SOL Group Annual Report 2011

Index

SOL Spa

Registered office
Via Borgazzi, 27
20900 Monza (MB)

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

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Board of Directors	*Chairman and Managing Director* Aldo Fumagalli Romario
	Vice Chairman and Managing Director Marco Annoni
	Director with special powers Giovanni Annoni
	Director with special powers Giulio Fumagalli Romario
	Directors Leonardo Alberti Stefano Bruscagli Gianfranco Graziadei (Independent)
General Manager	Giulio Mario Bottes
Joint General Manager	Andrea Monti
Board of Statutory Auditors	*Chairman* Alessandro Danovi
	Regular Auditors Roberto Campidori Giuseppe Marino
	Alternate Auditors Adriano Albani Vincenzo Maria Marzuillo
Auditing Company	BDO SpA Largo Augusto 8 20122 Milan

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

To the Chairman and Vice Chairman: the legal representation of the Company in dealings with third parties and before the legal authorities; powers of ordinary management acting separately; 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 authorisation of the other is sufficient; an exception is made for certain specific acts of particular importance reserved for the competence of the Board.
To Directors with special powers: powers of ordinary management relating to Legal and Company Affairs (Giulio Fumagalli Romario) and to IT Systems Organization (Giovanni Annoni) signing separately.

SOL S.p.A.[1]

12.31.2011

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

100% **TMG G.m.b.H.**
Krefeld (D)

100% **Vivisol H. G.m.b.H.**
Vienna (A)

100% **Vivisol France S.a.r.l.**
Vaux le Penil (F)

100% **FRANCE OXYGENE S.a.r.l.**
Avelin (F)

100% **Vivisol Deutschland G.m.b.H.**
Neufahrn bei Freising (D)
100%
Bösch G.m.b.H.
Gottenheim (D)

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

99.53% **SOL HELLAS S.A.**
Piraeus (GR)

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

99.92% **Vivisol B S.p.r.l.** 0.08%
Lessines (B)

100% **Dolby Healthcare Limited**
Stirling (UK)
100%
Dolby Medical Home Respiratory Care Limited
Stirling (UK)
100%
R.L. Dolby (Services) Limited
Stirling (UK)

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

Vivisol Napoli S.r.l. 81%
Marcianise (I)
70%
Vivisol Silarus S.r.l.
Battipaglia (I)

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

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

96.34% **JLV Medical Hispania S.L.**
Madrid (E)

100% **B.T.G. B.V.B.A.**
Lessines (B)[6]

100% **SOL France S.a.s.**
Cergy Pontoise (F)

100% **HYDROSOL Sh.p.k.**
Tirana (AL)

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

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

TGS A.D. 98.76%
Skopje (MK)
2.84%
SOL SEE d.o.o. 61.16%
Skopje (MK)[2]

SOL-K Sh.p.k. 0.28% 53.72%
Pristina (KS)[5]

12.01% **IMG d.o.o.** 21.04% 37.71%
Nova Pazova (SRB)[3]

Consorgas S.r.l. 25.79%
Milano (I)*

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

I.C.O.A. S.r.l. 97.60%
Vibo Valentia (I)
70%
30% **Vivisol Calabria S.r.l.**
Vibo Valentia (I)

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

100% **Vivisol Umbria S.r.l.**
Perugia (I)

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

100% **SOL T.G. G.m.b.H.**
Wiener Neustadt (A)
100%
SOL HUNGARY K.F.T.
Budapest (H)

75.18% **T.G.T. A.D.**
Trn (BiH)
26,43%
60.96% **TGP A.D.**
Petrovo (BiH)

62.79% **SOL-INA d.o.o.**
Sisak (HR)

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

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

100% **Energetika Z.J. d.o.o.**
Jesenice (SLO)
45.15%
54.85% **SPG - SOL Plin Gorenjska d.o.o.**
Jesenice (SLO)
35,89%
64.11% **T.P.J. d.o.o.**
Jesenice (SLO)

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

66.57% **GTS Sh.p.k**
Tirana (AL)[4]

75% **HydroEnergy Sh.p.k.**
Tirana (AL)

50% **SICGILSOL INDIA PRIVATE LIMITED**
Chennai (IND)

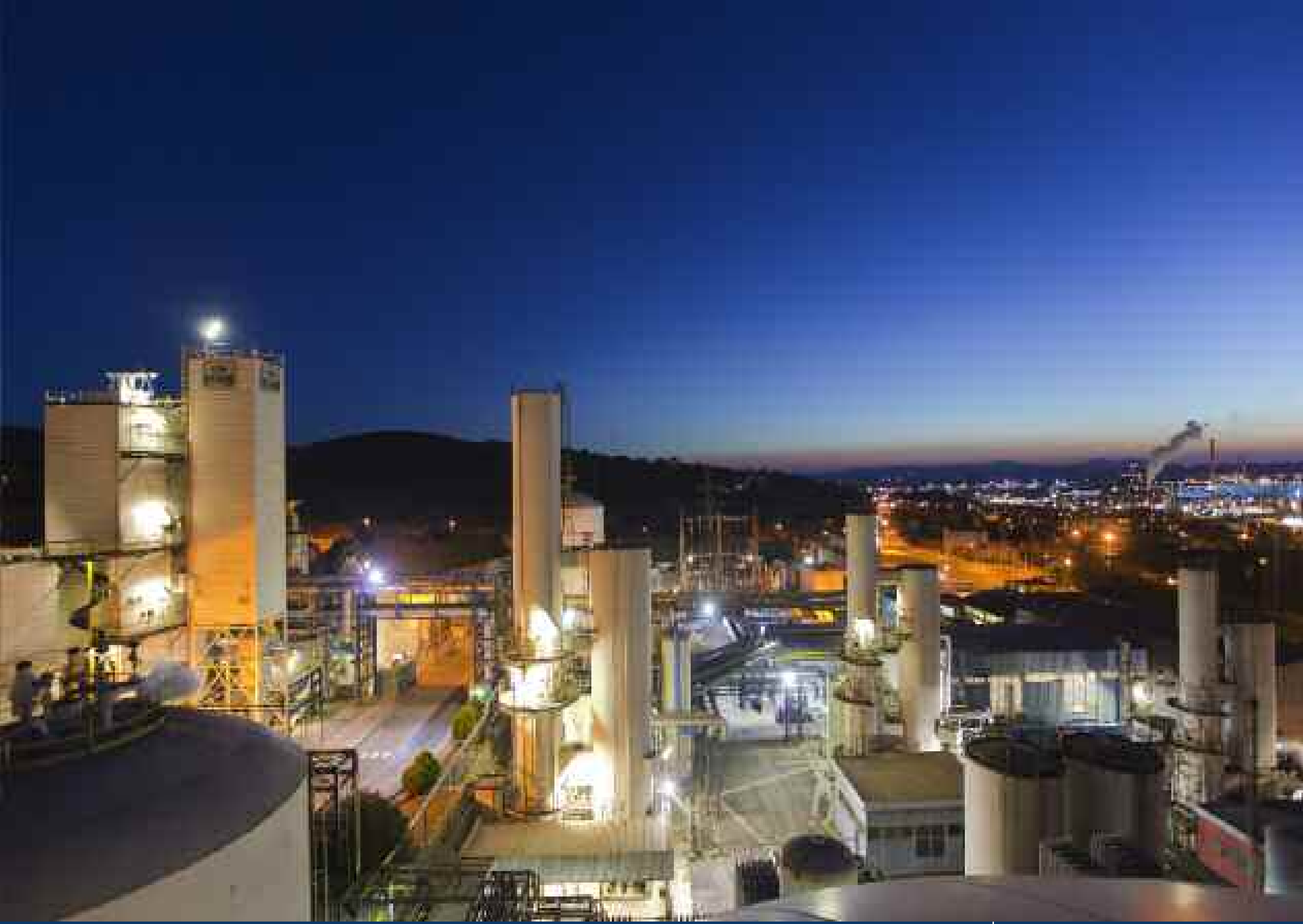
51% **MEDES S.r.l.**
Settimo Milanese (I)

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

99.98% **GTH GAZE INDUSTRIALE S.A.**
Bucarest (RO)

(1) SOL has established the following foreign branches: Vaux le Penil (F), Lugano (CH), Feluy- Seneffe (B), Frankfurt (D).
(2) The share pertaining to minority interests includes a 36% equity investment by SIMEST S.p.A. Under agreements stipulated between SOL and SIMEST on July 21, 2004, SOL is under obligation to repurchase this SIMEST share by June 30, 2012.
(3) The share pertaining to minority interests includes a 29.24% equity investment by SIMEST S.p.A. Under agreements stipulated between SOL and SIMEST on December 22, 2004, SOL is under obligation to repurchase this SIMEST share by June 30, 2012.
(4) The share pertaining to minority interests includes a 33.43% equity investment by SIMEST S.p.A. Under agreements stipulated between SOL and SIMEST on July 30, 2007, SOL is under obligation to repurchase this SIMEST share by June 30, 2015.
(5) The share pertaining to minority interests includes a 46.00% equity investment by SIMEST S.p.A. Under agreements stipulated between SOL and SIMEST on June 11, 2010, SOL is under obligation to repurchase this SIMEST share by June 30, 2018
(6) B.T.G. has established a foreign branch in Dainville (France).

(*) Company not included in the consolidation basis



Directors' report SOL Group 2011

Introduction

This yearly Financial Report as at December 31, 2011 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 July 19, 2002, as well as with the implementation regulations set out in Article 9 of Italian Legislative Decree no. 38/2005.

General context

The SOL SpA Group is engaged in production, applied research and distribution activities pertaining to industrial, pure and medicinal gases, in home-care medical business, as well as in the sector for related medical equipment in Italy, presently active in eight other Western European countries, in eleven Central-Eastern European countries and in India. 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 first 4 months of 2011 had a positive economic trend, whereas during the following months, a slowdown started that led, in some European countries, towards a period of recession.
During the first part of the year, there was good economic recovery, especially in the United States and in the Far East, whereas in Europe the recovery was slower and differed among the various countries.
From the second quarter of the year, instead, there was a generalised slow-down of the world economy, which was more evident in countries where growth had been stronger. In the second half of 2011, the debt crisis in the Eurozone contributed further to increasing the risk of recession in countries that are weaker and more burdened by the amount of public debt.
The various corrective manoeuvres that were approved however have had a restrictive impact, which is reflected by very low growth.
We must also point out that during 2011, there were also other negative events, such as the increase in the price of raw materials and, locally, the earthquake in Japan.
Furthermore, the financial crisis caused a restriction in the granting of credit by the banking system, in addition to a very significant increase of financial expenses for companies for the provisioning of funds.
With reference to the different areas in the world, there was economic growth in the United States that was slowed down, during the second half of the year, due to a slow-down in consumptions as well as a stagnation in residential investments.
In Europe, growth was more significant in Germany and France, driven by exports and investments, whereas growth was more moderate in other countries, with a tendency towards slowdown and stagnation in some countries.
Growth was high in China and India, even if it was slower than in 2010.
Finally in Italy, there was a particularly difficult economic recovery, with variable growth in industrial production, a stagnation in services and retail sales and a slight increase in exports, but with an overall recessionary trend during the final months of the year.

It is clear that, in light of what was determined during the final months of 2011, the general economic outlook for 2012 is not positive, especially for the European countries that are weaker and where the debt crisis was stronger.

Italy can be considered among these countries, where the economy has entered into a recessive phase that will probably last for the entire first half of 2012.

For what concerns the technical, special and medicinal gas sector, there has been an increase in terms of production and sales compared to 2010, although growth has not been steady or equally distributed over the entire 2011 period.

The most positive customer industries were food, chemistry-pharmaceutical and the environment, while the iron and mechanical industries showed less development.

The medicinal sector was characterised by good growth, as it is an activity that is not regulated by economic cycles compared to the industrial activity and with a constantly growing trend, especially from the services point of view.

In line with the medicinal gas sector, the home-care sector registered also good growth, following the trend of the last few years.

Summary Results

Within the afore-mentioned context, we believe that the results achieved by the SOL Group during 2011 were positive.

Net sales generated by the SOL Group during 2011 reported satisfactory growth and amounted to Euro 555.7 million (+7.1% when compared with 2010).

The gross operating margin was Euro 130.4 million, equal to 23.5% of sales, 5.5% up with respect to 2010 (Euro 123.6 million, or 23.8% of sales).

The operating result came to Euro 59.6 million, equal to 10.7% of sales, equal to the figure for 2010 (Euro 59.6 million, or 11.5% of sales).

The net profit amounted to Euro 31.1 million (Euro 31.9 million at the end of 2010).

Cash flow amounted to Euro 97.0 million (17.5% of sales), up by Euro 4.5 million when compared with 2010 (equal to Euro 92.6 million).

Capital expenditure recorded in the financial statements totalled Euro 84.7 million (Euro 62.1 million in 2010).

The average number of staff employed as of 31 December 2011 totalled 2,199 (2,009 as of December 31, 2010).

The Group's net financial indebtedness was equal to Euro 174.4 million (Euro 161.3 million as of December 31, 2010).

Operating performance

During 2011, the technical gas sector showed an increase in sales when compared with the previous year (+4.8%, for a turnover equating to Euro 340.6 million), with volumes on the increase in almost all the economic market sectors.

In comparison to 2010, sales reflected a positive growth trend in the chemical-pharmaceutical, food, environmental and health sectors, whereas growth was more modest in the metallurgical and mechanical sector.

The home-care business once again reported good growth, both in Italy and in foreign countries (+11.9% for a turnover equal to Euro 238.8 million) thanks to a continuous commitment in the development of new products and services that accompany and complete the oxygen treatment activities.

From the point of view of costs, margins were maintained in spite of a considerable increase in energy costs.

The net operating result, without variations in comparison to 2010, was influenced by greater depreciation, provisions and non-recurring expenses for a total of Euro 6.8 million.

Trade receivables reported an increase mainly due to an increase in the average collection times, which were impacted by the European financial crisis.

Furthermore, and particularly in Italy, the public health sector further extended their already very long average payment times.

The Group's net indebtedness increased only by Euro 13.1 million, essentially as a result of the increase in working capital and investments made during the year.

The debt/equity ratios remain very sound; debt/equity ratio 0.46 and cash flow cover 1.34.

During 2011, technical gas reserves remained within the safety levels prescribed while some sites reduced their work due to the slow recovery of the economy.

The SOL Group's work force increased during 2011 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 2011 with a listed price of Euro 4.950 and closed as at 12.30.2011 at Euro 4.100.

During the year, the stock achieved a maximum listed price of Euro 6.050, while the minimum came to Euro 3.640.

Quality, Safety, Health and Environment

Attention to the topics of quality, safety, health and environmental management was constantly maintained active also during 2011. The integrated management system, which is controlled with intense internal auditing activities, was also subjected to third party checks in 2011, and more specifically by Certification Bodies and by the supervisory bodies of public administration. All the checks always had a positive result.

In general terms, all the certifications obtained according to the ISO 9001, ISO 14001, ISO 13485, OHSAS 18001, ISO 22000 – FSSC 22000 international standards were not only renewed but also expanded.

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.

An important result that was obtained at the end of 2011 was the certification of the energy management system in compliance with the standard ISO 50001 for the production unit in Frankfurt. The system was implemented from the point of view of management logic integrated with the topics of quality, safety and environment.
Always during 2011, the excellence certificate status was confirmed also by maintaining the EMAS European Registration for the factories of Verona and Mantua, to which was added the Certificate of Excellence issued by Certiquality for the SOL office in Monza.
With regard to the more than ten years support for the Responsible Care program and for the principles of Social Liability, during 2011, we had our membership in the Responsible Care program verified by a third party, obtaining a certificate of conformity.
Within the technical gas activities, there are 42 sites with (ISO 9001) Quality System certification, 23 of which are in Italy and 19 in other countries.
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) and for cryobanks was also confirmed as products classified as a medical device.
Within the sphere of home-care activities, third party certification obtained in previous years was confirmed to date, the certification status (ISO 9001) of the Vivisol factories is 20 in Italy and 6 in other countries.
Finally, the ISO 14001 certification of Vivisol Srl was confirmed, and activities have been planned for obtaining certification of the safety management system in accordance with the standard OHSAS 18001.
In 2011, all the Environmental Integrated Authorisations obtained over the previous years were confirmed for some of our initial transformation factories with transparency principles towards the public and local media.
Also during 2011, 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 increased compared to the previous year. This solution, an alternative to the traditional supply of cylinders or liquefied cryogenic gas that occurs by means of road transportation, involves a benefit of "zero kilometres" travelled by trucks in addition to a different production cycle with energy consumption lower than the centralised production plant with a consequent reduction in the release of carbon dioxide (CO_2) into the environment. By applying the Life Cycle Assessment principle, the final figure for 2011 saw a reduced environmental impact of CO_2 equivalent to 15,920 t.
Also in 2011, we published the "Health, Safety, Security and Environment Report" with 2010 final data. This report describes the activities undertaken and the results obtained in the protection of the environment, safety, security and health.

We have also adhered to the "Charter of Principles for Environmental Sustainability", which was established by Confindustria in order to promote the obtainment of development goals among its associated companies, also improving environmental performance.

Pharmaceutical-regulatory activities

The group's pharmaceutical activities, both in Italy and abroad, continued intensely, especially with regard to regulations.

Pharmaceutical dossiers registered and approved by the competent authorities increased to 47 of which 4 in Italy and 43 abroad.

At the end of 2011, the Group had 52 Pharmaceutical Plants of which 28 in Italy and 24 abroad. The pharmacovigilance and scientific service activity was implemented. During 2011, the techniques for preparing the "Product Quality Review" and the procedure for validating the processes and software that are compulsory for medicine producers were improved.

SOL Group investments

During the year under review, investments in the technical gases sector amounted to Euro 45.0 million, with Euro 17.8 million of this being invested by the Parent Company SOL SpA and Euro 39.7 million being invested in the home care sector. These investments are broken down below:

- In France, the realisation of a new production unit for industrial and medical compressed gas was completed in Saint Savin near Lyon and a unit for storing, analysing and filling liquid medical oxygen tanks was started up.
- In France, the expansion of production capacity continued at the SOL France company in Pontoise.
- The program for the modernisation and rationalisation of the secondary SOL plants in Italy continued. These activities concerned the units of Cremona, Genoa, Pisa and Rome, in particular.
- In Italy, at the SOL unit in Sesto San Giovanni, the modernisation works were completed for the production facilities and the operational office of Vivisol Srl; furthermore, other improvements weIn Italy, work is being carried out for the modernisation of the SOL primary production plant of Salerno, with the main goal of improving efficiency and reducing energy consumption.
- In Italy, work is being carried out for the modernisation of the SOL primary production plant of Salerno, with the main goal of improving efficiency and reducing energy consumption.
- In Italy, a new warehouse was constructed in Monza for the centralised management and distribution of consumable and resale materials for the technical gas and homecare markets.
- In Belgium, at BTG of Lessines, work is being carried out for expanding the secondary production plants for compressed medicinal oxygen and cryogenic liquid for home oxygen therapy.
- In Greece, the expansion and modernisation activities for the production facilities at the SOL Hellas plant in Athens have been completed, whereas the work for creating a new office building, the future company headquarters, has started.
- In Slovenia, the work for expanding the production of the SPG air separation plant in Jesenice was completed.

- In Macedonia the production of gaseous oxygen was increased at the primary production plant SOL SEE of Kavadarci by constructing a dedicated plant. This made it possible to make larger quantities of this product in liquid form available for the diffused market.
- In Bulgaria, the activities for constructing a plant for the recovery and production of carbon dioxide started.
- In Albania work is continuing for the construction of the hydroelectric plants, Murdhari 1 and 2.
- In Spain, the new JLV unit in Arganda del Rey (Madrid) was activated.
- Several on-site industrial and medical facilities were also realised and brought on-stream during the year.
- Facilities for the transport, distribution and sale of products were enhanced involving the purchase of cryogenic tanks, cryogenic liquid delivery tanks, cylinders, dewars and medical equipment. All such measures were taken to support the growth of the Group achieved in all business sectors and geographical areas.
- The new SAP information management system that integrates all business processes of the major companies operating in Italy, notably SOL SpA and VIVISOL Srl, was started successfully.

Corporate operations

The following operations were carried out in 2011:

- The company SOL HUNGARY KFT, headquartered in Budapest, was established, which is active in selling technical gas in Hungary.
- SOL SpA purchased 99.98% of the company S.C. GTH GAZE INDUSTRIALE SA of Bucharest, which produces and sells technical gas in Romania.
- SOL SpA purchased 7.33% of the Slovenian company Energetica Z.J. doo from SIMEST, bringing its ownership share to 100%.
- The 100% held company Ossigen Gas Srl was merged by incorporation with the parent company SOL SpA.
- SOL SpA increased its shareholding in the Albanian company Hydroenergy Shpk of Tirana to 75%.
- The company VIVISOL Srl acquired an additional 30% interest in the subsidiary VIVISOL UMBRIA Srl, thereby raising its overall holding to 100%. During December, the company VIVISOL UMBRIA Srl was merged by incorporation with VIVISOL Srl, effective as of January 1, 2012.

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 services in health.

Shares of the Parent Company held by Group Companies

At 12.31.2011, the SOL SpA Parent Company did not hold treasury shares.

The other Companies of the Group did not hold shares of the SOL SpA parent company.

During the 2011 reporting year, no SOL shares were purchased or sold either by the Parent Company itself or by other Group Companies.

InfraGroup transactions and transactions with related parties

For what concerns transactions carried out with related parties, including 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 July 28, 2006, are shown in the notes to the Consolidated Financial Statements as at 12.31.2011.

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 2011, there was a slight recovery in the economy during the first months of the year, with a subsequent slowdown during the last half of 2011.

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 a new 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, would lead to higher spreads and a probable reduction in the period of the loans themselves in comparison to the past.

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 and the financing of working capital;
- 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 good economic conditions and for financing working capital.

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 that 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, Serbia, Albania, Macedonia, Bulgaria, Romania, United Kingdom and India. 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 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 Interest Rate Swap agreements linked to floating rate medium-term loans with the aim of ensuring itself a fixed rate on said loans. The notional value as at December 31, 2011 is equal to Euro 84,821 thousand and the negative fair value is equal to Euro 3,081 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 June 30, 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 unauthorised access or processing not permitted or not in compliance with the purposes of data collection.

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

The body of shareholders of SOL SpA consists of a controlling shareholder, Gas and Technologies World BV, (in turn controlled by Stichting Airvision, a Dutch foundation), which holds 59.978% of the share capital.

Neither Gas and Technologies World BV nor Stichting Airvision manage and co-ordinate SOL SpA 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 SpA).

Significant events that took place after the end of the 2011 accounting period and foreseeable business developments.

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

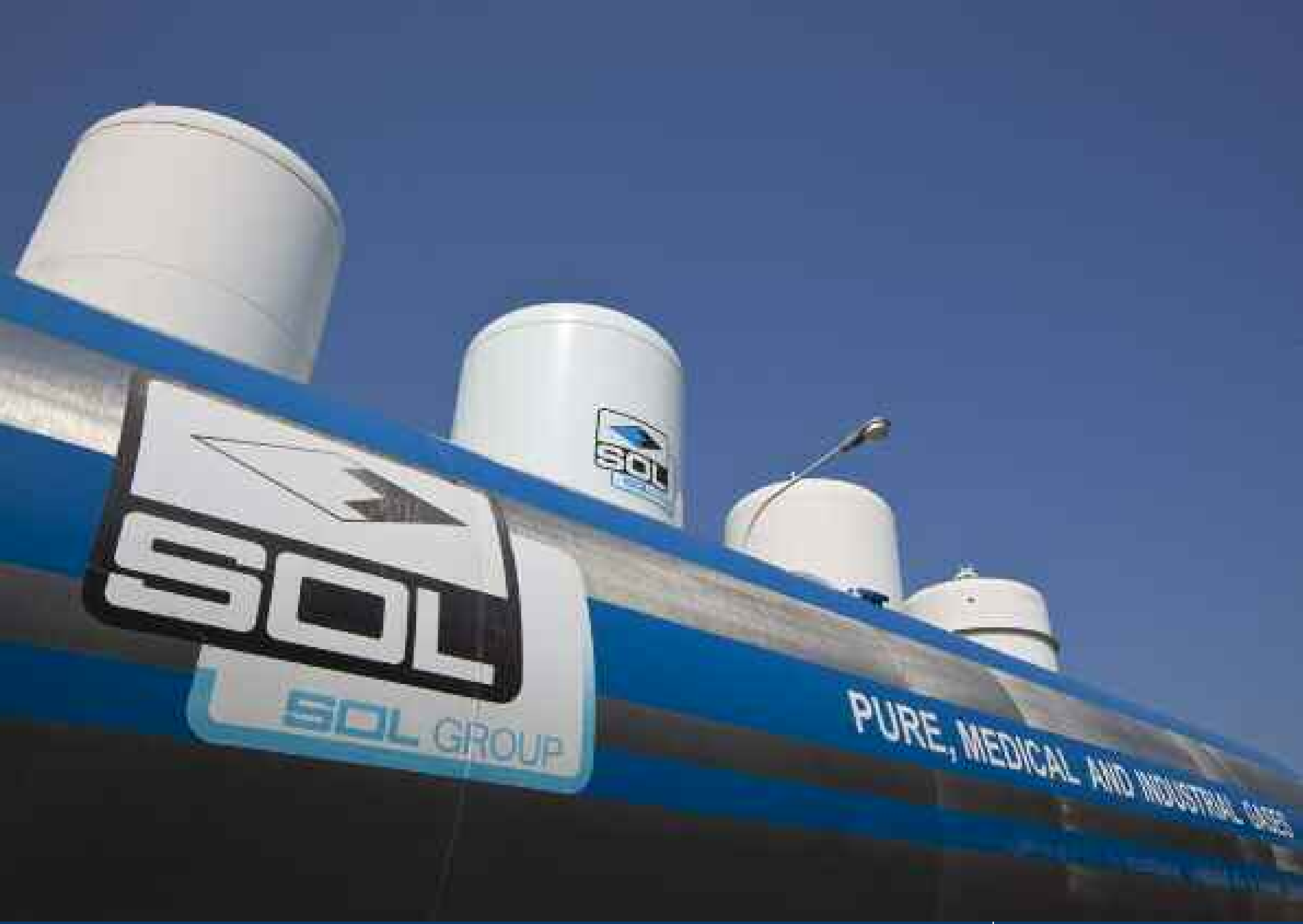
With regard to 2012, we foresee a period with a difficult economic situation, especially in Europe, with the risk of recession in some countries.

In this context, our goal is to increase sales, trying to maintain profitability, while continuing to make investments for development.

The SOL Group will pursue the goal of growth, especially in the foreign markets, by keeping a constant rationalisation of the activities, continuing to invest in plants, commercial equipment, diversification and innovation.

Monza, March 29, 2012

Chairman of the Board of Directors
(Aldo Fumagalli Romario)



Consolidated financial statements and notes to consolidate financial statements

SOL Group 2011

Consolidated income statement SOL Group

(in thousands of Euro)	Notes	12.31.2011	%	12.31.2010	%
NET SALES	1	**555,711**	**100.0%**	**518,893**	**100.0%**
Miscellaneous income	2	4,147	0.7%	2,094	0.4%
Internal works and collections	3	11,570	2.1%	13,054	2.5%
REVENUES		**571,428**	**102.8%**	**534,041**	**102.9%**
Purchase of materials		149,281	26.9%	148,550	28.6%
Services rendered		167,886	30.2%	153,727	29.6%
Changes in inventory		(185)	0.0%	(2,528)	-0.5%
Other costs		21,393	3.8%	17,712	3.4%
TOTAL COSTS	4	**338,375**	**60.9%**	**317,461**	**61.2%**
ADDED VALUE		**233,053**	**41.9%**	**216,580**	**41.7%**
COST OF LABOUR	5	**102,625**	**18.5%**	**92,948**	**17.9%**
GROSS OPERATING MARGIN		**130,428**	**23.5%**	**123,632**	**23.8%**
AMORTISATION	6	**65,002**	**11.7%**	**59,736**	**11.5%**
Other provisions	6	5,635	1.0%	4,278	0.8%
Non-recurring (income) / expenses	6	214	0.0%	-	
OPERATING RESULT		**59,577**	**10.7%**	**59,618**	**11.5%**
Financial income		1,243	0.2%	1,109	0.2%
Financial expenses		11,049	2.0%	8,228	1.6%
Total financial income / (charges)	7	(9,806)	-1.8%	(7,119)	-1.4%
PROFIT / (LOSS) BEFORE INCOME TAXES		**49,771**	**9.0%**	**52,499**	**10.1%**
Income tax	8	17,732	3.2%	19,672	3.8%
NET RESULT FROM BUSINESS ACTIVITIES		**32,039**	**5.8%**	**32,827**	**6.3%**
Net result from intermittent activities		-		-	
(Profit) / Loss pertaining to minority interests		(893)	-0.2%	(947)	-0.2%
NET PROFIT / (LOSS)		**31,146**	**5.6%**	**31,880**	**6.1%**
EARNINGS PER SHARE		**0.343**		**0.351**	

Consolidated statement of comprehensive income SOL Group

(in thousands of Euro)	12.31.2011	12.31.2010
PROFIT / (LOSS) FOR THE YEAR (A)	**32,827**	**26,102**
Effective part of profits / (losses) on cash flow hedging instruments	(559)	-
Profits / (losses) deriving from conversion of financial statements of foreign companies	(96)	(631)
Tax effect related to other profits / (losses)	154	-
TOTAL OTHER PROFITS / (LOSSES) NET OF THE TAX EFFECT (B)	**(501)**	**(631)**
OVERALL RESULT FOR THE PERIOD (A+B)	**31,538**	**32,196**
Attributable to:		
- shareholders of the parent company	30,747	31,331
- minority interest	791	865

Consolidated statement of financial position SOL Group

(in thousands of Euro)	Notes	**12.31.2011**	12.31.2010
Tangible fixed assets	9	343,655	322,261
Goodwill and consolidation differences	10	22,374	21,586
Other intangible fixed assets	11	5,576	5,827
Equity investments	12	753	493
Other financial assets	13	2,192	1,694
Prepaid taxes	14	4,490	3,439
NON-CURRENT ASSETS		**379,040**	**355,300**
Non-current assets held for sale		**-**	**-**
Inventories	15	31,747	31,686
Receivables from Clients	16	249,187	225,596
Other current assets	17	20,320	11,854
Current financial assets	18	1,087	266
Prepaid expenses and accrued income	19	2,408	1,842
Cash and cash at bank	20	47,815	32,314
CURRENT ASSETS		**352,564**	**303,558**
TOTAL ASSETS		**731,604**	**658,858**
Share Capital		47,164	47,164
Share premium reserve		63,335	63,335
Legal reserve		7,957	7,133
Reserve for treasury shares in portfolio		-	-
Other reserves		214,719	193,200
Retained earnings (accumulated loss)		-	-
Net Profit		31,146	31,880
Shareholders' equity-Group		**364,321**	**342,712**
Shareholders' equity - Minority interests		10,179	10,271
Profit pertaining to minority interests		893	947
Shareholders' equity - Minority interests		**11,072**	**11,218**
SHAREHOLDERS' EQUITY	21	**375,393**	**353,930**
Employee severance indemnities and other benefits	22	8,744	8,968
Deferred tax fund	23	3,562	3,411
Reserves for risks and charges	24	2,597	1,485
Payables and other financial liabilities	25	183,009	150,885
NON-CURRENT ASSETS		**197,912**	**164,749**
Non-current liabilities held for sale		**-**	**-**
Payables to banks		4,419	10,472
Trade accounts payable		85,960	69,209
Other financial liabilities		33,540	33,506
Current tax liabilities		7,629	8,698
Deferred income and charges		8,355	8,093
Other current liabilities		18,396	10,201
CURRENT LIABILITIES	26	**158,299**	**140,179**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**731,604**	**658,858**

Consolidated cash flow statement SOL Group

(in thousands of Euro)	**12.31.2011**	12.31.2010
CASH FLOWS GENERATED BY OPERATING ACTIVITIES		
Profit for the year	31,146	31,880
Minority interests in profit / (loss)	893	947
Adjustments not affecting liquidity		
Amortisation	65,002	59,736
Financial expenses	7,051	7,465
Accrued employee severance indemnities and other benefits	1,103	666
Provisions (use) of provisions for risks and charges	1,263	(3,869)
Total	**106,458**	96,825
Changes in current assets and liabilities		
Inventory	(12)	(3,039)
Debtors	(33,023)	(22,647)
Prepayments and accrued income	(565)	(264)
Suppliers	16,680	1,834
Other payables	4,245	(646)
Interests paid	(6,149)	(6,701)
Accrued expenses and deferred income	(638)	62
Current tax liabilities	(1,068)	(3,349)
Total	**(20,530)**	(34,750)
Cash flow generated by operating activities	85,928	62,075
CASH FLOWS GENERATED BY INVESTMENT ACTIVITIES		
Acquisitions, revaluations and other changes in tangible fixed assets	(84,968)	(61,703)
Net book value of assets sold	1,637	733
Increases in intangible assets	(2,755)	(4,222)
(Increase) decrease in long-term investments	(794)	(66)
(Increase) decrease of shareholdings and business units	(671)	(8,110)
(Increase) decrease in current financial assets	(821)	(26)
Total	**(88,372)**	(73,394)
CASH FLOWS GENERATED BY FINANCING ACTIVITIES		
Repayment of loans	(31,161)	(30,779)
Raising of new loans	67,077	36,500
Raising (repayment) of shareholders' loans	(14)	54
Dividends to shareholders	(8,616)	(7,619)
Employee severance indemnities and benefits paid	(1,327)	(1,118)
Other changes in shareholders' equity		
- translation differences and other changes	(922)	(1,044)
- changes in shareholders' equity – minority interests	(1,039)	(301)
Total	**23,998**	(4,307)
INCREASE (DECREASE) IN CASH IN HAND AND AT BANK	**21,554**	(15,626)
CASH IN HAND AND AT BANK AT BEGINNING OF YEAR	**21,842**	37,468
CASH IN HAND AND AT BANK AT END OF YEAR	**43,396**	21,842

Statement of changes in consolidated shareholders' equity SOL Group

(Information in thousands of Euro)	Share Capital	Share premium reserve	Legal reserve	Other reserves	Net Profit	Total group shareholders' equity	Total minority interests	Total net equity
Balance as at 12.31.2009	**47,164**	**63,335**	**6,486**	**177,422**	**25,086**	**319,493**	**10,135**	**329,628**
Allocation of 2009 profit	-	-	647	16,820	(17,467)	-	-	-
Dividend distribution	-	-	-	-	(7,619)	(7,619)	-	(7,619)
Other consolidation changes	-	-	-	(493)	-	(493)	218	(275)
Profit / (loss) for the year	-	-	-	(549)	31,880	31,331	865	32,196
Balance as at 12.31.2010	**47,164**	**63,335**	**7,133**	**193,200**	**31,880**	**342,712**	**11,218**	**353,930**
Allocation of 2010 profit	-	-	824	22,440	(23,264)	-	-	-
Dividend distribution	-	-	-	-	(8,616)	(8,616)	-	(8,616)
Other consolidation changes	-	-	-	(522)	-	(522)	(937)	(1,459)
Profit / (loss) for the year	-	-	-	(399)	31,146	30,747	791	31,538
Balance as at 12.31.2011	**47,164**	**63,335**	**7,957**	**214,719**	**31,146**	**364,321**	**11,072**	**375,393**

Notes to the financial statements

The 2011 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 other countries, identified as secondary sectors.

Further to the enforcement of Legislative Decree no. 38 of February 28, 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 notes to the financial statements 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 July 28, 2006.

Group composition and scope of consolidation

The consolidated financial statements comprise the financial statements as at December 31, 2011 of the SOL SpA Parent Company and of the following companies, which are, pursuant to Article 38.2 of Italian Legislative Decree No. 127/91:

a) which are 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	110,000	51%	49%	100%
BÖSCH GmbH – Gottenheim		Euro	25,564.59		100%	100%
B.T.G. Bvba – Lessines		Euro	5,508,625		100%	100%
C.T.S. Srl – Monza		Euro	156,000	100%		100%
Dolby Healthcare Limited – Stirling		GBP	300,000		100%	100%
Dolby Medical Home Respiratory Care Limited – Stirling		GBP	15,000		100%	100%
ENERGETIKA Z.J. doo – Jesenice		Euro	999,602	100%		100%
FRANCE OXYGENE Sarl – Avelin		Euro	1,300,000		100%	100%
GTH GAZE INDUSTRIALE SA – Bucarest		RON	3,276,496.90	99.98%		99.98%
G.T.S. Shpk – Tirana	1	LEK	292,164,000	100%		100%
HYDROENERGY Shpk - Tirana		LEK	1,620,000	75%		75%
HYDROSOL Shpk – 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 doo – Nova Pazova	2	RSD	309,426,966.87	66.95%	32.79%	99.74%
JLV Medical Hispania SL – Madrid		Euro	1,306,008		96.34%	96.34%
KISIKANA doo – Sisak		KUNE	28,721,300		62.79%	62.79%
MEDES Srl – Settimo Milanese		Euro	10,400	51%		51%
N.T.G. BV – Tilburg		Euro	2,295,000	100%		100%
R.L. Dolby (Services) Limited – Stirling		GBP	3		100%	100%
SICGILSOL INDIA PRIVATE LIMITED - Chennai		INR	91,866,700	50%		50%
SOL Bulgaria EAD – Sofia		LEV	3,754,360	100%		100%
SOL France Sas – Cergy Pontoise		Euro	13,000,000		100%	100%
SOL Hellas SA – Piraeus		Euro	5,710,997.26		99.53%	99.53%
SOL HUNGARY KFT – Budapest		HUF	50,000,000		100%	100%
SOL K Shpk – Pristina	3	Euro	3,510,000	99.72%	0.28%	100%
SOL SEE doo - Skopje	4	DEN	497,554,300	97.16%	2.80%	99.96%
SOL T.G. GmbH – Wiener Neustadt		Euro	726,728.34	100%		100%
SOL Welding Srl – Costabissara		Euro	100,000	100%		100%
SOL-INA doo – Sisak		KUNE	58,766,000	62.79%		62.79%
SPG – SOL Plin Gorenjska doo – Jesenice		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	98.76%		98.76%
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. doo – Jesenice		Euro	2,643,487	64.11%	35.89%	100%
U.T.P. doo – Pula		KUNE	12,433,000		61.53%	61.53%
VIVISOL B Sprl – Lessines		Euro	162,500	0.08%	99.92%	100%
VIVISOL Calabria Srl – Vibo Valentia		Euro	10,400		98.32%	98.32%
VIVISOL Deutschland GmbH – Neufahrn 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 SA – Athens		Euro	1,340,100		100%	100%
VIVISOL Napoli Srl – Marcianise		Euro	98,800		81%	81%
VIVISOL Nederland BV – Oisterwijk		Euro	500,000	100%		100%
VIVISOL Srl – Monza		Euro	2,600,000	51%	49%	100%
VIVISOL Silarus Srl - Battipaglia		Euro	18,200		56.70%	56.70%
VIVISOL Umbria Srl - Perugia		Euro	67,600		100%	100%

1) The Group's share as at December 31, 2011 includes a 33.43% equity investment of Simest SpA; under an agreement entered into between SOL SpA and Simest on July 30, 2007, SOL SpA is under obligation to repurchase the entire Simest share by June 30, 2015.
2) The Group's share as at December 31, 2011 includes a 29.24% equity investment of Simest SpA; under an agreement entered into between SOL SpA and Simest on December 22, 2004, SOL SpA is under obligation to repurchase the entire Simest share by June 30, 2012.
3) The Group's share as at December 31, 2011 includes a 46% equity investment of Simest SpA; under an agreement entered into between SOL SpA and Simest on June 11, 2010, SOL SpA is under obligation to repurchase the entire Simest share by June 30, 2018.
4) The Group's share as at December 31, 2011 includes a 36% equity investment of Simest SpA; under an agreement entered into between SOL SpA and Simest on July 21, 2004, SOL SpA is under obligation to repurchase the entire Simest share by June 30, 2012.

b) non-consolidated subsidiary companies:

Company Name and Registered Offices		Share capital	Ownership Percentage
G.T.E. SL – 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%
Blue Sky Amercoeur Scarl - Brussels	Euro	8,000,000	1.25%

Medical System Srl and Blue Sky Amercoeur Scarl have 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 December 31, 2011 and December 31, 2010 underwent the following changes:

- increase in the shareholding in SOL Hellas SA (from 98.41% to 99.53%),
- increase in the shareholding in VIVISOL Umbria Srl (from 70% to 100%),
- increase in the shareholding in HydroEnergy Shpk (from 60% to 75%),
- increase in the shareholding in TGS AD (from 96.33% to 98.76%),
- increase in the shareholding in SOL SEE doo (from 99.90% to 99.96%),
- increase in the shareholding in SOL-K Shpk (from 99.99% to 100%),
- increase in the shareholding in IMG doo (from 99.23% to 99.74%),
- by means of the exclusion of the company Ossigen Gas Srl incorporated in SOL SpA with a deed dated October 3, 2011,
- by means of the inclusion of the GTH Gaze Industriale SA company acquired in May 2011.
- by means of the inclusion of the SOL Hungary KFT company established on January 5, 2011.

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.

Jointly controlled companies

These are companies in which the Group exercises or joint control as defined by IAS 31 – *Equity investments in joint ventures*. The consolidated financial statements include the portion pertaining to the Group of the results of the jointly controlled companies, recorded using the proportional method, as from the date on which the joint control started and until it ceases to exist.

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 infraGroup 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 **12.31.2011**		Average rate of exchange for 2011		Rate of exchange on 12.31.2010		Average rate of exchange for 2010
Macedonian Dinar	Euro	0.01621	Euro	0.01625	Euro	0.01607	Euro	0.01626
Serbian Dinar	Euro	0.00942	Euro	0.00981	Euro	0.00943	Euro	0.00970
Forint ungherese	Euro	0.00318	Euro	0.00358	Euro	-	Euro	-
Croatian Kuna	Euro	0.13268	Euro	0.13443	Euro	0.13545	Euro	0.13719
Albanian Lek	Euro	0.00719	Euro	0.00713	Euro	0.00720	Euro	0.00726
Bulgarian Lev	Euro	0.51130	Euro	0.51130	Euro	0.51130	Euro	0.51130
Convertible Mark	Euro	0.51130	Euro	0.51130	Euro	0.51130	Euro	0.51130
Romanian New Leu	Euro	0.23130	Euro	0.23590	Euro	-	Euro	-
Indian Rupee	Euro	0.01455	Euro	0.01541	Euro	0.01673	Euro	0.01650
Sterling (Great Britain)	Euro	1.19717	Euro	1.15223	Euro	1.16178	Euro	1.16571

Business combinations

The business combinations are accounted for in accordance with the acquisition method. According to this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred and liabilities undertaken by the Group at the date of acquisition and of the equity instruments issued in exchange for the control

of the acquired company. The expenses related to the transaction are generally recognised in the income statement when they are incurred.
The goodwill is determined as the surplus between the sum of the amounts transferred in the business combination, the value of shareholders' equity attributable to minority interests and the fair value of any equity investment previously held in the acquired company compared to the fair value of net assets acquired and liabilities undertaken at the date of acquisition. If the value of the net assets acquired and liabilities undertaken at the date of acquisition exceeds the sum of the amounts transferred, the value of shareholders' equity attributable to minority interests and the fair value of any equity investment previously held in the acquired company, this surplus is immediately recognised in the income statement as income arising from the concluded transaction.
The portions of shareholders' equity attributable to minority interests, at the date of acquisition, can be measured at fair value or at the pro-rata value of net assets recognised for the acquired company. The choice of the measurement method is carried out for each transaction.
Any amount subject to conditions stipulated by the contract of business combination are measured at fair value at the date of acquisition and included in the value of the amounts transferred in the business combination for the purposes of determining the goodwill.
In the case of business combinations that occurred in stages, the equity investment previously held by the Group in the acquired company is revalued at fair value at the date of acquisition of control and any ensuing gain or loss is recognised in the income statement. Any value arising from the equity investment previously held and recorded in Other profits / (losses) are reclassified in the income statement as if the equity investment had been transferred.
The business combinations that occurred before January 1, 2010 were recognised according to the previous version of IFRS 3.

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 which 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 characterised by different useful lives, they are recorded separately so as to be depreciated on a consistent basis with their duration ("component approach"). Specifically, according to this approach, the value of land and of the building which exists on said land are separated and just the building is depreciated.

Depreciation

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

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

Public grants

Public grants obtained for investments in plant are recorded in the 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 instead entered in the income statement upon 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 management charges said goodwill, in accordance with the matters anticipated by IAS 36 - *Reduction of the value of the assets*. After initial recognition, goodwill is valued at cost, net of any accumulated losses in value.
Any 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 January 1, 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 or cash flow hedge according to contracts. The profits and losses deriving from the subsequent measurements at fair value are pointed out in the income statement, in the case of a fair value hedge and in shareholders' equity in the case of a cash flow hedge.

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 which 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 which 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 accrual 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 which 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 rata 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 sale 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.

Recognition of revenues

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

Loan costs

Loan costs are recorded in the profit & loss account during the period they are incurred, with the exception of the financial charges capitalised as part of an asset which 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 sha-

reholders' 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 recognised 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.

Financial 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 Euro.

Accounting principles, amendments and interpretations applied in 2011

IAS 24 – Financial statement information regarding related parties

On November 4, 2009, IASB issued a new revised version of the principle, which simplifies the type of information required in the case of carrying out transactions with State controlled related parties and clarifies the definition of related parties.
The adoption of this method did not have any impact on the financial statements.

Accounting principles, amendments and interpretations effective as of 2011 that are not relevant for the group

The following accounting principles, amendments and interpretations, valid as of January 1, 2011, govern the cases that are not present within the Group as of the date of these financial statements, but that could have accounting effects on future transactions or agreements:

- Amendment to IAS 32 – *Financial instruments: Presentation: Classification of rights issues*;
- Amendment to IFRIC 14 – *Prepayments of a minimum funding requirement*;
- IFRIC 19 – Extinguishing financial liabilities with equity instruments;
- Improvement to IAS/IFRS (2010).

Accounting principles, amendments and interpretations not yet applicable and not adopted in advance

IFRS 9 Financial instruments

This principle, published on November 12, 2009, replaces IAS 39 and shall be applicable as of January 1, 2015.

IFRS 11 – Joint arrangements

This principle published on May 12, 2011, replaces IAS 31 (interests in joint ventures) and SIC-13 (jointly controlled entities) and shall be applicable as of January 1, 2013.

IAS 19 – Employee benefits

On June 16, 2011, IASB issued an amendment to this principle, which eliminates the option to delay the recognition of actuarial losses and gains using the corridor method. It shall be applicable as of January 1, 2013.

Notes

Income statement

1. Net sales

Balance as at 12.31.11	555,711
Balance as at 12.31.10	518,893
Change	**36,818**

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

Description	12.31.2011	12.31.2010	Change
Technical gases	317,412	305,971	11,441
Home-care	238,299	212,922	25,377
Total	**555,711**	518,893	36,818

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

2. Miscellaneous income

Balance as at 12.31.11	4,147
Balance as at 12.31.10	2,094
Change	**2,053**

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

Description	12.31.2011	12.31.2010	Change
Capital gains on disposal of fixed assets	415	197	218
Insurance compensation	116	100	16
Grants received	87	92	(5)
Real estate rentals	28	39	(11)
Other	3,501	1,666	1,835
Total	**4,147**	2,094	2,053

3. Internal works and collections

Balance as at 12.31.11	11,570
Balance as at 12.31.10	13,054
Change	**(1,484)**

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

Description	12.31.2011	12.31.2010	Change
Transfers to assets	10,604	11,593	(989)
Time work	966	1,461	(495)
Total	**11,570**	13,054	(1,484)

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 12.31.11	338,375
Balance as at 12.31.10	317,461
Change	**20,914**

The breakdown of the above item is as follows:

Description	12.31.2011	12.31.2010	Change
Purchase of materials	149,281	148,550	731
Services rendered	167,886	153,727	14,159
Changes in inventory	(185)	(2,528)	2,343
Other costs	21,393	17,712	3,681
Total	**338,375**	317,461	20,914

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. Cost of labour

Balance as at 12.31.11	102,625
Balance as at 12.31.10	92,948
Change	**9,677**

The breakdown of the above item is as follows:

Description	12.31.2011	12.31.2010	Change
Wages and salaries	77,525	70,212	7,313
Social security contributions	23,997	21,915	2,082
Employee termination indemnities	1,103	821	282
Total	**102,625**	92,948	9,677

The composition of the workforce is analysed below by category:

Description	12.31.2011	12.31.2010	Change
Senior management	37	41	(4)
Office workers	1,419	1,300	119
Manual workers	812	774	38
Total	**2,268**	2,115	153

6. Depreciations, provisions and non-recurring expenses

Balance as at 12.31.11	70,851
Balance as at 12.31.10	64,014
Change	**6,837**

The breakdown of the above item is as follows:

Description	12.31.2011	12.31.2010	Change
Amortisation	65,002	59,736	5,266
Provisions	5,635	4,278	1,357
Non-recurring (income) / expenses	214	-	214
Total	**70,851**	64,014	6,837

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

Depreciation of tangible fixed assets

Description	12.31.2011	12.31.2010	Change
Land	-	-	-
Buildings	3,159	3,218	(59)
Plant and machinery	15,880	15,302	578
Manufacturing and distribution equipment	39,680	35,885	3,795
Other Assets	3,400	3,370	30
Assets under construction and advances	-	-	-
Total	**62,119**	57,775	4,344

The increase in depreciation is linked to investments made during the period, amounting to Euro 84.7 million.

Amortisation of intangible fixed assets

Description	12.31.2011	12.31.2010	Change
Industrial patents and intellectual property rights	2,066	1,284	782
Concessions, licenses, trademarks and similar rights	675	550	125
Others	142	127	15
Total	**2,883**	1,961	922

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

Description	12.31.2011	12.31.2010	Change
Risks on receivables	3,705	3,864	(159)
Provisions for risks	801	414	387
Other provisions	1,129	-	1,129
Total	**5,635**	4,278	1,357

The item "Other provisions" relates to the prudential depreciation carried out by the subsidiary SOL Hellas SA of the government bonds already received obligatorily as a payment for supplies made to public hospitals in Greece.

Non-recurring (income) / expenses

These refer to:

• goodwill costs relative to the purchase of an additional 30% share of the subsidiary VIVISOL Umbria Srl by VIVISOL Srl (Euro 132 thousand);

• goodwill costs relative to the purchase of an additional 15% share of the subsidiary Hydroenergy Shpk by the parent company (Euro 82 thousand).

7. Financial income / (expenses)

Balance as at 12.31.11	(9,806)
Balance as at 12.31.10	(7,119)
Change	**(2,687)**

The breakdown of the above item is as follows:

Description	12.31.2011	12.31.2010	Change
Financial income	1,243	1,109	134
Financial expenses	(11,049)	(8,228)	(2,821)
Total	**(9,806)**	(7,119)	(2,687)

The breakdown for the item “Financial income” is as follows:

Description	12.31.2011	12.31.2010	Change
Income from equity investments in other companies	46	-	46
From receivables entered among the fixed assets	6	3	3
Interest on banks and post offices deposits	265	174	91
Interest receivable from trade	109	249	(140)
Exchange rate gains	566	527	39
Other financial income	251	156	95
Total	**1,243**	1,109	134

The breakdown for the item “Financial expense” is as follows:

Description	12.31.2011	12.31.2010	Change
Bank interest	(328)	(206)	(122)
Supplier interest	(13)	(27)	14
Financing interest	(7,051)	(5,732)	(1,319)
Other financial expenses	(2,673)	(1,576)	(1,097)
Exchange losses	(984)	(687)	(297)
Total	**(11,049)**	(8,228)	(2,821)

8. Income tax

Balance as at 12.31.11	17,732
Balance as at 12.31.10	19,672
Change	**(1,940)**

The breakdown of the above item is as follows:

Description	12.31.2011	12.31.2010	Change
Current taxes	18,653	20,394	(1,741)
Deferred taxes	136	(394)	530
Prepaid taxes	(1,057)	(328)	(729)
Total	**17,732**	19,672	(1,940)

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	12.31.2011	12.31.2010
Theoretical taxation	**13,687**	**14,440**
Tax effect permanent differences	1,612	3,072
Tax effect deriving from foreign tax rates other than Italian theoretical tax rates	(1,091)	(1,565)
Other differences	-	-
Income taxes recorded in the financial statements, excluding IRAP (current and deferred)	**14,208**	**15,947**
Regional Production Tax (IRAP)	**3,524**	**3,725**
Income taxes recorded in the financial statements (current and deferred)	**17,732**	**19,672**

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.

Statement of financial position

9. Tangible fixed assets

Balance as at 12.31.11	343,655
Balance as at 12.31.10	322,261
Change	**21,394**

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	Plant and machinery	Manufacturing and distribution equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2010	9,401	86,229	286,841	436,246	36,123	14,606	869,446
Increases	34	2,242	10,918	45,703	2,809	427	62,133
Revaluations	-	-	307	(307)	-	-	-
Other changes	-	(143)	520	1,289	298	-	1,964
Exchange rate differences	(12)	(107)	(348)	(150)	(83)	(17)	(717)
(Disposals)	-	-	(196)	(2,881)	(662)	-	(3,739)
Balance as at 12.31.2010	9,423	88,221	298,042	479,900	38,485	15,016	**929,087**
Increases	-	2,393	15,133	52,860	2,687	11,640	84,713
Revaluations	-	-	-	-	-	-	-
Other changes	-	13	413	36	6	8	476
Exchange rate differences	(3)	(8)	59	(8)	17	(38)	19
(Disposals)	-	(313)	(179)	(11,612)	(1,414)	-	(13,518)
Balance as at 12.31.2011	9,420	90,306	313,468	521,176	39,781	26,626	**1,000,777**

Changes in tangible fixed assets - acc. depreciation	Land	Buildings	Plant and machinery	Manufacturing and distribution equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2010	-	42,788	199,694	282,825	26,174	-	551,481
Depreciation	-	3,218	15,302	35,885	3,370	-	57,775
(Write-downs)	-	-	-	-	-	-	-
Other changes	-	(72)	530	371	170	-	999
Exchange rate differences	-	(37)	(194)	(139)	(55)	-	(425)
(Disposals)	-	-	(144)	(2,208)	(652)	-	(3,004)
Balance as at 12.31.2010	-	45,897	215,188	316,734	29,007	-	**606,826**
Depreciation	-	3,159	15,880	39,680	3,400	-	62,119
(Write-downs)	-	-	-	-	-	-	-
Other changes	-	12	5	(30)	40	-	27
Exchange rate differences	-	(10)	35	(10)	17	-	32
(Disposals)	-	(293)	(141)	(10,082)	(1,366)	-	(11,882)
Balance as at 12.31.2011	-	48,765	230,967	346,292	31,098	-	**657,122**

Changes in tangible fixed assets - net value	Land	Buildings	Plant and machinery	Manufacturing and distribution equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2010	9,401	43,441	87,147	153,421	9,949	14,606	317,965
Increases	34	2,242	11,225	45,396	2,809	427	62,133
(Depreciation and write-downs)	-	(3,218)	(15,302)	(35,885)	(3,370)	-	(57,775)
Other changes	-	(71)	(10)	918	128	-	965
Exchange rate differences	(12)	(70)	(154)	(11)	(28)	(17)	(292)
(Disposals)	-	-	(52)	(673)	(10)	-	(735)
Balance as at 12.31.2010	9,423	42,324	82,854	163,166	9,478	15,016	**322,261**
Increases	-	2,393	15,133	52,860	2,687	11,640	84,713
(Depreciation and write-downs)	-	(3,159)	(15,880)	(39,680)	(3,400)	-	(62,119)
Other changes	-	1	408	66	(34)	8	449
Exchange rate differences	(3)	2	24	2	-	(38)	(13)
(Disposals)	-	(20)	(38)	(1,530)	(48)	-	(1,636)
Balance as at 12.31.2011	9,420	41,541	82,501	174,884	8,683	26,626	**343,655**

- The investments made during the period with regards to the item "Buildings" are mainly investments made by the Parent Company (Euro 387 thousand) and the subsidiary companies VIVISOL Srl (Euro 269 thousand), VIVISOL Napoli Srl (Euro 208 thousand), SOL SEE doo (Euro 405 thousand), SOL Hellas SA (Euro 406 thousand), VIVISOL B Sprl (Euro 163 thousand) and NTG BV (Euro 101 thousand).
- Acquisitions made during the period under the item "Plant and machinery" are mainly due to the purchase of plant for the Parent Company's factories (Euro 8,550 million) and those of the SOL SEE doo (Euro 3,821 thousand) and to a lesser extent to other capital expenditure carried out by all 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 21,384 thousand (including Euro 7,671 by the Parent Company and those of the subsidiaries SOL France Sas Euro 4,307 thousand, TMG GmbH Euro 3,164 thousand) and to investments made by companies operating in the home-care sector for Euro 31,476 thousand (including Euro 14,934 thousand by the company VIVISOL Srl and the subsidiaries VIVISOL Deutschland GmbH Euro 5,972, France Oxygene Sarl Euro 2,204 thousand and VIVISOL Nederland BV Euro 2,052 thousand), 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 the period relates to investments made in motor vehicles, laboratory equipment, hardware, furniture and furnishings, with Euro 798 thousand of the total reported pertaining to the Parent Company, the subsidiary Bösch (Euro 355 thousand) and to a lesser extent to other investments by other company groups.
- The item "Assets under construction" mainly refers to investments being made by the Parent Company (Euro 11,726 thousand) and by the subsidiaries SOL France Sas (Euro 3,578 thousand), Hydroenergy Shpk (Euro 2,624 thousand) and Dolby Medical Home Respiratory Care Limited (Euro 6,155 thousand).

Please note that the sites located in Monza, Padua, Pavia, Pisa, Sesto San Giovanni, Ravenna, Pomezia, Catania, Mantova, Verona 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 December 31, 2011, mortgages amounted to Euro 126,678 thousand.
As at December 31, 2011, liens amounted to Euro 126,678 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	Manufacturing and distribution equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2010	-	1,945	10,142	17,412	146	-	29,645
Increases	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2010	-	1,945	10,142	17,412	146	-	**29,645**
Increases	-	-	56	79	-	-	135
Revaluations	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2011	-	1,945	10,198	17,491	146	-	**29,780**

Changes in tangible fixed assets - acc. depreciation	Land	Buildings	Plant and machinery	Manufacturing and distribution equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2010	-	1,634	7,205	16,463	146	-	25,448
Depreciation	-	15	591	297	-	-	903
(Write-downs)	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2010	-	1,649	7,796	16,760	146	-	**26,351**
Depreciation	-	15	598	289	-	-	902
(Write-downs)	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2011	-	1,664	8,394	17,049	146	-	**27,253**

Changes in tangible fixed assets - acc. depreciation	Land	Buildings	Plant and machinery	Manufacturing and distribution equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2010	-	311	2,937	949	-	-	4,197
Increases	-	-	-	-	-	-	-
(Depreciation and write-downs)	-	(15)	(591)	(297)	-	-	(903)
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2010	-	296	2,346	652	-	-	**3,294**
Increases	-	-	56	79	-	-	135
(Depreciation and write-downs)	-	(15)	(598)	(289)	-	-	(902)
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2011	-	281	1,804	442	-	-	**2,527**

10. Goodwill and consolidation differences

Balance as at 12.31.11	22,374
Balance as at 12.31.10	21,586
Change	**788**

The breakdown of the above item is as follows:

Changes in intangible assets	Goodwill	Consolidation differences	Total
Balance as at 01.01.2010	4,159	8,261	12,420
Increases	-	6,305	6,305
Revaluations (Write-downs)	-	-	-
Other changes	2,861	-	2,861
Exchange rate differences	-	-	-
(Amortisation)	-	-	-
Balance as at 12.31.2010	7,020	14,566	**21,586**
Increases	-	664	664
Revaluations (Write-downs)	-	-	-
Other changes	-	37	37
Exchange rate differences	87	-	87
(Amortisation)	-	-	-
Balance as at 12.31.2011	7,107	15,267	**22,374**

The increase during the year in the "Consolidation differences" item concerns the purchase of the company GTH Gaze Industriale SA.

At the end of May 2011, the SOL SpA Parent Company purchased 99.98% of the shares of GTH Gaze Industriale SA, operating in the field of technical gases. GTH Gaze Industriale SA in the seven month period that ended December 31, 2011 contributed to the consolidated result for the period with a loss of Euro 45 thousand. If the acquisition had occurred on January 1, 2011, the revenues and the profit of the Group would have been more than Euro 105 thousand and Euro 1 thousand, respectively, for the 12-month period ended December 31, 2011.

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	182	-	182
Intangible fixed assets	1	-	1
Financial fixed assets	-	-	-
Warehouse inventory	49	-	49
Trade and other receivables	50	-	50
Prepaid expenses and accrued income	3	-	3
Cash and cash at bank	17	-	17
Suppliers	(71)	-	(71)
Other payables	(207)	-	(207)
Risk provisions	-	-	-
Employee Severance Indemnity	-	-	-
Deferred income and charges	-	-	-
Identifiable net assets and liabilities	**25**	**-**	**25**
Goodwill deriving from acquisition	**664**	**-**	**-**
Amount paid	**689**	**-**	**-**
Available funds acquired	**17**	**-**	**-**
Net outlays of available funds	**671**	**-**	**-**

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.

The discount rates used reflect the current valuations of the cost of money; the growth rates consider a prudent development of the sector over a duration of five years.

11. Other intangible fixed assets

Balance as at 12.31.11	5,576
Balance as at 12.31.10	5,827
Change	**(251)**

The breakdown of the above item is as follows:

Changes in intangible assets	Start-up and expansion costs	Costs of research, development and advertising	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Assets under construction and advances	Others	Total
Balance as at 01.01.2010	-	-	738	1,205	1,324	290	3,557
Increases	-	-	1,299	852	1,715	396	4,262
Revaluations (Write-downs)	-	-	-	-	-	-	-
Other changes	-	-	-	-	(27)	(1)	(28)
Exchange rate differences	-	-	-	(3)	-	-	(3)
(Amortisation)	-	-	(1,284)	(550)	-	(127)	(1,961)
Balance as at 12.31.2010	-	-	753	1,504	3,012	558	**5,827**
Increases	-	-	4,740	928	98	74	5,840
Revaluations (Write-downs)	-	-	-	-	-	-	-
Other changes	-	-	-	(44)	(2,913)	(251)	(3,208)
Exchange rate differences	-	-	-	-	-	-	-
(Amortisation)	-	-	(2,066)	(675)	-	(142)	(2,883)
Balance as at 12.31.2011	-	-	3,427	1,713	197	239	**5,576**

12. Equity investments

Balance as at 12.31.11	753
Balance as at 12.31.10	493
Change	**260**

The breakdown of the above item is as follows:

Description	**12.31.2011**	12.31.2010
GTE SL	14	11
Non-consolidated subsidiary companies	**14**	11
Consorgas Srl	422	422
Medical System Srl	18	18
Blue Sky Amercoeur Scarl	100	0
Associated companies	**540**	440
Other equity investments	199	42
Other companies	**199**	42
Total	**753**	493

All the above investments are owned by the Parent Company, except for Euro 18 thousand recorded among equity investments in the AIRSOL BV subsidiary company and Euro 186 thousand reported among the other minority equity investments (of which Euro 176 thousand relating to investments in local companies made by the TGS AD subsidiary company, Euro 2 thousand made by the TPJ doo subsidiary company, Euro 8 thousand made by the ICOA Srl subsidiary company and Euro 3 thousand made by the VIVISOL Deutschland GmbH subsidiary company).

13. Other financial assets

Balance as at 12.31.11	2,192
Balance as at 12.31.10	1,694
Change	**498**

The breakdown of the above item is as follows:

Description	**12.31.2011**	12.31.2010	Change
Receivable from others	1,554	1,402	152
Other securities	638	292	346
Total	**2,192**	1,694	498

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

Description	**12.31.2011**	12.31.2010	Change
Guaranteed deposits	1,462	1,244	218
Tax credit on Employee Severance Indemnity	16	15	1
Other	76	143	(67)
Total	**1,554**	1,402	152

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

Description	**12.31.2011**	12.31.2010	Change
SOL Tecnische Gase securities	4	4	-
SOL Hellas securities	632	284	348
TGT securities	2	4	(2)
Total	**638**	292	346

The item "SOL Hellas securities" relates to the Greek government bonds that expire on 2013, which were issued as payment for the credits towards public entities by the subsidiaries SOL Hellas SA. These securities were prudentially devaluated by 53.5% of their nominal value.

14. Amounts receivable for prepaid taxes

Balance as at 12.31.11	4,490
Balance as at 12.31.10	3,439
Change	**1,051**

The breakdown for the above item is as follows:

	Risks on receivables	Risk provisions	Internal profits	Prior losses	Other minor	Total
Balance as at 01.01.2010	1,252	137	254	1,447	21	3,111
Provisions	(22)	-	(11)	89	272	328
Uses	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-
Balance as at 12.31.2010	1,230	137	243	1,536	293	**3,439**
Provisions	151	28	53	913	(88)	1,057
Uses	-	-	-	-	-	-
Other changes	-	-	-	-	(6)	(6)
Exchange rate differences	-	-	-	-	-	-
Balance as at 12.31.2011	1,381	165	296	2,449	199	**4,490**

15. Inventories

Balance as at 12.31.11	31.747
Balance as at 12.31.10	31.686
Change	**61**

The breakdown of the above item is as follows:

Description	**12.31.2011**	12.31.2010	Change
Raw materials, auxiliaries and supplies	3,042	2,616	426
Work in progress and semi-finished products	1,152	1,365	(213)
Finished goods	27,553	27,705	(152)
Total	**31,747**	31,686	61

16. Receivables from Clients

Balance as at 12.31.11	249,187
Balance as at 12.31.10	225,596
Change	**23,591**

The breakdown of the above item is as follows:

Description	Due within 12 months	Allowance for doubtful accounts	Total **12.31.2011**	Total 12.31.2010
Receivables from Clients	261,908	(12,721)	249,187	225,596
Total	261,908	(12,721)	**249,187**	225,596

The allowance for doubtful accounts saw the following changes:

	12.31.2010	Provisions	Uses	**12.31.2011**
Provision for bad and doubtful debts	12,191	3,705	(3,175)	12,721

17. Other current assets

Balance as at 12.31.11	20,320
Balance as at 12.31.10	11,854
Change	**8,466**

The breakdown of the above item is as follows:

Description	**12.31.2011**	12.31.2010	Change
Amounts due from employees	538	497	41
Amounts receivable in respect of income tax	3,125	806	2,319
VAT receivables	15,198	9,393	5,805
Other amounts due from the tax authorities	366	202	164
Other receivables	1,093	956	137
Total	**20,320**	11,854	8,466

18. Current financial assets

Balance as at 12.31.11	1,087
Balance as at 12.31.10	266
Change	**821**

The breakdown for this item is as follows:

Description	**12.31.2011**	12.31.2010	Change
Nextra treasury funds	164	164	-
Other fixed-income securities	256	102	154
SOL Hellas securities	667	-	667
Total	**1,087**	**266**	**821**

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.

The SOL Hellas SA securities are Greek government bonds that expire on 2012, which were issued as payment for the credits towards public entities by the subsidiaries SOL Hellas SA. These securities were prudentially devaluated by 53.5% of their nominal value.

19. Prepaid expenses and accrued income

Balance as at 12.31.11	2,408
Balance as at 12.31.10	1,842
Change	**566**

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

The composition of the entries is itemised below:

Description	12.31.2011	12.31.2010	Change
Accrued income:			
Interest receivable	24	3	21
Other accrued income	339	357	(18)
Total accrued income	**363**	360	3
Prepayments:			
Insurance premiums	337	283	54
Rent	84	79	5
Prepaid expenses	223	97	126
Other prepayments	1,401	1,023	378
Total prepayments	**2,045**	1,482	563
Total prepayments and accrued income	**2,408**	1,842	566

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 12.31.11	47,815
Balance as at 12.31.10	32,314
Change	**15,501**

The breakdown for this item is as follows:

Description	12.31.2011	12.31.2010	Change
Bank and postal deposits	47,516	32,090	15,426
Cash on hand	299	224	75
Total	**47,815**	32,314	15,501

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

21. Shareholders' equity

Balance as at 12.31.11	375,393
Balance as at 12.31.10	353,930
Change	**21,463**

The share capital of SOL SpA as at December 31, 2011 comprised 90,700,000 ordinary shares with a par value of Euro 0.52 each, fully subscribed and fully paid up.

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

Shareholders' equity	12.31.2010	Transfer of result	Dividends to shareholders	Translation differences	Other changes	Net	12.31.2011
Pertaining to the Group:							
Share Capital	47,164	-	-	-	-	-	47,164
Share premium reserve	63,335	-	-	-	-	-	63,335
Legal reserve	7,133	824	-	-	-	-	7,957
Other reserves	193,200	22,440	-	6	(927)	-	214,719
Retained earnings (accumulated loss)	-	-	-	-	-	-	-
Net Profit	31,880	(23,264)	(8,616)	-	-	31,146	31,146
Shareholders' equity-Group	342,712	-	(8,616)	6	(927)	31,146	**364,321**
Minority interests:							
Shareholders' equity - Minority interests	10,271	947	-	-	(1,039)	-	10,179
Profit pertaining to minority interests	947	(947)	-	-	-	893	893
Shareholders' equity-Minority interests	11,218	-	-	-	(1,039)	893	**11,072**
SHAREHOLDERS' EQUITY	353,930	-	(8,616)	6	(1,966)	32,039	**375,393**

The item Other reserves include Euro 559 thousand related to the measurement with the cash flow hedge method of two derivatives.

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

Description	**12.31.2011** Shareholders' equity	Net equity	12.31.2010 Shareholders' equity	Net equity
Financial statements of SOL SpA	**214,982**	**13,164**	**210,901**	**16,476**
Elimination of inter-company transactions, net of tax effects:				
- Internal profit on tangible fixed assets	(1,272)	(211)	(1,059)	(27)
- Internal profit on investments				
- Reversal of adjustments to investments in subsidiary companies	207	1,712	207	488
- Dividends paid by consolidated companies		(12,089)		(12,282)
Adjustment of accounting policies to achieve consistent Group accounting policies, net of tax effects:				
- Adjustment to achieve a consistent accounting policy regarding intangible assets	(827)		(1,676)	
- Use of finance lease method for leased assets	18	(38)	57	(33)
- Valuation at equity of companies reported at cost	287		295	(67)
Carrying value of consolidated equity investments	(205,683)		(199,029)	
Net assets and financial year's results of consolidated companies	341,342	28,821	318,458	27,334
Allocation of the difference to the assets of the companies and relative depreciation, amortisation and write-downs:				
- Goodwill on consolidation	15,267	(213)	14,566	
Consolidated Group financial statements	**364,321**	**31,146**	**342,720**	**31,889**

22. Employee severance indemnities and other benefits

Balance as at 12.31.11	8,744
Balance as at 12.31.10	8,968
Change	**(224)**

The provisions underwent the following changes:

Changes in severance indemnities and other employee benefits	12.31.2011	12.31.2010
As at January 1	8,968	9,265
Provisions	1,103	821
(Uses)	(871)	(809)
Financial expenses	129	129
Other changes	(585)	(438)
Exchange rate differences	-	-
Balance as at December 31	**8,744**	8,968

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

	Employee severance indemnities		Other		Total	
	12.31.2011	12.31.2010	**12.31.2011**	12.31.2010	**12.31.2011**	12.31.2010
Current value of unfinanced plans	9,010	9,673	560	307	9,570	9,980
Unrecognised actuarial profits / (Losses)	(513)	(916)	(313)	(96)	(826)	(1,012)
Net liability	**8,497**	**8,757**	**247**	**211**	**8,744**	**8,968**

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

	Italy	Other countries
Discount rate	1.40%	3% - 6%
Inflation rate	1.50%	2% – 3%
Tendential growth rate of salaries	2.78%	3% – 6%

Employee severance indemnities

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

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 tax fund

Balance as at 12.31.11	3,562
Balance as at 12.31.10	3,411
Change	**151**

The item "Deferred taxation" represents the net balance of deferred tax liabilities provided for in the consolidated financial statements as at December 31, 2011 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 gain	Accelerated depreciation	Leasing	Other minor	Total
Balance as at 01.01.2010	456	1,926	520	570	3,472
Provisions	(205)	(83)	(137)	31	(394)
Uses	-	-	-	-	-
Other changes	-	-	-	333	333
Exchange rate differences	-	-	-	-	-
Balance as at 12.31.2010	251	1,843	383	934	**3,411**
Provisions	(152)	(52)	(140)	480	136
Uses	-	-	-	-	-
Other changes	-	10	-	5	15
Exchange rate differences	-	-	-	-	-
Balance as at 12.31.2011	99	1,801	243	1,419	**3,562**

24. Provisions for risks and charges

Balance as at 12.31.11	2,597
Balance as at 12.31.10	1,485
Change	**1,112**

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

Description	**12.31.2011**	12.31.2010	Change
Pensions and similar obligations	-	-	-
Consolidation provision for future risks and charges	-	-	-
Other:			
Exchange fluctuation provision	1	-	1
Other minor provisions	2,596	1,485	1,111
Other fund total	**2,597**	1,485	1,112
Total	**2,597**	1,485	1,112

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

The change with respect to 2010 is due to provisions totalling Euro 847 thousand, other increases for Euro 275 thousand and uses amounting to Euro 10 thousand.

25. Payables and other financial liabilities

Balance as at 12.31.11	183,009
Balance as at 12.31.10	150,885
Change	**32,124**

The breakdown of the above item is as follows:

Description	12.31.2011	12.31.2010	Change
Due to other lenders	179,668	143,800	35,868
Other payables	3,341	7,085	(3,744)
Total	**183,009**	150,885	32,124

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 977 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 2010 derives from additional loans raised during 2011, 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	Short-term amount	Short-term amount		Interest rate	Maturity		Original amount
Banco di Brescia *	541	-	541		3.61%	31.05.2012	Euro	5,000,000
Banco di Brescia *	189	-	189		4.72%	30.06.2012	Euro	2,000,000
Credito Emiliano	1,070	-	1,070		3.45%	01.09.2012	Euro	5,000,000
Intesa San Paolo	1,043	-	1,043		4.12%	15.12.2012	Euro	7,300,000
Intesa San Paolo	938	-	938		3.34%	15.12.2012	Euro	7,500,000
Unicredit *	866	-	866		4.10%	31.12.2012	Euro	4,000,000
Mediocredito Centrale	1,248	-	1,248	(f.r.)	3.04%	31.12.2012	Euro	8,263,000
Credito Emiliano	5,000	1,600	3,400	(f.r.)	3.24%	25.04.2013	Euro	5,000,000
Banco di Brescia *	300	100	200		3.75%	30.06.2013	Euro	1,000,000
Credito Emiliano	1,245	630	615	(f.r.)	2.32%	25.07.2013	Euro	3,000,000
Banco di Brescia *	1,589	812	777		4.46%	31.12.2013	Euro	5,000,000
Banco di Brescia *	954	488	466		4.46%	31.12.2013	Euro	3,000,000
Banco di Brescia *	1,828	936	892		4.84%	31.12.2013	Euro	5,000,000
BNL Paribas	2,083	1,250	833	(f.r.)	2.23%	16.02.2014	Euro	5,000,000
Banca Popolare di Bergamo	5,752	4,433	1,319		5.66%	30.07.2015	Euro	7,000,000
Credito Emiliano	407	311	96		3.51%	18.11.2015	Euro	500,000
Banco di Brescia	800	600	200		5.11%	31.12.2015	Euro	1,000,000
Mediocredito Italiano	6,000	4,667	1,333	(f.r.)	3.30%	31.03.2016	Euro	8,000,000
GE Capital	10,000	9,069	931	(f.r.)	3.90%	31.10.2016	Euro	10,000,000
BCC Carate Brianza	5,000	5,000	-	(f.r.)	3.53%	03.11.2016	Euro	10,000,000
Credito Emiliano	2,420	2,015	405		3.70%	26.05.2017	Euro	3,000,000
Mediobanca	13,750	11,250	2,500		4.39%	20.06.2017	Euro	20,000,000
Mediobanca	10,313	8,438	1,875		2.82%	20.06.2017	Euro	15,000,000
Intesa San Paolo	10,000	8,462	1,538		1.91%	15.06.2018	Euro	10,000,000
MIUR	71	65	5		0.25%	01.07.2018	Euro	76,849
Banca Popolare di Bergamo	1,000	1,000	-		4.28%	30.11.2018	Euro	1,000,000
Credito Artigiano	15,142	13,329	1,813	(f.r.)	3.25%	31.12.2018	Euro	20,000,000
Barclays Bank	7,500	6,500	1,000		3.04%	01.06.2019	Euro	10,000,000
Mediobanca	20,000	18,750	1,250		4.44%	01.04.2020	Euro	20,000,000
Intesa San Paolo	30,000	28,333	1,667	(f.r.)	2.23%	16.06.2021	Euro	30,000,000
Factor Banka	4,173	3,887	286	(f.r.)	2.74%	31.12.2022	Euro	5,200,000
Mediobanca	12,231	11,250	1,071		2.90%	20.06.2023	Euro	15,000,000
Mediocredito Italiano	18,518	17,037	1,481	(f.r.)	3.50%	31.03.2024	Euro	20,000,000
Monte dei Paschi di Siena	10,000	10,000	-		4.21%	15.06.2025	Euro	10,000,000
Banca IMI	7,049	7,049	-		6.50%	31.03.2024	Euro	7,000,000
Derivatives	3,081	2,247	834					
Amounts due to leasing companies	977	159	818					
Total	**213,168**	**179,668**	**33,500**					

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 938 thousand, has been hedged by an IRS agreement entered into on June 5, 2003 that anticipates the payment of a fixed rate of 3.34 % against a floating 6-month Euribor rate.
   The fair value as at December 31, 2011, calculated by the same bank, was negative for a total of Euro 13 thousand (at December 31, 2010 negative for Euro 46 thousand).
2. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 13,750 thousand has been hedged by an IRS agreement entered into on October 24, 2007 that anticipates the payment of a fixed rate of 4.39% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2011, calculated by the same bank, was negative for a total of Euro 1,159 thousand (at December 31, 2010 negative for Euro 1,188 thousand).
3. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 10,313 thousand has been hedged by an IRS agreement entered into on May 14, 2009 that anticipates the payment of a fixed rate of 2.82% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2011, calculated by the same bank, was negative for a total of Euro 389 thousand (at December 31, 2010 negative for Euro 241 thousand).
4. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 12,321 thousand has been hedged by an IRS agreement entered into on May 19, 2010 that anticipates the payment of a fixed rate of 2.9% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2011, calculated by the same bank, was negative for a total of Euro 581 thousand (at December 31, 2010 positive for Euro 1 thousand).
5. The loan agreement outstanding with Barclays Bank whose residual debt amounts to Euro 7,500 thousand has been hedged by an IRS agreement entered into on March 24, 2011 that anticipates the payment of a fixed rate of 3.04% against a floating 6-month Euribor rate.
   The fair value as at December 31, calculated by the same bank, was negative for a total of Euro 380 thousand.
6. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 30,000 thousand, has been hedged by an IRS agreement entered into on June 16, 2011 that anticipates the payment of a fixed rate of 2.23% against a floating 6-month Euribor rate.
   The fair value as at December 31, calculated by the same bank, was negative for a total of Euro 467 thousand.
7. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 10,000 thousand, has been hedged by an IRS agreement entered into on September 20, 2011 that anticipates the payment of a fixed rate of 1.91% against a floating 6-month Euribor rate.
   The fair value as at December 31, calculated by the same bank, was negative for a total of Euro 92 thousand.

The contracts numbered from 1. to. 5. were measured as a fair value hedge, whereas contracts numbered 6. and 7. were measured as a cash flow hedge.

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 December 31, 2011, by hierarchical level of fair value measurement:

Payables and other financial liabilities	Notes	Level 1	Level 2	Level 3	Total
Barclays Bank		-	(380)	-	(380)
Intesa San Paolo		-	(13)	-	(13)
Intesa San Paolo		-	(467)	-	(467)
Intesa San Paolo		-	(92)	-	(92)
Mediobanca		-	(1,159)	-	(1,159)
Mediobanca		-	(389)	-	(389)
Mediobanca		-	(581)	-	(581)
Total		**-**	**(3,081)**	**-**	**(3,081)**

The item "Other payables" includes the commitments of the company SOL SpA to repurchase shares in the companies SGTS Shpk (Euro 802 thousand) and SOL K Shpk (Euro 1,776 thousand) presently held by the company SIMEST SpA.

26. Current liabilities

Balance as at 12.31.11	158,299
Balance as at 12.31.10	140,179
Change	**18,120**

The breakdown for this item is as follows:

Description	12.31.2011	12.31.2010	Change
Payables to banks	4,419	10,472	(6,053)
Trade accounts payable	85,960	69,209	16,751
Other financial liabilities	33,540	33,506	34
Current tax liabilities	7,629	8,698	(1,069)
Other current liabilities	18,396	10,201	8,195
Deferred income and charges	8,355	8,093	262
Total	**158,299**	140,179	18,120

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

The breakdown for the item "Tax liabilities" comprises:

Description	12.31.2011	12.31.2010	Change
Amounts due in respect of income tax	1,912	4,109	(2,197)
Amounts due to Inland Revenue in respect of VAT	2,856	1,938	918
Amounts due for withholding tax	1,854	1,696	158
Other tax liabilities	1,007	955	52
Total	**7,629**	8,698	(1,069)

"Other current liabilities" comprise:

Description	12.31.2011	12.31.2010	Change
Amounts due to Social Security institutions	4,258	3,658	600
Unused holiday entitlement	3,850	3,749	101
Amounts due to personnel for remuneration	1,522	1,119	403
Guaranteed deposits	477	497	(20)
Amounts due for acquisition of equity investments	3,698	166	3,532
Other payables	4,591	1,012	3,579
Total	**18,396**	10,201	8,195

The item "Amounts due for purchase of equity investments" includes the commitments of the company SOL SpA to repurchase shares in the companies SOL SEE doo (Euro 2,922 thousand) and IMG doo (Euro 776 thousand) presently held by the company SIMEST SpA.

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

The composition of the entries is itemised below:

Description	**12.31.2011**	12.31.2010	Change
Accrued expenses:			
Interest payable on loans	902	764	138
Other	1,157	1,739	(582)
Total accrued expenses	**2,059**	2,503	(444)
Deferred income:			
Sink funds granted	118	170	(52)
Rentals receivable	156	134	22
Other	**6,022**	5,286	736
Total deferred income	**6,296**	5,590	706
Total	**8,355**	8,093	262

Breakdown of revenues by type of business SOL Group

(In thousands of Euro)	Technical gas sector	%	12.31.2011 Home-care service sector	%	Write-downs	Consolidated figures	%
Technical Gas sector	340,578	100.0%	-		(23,166)	317,412	57.1%
Home-care service sector	-		238,809	100.0%	(510)	238,299	42.9%
Net sales	**340,578**	**100.0%**	**238,809**	**100.0%**	**(23,676)**	**555,711**	**100.0%**
Miscellaneous income	3,119	0.9%	1,500	0.6%	(472)	4,147	0.7%
Internal works and collections	1,809	0.5%	9,385	3.9%	375	11,570	2.1%
Revenues	**345,506**	**101.4%**	**249,694**	**104.6%**	**(23,773)**	**571,428**	**102.8%**
Purchase of materials	98,140	28.8%	66,540	27.9%	(15,399)	149,281	26.9%
Services rendered	103,750	30.5%	71,443	29.9%	(7,307)	167,886	30.2%
Changes in inventory	(1,003)	-0.3%	818	0.3%	-	(185)	0.0%
Other costs	12,145	3.6%	10,314	4.3%	(1,066)	21,393	3.8%
Total costs	**213,032**	**62.6%**	**149,115**	**62.4%**	**(23,772)**	**338,375**	**60.9%**
Added value	**132,474**	**38.9%**	**100,579**	**42.1%**	**(1)**	**233,053**	**41.9%**
Cost of labour	61,132	17.9%	41,493	17.4%	-	102,625	18.5%
Gross operating margin	**71,342**	**20.9%**	**59,086**	**24.7%**	**(1)**	**130,428**	**23.5%**
Amortisation	39,834	11.7%	25,168	10.5%	-	65,002	11.7%
Other provisions	4,667	1.4%	968	0.4%	-	5,635	1.0%
Non-recurring (income) / expenses	82	0.0%	132	0.1%	-	214	0.0%
Operating result	**26,759**	**7.9%**	**32,818**	**13.7%**	**(1)**	**59,577**	**10.7%**
Financial income	8,665	2.5%	624	0.3%	(8,046)	1,243	0.2%
Financial expenses	8,439	2.5%	4,099	1.7%	(1,489)	11,049	2.0%
Total financial income / (charges)	226	0.1%	(3,475)	-1.5%	(6,557)	(9,806)	-1.8%
Profit (Loss) before income taxes	**26,985**	**7.9%**	**29,343**	**12.3%**	**(6,558)**	**49,771**	**9.0%**
Income tax	7,805	2.3%	9,927	4.2%	-	17,732	3.2%
Net result from business activities	**19,180**	**5.6%**	**19,416**	**8.1%**	**(6,558)**	**32,039**	**5.8%**
Net result from intermittent activities	-		-		-		-
(Profit) / Loss pertaining to minority interests	(277)	-0.1%	(616)	-0.3%	- (893)	-0.2%	(301)
Net Profit / (Loss)	**18,903**	**5.6%**	**18,799**	**7.9%**	**(6,558)**	**31.146**	**5.6%**

Other Information SOL Group

(In thousands of Euro)	Technical gas sector	12.31.2011 Home-care service sector	Write-downs	Consolidated figures
Total assets	**592,367**	**302,520**	**(163,283)**	**731,604**
Total liabilities	**277,203**	**152,634**	**(73,626)**	**356,211**
Investments	**44,998**	**39,716**	**-**	**84,714**

12.31.2010

Technical gas sector	%	Home-care service sector	%	Write-downs	Consolidated figures	%
325,090	100.0%	-		(19.119)	305.971	59,0%
		213,419	100,0%	(497)	212.922	41,0%
325,090	100.0%	213,419	100,0%	(19.616)	518.893	100,0%
2,178	0.7%	348	0,2%	(432)	2.094	0,4%
4,039	1.2%	8,922	4,2%	93	13.054	2,5%
331,307	101.9%	222,689	104,3%	(19.955)	534.041	102,9%
98,084	30.2%	63,473	29,7%	(13.007)	148.550	28,6%
95,459	29.4%	64,251	30,1%	(5.983)	153.727	29,6%
21	0.0%	(2,549)	-1,2%	-	(2.528)	-0,5%
10,229	3.1%	8,446	4,0%	(963)	17.712	3,4%
203,793	62.7%	133,621	62,6%	(19.953)	317.461	61,2%
127,514	39.2%	89,068	41,7%	(2)	216.580	41,7%
57,286	17.6%	35,662	16,7%	-	92.948	17,9%
70,228	21.6%	53,406	25,0%	(2)	123.632	23,8%
37,987	11.7%	21,749	10,2%	-	59.736	11,5%
3,614	1.1%	664	0,3%	-	4.278	0,8%
-		-		-	-	
28,627	8.8%	30,993	14,5%	(2)	59.618	11,5%
8,001	2.5%	656	0,3%	(7.548)	1.109	0,2%
6,577	2.0%	2,760	1,3%	(1.109)	8.228	1,6%
1,424	0.4%	(2,104)	-1,0%	(6.439)	(7.119)	-1,4%
30,051	9.2%	28,889	13,5%	(6.441)	52.499	10,1%
9,722	3.0%	9,950	4,7%	-	19.672	3,8%
20,329	6.3%	18,939	8,9%	(6.441)	32.827	6,3%
-		-		-	-	
-0.1%	(646)	-0,3%	-	(947)	-0,2%	
20,028	6.2%	18,293	8,6%	(6.441)	31.880	6,1%

12.31.2010

Technical gas sector	Home-care service sector	Write-downs	Consolidated figures
541,673	278,787	(161,602)	658,858
240,011	121,806	(56,889)	304,928
32,867	29,266	-	62,133

Breakdown of revenues by type of business: Technical Gas Area

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

(In thousands of Euro)	12.31.2011	%	12.31.2010	%
Net sales	**340,578**	100.0%	325,090	100.0%
Miscellaneous income	3,119	0.9%	2,178	0.7%
Internal works and collections	1,809	0.5%	4,039	1.2%
Revenues	**345,506**	101.4%	331,307	101.9%
Purchase of materials	98,140	28.8%	98,084	30.2%
Services rendered	103,750	30.5%	95,459	29.4%
Changes in inventory	(1,003)	-0.3%	21	0.0%
Other costs	12,145	3.6%	10,229	3.1%
Total costs	**213,032**	62.6%	203,793	62.7%
Added value	**132,474**	38.9%	127,514	39.2%
Cost of labour	61,132	17.9%	57,286	17.6%
Gross operating margin	**71,342**	20.9%	70,228	21.6%
Amortisation	**39,834**	11.7%	37,987	11.7%
Other provisions	4,667	1.4%	3,614	1.1%
Non-recurring (income) / expenses	82	0.0%	-	
Operating result	**26,759**	7.9%	28,627	8.8%
Financial income	8,665	2.5%	8,001	2.5%
Financial expenses	8,439	2.5%	6,577	2.0%
Total financial income / (charges)	226	0.1%	1,424	0.4%
Profit (Loss) before income taxes	**26,985**	7.9%	30,051	9.2%
Income tax	7,805	2.3%	9,722	3.0%
Net result from business activities	**19,180**	5.6%	20,329	6.3%
Net result from intermittent activities	-		-	
(Profit) / Loss pertaining to minority interests	(277)	-0.1%	(301)	-0.1%
Net Profit / (Loss)	**18,903**	5,6%	20,028	6.2%

Sales in the Technical Gas Sector reported a 4.8% increase.

Gross operating margin increased by 1.6% compared to the previous year.

The net operating result decreased 6.5% in comparison to the previous year due to greater depreciation, appropriations and non-recurring expenses for a total of Euro 3 million.

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

(in thousands of Euro)	**12.31.2011**	12.31.2010
Tangible fixed assets	259,896	253,271
Goodwill and consolidation differences	2,880	2,179
Other intangible fixed assets	4,741	5,088
Equity investments	59,821	59,558
Other financial assets	47,163	40,726
Prepaid taxes	4,100	2,974
NON-CURRENT ASSETS	**378,601**	363,796
Non-current assets held for sale	**-**	-
Inventories	14,299	13,470
Receivables from Clients	158,908	142,928
Other current assets	7,870	3,583
Current financial assets	1,087	266
Prepaid expenses and accrued income	1,381	1,225
Cash and cash at bank	30,221	16,405
CURRENT ASSETS	**213,766**	177,877
TOTAL ASSETS	**592,367**	541,673
Share Capital	47,164	47,164
Share premium reserve	63,335	63,335
Legal reserve	7,957	7,133
Reserve for treasury shares in portfolio	-	-
Other reserves	170,740	156,708
Retained earnings (accumulated loss)	-	-
Net Profit	18,903	20,028
Shareholders' equity-Group	**308,099**	294,368
Shareholders' equity - Minority interests	6,788	6,993
Profit pertaining to minority interests	277	301
Shareholders' equity - Minority interests	**7,065**	7,294
SHAREHOLDERS' EQUITY	**315,164**	301,662
Employee severance indemnities and other benefits	7,081	7,308
Deferred tax fund	2,671	2,796
Reserves for risks and charges	1,767	1,335
Payables and other financial liabilities	159,281	131,369
NON-CURRENT ASSETS	**170,800**	142,808
Non-current liabilities held for sale	**-**	-
Payables to banks	4,261	10,464
Trade accounts payable	63,777	49,228
Other financial liabilities	22,496	25,361
Current tax liabilities	3,771	4,693
Deferred income and charges	1,662	1,482
Other current liabilities	10,436	5,975
CURRENT LIABILITIES	**106,403**	97,203
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**592,367**	541,673

Breakdown of revenues by type of business: Home-care Area

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

(In thousands of Euro)	12.31.2011	%	12.31.2010	%
Net sales	**238,809**	100.0%	213,419	100.0%
Miscellaneous income	1,500	0.6%	348	0.2%
Internal works and collections	9,385	3.9%	8,922	4.2%
Revenues	**249,694**	104.6%	222,689	104.3%
Purchase of materials	66,540	27.9%	63,473	29.7%
Services rendered	71,443	29.9%	64,251	30.1%
Services rendered	818	0.3%	(2,549)	-1.2%
Other costs	10,314	4.3%	8,446	4.0%
Total costs	**149,115**	62.4%	133,621	62.6%
Added value	**100,579**	42.1%	89,068	41.7%
Cost of labour	41,493	17.4%	35,662	16.7%
Gross operating margin	**59,086**	24.7%	53,406	25.0%
Amortisation	25,168	10.5%	21,749	10.2%
Other provisions	968	0.4%	664	0.3%
Non-recurring (income) / expenses	132	0.1%	-	
Operating result	**32,818**	13.7%	30,993	14.5%
Financial income	624	0.3%	656	0.3%
Financial expenses	4,099	1.7%	2,760	1.3%
Total financial income / (charges)	(3,475)	-1.5%	(2,104)	-1.0%
Profit (Loss) before income taxes	**29,343**	12.3%	28,889	13.5%
Income tax	9,927	4.2%	9,950	4.7%
Net result from business activities	**19,416**	8.1%	18,939	8.9%
Net result from intermittent activities	-		-	
(Profit) / Loss pertaining to minority interests	(616)	-0.3%	(646)	-0.3%
Net Profit / (Loss)	**18,799**	7.9%	18,293	8.6%

Sales in the Homecare Service sector reported an increase of 11.9%.

Gross operating margin increased by 10.6% compared to the previous year.

Operating result increased by 5.9% compared to the previous year.

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

(Information in thousands of Euro)	**12.31.2011**	12.31.2010
Tangible fixed assets	83,759	68,991
Goodwill and consolidation differences	19,494	19,407
Other intangible fixed assets	835	739
Equity investments	30,588	45,648
Other financial assets	8,752	6,543
Prepaid taxes	390	465
NON-CURRENT ASSETS	**143,818**	141,793
Non-current assets held for sale	**-**	-
Inventories	17,447	18,216
Receivables from Clients	110,187	94,014
Other current assets	12,448	8,237
Current financial assets	-	-
Prepaid expenses and accrued income	1,026	618
Cash and cash at bank	17,594	15,909
CURRENT ASSETS	**158,702**	136,994
TOTAL ASSETS	**302,520**	278,787
Share Capital	7,750	7,750
Share premium reserve	22,484	22,484
Legal reserve	-	-
Reserve for treasury shares in portfolio	-	-
Other reserves	67,685	77,486
Retained earnings (accumulated loss)	29,154	27,022
Net Profit	18,799	18,293
Shareholders' equity-Group	**145,873**	153,035
Shareholders' equity - Minority interests	3,396	3,300
Profit pertaining to minority interests	617	646
Shareholders' equity - Minority interests	**4,013**	3,946
SHAREHOLDERS' EQUITY	**149,886**	156,981
Employee severance indemnities and other benefits	1,662	1,660
Deferred tax fund	891	615
Reserves for risks and charges	829	150
Payables and other financial liabilities	23,729	19,515
NON-CURRENT ASSETS	**27,111**	21,940
Non-current liabilities held for sale	**-**	-
Payables to banks	157	9
Trade accounts payable	95,811	76,869
Other financial liabilities	11,044	8,145
Current tax liabilities	3,858	4,005
Deferred income and charges	6,693	6,611
Other current liabilities	7,960	4,227
CURRENT LIABILITIES	**125,523**	99,866
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**302,520**	278,787

Information by geographic area

The breakdown of revenues by geographic area is presented below:

Description	12.31.2011	12.31.2010	Change
Italy	309,506	301,629	7,877
Other countries	246,205	217,264	28,941
Total	**555,711**	518,893	36,818

The breakdown of investments by geographic area is presented below:

Description	12.31.2011	12.31.2010	Change
Italy	35,385	26,635	8,750
Other countries	49,329	35,498	13,831
Total	**84,714**	62,133	22,581

InfraGroup transactions and transactions with related parties

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

InfraGroup transactions

All the infraGroup transactions fall within the ordinary operations of the Group, they are carried out on an arms'-length basis and there were no atypical or unusual transactions or transactions causing potential conflicts of interest.
InfraGroup sales and services carried out during 2011 amounted to Euro 101.7 million.

As at December 31, 2011, receivable and payable transactions between Group companies came to Euro 175.3 million, of which Euro 90.2 million of a financial nature and Euro 85.1 million of a trade nature.

The breakdown for the intercompany financial receivables is as follows:

• Financial receivables granted by SOL SpA	Euro	53.7 million
• Financial receivables granted by AIRSOL BV	Euro	27.7 million
• Financial receivables granted by other companies	Euro	8.8 million

The transactions of the SOL Group with associated companies comprised:

• Sale to Consorgas Srl	Euro	4 thousand
• Purchased from Consorgas Srl	Euro	377 thousand
• Amounts due to Consorgas Srl	Euro	417 thousand
• Sale to Medical System Srl	Euro	3 thousand
• Purchased from Medical System Srl	Euro	558 thousand
• Amounts due to Medical System Srl	Euro	229 thousand

Commitments, guarantees and potential liabilities

The SOL Group obtained sureties totalling Euro 24,292 thousand.

Net financial position

(Information in thousands of Euro)	**12.31.2011**	12.31.2010
a Cash	299	224
b Banks	47,516	32,090
c Securities held for trading	-	-
d Liquidity (a) + (b) + (c)	**47,815**	32,314
a Securities	1,087	266
a Other short-term financial assets	-	-
a Current financial receivables	**1,087**	266
f Short-term amounts due to banks	(4,419)	(10,472)
g Loans – short term portion	(31,848)	(32,133)
g Leases – short term portion	(818)	(895)
h Amounts due to shareholders for loans	(40)	(54)
h Amounts due to Shareholders for the purchase of equity investments	(3,698)	(166)
h Other short-term financial liabilities	(834)	(424)
i Current borrowing (f) + (g) + (h)	**(41,657)**	**(44,144)**
j Net current borrowing (d) + (e) + (i)	**7,245**	**(11,564)**
k Long-term amounts due to banks	-	-
l Bonds issued	-	-
m Investment securities	638	292
m Other long-term financial assets	-	1
m Loans – long-term portion	(177,262)	(141,992)
m Amounts due to lenders for Leasing	(159)	(757)
m Amounts due to Shareholders for the purchase of equity investments	(2,578)	(6,202)
m Other long-term financial liabilities	(2,247)	(1,051)
n Non-current borrowing (k) + (l) + (m)	**(181,608)**	**(149,709)**
o Net borrowing (j) + (n)	**(174,363)**	**(161,273)**

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 2011, there was a slight recovery in the economy during the first months of the year, with a subsequent slowdown during the last half of 2011.

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 a new 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, would lead to higher spreads and a probable reduction in the period of the loans themselves in comparison to the past.

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 and the financing of working capital;
- 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 good economic conditions and for financing working capital.
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 that 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, Serbia, Albania, Macedonia, Bulgaria, Romania, United Kingdom and India. 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 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.

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 60 thousand; a presumed increase in short-term interest rates by 0.50% would imply an increase in financial expense of ca. Euro 248 thousand.

For what concerns the seven 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 2,544 thousand. Vice versa, a decrease would determine a negative fair value of ca. Euro 4,374 thousand.

A presumed and instantaneous increase in short-term interest rates by 0.50% would imply a negative fair value of ca. Euro 1,679 thousand. Vice versa, a decrease would determine a negative fair value of ca. Euro 5,805 thousand.

The Group has stipulated Interest Rate Swap agreements linked to floating rate medium-term loans with the aim of ensuring itself a fixed rate on said loans. The notional value as at December 31, 2011 is equal to Euro 84,821 thousand and the negative fair value is equal to Euro 3,081 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 June 25, 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 2011 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)	Company that provided the service	Receiver	Considerations pertaining to the 2011 financial year
Audit	BDO SpA	SOL SpA Parent Company	94
	BDO SpA	Subsidiaries	41
	BDO network	Subsidiaries	168
Quarterly audit	BDO SpA	SOL SpA Parent Company	8
	BDO SpA	Subsidiaries	7
Other services	BDO SpA	SOL SpA Parent Company (1)	15
	BDO SpA	Subsidiaries (1)	13
	BDO network	Subsidiaries (1)	7
Total			**353**

(1) Fiscal aid services and others

Non-recurring significant events and transactions

Pursuant to Consob communication no. DEM/6064296 of July 28, 2006, the SOL Group did not carry out non-recurring significant events and transactions during 2011.

Transactions deriving from atypical and/or unusual operations

Pursuant to Consob communication no. DEM/6064296 of July 28, 2006, the SOL Group did not carry out atypical and/or unusual operations in 2011, 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, 2012

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 company accounting documents of SOL SpA, certify, considering also what is provided by Article 154-bis, sub-paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 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 2011 financial year.

We also certify that:

1. the consolidated financial statements:

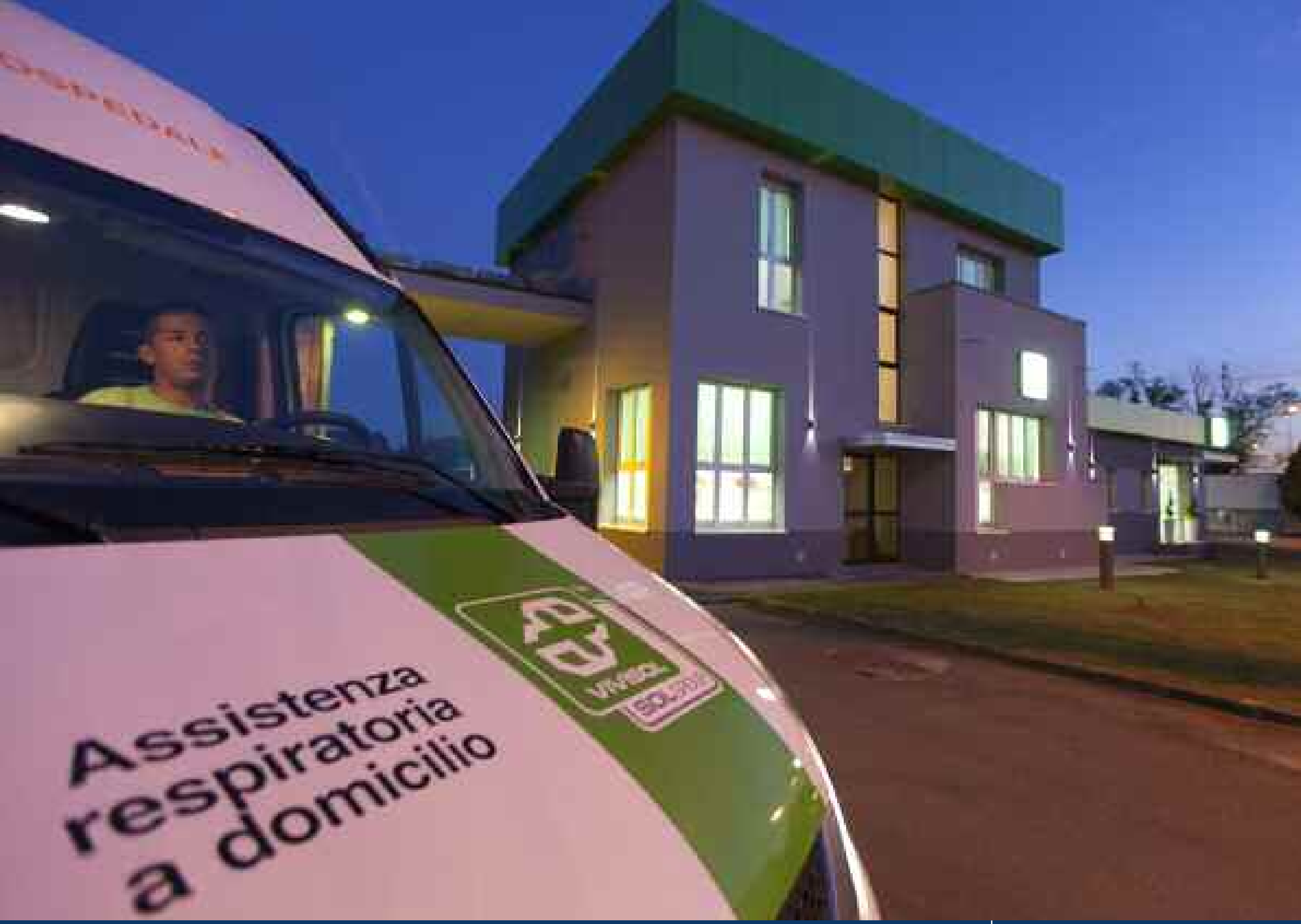
a) have been prepared in accordance with the International Accounting Standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
b) correspond to the figures reported in the accounting records;
c) they are suitable 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, 2012

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 | 2011

BDO

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Auditor's report on the consolidated financial statements
in accordance artt. 14 and 16 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, 2011. 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.

   For the opinion on the financial statements of prior year, which are presented for comparative purposes, reference should be made to our auditor's report issued on April 15, 2011.

3. In our opinion, the consolidated financial statements of SOL Group as of December 31, 2011 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.

BDO

2.

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, 2011.

Milan April 13, 2012

BDO S.p.A.

Signed by: Vincenzo Capaccio
(Partner)

Progetto grafico
M Studio, Milano

SOL Spa

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