

The change compared with 31 December 2018 is mainly due to the decrease in "Deferred income" posted by the subsidiary Sarlux S.r.l. This caption relates to the recognition of the agreement for the sale of energy between the subsidiary and GSE (Gestore dei Servizi Energetici SpA). Revenues from the sale of energy are calculated on a straight-line basis since the electricity supply contract has essentially been recognised as a contract regulating the use of the plant by the customer of Sarlux These revenues have therefore been accounted for on a straight-line basis in accordance with both the duration of the contract (20 years) and forecasts for the price of gas, which is a determining factor for the electricity tariff.

5.6 Shareholders' equity

Shareholders' equity comprises the following:

Total equity	30/06/2019	31/12/2018	Change
Share capital	54,630	54,630	0
Legal reserve	10,926	10,926	0
Other reserves	964,201	898,089	66,112
Net profit (loss) for the period	24,031	140,425	(116,394)
Total	**1,053,788**	**1,104,070**	**(50,282)**

Share capital
At 30 June 2019, 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, which is unchanged from the previous year-end balance, is equal to one-fifth of the share capital.

Other reserves
This item totals EUR 964,201 thousand, representing a net increase of EUR 66,112 thousand on the previous year. The net increase was the combined result of:

- the allocation of the prior year profit (EUR 140,425 thousand);

- a decrease of EUR 75,310 thousand for a dividend distribution, approved by the shareholders' meeting of 16 April 2019 and paid out in May;
- the negative effect of the translation of foreign currency financial statements of foreign subsidiaries (EUR 77 thousand);
- other movements (EUR 583 thousand);
- the EUR 491 thousand increase due to the reserve for the bonus issue to all employees under the company's stock grant plans;

In accordance with IAS 1, para. 1 and 97, it is noted that no equity transactions took place with shareholders acting in their capacity as owners of the company.

Net result
Profit for the period amounts to EUR 24,031 thousand.

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

"Revenues from ordinary operations" break down as follows:

Revenues from ordinary operations	30/06/2019	30/06/2018	Change
Revenues from sales and services	4,364,287	5,257,157	(892,870)
Sale of electricity	248,853	252,552	(3,699)
Other remuneration	5,944	9,667	(3,723)
Change in contract work in progress	282	388	(106)
Total	**4,619,366**	**5,519,764**	**(900,398)**

Revenue from sales and services decreased by EUR 900,398 thousand, mainly due to average market prices during the half-year, which were lower than in the first half of the previous year, and reduced refinery processing activity due to the extensive maintenance plan implemented during the half-year. The variation also reflects the different classification, starting from the last quarter of 2018, of revenues and costs relating to trading activities.

Revenues from the sale of electricity mainly comprise EUR 227,847 thousand relating to the gasification plant and EUR 15,379 thousand relating to the RIU of the subsidiary Sarlux S.r.l., and EUR 5,626 thousand relating to the wind farm owned by the subsidiary Sardeolica.
Revenues from the sale of electricity by the subsidiary Sarlux comprise the effect of the recognition of figures on a straight-line basis, calculated over the residual term of the contract that expires in 2020, principally taking into account the tariff amount and the forward curves of both the price of gas and the projected EUR/USD exchange rate until the contract expires. These projections are reconsidered when they undergo significant changes.

Other fees mainly refer to the revenues earned by the subsidiaries Sartec S.r.l. and Reasar SA in their respective business segments.

Revenues from ordinary operations are broken down by business segment in paragraph 3.2 above ("Segment information").

6.1.2 Other income

The following table shows a breakdown of other income:

Other operating revenues	30/06/2019	30/06/2018	Change
Compensation for storage of mandatory stocks	4,836	3,482	1,354
Sale various materials	374	272	102
Grants	964	820	144
Chartering	3,460	2,067	1,393
Recovery for claims and compensation	383	1,112	(729)
CO2 charges reimbursement	33,534	17,316	16,218
Other revenues	20,734	45,877	(25,143)
Total	**64,285**	**70,946**	**(6,661)**

The item "Repayment of CO2 charges" refers to the revenues recognised by the subsidiary Sarlux S.r.l. following the obtainment, pursuant to Title II, point 7-bis of CIP measure no. 6/92, of the repayment of the charges incurred as part of the application of Directive 2003/87/EC (Emission Trading) as per AEEG's resolution no. 77/08. The increase compared with the same period of the previous year is mainly due to the rise in the value of the CO_2 allowances.

The decrease in "Other revenues" is mainly due to the income of the subsidiary Sarlux S.r.l. relating to energy efficiency securities recognised in the previous year.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, consumables and supplies

Purchase of raw materials, consumables and supplies	30/06/2019	30/06/2018	Change
Purchase of raw materials	2,360,123	2,783,365	(423,242)
Purchase semi-finished products	148,943	76,559	72,384
Purchase supplies and consumables	45,056	48,022	(2,966)
Increase in property, plant and equipment	(10,274)	(8,340)	(1,934)
Purchase finished products	1,725,754	2,065,990	(340,236)
Change in inventories	(204,116)	(94,880)	(109,236)
Total	**4,065,486**	**4,870,716**	**(805,230)**

Costs to purchase raw materials, consumables and supplies decreased by EUR 805,230 thousand on the same period of the previous year, due to both the lesser quantities purchased during the period and the trend in raw materials and oil product prices. The variation also reflects the different classification, starting from the last quarter of 2018, of revenues and costs relating to trading activities.

6.2.2 Cost of services and sundry costs

Services and sundry costs	30/06/2019	30/06/2018	Change
Costs for services	335,612	355,109	(19,497)
Capitalisations	(51,034)	(13,832)	(37,202)
Costs for use of third-party goods	1,004	7,504	(6,500)
Provisions for risks	49,045	16,779	32,266
Other operating costs	11,924	7,723	4,201
Total	**346,551**	**373,283**	**(26,732)**

Service costs mainly comprise maintenance, rentals, transport, electricity, CO2 charges as per Directive 2003/87/EC (Emissions Trading) and other utilities, as well as bank charges.

The "Capitalisations" item mainly relates to the costs of turn-around maintenance costs capitalised in the period. The increase compared with the same period of the previous year is due to the extensive cycle of scheduled closures carried out during the half-year.

The item "Use of third-party assets" decreased compared with the first half of 2018 (EUR 6,500 thousand), reflecting the introduction of the new IFRS 16 standard, which stipulates, among other things, the reclassification of costs relating to lease and rental payments, as recorded and described in paragraph 2.2 above.

The "Provision for risks" item includes the allowance for charges relating to the application of Directive 2003/87/EC (Emissions Trading). The increase on the same period of the previous year is mainly due to the increase in the market value of the relevant allowances.

"Other operating costs" chiefly comprise indirect taxes (municipal tax on property and air emission taxes) and membership fees.

6.2.3 Personnel expense

The breakdown of "Personnel expense" is as follows:

Personnel costs	30/06/2019	30/06/2018	Change
Salaries and wages	57,851	57,477	374
Increases in assets for internal work	(5,691)	(5,121)	(570)
Social security contributions	17,433	16,440	993
Post-employment benefits	3,403	3,339	64
Other costs	1,823	2,029	(206)
Remuneration to the Board of Directors	1,088	1,092	(4)
Total	**75,907**	**75,256**	**651**

Given the substantial stability of the Group's average workforce, personnel expense is in line with the same period of the previous year.

6.2.4 Depreciation/amortisation and write-downs

Amortisation and depreciation figures are shown below.

Amortisation, depreciation and write-downs	30/06/2019	30/06/2018	Change
Amortisation of intangible assets	18,325	17,889	436
Depreciation of tangible assets	71,031	67,078	3,953
Depreciation of leased tangible assets	4,691	0	4,691
Total	**94,047**	**84,967**	**9,080**

Depreciation of property, plant and equipment increased by EUR 3.953 thousand, due to the implementation in the previous year of a substantial portion of the investment plan launched by the Group.

The item "Depreciation of right-of-use assets" comprises depreciation in the period, calculated pursuant to IFRS 16, of EUR 4.691 thousand. For further details, please see the comments in paragraph 2.2 (New accounting standards, interpretations and amendments adopted by the Group) on the adoption of the new international financial reporting standard, IFRS 16 - Leases.

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

Financial income	30/06/2019	30/06/2018	Change
Bank interest income	359	282	77
Unrealised differences on derivatives	18,138	63,968	(45,830)
Realised differences on derivatives	57,719	22,226	35,493
Other income	0	127	(127)
Profit on exchange rates	35,006	56,793	(21,787)
Total	**111,222**	**143,396**	**(32,174)**

Financial charges	30/06/2019	30/06/2018	Change
Unrealised differences on derivatives	(30,367)	(67,386)	37,019
Realised differences on derivatives	(106,818)	(85,608)	(21,210)
Interest expenses on loans and other financial charges	(9,127)	(6,952)	(2,175)
Interests on rental right of use	(406)	0	(406)
Other financial charges	0	(3,625)	3,625
Exchange rate losses	(26,956)	(52,037)	25,081
Total	**(173,674)**	**(215,608)**	**42,979**

The item "Interest on right-of-use assets" comprises financial charges calculated pursuant to IFRS 16, of EUR thousand. For further details, please see the comments in paragraph 2.2 (New accounting standards, interpretations and amendments adopted by the Group) on the adoption of the new international financial reporting standard, IFRS 16 - Leases.

The table below shows net income/charges by type:

Financial income e Financial charges	30/06/2019	30/06/2018	Change
Net interest	(8,768)	(6,670)	(2,098)
Result of derivative instruments, of which:	(61,328)	(66,800)	5,472
Realised	*(49,099)*	*(63,382)*	*14,283*
Fair value of open positions	*(12,229)*	*(3,418)*	*(8,811)*
Net exchange rate differences	8,050	4,756	3,294
Interests on rental right of use	(406)	0	(406)
Other	0	(3,498)	3,498
Total	**(62,452)**	**(72,212)**	**15,232**

The change in the net value of "Financial income and charges" is mainly due, as well as to net foreign exchange differences, to significant fluctuations in the price of raw materials and oil products in the first half of the year compared with the same period of the previous year.

The fair value of derivative instruments held at 30 June 2019 reflected a net expense of EUR 12,229 thousand (compared with a net expense of EUR 3,418 thousand in the same period of the previous year).

These derivatives relate to hedging transactions not subject to "hedge accounting" rules.

6.4 Income tax

Income tax

Income tax	30/06/2019	30/06/2018	Change
Current taxes	6,036	9,959	(3,923)
Net deferred tax assets	9,141	22,899	(13,758)
Total	**15,177**	**32,858**	**(17,681)**

Current taxes, amounting to EUR 6,036 thousand, related entirely to IRAP owned by the subsidiaries, while the change in prepaid and deferred taxes reflects the trend in reversals and provisions during the period.

7. Other information

For information on subsequent events, reference should be made to the relevant section in the Report on Operations.

7.1 Main legal actions pending

The Parent Saras SpA and some Group companies were subject to a tax audit by the tax authorities which led, in some cases, to disputes pending before tax courts. With respect to 31 December 2018, no significant updates apply to current disputes, nor have any new actions been taken.

The Group Companies are involved in legal disputes filed by different plaintiffs for various reasons. The outcome of some of these disputes is hard to predict. Although the decisions made by the
ordinary and administrative courts with regard to the alleged infringements have been contradictory, the Group believes that the probability of any liability arising is remote. If, however, a liability is deemed probable, appropriate accruals have been made to the provision for risks. Also in this context, with respect to 31 December 2018, no significant updates apply to current disputes, nor have any new actions been taken.

7.2 Commitments

The Group had made no irrevocable, multi-year commitments to purchase materials or services.
As part of its normal activities, the Parent Company issued sureties totalling EUR 303,675 thousand as at June 30th, 2019, mainly in favour of subsidiaries and bodies, such as Customs Agencies and the Ministry of Defence

7.2 Related party transactions

The transactions carried out by Saras Group with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature. During the period, there were no new types of related party transactions. The wight of such transactions and position on the statement of financial position, income statement and cash flow statement is not significant and it is in line with previous periods.

Declaration in respect of the Half-Year Financial Report, pursuant to the article 81-ter of Consob Regulation n. 11971 of 14th May 1999 and subsequent amendments and additions thereto

The undersigned, Dario Scaffardi, Chief Executive Officer, and Franco Balsamo, the Executive responsible for the preparation of Saras S.p.A. financial reporting, hereby attest, pursuant also to the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24th February 1998:

- the appropriateness in respect of the type of company, and
- the efficient application of the administrative and accounting procedures for the preparation of the interim consolidated half year financial statements, for the period 1st January 2019 to 30th June 2019.

In addition, the undersigned declare that:

1. the Half-Year Financial Report as at 30th June 2019:
   - a) was prepared in accordance with the applicable international accounting standards recognised in the European Union, pursuant to European Parliament and Council Regulation (EC) n. 1606/2002 of 19th July 2002;
   - b) accurately represents the figures in the company's accounting records;
   - c) gives a true and fair view of the assets, liabilities and financial position of Saras S.p.A. and all consolidated companies.

2. the interim "report on operations" includes a reliable analysis of the main events which took place during the first semester of the financial year and their impact on company results together with a description of the main risks and uncertainties for the remaining semester of the financial year.

The Half-Year Financial Report also contains a reliable analysis of the transactions with related parties.

This declaration is made pursuant to article 154-bis, paragraphs 2 and 5, of the Legislative Decree 58, dated 24th February 1998.

Milan, 30th July 2019

Signature: delegated authority	Signature: director responsible for drawing up the accounting statements
Chief Executive Officer	
(Ing. Dario Scaffardi)	(Dott. Franco Balsamo)

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Saras S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and the related explanatory notes of Saras S.p.A. and its subsidiaries (the "Saras Group") as of 30 June 2019. The Directors of Saras S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Saras Group as of June 30, 2019 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 30 July 2019

EY S.p.A.
Signed by: Alberto Romeo, Partner

This report has been translated into the English language solely for the convenience of international readers

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