Sol Group Annual Report 2009

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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

Joint General Manager
Andrea Monti

Board of Statutory Auditors

Chairman
Roberto Campidori

Regular Auditors
Alessandro Danovi
Enrico Aliboni

Alternate Auditors
Livia Martinelli
Vincenzo Maria Marzuillo

Auditing Company

BDO S.P.A.
Largo Augusto 8
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]

12.31.09

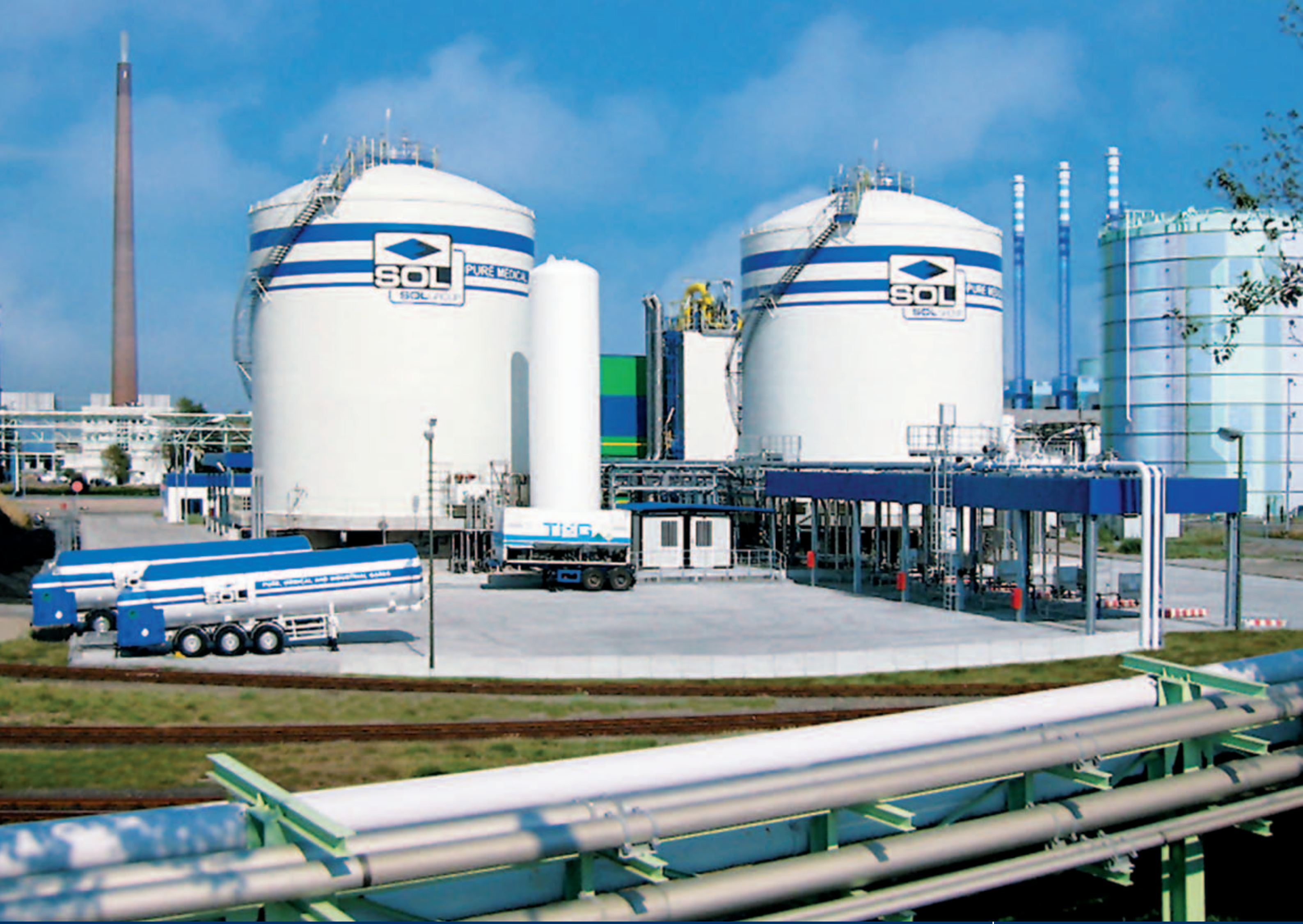
- 100% AIRSOL B.V. – Tilburg (NL)
  - 100% TMG GmbH – Krefeld (D)
  - 100% Vivisol H. GmbH – Vienna (A)
  - 100% Vivisol France Sarl – Vaux le Penil (F)
  - 100% FRANCE OXYGENE Sarl – Avelin (F)
  - 100% Vivisol Deutschland GmbH – Neufahrn bei Freising (D)
    - 100% Bösch GmbH – Gottenheim (D)
  - 100% Vivisol Hellas S.A. – Athens (GR)
  - 98,41% Sol Hellas S.A. – Piraeus (GR)
  - 49% BiotechSol S.r.l. – Monza (I) – 51%
  - 99,92% Vivisol B Sprl – Lessiness (B) – 0,08%
  - 49% Vivisol S.r.l. – Monza (I) – 51%
    - 70% Vivisol Umbria S.r.l. – Perugia (I)
    - 81% Vivisol Napoli S.r.l. – Marcianise (I)
      - 70% Vivisol Silarus S.r.l. – Battipaglia (I)
    - 30% Vivisol Calabria S.r.l. – Vibo Valentia (I)
    - 65% Il Point S.r.l. – Verona (I)

- 96,34% JLV Medical Hispania S.L. – Madrid (E)
- 100% B.T.G. BVBA – Lessines (B)[7]
- 100% SOL France Sas – Cergy Pontoise (F)
- 100% HYDROSOL Sh.p.k. – Tirana (AL)
- 49% BEHRINGER S.r.l – Genoa (I) – 2%
- 10% MEDICAL SYSTEM S.r.l. – Giussago (I) *
- 13,43 IMG d.o.o. – Nova Pazova (SCG)[5] – 11,75% – 42,14%

- 100% C.T.S. S.r.l. – Monza (I)
- 100% N.T.G. B.V. – Tilburg (NL)
- 96,33% TGS A.D. – Skopje (MK)
  - 2,84% SOL SEE d.o.o. – Skopje (MK)[4] – 61,16%
    - 100% SOL-K Sh.p.k. – Pristina (KS)
- 97,60% I.C.O.A. S.r.l. – Vibo Valentia (I)
  - 70% Vivisol Calabria S.r.l. – Vibo Valentia (I)

- 100% Vivisol Nederland B.V. – Oisterwijk (NL)
- 100% SOL T.G. GmbH – Wiener Neustadt (A)
- 100% SOL Bulgaria E.A.D. – Sofia (BG)
- 75,18% T.G.T. A.D. – Trn (BiH)
  - 26,43% TGP A.D. – Petrovo (BiH)
- 60,96% TGP A.D. – Petrovo (BiH)
- 62,79% SOL-INA d.o.o. – Sisak (HR)
  - 98% UTP d.o.o. – Pula (HR)
  - 100% Kisikana d.o.o. – Sisak (HR)
- 92,67% Energetika Z.J.d.o.o. – Jesenice (SLO)[3]
  - 45,15% SPG - SOL Plin Gorenjska d.o.o. – Jesenice (SLO)[2]
- 49,45 SPG - SOL Plin Gorenjska d.o.o. – Jesenice (SLO)[2]
  - 35,89% T.P.J. d.o.o. – Jesenice (SLO)
- 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]
- 60% HydroEnergy Sh.p.k. – Tirana (AL)
- 100% G.T.E. S.L. – Barcellona (E)*
- 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 | 2009

Foreword

This yearly Financial Report as at 31 December 2009 is drawn up pursuant to Article 154 ter of Italian Legislative Decree 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 19 July 2002, as well as with the implementation regulations set out in Article 9 of Italian Legislative Decree no. 38/2005.

General context

The SOL S.p.A. Group is engaged in production, applied research and distribution activities pertaining to industrial, pure and medicinal gases, in door-to-door medical care, as well as in the sector for related medical equipment in Italy, presently active in eight other Western European countries and in nine Central-Eastern European countries. The products and services of companies belonging to the Group are used in the chemical, electronics, iron and steel, engineering and foodstuff industries, as well as in sectors such as environmental protection, research and health.

The year 2009 was characterised by an economic scenario of global recession that came to a head during the first half-year. The third and fourth quarter were characterised by weak recovery signs that, however, do not allow to assume a quick return of the economic production system to pre-crisis levels. It will take probably some years to return to the 2007/2008 production levels, especially in Western Europe.

During 2009, a reduction in industrial production, 10 % in the United States and 15 % in the Euro Area, was followed by an increase in unemployment that reached 9.2 % and 9.4 %, respectively. Compared to 2008, GDP declined by 2.5 % in the United States and by 4 % in the euro-zone.

Only in China and India, economy continued to grow during 2009, even if at a lower pace than those reported over the last few years.

The recessionary economic situation kept inflation very low and caused a considerable reduction in interest rates, even if the banking system, in addition to reducing lending, increased considerably the spreads applied to loan rates, since the chance of risk increased.

In Italy, the economic situation remained at around the Euro zone level, mainly reporting similar negative figures of industrial production, unemployment and change in GDP.

A slight economic upturn occurred in the last part of 2009 should become consolidated over the next years. However, the size of the recovery seems moderate in Western Countries and must also face up to difficult situations related both to public accounts, not much secure, and to overproduction capacity.

The 2010 economic trend forecasts a growth of GDP by 2.5 % in the United States and by 1 % in the Euro zone, whereas China and India will continue to grow at the pace of the last few years, or only slightly lower.

However, the growth of Western countries is subject to many risks, related to the price trend of commodities and of exchange rates, as well as to monetary and tax policies of different governments.

For what concerns the technical gas sector, in 2009 a decrease in production greater than 15 % compared to 2008 was reported.

The outlet sectors that disclosed a very strong decline were the steel, metallurgical, mechanical and

chemical sectors. Vice versa, medical gases reported an upward trend; the demand of the foodstuff, environmental and petrochemical sectors resisted.
The home-care sector continued to grow as in recent years, even if in Italy it was lower than in the other European countries; this growth was accompanied by a considerable pressure due to the generalised reduction in the selling price of the offered services.
Prospects for 2010 show a moderate growth of the volumes of industrial gases, even if the levels are still distant from those reached before the crisis. A further growth is expected for medical gases and home-care business in 2010, even if at lower levels when compared with 2009.

Summary Results

Within the afore-mentioned context, we believe that the results achieved by the SOL Group during 2009 were very positive.
Net sales generated by the SOL Group during 2009 reported a slight growth and amounted to Euro 462.6 million (+ 0.6 % when compared with 2008).
The gross operating margin was Euro 109.7 million, equating to 23.7 % of sales, 10.3 up when compared with 2008 (Euro 99.4 million, or 21.6 % of sales).
The operating result came to Euro 49.9 million, equating to 10.8 % of sales, down by 3.2 % compared with the figure for 2008 (Euro 51.5 million, or 17.2 % of sales) that, however, had benefited from non-recurring income totalling Euro 6.9 million.
The net profit amounted to Euro 25.1 million (Euro 34.8 million at the end of 2008), down by 27.9 %.
The net profit of 2008 had benefited from the aforesaid non-recurring income of Euro 6.9 million as well as by the one-time 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 81.7 million (17.7 % of the sales), down by Euro 5.9 million when compared with 2008 (equating to Euro 87.6 million).
Capital expenditure recorded in the financial statements totalled Euro 63.4 million (Euro 74.3 million in 2008).
The average number of staff employed as at 31 December 2009 totalled 1887 (1,778 as at 31 December 2008).
The Group's net financial indebtedness was equal to Euro 138.9 million (Euro 135.8 million as at 31 December 2008).

Operating performance

During 2009, the technical gas sector disclosed a drop in sales when compared with the previous year (-5.5 %, for a turnover equating to Euro 296.3 million), with volumes on the decrease with regard to the sales to some economic sectors and on the increase towards other sectors.
In particular, within the very serious world recession, sales to the most traditional consumers of technical gases, such as the iron, engineering, chemical and electronics industry decreased. Vice ver-

sa, sales to customers of sectors less regulated by economic cycles, such as foodstuff, environment and health showed a positive or a less negative trend.

The home-care business once again reported considerable growth, both in Italy and in foreign countries (+ 13.9 % for a turnover equating to € 182.5 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 recovery in margins attributable to the decrease in operating costs and to the improvement of the efficiency, made possible by the investments liquidated over the last few years within the internationalisation project that is allowing the Sol group to develop its activities abroad.

Trade receivables reported an increase due to the very difficult economic situation that lead nearly all the operators to increase the average collection time.

The payment time in Italy and in Greece by the public health sector is still very long.

The Group's net indebtedness increased only by Euro 2.1 million, essentially as a result of the increase in working capital.

The debt/equity ratios remain very sound; debt/equity ratio 0.422 and cash flow cover 1.27.

During 2009, technical gas reserves remained within the safety levels prescribed while some sites reduced their work due to the recessionary economic trend.

The SOL Group's work force increased during 2009 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 2009 with a listed price of Euro 2.790 and closed as at 30 December 2009 at Euro 3.790.

During the year, the stock achieved a maximum listed price of Euro 4.720, while the minimum came to Euro 2.660.

Quality, Safety, Health and Environment

Also during 2009, quality, safety, health and environmental themes were monitored and followed by the Integrated Management System, long since adopted by the SOL Group, and 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 2009, 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.

During 2009, the commitments regarding quality, safety and the environment were consolidated. the Management System was adjusted to the principles of the safety Consolidation Act (and in particular to the amendments introduced in 2009 by the Italian Legislative Decree 106/09) and to the organisational, management and auditing model in accordance with Italian Legislative Decree No. 231/2001, and moreover, a multi-annual plan was approved for the OHSAS 18001 certification of all the activities and of all the Units of SOL S.p.A.
The sites with Quality System certification confirmed 29 units including Italy and foreign countries within the technical gas activities, since the Production Unit of Pola (HR) was added.
The certification procedure of the Environmental management system of the Unit of Cremona was completed, in accordance with the ISO 14001 Standard.
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 the third party certification obtained in previous years, the extension of the ISO 900l certification was obtained for the Vivisol Calabria and Vivisol Silarusall Units, and the ISO 13485 certification was obtained for Vivisol Deutschland. Moreover, the ISO 14001 certification for the head Office was confirmed.
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 2009, systematic monitoring of the indirect environmental impacts that 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 stable. 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 (CO2) into the environment. By applying the Life Cycle Assessment principle, the final figure for 2009 saw a reduced environmental impact of CO2 equivalent to 12,290 t.
Finally, with actuals as at 31 December 2009, the first "Health, Safety, Security and Environment Report" of the SOL S.p.A. Parent Company was prepared. This report describes the activities undertaken and the results obtained in the protection of the environment, safety, security and health.

SOL Group investments

During the year under review, investments in the technical gas sector amounted to Euro 40.5 million, with Euro 23.5 million of this being invested by the SOL S.p.A. Parent Company and Euro 22.9 million being invested in the home care sector. These investments are broken down below:

- In Germany, the SOL SPA Deutschland Branch finished and started during the third quarter of 2009 the new plant for the liquefaction of oxygen and nitrogen located in Frankfurt am Main.
- In France, the SOL SPA France Branch finished the enlargement works of the offices for the headquarters of the company of the SOL France Sas Group.
- In Croatia, the Kisikana d.o.o. company carried out the enhancement and modernisation works of the storage and supply sector of oxygen in the gas pipeline to a local steelworks.
- The compressed gas cylindering plant was enhanced with a new production line in Holland at the factory of Tilburg of the NTG B.V. company.
- New production lines of medical gases and precision mixtures were activated In Italy at the Pure Gas Factory of Monza.
- The program for the modernisation, enhancement and automation of the secondary plants in Italy continued. These activities concerned the units of Pisa, Vibo Valentia and Sesto S. Giovanni in particular.
- Moreover, several interventions of modernisation and enhancement of primary production plants were carried out in Italy, including the completion of the supply system of liquid nitrate of the production plant of nitrogen protoxide of Marcianise (CE).
- Some 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 to support the growth of the SOL Group achieved in all business sectors and geographical areas.

During 2009, the SOL Group continued with the process for the expansion and rationalisation of its activities in Italy and abroad.

In Bosnia, through the TGT A.D. subsidiary, another 26.43 % of the TGP A.D. company was acquired, raising the shareholding to 80.83 %.

In the first half of May 2009, Bösch FI-Sauerstoff GmbH was acquired in Germany, a company working in the home care sector in the region of Baden-Württemberg, with a turnover of Euro 4.6 million in 2008.

Moreover, 60 % of the Albanian company, Hydroenergy Sh.p.k., working in the energy segment was acquired.

Furthermore, the BiotechSol Srl company, operating in the biotechnology sector, was set up in Italy.

Finally, 93.5 % of JLV Medical Hispania S.L., Spanish company based in Madrid and operating in the home-care sector, was acquired in December.

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.

Shares of the Parent Company held by Group Companies

At 31 December 2009 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 2009 reporting year, no SOL shares were purchased or sold either by the Parent Company itself or by other Group Companies.

Intragroup transactions and transactions with related parties

For what concerns transactions carried out with related parties, including intragroup 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 28 July 2006, are shown in the notes to the Consolidated Financial Statements as at 31 December 2009.

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 2009, a 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 that already decreased in 2009, would have difficulty in returning to the levels before the crisis.

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. Moreover, 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 in addition to an increase in spreads applied by the banks on future loans.

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 that 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 business 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 that holds them. A number of Group subsidiary companies are located in countries that 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 income statements 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 that 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 gases. 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 are index-linked in such a way as to cover the fluctuation risks shown above.

Interest rate risk

The interest rate risk is handled by the Parent Company by means of the centralisation 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 three 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 31 December 2009 is equal to Euro 35,625 thousand and the negative fair value is equal to Euro 1,369 thousand.

Risks relevant to the personnel

In the different countries in which the Group operates, employees are protected by different laws and/or collective labour contracts that guarantee them the right to be consulted on specific issues - including the downsizing and closing of departments and the reduction of employees - through representations. This could affect the Group's flexibility in redefining strategically its own organisations and activities.

The management of the Group consists of persons of proven expertise and normally having a long experience in the sectors in which the Group operates. The replacement of any person in the management may require a long period of time.

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 Article 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 Article 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 12.31.09
Aldo Fumagalli Romario	SOL S.p.A.	10,000	10,000 **	0	20,000 ***
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 that took place after the end of the 2009 accounting period and foreseeable business developments.

No significant events have taken place after the end of the year.

With reference to 2010, after a very difficult and critical 2009 for the Western economy, we expect a period characterised by a slow upturn of industrial activities, more pronounced abroad than in Italy; in the field of health and in particular in the home-care sector, we also expect an interesting development confirming the trend recorded over the last few years.

The SOL Group will pursue the goal of growth, especially in the foreign markets and in the home care sector, by keeping a severe control on costs.

We expect a slight growth of turnover and profitability for 2010, continuing to invest in plants, commercial equipment, diversification and innovation.

Monza, March 29, 2010

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

Consolidated financial statements Sol Group 2009

Consolidated profit and loss account Sol Group

(in thousands of Euro)	Notes	12.31.2009	%	12.31.2008	%
NET SALES	1	462,621	100.0%	460,043	100.0%
Other revenues and income	2	3,326	0.7%	2,752	0.6%
Internal works and collections	3	13,150	2.8%	9,675	2.1%
REVENUES		479,097	103.6%	472,470	102.7%
Purchase of materials		130,114	28.1%	137,794	30.0%
Services rendered		139,985	30.3%	142,036	30.9%
Change in inventories		(1,282)	-0.3%	(2,283)	-0.5%
Other costs		15,841	3.4%	15,328	3.3%
TOTAL COSTS	4	284,658	61.5%	292,875	63.7%
ADDED VALUE		194,439	42.0%	179,595	39.0%
Payroll and related costs	5	84,786	18.3%	80,156	17.4%
GROSS OPERATING MARGIN		109,653	23.7%	99,439	21.6%
Depreciation/amortisation	6	55,626	12.0%	51,574	11.2%
Other provisions	6	4,162	0.9%	3,250	0.7%
Non-recurring income/expense	6	-		(6,875)	-1.5%
OPERATING RESULT		49,865	10.8%	51,490	11.2%
Financial income		1,318	0.3%	1,267	0.3%
Financial expense		8,081	1.7%	10,019	2.2%
Total financial income / (expense)	7	(6,763)	-1.5%	(8,752)	-1.9%
PROFIT (LOSS) BEFORE INCOME TAXES		43,102	9.3%	42,738	9.3%
Income taxes	8	17,000	3.7%	6,750	1.5%
NET RESULT FROM BUSINESS ACTIVITIES		26,102	5.6%	35,988	7.8%
Net result from intermittent activities		-		-	
(Profit) / Loss pertaining to minority interests		(1,016)	-0.2%	(1,187)	-0.3%
NET PROFIT / (LOSS)		25,086	5.4%	34,801	7.6%
EARNINGS PER SHARE		0,277		0,384	

Consolidated statement of comprehensive income Sol Group

(in thousands of Euro)	12.31.2009	12.31.008
PROFIT/(LOSS) FOR THE YEAR (A)	26,102	35,988
Effective part of profits / (losses) on cash flow hedging instruments	(10)	10
Profits / (losses) deriving from conversion of financial statements of foreign companies	(616)	(32)
Tax effect related to other profits (losses)	3	(3)
TOTAL OTHER PROFITS / (LOSSES) NET OF THE TAX EFFECT (B)	(623)	(25)
OVERALL RESULT FOR THE PERIOD (A+B)	25,479	35,963
Attributable to:		
- shareholders of the parent company	24,425	34,792
- minority interest	1,054	1,171

Consolidated statement of financial position Sol Group

(in thousands of Euro)	Notes	**12.31.2009**	12.31.2008
Tangible fixed assets	**9**	317,965	307,692
Goodwill and consolidation differences	**10**	12,420	6,932
Other intangible fixed assets	**11**	3,557	1,910
Equity investments	**12**	561	519
Other financial assets	**13**	1,561	1,192
Prepaid taxes	**14**	3,111	2,853
NON-CURRENT ASSETS		**339,175**	**321,098**
Non-current assets held for sale		**-**	**-**
Inventories	**15**	28,539	26,735
Trade receivables	**16**	200,696	192,001
Other current assets	**17**	12,063	17,949
Current financial assets	**18**	240	522
Prepayments and accrued income	**19**	1,492	1,387
Cash and cash at bank	**20**	41,984	33,256
CURRENT ASSETS		**285,014**	**271,850**
TOTAL ASSETS		**624,189**	**592,948**
Share Capital		47,164	47,164
Share premium reserve		63,335	63,335
Legal reserve		6,486	5,695
Other reserves		177,422	151,869
Net Profit		25,086	34,801
Shareholders' equity-Group		**319,493**	**302,864**
Shareholders' equity - Minority interests		9,119	8,488
Profit pertaining to minority interests		1,016	1,187
Shareholders' equity - Minority interests		**10,135**	**9,675**
SHAREHOLDERS' EQUITY	**21**	**329,628**	**312,539**
Employee severance indemnities and other benefits	**22**	9,265	9,677
Deferred taxation	**23**	3,472	3,740
Provision for risks and charges	**24**	5,153	698
Payables and other liabilities	**25**	145,684	138,114
NON-CURRENT LIABILITIES		**163,574**	**152,229**
Non-current liabilities held for sale		**-**	**-**
Payables to banks		4,516	6,399
Trade accounts payable		64,281	69,846
Other financial liabilities		30,976	26,668
Current tax liabilities		12,046	11,880
Accrued expenses and deferred income		7,170	3,798
Other current liabilities		11,998	9,589
CURRENT LIABILITIES	**26**	**130,987**	**128,180**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**624,189**	**592,948**

Consolidated cash flow statement Sol Group

(in thousands of Euro)	**12.31.2009**	12.31.2008
CASH FLOWS GENERATED BY OPERATING ACTIVITIES		
Profit for the year	25,086	34,801
Minority interests in profit/loss	1,016	1,187
Adjustments not affecting liquidity		
Depreciation/amortisation	55,626	51,574
Financial expense	7,655	6,747
Accrued employee severance indemnities and other benefits	547	760
Provisions (use) of provisions for risks and charges	4,111	(15,314)
Total	**94,041**	79,755
Changes in current assets and liabilities		
Inventories	(1,272)	(2,280)
Debtors	(84)	(15,124)
Prepayments and accrued income	(93)	(316)
Suppliers	(5,780)	2,634
Other payables	502	2,467
Interests paid	(7,114)	(6,044)
Accrued expenses and deferred income	47	(272)
Current tax liabilities	167	4,667
Total	**(13,627)**	(14,268)
Cash flow generated by operating activities	80,414	65,487
CASH FLOWS GENERATED BY INVESTMENT ACTIVITIES		
Acquisitions, revaluations and other changes in tangible fixed assets	(63,006)	(73,871)
Net book value of assets sold	625	549
Increases in intangible assets	(4,190)	(1,385)
(Increase) decrease in long-term investments	470	(37)
(Increase) decrease of shareholdings and business units	(6,208)	(3,051)
(Increase) decrease in current financial assets	281	26
Total	**(72,028)**	(77,769)
CASH FLOWS GENERATED BY FINANCING ACTIVITIES		
Repayment of loans	(25,543)	(21,217)
Raising of new loans	38,000	58,000
Raising (repayment) of shareholders' loans	(44)	-
Dividends paid	(7,347)	(7,347)
Employee severance indemnities and benefits paid	(1,176)	(1,119)
Other changes in shareholders' equity		
- translation differences and other movements	(1,108)	(237)
- changes in shareholders' equity – minority interests	(557)	(603)
Total	**2,225**	27,477
INCREASE (DECREASE) IN CASH IN HAND AND AT BANK	**10,611**	15,195
CASH IN HAND AND AT BANK AT BEGINNING OF YEAR	**26,857**	11,662
CASH IN HAND AND AT BANK AT END OF YEAR	**37,468**	26,857

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 group shareholders' equity	Total minority interests	Total shareholders' equity
Balance as at 12.31.2007	**47,164**	**63,335**	**5,285**	**133,129**	**26,732**	**275,645**	**9,092**	**284,737**
Allocation of 2007 profit	-	-	410	18,975	(19,385)	-	-	-
Dividend distribution	-	-	-	-	(7,347)	(7,347)	-	(7,347)
Other consolidation changes	-	-	-	(226)	-	(226)	(588)	(814)
Profit (loss) for the year	-	-	-	(9)	34,801	34,792	1,171	35,963
Balance as at 12.31.2008	**47,164**	**63,335**	**5,695**	**151,869**	**34,801**	**302,864**	**9,675**	**312,539**
Allocation of 2008 profit	-	-	791	26,663	(27,454)	-	-	-
Dividend distribution	-	-	-	-	(7,347)	(7,347)	-	(7,347)
Other consolidation changes	-	-	-	(449)	-	(449)	(594)	(1,043)
Profit (loss) for the year	-	-	-	(661)	25,086	24,425	1,054	25,479
Balance as at 12.31.2009	**47,164**	**63,335**	**6,486**	**177,422**	**25,086**	**319,493**	**10,135**	**329,628**

Notes to the consolidated financial statements

The 2009 consolidated financial statements have been drawn up in accordance with the International Accounting Principles (IFRS) established by the International Accounting Standard 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 income statement has been drawn up with the allocation of the costs by nature; the balance sheet has been prepared in accordance with the format that 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 income statement, income and costs deriving from non-recurring operations have been separately shown.

The analysis of the income statement and the consolidated statement of financial position 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 December 2009 of the Parent Company SOL SpA 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%
BIOTECHSOL Srl - Monza		Euro	30,000	51%	49%	100%
BÖSCH GmbH - Gottenheim		Euro	25,564.59		100%	100%
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%
HYDROENERGY Sh.p.k. - Tirana		LEK	1,350,000	60%		60%
HYDROSOL Sh.p.k. - Tirana		LEK	125,000		100%	100%
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%
JLV MEDICAL HISPANIA SL - Madrid		Euro	2,516,800		96.34%	96.34%
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 Hellas S.A. - Piraeus		Euro	1,710,921.26		98.41%	98.41%
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%	19.87%	80.83%
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						
Neufahm bei Freising		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%

1) The Group's share as at 31 December 2009 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 June 2011.

2) The Group's share as at 31 December 2009 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 July 2007, SOL SpA is under obligation to repurchase the entire Simest share by 30 June 2015.

3) The Group's share as at 31 December 2009 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 December 2004, SOL SpA is under obligation to repurchase the entire Simest share by 30 June 2012.

4) The Group's share as at 31 December 2009 includes a 36% equity investment of Simest S.p.A.; under an agreement entered into between SOL S.p.A. and Simest on 21 July 2004, SOL SpA is under obligation to repurchase the entire Simest share by 30 June 2012.

5) The Group's share as at 31 December 2009 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 December 2002, SOL SpA is under obligation to repurchase the entire Simest share by 30 June 2010.

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 December 2009 and 31 December 2008 underwent the following changes:

- increase in the shareholding in HYDROSOL Sh.p.k. (from 70% to 100%),
- increase in the shareholding in TGP A.D. (from 60.96% to 80.83%),
- by means of the inclusion of the HYDROENERGY Sh.p.k. company acquired on 8 April 2009.
- by means of the inclusion of the Bösch GmbH company acquired on 12 May 2009.
- by means of the inclusion of the BiotechSol Srl company set up on 27 July 2009.
- by means of the inclusion of the JLV Medical Hispania S.L. company acquired on 10 December 2009.

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 income statement, 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 unrealised gains and losses on intragroup transactions, are eliminated during the preparation of the consolidated financial statements. Any unrealised 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 income statement.

Consolidation of foreign companies

All the assets and liabilities of foreign companies denominated in currency other than the Euro that 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 **12.31.2009**	Average rate of exchange for 2009	Rate of exchange on 12.31.2008	Average rate of exchange for 2008
Albanian Lek	Euro 0.00724	Euro 0.00757	Euro 0.00812	Euro 0.00815
Macedonian Dinar	Euro 0.01628	Euro 0.01628	Euro 0.01648	Euro 0.01629
Bulgarian Lev	Euro 0.51130	Euro 0.51130	Euro 0.51130	Euro 0.51130
Croatian Kuna	Euro 0.13699	Euro 0.13624	Euro 0.13595	Euro 0.13843
Serbian Dinar	Euro 0.01039	Euro 0.01064	Euro 0.01119	Euro 0.01228
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 that justify capitalisation, the cost also includes the financial expenses that are directly attributable to the acquisition, construction or production of said assets.
The costs incurred subsequent to purchase are capitalised only if they increase the future economic benefits inherent to the assets to which they refer.
All the other costs are recorded in the income statement 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 capitalised 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 that 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 income statement 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 income statement at the time of acquisition.
Goodwill is not amortised, 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 ma-

nagement 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 write-downs 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 that 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 amortised 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 amortised, 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 write-downs . 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: recognition and measurement.

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 measured at acquisition cost, including any costs related to the transaction.

Subsequent to initial recognition, 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 measurement 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 income statement 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 measured at purchase cost.

Measurements 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 income statement for the period.

The financial liabilities hedged by derivative instruments are measured 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 measurements at fair value are pointed out in the income statement.

Inventories

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

Contract work in progress is measured 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 income statement in full at the time they become known.

Trade receivables

Receivables are stated at their fair value that corresponds with their estimated realisable 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 measured 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 that are readily convertible into cash involving a risk of changes in value that is not significant.

Employee benefits

Post employment benefits are defined on the basis of plans, even though not yet formalised, which 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 recognised 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 that each employee has already accrued against their employment services.

By means of the actuarial measurement, the current service cost that defines the sum total of the

rights accrued during the year by the employees is charged to the income statement item "payroll and related costs" and the interest cost that represents the figurative liability that 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 recognised pro-quota in the income statement over the remaining average working life of the employees up to the extent that their value not recognised at the end of the previous year exceeds 10 % of the liability (so-called Corridor method).

Provisions for risks and charges

The Group records 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 income statement 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.

Treasury 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 accordance with the life of the loan to which they refer, with the exception of financial expenses capitalised as part of an asset that justifies capitalisation (see the note: Real estate property, plant and machinery).

Taxation

Income taxes include all the taxation calculated on the Group's taxable income. The income taxes are recorded in the income statement, 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 that might be generated by the transfer of the non-distributable profit of 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 that 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 that 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 realised 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 that 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 that will make up the final balances may differ from said estimates. The estimates are used to obtain provisions for risks and charges, asset write-downs, 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 income statement. All the amounts represented in the diagrams and tables are expressed in thousands of Euros.

Accounting principles, amendments and interpretations applied in 2009

IAS 1 Revised - Presentation of financial statements

The revised version of IAS 1 - Presentation of financial statements does no longer allow the presentation of the income components such as income and expenses (defined "changes resulting from transactions with non-owners") in the statement of changes in equity, requiring instead a separate indication as to changes resulting from transactions with owners.
According to the new version, all changes resulting from transactions with non-owners must be indicated in a single separate statement showing the trend of the period (statement of comprehensive income) or in a two-statement approach (income statement and statement of comprehensive income). These changes must also be shown separately in the Statement of Changes in Equity.
The SOL Group applied the revised version retrospectively as from 1 January 2009, choosing to show all changes resulting from transactions with non-owners in two statements measuring the trend of the period, called "Consolidated Income Statement" and "Consolidated statement of comprehensive income". As a result, the Group changed the presentation of the Statement of Changes in Equity.
Moreover, within the 2008 yearly Improvement process carried out by IASB, an amendment to IAS 1 Revised was published establishing that assets and liabilities deriving from derivative financial instruments designated as hedging instruments must be classified, in the statement of financial position, separating current and non-current assets and liabilities.
This implied the splitting of the existing derivatives in short and long term.

Improvement to IAS 38 - Intangible assets

Improvement to IAS 38 – Intangible assets establishes the recognition in the income statement of advertising and promotional cost; in particular, if the company bears expenses having future economic benefits without the entry of intangible assets, these must be entered in the income statement when the company has the right to access the assets, in case of purchased goods, or when the service is rendered, in case of purchased services. The principle was also modified to allow the companies adopt the method of units produced in order to determine the amortisation of intangible assets with defined useful life.
This amendment was applied retrospectively by the SOL Group as from 1 January 2009, its adoption did not imply significant accounting data in these financial statements because already before

applying the amendment these kinds of expenses were recognised in the income statement as provided by such amendment. Moreover, for what concerns the possibility of adopting the method of the units produced as amortisation principle of the intangible assets with a finite useful life, Sol Group applies the amortisation based on the straight-line method.

Amendment to IFRS 7 – Financial instruments: additional information

The amendment that must be applied as from 1 January 2009 was issued in order to increase the level of disclosure required in case of measurement at fair value and to strengthen the standards existing on disclosure on liquidity risks of financial instruments. In particular, the amendment requires to give disclosure on the fair value measurement of financial instruments by hierarchical measurement levels. The adoption of the standard did not imply any effect from the point of view of measurement and recognition of the balance-sheet items, but only on the type of disclosure presented in the notes.

Notes

Income statement

1. Net sales

Balance as at 12.31.09	462,621
Balance as at 12.31.08	460,043
Change	**2,578**

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

Description	12.31.2009	12.31.2008	Change
Technical gases	280,584	300,213	(19,629)
Home-care	182,037	159,830	22,207
Total	**462,621**	460,043	2,578

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.

The change in the scope of consolidation generated a net increase in sales totalling Euro 3,444.

2. Other revenues and income

Balance as at 12.31.09	3,326
Balance as at 12.31.08	2,752
Change	**574**

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

Description	12.31.2009	12.31.2008	Change
Capital gains on disposal of fixed assets	421	326	95
Insurance compensation	195	191	4
Grants received	123	331	(208)
Real estate rentals	18	336	(318)
Write-ups of long-term financial assets that are not equity investments	-	4	(4)
Others	2,569	1,564	1,005
Total	**3,326**	2,752	574

3. Internal works and collections

Balance as at 12.31.09	13,150
Balance as at 12.31.08	9,675
Change	**3,475**

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

Description	12.31.2009	12.31.2008	Change
Time work	1,821	1,787	34
Transfers to assets	11,329	7,888	3,441
Total	**13,150**	9,675	3,475

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 12.31.09	284,658
Balance as at 12.31.08	292,875
Change	**(8,217)**

The breakdown of the above item is as follows:

Description	12.31.2009	12.31.2008	Change
Purchase of materials	130,114	137,794	(7,680)
Services rendered	139,985	142,036	(2,051)
Change in inventories	(1,282)	(2,283)	1,001
Other costs	15,841	15,328	513
Total	**284,658**	292,875	(8,217)

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 12.31.09	84,786
Balance as at 12.31.08	80,156
Change	**4,630**

The breakdown of the above item is as follows:

Description	12.31.2009	12.31.2008	Change
Wages and salaries	63,810	60,297	3,513
Social-security contributions	20,213	19,099	1,114
Employee severance indemnities	763	760	3
Total	**84,786**	80,156	4,630

The composition of the workforce is analysed below by category:

Description	12.31.2009	12.31.2008	Change
Managers	40	41	(1)
Office workers	1,214	1,118	96
Factory workers	690	656	34
Total	**1,944**	1,815	129

6. Depreciations, provisions and non recurring expenses

Balance as at 12.31.09	59,788
Balance as at 12.31.08	47,949
Change	**11,839**

The breakdown of the above item is as follows:

Description	12.31.2009	12.31.2008	Change
Depreciation/amortisation	55,626	51,574	4,052
Provisions	4,162	3,250	912
Non-recurring income/expense	-	(6,875)	6,875
Total	**59,788**	47,949	11,839

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

Description	12.31.2009	12.31.2008	Change
Land	-	-	-
Buildings	3,151	2,976	175
Plants and machinery	14,915	15,231	(316)
Industrial and commercial equipment	33,022	29,470	3,552
Other Assets	3,030	2,766	264
Assets under construction and advances	-	-	-
Total	**54,118**	50,443	3,675

The increase in depreciation is linked to investments made during the period, amounting to Euro 63.4 million.

Amortisation of intangible fixed assets

Description	12.31.2009	12.31.2008	Change
Industrial patents and intellectual property rights	952	660	292
Concessions, licenses, trade marks and similar rights	456	350	106
Other	100	121	(21)
Total	**1,508**	1,131	377

The breakdown for the item "Provisions" is as follows:

Description	12.31.2009	12.31.2008	Change
Risks on receivables	3,684	3,229	455
Amounts provided for risk provisions	477	21	456
Other provisions	1	-	1
Total	**4,162**	3,250	912

7. Financial income / (expenses)

Balance as at 12.31.09	(6,763)
Balance as at 12.31.08	(8,752)
Change	**1,989**

The breakdown of the above item is as follows:

Description	12.31.2009	12.31.2008	Change
Financial income	1,318	1,267	51
Financial expense	(8,081)	(10,019)	1,938
Total	**(6,763)**	(8,752)	1,989

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

Description	**12.31.2009**	12.31.2008	Change
Income from equity investments in associated companies	1	-	1
Income from long-term receivables	31	33	(2)
Interest on banks and post offices deposits	212	397	(185)
Interest receivable from trade	425	364	61
Exchange rate gains	557	414	143
Other financial income	92	59	33
Total	**1,318**	1,267	51

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

Description	**12.31.2009**	12.31.2008	Change
Interest payable to banks	(205)	(604)	399
Interest payable to suppliers	(47)	(42)	(5)
Interest payable on loans	(6,111)	(6,747)	636
Total financial expense	(1,293)	(2,042)	749
Exchange losses	(425)	(584)	159
Total	**(8,081)**	(10,019)	1,938

8. Income taxes

Balance as at 12.31.09	17,000
Balance as at 12.31.08	6,750
Change	**10,250**

The breakdown of the above item is as follows:

Description	**12.31.2009**	12.31.2008	Change
Current income taxes	17,490	21,673	(4,183)
Deferred taxes	(264)	(15,295)	15,031
Prepaid taxes	(226)	372	(598)
Total	**17,000**	6,750	10,250

In the second quarter of 2008 SOL S.p.A. and other Italian companies made use of the right provided for in 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, as at 30 June 2008, current income taxes (as substitute tax) of Euro 6,940 thousand were set up against an issue of deferred tax liabilities of Euro 15,009 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	12.31.2009	12.31.2008
Theoretical taxation	**11,853**	11,753
Tax effect permanent differences	(1,848)	(4,411)
Tax effect deriving from foreign tax rates different to Italian theoretical tax rates	(419)	(1,102)
Other differences	4,289	
Income taxes recorded in the financial statements, excluding IRAP (current and deferred)	**13,875**	6,240
Regional Production Tax (IRAP)	**3,125**	510
Income taxes recorded in the financial statements (current and deferred)	**17,000**	6,750

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, the theoretical taxes have been calculated by applying just the IRES (company earnings' tax) tax rate.

The "Other differences" item shows the taxes that the SOL SpA Parent Company shall have to pay following to an assessment related to the 2004 – 2006 period.

Statement of financial position

9. Tangible fixed assets

Balance as at 12.31.09	317,965
Balance as at 12.31.08	307,692
Change	**10,273**

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	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2008	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 changes	-	-	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**
Increases	638	5,457	23,106	38,385	4,068	15,106	86,760
Revaluations	-	-	-	-	-	-	-
Other changes	-	87	51	2,276	341	(23,329)	(20,573)
Exchange differences	(6)	(161)	(320)	(136)	(67)	-	(691)
(Disposals)	(40)	(418)	(255)	(6,600)	(672)	-	(7,985)
Balance as at 12.31.09	9,401	86,229	286,841	436,246	36,123	14,606	**869,446**

Changes in tangible fixed assets - acc. depreciation	Land	Buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2008	-	37,409	170,200	229,692	21,382	-	458,683
Depreciation	-	2,976	15,231	29,470	2,766	-	50,443
(Write-downs)	-	-	-	-	-	-	-
Other changes	-	(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**
Depreciation	-	3,151	14,915	33,022	3,030	-	54,118
(Write-downs)	-	-	-	-	-	-	-
Other changes	-	-	10	655	57	-	723
Exchange differences	-	(23)	(125)	(59)	(35)	-	(243)
(Disposals)	-	(302)	(234)	(6,236)	(588)	-	(7,360)
Balance as at 12.31.09	-	42,788	199,694	282,825	26,174	-	**551,481**

Changes in tangible fixed assets - net value	Land	Buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2008	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 write-downs)	-	(2,976)	(15,231)	(29,470)	(2,766)	-	(50,443)
Other changes	-	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**
Increases	638	5,457	23,106	38,385	4,068	15,106	86,760
(Depreciation and write-downs)	-	(3,151)	(14,915)	(33,022)	(3,030)	-	(54,118)
Other changes	-	87	41	1,621	284	(23,329)	(21,296)
Exchange differences	(6)	(138)	(196)	(77)	(32)	-	(448)
(Disposals)	(40)	(116)	(21)	(364)	(84)	-	(625)
Balance as at 12.31.09	9,401	43,441	87,147	153,421	9,949	14,606	**317,965**

- Investments made during the financial year in respect of the item "Lands" are mainly investments made by the Parent Company (Euro 526 thousand) and the UTP Doo (Euro 81 thousand) and TGP AD (Euro 31 thousand) subsidiary companies.
- Investments made during the financial year in the "Land and buildings" item refer mainly to investments of the Parent Company (Euro 4,619 thousand) and of the SOL France Sas (Euro 311 thousand), VIVISOL Deutschland GmbH (Euro 89 thousand), UTP Doo (Euro 81 thousand) and NTG BV (Euro 83 thousand) subsidiary companies.
- 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 21,830 thousand) and of the TGS A.D. (Euro 249), KISIKANA Doo (Euro 305 thousand), GTS ShPK doo (Euro 123 thousand), SPG-SOL doo (Euro 123 thousand) and SOL Welding Srl (Euro 185 thousand) subsidiaries 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 17,082 thousand (including Euro 5,430 by the Parent Company) and to investments made by companies operating in the home-care sector for Euro 21,303 thousand (including Euro 7,731 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 1,649 thousand of the total reported pertaining to the Parent Company and the CTS Srl (Euro 535 thousand), VIVISOL Srl (Euro 356 thousand), TGS A.D. (Euro 443 thousand), SOL France Sas (Euro

148 thousand), KISIKANA doo (Euro 181 thousand), VIVISOL Heimbehandlungsgerate GmbH (Euro 177 thousand), VIVISOL Nederland BV (Euro 133 thousand) and France Oxygene Sarl (Euro 144 thousand) subsidiary companies 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 9,518 thousand) and by the SOL-K Shpk (Euro 2,369 thousand), KISIKANA doo (Euro 1,209 thousand), VIVISOL Srl (Euro 378 thousand), SOL France Sas (Euro 246 thousand), HYDROENERGY Shpk (Euro 149 thousand), SOL T.G. GmbH (Euro 150 thousand) and C.T.S. Srl (Euro 98 thousand) subsidiaries.

Please note that the sites located in Monza, Padua, 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 December 2009, mortgages amounted to Euro 119,420 thousand.
As at 31 December 2009, liens amounted to Euro 106,678 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	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2008	-	1,945	10,087	17,412	146	-	29,590
Increases	-	-	55	-	-	-	55
Revaluations	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.08	-	1,945	10,142	17,412	146	-	**29,645**
Increases	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.09	-	1,945	10,142	17,412	146	-	**29,645**

Changes in tangible fixed assets - acc. depreciation	Land	Buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2008	-	1,529	5,778	15,736	145	-	23,188
Depreciation	-	73	832	409	1	-	1,315
(Write-downs)	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.08	-	1,602	6,610	16,145	146	-	**24,503**
Depreciation	-	32	595	318	-	-	945
(Write-downs)	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.09	-	1,634	7,205	16,463	146	-	**25,448**

Changes in tangible fixed assets - net value	Land	Buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2008	-	416	4,309	1,676	1	-	6,402
Increases	-	-	55	-	-	-	55
(Depreciation and write-downs)	-	(73)	(832)	(409)	(1)	-	(1,315)
Other changes	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.08	-	343	3,532	1,267	-	-	**5,142**
Increases	-	-	-	-	-	-	-
(Depreciation and write-downs)	-	(32)	(595)	(318)	-	-	(945)
Other changes	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.09	-	311	2,937	949	-	-	**4,197**

10. Goodwill and consolidation differences

Balance as at 12.31.09	12,420
Balance as at 12.31.08	6,932
Change	**5,488**

The breakdown of the above item is as follows:

Changes in intangible assets	Goodwill	Consolidation differences	Total
Balance as at 01.01.2008	1,466	3,700	5,166
Increases	1,650	116	1,766
Revaluations (Write-downs)	-	-	-
Other changes	-	-	-
Exchange differences	-	-	-
(Amortisation)	-	-	-
Balance as at 12.31.08	**3,116**	**3,816**	**6,932**
Increases	1,043	4,445	5,488
Revaluations (Write-downs)	-	-	-
Other changes	-	-	-
Exchange differences	-	-	-
(Amortisation)	-	-	-
Balance as at 12.31.09	**4,159**	**8,261**	**12,420**

The increase during the year in the “Goodwill” item concerns:

- the acquisition of the business unit of the Resmed Austria GmbH company (Euro 250 thousand)
- the acquisition of a business unit of Bösch Feinmechanik GmbH (Euro 793 thousand) by the Bösch Fl-Sauerstoff GmbH subsidiary.

The increase during the year in the “Consolidation differences” item concerns:

- the acquisition of the Hydroenergy ShPK company (Euro 104 thousand) by the Parent Company
- the acquisition of the Bösch Fl-Sauerstoff GmbH company (Euro 3,026 thousand) by the VIVISOL Deutschland GmbH subsidiary
- the acquisition of JLV Medical Hispania SL company (Euro 1,315 thousand) by the AIRSOL BV subsidiary.

The result of the acquisitions on the assets and liabilities of the Group is set below:

	Values recorded during acquisition	Adjustments to fair value	Book values before acquisition
Tangible fixed assets	2,011		2,011
Intangible fixed assets	8		8
Financial investments	876		876
Inventories	532		532
Trade and other receivables	2,988		2,988
Prepayments and accrued income	12		12
Cash and cash at bank	1,868		1,868
Suppliers	(214)		(214)
Other payables	(1,376)		(1,376)
Risk provisions	(76)		(76)
Employee Severance Indemnity	(217)		(217)
Accrued expenses and deferred income	(2,781)		(2,781)
Identifiable net assets and liabilities	**3,631**	**0**	**3,631**
Goodwill deriving from acquisition	**4,445**		
Amount paid	**8,076**		
Available funds acquired	**1,868**		
Net outlays of available funds	**6,208**		

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, defined as current value of the expected cash flows.

The discount rates used reflect the current measurements of the cost of money in addition to specific risks in this field; the growth rates consider a prudent development of the sector over a duration of five years.

11. Other intangible fixed assets

Balance as at 12.31.09	3,557
Balance as at 12.31.08	1,910
Change	**1,647**

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 under construction and advances	Other	Total
Balance as at 01.01.2008	443	852	-	477	1,772
Increases	673	292	273	12	1,250
Revaluations (Write-downs)	-	-	-	-	-
Other changes	(2)	(3)	24	-	19
Exchange differences	-	-	-	-	-
(Amortisation)	(660)	(350)	-	(121)	(1,131)
Balance as at 12.31.08	454	791	297	368	**1,910**
Increases	1,236	868	1,327	19	3,450
Revaluations (Write-downs)	-	-	-	-	-
Other changes	-	5	(300)	3	(292)
Exchange differences	-	(3)	-	-	(3)
(Amortisation)	(952)	(456)	-	(100)	(1,508)
Balance as at 12.31.09	738	1,205	1,324	290	**3,557**

12. Equity investments

Balance as at 12.31.09	561
Balance as at 12.31.08	519
Change	**42**

The breakdown of the above item is as follows:

Description	**12.31.2009**	12.31.2008
GTE S.L.	11	11
Non-consolidated subsidiary companies	**11**	11
Consorgas Srl	498	463
Medical System Srl	18	18
Associated companies	**516**	481
Parent companies	**0**	0
Other equity investments	34	27
Other companies	**34**	27
Total	**561**	519

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 20 thousand reported among the other minority equity investments (of which Euro 15 thousand relating to investments in local companies made by the T.G.S. A.D. subsidiary company, Euro 2 thousand made by the TPJ d.o.o. subsidiary company and Euro 3 thousand made by the VIVISOL Deutschland GmbH subsidiary company).

13. Other financial assets

Balance as at 12.31.09	1,561
Balance as at 12.31.08	1,192
Change	**369**

The breakdown of the above item is as follows:

Description	**12.31.2009**	12.31.2008	Change
Amounts receivable from third parties	1,553	1,076	477
Other securities	8	116	(108)
Total	**1,561**	1,192	369

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

Description	**12.31.2009**	12.31.2008	Change
Guarantee deposits	1,387	835	552
Tax credit on Employee Severance Indemnity	34	124	(90)
Others	132	117	15
Total	**1,553**	1,076	477

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

Description	**12.31.2009**	12.31.2008	Change
SOL TG pledged securities	4	4	-
UTP securities	-	4	(4)
Other securities - ICOA S.r.l.	-	103	(103)
TGT securities	4	5	(1)
Total	**8**	116	(108)

14. Amounts receivable for prepaid taxes

Balance as at 12.31.09	3,111
Balance as at 12.31.08	2,853
Change	**258**

The breakdown for the above item is as follows:

	Risks on receivables	Risk provisions	Internal profits	Prior losses	Other minor	Total
Balance as at 01.01.2008	993	136	275	1,889	(58)	3,235
Provisions	(45)	-	3	(408)	78	(372)
Uses	-	-	-	-	-	-
Other changes	-	1	-	-	(11)	(10)
Exchange differences	-	-	-	-	-	-
Balance as at 12.31.08	948	137	278	1,481	9	**2,853**
Provisions	304	-	(24)	(34)	(20)	226
Uses	-	-	-	-	-	-
Other changes	-	-	-	-	32	32
Exchange differences	-	-	-	-	-	-
Balance as at 12.31.09	1,252	137	254	1,447	21	**3,111**

15. Inventories

Balance as at 12.31.09	28,539
Balance as at 12.31.08	26,735
Change	**1,804**

The breakdown of the above item is as follows:

Description	**12.31.2009**	12.31.2008	Change
Raw materials, subsidiary materials and consumables	1,642	1,836	(194)
Work in progress and semi-finished products	1,568	1,041	527
Finished products and goods for resale	25,329	23,858	1,471
Total	**28,539**	26,735	1,804

16. Trade receivables

Balance as at 12.31.09	200,696
Balance as at 12.31.08	192,001
Change	**8,695**

Description	Due within 12 months	Allowance for doubtful accounts	Total **12.31.2009**	Total 12.31.2008
Trade receivables	212,209	(11,513)	200,696	192,001
Total	212,209	(11,513)	**200,696**	192,001

The allowance for doubtful accounts saw the following changes:

	12.31.2008	Provisions	Uses	12.31.2009
Allowance for doubtful accounts	9,693	3,684	(1,864)	11,513

17. Other current assets

Balance as at 12.31.09	12,063
Balance as at 12.31.08	17,949
Change	**(5,886)**

The breakdown of the above item is as follows:

Description	12.31.2009	12.31.2008	Change
Amounts due from employees	580	476	104
Amounts receivable in respect of income tax	1,434	1,149	285
VAT receivables	8,464	8,073	391
Other amounts due from the tax authorities	407	555	(148)
Other receivables	1,178	7,696	(6,518)
Total	**12,063**	17,949	(5,886)

18. Current financial assets

Balance as at 12.31.09	240
Balance as at 12.31.08	522
Change	**(282)**

The breakdown for this item is as follows:

Description	12.31.2009	12.31.2008	Change
Nextra treasury funds	164	164	-
Other fixed-income securities	76	358	(282)
Total other securities	**240**	522	(282)
Total	**240**	522	(282)

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 12.31.09	1,492
Balance as at 12.31.08	1,387
Change	**105**

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

The breakdown for this item is as follows:

Description	12.31.2009	12.31.2008	Change
Accrued income:			
Interest income	1	7	(6)
Other accrued income	137	94	43
Total accrued income	**138**	101	37
Prepayments:			
Insurance premiums	290	322	(32)
Rents	52	28	24
Prepaid expenses	107	73	34
Other prepayments	905	863	42
Total prepayments	**1,354**	1,286	68
Total prepayments and accrued income	**1,492**	1,387	105

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 12.31.09	41,984
Balance as at 12.31.08	33,256
Change	**8,728**

The breakdown for this item is as follows:

Description	12.31.2009	12.31.2008	Change
Bank and post office deposits	41,783	33,058	8,725
Bank cheques	-	2	(2)
Cash and cash equivalents on hand	201	196	5
Total	**41,984**	33,256	8,728

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 12.31.09	329,628
Balance as at 12.31.08	312,539
Change	**17,089**

The share capital of SOL SPA as at 31 December 2009 comprised No. 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	12.31.2008	Transfer of result	Dividends paid	Translation differences	Other changes	Result	**12.31.2009**
Pertaining to the Group:							
Share Capital	47,164	-	-	-	-	-	47,164
Share premium reserve	63,335	-	-	-	-	-	63,335
Legal reserve	5,695	791	-	-	-	-	6,486
Reserve for treasury shares in portfolio	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-
Other reserves	151,869	26,663	-	(654)	(456)	-	177,422
Retained earnings (accumulated loss)	-	7,347	(7,347)	-	-	-	-
Net Profit	34,801	(34,801)	-	-	-	25,086	25,086
Shareholders' equity-Group	302,864	-	(7,347)	(654)	(456)	25,086	**319,493**
Minority interests:							
Shareholders' equity - Minority interests	8,488	1,187	-	-	(556)	-	9,119
Profit pertaining to minority interests	1,187	(1,187)	-	-	-	1,016	1,016
Shareholders' equity-Minority equity	9,675	-	-	-	(556)	1,016	**10,135**
Shareholders' equity	312,539	-	(7,347)	(654)	(1,012)	26,102	**329,628**

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

Description	**12.31.2009** Shareholders' equity	Net profit	12.31.2008 Shareholders' equity	Net profit
Financial statements of SOL SpA	**202,044**	**12,952**	196,451	15,802
Elimination of inter-company transactions, net of tax effects:				
- Internal profit on tangible fixed assets	(1,031)	(36)	(995)	17
- Reversal of adjustments to investments in subsidiary companies	207	1,715	207	1,844
- Dividends paid by consolidated companies	-	(11,951)	-	(6,764)
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)	-	(1,676)	-
- Use of finance lease method for leased assets	90	(26)	116	(26)
- Valuation at equity of companies reported at cost	363	34	328	(15)
Carrying value of consolidated equity investments	**(184,616)**	**-**	(168,380)	-
Net assets and financial year's results of consolidated companies	**295,851**	**22,398**	272,997	23,943
Allocation of the difference to the assets of the companies and relative depreciation, amortisation and write-downs:				
- Goodwill on consolidation	8,261	-	3,816	-
Consolidated Group financial statements	**319,493**	**25,086**	302,864	34,801

22. Employee severance indemnities and other benefits

Balance as at 12.31.09	9,265
Balance as at 12.31.08	9,677
Change	**(412)**

The provisions underwent the following changes:

Changes in severance indemnities and other employee benefits	**12.31.2009**	12.31.2008
As at 1 January	9,677	10,036
Provisions	763	760
(Uses)	(821)	(925)
Financial expense	126	270
Other changes	(480)	(464)
Exchange differences	-	-
Balance as at 31 December	**9,265**	9,677

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

	Employee severance indemnities		Other		Total	
	12.31.2009	12.31.2008	**12.31.2009**	12.31.2008	**12.31.2009**	12.31.2008
Current value of unfinanced plans	9,419	9,732	327	331	9,746	10,063
Unrecognised actuarial profits (Losses)	(423)	(352)	(58)	(34)	(481)	(386)
Net liability	**8,996**	**9,380**	**269**	**297**	**9,265**	**9,677**

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

	Italy	Other countries
Discount rate	1.35%	3% - 6%
Inflation rate	1.50%	2% - 3%
Tendential growth rate of salaries	3.96%	3% - 6%

Employee severance indemnities

The item "Employee severance indemnities" reflects the indemnity provided to employees during their working relationship that 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.

Others

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 12.31.09	3,472
Balance as at 12.31.08	3,740
Change	**(268)**

The item "Deferred taxation" represents the net balance of deferred tax liabilities provided for in the consolidated financial statements as at 31 December 2009 with regard to tax items 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 01.01.2008	883	16,902	837	416	**19,038**
Provisions	(295)	(14,893)	(249)	142	**(15,295)**
Uses	-	-	-	-	**-**
Other changes	-	-	-	(3)	**(3)**
Exchange differences	-	-	-	-	**-**
Balance as at 12.31.08	**588**	**2,009**	**588**	**555**	**3,740**
Provisions	(132)	(83)	(68)	19	**(264)**
Uses	-	-	-	-	**-**
Other changes	-	-	-	-	**-**
Exchange differences	-	-	-	(4)	**(4)**
Balance as at 12.31.09	**456**	**1,926**	**520**	**570**	**3,472**

24. Provisions for risks and charges

Balance as at 12.31.09	5,153
Balance as at 12.31.08	698
Change	**4,455**

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

Description	**12.31.2009**	12.31.2008	Change
Other minor provisions	5,153	698	4,455
Total other provisions	**5,153**	698	4,455
Total	**5,153**	698	4,455

Provisions for risks highlight probable Group liabilities deriving from legal and tax disputes underway.

The change with respect to 2008 is due to provisions totalling Euro 4,472 thousand, uses amounting to Euro 17 thousand.

The provisions for the year include Euro 3,948 thousand relevant to a tax assessment on the 2005 – 2006 years concerning the SOL SpA parent company.

25. Payables and other liabilities

Balance as at 12.31.09	145,684
Balance as at 12.31.08	138,114
Change	**7,570**

The breakdown of the above item is as follows:

Description	12.31.2009	12.31.2008	Change
Amounts due to other lenders	140,555	132,451	8,104
Other payables	5,129	5,663	(534)
Total	**145,684**	138,114	7,570

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 2,626 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 2008 derives from additional loans raised during 2009, 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	Short-term	Long-term portion	Short-term amount		Interest rate	Maturity		Original amount
Credito Emiliano	85	-	85		6.05%	14.06.2010	Euro	750,000
Mediocredito Centrale	512	-	512	(f.r.)	1.65%	30.06.2010	Euro	4,500,000
Mediocredito Centrale	107	-	107	(f.r.)	1.75%	30.06.2010	Euro	1,000,000
Intesa San Paolo	1,857	-	1,857		3.82%	15.12.2010	Euro	13,000,000
Banco di Brescia	548	-	548		3.77%	31.12.2010	Euro	3,000,000
Banco di Brescia	284	95	189		4.57%	30.06.2011	Euro	945,540
Intesa San Paolo	1,179	393	786		3.15%	15.09.2011	Euro	5,500,000
Banco di Brescia *	2,539	1,297	1,242		4.39%	30.09.2011	Euro	8,000,000
Intesa San Paolo*	8,000	4,000	4,000	(f.r.)	1.48%	30.09.2011	Euro	20,000,000
Intesa San Paolo	1,875	937	938		5.50%	15.12.2011	Euro	7,500,000
Banco di Brescia *	2,612	1,595	1,017		3.61%	31.05.2012	Euro	5,000,000
Banco di Brescia *	902	554	348		4.72%	30.06.2012	Euro	2,000,000
Credito Emiliano	3,102	2,103	999		3.45%	01.09.2012	Euro	5,000,000
Intesa San Paolo	3,129	2,086	1,043		4.12%	15.12.2012	Euro	7,300,000
Intesa San Paolo	2,813	1,875	938		3.34%	15.12.2012	Euro	7,500,000
Unicredit *	2,497	1,698	799		4.10%	31.12.2012	Euro	4,000,000
Mediocredito Centrale	3,537	2,421	1,116	(f.r.)	2.39%	31.12.2012	Euro	8,263,000
Banco di Brescia *	700	500	200		3.75%	30.06.2013	Euro	1,000,000
Credito Emiliano	2,450	1,853	597	(f.r.)	1.68%	25.07.2013	Euro	3,000,000
Banco di Brescia *	3,044	2,332	712		4.46%	31.12.2013	Euro	5,000,000
Banco di Brescia *	1,827	1,400	427		4.46%	31.12.2013	Euro	3,000,000
Banco di Brescia *	3,490	2,679	811		4.84%	31.12.2013	Euro	5,000,000
Fortis Bank	3,750	2,917	833	(f.r.)	1.62%	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
Mediocredito Italiano	8,000	7,333	667	(f.r.)	2.27%	31.03.2016	Euro	8,000,000
Mediobanca	18,750	16,250	2,500		4.39%	20.06.2017	Euro	20,000,000
Mediobanca	14,063	12,188	1,875	(f.r.)	3.25%	20.06.2017	Euro	15,000,000
Credito Artigiano	18,472	16,855	1,617	(f.r.)	3.25%	31.12.2018	Euro	20,000,000
Barclays Bank	9,500	8,500	1,000	(f.r.)	2.61%	30.06.2019	Euro	10,000,000
Factor Banka	4,815	4,503	312	(f.r.)	2.79%	31.12.2022	Euro	5,200,000
Mediobanca	14,464	13,393	1,071	(f.r.)	1.52%	20.06.2023	Euro	15,0000,000
Mediocredito Italiano	20,000	20,000	-	(f.r.)	1.93%	31.03.2024	Euro	20,000,000
Other financial payables	633	67	566					
Derivatives	1,369	1,018	351					
Amounts due to leasing companies	2,626	1,713	913					
Total	**171,531**	**140,555**	**30,976**					

Covenants

The loan agreements marked by an asterisk (*) contain financial restrictions (covenants) that 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 2,813 thousand, has been hedged by an IRS agreement entered into on 5 June 2003 that anticipates the payment of a fixed rate of 3.34 % against a floating 6-month Euribor rate.
   The fair value as at 31 December 2009, calculated by the same bank, was negative for a total of Euro 75 thousand (at 31 December 2008 negative for Euro 32 thousand).
2. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 18,750 thousand, has been hedged by an IRS agreement entered into on 24 October 2007 that anticipates the payment of a fixed rate of 4.39 % against a floating 6-month Euribor rate.
   The fair value as at 31 December 2009, calculated by the same bank, was negative for a total of Euro 1,220 thousand (at 31 December 2008 negative for Euro 961 thousand).
3. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 14,063 thousand, has been hedged by an IRS agreement entered into on 14 May 2009 that anticipates the payment of a fixed rate of 2.815 % against a floating 6-month Euribor rate.
   The fair value as at 31 December 2009, calculated by the same bank, was negative for a total of Euro 74 thousand.

Hierarchical levels of fair value measurement

As regards the financial instruments recorded in the statement of financial position at fair value, the IFRS 7 requires that such values be classified on the basis of a hierarchical level that reflects the importance of the inputs used when determining the fair value.

The levels are broken down as follows:

- Level 1 - prices recorded on an active market for measured assets or liabilities;
- Level 2 - inputs other than the prices set forth above, which are directly (prices) or indirectly (derived from the prices) observable on the market;
- Level 3 - inputs that are based on observable market figures.

The following table shows the assets and liabilities at fair value as at 31 December 2009, by hierarchical level of fair value measurement:

Payables and other liabilities	Notes	Level 1	Level 2	Level 3	Total
Intesa San Paolo	-		75	-	75
Mediobanca	-		1,220	-	1,220
Mediobanca	-		74	-	74
Total	**-**		**1,369**	**-**	**1,369**

The item “Other payables” includes the commitments of the SOL S.p.A. company to repurchase shares in the SOL SEE d.o.o. (Euro 2,922 thousand), ENERGETIKA Z.J. d.o.o. (Euro 166 thousand), GTS Sh.P.K. (Euro 802 thousand) and IMG d.o.o. (Euro 776 thousand) companies presently held by the SIMEST SpA company.

26. Current liabilities

Balance as at 12.31.09	130,987
Balance as at 12.31.08	128,180
Change	**2,807**

The breakdown for this item is as follows:

Description	12.31.2009	12.31.2008	Change
Payables to banks	4,516	6,399	(1,883)
Trade accounts payable	64,281	69,846	(5,565)
Other financial liabilities	30,976	26,668	4,308
Current tax liabilities	12,046	11,880	166
Other current liabilities	11,998	9,589	2,409
Accrued expenses and deferred income	7,170	3,798	3,372
Total	**130,987**	128,180	2,807

The "Other financial liabilities" item represents the short-term portions of the amounts due to other lenders.

The breakdown for the item "Current tax liabilities" comprises:

Description	12.31.2009	12.31.2008	Change
Amounts due in respect of income tax	3,705	2,431	1,274
Amounts due to Inland Revenue in respect of VAT	4,099	2,612	1,487
Amounts due for withholding tax	1,445	1,384	61
Other current tax liabilities	2,797	5,453	(2,656)
Total	**12,046**	11,880	166

"Other current liabilities" comprise:

Description	12.31.2009	12.31.2008	Change
Amounts due to Social Security institutions	3,613	3,479	134
Accrued holidays not taken	3,186	3,649	(463)
Amounts due to employees for wages and salaries	863	903	(40)
Guarantee deposits	459	452	7
Amounts due for acquisition of equity investments	470	-	470
Other payables	3,407	1,106	2,301
Total	**11,998**	9,589	2,409

The "Amounts due for acquisition of equity investments" item includes the commitments of the SOL S.p.A. company to repurchase shares in the SPG – SOL d.o.o. company (Euro 470 thousand) presently held by the SIMEST SpA company.

"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	12.31.2009	12.31.2008	Change
Accrued expenses:			
Interest payable on loans	543	703	(160)
Others	795	746	49
Total accrued expenses	**1,338**	1,449	(111)
Deferred income:			
Sink funds granted	107	192	(85)
Rentals receivable	84	78	6
Others	5,641	2,079	3,562
Total deferred income	**5,832**	2,349	3,483
Total	**7,170**	3,798	3,372

Breakdown of revenues by type of business Sol Group

(In thousands of Euro)	Technical gas sector	%	Home care service sector	%	Write-downs	Consolidated figures	%
			12.31.2009				
Technical Gas sector	296,273	100.0%	-		(15,689)	280,584	60.7%
Home-care service sector	-		182,522	100.0%	(485)	182,037	39.3%
Net sales	**296,273**	**100.0%**	**182,522**	**100.0%**	**(16,174)**	**462,621**	**100.0%**
Other revenues and income	2,851	1.0%	931	0.5%	(456)	3,326	0.7%
Internal works and collections	5,395	1.8%	7,728	4.2%	27	13,150	2.8%
Revenues	**304,519**	**102.8%**	**191,181**	**104.7%**	**(16,603)**	**479,097**	**103.6%**
Purchase of materials	87,452	29.5%	53,957	29.6%	(11,295)	130,114	28.1%
Services rendered	88,963	30.0%	55,367	30.3%	(4,345)	139,985	30.3%
Change in inventories	597	0.2%	(1,879)	-1.0%	-	(1,282)	-0.3%
Other costs	9,610	3.2%	7,192	3.9%	(961)	15,841	3.4%
Total costs	**186,622**	**63.0%**	**114,637**	**62.8%**	**(16,601)**	**284,658**	**61.5%**
Added value	**117,897**	**39.8%**	**76,544**	**41.9%**	**(2)**	**194,439**	**42.0%**
Payroll and related costs	54,798	18.5%	29,988	16.4%	-	84,786	18.3%
Gross Operating Margin	**63,099**	**21.3%**	**46,556**	**25.5%**	**(2)**	**109,653**	**23.7%**
Depreciation/amortisation	37,109	12.5%	18,517	10.1%	-	55,626	12.0%
Other provisions	3,871	1.3%	291	0.2%	-	4,162	0.9%
Non-recurring income/expense	-		-		-	-	
Operating result	**22,119**	**7.5%**	**27,748**	**15.2%**	**(2)**	**49,865**	**10.8%**
Financial income	7,705	2.6%	1,101	0.6%	(7,488)	1,318	0.3%
Financial expense	6,757	2.3%	2,726	1.5%	(1,402)	8,081	1.7%
Total financial income / (expense)	948	0.3%	(1,625)	-0.9%	(6,086)	(6,763)	-1.5%
Profit (Loss) before income taxes	**23,067**	**7.8%**	**26,123**	**14.3%**	**(6,088)**	**43,102**	**9.3%**
Income taxes	8,894	3.0%	8,106	4.4%	-	17,000	3.7%
Net result from business activities	**14,173**	**4.8%**	**18,017**	**9.9%**	**(6,088)**	**26,102**	**5.6%**
Net result from intermittent activities	-		-		-	-	
(Profit) / Loss pertaining to minority interests	(364)	-0.1%	(651)	-0.4%	(1)	(1,016)	-0.2%
Net Profit / (Loss)	**13,809**	**4.7%**	**17,366**	**9.5%**	**(6,089)**	**25,086**	**5.4%**

Other Information Sol Group

(In thousands of Euro)	Technical gas sector	Home care service sector	Write-downs	Consolidated figures
		12.31.2009		
Total assets	**520,932**	**248,403**	**(145,146)**	**624,189**
Total liabilities	**231,668**	**103,339**	**(40,446)**	**294,561**
Investments	**40,501**	**22,930**	**-**	**63,431**

12.31.2008

Technical gas sector	%	Home care service sector	%	Write downs	Consolidated figures	%
313,531	100.0%	-		(13,318)	300,213	65.3%
-		160,295	100.0%	(465)	159,830	34.7%
313,531	100.0%	160,295	100.0%	(13,783)	460,043	100.0%
2,651	0.8%	535	0.3%	(434)	2,752	0.6%
3,354	1.1%	6,309	3.9%	12	9,675	2.1%
319,536	101.9%	167,139	104.3%	(14,205)	472,470	102.7%
100,289	32.0%	46,566	29.1%	(9,061)	137,794	30.0%
97,566	31.1%	48,642	30.3%	(4,172)	142,036	30.9%
(1,074)	-0.3%	(1,209)	-0.8%	-	(2,283)	-0.5%
9,481	3.0%	6,819	4.3%	(972)	15,328	3.3%
206,262	65.8%	100,818	62.9%	(14,205)	292,875	63.7%
113,274	36.1%	66,321	41.4%	-	179,595	39.0%
54,355	17.3%	25,801	16.1%	-	80,156	17.4%
58,919	18.8%	40,520	25.3%	-	99,439	21.6%
36,177	11.5%	15,396	9.6%	1	51,574	11.2%
2,880	0.9%	370	0.2%	-	3,250	0.7%
(6,875)	-2.2%	-		-	(6,875)	-1.5%
26,737	8.5%	24,754	15.4%	(1)	51,490	11.2%
5,147	1.6%	761	0.5%	(4,641)	1,267	0.3%
8,473	2.7%	2,106	1.3%	(560)	10,019	2.2%
(3,326)	-1.1%	(1,345)	-0.8%	(4,081)	(8,752)	-1.9%
23,411	7.5%	23,409	14.6%	(4,082)	42,738	9.3%
1,111	0.4%	5,639	3.5%	-	6,750	1.5%
22,300	7.1%	17,770	11.1%	(4,082)	35,988	7.8%
-		-		-	-	
(569)	-0.2%	(618)	-0.4%	-	(1,187)	-0.3%
21,731	6.9%	17,152	10.7%	(4,082)	34,801	7.6%

12.31.2008

Technical gas sector	Home care service sector	Write downs	Consolidated figures
508,892	216,126	(132,070)	592,948
232,442	82,654	(34,687)	280,409
53,577	20,676	-	74,253

Breakdown of revenues by type of business: Technical Gas sector

The income statement of the Technical Gas Sector is shown below:

(In thousands of Euro)	12.31.2009	%	12.31.2008	%
Net sales	**296,273**	100.0%	313,531	100.0%
Other revenues and income	2,851	1.0%	2,651	0.8%
Internal works and collections	5,395	1.8%	3,354	1.1%
Revenues	**304,519**	102.8%	319,536	101.9%
Purchase of materials	87,452	29.5%	100,289	32.0%
Services rendered	88,963	30.0%	97,566	31.1%
Change in inventories	597	0.2%	(1,074)	-0.3%
Other costs	9,610	3.2%	9,481	3.0%
Total costs	**186,622**	63.0%	206,262	65.8%
Added value	**117,897**	39.8%	113,274	36.1%
Payroll and related costs	54,798	18.5%	54,355	17.3%
Gross Operating Margin	**63,099**	21.3%	58,919	18.8%
Depreciation/amortisation	37,109	12.5%	36,177	11.5%
Other provisions	3,871	1.3%	2,880	0.9%
Non-recurring income/expense	-		(6,875)	-2.2%
Operating result	**22,119**	7.5%	26,737	8.5%
Financial income	7,705	2.6%	5,147	1.6%
Financial expense	6,757	2.3%	8,473	2.7%
Total financial income / (expense)	948	0.3%	(3,326)	-1.1%
Profit (Loss) before income taxes	**23,067**	7.8%	23,411	7.5%
Income taxes	8,894	3.0%	1,111	0.4%
Net result from business activities	**14,173**	4.8%	22,300	7.1%
Net result from intermittent activities	-		-	
(Profit) / Loss pertaining to minority interests	(364)	-0.1%	(569)	-0.2%
Net Profit / (Loss)	**13,809**	4.7%	21,731	6.9%

Sales in the Technical Gas Sector reported a 5.5% decrease.

Gross operating margin increased by 7.1% compared to the previous year.

Operating result decreased by 17.3% compared to the previous year.

The statement of financial position of the Technical Gas sector is presented below:

(in thousands of Euro)	**12.31.2009**	12.31.2008
Tangible fixed assets	257,856	254,286
Goodwill and consolidation differences	1,225	1,121
Other intangible fixed assets	2,834	1,203
Equity investments	59,626	59,585
Other financial assets	26,331	18,340
Prepaid taxes	2,574	2,355
NON-CURRENT ASSETS	**350,446**	336,890
Non-current assets held for sale	**-**	-
Inventories	13,495	14,102
Trade receivables	129,863	126,101
Other current assets	7,402	11,928
Current financial assets	240	522
Prepayments and accrued income	914	780
Cash and cash at bank	18,572	18,569
CURRENT ASSETS	**170,486**	172,002
TOTAL ASSETS	**520,932**	**508,892**
Share Capital	47,164	47,164
Share premium reserve	63,335	63,335
Legal reserve	6,486	5,695
Other reserves	151,957	131,958
Net Profit	13,809	21,731
Shareholders' equity-Group	**282,751**	269,883
Shareholders' equity - Minority interests	6,149	5,998
Profit pertaining to minority interests	364	569
Shareholders' equity - Minority interests	**6,513**	6,567
SHAREHOLDERS' EQUITY	**289,264**	276,450
Employee severance indemnities and other benefits	7,635	8,049
Deferred taxation	2,996	3,301
Provision for risks and charges	4,919	587
Payables and other financial liabilities	122,318	117,789
NON-CURRENT LIABILITIES	**137,868**	129,726
Non-current liabilities held for sale	**-**	-
Payables to banks	4,389	6,104
Trade accounts payable	47,647	58,761
Other financial liabilities	25,691	22,140
Current tax liabilities	8,936	7,859
Accrued expenses and deferred income	1,238	1,638
Other current liabilities	5,899	6,213
CURRENT LIABILITIES	**93,800**	102,716
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**520,932**	**508,892**

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

The income statement of the Home-care Service sector is shown below:

(In thousands of Euro)	12.31.2009	%	12.31.2008	%
Net sales	**182,522**	100.0%	160,295	100.0%
Other revenues and income	931	0.5%	535	0.3%
Internal works and collections	7,728	4.2%	6,309	3.9%
Revenues	**191,181**	104.7%	167,139	104.3%
Purchase of materials	53,957	29.6%	46,566	29.1%
Services rendered	55,367	30.3%	48,642	30.3%
Change in inventories	(1,879)	-1.0%	(1,209)	-0.8%
Other costs	7,192	3.9%	6,819	4.3%
Total costs	**114,637**	62.8%	100,818	62.9%
Added value	**76,544**	41.9%	66,321	41.4%
Payroll and related costs	29,988	16.4%	25,801	16.1%
Gross Operating Margin	**46,556**	25.5%	40,520	25.3%
Depreciation/amortisation	18,517	10.1%	15,396	9.6%
Other provisions	291	0.2%	370	0.2%
Operating result	**27,748**	15.2%	24,754	15.4%
Financial income	1,101	0.6%	761	0.5%
Financial expense	2,726	1.5%	2,106	1.3%
Total financial income / (expense	(1,625)	-0.9%	(1,345)	-0.8%
Profit (Loss) before income taxes	**26,123**	14.3%	23,409	14.6%
Income taxes	8,106	4.4%	5,639	3.5%
Net result from business activities	**18,017**	9.9%	17,770	11.1%
Net result from intermittent activities	-		-	
(Profit) / Loss pertaining to minority interests	(651)	-0.4%	(618)	-0.4%
Net Profit / (Loss)	**17,366**	9.5%	17,152	10.7%

Sales in the Homecare Service sector reported an increase of 13.9%.

Gross operating margin increased by 14.9% compared to the previous year.

Operating result increased by 12.1% compared to the previous year.

The statement of financial position of the Home-care Service sector is presented below:

(in thousands of Euro)	**12.31.2009**	12.31.2008
Tangible fixed assets	60,109	53,406
Goodwill and consolidation differences	11,194	5,810
Other intangible fixed assets	724	708
Equity investments	45,634	38,317
Other financial assets	6,389	10,124
Prepaid taxes	537	497
NON-CURRENT ASSETS	**124,587**	108,862
Non-current assets held for sale	**-**	-
Inventories	15,044	12,633
Trade receivables	80,578	73,331
Other current assets	4,636	6,006
Current financial assets	-	-
Prepayments and accrued income	578	607
Cash and cash at bank	22,980	14,687
CURRENT ASSETS	**123,816**	107,264
TOTAL ASSETS	**248,403**	**216,126**
Share Capital	7,750	7,750
Share premium reserve	22,484	22,484
Legal reserve	-	-
Other reserves	68,908	59,055
Retained earnings (accumulated loss)	24,922	23,910
Net Profit	17,366	17,152
Shareholders' equity-Group	**141,430**	130,351
Shareholders' equity - Minority interests	2,983	2,503
Profit pertaining to minority interests	651	618
Shareholders' equity - Minority interests	**3,634**	3,121
SHAREHOLDERS' EQUITY	**145,064**	133,472
Employee severance indemnities and other benefits	1,630	1,629
Deferred taxation	476	439
Provision for risks and charges	234	111
Payables and other liabilities	23,367	20,324
NON-CURRENT LIABILITIES	**25,707**	22,503
Non-current liabilities held for sale	**-**	-
Payables to banks	127	295
Trade accounts payable	57,080	45,772
Other financial liabilities	5,285	4,528
Current tax liabilities	3,110	4,021
Accrued expenses and deferred income	5,932	2,160
Other current liabilities	6,098	3,375
CURRENT LIABILITIES	**77,632**	60,151
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**248,403**	**216,126**

Information by geographic area

The breakdown of revenues by geographic area is presented below:

Description	12.31.2009	12.31.2008	Movement
Italy	276,062	287,839	(11,777)
Rest of Europe	186,559	172,204	14,355
Total	**462,621**	460,043	2,578

The breakdown of investments by geographic area is presented below:

Description	12.31.2009	12.31.2008	Change
Italy	11,610	31,178	(19,568)
Rest of Europe	51,821	43,075	8,746
Total	**63,431**	74,253	(10,822)

Intragroup 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.

Intragroup transactions

All the intragroup 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.

Intragroup sales and services carried out during 2009 amounted to Euro 86.9 million.

As at 31 December 2009, receivable and payable transactions between Group companies came to Euro 118.2 million, of which Euro 60.7 million of a financial nature and Euro 57.5 million of a trade nature.

The breakdown for the intercompany financial receivables is as follows:

• Financial receivables granted by SOL S.P.A.	Euro	31,0 million
• Financial receivables granted by AIRSOL BV	Euro	23,7 million
• Financial receivables granteinies	Euro	6,0 million

The transactions of the SOL Group with associated companies comprised:

• Purchases from Consorgas Srl	Euro	455 thousand
• Amounts due to Consorgas Srl	Euro	74 thousand
• Sales to Medical System Srl	Euro	1 thousand
• Purchases from Medical System Srl	Euro	368 thousand
• Amounts due to Medical System Srl	Euro	171 thousand

Transactions with related parties

During 2009, the SOL Group carried out transactions with related third parties, such as individuals who are relatives of some members of the parent company's Board of Directors. Such transactions comprised employment arrangements, which were remunerated at normal market rates and entailed a cost of Euro 603.6 thousand for the Group.

Commitments, guarantees and potential liabilities

The Sol Group obtained sureties totalling Euro 24,017 thousand and issued letters of support totalling Euro 3,543 thousand guaranteeing loans granted to Group companies.

Net financial position

(in thousands of Euro)	**12.31.2009**	12.31.2008
a Cash	201	198
b Bank loans and overdrafts	41,783	33,058
c Securities held for trading	-	-
d Liquidity (a) + (b) + (c)	**41,984**	33,256
e Securities	240	522
e Other short-term financial assets	-	-
e Current financial receivables	**240**	522
f Short-term amounts due to banks	(4,516)	(6,399)
g Loans-short term portion	(29,710)	(25,566)
g Leases-short term portion	(915)	(843)
h Amounts due to shareholders for loans	-	(44)
h Amounts due to Shareholders for the purchase of equity investments	(470)	-
h Other short-term financial liabilities	(351)	(215)
i Current borrowing (f) + (g) + (h)	**(35,962)**	(33,067)
j Net current borrowing (d) + (e) + (i)	**6,262**	711
k Long-term amounts due to banks	-	-
l bonds issued	-	-
m Investment securities	8	115
m Other long-term financial assets	-	-
m Loans - long-term portion	(137,822)	(129,384)
m Amounts due to lenders for Leasing	(1,713)	(2,289)
m Amounts due to Shareholders for the purchase of equity investments	(4,666)	(5,210)
m Other long-term financial liabilities	(1,018)	(778)
n Non-current borrowing (k) + (l) + (m)	**(145,211)**	(137,546)
o Net borrowing (j) + (n)	**(138,949)**	(136,835)

Information on risks

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 2009, a 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 that already decreased in 2009, would have difficulty in returning to the levels before the crisis.

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 expense, in addition to an increase in spreads applied by the banks on future loans.

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 write-down. Provisions are made on a collective basis for receivables that are not subject to individual write-down, 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 that holds them. A number of Group subsidiary companies are located in countries that 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 income statements 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 that 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.

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.

Considering the Group's indebtedness, a presumed and instantaneous increase in short-term interest rates by 10 % would imply an increase in financial expense of ca. Euro 74 thousand; a presumed increase in short-term interest rates by 0.50 % would imply an increase in financial expense of ca. Euro 256 thousand.

For what concerns the three existing Interest Rate Swap contracts related to variable rate loans, a presumed and instantaneous increase in short-term interest rates by 10 %, would imply a negative fair value of ca. Euro 916 thousand. Vice versa, a decrease would determine a negative fair value of ca. Euro 1,601 thousand.

A presumed and instantaneous change in short-term interest rates by 0.50 %, would imply a negative fair value of ca. Euro 819 thousand. Vice versa, a decrease would determine a negative fair value of ca. Euro 1,930 thousand

The Parent Company has stipulated three 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 31 December 2009 is equal to Euro 35,625 thousand and the negative fair value is equal to Euro 1,369 thousand.

Risks relevant to the personnel

In the different countries in which the Group operates, employees are protected by different laws and/or collective labour contracts that guarantee them the right to be consulted on specific issues - including the downsizing and closing of departments and the reduction of employees - through representations. This could affect the Group's flexibility in redefining strategically its own organisations and activities.

The management of the Group consists of persons of proven expertise and normally having a long experience in the sectors in which the Group operates. The replacement of any person in the management may require a long period of time.

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.

In accordance with the provisions of articles 36 and 39 of Market Regulation

In pursuance of what is provided by Article 39 of the Market Regulation issued by Consob with reference to "Conditions for the share prices of companies controlling companies setup and governed by the law of non-EU Countries" (issued in order to implement Article 62 sub-paragraph 3 bis of Italian Legislative Decree 58/98 as amended on 25 June 2008 with resolution no. 16530), it is stated that in the SOL Group there are four companies based in two non-EU Countries that are important pursuant to sub-paragraph 2 of the said article 36.

The current procedures of the SOL Group already allow to conform with what is required by the standard.

Information pursuant to article 149 duodecies of the Consob Issuer Regulation

The following table, drawn up pursuant to Article 149 duodecies of the Consob Issuer Regulation, shows the considerations pertaining to the 2009 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	Addressee	Considerations pertaining to the 2009 financial year
Auditing	BDO Sala Scelsi Farina SpA	SOL SpA Parent Company	85
	BDO Sala Scelsi Farina SpA	Subsidiary companies	33
	BDO network	Subsidiary companies	89
Quarterly audit	BDO Sala Scelsi Farina SpA	SOL SpA Parent Company	8
	BDO Sala Scelsi Farina SpA	Subsidiary companies	8
Other services	BDO Sala Scelsi Farina SpA	SOL SpA Parent Company (1)	11
	BDO Sala Scelsi Farina SpA	Subsidiary companies (1)	3
Total			**237**

(1) Fiscal aid services and others

Non-recurring significant events and transactions

Pursuant to Consob communication no. DEM/6064296 of 28 July 2006, the SOL Group did not carry out non-recurring significant events and transactions during 2009.

Transactions deriving from atypical and/or unusual operations

Pursuant to Consob communication no. DEM/6064296 of 28 July 2006, the SOL Group did not carry out atypical and/or unusual operations in 2009, as defined by the Communication itself.

Significant events that 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 29, 2010

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

Certificate of the Consolidated financial statements pursuant to Article 154-bis of Italian Legislative Decree 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 Article 154-bis, sub-paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 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 2009 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 19 July 2002;
   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 29, 2010

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

Manager in charge of drawing up
company accounting documents
(Marco Filippi)

Report of the independent auditors Sol Group 2009

BDO

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Auditor's report on the consolidated financial statements in accordance with art. 156 of legislative decree n. 58 of 24 February 1998 (now art. 14 of legislative decree n. 39 of 27 January 2010)

(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 statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes, of SOL S.p.A. and its subsidiaries (the "SOL" Group") as of and for the year ended December 31, 2009. These financial statements prepared in accordance with 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, are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these 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 consolidated 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.

   The audit of the financial statement at 31 December 2009 was conducted in accordance with local regulations during that year.

   For the opinion on the consolidated financial statements of prior year, the data of which presented for comparative purposes have been reclassified to consider the changes to the financial statements' schemes required by the amendment of IAS 1, reference should be made to our auditor's report issued on April 14, 2009.

3. In our opinion, the consolidated financial statements of SOL Group as of December 31, 2009 comply with International Financial Reporting Standards as adopted by European Union and the requirements of national regulations issued pursuant to art. 9 of legislative decree n. 38/2005; therefore , they are clearly stated and give a true and fair view of the financial position, the results of the operations and the cash flows of the SOL Group for the year then ended.

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4. The Directors of SOL S.p.A. are responsible for the preparation of the report on operations and the annual report on corporate governance and ownership structures, published in the financial info section of SOL S.p.A. web site, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information provided by paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of art. 123-bis of legislative decree n. 58/1998 included in the annual report on corporate governance and ownership structures, with the financial statements, as required by law. 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 and the information provided by paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of art. 123-bis of legislative decree n. 58/1998, included in the annual report on corporate governance and ownership structures, are consistent with the consolidated financial statements of SOL Group as of December 31, 2009.

Milan April 12, 2010

BDO S.p.A.

Signed by:
Maurizio Vanoli
(Director)

Sol Spa

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