Sol Group Annual Report 2008

Index

Sol Spa

Registered office
Via Borgazzi, 27
20052 Monza (MI)

Share Capital
Euro 47.164.000,00 fully paid up.

C.F and company register of Monza e Brianza
n° 04127270157
R.E.A. n° 991655
C.C.I.A.A. Monza e Brianza

The Board of Directors

Chairman and Managing Director
Aldo Fumagalli Romario

Deputy Chairman and Managing Director
Marco Annoni

Director with special powers
Ugo Marco Fumagalli Romario

Director with special powers
Giovanni Annoni

Directors
Stefano Bruscagli
Luisa Savini
Gianfranco Graziadei (Independent)

General Manager
Giulio Mario Bottes

Board of Statutory Auditors

Chairman
Roberto Campidori

Regular Auditors
Alessandro Danovi
Enrico Aliboni

Alternate Auditors
Livia Martinelli
Vincenzo Maria Marzuillo

Auditing Company

BDO SALA SCELSI FARINA
Via Andrea Appiani 12
20121 Milan

Powers granted to the Directors
(CONSOB Communication No. 97001574
dated 20 February 1997)

To the Chairman and Deputy Chairman: the legal representation of the Company in dealings with third parties and before the legal authorities; powers of ordinary management acting severally; powers of extraordinary management, acting jointly, it being understood that for the execution of the related acts the signature of one of the two with the written authorization of the other is sufficient; exception is made for certain specific acts of particular importance reserved for the competence of the Board.
To the Directors with special powers: powers of ordinary management relating to Administration and Finance (Ugo Marco Fumagalli Romario) and to IT Systems Organization (Giovanni Annoni) signing severally.

SOL Spa(1)

12.31.08

100% **AIRSOL B.V.**
Tilburg (NL)

100% **TMG GmbH**
Krefeld (D)

100% **Vivisol H. GmbH**
Vienna (A)

100% **Vivisol France Sarl**
Vaux le Penil (F)

100% **FRANCE OXYGENE Sarl**
Avelin (F)

100% **Vivisol Deutschland GmbH**
Mauern (D)

100% **Vivisol Hellas S.A.**
Athens (GR)

99,92% **Vivisol B Sprl** 0,08%
Lessiness (B)

49% **Vivisol S.r.l.** 51%
Monza (I)

Vivisol Umbria S.r.l. 70%
Perugia (I)

Vivisol Napoli S.r.l. 81%
Marcianise (I)

70%
Vivisol Silarus S.r.l.
Battipaglia (I)

Il Point S.r.l. 65%
Verona (I)

98,41% **Zeus S.A.**
Piraeus (GR)

C.T.S. S.r.l. 100%
Monza (I)

N.T.G. B.V. 100%
Tilburg (NL)

SOL T.G. GmbH 100%
Wiener Neustadt (A)

100% **B.T.G. BVBA**
Lessines (B)(7)

100% **SOL France Sas**
Cergy Pontoise (F)

70% **HYDROSOL Sh.p.k.**
Tirana (AL)

49% **BEHRINGER S.r.l** 2%
Genoa (I)

10% **MEDICAL SYSTEM S.r.l.**
Giussago (I) *

TGS A.D. 96,33%
Skopje (MK)

2,84%
SOL SEE d.o.o. 61,16%
Skopje (MK) (4)

100%
SOL-K Sh.p.k.
Pristina (SK)

13,43 **IMG d.o.o.** 11,75% 42,14%
Nova Pazova (SCG) (5)

I.C.O.A. S.r.l. 97,60%
Vibo Valentia (I)

70%
30% **Vivisol Calabria S.r.l.**
Vibo Valentia (I)

100% **Vivisol Nederland B.V.**
Oisterwijk (NL)

100% **G.T.E. S.L.**
Barcellona (E) *

75,18% **T.G.T. A.D.**
Trn (BiH)

60,96% **TGP A.D.**
Petrovo (BiH)

62,79% **SOL-INA d.o.o.**
Sisak (HR)

UTP d.o.o. 98%
Pula (HR)

Kisikana d.o.o. 100%
Sisak (HR)

92,67% **Energetika Z.J.d.o.o.**
Jesenice (SLO) (3)

45,15%
49,45% **SPG - SOL Plin Gorenjska d.o.o.**
Jesenice (SLO) (2)

35,89%
64,11% **T.P.J. d.o.o.**
Jesenice (SLO)

100% **SOL WELDING S.r.l.**
Costabissara (I)

66,57% **GTS Sh.p.k**
Tirana (AL) (6)

100% **SOL Bulgaria E.A.D.**
Sofia (BG)

25,79% **Consorgas S.r.l.**
Milan (I)

(*) Companies out of the area of consolidation
(1) SOL set up the following foreign branches: Vaux le Penil (F), Lugano (CH), Feluy- Seneffe (B), Krefeld (D).
(2) The third-party share includes a 5.4% equity investment of SIMEST S.p.A. According to the SOL/SIMEST contract of 12.23.2002 SOL is under obligation to repurchase this SIMEST share by 06.30.2010.
(3) The third-party share includes a 7.33% equity investment of SIMEST S.p.A. According to the SOL/SIMEST contract of 03.19.2003 SOL is under obligation to repurchase this SIMEST share by 06.30.2011.
(4) The third-party share includes a 36% equity investment of SIMEST S.p.A. According to the SOL/SIMEST contract of 07.21.2004 SOL is under obligation to repurchase this SIMEST share by 06.30.2012.
(5) The third-party share includes a 32.68% equity investment of SIMEST S.p.A. According to the SOL/SIMEST contract of 12.22.2004 SOL is under obligation to repurchase this SIMEST share by 06.30.2012.
(6) The third-party share includes a 33.43% equity investment of SIMEST S.p.A. According to the SOL/SIMEST contract of 07.30.2007 SOL is under obligation to repurchase this SIMEST share by 06.30.2015.
(7) B.T.G. set up a foreign branch at Dainville (France).

Directors' report Sol Group 2008

Foreword

This yearly Financial Report as at December 31, 2008 is drawn up pursuant to art. 154 ter of Lgs. D. 58/1998 and prepared in accordance with the International Accounting Standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, as well as with the implementation regulations set out in art. 9 of Lgs. D. no. 38/2005.

General context

The year 2008 was characterised by a difficult and uncertain macroeconomic scenario that came to a head over the last four months.

During the first seven months of the year, a continuous increase both in the interest rates in the countries of the Euro area and in the oil price occurred up to peak prices never seen before, with subsequent repercussions on energy costs.

The inflation threshold was also high causing the erosion of the household purchasing power with subsequent decline in consumption.

In this situation, the Western economies showed a progressive slowdown, involving gradually also countries such as Germany that had maintained a fairly good growth thanks to exports.

Eastern economies continued their good growth, even if at a slightly lower pace than those reported over the last few years.

Around summer, a very serious world financial crisis occurred: we witnessed the bankruptcy or rescue of several American and European bank institutions, in addition to the very heavy stock-market crash worldwide, which further worsened the already very difficult climate of distrust of the financial community, of investors and of companies.

Over the last few months of the year, the state of crisis also affected the real economy, especially the real-estate, car and steel sector, with heavy repercussions both on the industrial activity and on employment.

The economic and financial crisis gave rise to a state of global recession that started to show during the last period of 2008 and that will concern most of 2009, whose seriousness, extension and effects cannot be matched over the last seventy years.

The drop in demand is higher in the consumer durables sector and in capital goods with, at the same time, a generalised credit squeeze related to a considerable increase in credit risk premiums.

Therefore, in the Western economies, the year 2009 will be characterised by a considerable decline in GDP, whereas the Far-East economies, excluding Japan for which we expect a decrease in GDP, the growth rates reported over the last few years will significantly drop.

For what concerns Italy, the economic trend followed that of the Euro area, but with a decline in GDP by 1%.

The effect of the world economic crisis occurred during the last part of the year: it caused the drop in industrial production resorting to the redundancy fund and to working hour reduction in different sectors.

In 2009, we expect a decline in GDP by 2% to 3% also for Italy.

Focusing our attention to the technical gas sector, for what concerns industrial gasses, in the second-half of 2008, we reported a progressive decrease in growth due to the generalised slowdown of industrial production.

In particular, the steel sector suffered a significant drop in production with the interruption of some plants during the last month of the year.

Medical gasses reported a slight growth for what concerns medical oxygen.

With regards to costs, the level of energy costs that very significantly affect all the general production and distribution expenses remained very high, especially in Italy.

The other sector in which the SOL Group works - home-care sector - continued its growth trend, more pronounced in the countries of the Euro area, with the confirmation of a considerable pressure due to the generalised reduction in the selling price of the offered services.

Summary results

Within the afore-mentioned context, we believe that the results achieved by the SOL Group during 2008 were very positive.

Net sales generated by the SOL Group during 2008 reported satisfactory growth and amounted to Euro 460 million (+ 7.7% when compared with 2007).

The gross operating margin was Euro 99.4 million, equal to 21.6% of sales, 2.5% up with respect to 2007 (Euro 97.1 million, or 22.7% of sales).

The operating result came to Euro 51.5 million, equating to 11.2% of sales, 11.8% up with respect to the figure for 2007 (Euro 46 million, or 10.8% of sales).

The operating result was affected by the extraordinary income entry amounting to Euro 6.9 million referring to the credit claimed by the SOL S.p.A. Parent Company towards the Ministry of Economy concerning the return of the fine already inflicted by the Antitrust and then cancelled by the Council of State.

The net profit amounted to Euro 34.8 million (compared to Euro 26.7 million at the end of 2007), with a 30.2% increase.

The net profit was influenced by the positive effect of ca. Euro 8 million due to the adjustment of the depreciation funds of a fiscal and statutory nature, which implied the reversal of deferred income taxes set aside during the previous financial years.

Cash flow amounted to Euro 87.6 million (19% of the sales), up by Euro 11.9 million when compared with 2007 (equating to Euro 75.7 million).

Capital expenditure recorded in the financial statements totalled Euro 74.3 million (Euro 69.2 million in 2007).

The average number of staff employed as at 31.12.08 totalled 1,778 (1,674 as at 31.12.07).

The Group's net financial indebtedness was equal to Euro 135.8 million (Euro 114.2 million as at 31.12.07).

Operating performance

During 2008, the technical gas sector disclosed satisfactory growth in sales when compared with the previous year (+5.8%, for a turnover equating to Euro 313.5 million), with volumes on the increase especially abroad.

Apart from the traditional development that the technical gas sector realised with its own application technologies and new services both in industry and health, activity in the production sector of photovoltaic panels and environmental protection were particularly important in 2008, with a special reference to ozone applications.

A strong boost to the activity in the medical sector in addition to the growth of sales in the industrial sector was reported in the Balkan area.

Sales in the medical sector were strengthened through new acquisitions and supply of services connected to medical gasses in north Europe.

The home-care business once again reported considerable growth, both in Italy and in foreign countries (+12.3% for a turnover equating to € 160.3 million) thanks to a continuous commitment in the development of new products and services that accompany and complete the oxygen treatment activities.

With regards to costs, there was a slight reduction in margins, attributable to the continual rise in production costs, especially electricity, and distribution costs, rather than to a slowdown in business in Italy over the last quarter of 2008.

During 2008, in Italy the Council of State cancelled definitively the fine already inflicted by the Competition Authority (Antitrust) in 2006 to SOL S.p.A. and to other companies working in the technical gas sector. SOL S.p.A. asked the competent bodies for the return of the amount already paid (Euro 6.8 million plus interests) that has not yet been refund to the company on the balance-sheet date.The extraordinary income was recorded under the "Non-recurrent income/charges" item.

The increase in trade receivables was less than the increase in sales due to an improvement of the collection days.The payment time in Italy and in Greece by the public health sector is still very long.

The Group's net indebtedness increased by Euro 21.6 million, essentially as a result of the requirements necessary for financing investments (over Euro 74 million) which were made during 2008 and of the increase in working capital.

The debt/equity ratios remain very sound; debt/equity ratio 0.43 and cash flow cover 1.37.

During 2008, technical gas reserves remained within the safety levels while plants continued to operate more or less on a regular basis until the last quarter, during which some of them reduced their work due to the slowdown in business.

Scheduled periodic maintenance was carried out on the plants at Piombino,Verona, Salerno, Cueno and Sisak.

The SOL Group's work force increased during 2008 and the staff training and qualifying activities continued in order to improve the professional quality so as to achieve the Group's growth objectives.

Stock market performance

SOL stock opened the year 2008 with a listed price of Euro 4.950 and closed as at December 30, 2008 at Euro 2.750.

During the year, the stock achieved a maximum listed price of Euro 5.100, while the minimum came to Euro 2.470.

Environment, Quality and Safety

Also during 2008, the Integrated Management System on quality, safety and environmental themes, long since adopted by the SOL Group, was concretely applied in all the activities of the Group Companies and passed always with a positive result the supervisory visits of the Certification Bodies.

In general terms, all the certifications obtained according to the ISO 9001, ISO 14001, ISO 13485, OHSAS 18001 national standards were renewed after an intense activity of "third-party audit ". The certification status was also confirmed for the enforcement of the PED directive in the internal production of vaporisers and of the 93/42 Directive for the production of medical devices.

Always during 2008, the excellence certificate status was confirmed also by maintaining the EMAS European Registration for the factories of Verona and Mantua. The more than ten-year support to the Responsible Care program and to the principles of Social Liability constantly followed and carried out in every-day activities was also confirmed.

Therefore, also throughout the whole of 2008, the commitment regarding quality, safety and the environment whose Management System was confirmed and adjusted to the principles of the new safety Consolidation Act was consolidated as an important element of the organisational, management and auditing model in accordance with Italian Legislative Decree No. 231/2001.

The sites with Quality System certification confirmed 28 units including Italy and foreign countries within the technical gas activities.

CE marking certifications were also renewed such as medical devices for medical gas distribution plants, vacuum and anaesthetic gas discharge installations, in addition to the maintenance of the CE marking for gases and mixtures produced by the company classified and registered as medical devices. The EC marking for the Emergency Units (EMU) was also confirmed as product classified as medical device.

Within the sphere of home-care activities, in addition to confirmation of third party certifications obtained in previous years, the extension of the ISO 900l certification was obtained for Vivisol Hellas company including the authorisation by the medical device distribution Authorities, whereas in the Vivisol Deutschland company the procedure for obtaining the ISO 13485 was started. Moreover, the ISO 14001 certification was maintained for the head Office of Monza.

As part of the Responsible Care program, our participation and collaboration continued for the drawing up of the Federchimica Environmental Report. Moreover, we must point out that we obtained, as forerunners of this sector, the Environmental Integrated Authorisation for some of our initial transformation factories with transparency principles towards the public and local media.

During 2008, systematic monitoring of the indirect environmental impacts which our activities may influence was continued. The number of technical gas auto-production plants known as "on-site plants" existing at the sites of the customers is significant. This solution, an alternative to the traditional supply of cylinders or liquefied cryogenic gas that occurs by means of road transportation, involves a benefit of "zero kilometres" travelled by trucks in addition to a different production cycle with energy consumption lower than the centralised production plant with a consequent reduction in the release of carbon dioxide (CO_2) into the environment. By applying the Life Cycle Assessment principle, the final figure for 2008 saw a reduced environmental impact of CO_2 equivalent to 14,133.51 t.

SOL Group investments

During the year under review, investments in the technical gas sector amounted to Euro 53.6 million, with Euro 28.6 million of this being invested by the SOL S.p.A. Parent Company and Euro 20.7 million being invested in the home care sector. These investments are broken down below:

- In Italy, a new purification plant for the production of acetylene was installed at the Factory of Ancona.
- Several interventions of modernisation and improvement of primary production plants were carried out in Italy, including the completion of the automation system of the air fractionation plant of Salerno, the installation of a new refrigerating unit and of a hydrogen compressor at Cuneo and the completion of a new independent access at Mantua.
- A new plant for the production of medical gas with relevant warehouse was completed at the Branch of Cremona.
- Several production plant enlargement and adjustment interventions were carried out at the Pure Gas Factory of Monza.
- The program for the modernization, enhancement and automation of the secondary plants in Italy continued. These activities concerned the units of Padua, Pavia, Pisa, Bari and Catania, in particular.
- In Germany, the SOL Deutschland Branch continued the works for the construction of a new plant for the liquefaction of oxygen and nitrogen located in Frankfurt am Main. The works are expected to be completed during the second half-year of 2009.
- In France, SOL France Branch completed the extension works of the factory of medical and industrial gas production in cylinders of Cergy Pontoise with the construction of a new warehouse for inflammable gasses, new yards for storing cylinders, some buildings for storing containers for the medical market and relevant pertaining areas and facilities. The enlargement works of the offices for the headquarters of the SOL France company started. They will end during the first half-year of 2009.
- In Macedonia, at the TGS company at Skopje, the first renewal phase of one of the air fractionation plants on duty at the steelworks was completed whereas a new hauling shaft for the carbon dioxide production plant was carried out at the factory of Bitola.
- The compressed gas cylindering plant was enhanced with a new production line in Germany at the factory of Krefeld of the TMG company.

- The ENERGETIKA company is completing the last phase of the construction of a new hydroelectric power plant in Slovenia on the Sava river; moreover, the SPG company built a plant for compressing hydrogen in wagons with a third-party company.
- Several on-site industrial and medical facilities were also realised and brought on-stream during the year.
- Facilities for the transport, distribution and sale of products were enhanced involving the purchase of cryogenic tanks, cryogenic liquid delivery tanks, cylinders, dewars and medical equipment. All such measures were taken to support the growth of the Group achieved in all business sectors and geographical areas.

During 2008, the SOL Group continued with the process for the expansion and rationalization of its activities in Italy and abroad.

The SOL S.p.A. Parent Company raised its shareholding in SOL Bulgaria E.A.D. (ex TGK A.D.) subsidiary company to 100%.

VIVISOL Hellas S.A. (Athens), which shall work in the home care sector in Greece and Hydrosol Sh.p.k. (Tirana), which shall take care of new initiatives in Albania in the gas and energy sector, were set-up.

At the end of June 2008, the Austrian VIVISOL Heimbehandlungsgeräte GmbH subsidiary company purchased from Resmed Austria GmbH the company division relevant to the home-care business that the latter carried on in Austria, strengthening its own presence on the market in the Austrian territory.

The SOL – K Sh.p.K. company was set up in August 2008 with registered office in Pristina (Kosovo), company that will work in the technical gas sector.

Research and Development Activities

Research activities, which have traditionally characterised, justified and supported the Group's development, continued during the year; these activities mainly comprise applied research, currently associated with the development of new production technologies in Europe, with the promotion of new applications for technical gases and with the development of new welding machines.

vo), company that will work in the technical gas sector.

Shares of the Parent Company held by Group Companies

At 31.12.2008 the SOL S.p.A. Parent Company did not hold treasury shares.

The other Companies of the Group did not hold shares of the SOL S.p.A. parent company.

During the 2008 reporting year, no SOL shares were purchased or sold either by the Parent Company itself or by other Group Companies.

InfraGroup transactions and transactions with related parties

For what concerns transactions carried out with related parties, including infragroup transactions, they cannot be considered as atypical or unusual, being part of the normal activities of the Group companies. The said operations are regulated at market conditions, allowing for the characteristics of the supplied goods and services.

Information on transactions with related parties, including those required by the Consob communication of July 28, 2006, are shown in the notes to the Consolidated Financial Statements as at 31.12.2008.

Main risks and uncertainties to which the SOL Group is exposed

Risks related to the general economic trend

The Group performance is affected by the increase or decrease of the gross national product, industrial production, cost of energy products and health expense policies adopted in the different European countries in which the Group works.
During the last quarter of 2008, a gradual deterioration of the economic trend affected industrial production and the credit market.
Should this situation continue significantly, a share of the business of the technical gas sector of the Group other than the one in health could decrease.

Risks relevant to the results of the Group

The SOL Group works partially in sectors considerably regulated by economic cycles related to the trend of the industrial production, such as iron, metallurgical, engineering industry and glass manufacture. In the case of an extended decline in business, the growth and profitability of the Group could be partially affected.
Moreover, state policies for reducing health expenses could cause a reduction in margins of the home care and medical gas sectors.

Risks related to fund requirements

The SOL Group carries on an activity that contemplates considerable investments both in production and in commercial equipment and expects to face up to requirements through the flows deriving from the operational management and from new bank loans.
The operational management should continue to create appropriate financial resources whereas resorting to new loans, notwithstanding the excellent financial soundness of the Group, could experience a slowdown owing to a restrictive policy adopted by the banking system on addition to an increase in financial charges.

Other financial risks

The Group is exposed to financial risks associated with its business operations:

- credit risk in relation to normal trade transactions with customers;
- liquidity risk, with particular reference to the raising of financial resources associated with investments;
- market risks (mainly relating to exchange and interest rates, and to commodity costs), in that the Group operates at international level in different currency areas and uses financial instruments that generate interest.

Credit risk

The granting of credit to end customers is subject to specific assessments by means of structured credit facility systems.
Positions amongst trade receivables (if individually significant) for which objective partial or total non-recoverability is ascertained, are subject to individual writedown. Provisions are made on a collective basis for receivables which are not subject to individual writedown, taking into account the historic experience and the statistical data.

Liquidity risk

The liquidity risk may manifest with regards to the inability to raise the financial resources necessary for the anticipated investments under economic conditions.
The Group has adopted a series of policies and processes aimed at optimising the management of the financial resources, reducing the liquidity risk, such as the maintenance of an adequate level of available liquidity, the obtaining of adequate credit facilities and the systematic monitoring of the forecast liquidity conditions, in relation to the corporate planning process.
Management believes that the funds and the credit facilities currently available, in addition to those which will be generated by operating and financing activities, will permit the Group to satisfy its requirements deriving from activities for investments, working capital management and debt repayments on their natural maturity dates.

Exchange risk

In relation to the sales activities, the Group companies may find themselves with trade receivables or payables denominated in currencies other than the reporting currency of the company which holds them.
A number of Group subsidiary companies are located in countries which do not belong to the European Monetary Union, in particular Switzerland, Bosnia, Croatia, Slovenia, Serbia, Albania, Macedonia and Bulgaria. Since the reference currency for the Group is the Euro, the profit & loss accounts of these companies are translated into Euro using the average exchange rate for the period and, revenues and margins in local currency being equal, changes in interest rates may have an effect on the equivalent value in Euro of revenues, costs and economic results.
Assets and liabilities of the consolidated companies whose reporting currency is not the Euro, can adopt equivalent values in Euro which differ depending on the performance of the exchange rates. As envisaged by the accounting standards adopted, the effects of these changes are booked directly to shareholders' equity, under the item "Other reserves".
Some Group companies purchase electric energy that is used for the primary production of technical gasses. The price of electricity is affected by the Euro/dollar rate of exchange and by the price trend of energy raw materials. The risk related to their fluctuations is mitigated by stipulating, as much as possible, fixed price purchase contracts or with a fluctuation measured on a not very short time period. Moreover, long-term supply contracts to customers index-linked in such a way as to cover the fluctuation risks shown above.

The Group monitors the main exposures to exchange rate risks from conversion; at December 31, 2008, there is a forward purchase of currency for USD 440 thousand with a positive fair value of ca. Euro 10.1 thousand

Interest rate risk

The interest rate risk is handled by the Parent Company by means of the centralization of the majority of the medium/long-term debt and an adequate division of the loans between fixed rate and floating rate favouring, when possible and convenient, medium/long-term debt with fixed rates, also by operating through specific Interest Rate Swap agreements.
The Parent Company has stipulated two Interest Rate Swap agreements linked to two floating rate medium-term loans with the aim of ensuring itself a fixed rate on said loans. The notional value as at December 31, 2008 is equal to Euro 23,750 thousand and the negative fair value is equal to Euro 953 thousand.

Risks relevant to the environment

The products and the activities of the SOL Group are subject to more and more complex and strict authorisation and environmental rules and regulations. This concerns manufacturing plants subject to regulations on emissions in the atmosphere, waste disposal, wastewater disposal and land contamination ban. High charges should be shouldered in order to observe such regulations.

Italian Legislative Decree No. 196/2003 concerning the protection of privacy

The Italian Group companies apply Italian Legislative Decree No. 196 dated 30 June 2003 (Law concerning personal data protection), and formally acknowledge that they have taken steps to put together security measures capable of reducing to a minimum the risks of destruction and loss, accidental or otherwise, of the data, of unauthorized access or processing not permitted or not in compliance with the purposes of data collection.
The Italian Group companies obliged to draw up their own Programmatic Document on Security have updated it.

Management and co-ordination activities (ex art. 37, sub-paragraph 2, Market Regulation issued by Consob)

The body of shareholders of SOL S.p.A. consists of a controlling shareholder, Gas and Technologies World B.V., (in turn controlled by Stichting Airvision, a Dutch foundation), which holds 59.978% of the share capital.
Neither Gas and Technologies World B.V. nor Stichting Airvision manage and co-ordinate SOL S.p.A. pursuant to art. 2497 of the Italian Civil Code in that the majority shareholder, holding company, just asserts the rights and privileges of each shareholder and does not deal, since it does not have a structure fit for this purpose, with the management of the Company (fully entrusted to the independent decisions of the Board of Directors of SOL S.p.A.)

Equity investments of Directors, Statutory Auditors, the General Manager and Managers with strategic responsibilities.

Full name	Investee company	Number of shares held at the end of the previous accounting period	Number of shares purchased	Number of shares sold	Number of shares held at the end of the accounting period 12.31.07
Aldo Fumagalli Romario	SOL S.p.A.	5,000	5,000 *	0	10,000 ***
Stefano Bruscagli	SOL S.p.A.	6,800,000 * #	0	0	6,800,000 * #
Enrico Aliboni	SOL S.p.A.	4,000 **	0	0	4,000 **

* bare ownership rights
** held by spouse
*** including 5,000 held by spouse
\# 2,721,000 held by dependent children

Significant events which took place after the end of the 2008 accounting period and foreseeable business developments.

With reference to significant events that have taken place after the end of the year to be reported, the SOL Group is engaged in facing the state of global economic recession.

For what concerns 2009, the persistent uncertainty and state of economic and financial crisis, the current recession and the very low short-term visibility, make it more difficult than usual to make reliable forecasts. The SOL Group will pursue the goal of growth, especially in the foreign markets and in the home care sector, by trying to contain as much as possible the foreseeable, even if limited, decline in sales and profitability in the business sectors and geographical areas mostly affected by the unfavourable economic crisis.

The Group will continue also in 2009 to carry out investments in order to be ready to seize immediately the economic upturn.

Monza, March 27, 2009

The Chairman of the Board of Directors
(Aldo Fumagalli Romario)

Consolidated financial statements Sol Group 2008

Consolidated profit and loss account Sol Group

(in thousands of Euro)	Notes	**12.31.2008**	%	12.31.2007	%
NET SALES	**1**	**460,043**	**100.0%**	427,072	100.0%
Other revenues and income	**2**	2,752	0.6%	5,379	1.3%
Internal works and collections	**3**	9,675	2.1%	9,960	2.3%
REVENUES		**472,470**	**102.7%**	442,411	103.6%
Purchase of materials		137,794	30.0%	128,155	30.0%
Services rendered		142,036	30.9%	128,889	30.2%
Change in inventories		(2,283)	-0.5%	2,686	0.6%
Other costs		15,328	3.3%	14,516	3.4%
TOTAL COSTS	**4**	**292,875**	**63.7%**	274,246	64.2%
ADDED VALUE		**179,595**	**39.0%**	168,165	39.4%
Payroll and related costs	**5**	80,156	17.4%	71,100	16.6%
GROSS OPERATING MARGIN		**99,439**	**21.6%**	97,065	22.7%
Amortisation	**6**	51,574	11.2%	47,800	11.2%
Other provisions	**6**	3,250	0.7%	3,216	0.8%
Non-recurrent income/charges	**6**	(6,875)	-1.5%	-	
OPERATING RESULT		**51,490**	**11.2%**	46,049	10.8%
Financial income		1,267	0.3%	1,026	0.2%
Financial charges		10,019	2.2%	6,924	1.6%
Total financial income / (charges)	**7**	(8,752)	-1.9%	(5,898)	-1.4%
PROFIT (LOSS) BEFORE INCOME TAXES		**42,738**	**9.3%**	40,151	9.4%
Income tax	**8**	6,750	1.5%	12,273	2.9%
NET RESULT FROM BUSINESS ACTIVITIES		**35,988**	**7.8%**	27,878	6.5%
Net result from intermittent activities		-		-	
(Profit) / Loss pertaining to minority interests		(1,187)	-0.3%	(1,146)	-0,3%
NET PROFIT / (LOSS)		**34,801**	**7.6%**	26,732	6,3%
EARNINGS PER SHARE		**0,384**		0,295	

Consolidated balance sheet Sol Group

(In thousands of Euro)	Notes	**12.31.2008**	12.31.2007
Tangible fixed assets	**9**	307,692	284,338
Goodwill and consolidation differences	**10**	6,932	5,166
Other intangible fixed assets	**11**	1,910	1,772
Equity investments	**12**	519	546
Other financial assets	**13**	1,192	1,198
Prepaid taxes	**14**	2,853	3,235
NON-CURRENT ASSETS		**321,098**	296,255
Non-current assets held for sale			
Inventories	**15**	26,735	23,529
Trade receivables	**16**	192,001	185,018
Other current assets	**17**	17,949	9,356
Current financial assets	**18**	522	547
Prepayments and accrued income	**19**	1,387	1,071
Cash and cash at bank	**20**	33,256	24,602
CURRENT ASSETS		**271,850**	244,123
TOTAL ASSETS		**592,948**	**540,378**
Share capital		47,164	47,164
Share premium reserve		63,335	63,335
Legal reserve		5,695	5,285
Other reserves		151,869	133,129
Net Profit		34,801	26,732
Shareholders' equity-Group		**302,864**	275,645
Shareholders' equity - Minority interests		8,488	7,946
Profit (loss) pertaining to minority interests		1,187	1,146
Shareholders' equity - Minority interests		**9,675**	9,092
SHAREHOLDERS' EQUITY	**21**	**312,539**	284,737
Employee severance indemnities and other benefits	**22**	9,677	10,036
Deferred taxation	**23**	3,740	19,038
Provision for risks and charges	**24**	698	714
Payables and other liabilities	**25**	137,336	105,281
NON-CURRENT LIABILITIES		**151,451**	135,069
Non-current liabilities held for sale		**-**	-
Due to banks		6,399	12,940
Amounts due to suppliers		69,846	67,212
Other financial liabilities		26,453	21,705
Amounts due to tax administration		11,880	7,213
Accruals and deferred income		3,798	3,367
Other current liabilities		10,582	8,135
CURRENT LIABILITIES	**26**	**128,958**	120,572
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**592,948**	**540,378**

Consolidated cash flow statement Sol Group

(in thousands of Euro)	**12.31.2008**	12.31.2007
CASH FLOWS GENERATED BY OPERATING ACTIVITIES		
Profit (Loss) for the year	34,801	26,732
Minority interests in profit/loss	1,187	1,146
Adjustments not affecting liquidity		
Amortisation	51,574	47,800
Financial charges	6,747	6,559
Accrued employee severance indemnities and other benefits	760	192
Provisions (use) of provisions for risks and charges	(15,314)	(3,314)
Total	**79,755**	79,114
Changes in current assets and liabilities		
Stocks	(2,280)	2,419
Debtors	(15,124)	(4,658)
Prepayments and accrued income	(316)	492
Suppliers	2,634	4,269
Other creditors	2,467	(5,135)
Interests paid	(6,044)	(5,964)
Accrued expenses and deferred income	(272)	(579)
Amounts due to tax administration	4,667	1,191
Total	**(14,269)**	(7,966)
Cash flow generated by operating activities	65,486	71,149
CASH FLOWS GENERATED BY INVESTMENT ACTIVITIES		
Acquisitions, revaluations and other changes in tangible fixed assets	(73,870)	(67,220)
Net book value of assets sold	549	752
Increases in intangible assets	(1,385)	(2,162)
(Increase) decrease in financial fixed assets	(37)	94
(Increase) decrease of shareholdings and business units	(3,051)	(1,290)
(Increase) decrease in non-current financial assets	26	(139)
Total	**(77,769)**	(69,966)
CASH FLOWS GENERATED BY FINANCING ACTIVITIES		
Repayment of loans	(21,217)	(22,134)
Raising of new loans	58,000	38,455
Raising (repayment) of shareholders’ loans	0	(150)
Dividends paid	(7,347)	(6,168)
Employee severance indemnities and benefits paid	(1,119)	(1,485)
Other changes in shareholders' equity:		
- translation differences and other movements	(237)	(1,249)
- changes in shareholders’ equity – minority interests	(603)	(1,265)
Total	**27,477**	6,004
INCREASE (DECREASE) IN CASH IN HAND AND AT BANK	**15,195**	7,186
CASH IN HAND AND AT BANK AT BEGINNING OF YEAR	**11,662**	4,476
CASH IN HAND AND AT BANK AT END OF YEAR	**26,857**	11,662

Statement of changes in consolidated shareholders' equity Sol Group

(in thousands of Euro)	Share capital	Share premium reserve	Legal reserve	Other reserves	Net Profit	Total
Balance as at 12.31.2006	**47,164**	**63,335**	**5,220**	**123,997**	**16,613**	**256,329**
Allocation of 2006 profit as per general shareholders' meeting on 27.04.07	-	-	65	15,313	(15,378)	-
Dividends paid as per general shareholders' meeting on 27.04.07	-	-	-	(4,933)	(1,235)	(6,168)
Other consolidation changes	-	-	-	(1,248)	-	(1,248)
Profit (loss) for the year	-	-	-	-	26,732	26,732
Balance as at 12.31.2007	**47,164**	**63,335**	**5,285**	**133,129**	**26,732**	**275,645**
Allocation of 2007 profit as per general shareholders' meeting on 29.04.08	-	-	410	18,975	(19,385)	-
Dividends paid as per general shareholders' meeting on 29.04.08	-	-	-	-	(7,347)	(7,347)
Other consolidation changes	-	-	-	(235)	-	(235)
Profit (loss) for the year	-	-	-	-	34,801	34,801
Balance as at 12.31.2008	**47,164**	**63,335**	**5,695**	**151,869**	**34,801**	**302,864**

Explanatory notes

The 2008 consolidated financial statements have been drawn up in accordance with the International Accounting Principles (IFRS) established by the International Accounting Standards Board and approved by the European Union. The IFRS are understood to also be all the reviewed international accounting standards ("IAS"), all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The profit and loss account has been drawn up with the allocation of the costs by nature; the balance sheet has been prepared in accordance with the format which highlights the separation of the "current/non-current" assets and liabilities, while the indirect method was adopted for the statement of cash flows.

In the profit and loss account, income and costs deriving from non-recurring operations have been separately shown.

The analysis of the profit and loss account and the consolidated balance sheet and cash flow statement has also been carried out, in accordance with the matters anticipated by IAS 14, highlighting the contribution of the "Technical gases" and "Home-care service" activity sectors taken as primary sectors and providing the most important data relating to the activities by geographic area, Italy and the rest of Europe, identified as secondary sectors.

Further to the enforcement of Legislative Decree no. 38 of 28 February 2005, implementing in the Italian regulations the European Regulation No. 1606/2002, companies with securities admitted for trading on Member European Union States' regulated markets must from 2006 draw up their financial statements in accordance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB), as approved by the EU Commission.

The financial statements and the explanatory notes have been prepared supplying also the additional information on diagrams and budget disclosure provided by Consob resolution no. 15519 and by Consob notification no. 6064293 issued on 28 July 2006.

Group composition and scope of consolidation

The consolidated financial statements comprise the financial statements as at 31.12.08 of the SOL SpA Parent Company and of the following companies, which are, pursuant to Article 38.2 of Italian Legislative Decree No. 127/91:

a) directly or indirectly controlled subsidiaries, consolidated on a line-by-line basis;

Company Name and Registered Offices	Notes		Share capital	Ownership Percentage Direct	Indirect	Total
AIRSOL BV – Tilburg		Euro	7,750,000	100%		100%
BEHRINGER Srl – Genoa		Euro	102,000	2%	49%	51%
B.T.G. Bvba – Lessines		Euro	3,558,000		100%	100%
C.T.S. S.rl – Monza		Euro	156,000	100%		100%
ENERGETIKA Z.J. d.o.o. – Jesenice	1	Euro	999,602	100%		100%
FRANCE OXYGENE Sarl – Avelin		Euro	1,300,000		100%	100%
G.T.S. Sh.P.K. – Tirana	2	LEK	292,164,000	100%		100%
HYDROSOL Sh.P.K. – Tirana		LEK	125,000		70%	70%
I.C.O.A. Srl – Vibo Valentia		Euro	45,760	97.60%		97.60%
Il Point Srl – Verona		Euro	98,800		65%	65%
IMG D.o.o. – Nova Pazova	3	CSD	268,089,886.87	74.82%	24.75%	99.57%
KISIKANA D.o.o – Sisak		KUNE	28,721,300		62.79%	62.79%
N.T.G. Bv – Tilburg		Euro	2,295,000	100%		100%
SOL Bulgaria EAD – Sofia		LEV	4,568,250	100%		100%
SOL France Sas – Cergy Pontoise		Euro	13,000,000		100%	100%
SOL K Sh.p.k. – Pristina		Euro	10,000		96.33%	96.33%
SOL SEE d.o.o. - Skopje	4	DEN	497,554,300	97.16%	2.74%	99.90%
SOL T.G. GmbH – Wiener Neustadt		Euro	726,728,34	100%		100%
SOL Welding Srl – Costabissara		Euro	100,000	100%		100%
SOL-INA D.o.o. – Sisak		KUNE	58,766,000	62.79%		62.79%
SPG – SOL Plin Gorenjska D.o.o. – Jesenice	5	Euro	8,220,664	54.85%	45.15%	100%
T.G.P. AD – Petrovo		KM	1,177,999	60.96%		60.96%
T.G.S. AD – Skopje		DEN	413,001,941	96.33%		96.33%
T.G.T. AD – Trn		KM	970,081	75.18%		75.18%
T.M.G. GmbH – Krefeld		Euro	7,000,000		100%	100%
T.P.J. D.o.o. – Jesenice		Euro	2,643,487	64.11%	35.89%	100%
U.T.P. D.o.o – Pula		KUNE	12,433,000		61.53%	61.53%
VIVISOL B S.p.r.l. – Lessines		Euro	162,500	0.08%	99.92%	100%
VIVISOL Calabria Srl – Vibo Valentia		Euro	10,400		98.32%	98.32%
VIVISOL Deutschland GmbH – Mauern		Euro	2,500,000		100%	100%
VIVISOL France Sarl – Vaux Le Penil		Euro	1,900,000		100%	100%
VIVISOL Heimbehandlungsgeräte GmbH – Vienna		Euro	726,728.34		100%	100%
VIVISOL Hellas S.A. – Athens		Euro	300,000		100%	100%
VIVISOL Napoli Srl – Marcianise		Euro	98,800		81%	81%
VIVISOL Nederland BV – Oisterwijk		Euro	500,000	100%		100%
VIVISOL S.r.l. – Monza		Euro	2,600,000	51%	49%	100%
VIVISOL Silarus S.r.l. - Battipaglia		Euro	18,200		56.70%	56.70%
VIVISOL Umbria S.r.l. - Perugia		Euro	67,600		70%	70%
ZEUS S.A. – Piraeus		Euro	4,823,341.85		98.41%	98.41%

1) The Group's share as at 31.12.08 includes a 7.33% equity investment of Simest S.p.A.; under an agreement entered into between SOL S.p.A. and Simest on 19 March 2003, SOL SpA is under obligation to repurchase the entire Simest share by 30.06.11.
2) The Group's share as at 31.12.08 includes a 33.43% equity investment of Simest S.p.A.; under an agreement entered into between SOL S.p.A. and Simest on 30.07.07, SOL SpA is under obligation to repurchase the entire Simest share by 30.06.15.
3) The Group's share as at 31.12.08 includes a 32.68% equity investment of Simest S.p.A.; under an agreement entered into between SOL S.p.A. and Simest on 22.12.04, SOL SpA is under obligation to repurchase the entire Simest share by 30.06.12.
4) The Group's share as at 31.12.08 includes a 36% equity investment of Simest S.p.A.; under an agreement entered into between SOL S.p.A. and Simest on 21.07.04, SOL SpA is under obligation to repurchase the entire Simest share by 30.06.12.
5) The Group's share as at 31.12.08 includes a 5.4% equity investment of Simest S.p.A.; under an agreement entered into between SOL S.p.A. and Simest on 23.12.02, SOL SpA is under obligation to repurchase the entire Simest share by 30.06.10.

b) non-consolidated subsidiary companies:

Company Name and Registered Offices		Share capital	Ownership Percentage
G.T.E. S.L. – BARCELONA	Euro	12,020.24	100.00 %

The company has not been consolidated since it is dormant.

c) associated companies, consolidated by adopting the equity method:

Company Name and Registered Offices		Share Capital	Ownership percentage
CONSORGAS Srl - Milan	Euro	500,000	25.79 %

d) associated companies, carried at cost

Company Name and Registered Offices		Share Capital	Ownership percentage
MEDICAL SYSTEM Srl - Giussago	Euro	26,000	10.00 %

Medical System Srl has been classified among the associated companies since its relationships are of a commercial nature.

Equity investments in other companies were carried at cost, as they cannot be included among subsidiary and associated companies.

The scope of consolidation between 31.12.08 and 31.12.07 underwent the following changes:
- increase in the shareholding in SOL Bulgaria EAD (from 88.87% to 100%),
- by means of the inclusion of the HYDROSOL Sh.p.k. company set up in January 31, 2008.
- by means of the inclusion of the SOL – K Sh.p.k. company set up in August 20, 2008.
- by means of the inclusion of the VIVISOL Hellas S.A. company set up in February 29, 2008

Accounting and consolidation principles

General principles

The consolidated financial statements of the SOL Group have been drawn up in Euro since this is the legal tender of the economies in the countries where the Group operates. The balances of the consolidated financial statement items, taking into account their importance, are expressed in thousands of Euro. Foreign subsidiaries are included in accordance with the principles described in the section "Consolidation principles – Consolidation of foreign companies".

Consolidation principles

Subsidiary companies

These are companies over which the Group exercises control. Such control exists when the Group has the power, directly or indirectly, to determine the financial and operating policies of a company, for the purpose of obtaining the benefits from its activities. The financial statements of the subsidiary companies are included in the consolidated financial statements as from the date when control over the company was taken up until the moment said control ceases to exist. The portions of shareholders' equity and the result attributable to minority shareholders are indicated separately in the consolidated balance sheet and profit & loss account, respectively.
Dormant subsidiaries are not included in the consolidated financial statements.

Associated companies

These are companies in which the Group does not exercise control or joint control, over the financial and operating policies. The consolidated financial statements include the portion pertaining to the Group of the results of the associated companies, recorded using the equity method, as from the date on which the significant influence started and until it ceases to exist.

Equity investments in other companies

Equity investments in other companies (normally involving a percentage ownership of less than 20%) are carried at cost and possibly written down to reflect any permanent losses in value. Dividends received from these companies are classified under the item Profit (loss) from equity investments.

Transactions eliminated during the consolidation process

All the balances and the significant transactions between Group companies, as well as unrealized gains and losses on infraGroup transactions, are eliminated during the preparation of the consolidated financial statements. Any unrealized gains or losses generated on transactions with associated companies are eliminated in relation to the value of the Group's shareholding in said companies.

Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate in force as of the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the exchange rate in force as of the balance sheet date. Exchange differences arising from the settlement of monetary items or from their translation at exchange rates different from those used at the time of initial recording during the year or in previous financial statements, are booked to the profit and loss account.

Consolidation of foreign companies

All the assets and liabilities of foreign companies denominated in currency other than the Euro which are included within the scope of consolidation are converted using the exchange rates in force as of the balance sheet date (current exchange rate method). Income and costs are translated using the average rate for the year. The exchange differences emerging from the application of this method are classified as an equity account until the equity investment is disposed of.
Goodwill and adjustments to the fair value generated by the acquisition of a foreign company are stated in the relevant currency and translated using the period-end exchange rate.

The rates of exchange used for converting the financial statements not expressed in Euro are indicated in the table below:

Currency	Rate of exchange on **12.31.2008**	Average rate of exchange for 2008	Rate of exchange on 12.31.2007	Average rate of exchange for 2007
Albanian Lek	Euro 0.00812	Euro 0.00815	Euro 0.00818	Euro 0.00809
Macedonian Dinar	Euro 0.01648	Euro 0.01629	Euro 0.01628	Euro 0.01632
Bulgarian Lev	Euro 0.51130	Euro 0.51130	Euro 0.51130	Euro 0.51130
Croatian Kuna	Euro 0.13595	Euro 0.13843	Euro 0.13641	Euro 0.13629
Serbian Dinar	Euro 0.01119	Euro 0.01228	Euro 0.01254	Euro 0.01250
Convertible Mark	Euro 0.51130	Euro 0.51130	Euro 0.51130	Euro 0.51130

Accounting principles

Tangible fixed assets

Cost

Real estate property, plant and machinery are stated at purchase or production cost, inclusive of any related charges. For assets which justify capitalization, the cost also includes the financial charges which are directly attributable to the acquisition, construction or production of said assets.
The costs incurred subsequent to purchase are capitalized only if they increase the future economic benefits inherent to the assets to which they refer.
All the other costs are recorded in the profit & loss account when incurred.
Assets held under financial leasing agreements, via which all the risks and benefits associated with the ownership are essentially transferred to the Group, are recorded as Group assets at their current value or, if lower, at the net current value of minimum lease payments due. The corresponding liability owed to the lessor is recorded in the financial statements under financial payables. The assets

are depreciated by applying the following method and rates.
The recoverability of their value is ascertained in accordance with the approach envisaged by IAS 36 illustrated in the following paragraph "Losses in value on assets".
The costs capitalized for leasehold improvements are attributable to the classes of assets to which they refer and depreciated over the residual duration of the rental contract or the residual useful life of the improvement, whichever period is shorter.
If the individual components of the compound fixed asset are characterized by different useful lives, they are recorded separately so as to be depreciated on a consistent basis with their duration ("component approach"). Specifically, according to this approach, the value of land and of the building which exists on said land are separated and just the building is depreciated.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

Land and buildings	
- Land	-
- Buildings	2% - 10%
Plants and machinery	7.5% - 20%
Industrial and commercial equipment	5.5% - 25%
Other assets	10% - 30%

Public grants

Public grants obtained for investments in plant are recorded in the profit & loss accounts over the period necessary for correlating them with the related costs, and are treated as deferred income.

Intangible assets

Goodwill and consolidation differences

In the event of the acquisition of businesses, the assets, liabilities and potential liabilities acquired and identifiable are stated at their current value (fair value) as of the date of acquisition. The positive difference between the purchase cost and the portion of the current value of these assets and liabilities pertaining to the Group is classified as goodwill and recorded in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is by contrast stated in the profit & loss account at the time of acquisition.
Goodwill is not amortized, but is subject annually (or more frequently if specific events or changed circumstances indicate the possibility of having suffered a loss in value) to checks in order to identify any reduction in value, carried out at Cash Generating Unit level to which the Company's management charges said goodwill, in accordance with the matters anticipated by IAS 36 - Reduction of the value of the assets. After initial recognition, goodwill is valued at cost, net of any accumulated losses in value.
Any writedowns made are not subject to subsequent reinstatement.

At the time of the disposal of a portion or of the whole of a company previously acquired, whose acquisition gave rise to goodwill, account is taken of the corresponding residual value of the goodwill when determining the capital gain or loss on the disposal.
At the time of initial adoption of the IFRS, the Group chose not to retroactively apply IFRS 3 – Aggregations of companies to the acquisitions of businesses which took place prior to 1° January 2004; consequently, the goodwill generated on the acquisitions prior to the date of transition to the IFRS is maintained at the previous value, as are the Consolidation reserves recorded under the shareholders' equity, determined in accordance with the Italian accounting principles, subject to assessment and recognition of any losses in value as of that date.

Other intangible fixed assets

The other intangible assets acquired or produced internally are identifiable assets lacking physical consistence and are recorded among the assets, in accordance with the matters laid down by IAS 38 – Intangible assets, when the company has control over said assets and it is probable that the use of the same will generate future economic benefits and when the cost of the assets can be determined reliably.
These assets are valued at purchase or production cost and amortized on a straight-line basis over their estimated useful lives, if the same have a definite useful life. Intangible fixed assets with an undefined useful life are not amortized, but are subject annually (or more frequently if there is indication that the asset may have suffered a loss in value) to assessment in order to identify any reductions in value.
Other intangible fixed assets recorded following the acquisition of a company are recorded separately from the goodwill, if their current value can be determined reliably.

Loss in value of assets

The Group periodically assesses the recoverability of the book value of the Intangible assets and the Real estate property, plant and machinery, so as to determine if there is any indication that said assets have suffered a loss in value. If such indication occurs, it is necessary to estimate the recoverable value of the assets in order to establish the entity of the possible loss in value. An intangible fixed asset with an undefined useful life is subject to assessment of any reduction in value each year, or more frequently, if there is indication that the asset may have suffered a loss in value.
When it is not possible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value of the unit generating the financial flows to which the asset belongs.

Financial instruments

The item Equity investments and other non-current financial assets includes the equity investments in non-consolidated companies and other non-current financial assets (securities held with the intention of maintaining them in the portfolio until maturity, non-current receivables and loans and other non-current financial assets available for sale).
Current financial instruments include trade receivables, current securities, other current financial assets and liquid funds and equivalents.
Financial liabilities include financial payables and trade payables.

Equity investments in non-consolidated companies are stated in accordance with the matters established by IAS 28 – Equity investments in associated companies, as described in the previous section "Consolidation principles"; equity investments in other companies are stated at cost net of any writedowns . Other non-current financial assets, as well as current financial assets and financial liabilities, are stated in accordance with the approach established by IAS 39 – Financial instruments: statement and valuation.
Current financial assets and securities held with the intention of maintaining them in the portfolio until maturity are recorded in the accounts with reference to the date of trading and, at the time of initial registration in the financial statements, are valued at acquisition cost, including any costs related to the transaction.
Subsequent to initial registration, the financial instruments available for sale and those available for trading are stated at current value. If the market price is not available, the current value of the financial instruments available for sale is gauged by means of the most appropriate valuations techniques, such as, for example, the analysis of the discounted back cash flows, made with the market information available as of the balance sheet date.
Gains and losses on financial assets available for sale are recorded directly under shareholders' equity until the moment the financial asset is sold or is written down; then, the accumulated gains or losses, including those previously recorded under shareholders' equity, are recorded in the profit & loss account for the period.
Loans and receivables that the Group does not hold for trading purposes (loans and receivables originated during core business activities), securities held with the intention of being maintained in the portfolio until maturity and all the financial assets for which listings on an active market are not available and whose fair value cannot be determined reliably, are calculated, if they have a pre-established maturity, at depreciated cost, using the effective interest method. When the financial assets do not have a pre-established maturity, they are valued at purchase cost.
Valuations are regularly carried out so as to check if objective evidence exists whether a financial asset or a group of assets have suffered a reduction in value. If objective evidence exists, the loss in value will have to be recorded as a cost in the profit & loss account for the period.
The financial liabilities hedged by derivative instruments are valued in accordance with the formalities established by IAS 39 for hedge accounting applicable to the fair value hedge: profits and losses deriving from the following valuations at fair value are pointed out in the profit and loss account.

Inventories

Inventories of raw materials, semi-finished and finished products are valued at the lower of cost or market value, cost being determined using the weighted average cost method. The valuation of the inventories includes the direct costs of the materials and the labour and the indirect costs (variable and fixed). Writedown allowances are calculated for materials, finished products and other supplies considered obsolete or slow-moving, taking into account their future expected usefulness or their realizable value.

Contract work in progress is valued on the basis of the stage of completion, net of any advance payments invoiced to customers.
Any losses on these contracts are booked to the profit & loss account in full at the time they become known.

Trade receivables

Receivables are stated at their fair value which corresponds with their estimated realizable value net of the allowance for doubtful accounts, which directly decreases the asset item to which it refers; those expressed in currency other than the Euro have been valued using the period end exchange rate communicated by the European Central Bank.

Cash and cash equivalents

This item includes the cash and bank current and deposit accounts repayable on demand and other short-term financial investments with elevated liquidity which are readily convertible into cash involving a risk of changes in value which is not significant.

Employee benefits

Post employment benefits are defined on the basis of plans, even though not yet formalized, that in relation to their characteristics are classified as "defined contribution" and "defined benefit". In defined contribution plans, the company's obligation is limited to the payment of contributions to the State or to a legally separate entity (so called Fund), and is determined on the basis of contributions due, reduced by amounts already paid over, if any.
The liability for defined benefit plans, net of any assets serving the plan, is determined on the basis of actuarial calculations and is recorded on an accruals basis on a consistent basis with the period of employment necessary to obtain the benefit.
The severance indemnity is classified as a defined benefit plan-type post employment benefit, the sum of which already accrued must be projected so as to estimate the amount to be paid out on termination of the employment relationship and subsequently discounted back, using the projected unit credit method, which is based on demographic and financial type hypothesis in order to make a reasonable estimate of the sum total of the benefits which each employee has already accrued against their employment services.
By means of the actuarial valuation, the current service cost which defines the sum total of the rights accrued during the year by the employees is charged to the profit & loss account item "payroll and related costs" and the interest cost which represents the figurative liability which the company would incur by requesting the market for a loan for the same amount as the severance indemnity is booked under "financial income/expense".
Actuarial gains and losses deriving from the variations of the actuarial bases used or from amendments to the plan conditions are recorded pro-quota in the profit & loss account over the remaining average working life of the employees up to the extent that their value not recorded at the end of the previous year exceeds 10% of the liability (so-called Corridor method).

Provisions for risks and charges

The Group provides provisions for risks and charges when it has a legal or implied obligation vis-à-vis third parties, and it is probable that it will become necessary to use Group resources in order to fulfil the obligation and when a reliable estimate of the sum total of said obligation can be made.
The estimate variations are reflected in the profit & loss account in the period when the variation took place.

Trade payables

Trade payables are recorded at their face value; those expressed in currencies other than the Euro have been stated at the period-end exchange rate communicated by the European Central Bank.

Own shares

Treasury shares, if present, are stated as a decrease to the shareholders' equity. The original cost of the treasury shares and the revenues deriving from any subsequent sales are recorded as changes in shareholders' equity.

Accruals and deferrals

These items include the reporting year's share of assets and liabilities affecting two or more financial years, whose amount is dependent upon time.

Revenue recognition

Revenues from sales and services are recorded at the time the effective transfer of the risks and the significant benefits deriving from the ownership or the performance of the service takes place. Revenues are stated net of discounts, allowances and returns.
Revenues relating to contract work in progress are stated with reference to the stage of completion (stage of completion method).

Loan costs

Loan costs are recorded in the profit & loss account during the period they are incurred, with the exception of the financial charges capitalized as part of an asset which justifies capitalization (see the note: Real estate property, plant and machinery).

Taxes

Income taxes include all the taxation calculated on the Group's taxable income. The income taxes are recorded in the profit & loss account, with the exception of those relating to items directly debited against or credited to shareholders' equity, in which case the tax effect is booked directly to shareholders' equity. Provisions for taxation which might be generated by the transfer of the non-distributable profit of the subsidiary companies, are made solely when there is the real intention to transfer said profit.
Other taxes not linked to income, such as taxes on property and on capital, are included under Operating expense.

Deferred taxes are provided for according to the method of the overall provision of the liability. They are calculated on all the timing differences which emerge between the taxable base of an asset or liability and the book value in the consolidated financial statements, with the exception of goodwill not deductible for tax purposes.
Deferred tax assets on tax losses and unused tax credits carried forward, are recognized to the extent that future taxable income may be available against which they can be recovered.
Current and deferred tax assets and liabilities are offset when the income taxes are applied by the same tax authority and when there is a legal right to offset. Deferred tax assets and liabilities are determined using the tax rates which are expected to be applicable, within the respective legal systems of the countries where the Group operates, during the accounting period when the timing differences will be realized or cancelled.

Dividends

Dividends payable are represented as changes in shareholders' equity during the accounting period when they are approved by the shareholders' meeting.

Earnings per share

The basic earnings per share are calculated by dividing the Group's economic result by the weighted average of the shares in circulation during the year, excluding treasury shares.

Cash flow Statement

The cash flow statement is drawn up by applying the indirect method via which the pre-tax result is adjusted by the effects of the non-monetary transactions, by any deferral or provision of previous or future operative collections or payments.

Use of estimates

The preparation of the financial statements and the related notes in accordance with the IFRS requires management to make estimates and assumptions which have an effect on the values of the financial statement assets and liabilities and on the disclosures relating to the potential assets and liabilities as of the balance sheet date. The results which will make up the final balances may differ from said estimates. The estimates are used to obtain the provisions for risks and charges, the asset writedowns, employee benefits, taxation, other provisions and funds. The estimates and assumptions are periodically reviewed and the effects of each change are immediately reflected in the profit & loss account.
All the amounts represented in the diagrams and tables are expressed in thousands of Euros.

Accounting principles, amendments and interpretations applied in 2008

On July 5, 2007, IFRIC issued the interpretative document IFRIC 14 on IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction. Retrospective application as from January 1, 2008.
The interpretation provides the general guidelines on how to determine the limit amount estab-

lished by IAS 19 for recognising a defined benefit asset and gives and explanation of the accounting effects caused by the presence of a minimum funding cause. The adoption of this interpretation did not imply significant accounting data in these financial statements.

On October 13, 2008, IASB issued an amendment to IAS 39 (Financial Instruments: Recognition and Measurement) and to IFRS 7 (Financial Instruments: Additional information) that allows, in special circumstances, to reclassify some financial assets other than derivatives from the accounting category called "accounted for at fair value through profit and loss": The amendment also allows to transfer loans and receivables from the "available for sale" accounting category to the "held to maturity" accounting category if the company intends and is able to hold such instruments for a certain period to come. The amendment is applicable as from July 1, 2008. However, its adoption did not imply significant accounting data in these financial statements since the Group did not carry out any of the reclassifications allowed by it.

IFRIC 12 – Service Concession Arrangements (enforceable as from January 1, 2008 and not yet ratified by the European Union) governs cases that are not present within the Group.

Explanatory notes

Profit and Loss Account

1. Net sales

Balance as at 12.31.2008	460,043
Balance as at 12.31.2007	427,072
Movement	**32,971**

The breakdown of revenues by type of business is detailed below:

Description	12.31.2008	12.31.2007	Movement
Technical gases	300,213	284,936	15,277
Home-care	159,830	142,136	17,694
Total	**460,043**	427,072	32,971

Reference should be made to the Directors' Report and the analysis of the results by type of business for comments regarding the trend in revenues.

2. Other revenues and income

Balance as at 12.31.2008	2,752
Balance as at 12.31.2007	5,379
Movement	**(2,627)**

The breakdown for the item "Other revenues and income" is as follows:

Description	12.31.2008	12.31.2007	Movement
Capital gains on disposal of fixed assets	326	2,905	(2,579)
Insurance compensation	191	71	120
Grants received	331	425	(94)
Real estate rentals	336	18	318
Write-ups of long-term financial assets that are not equity investments	4	1	3
Other	1,564	1,959	(395)
Total	**2,752**	5,379	(2,627)

3. Internal works and collections

Balance as at 12.31.2008	9,675
Balance as at 12.31.2007	9,960
Movement	**(285)**

The breakdown for the item "Internal works and collections" is as follows:

Description	12.31.2008	12.31.2007	Movement
Time work	1,787	1,946	(159)
Transfers to assets	7,888	8,014	(126)
Total	**9,675**	9,960	(285)

The item "Time work" relates to costs incurred for the internal construction of fixed assets.

The item "Transfers to assets" includes the collection from the warehouse of materials transferred to assets.

4. Total costs

Balance as at 12.31.2008	292,875
Balance as at 12.31.2007	274,246
Movement	**18,629**

The breakdown of the above item is as follows:

Description	12.31.2008	12.31.2007	Movement
Purchase of materials	137,794	128,155	9,639
Services rendered	142,036	128,889	13,147
Change in inventories	(2,283)	2,686	(4,969)
Other costs	15,328	14,516	812
Total	**292,875**	274,246	18,629

The item "Purchase of materials" includes purchases of gas and materials, electric energy, water, diesel oil and methane for production.

The item "Services rendered" includes costs of transports, maintenance, third-party services, consultancies and insurances.

The item "Other costs" includes rentals, taxes other than income tax, contingent liabilities and capital losses.

5. Payroll and related costs

Balance as at 12.31.2008	80,156
Balance as at 12.31.2007	71,100
Movement	**9,056**

The breakdown of the above item is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Wages and salaries	60,297	52,079	8,218
Social Security costs	19,099	18,829	270
Severance indemnity	760	192	568
Total	**80,156**	71,100	9,056

The composition of the workforce is analysed below by category:

Description	**12.31.2008**	12.31.2007	Movement
Managers	41	42	(1)
Office workers	1,118	1,056	62
Factory workers	656	623	33
Total	**1,815**	1,721	94

6. Depreciations, provisions and non recurrent charges

Balance as at 12.31.2008	47,949
Balance as at 12.31.2007	51,016
Movement	**(3,067)**

The breakdown of the above item is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Amortisation and depreciation	51,574	47,800	3,774
Provisions	3,250	3,216	34
Non-recurrent income/charges	(6,875)	-	(6,875)
Total	**47,949**	51,016	(3,067)

The breakdown of the item "Amortisation and depreciation" of intangible and tangible fixed assets by asset category, is presented below:

Depreciation of tangible fixed assets

Description	12.31.2008	12.31.2007	Movement
Land	-	-	-
Buildings	2,976	2,934	42
Plants and machinery	15,231	15,590	(359)
Industrial and commercial equipment	29,470	25,687	3,783
Other Assets	2,766	2,411	355
Assets in course of construction and advances	-	-	-
Total	**50,443**	46,622	3,821

The increase in depreciation is linked to investments made during the period, amounting to Euro 74.3 million.

Amortisation of intangible fixed assets

Description	12.31.2008	12.31.2007	Movement
Industrial patents and intellectual property rights	660	681	(21)
Concessions, licenses, trade marks and similar rights	350	368	(18)
Other	121	129	(8)
Total	**1,131**	1,178	(47)

The breakdown for the item “Provisions” is as follows:

Description	12.31.2008	12.31.2007	Movement
Risks on receivables	3,229	2,631	598
Amounts provided for risk provisions	21	77	(56)
Other provisions	-	508	(508)
Total	**3,250**	3,216	34

The "Non-recurrent (income) / charges" item refers to the monetary penalty inflicted by the AGCM (Antitrust) that was paid during the first months of 2007. In 2008 the Council of State cancelled the fine; this gave rise to the right to refund as better described in the Directors’ report.

7. Financial income / (charges)

Balance as at 12.31.2008	(8,752)
Balance as at 12.31.2007	(5,898)
Movement	**(2,854)**

The breakdown of the above item is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Financial income	1,267	1,026	241
Financial charges	(10,019)	(6,924)	(3,095)
Total	**(8,752)**	(5,898)	(2,854)

The breakdown for the item "Financial income" is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Income from long-term receivables	33	47	(14)
Interest on banks and post offices deposits	397	197	200
Interest receivable from trade	364	301	63
Exchange gains	414	201	213
Other financial income	59	280	(221)
Total	**1,267**	1,026	241

The breakdown for the item "Financial charges" is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Interest payable to banks	(604)	(536)	(68)
Interest payable to suppliers	(42)	(72)	30
Interest payable on loans	(6,747)	(5,101)	(1,646)
Total financial charges	(2,042)	(1,081)	(961)
Exchange losses	(584)	(134)	(450)
Total	**(10,019)**	(6,924)	(3,095)

8. Income tax

Balance as at 12.31.2008	6,750
Balance as at 12.31.2007	12,273
Movement	**(5,523)**

The breakdown of the above item is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Current income taxes	21,673	13,795	7,878
Deferred taxes	(15,295)	(2,683)	(12,612)
Prepaid taxes	372	1,161	(789)
Total	**6,750**	12,273	(5,523)

In the second quarter of 2008 SOL S.p.A. and other Italian companies made use of the right provided for by article 1 sub-paragraph 48 of the Financial act for 2008 ("tax remittance"), relevant to the realignment between differing accounting values and tax values following to non-accounting deductions carried out only for tax purposes in the previous financial years.

For this purpose, current income taxes (as substitute tax) of Euro 6,951 thousand were set up against an issue of deferred tax liabilities of Euro 15,038 thousand

The reconciliation between the tax liability recorded in the financial statements and the theoretical tax liability, calculated on the basis of the theoretical tax rates in force in Italy, is as follows:

Description	**12.31.2008**	12.31.2007
Theoretical taxation	**11,753**	13,250
Tax effect permanent differences	(4,411)	(1,708)
Tax effect deriving from foreign tax rates different to Italian theoretical tax rates	(1,102)	(1,532)
Income taxes recorded in the financial statements, excluding IRAP (current and deferred)	**6,240**	10,010
IRAP (local income tax)	**510**	2,263
Income taxes recorded in the financial statements (current and deferred)	**6,750**	12,273

So as to provide a clearer understanding of the reconciliation, separate account was taken of IRAP tax (due to its taxable base differing from the pre-tax profit. Therefore, theoretical taxes were calculated by applying just the IRES (corporate income tax) tax rate (27.5% for 2008 and 33% for 2007)

Balance sheet

9. Tangible fixed assets

Balance as at 12.31.2008	307,692
Balance as at 12.31.2007	284,338
Movement	**23,354**

Analysis of tangible fixed assets

Changes in tangible fixed assets, with reference to their historical cost, depreciation and net value are as follows:

Changes in tangible fixed assets - cost	Land	Buildings	Plants and machinery	Fixtures and fittings, tools and equipment	Other assets	Assets in course of construction and advances	Total
Balance as at 01/01/2007	8,811	70,567	243,632	317,523	25,901	11,086	677,520
Increases	-	3,812	13,320	42,707	4,164	5,209	69,212
Revaluations	-	-	-	-	-	-	-
Other movements	-	(44)	(102)	230	(44)	-	40
Exchange differences	-	(2)	(20)	6	(2)	17	(1)
(Disposals)	-	(180)	(854)	(2,106)	(610)	-	(3,750)
Balance as at 12.31.07	8,811	74,153	255,976	358,360	29,409	16,312	**743,021**
Increases	-	7,539	8,413	48,162	3,622	6,518	74,254
Revaluations	-	-	-	-	-	-	-
Other movements	-	-	178	(178)	-	-	-
Exchange differences	(2)	45	115	(40)	14	(1)	131
(Disposals)	-	(473)	(423)	(3,983)	(592)	-	(5,471)
Balance as at 12.31.08	8,809	81,264	264,259	402,321	32,453	22,829	**811,935**

Changes in tangible fixed assets - acc. depreciation	Land	Buildings	Plants and machinery	Fixtures and fittings, tools and equipment	Other assets	Assets in course of construction and advances	Total
Balance as at 01/01/2007	-	34,524	155,036	204,903	19,472	-	413,935
Depreciation	-	2,934	15,590	25,687	2,411	-	46,622
(Write-downs)	-	-	-	-	-	-	-
Other movements	-	39	62	1,026	3	-	1,130
Exchange differences	-	-	(8)	3	(2)	-	(7)
(Disposals)	-	(88)	(480)	(1,927)	(502)	-	(2,997)
Balance as at 12.31.07	-	37,409	170,200	229,692	21,382	**-**	**458,683**
Depreciation	-	2,976	15,231	29,470	2,766	-	50,443
(Write-downs)	-	-	-	-	-	-	-
Other movements	-	(44)	(60)	30	-	-	(74)
Exchange differences	-	12	91	(6)	16	-	113
(Disposals)	-	(391)	(334)	(3,743)	(454)	-	(4,922)
Balance as at 12.31.08	-	39,962	185,128	255,443	23,710	**-**	**504,243**

Changes in tangible fixed assets – net value	Land	Buildings	Plants and machinery	Fixtures and fittings, tools and equipment	Other assets	Assets in course of construction and advances	Total
Balance as at 01/01/2007	8,811	36,043	88,596	112,620	6,429	11,086	263,585
Increases	-	3,812	13,320	42,707	4,164	5,209	69,212
(Depreciation and writedowns)	-	(2,934)	(15,590)	(25,687)	(2,411)	-	(46,622)
Other movements	-	(83)	(164)	(796)	(47)	-	(1,090)
Exchange differences	-	(2)	(12)	3	-	17	6
(Disposals)	-	(92)	(374)	(179)	(108)	-	(753)
Balance as at 12.31.07	**8,811**	**36,744**	**85,776**	**128,668**	**8,027**	**16,312**	**284,338**
Increases	-	7,539	8,413	48,162	3,622	6,518	74,254
(Depreciation and writedowns)	-	(2,976)	(15,231)	(29,470)	(2,766)	-	(50,443)
Other movements	-	44	238	(208)	-	-	74
Exchange differences	(2)	33	24	(34)	(2)	(1)	18
(Disposals)	-	(82)	(89)	(240)	(138)	-	(549)
Balance as at 12.31.08	**8,809**	**41,302**	**79,131**	**146,878**	**8,743**	**22,829**	**307,692**

- Investments made during the financial year in the "Land and buildings" item refer mainly to investments of the Parent Company (Euro 2,212 thousand) and of the subsidiary companies ENERGETIKA Z.J. D.o.o. (Euro 3,742 thousand), SPG-SOL Doo (Euro 206 thousand), TGS A.D. (Euro 287 thousand) and TPJ Doo (Euro 278 thousand).
- Acquisitions made during the period relating to the "Plant and machinery" item are mainly due to the purchase of plants for the Parent Company's factories (Euro 5,931 thousand) and of the subsidiaries TGS A.D. (Euro 879), SPG-SOL Doo (Euro 536 thousand), SOL SEE doo (Euro 206 thousand) and VIVISOL Heimbehandlungsgerate GmbH (Euro 231 thousand) and to a lesser extent to other capital expenditure carried out by all the other group companies.
- The item "Industrial and commercial equipment" comprises commercial equipment (supplying devices, cylinders, base units, concentrators and medical appliances) as well as other small and sundry equipment. The increase recorded for the period was due to investments in commercial equipment in the form of cylinders, dispensing devices and tanks, made by companies in the technical gases sector for Euro 29,116 thousand (including Euro 8,981 by the Parent Company) and to investments made by companies operating in the home-care sector for Euro 19,046 thousand (including Euro 8,242 thousand by the company VIVISOL Srl), in respect of base units and other medical appliances.
- The item "Other assets" includes motor vehicles and motor cars, electric office equipment, furniture and fixtures, EDP systems. The increase recorded for the period relates to investments made for motor vehicles, laboratory equipment, hardware, furniture and fixtures, with Euro 542 thousand of the total reported pertaining to the Parent Company and the subsidiary companies CTS Srl (Euro 760 thousand), TGS A.D. (Euro 443 thousand), IMG doo (Euro 229 thousand), VIVISOL Heimbehandlungsgerate GmbH (Euro 176 thousand), VIVISOL B Sprl (Euro 170 thousand), VIVISOL Nederland BV (Euro 184 thousand) and France Oxygene Sarl (Euro 181 thousand) and to a lesser extent to other capital expenditure carried out by all the other group companies.

• The "Assets in course of construction" item mainly refers to amounts relating to investments in progress made by the Parent Company (Euro 20,134 thousand) and by the subsidiaries SOL-K Shpk (Euro 432 thousand), SOL Bulgaria EAD (Euro 352 thousand), KISIKANA doo (Euro 385 thousand) SOL T.G. GmbH (Euro 254 thousand) and C.T.S. Srl (Euro 675 thousand).

Please note that the sites located in Monza, Padua, Vibo Valentia, Pavia, Pisa, Sesto San Giovanni, Ravenna, Pomezia, Catania, Ancona, Mantua and Jesenice are encumbered with mortgages and liens pertaining to medium-term loan agreements entered into by a number of Group companies with banks. As at 31.12.08, mortgages amounted to Euro 84,895 thousand.
As at 31.12.08, liens amounted to Euro 72,153 thousand.

Analysis of leased tangible assets

Changes in tangible fixed assets, with reference to their historical cost, depreciation and net value are as follows:

Changes in tangible fixed assets - cost	Land	Buildings	Plants and machinery	Fixtures and fittings, tools and equipment	Other assets	Assets in course of construction and advances	Total
Balance as at 01/01/2007	-	1,945	9,948	17,344	146	-	29,383
Increases	-	-	139	116	-	-	255
Revaluations	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	(48)	-	-	(48)
Balance as at 12.31.07	-	1,945	10,087	17,412	146	**-**	**29,590**
Increases	-	-	55	-	-	-	55
Revaluations	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	
Balance as at 12.31.08	-	1,945	10,142	17,412	146	**-**	**29,645**

Changes in tangible fixed assets - acc. depreciation	Land	Buildings	Plants and machinery	Fixtures and fittings, tools and equipment	Other assets	Assets in course of construction and advances	Total
Balance as at 01/01/2007	-	1,456	4,872	15,143	141	-	21,612
Depreciation	-	73	906	598	4	-	1,581
(Write-downs)	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	(5)	-	-	(5)
Balance as at 12.31.07	-	1,529	5,778	15,736	145	**-**	**23,188**
Depreciation	-	73	832	409	1	-	1,315
(Write-downs)	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.08	-	1,602	6,610	16,145	146	-	**24,503**

Changes in tangible fixed assets – net value	Land	Buildings	Plants and machinery	Fixtures and fittings, tools and equipment	Other assets	Assets in course of construction and advances	Total
Balance as at 01/01/2007	-	489	5,076	2,201	5	-	7,771
Increases	-	-	139	116	-	-	255
(Depreciation and writedowns)	-	(73)	(906)	(598)	(4)	-	(1,581)
Other movements	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	(43)	-	-	(43)
Balance as at 12.31.07	-	416	4,309	1,676	1	-	**6,402**
Increases	-	-	55	-	-	-	55
(Depreciation and writedowns)	-	(73)	(832)	(409)	(1)	-	(1,315)
Other movements	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)		-	-	-	-	-	-
Balance as at 12.31.08	-	343	3,532	1,267	-	-	**5,142**

10. Goodwill and consolidation differences

Balance as at 12.31.2008	6,932
Balance as at 12.31.2007	5,166
Movement	**1,766**

The breakdown of the above item is as follows:

Changes in intangible assets	Goodwill	Consolidation differences	Total
Balance as at 01/01/2007	982	2,640	3,622
Increases	484	1,060	1,544
Revaluations	-	-	-
Other movements	-	-	-
Exchange differences	-	-	-
(Amortisation)	-	-	-
Balance as at 12.31.07	**1,466**	**3,700**	**5,166**
Increases	1,650	116	1,766
Revaluations	-	-	-
Other movements	-	-	-
Exchange differences	-	-	-
(Amo,rtisation)	-	-	-
Balance as at 12.31.08	**3,116**	**3,816**	**6,932**

The increase during the year in the item "Goodwill" concerns the acquisition of the business unit of the Resmed Austria GmbH company.

The amount was calculated as follows

+ Outlay	Euro	3.051 thousand
- Acquired stock	Euro	926 thousand
- Acquired fixed assets	Euro	475 thousand
Goodwill entered in the financial statements	**Euro**	**1.650** thousand

The increase during the year in the "Consolidation differences" item concerns the purchase of a further 11.13% shareholding of SOL Bulgaria E.A.D. (ex TGK A.D.) by the Parent Company.

The Group assesses the recoverability of the goodwill at least once a year or more frequently if there is any indication of losses in value. The recoverable value of the cash generating units is assessed by means of the determination of the usage value, calculated on the estimate of the expected future cash flows. The discount rates used reflect the current valuations of the cost of money; the growth rates consider a prudent development of the sector over a duration of five years.

11. Other intangible fixed assets

Balance as at 12.31.2008	1,910
Balance as at 12.31.2007	1,772
Movement	**138**

The breakdown of the above item is as follows:

Changes in intangible assets	Industrial patents and intellectual property rights	Concessions, licenses, trade marks and similar rights	Assets in course of construction and advances	Other	Total
Balance as at 01/01/2007	874	547	124	303	1,848
Increases	375	677	-	178	1,230
Revaluations	-	-	-	-	-
Other movements	(125)	(4)	(124)	125	(128)
Exchange differences	-	-	-	- -	
(Amortisation)	(681)	(368)	-	(129)	(1,178)
Balance as at 12.31.07	443	852	-	477	**1,772**
Increases	673	292	273	12	1,250
Revaluations	-	-	-	-	-
Other movements	(2)	(3)	24	-	19
Exchange differences	-	-	-	-	-
(Amortisation)	(660)	(350)	-	(121)	(1,131)
Balance as at 12.31.08	454	791	297	368	**1,910**

12. Equity investments

Balance as at 12.31.2008	519
Balance as at 12.31.2007	546
Movement	**(27)**

The breakdown of the above item is as follows:

Description	**12.31.2008**	12.31.2007
GTE S.L.	11	11
Medizintechnik GmbH	0	0
Non-consolidated subsidiary companies	**11**	**11**
Consorgas Srl	463	479
Medical System	18	18
Associated companies	**481**	**497**
Other equity investments	27	38
Other companies	**27**	**38**
Total	**519**	**546**

All the above investments are owned by the Parent Company, except for Euro 18 thousand recorded among equity investments in the AIRSOL B.V. subsidiary company and Euro 19 thousand reported among the other minority equity investments (of which Euro 16 thousand relating to investments in local companies made by the T.G.S. A.D. subsidiary company and Euro 3 thousand made by the VIVISOL Deutschland GmbH subsidiary company).

13. Other financial assets

Balance as at 12.31.2008	1,192
Balance as at 12.31.2007	1,198
Movement	**(6)**

The breakdown of the above item is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Amounts receivable from third parties	1,076	1,088	(12)
Other securities	116	110	6
Total	**1,192**	1,198	(6)

The breakdown for the item "Amounts receivable from third parties" is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Guarantee deposits	835	687	148
Tax credit on Employee Severance Indemnity	124	222	(98)
Other	117	179	(62)
Total	**1,076**	1,088	(12)

The breakdown for the item "Other securities" is as follows:

Description	**12.31.2008**	12.31.2007	Movement
SOL TG pledged securities	4	5	(1)
VIVISOL Heimbehand securities	-	2	(2)
UTP securities	4	4	-
Other securities - ICOA S.r.l.	103	99	4
TGT securities	5	-	5
Total	**116**	110	6

14. Amounts receivable for prepaid taxes

Balance as at 12.31.2008	2,853
Balance as at 12.31.2007	3,235
Movement	**(382)**

The breakdown for the above item is as follows:

	Risks on receivables	Risk provisions	Internal profits	Prior losses	Other minor	Total
Balance as at 01/01/2007	1,009	69	325	2,550	412	4,365
Provisions	(11)	72	(50)	(661)	(511)	(1,161)
Uses	-	-	-	-	-	-
Other movements	(5)	(5)	-	-	41	31
Exchange differences	-	-	-	-	-	-
Balance as at 12.31.07	**993**	**136**	**275**	**1,889**	**(58)**	**3,235**
Provisions	(45)	-	3	(408)	78	(372)
Uses	-	-	-	-	-	-
Other movements	-	1	-	-	(11)	(10)
Exchange differences	-	-	-	-	-	-
Balance as at 12.31.08	**948**	**137**	**278**	**1,481**	**9**	**2,853**

15. Inventories

Balance as at 12.31.2008	26,735
Balance as at 12.31.2007	23,529
Movement	**3,206**

The breakdown of the above item is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Raw, subsidiary and consumable materials	1,836	1,875	(39)
Work in progress and semi-finished products	1,041	1,366	(325)
Finished products and goods for resale	23,858	20,288	3,570
Total	**26,735**	23,529	3,206

16. Trade receivables

Balance as at 12.31.2008	192,001
Balance as at 12.31.2007	185,018
Movement	**6,983**

The breakdown of the above item is as follows:

Description	Due within 12 months	Allowance for doubtful accounts	Total **12.31.2008**	Total 12.31.2007
Trade receivables	201,694	(9,693)	192,001	185,018
Total	201,694	(9,693)	**192,001**	185,018

The increase in trade receivables is due to the rise in sales partially offset by an improvement of the collection days.

The allowance for doubtful accounts saw the following changes:

	12.31.2007	Provisions	Uses	12.31.2008
Allowance for doubtful accounts	8,882	3,229	(2,418)	9,693

17. Other current assets

Balance as at 12.31.2008	17,949
Balance as at 12.31.2007	9,356
Movement	**8,593**

The breakdown of the above item is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Amounts due from employees	476	455	21
Amounts receivable in respect of income tax	1,149	1,429	(280)
VAT receivables	8,073	6,411	1,662
Other amounts due from the tax authorities	555	128	427
Other receivables	7,696	933	6,763
Total	**17,949**	9,356	8,593

The "Other receivables" item includes, as at December 31, 2008, the receivable relevant to the refund of the file afflicted by the Antitrust equal to Euro 6.875 thousand.

18. Current financial assets

Balance as at 12.31.2008	522
Balance as at 12.31.2007	547
Movement	**(25)**

The breakdown for this item is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Nextra treasury funds	164	164	-
Other fixed-income securities	358	383	(25)
Total other securities	**522**	547	(25)
Total	**522**	547	(25)

The Nextra Treasury Funds are held by the subsidiary ICOA Srl.

The other fixed-income securities consists of bond securities held by the subsidiary company TGT AD.

19. Prepayments and accrued income

Balance as at 12.31.2008	1,387
Balance as at 12.31.2007	1,071
Movement	**316**

These represent the harmonising items for the accounting period calculated on an accrual basis.

The breakdown for this item is as follows:

Description	12.31.2008	12.31.2007	Movement
Accrued income:			
Interest income	7	12	(5)
Other accrued income	94	109	(15)
Total accrued income	**101**	121	(20)
Prepayments:			
Insurance premiums	322	172	150
Rents	28	161	(133)
Prepaid expenses	73	71	2
Other prepayments	863	546	317
Total prepayments	**1,286**	950	336
Total prepayments and accrued income	**1,387**	1,071	316

The item "Other prepayments" mainly comprises purchase invoices referring to maintenance agreements or other agreements of a long-term nature.

20. Cash and cash at bank

Balance as at 12.31.2008	33,256
Balance as at 12.31.2007	24,602
Movement	**8,654**

The breakdown for this item is as follows:

Description	12.31.2008	12.31.2007	Movement
Post Office and bank deposits	33,058	24,419	8,639
Bank cheques	2	-	2
Cash and cash equivalents on hand	196	183	13
Total	**33,256**	24,602	8,654

The above balance represents the liquid assets and cash and cash equivalents existing at the end of the accounting period.

21. Capital and reserves

Balance as at 12.31.2008	312,539
Balance as at 12.31.2007	284,737
Movement	**27,802**

The share capital of SOL SPA as at 12.31.2008 comprised 90,700,000 ordinary shares with a par value of Euro 0.52 each, fully subscribed and fully paid up.

The breakdown of and changes in shareholders' equity at year-end is detailed below:

Capital and reserves	12.31.2007	Transfer of result	Dividends paid	Translation differences	Other movements	Result	12.31.2008
Pertaining to the Group:							
Share capital	47,164	-	-	-	-	-	47,164
Share premium reserve	63,335	-	-	-	-	-	63,335
Legal reserve	5,285	410	-	-	-	-	5,695
Other reserves	133,129	18,975	-	(16)	(219)	-	151,869
Net Profit	26,732	(19,385)	(7,347)	-	-	34,801	34,801
Shareholders' equity-Group	275,645	-	(7,347)	(16)	(219)	34,801	**302,864**
Minority interests:							
Shareholders' equity - Minority interests	7,946	1,146	-	-	(604)	-	8,488
Profit (loss) pertaining to minority interests	1,146	(1,146)	-	-	-	1,187	1,187
Shareholders' equity - Minority	9,092	-	-	-	(604)	1,187	**9,675**
Shareholders' equity	284,737	-	(7,347)	(16)	(823)	35,988	**312,539**

The other movements of the "Other reserves" item include the amount equal to Euro 10 thousand related to the measurement at fair value as at December 31, 2008 of forward purchase contract of currency existing with Banca Intesa San Paolo.

Reconciliation of Parent Company's Balance Sheet with the Consolidated Balance Sheet

Description	12.31.2008 Shareholders' equity	12.31.2008 Net profit	12.31.2007 Shareholders' equity	12.31.2007 Net profit
Financial statements of SOL SpA	**196,451**	**15,802**	187,983	8,213
Elimination of inter-company transactions, net of tax effects:				
- Internal profit on tangible fixed assets	(995)	17	(1,012)	(32)
- Internal profit on investments	-	-	-	(331)
- Reversal of adjustments to investments in subsidiary companies	207	1,844	207	929
- Dividends paid by consolidated companies	-	(6,764)	-	(1,191)
Adjustment of accounting policies to achieve consistent Group accounting policies, net of tax effects:				
- Adjustment to achieve a consistent accounting policies regarding intangible assets	(1,676)	-	(1,645)	-
- Use of finance lease method for leased assets	116	(26)	143	20
- Valuation at equity of companies reported at cost	328	(15)	343	24
Carrying value of consolidated equity investments	**(168,380)**	**-**	(159,137)	-
Net assets and financial year's results of consolidated companies	**272,997**	**23,943**	245,063	19,100
Allocation of the difference to the assets of the companies and relative depreciation, amortisation and write-downs:				
- Goodwill on consolidation	3,816	-	3,700	-
Consolidated Group financial statements	**302,864**	**34,801**	275,645	26,732

22. Employee severance indemnities and other benefits

Balance as at 12.31.2008	9,677
Balance as at 12.31.2007	10,036
Movement	**(359)**

The provisions underwent the following changes:

Changes in severance indemnities and other employee benefits	12.31.2008	12.31.2007
As at January 1	10,036	11,330
Provisions	760	192
(Uses)	(925)	(461)
Curtailment	-	(1,955)
Recognized actuarial profits/(losses)	-	1,055
Financial expense	270	470
Other movements	(464)	(595)
Balance as at 31 December	**9,677**	10,036

The balances recorded in the financial statements for the item "Changes in employee severance indemnities and other benefits" comprise:

	Employee severance indemnities		Other		Total	
	12.31.2008	12.31.2007	**12.31.2008**	12.31.2007	**12.31.2008**	12.31.2007
Current value of unfinanced plans	9,732	9,566	331	320	10,063	9,886
Unrecognized actuarial profits (Losses)	(352)	158	(34)	(8)	(386)	150
Net liability	**9,380**	**9,724**	**297**	**312**	**9,677**	**10,036**

Employee benefits are calculated on the basis of the following actuarial assumptions:

	Italy	Other countries
Discount rate	2.87%	3% - 3.80%
Inflation rate	1.70%	2% – 2.30%
Tendential growth rate of salaries	3.96%	2% – 5.25%

Employee severance indemnities

The item "Employee severance indemnities" reflects the indemnity provided to employees during their working relationship which is paid at the time the employee leaves the company. In the presence of specific conditions, the employee may obtain a partial advance on said indemnity during their working relationship.

Other

The item "Other" comprises benefits such as the loyalty bonus, which accrues on attainment of a specific length of service within the company.

23. Deferred taxation

Balance as at 12.31.2008	3,740
Balance as at 12.31.2007	19,038
Movement	**(15,298)**

The item "Deferred taxation" represents the net balance of deferred tax liabilities provided for in the consolidated financial statements as at 12.31.2008 with regard to items of a fiscal nature present in the statutory financial statements of the Group companies (accelerated depreciation), and the deferred tax liabilities referring to the other consolidation entries; the item comprises.

	Capital gains	Accelerated depreciation	Leasing	Other minor	Total
Balance as at 01/01/2007	387	18,946	1,238	2,137	22,708
Provisions	496	(2,043)	(401)	(735)	(2,683)
Uses	-	-	-	-	-
Other movements	-	(1)	-	(986)	(987)
Balance as at 12.31.07	**883**	**16,902**	**837**	**416**	**19,038**
Provisions	(295)	(14,893)	(249)	142	(15,295)
Uses	-	-	-	-	-
Other movements	-	-	-	(3)	(3)
Exchange differences	-	-	-	-	-
Balance as at 12.31.08	**588**	**2,009**	**588**	**555**	**3,740**

The "Accelerated depreciation" item was mainly used for accounting value and tax value adjustment carried out by the Italian companies of the Group.

24. Provisions for risks and charges

Balance as at 12.31.2008	698
Balance as at 12.31.2007	714
Movement	**(16)**

The breakdown for the item "Provisions for risks and charges" is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Pensions and similar commitments	-		-
Consolidation provision for future risks and charges	-	-	-
Other:			
Exchange fluctuation provision	-	-	-
Other minor provisions	698	714	(16)
Total other provisions	**698**	714	(16)
Total	**698**	714	(16)

The risk reserves highlight probable Group liabilities deriving from legal and tax disputes underway.

The change with respect to 2007 is due to provisions totalling Euro 21 thousand, uses amounting to Euro 37 thousand.

25. Payables and other liabilities

Balance as at 12.31.2008	137,336
Balance as at 12.31.2007	105,281
Movement	**32,055**

The breakdown of the above item is as follows:

Description	12.31.2008	12.31.2007	Movement
Amounts owed to other lenders	131,673	99,637	32,036
Other creditors	5,663	5,644	19
Total	**137,336**	105,281	32,055

The item "Amounts due to other lenders" for the most part comprises loans granted by medium and long-term credit institutions. Some of these loans are backed by liens on movable assets and mortgages on real property, as already mentioned in the notes regarding tangible fixed assets. Furthermore, the same item also includes amounts owed to leasing companies amounting to Euro 3,132 thousand, deriving from the application of international accounting standard IAS 17 to assets that are the object of a finance lease. The increase with respect to 2007 derives from additional loans raised during 2008, compared with the portions repaid. The detailed breakdown of the item "Amounts due to other lenders" is as follows (with values expressed in thousands of Euro):

Lending institute	Amount	Long-term portion	Short-term portion		Interest rate	Maturity		Original amount
Bank Austria	63	-	63	(v.r.)	3.89%	01.07.2009	ATS	15,000,000
Mediocredito Lombardo	333	-	333		5.80%	21.12.2009	Euro	1,831,000
Bank Austria	257	86	171	(v.r.)	3.89%	01.01.2010	ATS	20,000,000
Credito Emiliano	249	86	163		6.05%	14.06.2010	Euro	750,000
Mediocredito Centrale	1,492	512	980	(v.r.)	3.70%	30.06.2010	Euro	4,500,000
Mediocredito Centrale	316	107	209	(v.r.)	3.95%	30.06.2010	Euro	1,000,000
Intesa San Paolo	3,714	1,857	1,857		3.82%	15.12.2010	Euro	13,000,000
Banco di Brescia	1,076	548	528		3.77%	31.12.2010	Euro	3,000,000
Banco di Brescia	473	284	189		4.57%	30.06.2011	Euro	945,540
Intesa San Paolo	1,964	1,178	786		3.15%	15.09.2011	Euro	5,500,000
Banco di Brescia *	3,728	2,539	1,189		4.39%	30.09.2011	Euro	8,000,000
Intesa San Paolo*	12,000	8,000	4,000	(v.r.)	5.81%	30.09.2011	Euro	20,000,000
Intesa San Paolo	2,813	1,875	938		5.50%	15.12.2011	Euro	7,500,000
Banco di Brescia *	3,593	2,612	981		3.61%	31.05.2012	Euro	5,000,000
Banco di Brescia *	1,234	902	332		4.72%	30.06.2012	Euro	2,000,000
Credito Emiliano	4,067	3,102	965		3.45%	01.09.2012	Euro	5,000,000
Intesa San Paolo	4,171	3,129	1,043		4.12%	15.12.2012	Euro	7,300,000
Intesa San Paolo	3,750	2,812	938		3.34%	15.12.2012	Euro	7,500,000
Unicredit *	3,264	2,497	767		4.10%	31.12.2012	Euro	4,000,000
Mediocredito Centrale	4,594	3,536	1,058	(v.r.)	4.44%	31.12.2012	Euro	8,263,000
Banco di Brescia *	900	700	200		3.75%	30.06.2013	Euro	1,000,000
Credito Emiliano	3,000	2,466	534	(v.r.)	5.71%	25.07.2013	Euro	3,000,000
Banco di Brescia *	3,725	3,044	681		4.46%	31.12.2013	Euro	5,000,000
Banco di Brescia *	2,235	1,826	409		4.46%	31.12.2013	Euro	3,000,000
Banco di Brescia *	4,263	3,490	737		4.84%	31.12.2013	Euro	5,000,000
Fortis Bank	4,583	3,750	833	(v.r.)	5.66%	16.02.2014	Euro	5,000,000
Banca Popolare di Bergamo	7,000	7,000	-		5.66%	30.07.2015	Euro	7,000,000
Banco di Brescia	1,000	1,000	-		5.11%	31.12.2015	Euro	1,000,000
Mediobanca	20,000	18,750	1,250		4.39%	20.06.2017	Euro	20,000,000
Mediobanca	15,000	14,062	938	(v.r.)	3.64%	20.06.2017	Euro	15,000,000
Credito Artigiano	20,000	18,353	1,647	(v.r.)	4.20%	31.12.2018	Euro	20,000,000
Factor Banka	5,093	4,818	275	(v.r.)	4.14%	31.12.2022	Euro	5,200,000
Mediobanca	15,000	14,464	536	(v.r.)	3.73%	20.06.2023	Euro	15,000,000
Amounts due to leasing companies	3,132	2,289	843					
Total	**158,082**	**131,673**	**26,453**					

Covenants

The loan agreements marked by an asterisk (*) contain financial restrictions (covenants) which envisage the maintenance of determinate ratios between net financial indebtedness and shareholders' equity, between net financial indebtedness and cash-flow, and between net financial indebtedness and EBITDA referable to the consolidated financial statements.
To date, these parameters have been observed.

Derivatives

1. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 3,750 thousand, has been hedged by an IRS agreement entered into on June 5, 2003 that anticipates the payment of a fixed rate of 3.34% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2008, calculated by the same bank, was negative for a total of Euro 32 thousand (at December 31, 2007 positive for Euro 136 thousand).
2. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 20,000 thousand, has been hedged by an IRS agreement entered into on 24.10.07 which anticipates the payment of a fixed rate of 4.39% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2008, calculated by the same bank, was negative for a total of Euro 961 thousand (at December 31, 2007 positive for Euro 127 thousand).

The item "Other creditors" includes the commitments of the company SOL S.p.A. to repurchase shares in the companies SOL SEE d.o.o. (Euro 2,922 thousand), SPG – SOL d.o.o. (Euro 470 thousand), ENERGETIKA Z.J. d.o.o. (Euro 166 thousand), GTS Sh.P.K. (Euro 876 thousand) and IMG d.o.o. (Euro 776 thousand) currently belonging to SIMEST SpA.

26. Current liabilities

Balance as at 12.31.2008	128,958
Balance as at 12.31.2007	120,572
Movement	**8,386**

The breakdown for this item is as follows:

Description	**12.31.2008**	12.31.2007	Movement
Due to banks	6,399	12,940	(6,541)
Amounts due to suppliers	69,846	67,212	2,634
Other financial liabilities	26,453	21,705	4,748
Amounts due to tax administration	11,880	7,213	4,667
Other current liabilities	10,582	8,135	2,447
Accruals and deferred income	3,798	3,367	431
Total	**128,958**	120,572	8,386

The item "other financial liabilities" includes the short-term portions of the amounts due to other lenders totalling Euro 26,409 thousand and amounts due to shareholders for loans totalling Euro 44 thousand.

The breakdown for the item "Tax liabilities" comprises:

Description	12.31.2008	12.31.2007	Movement
Amounts due in respect of income tax	2,431	4,091	(1,660)
Amounts due to Inland Revenue in respect of VAT	2,612	1,092	1,520
Amounts due for withholding tax	1,384	1,357	27
Other tax liabilities	5,453	673	4,780
Total	**11,880**	7,213	4,667

"Other current liabilities" comprise:

Description	12.31.2008	12.31.2007	Movement
Amounts due to Social Security institutions	3,479	3,140	339
Accrued holidays not taken	3,649	2,967	682
Amounts due to employees for wages and salaries	903	1,025	(122)
Guarantee deposits	452	442	10
Other creditors	2,099	561	1,538
Total	**10,582**	8,135	2,447

The item "Other creditors" includes Euro 994 thousand that represent the negative fair value as at December 31, 2008 related to two existing financing contracts.

"Accrued expenses and deferred income" represent the harmonising items for the period calculated on an accrual basis.

The breakdown for this item is as follows:

Description	12.31.2008	12.31.2007	Movement
Accrued expenses:			
Interest payable on loans	703	594	109
Other	746	485	261
Total accrued expenses	**1,449**	1,079	370
Deferred income:			
Sink funds granted	192	439	(247)
Rentals receivable	78	72	6
Other	2,079	1,777	302
Total deferred income	**2,349**	2,288	61
Total	**3,798**	3,367	431

Breakdown of revenues by type of business Sol Group

12.31.2008							
(In thousands of Euro)	Technical gas sector	%	Home care service sector	%	Write-downs	Consolidated figures	%
Technical gas sector	313,531	100.0%			(13,318)	300,213	65.3%
Home-care service sector			160,295	100.0%	(465)	159,830	34.7%
Net sales	**313,531**	**100.0%**	**160,295**	**100.0%**	**(13,783)**	**460,043**	**100.0%**
Other revenues and income	2,651	0.8%	535	0.3%	(434)	2,752	0.6%
Internal works and collections	3,354	1.1%	6,309	3.9%	12	9,675	2.1%
Revenues	**319,536**	**101.9%**	**167,139**	**104.3%**	**(14,205)**	**472,470**	**102.7%**
Purchase of materials	100,289	32.0%	46,566	29.1%	(9,061)	137,794	30.0%
Services rendered	97,566	31.1%	48,642	30.3%	(4,172)	142,036	30.9%
Change in inventories	(1,074)	-0.3%	(1,209)	-0.8%	-	(2,283)	-0.5%
Other costs	9,481	3.0%	6,819	4.3%	(972)	15,328	3.3%
Total costs	**206,262**	**65.8%**	**100,818**	**62.9%**	**(14,205)**	**292,875**	**63.7%**
Added value	**113,274**	**36.1%**	**66,321**	**41.4%**	**-**	**179,595**	**39.0%**
Payroll and related costs	54,355	17.3%	25,801	16.1%	-	80,156	17.4%
Gross Operating Margin	**58,919**	**18.8%**	**40,520**	**25.3%**	**-**	**99,439**	**21.6%**
Amortisation	36,177	11.5%	15,396	9.6%	1	51,574	11.2%
Other provisions	2,880	0.9%	370	0.2%	-	3,250	0.7%
Non-recurrent income/ charges	(6,875)	-2.2%	-		-	(6,875)	-1.5%
Operating result	**26,737**	**8.5%**	**24,754**	**15.4%**	**(1)**	**51,490**	**11.2%**
Financial income	5,147	1.6%	761	0.5%	(4,641)	1,267	0.3%
Financial charges	8,473	2.7%	2,106	1.3%	(560)	10,019	2.2%
Total financial income / (charges)	(3,326)	-1.1%	(1,345)	-0.8%	(4,081)	(8,752)	-1.9%
Profit (Loss) before income taxes	**23,411**	**7.5%**	**23,409**	**14.6%**	**(4,082)**	**42,738**	**9.3%**
Income tax	1,111	0.4%	5,639	3.5%	-	6,750	1.5%
Net result from business activities	**22,300**	**7.1%**	**17,770**	**11.1%**	**(4,082)**	**35,988**	**7.8%**
Net result from intermittent activities	-		-		-	-	
(Profit) / Loss pertaining to minority interests	(569)	-0.2%	(618)	-0.4%	-	(1,187)	-0.3%
Net Profit / (Loss)	**21,731**	**6.9%**	**17,152**	**10.7%**	**(4,082)**	**34,801**	**7.6%**

Other Information Sol Group

12.31.2008				
(In thousands of Euro)	Technical gas sector	Home care service sector	Write-downs	Consolidated figures
Total assets	**508,892**	**216,126**	**(132,070)**	**592,948**
Total liabilities	**232,442**	**82,654**	**(34,687)**	**280,409**
Investments	**53,577**	**20,676**	**-**	**74,253**

12.31.2007						
Technical gas sector	%	Home care service sector	%	Write downs	Consolidated figures	%
296,289	100.0%			(11,353)	284,936	66.7%
		142,727	100.0%	(591)	142,136	33.3%
296,289	100.0%	142,727	100.0%	(11,944)	427,072	100.0%
4,970	1.7%	840	0.6%	(431)	5,379	1.3%
3,457	1.2%	6,499	4.6%	4	9,960	2.3%
304,716	102.8%	150,066	105.1%	(12,371)	442,411	103.6%
95,043	32.1%	40,961	28.7%	(7,849)	128,155	30.0%
89,623	30.2%	42,916	30.1%	(3,650)	128,889	30.2%
318	0.1%	2,368	1.7%	-	2,686	0.6%
8,782	3.0%	6,607	4.6%	(873)	14,516	3.4%
193,766	65.4%	92,852	65.1%	(12,372)	274,246	64.2%
110,950	37.4%	57,214	40.1%	1	168,165	39.4%
50,109	16.9%	20,991	14.7%	-	71,100	16.6%
60,841	20.5%	36,223	25.4%	1	97,065	22.7%
35,063	11.8%	12,737	8.9%	-	47,800	11.2%
2,616	0.9%	600	0.4%	-	3,216	0.8%
-		-		-	-	
23,162	7.8%	22,886	16.0%	1	46,049	10.8%
827	0.3%	507	0.4%	(308)	1,026	0.2%
5,707	1.9%	1,501	1.1%	(284)	6,924	1.6%
(4,880)	-1.6%	(994)	-0.7%	(24)	(5,898)	-1.4%
18,282	6.2%	21,892	15.3%	(23)	40,151	9.4%
5,245	1.8%	7,029	4.9%	(1)	12,273	2.9%
13,037	4.4%	14,863	10.4%	(22)	27,878	6.5%
-		-		-	-	
(634)	-0.2%	(512)	-0.4%	-	(1,146)	-0.3%
12,403	4.2%	14,351	10.1%	(22)	26,732	6.3%

12.31.2007			
Technical gas sector	Home care service sector	Write downs	Consolidated figures
463,150	183,996	(106,768)	540,378
206,062	65,710	(16,131)	255,641
49,121	20,091	-	69,212

Breakdown of revenues by type of business: Technical gas sector

The profit & loss account of the Technical Gas Sector is shown below:

(In thousands of Euro)	12.31.2008	%	12.31.2007	%
Net sales	**313,531**	100.0%	296,289	100.0%
Other revenues and income	2,651	0.8%	4,970	1.7%
Internal works and collections	3,354	1.1%	3,457	1.2%
Revenues	**319,536**	101.9%	304,716	102.8%
Purchase of materials	100,289	32.0%	95,043	32.1%
Services rendered	97,566	31.1%	89,623	30.2%
Change in inventories	(1,074)	-0.3%	318	0.1%
Other costs	9,481	3.0%	8,782	3.0%
Total costs	**206,262**	65.8%	193,766	65.4%
Added value	**113,274**	36.1%	110,950	37.4%
Payroll and related costs	54,355	17.3%	50,109	16.9%
Gross Operating Margin	**58,919**	18.8%	60,841	20.5%
Amortisation	36,177	11.5%	35,063	11.8%
Other provisions	2,880	0.9%	2,616	0.9%
Financial income/charges	(6,875)	-2.2%	-	
Operating result	**26,737**	8.5%	23,162	7.8%
Financial income	5,147	1.6%	827	0.3%
Financial charges	8,473	2.7%	5,707	1.9%
Total financial income / (charges)	(3,326)	-1.1%	(4,880)	-1.6%
Profit (Loss) before income taxes	**23,411**	7.5%	18,282	6.2%
Income tax	1,111	0.4%	5,245	1.8%
Net result from business activities	**22,300**	7.1%	13,037	4.4%
Net result from intermittent activities	-		-	
(Profit) / Loss pertaining to minority interests	(569)	-0.2%	(634)	-0.2%
Net Profit / (Loss)	**21,731**	6.9%	12,403	4.2%

Sales in the Technical Gas Sector reported a 5.8% increase.

Gross operating margin decreased by 3.2% compared to the previous year.

Operating result increased by 15.4% compared to the previous year.

The balance sheet of the Technical Gas sector is presented below:

(in thousands of Euro)	**12.31.2008**	12.31.2007
Tangible fixed assets	254,286	236,301
Goodwill and consolidation differences	1,121	1,005
Other intangible fixed assets	1,203	1,248
Equity investments	59,585	59,606
Other financial assets	18,340	6,956
Prepaid taxes	2,355	2,563
NON-CURRENT ASSETS	**336,890**	307,679
Non-current assets held for sale	**-**	-
Inventories	14,102	13,032
Trade receivables	126,101	120,389
Other current assets	11,928	3,603
Current financial assets	522	547
Prepayments and accrued income	780	596
Cash and cash at bank	18,569	17,304
CURRENT ASSETS	**172,002**	155,471
TOTAL ASSETS	**508,892**	463,150
Share capital	47,164	47,164
Share premium reserve	63,335	63,335
Legal reserve	5,695	5,285
Other reserves	131,958	121,856
Retained earnings (accumulated loss)	-	568
Net Profit	21,731	12,403
Shareholders' equity-Group	**269,883**	250,611
Shareholders' equity - Minority interests	5,998	5,843
Profit (loss) pertaining to minority interests	569	634
Shareholders' equity - Minority interests	**6,567**	6,477
SHAREHOLDERS' EQUITY	**276,450**	257,088
Employee severance indemnities and other benefits	8,049	8,472
Deferred taxation	3,301	15,274
Provision for risks and charges	587	589
Payables and other financial liabilities	117,011	87,636
NON-CURRENT LIABILITIES	**128,948**	111,971
Non-current liabilities held for sale	**-**	-
Due to banks	6,104	12,361
Amounts due to suppliers	58,761	53,273
Other financial liabilities	21,925	17,875
Amounts due to tax administration	7,859	3,501
Accruals and deferred income	1,638	1,615
Other current liabilities	7,207	5,466
CURRENT LIABILITIES	**103,494**	94,091
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**508,892**	463,150

Breakdown of revenues by type of business: Home-care service sector

The profit & loss account of the Home-care Service sector is shown below:

(In thousands of Euro)	12.31.2008	%	12.31.2007	%
Net sales	**160,295**	100.0%	142,727	100.0%
Other revenues and income	535	0.3%	840	0.6%
Internal works and collections	6,309	3.9%	6,499	4.6%
Revenues	**167,139**	104.3%	150,066	105.1%
Purchase of materials	46,566	29.1%	40,961	28.7%
Services rendered	48,642	30.3%	42,916	30.1%
Change in inventories	(1,209)	-0.8%	2,368	1.7%
Other costs	6,819	4.3%	6,607	4.6%
Total costs	**100,818**	62.9%	92,852	65.1%
Added value	**66,321**	41.4%	57,214	40.1%
Payroll and related costs	25,801	16.1%	20,991	14.7%
Gross Operating Margin	**40,520**	25.3%	36,223	25.4%
Amortisation	15,396	9.6%	12,737	8.9%
Other provisions	370	0.2%	600	0.4%
Operating result	**24,754**	15.4%	22,886	16.0%
Financial income	761	0.5%	507	0.4%
Financial charges	2,106	1.3%	1,501	1.1%
Total financial income / (charges	(1,345)	-0.8%	(994)	-0.7%
Profit (Loss) before income taxes	**23,409**	14.6%	21,892	15.3%
Income tax	5,639	3.5%	7,029	4.9%
Net result from business activities	**17,770**	11.1%	14,863	10.4%
Net result from intermittent activities	-		-	
(Profit) / Loss pertaining to minority interests	(618)	-0.4%	(512)	-0.4%
Net Profit / (Loss)	**17,152**	10.7%	14,351	10.1%

Sales in the Homecare Service sector reported an increase of 12.3%.

Gross operating margin increased by 11.9% compared to the previous year.

Operating result increased by 8.2% compared to the previous year.

The balance sheet of the Home-care Service sector is presented below:

(in thousands of Euro)	**12.31.2008**	12.31.2007
Tangible fixed assets	53,406	48,037
Goodwill and consolidation differences	5,810	4,161
Other intangible fixed assets	708	524
Equity investments	38,317	31,576
Other financial assets	10,124	3,464
Prepaid taxes	497	672
NON-CURRENT ASSETS	**108,862**	88,434
Non-current assets held for sale	**-**	-
Inventories	12,633	10,498
Trade receivables	73,331	71,581
Other current assets	6,006	5,746
Current financial assets	-	-
Prepayments and accrued income	607	475
Cash and cash at bank	14,687	7,262
CURRENT ASSETS	**107,264**	95,562
TOTAL ASSETS	**216,126**	183,996
Share capital	7,750	7,750
Share premium reserve	22,484	20,719
Other reserves	59,055	49,011
Retained earnings (accumulated loss)	23,910	23,827
Net Profit	17,152	14,351
Shareholders' equity-Group	**130,351**	115,658
Shareholders' equity - Minority interests	2,503	2,116
Profit (loss) pertaining to minority interests	618	512
Shareholders' equity - Minority interests	**3,121**	2,628
SHAREHOLDERS' EQUITY	**133,472**	118,286
Employee severance indemnities and other benefits	1,629	1,564
Deferred taxation	439	3,764
Provision for risks and charges	111	125
Payables and other liabilities	20,324	17,645
NON-CURRENT LIABILITIES	**22,503**	23,098
Non-current liabilities held for sale	**-**	-
Due to banks	295	579
Amounts due to suppliers	45,772	30,070
Other financial liabilities	4,528	3,830
Amounts due to tax administration	4,021	3,712
Accruals and deferred income	2,160	1,752
Other current liabilities	3,375	2,669
CURRENT LIABILITIES	**60,151**	42,612
TOTAL LIABILITIES AND SHAREHOLDERS'	**216,126**	183,996

Information by geographic area

The breakdown of revenues by geographic area is presented below:

Description	12.31.2008	12.31.2007	Movement
Italy	287,839	275,934	11,905
Rest of Europe	172,204	151,138	21,066
Total	**460,043**	427,072	32,971

The breakdown of the book value of the activities by geographic area is presented below:

Description	12.31.2008	12.31.2007
Italy	324,609	298,012
Rest of Europe	268,339	242,366
Total	**592,948**	540,378

The breakdown of investments by geographic area is presented below:

Description	12.31.2008	12.31.2007	Change
Italy	31,178	34,274	(3,096)
Rest of Europe	43,075	34,938	8,137
Total	**74,253**	69,212	5,041

InfraGroup transactions and transactions with related parties

The Parent Company SOL S.p.A. is controlled by Gas and Technologies World B.V., in turn controlled by Stichting AIRVISION; the Group has not entered into any transactions with the latter.

InfraGroup transactions

All the infraGroup transactions fall within the ordinary operations of the Group, are carried out on an arms'-length basis and there were no atypical or unusual transactions or transactions causing potential conflicts of interest.
InfraGroup sales and services carried out during 2008 amounted to Euro 82.6 million.

As at 12.31.2008, receivable and payable transactions between Group companies came to Euro 100.9 million, of which Euro 51.5 million of a financial nature and Euro 49.4 million of a trade nature.

The breakdown for the intercompany financial receivables is as follows:

• Financial receivables granted by SOL S.P.A.	Euro	22,9 million
• Financial receivables granted by AIRSOL BV	Euro	23,1 million
• Financial receivables granted by other companies	Euro	5,5 million

The transactions of the SOL Group with associated companies comprised:

• Purchases from Consorgas Srl	Euro	495 thousand
• Amounts due to Consorgas Srl	Euro	37 thousand
• Purchases from Medical System Srl	Euro	344 thousand
• Amounts due to Medical System Srl	Euro	125 thousand.

Commitments, guarantees and potential liabilities

The Sol Group obtained sureties totalling Euro 14,361 thousand and issued letters of support totalling Euro 2,543 thousand guaranteeing loans granted to Group companies.

Net financial position

(in thousands of Euro)	**12.31.2008**	12.31.2007
Cash and cash at banks	33,256	24,602
Securities	522	547
Loans – short term portion	(25,566)	(20,786)
Leases – short term portion	(843)	(876)
Short-term amounts due to banks	(6,399)	(12,940)
Amounts due to shareholders for loans	(44)	(44)
Short-term Liquidity, Net	**926**	(9,496)
Investment securities	115	110
Loans – long-term portion	(129,384)	(96,711)
Amounts due to lenders for Leasing	(2,289)	(2,926)
Amounts due to Shareholders for the purchase of equity investments	(5,210)	(5,190)
Medium/Long-Term Net indebtedness	**(136,767)**	(104,717)
Total Net Liquidity/Indebtedness	**(135,841)**	(114,213)

The increase in total net indebtedness is due both to the increase in net working capital and to the investment activity that reached a considerable amount (Euro 74.3 million) also during 2008.

Information on risks

The Group is exposed to financial risks associated with its business operations:

- credit risk in relation to normal trade transactions with customers;
- liquidity risk, with particular reference to the raising of financial resources associated with investments;
- market risks (mainly relating to exchange and interest rates), in that the Group operates at international level in different currency areas and uses financial instruments which generate interests and purchases electric energy for production.

Credit risk

The granting of credit to end customers is subject to specific assessments by means of structured credit facility systems.

Positions amongst trade receivables (if individually significant) for which objective partial or total non-recoverability is ascertained, are subject to individual writedown. Provisions are made on a collective basis for receivables which are not subject to individual writedown, taking into account the historic experience and the statistical data.

Liquidity risk

The liquidity risk may manifest with regards to the inability to raise the financial resources necessary for the anticipated investments under economic conditions.

The Group has adopted a series of policies and processes aimed at optimising the management of the financial resources, reducing the liquidity risk, such as the maintenance of an adequate level of available liquidity, the obtaining of adequate credit facilities and the systematic monitoring of the forecast liquidity conditions, in relation to the corporate planning process.

Management believes that the funds and the credit facilities currently available, in addition to those which will be generated by operating and financing activities, will permit the Group to satisfy its requirements deriving from activities for investments, working capital management and debt repayments on their natural maturity dates.

Exchange risk

In relation to the sales activities, the Group companies may find themselves with trade receivables or payables denominated in currencies other than the reporting currency of the company which holds them.

A number of Group subsidiary companies are located in countries which do not belong to the European Monetary Union, in particular Switzerland, Bosnia, Croatia, Slovenia, Serbia, Albania, Macedonia and Bulgaria. Since the reference currency for the Group is the Euro, the profit & loss accounts of these companies are translated into Euro using the average exchange rate for the period and, revenues and margins in local currency being equal, changes in interest rates may have an effect on the equivalent value in Euro of revenues, costs and economic results.

Assets and liabilities of the consolidated companies whose reporting currency is not the Euro, can adopt equivalent values in Euro which differ depending on the performance of the exchange rates. As envisaged by the accounting standards adopted, the effects of these changes are booked directly to shareholders' equity, under the item "Other reserves".

Some Group companies purchase electric energy that is used for the primary production of technical gasses. The price of electricity is affected by the Euro/dollar rate of exchange and by the price trend of energy raw materials. The risk related to their fluctuations is mitigated by stipulating, as much as possible, fixed price purchase contracts or with a fluctuation measured on a not very short time period. Moreover, long-term supply contracts to customers index-linked in such a way as to cover the fluctuation risks shown above.

The Group monitors the main exposures to exchange rate risks from conversion; at December 31, 2008, there is a forward purchase of currency for USD 440 thousand with a positive fair value of ca. Euro 10 thousand.

Interest rate risk

The interest rate risk is handled by the Parent Company by means of the centralization of the majority of the medium/long-term debt and an adequate division of the loans between fixed rate and floating rate favouring, when possible and convenient, medium/long-term debt with fixed rates, also by operating through specific Interest Rate Swap agreements.

The Parent Company has stipulated two interest rate swap agreements linked to two floating rate medium-term loans with the aim of ensuring itself a fixed rate on the loans themselves. The notional value as at December 31, 2008 is equal to Euro 23,750 thousand and the negative fair value is equal to Euro 994 thousand.

Information pursuant to article 149 duodecies of the Consob Issuer Regulation

The following table, drawn up pursuant to art. 149 duodecies of the Consob Issuer Regulation, shows the considerations pertaining to the 2008 financial year for the auditing services and for those other than auditing supplied by the auditing company and by bodies belonging to its network.

(In thousands of Euro)	Subject who supplied the service	Receiver	Considerations pertaining to the 2008 financial year
Auditing	BDO Sala Scelsi Farina SpA	SOL SpA Parent Company	85
	BDO Sala Scelsi Farina SpA	Subsidiary companies	32
	BDO network	Subsidiary companies	76
Quarterly audit	BDO Sala Scelsi Farina SpA	SOL SpA Parent Company	8
	BDO Sala Scelsi Farina SpA	Subsidiary companies	10
Other services	BDO Sala Scelsi Farina SpA	SOL SpA Parent Company (1)	4
Total			**215**

(1) Fiscal aid services and others

Non-recurring significant events and transactions

Pursuant to Consob communication no. DEM/6064296 of July 28, 2006, the SOL Group did not carry out non-recurring significant events and transactions during 2008.

Transactions deriving from atypical and/or unusual operations

Pursuant to Consob communication no. DEM/6064296 of July 28, 2006, the SOL Group did not carry out atypical and/or unusual operations in 2008, as defined by the Communication itself.

Significant events which took place after the end of the accounting period and foreseeable business developments

Please refer to the specific section in the report on operations.

Monza, March 27, 2009

The Chairman of the Board of Directors
(Aldo Fumagalli Romario)

Certificate of the Consolidated financial statements pursuant to art. 154-bis of Lgs. D. 58/98

The undersigned Aldo Fumagalli Romario and Marco Annoni, as Managing directors and Marco Filippi, as Manager in charge of the drawing up of corporate accounting documents of SOL S.p.A., certify, considering also what is provided by art.154-bis, sub-paragraphs 3 and 4, of Legislative Decree no. 58 of February 24th, 1998:

- the adequacy in relation to the characteristics of the business and
- actual application

of the administrative and accounting procedures for the drawing up of the consolidated financial statements during the 2008 financial year.

We also certify that:

1. the consolidated financial statements:

a) have been prepared in accordance with the International Accounting Standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, as well as with the implementation regulations set out in art. 9 of Lgs. D. no. 38/2005.

b) correspond to the figures reported in the accounting records;

c) they are suitable for providing a true picture of the financial and economic position of the issuing company and of the consolidated companies;

2. the directors' report includes a reliable analysis of the business trend and operating result as well as of the situation of issuing company and of the consolidated companies, together with a description of the main risks and uncertainties they incur.

Monza, March 27, 2009

The Managing directors
(Aldo Fumagalli Romario)
(Marco Annoni)

The Manager in charge of drawing up
the corporate accounting documents
(Marco Filippi)

Report of the independent auditors Sol Group | 2008

BDO SALA SCELSI FARINA
Società di Revisione per Azioni
Via Andrea Appiani 12 20121 Milano

Report of the auditors in accordance with article 156 of legislative decree n. 58 of 24 February 1998

(This report has been translated from the original Italian text which was issued in accordance with the Italian legislation)

To the Shareholders of
SOL S.p.A.

1. We have audited the consolidated financial statements, including the consolidated balance sheet, the consolidated profit and loss, the movements of equity, the cash flow statements and the related explanatory notes, of SOL S.p.A. and its subsidiaries ("SOL Group") as at and for the year ended December 31, 2008. These financial statements, prepared in accordance with International Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005, are the responsibility of the Company's Director. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of prior year, which are presented for comparative purposes, reference should be made to our auditors' report issued on April 4, 2008.

3. In our opinion, the consolidated financial statements of SOL S.p.A. as at and for the year ended December 31, 2008 comply with the International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005; therefore they are clearly stated and give a true and fair view of the financial position, the results, the movements of equity and the cash flows of the SOL Group for the year then ended.

4. The Directors of SOL S.p.A. are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the consolidated financial statements, as required by art. 156, paragraph 4-bis, letter d), of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the consolidated financial statements of SOL Group as of December 31, 2008.

Milan, April 14, 2009

BDO Sala Scelsi Farina
Società di Revisione per Azioni

Signed by: Maurizio Vanoli

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Printing
Grafiche Mariano, Mariano Comense

Sol Spa

Via Borgazzi, 27
20052 Monza (MI) Italy
Telephone +39.039.23961
Fax +39.039.2396371