2012

SOL Group Annual Report

SOLGROUP
a breath of life

Index

SOL Spa

Registered office
Via Borgazzi, 27
20900 Monza

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 Managers	Giulio Mario Bottes 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 n. 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 severally; powers of extraordinary management, acting jointly, it being understood that for the execution of the related acts the signature of one of the two with the written 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 severally.

SOL Spa (1)

12.31.12

- 100 % **AIRSOL BV** – Tilburg (NL)
- 100 % **TMG GmbH** – Krefeld (D)
- 100 % **VIVISOL H. GmbH** – Vienna (A)
- 100 % **VIVISOL France Sarl** – Vaux le Penil (F)
- 100 % **FRANCE OXYGENE Sarl** – Avelin (F)
- 100 % **VIVISOL Deutschland GmbH** – Neufahrn bei Freising (D)
  - 100 % **BÖSCH GmbH** – Gottenheim (D)
  - 100 % **VIVICARE GmbH** – Neufahrn bei Freising (D)
- 100 % **VIVISOL Hellas SA** – Athens (GR)
- 99,53 % **SOL Hellas SA** – Magoula (GR)
- 49 % **BIOTECHSOL Srl** 51 % – Monza (I)
- 99,92 % **VIVISOL B Sprl** 0,08 % – Lessiness (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 Srl** 51 % – Monza (I)
  - 30 % **VIVISOL Calabria Srl** – Vibo Valentia (I)
  - 65 % **Il Point Srl** – Verona (I)
- 81 % **VIVISOL Napoli Srl** – Marcianise (I)
  - 70 % **VIVISOL Silarus Srl** – Battipaglia (I)

- **CTS Srl** 100 % – Monza (I)
- **NTG BV** 100 % – Tilburg (NL)
- 100 % **VIVISOL Iberica SL** – Arganda del Rey (E)
- 100 % **BTG BVBA** – Lessines (B)(4)
- 100 % **SOL France Sas** – Cergy Pontoise (F)
- 100 % **HYDROSOL Shpk** – Tirana (AL)
- 49 % **BEHRINGER Srl** 2 % – Genova (I)
  - 100 % **MEDICAL SYSTEM Srl** – Giussago (I)
- **TGS AD** 98,78 % – Skopje (MK)
  - **SOL SEE doo** 2,84 % / 97,16 % – Skopje (MK)
  - **SOL-K Shpk** 0,28 % / 53,72 % – Pristina (KS)(3)
  - 12,01 % **IMG doo** 21,04 % / 66,95 % – Nova Pazova (SRB)
- 100 % **BT GASES Ltd** – Harrietshame (UK)*
- 80 % **VIVISOL TK AS** – Istanbul (TR)
- **ICOA Srl** 97,60 % – Vibo Valentia (I)
  - 70 % **VIVISOL Calabria Srl** – Vibo Valentia (I)
- **DIATHEVA Srl** 51 % – Fano (I)
- **GTE SL** 100 % – Barcellona (E)*

- 100 % **VIVISOL Nederland BV** – Tilburg (NL)
- 100 % **SOL TG GmbH** – Wiener Neustadt (A)
  - 100 % **SOL Hungary KFT** – Budapest (H)
- 75,18 % **TGT AD** – Trn (BiH)
  - 26,43 % **TGP AD** – Petrovo (BiH)
- 60,96 % **TGP AD** – Petrovo (BiH)
- 62,79 % **SOL-INA doo** – Sisak (HR)
  - **UTP doo** 98 % – Pula (HR)
  - **Kisikana doo** 100 % – Sisak (HR)
- 100 % **Energetika ZJ doo** – Jesenice (SLO)
  - 45,15 % **SPG - SOL Plin Gorenjska doo** – Jesenice (SLO)
- 54,85 % **SPG - SOL Plin Gorenjska doo** – Jesenice (SLO)
  - 35,89 % **TPJ doo** – Jesenice (SLO)
- 64,11 % **TPJ doo** – Jesenice (SLO)
- 100 % **SOL Welding Srl** – Costabissara (I)
- 66,57 % **GTS Shpk** – Tirana (AL)(2)
- 75 % **HydroEnergy Shpk** – Tirana (AL)
- 50 % **SICGILSOL INDIA PRIVATE LIMITED** – Chennai (IND)
- 51 % **MEDES Srl** – Settimo Milanese (I)
- 100 % **SOL Bulgaria EAD** – Sofia (BG)
- 99,98 % **GTH GAZE INDUSTRIALE SA** – Bucarest (RO)
- 100 % **SOL HYDROPOWER doo** – Skopje (MK)
- 25,79 % **CONSORGAS Srl** – Milano (I)

(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 33.43 % equity investment by SIMEST Spa Under agreements stipulated between SOL and SIMEST on 30 July 2007, SOL is under obligation to repurchase this SIMEST share by 30 June 2015.
(3) The share pertaining to minority interests includes a 46.00 % equity investment by SIMEST Spa Under agreements stipulated between SOL and SIMEST on 11 June 2010, SOL is under obligation to repurchase this SIMEST share by 30 June 2018.
(4) B.T.G. has established a foreign branch in Avion (France) and one in Harrietsham, Maidstone Kent (UK).
(*) Company not included in the consolidation basis

Director's report SOL Group

Foreword

This yearly Financial Report as at December 31, 2012 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 20 other European countries, in Turkey 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 year 2012 witnessed a diversified economic trend. The United States and South American countries experienced a growth in GDP; China and India continued to grow, but at slower development rates compared to the past and Japan is in a recession. Europe continued a phase of economic slowdown, which had started in 2011, and resulted in a recession in some countries. Only Germany experienced a growth in GDP which, however, decreased in the second half of the year.
Italy manifested the worst crisis of all industrialised nations of Western Europe, with an economy in recession demonstrated by a reduction in industrial production, investments and consumption.
In terms of financial aspects, despite a situation with interest rates at minimum levels, the banking system suffered a liquidity crisis, increase in bad and doubtful debts and tightening of national and European Authority regulations; thus the granting of credit to companies decreased, and the situation of enterprises worsened which, in many cases, reacted by lengthening payment times, with the consequent effect of reducing liquidity of the entire production and commercial system.
In the general context the scenario for 2013 should maintain the same dynamics as 2012 at least for the first 6 months, with prospects for a slight improvement in the second half of the year.
In terms of the technical, special and medicinal gas sector, we encountered a decrease in the production and sales of the quantities of industrial gases in Italy and some other European countries, following the downturn in industrial production.
In contrast, there was an increase in gas and service sales in the medicinal gas sector.
The precision engineering and iron and steel industrial sectors recorded a sharp downturn, while the foodstuff sector and that connected to environment technologies remained stable.
The medicinal sector was characterised by slight 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.
The home-care sector witnessed a smaller growth compared to recent years, in part due to policies to limit government healthcare spending enacted in all European countries.

Summary results

Within the afore-mentioned context, we believe that the results achieved by the SOL Group during 2012 were positive.
Net sales achieved by the SOL Group in 2012 totalled Euro 583.0 million (+ 4.9 % compared to 2011 sales).
The gross operating margin was Euro 132.2 million, equal to 22.7 % of sales, with a Euro 1.8 million growth compared to 2011 (130.4 million or 23.5 % of sales).
The operating result totalled Euro 56.5 million equal to 9.7 % of sales, with a Euro 3.1 million decrease versus 2011 (59.6 million or 10.7 % of sales), including against higher depreciation, amortisation and provisions for Euro 5.1 million.
The net profit amounted to Euro 29.0 million (Euro 31.1 million at the end of 2011).
Cash flow amounted to Euro 98.5 million (16.9 % of sales), up by Euro 1.5 million when compared with 2011 (equal to Euro 97.0 million).
Investments recorded in the financial statements totalled Euro 85.4 million (Euro 84.7 million in 2011).
The average number of staff employed as of December 31, 2012 totalled 2,441 (2,199 as of 31 December 2011).
The Group's net financial indebtedness was equal to Euro 195.3 million (Euro 174.4 million as of 31 December 2011).

Operating performance

During 2012, the technical gas sector disclosed a slight growth in sales when compared with the previous year (+1.3 %, for a turnover equating to Euro 344.9 million), with volumes moderately increasing with regard to the sales to some opening economic sectors and decreasing mainly in the steel and iron sectors and precision engineering industry.
Compared to 2011 sales recorded a slight growth in the healthcare sector, while the food and environmental sectors remained stable.
The home-care business once again reported good growth, both in Italy and in foreign countries (+10.9 % for a turnover equal to Euro 264.9 million) thanks to a continuous commitment in the development of new products and services that accompany and complete the oxygen treatment activities, and increase of business in England.
In terms of costs, there was a slight decrease in profit margins in terms of gross operating margin mainly due to the significant costs incurred to start-up home-care in England.
The net operating result, slightly decreased in comparison to 2011, was influenced by greater depreciation and appropriations for a total of Euro 5.1 million.
Greater difficulty was encountered in collecting receivables due from customers and an increase of those considered losses.
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 20.1 million, essentially as a result of technical and financial investments made during the year.
The debt/equity ratios remain very sound; debt/equity ratio 0.50 and cash flow cover 1.48.
During 2012, technical gas reserves remained within the safety levels prescribed while some sites reduced their work due to the difficult situation of the economy.
The SOL Group's work force increased during 2012 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 2012 with a listed price of Euro 4.020 and closed as at 12.28.2011 at Euro 4.000. During the year, the stock achieved a maximum listed price of Euro 4.672, while the minimum came to Euro 3.690.

Quality, Safety, Health and Environment

Attention to the topics of quality, safety, health and environmental management was constantly maintained active also during 2012. The integrated management system, which is controlled with intense internal auditing activities, was also subjected to third party audits in 2012, and more specifically by Certification Bodies and by the supervisory bodies of public administration. All the audits 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, ISO 50001 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 obtained at the end of 2012 was the achievement of the information security management system certification according to the international ISO 27000 standard concerning management of IT services for Group companies.
Again in this case the management system was implemented for the purposes of documentation integrated with quality, safety and environmental issues.
For the technical gas business the certification status excellence was confirmed with the maintenance of the EMAS European Registration for the Verona and Mantua plants, in addition to continuing to apply the Responsible Care programme for more than ten years and compliance with Corporate Social Responsibility principles.
All the EC 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 EC 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 always 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 sites has been confirmed for 20 sites in Italy and expanded to 11 non-Italian sites.
In addition, the ISO 14001 certification of Vivisol Srl was confirmed, and auditing activities have been implemented for obtaining certification of the safety management system in accordance with the standard OHSAS 18001.
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 2012, 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 (CO2) into the environment. By applying the Life Cycle Assessment technique the final 2012 figure shows an equivalent CO2 figure not released in the environment totalling 16,274 tons.
We published the Group's first Sustainability Report in May 2012. It is the evolution of the Health, Safety and Environment Report prepared in 2010/2011.
The Sustainability Report was structured according to the principles of the Global Reporting Initiative (GRI) international standard.

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 59 of which 6 in Italy and 53 abroad.
At the end of 2012, the SOL Group had 52 Pharmaceutical Plants of which 26 in Italy and 26 abroad.
The pharmacovigilance and scientific service activity was implemented. During 2012, the techniques for preparing the "Product Quality Review" were further fine-tuned and the procedure for validating the processes and software which are extremely important for the production of medicines.

SOL Group investments

During the year under review, investments in the technical gases sector amounted to Euro 39.0 million, with Euro 9.4 million of this being invested by the Parent Company SOL Spa and Euro 46.5 million being invested in the home-care sector. These investments are broken down below:

- In Italy work was completed to modernise the main SOL production plant in Salerno which led to an expansion of production capacity as well as a substantial decrease in energy consumption with consequent improvement in efficiency.
- A project to expand the SOL Plant in Mantua was started in Italy. The work is expected to be completed during 2014.
- In Bulgaria a project was completed to build a new recycling and production plant for liquid carbon dioxide.
- In Macedonia the SOL SEE company started a project to expand the main production plant in Kavadarci, which it expects to complete during 2014. In addition some investments were made and the plant for the main customer finished.
- The TGS company in Macedonia carried out improvement work for some auxiliary systems of the main production plant in Skopje.
- In Germany TMG purchased an area adjacent to the secondary production factory in Krefeld to use to expand its production capacity.
- In Romania the GTH company performed various improvement and expansion operations for the compressed gas production plants at its secondary production factory in Bucharest.
- In Slovenia the Energetika company completed work to automate and improve the hydroelectric plant in Zasip.
- In Albania work continued to build the Murdhari 1 and 2 hydroelectric plants and work started for the project to build hydroelectric plants in Macedonia.
- The programme for the modernisation and rationalisation of the secondary SOL plants in Europe continued. This activity primarily involved the Rome, Caserta, Centro Gas Puri Monza and Ancona units in Italy, Pontoise and Saint Savin units in France, Tilburg unit in Holland, Viotias and Salonika units in Greece, Jesenice unit in Slovenia and Trn Laktasi unit in Bosnia.
- In India SICGILSOL built a helium transfer plant at its secondary production factory in Manali.
- In the home-care sector in Great Britain the DOLBY company completed the secondary production plant in Bedford, while in Holland VIVISOL Nederland completed investments to build the new Tilburg site and in Germany VIVISOL Deutschland carried out various improvement operations at the Plaue, Neufahrn and Hannover sites. In Italy VIVISOL Srl improved the installations in Verona, Jesi and Sesto S. Giovanni.
- Various 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 electro-medical equipment. All such measures were taken to support the growth of the Group achieved in all business sectors and geographical areas.
- Investments continued to improve IT systems for both the technical gas and home-care sectors.

Corporate operations

The following operations were carried out in 2012:
- SOL Spa established the SOL HYDROPOWER doo company in Macedonia which will be engaged in the production, distribution and sales of electricity
- SOL Spa: acquired 51 % of the DIATHEVA Srl company in Fano (PU), involved in the biomedical sector.
- SOL Spa acquired 36 % of the Macedonian company SOL SEE doo and 29.24 % of the Serbian company IMG doo from SIMEST.
  Following these transactions, the SOL group holds 100 % of the share capital of the two companies.
- The AIRSOL BV company acquired 80 % of the Turkish company VIVISOL TK, active in the home-care sector.
- The AIRSOL BV company increased its investment in the VIVISOL IBERICA SL company to 100 %
- The Behringer Srl company acquired 100 % of the MEDICAL SYSTEM Srl company
- The VIVISOL Deutschland GmbH company established the VIVICARE GmbH company in Germany which is engaged in providing nursing care to the ill and elderly.

Research & Development

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 12.31.2012, 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 2012 reporting year, no SOL shares were purchased or sold either by the Parent Company itself or by other Group Companies.

Intra-Group transactions and transactions with related parties

For what concerns transactions carried out with related parties, including intra-group 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 12.31.2012.

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.
  There was a general slowdown of the economic trend in Europe during 2012, and partly in China and India as well.

- **Risks relevant to the results of the Group**

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

- **Risks related to fund requirements**

  The SOL Group carries on an activity that entails 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 loans.
  Operations are expected to continue to generate adequate financial resources while the use of new loans, despite the excellent financial position of the Group, will encounter high spreads and greater difficulties in obtaining long-term loans compared 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 writedown. Provisions are made on a collective basis for receivables which are not subject to individual writedown, taking into account the historic experience and the statistical data.

Liquidity risk

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

The Group has adopted a series of policies and processes aimed at optimizing 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 which 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, India and Turkey. 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 which differ depending on the performance of the exchange rates. As envisaged by the accounting standards adopted, the effects of these changes are booked directly to shareholders' equity, under the item "Other reserves".
Some Group companies purchase electric energy that is used for the primary production of technical gasses. The price of electricity is affected by the Euro/dollar rate of exchange and by the price trend of energy raw materials. The risk related to their fluctuations is mitigated by stipulating, as much as possible, fixed price purchase contracts or with a fluctuation measured on a not very short time period. Moreover, long-term supply contracts to customers are index-linked in such a way as to cover the fluctuation risks shown above.
The parent group issued a debenture bond in June 2012 for USD 60 million. The exchange rate risk was hedged with a Cross Currency Swap transaction in Euro on the entire amount of the bond and for the entire duration (12 years). The fair value as of December 31, 2012 was negative for Euro 3,831 thousand.

Interest rate risk

The interest rate risk is handled by the Parent Company by means of the centralization of the majority of the medium/long-term debt and an adequate division of the loans between fixed rate and floating rate favouring, when possible and convenient, medium/long-term debt with fixed rates, also by operating through specific Interest Rate Swap agreements.
Some Group companies have stipulated Interest Rate Swap agreements linked to floating rate medium-term loans with the aim of ensuring a fixed rate on said loans. The notional value as at 12.31.12 is equal to Euro 74,234 thousand and the negative fair value is equal to Euro 5,249 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.

Management and co-ordination activities (as per art. 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 art. 2497 of the Italian Civil Code in that the majority shareholder, holding company, just asserts the rights and privileges of each shareholder and does not deal, since it does not have a structure fit for this purpose, with the management of the Company (fully entrusted to the independent decisions of the Board of Directors of SOL Spa).

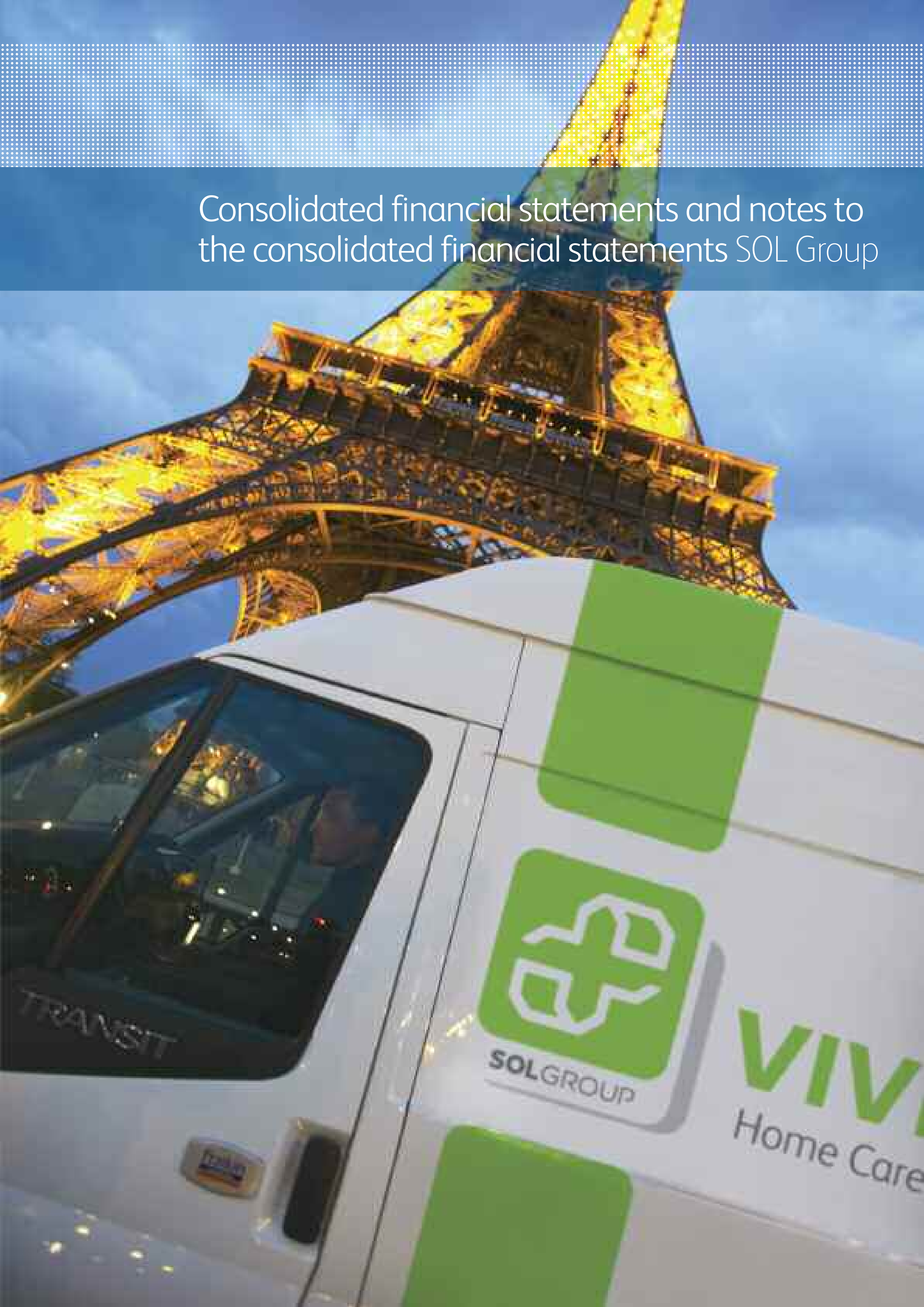
Significant events that took place after the end of the 2012 accounting period and foreseeable business developments.

No significant events have taken place after the end of the year.
In terms of 2013 we predict a period characterised by a very difficult economic situation, especially in Europe, with a possible slight improvement in the last part of the year.
In this context, we propose achieving an additional growth in revenues and 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, 2013

Chairman of the Board of Directors
(Aldo Fumagalli Romario)

Consolidated financial statements and notes to the consolidated financial statements SOL Group



Consolidated income statement SOL Group

(in thousands of Euro)	Notes	12.31.2012	%	12.31.2011	%
Net Sales	1	**582,968**	100.0%	555,711	100.0%
Other revenues and proceeds	2	6,835	1.2%	4,147	0.7%
Internal works and collections	3	9,455	1.6%	11,570	2.1%
Revenues		**599,258**	102.8%	571,428	102.8%
Purchase of materials		150,730	25.9%	149,281	26.9%
Services rendered		177,097	30.4%	167,886	30.2%
Change in inventories		(533)	-0.1%	(185)	0.0%
Other expenses		24,736	4.2%	21,393	3.8%
Total costs	4	**352,030**	60.4%	338,375	60.9%
Added value		**247,228**	42.4%	233,053	41.9%
Payroll and related costs	5	115,013	19.7%	102,625	18.5%
Gross operating margin		**132,215**	22.7%	130,428	23.5%
Depreciation/amortisation	6	68,545	11.8%	65,002	11.7%
Other provisions	6	7,182	1.2%	5,635	1.0%
Non-recurrent income/charges	6	22	0.0%	214	0.0%
Operating result		**56,466**	9.7%	59,577	10.7%
Financial income		2,185	0.4%	1,243	0.2%
Financial expense		12,140	2.1%	11,049	2.0%
Total financial income / (charges)	7	**(9,955)**	-1.7%	(9,806)	-1.8%
Profit (Loss) before income taxes		**46,510**	8.0%	49,771	9.0%
Tax on profit	8	16,508	2.8%	17,732	3.2%
Net result from business activities		**30,002**	5.1%	32,039	5.8%
Net result from intermittent activities		-	0.0%	-	0.0%
(Profit) / Loss pertaining to minority interests		(976)	-0.2%	(893)	-0.2%
Net Profit / (Loss)		**29,027**	5.0%	31,146	5.6%
Earnings per share		**0,320**	0.0%	0,343	0.0%

Consolidated statement of comprehensive income SOL Group

(in thousands of Euro)	12.31.2012	12.31.2011
Profit/(Loss) for the year (A)	**30,002**	32,039
Effective part of profits / (losses) on cash flow hedging instruments	(5,297)	(559)
Profits / (losses) deriving from translation of financial statements of foreign companies	(504)	(96)
Tax effect related to other profits (losses)	1,456	154
Total other profits / (losses) net of the tax effect (B)	**(4,345)**	(501)
Overall result for the period (A+B)	**25,658**	31,538
Attributable to:		
- shareholders of the parent company	24,698	30,747
- minority interest	960	791

Consolidated statement of financial position SOL Group

(in thousands of Euro)	Notes	12.31.2012	12.31.2011
Tangible fixed assets	9	362,844	343,655
Goodwill and consolidation differences	10	24,970	22,374
Other intangible fixed assets	11	8,492	5,576
Equity Shareholdings	12	781	753
Other financial assets	13	4,784	2,192
Tax advances	14	5,923	4,490
Non-current assets		**407,793**	379,040
Non-current assets held for sale			
Inventories	15	33,148	31,747
Trade receivables	16	238,755	249,187
Other current assets	17	21,938	20,320
Current financial assets	18	2,429	1,087
Prepayments and accrued income	19	3,692	2,408
Cash and cash at bank	20	61,403	47,815
Current assets		**361,367**	352,564
Total assets		**769,160**	731,604
Share Capital		47,164	47,164
Share premium reserve		63,335	63,335
Legal reserve		8,615	7,957
Other reserves		227,535	214,719
Retained earnings (accumulated loss)		2,659	-
Net Profit		29,027	31,146
Shareholders' equity-Group		**378,334**	364,321
Shareholders' equity - Minority interests		11,342	10,179
Profit (loss) pertaining to Minority interests		976	893
Shareholders' equity - Minority interests		**12,318**	11,072
shareholders' equity	21	**390,652**	375,393
Employee severance indemnities and other benefits	22	8,725	8,744
Provision for deferred taxes	23	3,015	3,562
Provisions for risks and charges	24	2,568	2,597
Payables and other financial liabilities	25	224,273	183,009
Non-current assets		**238,581**	197,912
Non-current liabilities held for sale			
Due to banks		3,066	4,419
Trade accounts		74,576	85,960
Other financial liabilities		33,487	33,540
Tax payables		6,707	7,629
Accrued expenses and deferred income		7,999	8,355
Other current liabilities		14,093	18,396
Current liabilities	26	**139,928**	158,299
Total liabilities and shareholders' equity		**769,160**	731,604

Consolidated cash flow statement SOL Group

(in thousands of Euro)	12.31.2012	12.31.2011
Cash flows generated by operating activities		
Profit (Loss) for the year	**29,027**	31,146
Minority interests in profit/loss	976	893
Adjustments not affecting liquidity		
Depreciation/amortisation	68,545	65,002
Financial expense	8,266	7,051
Accrued employee severance indemnities and other benefits	1,037	1,103
Provisions (use) of provisions for risks and charges	(576)	1,263
Total	**107,275**	106,458
Changes in current assets and liabilities		
Inventories	(890)	(12)
Receivables	7,816	(33,023)
Prepayments and accrued income	(1,281)	(565)
Suppliers	(11,594)	16,680
Other payables	(4,366)	4,245
Interests paid	(8,330)	(6,149)
Accrued expenses and deferred income	(294)	(638)
Tax payables	(922)	(1,068)
Total	**(19,861)**	(20,530)
Cash flow generated by operating activities	87,414	85,928
Cash flows generated by investment activities		
Acquisitions, revaluations and other changes in property, plant and equipment	(85,315)	(84,968)
Change in the consolidation basis	-	-
Net book value of assets sold	597	1,637
Increases in intangible assets	(5,311)	(2,755)
(Increase) decrease in investments	(2,617)	(794)
(Increase) decrease of shareholdings in unconsolidated subsidiary companies	-	-
(Increase) decrease of shareholdings and business units	(3,317)	(671)
(Increase) decrease in financial assets not held as fixed assets	(1,342)	(821)
Total	**(97,305)**	(88,372)
Cash flows generated by financing activities		
Repayment of loans	(26,743)	(31,161)
Raising of new loans	20,038	67,077
Bond issues	47,942	-
Raising (repayment) of shareholders' loans	(40)	(14)
Dividends to shareholders	(9,070)	(8,616)
Employee severance indemnities and benefits paid	(1,134)	(1,327)
Other changes in shareholders' equity		
- increase in share capital	-	-
- translation differences and other changes	(5,945)	(922)
- changes in shareholders' equity – minority interests	(216)	(1,039)
- change in the consolidation basis	-	-
Total	**24,832**	23,998
Increase (decrease) in cash in hand and at bank	**14,941**	21,554
Cash in hand and at bank at beginning of year	**43,396**	21,842
Cash in hand and at bank at end of year	**58,337**	43,396

Statement of changes in consolidated shareholders' equity SOL Group

(in thousands of Euro)	Share Capital	Share premium reserve	Legal reserve	Other riserves	Net Profit	Total group shareholders' equity	Total shareholders' equity pertaining to minority interests	Total shareholders' equity
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 financial 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
Allocation of 2011 profit	-	-	658	21,418	(22,076)	-	-	-
Dividend distribution	-	-	-	-	(9,070)	(9,070)	-	(9,070)
Other consolidation changes	-	-	-	(1,614)	-	(1,614)	286	(1,328)
Profit / (loss) for the financial year	-	-	-	(4,329)	29,027	24,698	960	25,658
Balance as at 12.31.2012	**47,164**	**63,335**	**8,615**	**230,194**	**29,027**	**378,334**	**12,318**	**390,652**

Notes to the consolidated financial statements

The 2012 consolidated financial statements have been drawn up in accordance with the International Accounting Principles (IFRS) established by the International Accounting Standards Board and approved by the European Union. The IFRS are understood to also be all the international accounting standards reviewed ("IAS"), all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").
The financial statements are prepared based on historic cost, changed as required for the measurement of some financial instruments, as well as on the assumption of a going concern. The SOL Group has evaluated that no significant uncertainties exist (as defined by paragraph 25 of the IAS 1 standard) regarding the company being a going concern.
The income statement has been drawn up with the allocation of the costs by nature; the statement of financial position has been prepared in accordance with the format which highlights the separation of the "current/non-current" assets and liabilities, while the indirect method was adopted for the statement of cash flows.
In the 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 table and financial statement 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, 2012 of the SOL Spa Parent Company and of the following companies, which are, pursuant to Article 38.2 of Italian Legislative Decree No. 127/91:

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

				Ownership percentage		
Name and Registered Office	Notes		Share Capital	Direct	Indirect	Total
AIRSOL BV - Tilburg		EUR	7,750,000	100.00%		100.00%
BTG Bvba - Lessines		EUR	5,508,625		100.00%	100.00%
BEHRINGER Srl - Genova		EUR	102,000	2.00%	49.00%	51.00%
BIOTECHSOL Srl - Monza		EUR	110,000	51.00%	49.00%	100.00%
BÖSCH GmbH - Gottenheim		EUR	25,565		100.00%	100.00%
CTS Srl - Monza		EUR	156,000	100.00%		100.00%
DIATHEVA Srl - Fano		EUR	31,566	51.00%		51.00%
Dolby Healtcare Limited - Stirling		GBP	300,100		100.00%	100.00%
Dolby Medical Home Respiratory Care Limited-Stirling		GBP	15,100		100.00%	100.00%
ENERGETIKA ZJ doo - Jesenice		EUR	999,602	100.00%		100.00%
FRANCE OXYGENE Sarl - Avelin		EUR	1,300,000		100.00%	100.00%
GTS ShPK - Tirana	1	ALL	292,164,000	100.00%		100.00%
GTH GAZE INDUSTRIALE SA - Bucarest		RON	3,276,497	99.98%		99.98%
HYDROENERGY Shpk - Tirana		ALL	228,928,950	75.00%		75.00%
HYDROSOL Shpk - Tirana		ALL	125,000		100.00%	100.00%
ICOA Srl - Vibo Valentia		EUR	45,760	97.60%		97.60%
Il Point Srl - Verona		EUR	98,800		65.00%	65.00%
IMG doo - Nova Pazova		RSD	309,426,967	66.95%	32.79%	99.74%
KISIKANA doo - Sisak		HRK	28,721,300		62.79%	62.79%
MEDES Srl - Settimo Milanese		EUR	10,400	51.00%		51.00%
MEDICAL SYSTEM Srl - Giussago		EUR	26,000		51.00%	51.00%
NTG BV - Tilburg		EUR	2,295,000	100.00%		100.00%
RL Dolby (Services) Limited - Stirling		GBP	3		100.00%	100.00%
SICGILSOL INDIA PRIVATE LIMITED - Chennai		INR	131,366,700	50.00%		50.00%
SOL Bulgaria EAD - Sofia		BGN	3,754,360	100.00%		100.00%
SOL France Sas - Cergy Pontoise		EUR	13,000,000		100.00%	100.00%
SOL Hellas SA - Magoula		EUR	5,710,997		99.53%	99.53%
SOL HUNGARY KFT - Budapest		HUF	50,000,000		100.00%	100.00%
SOL Hydropower - Skopje		MKD	2,460,200	100.00%		100.00%
SOL K Shpk - Pristina	2	EUR	3,510,000	99.72%	0.28%	100.00%
SOL SEE doo - Skopje		MKD	497,554,300	97.16%	2.81%	99.97%
SOL TG GmbH - Wiener Neustadt		EUR	726,728	100.00%		100.00%
SOL Welding Srl - Costabissara		EUR	100,000	100.00%		100.00%
SOL-INA doo - Sisak		HRK	58,766,000	62.79%		62.79%
SPG - SOL Plin Gorenjska doo - Jesenice		EUR	8,220,664	54.85%	45.15%	100.00%
TGP AD - Petrovo		BAM	1,177,999	60.96%	19.87%	80.83%
TGS AD - Skopje		MKD	413,001,942	98.78%		98.78%
TGT AD - Trn		BAM	970,081	75.18%		75.18%
TMG GmbH - Krefeld		EUR	7,000,000		100.00%	100.00%
TPJ doo - Jesenice		EUR	2,643,487	64.11%	35.89%	100.00%
UTP doo - Pula		HRK	12,433,000		61.53%	61.53%
VIVICARE GmbH - Neufahrn bei Freising		EUR	25,000		100.00%	100.00%
VIVISOL B Sprl - Lessines		EUR	162,500	0.08%	99.92%	100.00%
VIVISOL Calabria Srl - Vibo Valentia		EUR	10,400		98.32%	98.32%
VIVISOL Deutschland GmbH - Neufahrn bei Freising		EUR	2,500,000		100.00%	100.00%
VIVISOL France Sarl - Vaux le Penil		EUR	1,900,000		100.00%	100.00%
VIVISOL Heimbehandlungsgeräte GmbH - Vienna		EUR	726,728		100.00%	100.00%
VIVISOL Hellas SA - Athens		EUR	1,340,100		100.00%	100.00%
VIVISOL Iberica SL - Arganda del Rey		EUR	840,000		100.00%	100.00%
VIVISOL Napoli Srl - Marcianise		EUR	98,800		81.00%	81.00%
VIVISOL Nederland BV - Tilburg		EUR	500,000	100.00%		100.00%
VIVISOL Silarus Srl - Battipaglia		EUR	18,200		56.70%	56.70%
VIVISOL Srl - Monza		EUR	2,600,000	51.00%	49.00%	100.00%
VIVISOL TK AS - Istanbul		TRY	2,000,000		80.00%	80.00%

1) The Group's share as at December 31, 2012 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, 2012 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.

b) non-consolidated subsidiary companies:

Name and Registered Office		Share Capital	Ownership percentage
BT GASES Ltd - Harrietshame	GBP	1.00	100.00 %
GTE Sl - Barcellona	Euro	12,020.24	100.00 %

The companies have not been consolidated since they are dormant.

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

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

d) associated companies, carried at cost:

Name and Registered Office		Share Capital	Ownership percentage
Blue Sky Amercoeur Scarl - Bruxelles	Euro	8,000,000	1,25 %

Blue Sky Amercoeur Scarl has been classified among the associated companies since its relationships are of a commercial nature.

The equity investments in other companies were valued at cost, as they cannot be included among subsidiary and associated companies.

The scope of consolidation between December 31, 2012 and December 31, 2011 underwent the following changes:

- increase in the shareholding in TGS AD (from 98.53 % to 98.78 %),
- increase in the shareholding in VIVISOL Iberica SL (from 96.34 % to 100 %),
- by means of the exclusion of the company VIVISOL Umbria Srl incorporated in VIVISOL Srl with a deed dated December 16, 2011,
- by means of the inclusion of the DIATHEVA Srl company acquired in June 2012,
- by means of the inclusion of the VIVISOL TK AS company acquired in August 2012,
- by means of the inclusion of the Medical System Srl company acquired in December 2012,
- by means of the inclusion of the VIVICARE GmbH company set up on May 15, 2012,
- by means of the inclusion of the SOL Hydropower doo company established on January 13, 2012.

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 statement of financial position 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 a joint control as defined by IAS 31 - *Interests 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 impairment. 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 intra-Group 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 reporting 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 which are included within the scope of consolidation are converted using the exchange rates in force as of the reporting 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 utilised to convert the Financial Statements not expressed in Euro are detailed in the table below:

Currency		Exchange rate as at **12.31.2012**		Average exchange rate for 2012		Exchange rate as at 12.31.2011		Average exchange rate for 2011
Macedonian Dinar	Euro	0,01612	Euro	0,01624	Euro	0,01621	Euro	0,01625
Serbian Dinar	Euro	0,00888	Euro	0,00885	Euro	0,00942	Euro	0,00981
Hungarian Forint	Euro	0,00342	Euro	0,00346	Euro	0,00318	Euro	0,00358
Croatian Kuna	Euro	0,13232	Euro	0,13295	Euro	0,13268	Euro	0,13443
Albanian Lek	Euro	0,00716	Euro	0,00719	Euro	0,00719	Euro	0,00713
Bulgarian Lev	Euro	0,51130	Euro	0,51130	Euro	0,51130	Euro	0,51130
Turkish Lira	Euro	0,42461	Euro	0,43224	Euro	0,40930	Euro	0,42775
Convertible Mark	Euro	0,51130	Euro	0,51130	Euro	0,51130	Euro	0,51130
Romanian New Leu	Euro	0,22500	Euro	0,22425	Euro	0,23130	Euro	0,23590
Indian Rupee	Euro	0,01378	Euro	0,01458	Euro	0,01455	Euro	0,01541
British Pound	Euro	1,22534	Euro	1,23324	Euro	1,19717	Euro	1,15223

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 1 January 2010 were recognised according to the previous version of IFRS 3.

Accounting principles

Tangible fixed assets

Cost

Real estate property, plant and equipment 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 "Impairment of assets".
The costs capitalized for leasehold improvements are attributable to the classes of assets to which they refer and depreciated over the residual duration of the rental contract or the residual useful life of the improvement, whichever period is shorter.
If the individual components of the compound fixed asset are 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	-	-	-
Buildings	2%	-	10%
Plant and machinery	7.5%	-	20%
Manufacturing and distribution equipment	5.5%	-	25%
Other Assets	10%	-	30%

Public grants

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

Intangible assets

Goodwill and consolidation differences

In the event of the acquisition of businesses, the assets, liabilities and potential liabilities acquired and identifiable are stated at their current value (fair value) as of the date of acquisition. The positive difference between the purchase cost and the portion of the current value of these assets and liabilities pertaining to the Group is classified as goodwill and recorded in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is by contrast stated in the income statement at the time of acquisition.
Goodwill is not amortized, but is subject annually (or more frequently if specific events or changed circumstances indicate the possibility of having suffered a loss in value) to testing in order to identify any impairment, 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 Impairment of assets. After initial recognition, goodwill is valued at cost, net of any accumulated impairment.
Any writedowns made are not subject to subsequent reinstatement.
At the time of the disposal of a portion or of the whole of a company previously acquired, whose acquisition gave rise to goodwill, account is taken of the corresponding residual value of the goodwill when determining the capital gain or loss on the disposal.
At the time of initial adoption of the IFRS, the Group chose not to retroactively apply IFRS 3 - *Business combinations to the acquisitions of businesses* which 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 impairment as of that date.

Other intangible fixed assets

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

Impairment of assets

The Group periodically assesses the recoverability of the book value of the Intangible assets and the Property, plant and equipment, 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 impairment. An intangible fixed asset with an undefined useful life is subject to impairment testing 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 cash generating unit 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 - *Investments in associates*, 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 valued 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 reporting 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 is impaired. If objective evidence exists, the impairment will have to be recorded as a cost in the income statement for the period.
The financial liabilities hedged by derivative instruments are valued in accordance with the formalities established by IAS 39 for hedge accounting applying the following accounting treatments:

- fair value hedge: gains or losses resulting from fair value measurements of hedge instruments are recognised in profit and loss
- cash flow hedge: the effective portion of gains or losses resulting from fair value measurements of hedge instruments are recognised in the statement of comprehensive income.

Inventories

Inventories of raw materials, semi-finished and finished products are valued at the lower of cost or market value, cost being determined using the weighted average cost method. The valuation of the inventories includes the direct costs of the materials and the labour and the indirect costs (variable and fixed). 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 realizable value net of the allowance for doubtful accounts, which directly decreases the asset item to which it refers; those expressed in currency other than the Euro have been valued using the period end exchange rate communicated by the European Central Bank.

Cash and cash equivalents

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

Employee benefits

Post-employment benefits are defined on the basis of plans, even though not yet 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 recorded on an accruals basis on a consistent basis with the period of employment necessary to obtain the benefit.
The severance indemnity is classified as a defined benefit plan-type post-employment benefit, the sum of which already accrued must be projected so as to estimate the amount to be paid out on termination of the employment relationship and subsequently discounted back, using the projected unit credit method, which is based on demographic and financial type hypotheses in order to make a reasonable estimate of the sum total of the benefits which each employee has already accrued against their employment services.
By means of the actuarial valuation, the current service cost which defines the sum total of the rights accrued during the year by the employees is charged to the income statement item “payroll and related costs” and the interest cost which represents the figurative liability which the company would incur by requesting the market for a loan for the same amount as the severance indemnity is booked under “financial income/expense”.
Actuarial gains and losses deriving from the variations of the actuarial bases used or from amendments to the plan conditions are recorded pro-quota in the income statement over the remaining average working life of the employees up to the extent that their value not recorded at the end of the previous year exceeds 10% of the liability (so-called Corridor method).

Provisions for risks and charges

The Group 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 income statement 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: Property, plant and equipment). No representation of the effects resulting from IAS 39 on amortised cost has been provided, as they are not significant.

Taxation

Income taxes include all the taxation calculated on the Group's taxable income. The income taxes are recorded in the income statement, with the exception of those relating to items directly debited against or credited to shareholders' equity, in which case the tax effect is booked directly to shareholders' equity. Provisions for taxation which might be generated by the transfer of the non-distributable profit of the subsidiary companies, are made solely when there is the real intention to transfer said profit.
Other taxes not linked to income, such as taxes on property and on capital, are included under Operating expense.
Deferred taxes are provided for according to the method of the overall provision of the liability. They are calculated on all the timing differences which emerge between the taxable base of an asset or liability and the book value in the consolidated financial statements, with the exception of goodwill not deductible for tax purposes.
Deferred tax assets on tax losses and unused tax credits carried forward, are 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 which are expected to be applicable, within the respective legal systems of the countries where the Group operates, during the accounting period when the timing differences will be realized or cancelled.

Dividends

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

Earnings per share

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

Cash flow Statement

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

Use of estimates

The preparation of the financial statements and the related notes in accordance with the IFRS requires management to make estimates and assumptions 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 reporting date. The results which will make up the final balances may differ from said estimates. The estimates are used to obtain the provisions for risks and charges, the asset writedowns, employee benefits, taxation, other provisions and funds. The estimates and assumptions are periodically reviewed and the effects of each change are immediately reflected in the income statement.
All the amounts represented in the diagrams and tables are expressed in thousands of Euros.

Accounting standards, amendments and interpretations effective as of 2012 that are not relevant for the group

The following accounting standards, amendments and interpretations, valid as of January 1, 2012, 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 IFRS 7 - Financial instruments: Disclosures: additional information
  The amendments were issued with the intent to improve the understanding of derecognition of financial assets, including the understanding of the possible effects from any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.
- Amendments to IAS 12 - Income taxes
  This amendment clarifies the measurement of deferred taxes on investment property carried at fair value. The change introduces the presumption that deferred taxes for investment property measured at fair value according to IAS 40 must be determined taking into account that the carrying amount if such asset will be recovered through sale. As a result of the amendments, SIC-21 - Income taxes - Recovery of revalued non-depreciable assets, will no longer be applicable. The amendments are applicable retrospectively from January 1, 2012.

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

IAS 19 - Employee benefits

The amendments change the rules for recognising defined benefit plans and termination benefits. The main changes for defined benefit plans regard the recognition of the plan surplus or deficit in the statement of financial position, introduction of net interest and classification of net interest on defined benefit plans. In detail:

- Recognition of the plan surplus or deficit: the amendments eliminate the possibility of deferring actuarial gains and losses using the corridor approach off the balance sheet and requires direct recognition as Other Comprehensive Income (losses); in addition the amendments require immediate recognition of costs related to past employment as profit and loss.
- Net interest: The replacement of the concepts of interest and expected return of defined benefit plans with a concept of net interest on defined benefit plans is composed of:
  net interest calculated on the current value of defined benefit plan liabilities;
  financial income from measurement of the plan assets
  financing costs and income from any limits on recognition of the plan surplus.
  The net interest is determined using the discount rate for all components which was used to measure the obligation for defined benefit plans at the beginning of the period. In keeping with the current version of IAS 19, the expected return of the assets is determined based on a long-term expected rate of return.
- Classification of net interest: in line with the new definition of net interest set out in the standard, all net interest on defined benefit plans is recognised as Financial income (expense) on the Income Statement.

In accordance with the transition rules mentioned in IAS 19 paragraph 173, the Group will apply this standard retrospectively starting January 1, 2013 adjusting all of the opening amounts of the statement of financial position as at January 1, 2012 and the profit and loss figures of 2012 as if the IAS amendments had always been applied. As of the reporting date, the Group estimated that adoption of the new standard starting in January 2012 would have resulted in recognition of a greater liability for employee benefits of around Euro 827 thousand and around Euro 2,331 thousand respectively at December 31, 2011 and 2012 corresponding to a reduction of Shareholders' equity for around Euro 827 thousand and Euro 2,331 thousand respectively at December 31, 2011 and 2012.
The effect of the statement of comprehensive income for 2012 would have been a lower profit of around Euro 1,090 thousand due to higher interest.

IFRS 9 - Financial instruments

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

IFRS 10 - Consolidated financial statements

This standard published on May 12, 2011, will replace SIC-12 Consolidation - Special purpose entities and parts of IAS 27 - Separate and consolidated financial statements which will be renamed Separate financial statements and will regulate the accounting treatment of investments in separate financial statements. The new standard is based on existing standards, identifying the concept of control as the key factor for the purposes of consolidation of an entity in the parent's consolidated financial statements. The new IAS 27 confirms that investments in subsidiaries, associates and joint ventures are recognised at cost or alternatively according to IFRS 9; the entity shall apply a uniform criterion for each category of investments. In addition, if an entity decides to measure investments in associates or joint ventures at fair value (applying IFRS 9) in its consolidated financial statements, it shall apply the same standard in the statutory financial statements as well. The standard must be applied prospectively, at the latest as of financial years starting on or after January 1, 2014. Based on an analysis currently in progress significant impacts are not expected on the measurement of the Group's investment following adoption of the new version of IAS 27.

IFRS 11 - Joint arrangements

This standard published on May 12, 2011, replaces IAS 31 (interests in joint ventures) and SIC-13 (jointly controlled entities).
The new standard provides criteria for identifying joint arrangements based on the rights and obligations resulting from the agreements rather than their legal form and establishes a single method for recognising investments in joint ventures in the consolidated financial statements using the equity method. The standard is applicable retrospectively, at the latest from financial years beginning on or after January 1, 2014. Following the issue of the standard IAS 28 - Investments in associates and joint ventures was amended to include investments in joint ventures as of the date the standard became effective.

IFRS 12 - Disclosure of interests in other entities

This is a new and complete standard on additional disclosures to provide on all types of interests, including those in subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated structured entities. The standard is applicable retrospectively, at the latest from financial years beginning on or after January 1, 2014.

IFRS 13 - Fair value measurement

This standard clarifies how to determine fair value for the financial statements and applies to all the IFRS standards which require or allow fair value measurement or the presentation of disclosures based on fair value.
The standard is applicable prospectively as of January 1, 2013. Adoption of the new standard should not have significant effects on the Group’s financial statements.

IAS 1 - Presentation of financial statements

This standard requires that entities group all of the components of Other comprehensive income/(losses) based on whether they can later be classified as profit and loss. The amendments are applicable to financial years beginning on or after July 1, 2012. The adoption of these amendments will not produce any effect in terms of measurement of financial statement items.

Explanatory notes

Income statement

1. Net sales

Balance as at 12.31.2012	582,968
Balance as at 12.31.2011	555,711
Change	**27,257**

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

Description	12.31.2012	12.31.2011	Change
Technical gases	318,557	317,412	1,145
Home-care	264,411	238,299	26,112
Total	**582,968**	555,711	27,257

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

2. Other revenues and income

Balance as at 12.31.2012	6,835
Balance as at 12.31.2011	4,147
Change	**2,688**

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

Description	12.31.2012	12.31.2011	Change
Capital gains on disposals	248	415	(167)
Non-recurring income from previous years	6,279	3,617	2,662
Grants received	100	87	13
Real estate rentals	11	28	(17)
Royalty income	-	-	-
Other	197	-	197
Total	**6,835**	4,147	2,688

3. Internal works and collections

Balance as at 12.31.2012	9,455
Balance as at 12.31.2011	11,570
Change	**(2,115)**

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

Description	12.31.2012	12.31.2011	Change
Transfers to assets	8,665	10,604	(1,939)
Time work	790	966	(176)
Total	**9,455**	11,570	(2,115)

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 12.31.2012	352,030
Balance as at 12.31.2011	338,375
Change	**13,655**

The breakdown of the above item is as follows:

Description	12.31.2012	12.31.2011	Change
Purchase of materials	150,730	149,281	1,449
Services rendered	177,097	167,886	9,211
Change in inventories	(533)	(185)	(348)
Other expenses	24,736	21,393	3,343
Total	**352,030**	338,375	13,655

The item "Purchase of materials" includes purchases of gas and materials, electric energy, water, diesel oil and methane for production.
The item "Services rendered" includes costs of transports, maintenance, third-party services, consultancies and insurances.
The item "Other costs" includes rentals, taxes other than income tax, contingent liabilities and capital losses.

5. Payroll and related costs

Balance as at 12.31.2012	115,013
Balance as at 12.31.2011	102,625
Change	**12,388**

The breakdown of the above item is as follows:

Description	12.31.2012	12.31.2011	Change
Wages and salaries	87,656	77,525	10,131
Social security charges	26,242	23,997	2,245
Employee severance indemnities	1,115	1,103	12
Pension benefits	-	-	-
Total	**115,013**	102,625	12,388

The composition of the workforce is analysed below by category:

Description	12.31.2012	12.31.2011	Change
Managers	42	37	5
Office workers	1,643	1,419	224
Factory workers	821	812	9
Total	**2,506**	2,268	238

6. Depreciations, provisions and non-recurring expenses

Balance as at 12.31.2012	75,749
Balance as at 12.31.2011	70,851
Change	**4,898**

The breakdown of the above item is as follows:

Description	12.31.2012	12.31.2011	Change
Depreciation/amortisation	68,545	65,002	3,543
Provisions	7,182	5,635	1,547
Non-recurrent income/charges	22	214	(192)
Total	**75,749**	70,851	4,898

The breakdown of the item “Amortisation and depreciation” of intangible assets and property, plant and equipment by asset category, is presented below:

Depreciation of tangible fixed assets

Description	12.31.2012	12.31.2011	Change
Land	-	-	-
Buildings	3,268	3,159	109
Plant and machinery	14,754	15,880	(1,126)
Manufacturing and distribution equipment	44,068	39,680	4,388
Other Assets	3,549	3,400	149
Total	**65,639**	62,119	3,520

The increase in depreciation is linked to investments made during the period, amounting to Euro 85.4 million.

Amortisation of intangible fixed assets

Description	12.31.2012	12.31.2011	Change
Costs of research, development and advertising	69	-	69
Industrial patents and rights to use patents of others	1,877	2,066	(189)
Industrial concessions and similar rights	819	675	144
Other	141	142	(1)
Total	**2,906**	2,883	23

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

Description	12.31.2012	12.31.2011	Change
Provision for risks on receivables	6,575	3,705	2,870
Provisions for risks	607	801	(194)
Other provisions	-	1,129	(1,129)
Total	**7,182**	5,635	1,547

Non-recurrent income/charges

Description	12.31.2012	12.31.2011	Change
Non-recurring income	-	-	-
Non-recurring expenses	(22)	(214)	192
Total	**(22)**	(214)	192

These refer to the goodwill costs related to acquisition of an addition 3.66% of the shares of the subsidiary VIVISOL IBERICA SL by AIRSOL BV.

7. Financial income / (expenses)

Balance as at 12.31.2012	(9,955)
Balance as at 12.31.2011	(9,806)
Change	**(149)**

The breakdown of the above item is as follows:

Description	12.31.2012	12.31.2011	Change
Financial income	2,185	1,243	942
Financial expense	(12,140)	(11,049)	(1,091)
Total	**(9,955)**	(9,806)	(149)

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

Description	12.31.2012	12.31.2011	Change
Income from equity investments in other companies	-	46	(46)
Income from long-term receivables	-	6	(6)
Interest receivable on securities	62	-	62
Interest receivable on securities not held as fixed assets	12	-	12
Interest on deposits with banks and post offices	370	265	105
Interest receivable from clients	83	109	(26)
Exchange rate gains	996	566	430
Other financial income	662	251	411
Total	**2,185**	1,243	942

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

Description	12.31.2012	12.31.2011	Change
Bank interest	(304)	(328)	24
Supplier interest	(0)	(13)	13
Financing interest	(8,266)	(7,051)	(1,215)
Interest on debenture loans	(2)	-	(2)
Exchange Rate Loss	(486)	(984)	498
Other financial expenses	(3,081)	(2,673)	(408)
Total	**(12,140)**	(11,049)	(1,091)

8. Tax on profit

Balance as at 12.31.2012	16,508
Balance as at 12.31.2011	17,732
Change	**(1,224)**

The breakdown of the above item is as follows:

Description	**12.31.2012**	12.31.2011	Change
Tax on profit	18,469	18,653	(184)
Deferred taxes	(550)	136	(686)
Tax advances	(1,410)	(1,057)	(353)
Total	**16,508**	17,732	(1,224)

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	**12.31.2012**	12.31.2011
Theoretical taxation	**12,790**	13,687
Tax effect permanent differences	5,476	1,612
Tax effect deriving from foreign tax rates other than Italian theoretical tax rates	(5,208)	(1,091)
Other differences	-	-
Income taxes recorded in the financial statements, excluding IRAP (current and deferred)	**13,059**	14,208
Regional Production Tax (IRAP)	**3,449**	3,524
Income taxes recorded in the financial statements (current and deferred)	**16,508**	17,732

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 12.31.2012	362,844
Balance as at 12.31.2011	343,655
Change	**19,189**

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 contruction and advances	Total
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	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
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**
Increases	494	7,477	8,863	68,611	4,608	20,188	110,241
Revaluations	-	-	305	-	-	-	305
Write-downs	-	-	-	-	-	-	-
Other changes	2,985	(2,837)	(627)	1,809	280	(24,831)	(23,221)
Exchange rate differences	(5)	(45)	(206)	(57)	(33)	123	(224)
(Disposals)	-	(40)	(625)	(12,404)	(674)	-	(13,743)
Balance as at 12.31.2012	**12,894**	**94,860**	**321,179**	**579,135**	**43,962**	**22,106**	**1,074,136**

Changes in tangible fixed assets - acc. depreciation	Land	Buildings	Plant and machinery	Manufacturing and distribution equipment	Other Assets	Assets under contruction and advances	Total
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
Revaluations	-	-	-	-	-	-	-
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**
Depreciation	-	3,268	14,754	44,068	3,549	-	65,639
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	169	342	1,160	234	-	1,906
Exchange rate differences	-	(17)	(106)	(78)	(28)	-	(229)
(Disposals)	-	(19)	(463)	(12,056)	(608)	-	(13,146)
Balance as at 12.31.2012	**-**	**52,167**	**245,494**	**379,386**	**34,245**	**-**	**711,291**

Changes in tangible fixed assets - net value	Land	Buildings	Plant and machinery	Manufacturing and distribution equipment	Other Assets	Assets under contruction and advances	Total
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**
Increases	494	7,477	8,863	68,611	4,608	20,188	110,241
(Depreciation and write-downs)	-	(3,268)	(14,754)	(44,068)	(3,549)	-	(65,639)
Other changes	2,985	(3,006)	(664)	648	46	(24,831)	(24,822)
Exchange rate differences	(5)	(29)	(100)	21	(5)	123	6
(Disposals)	-	(22)	(161)	(348)	(66)	-	(597)
Balance as at 12.312012	**12,894**	**42,693**	**75,685**	**199,748**	**9,718**	**22,106**	**362,844**

- The investments made in the period for “Land” mainly refer to investments by the subsidiaries TMG GmbH (Euro 402 thousand) and SICGILSOL (Euro 73 thousand) .
- The investments made during the period with regards to the item “Buildings” are mainly investments made by the Parent Company (Euro 460 thousand) and subsidiaries VIVISOL Srl (Euro 345 thousand), VIVISOL Nederland BV (Euro 496 thousand), SOL France Sas (Euro 3,513 thousand), SOL Hellas SA (Euro 496 thousand) and TMG GmbH (Euro 1,025 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 6,796 thousand), SOL Hellas SA (Euro 487 thousand), TGS AD (Euro 405 thousand) and to a lesser extent to other investments made by all the other group companies.
- The item “Industrial and commercial equipment” comprises commercial equipment (supplying devices, cylinders, base units, concentrators and medical appliances) as well as other small and sundry equipment.
  The increase recorded for the period was due to investments in commercial equipment in the form of cylinders, dispensing devices and tanks, made by companies in the technical gases sector for Euro 20,597 thousand (including Euro 6,378 thousand by the Parent Company) and to investments made by companies operating in the home-care sector for Euro 48,014 thousand (including Euro 7,897 thousand by the company VIVISOL Srl), in respect of base units and other medical appliances.
- The item “Other assets” includes motor vehicles and motor cars, electric office equipment, furniture and fixtures, EDP systems. The increase recorded during the period relates to investments made in motor vehicles, laboratory equipment, hardware, furniture and furnishings, with Euro 884 thousand of the total reported pertaining to the Parent Company, the subsidiary DOLBY Medical Home Respiratory Care Limited (Euro 2,041 thousand), the subsidiary Bösch (Euro 322 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 6,579 thousand) and by the subsidiaries SOL Hydropower doo (Euro 1,811 thousand), Hydroenergy Shpk (Euro 8,513 thousand) and SOL Bulgaria EA (Euro 2,194 thousand).

Please note that the sites located in Monza, Padua, Pavia, Pisa, Sesto San Giovanni, Ravenna, Ancona, Pomezia, Catania, Mantua, 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 of December 31, 2012, mortgages amounted to Euro 126,678 thousand.
As of December 31, 2012, liens amounted to Euro 121,478 thousand.

Analysis of leased tangible assets

Changes in property, plant and equipment, 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 advances	Total
Balance as at 12.31.2010	-	1,945	10,142	17,412	146	-	29,645
Increases	-	-	56	79	-	-	135
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2011	**-**	**1,945**	**10,198**	**17,491**	**146**	**-**	**29,780**
Increases	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2012	**-**	**1,945**	**10,198**	**17,491**	**146**	**-**	**29,780**

Changes in tangible fixed assets - acc. depreciation	Land	Buildings	Plants and machinery	Manufacturing and distribution equipment	Other Assets	Assets under construction advances	Total
Balance as at 12.31.2010	-	1,649	7,796	16,760	146	-	26,351
Depreciation	-	15	598	289	-	-	902
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2011	**-**	**1,664**	**8,394**	**17,049**	**146**	**-**	**27,253**
Depreciation	-	14	522	232	-	-	768
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2012	**-**	**1,678**	**8,916**	**17,281**	**146**	**-**	**28,021**

Changes in tangible fixed assets - net value	Land	Buildings	Plants and machinery	Manufacturing and distribution equipment	Other Assets	Assets under construction advances	Total
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**
Increases	-	-	-	-	-	-	-
(Depreciation and write-downs)	-	(14)	(522)	(232)	-	-	(768)
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2012	**-**	**267**	**1,282**	**210**	**-**	**-**	**1,759**

10. Goodwill and consolidation differences

Balance as at 12.31.2012	24,970
Balance as at 12.31.2011	22,374
Change	**2,596**

The breakdown of the above item is as follows:

	Goodwill	Consolidation difference	Total
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**
Increases	-	2,413	2,413
Revaluations / (Write-downs)	-	-	-
Other changes	114	-	114
Exchange rate differences	69	-	69
(Amortisation)	-	-	-
Balance as at 12.31.2012	**7,290**	**17,680**	**24,970**

The increase for the year of the "Consolidation differences" item is related to the purchase of the DIATHEVA Srl, Medical System Srl and VIVISOL TK AS companies.

In June 2012, the SOL Spa Parent Company purchased 51% of the shares of DIATHEVA Srl, active in the bio-medical field. If the acquisition had occurred on January 1, 2012, the revenues and the profit of the Group would have been Euro 153 thousand higher and Euro 62 thousand lower, respectively, for the 12-month period ended December 31, 2012.

The subsidiary BEHRINGER Srl acquired 100% of the shares of Medical System Srl at the end of December 2012. If the acquisition had occurred on January 1, 2012, the revenues and the profit of the Group would have been Euro 811 thousand higher and Euro 49 thousand lower, respectively, for the 12-month period ended December 31, 2012.

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
Property, plant and equipment	110		81
Intangible fixed assets	694		694
Financial investments	3		3
Warehouse inventory	512		435
Trade and other receivables	434		146
Prepayments and accrued income	4		-
Cash and cash at bank	(31)		(65)
Shareholders' equity pertaining to minority shareholders	(487)		(487)
Suppliers	(213)		(73)
Other payables	(74)		(37)
Risk provisions	-		-
Employee Severance Indemnity	(78)		(24)
Accrued expenses and deferred income	(2)		(1)
Identifiable net assets and liabilities	**873**	**-**	**672**
Goodwill deriving from acquisition	**2,413**		
Amount paid	**3,286**		
Available funds acquired	**(31)**		
Net outlays of available funds	**3,317**		

The Group assesses the recoverability of the goodwill at least once a year or more frequently if there is any indication of impairment. 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 12.31.2012	8,492
Balance as at 12.31.2011	5,576
Change	**2,916**

The breakdown of the above item is as follows:

	Costs of research, development and advertising	Industrial patents and rights to use intellectual property	Concessions, licences, trademarks and similar rights	Other	Assets under construction and advances	Total
Balance as at 12.31.2010	-	753	1,504	558	3,012	5,827
Increases	-	4,740	928	74	98	5,840
Revaluations / (Write-downs)	-	-	-	-	-	-
Other changes	-	-	(44)	(251)	(2,913)	(3,208)
Exchange rate differences	-	-	-	-	-	-
(Amortisation)	-	(2,066)	(675)	(142)	-	(2,883)
Balance as at 12.31.2011	**-**	**3,427**	**1,713**	**239**	**197**	**5,576**
Increases	152	1,897	616	100	2,593	5,358
Revaluations / (Write-downs)	-	-	-	-	-	-
Other changes	572	(673)	715	(9)	(141)	465
Exchange rate differences	-	-	(1)	-	-	(1)
(Amortisation)	(69)	(1,877)	(819)	(141)	-	(2,906)
Balance as at 12.31.2012	**655**	**2,774**	**2,225**	**189**	**2,650**	**8,492**

12. Equity Investments

Balance as at 12.31.2012	781
Balance as at 12.31.2011	753
Change	**28**

The breakdown of the above item is as follows:

Description	**12.31.2012**	12.31.2011
GTE SI	14	14
Non-consolidated subsidiary companies	**14**	14
Consorgas Srl	475	422
Medical System Srl	-	18
Blue Sky Amercoeur	100	100
Associated companies	**575**	540
Other equity investments	192	199
Other companies	**192**	199
Total	**781**	753

With the exception of the Euro 180 thousand recognised in other minority interests (related to investments in local companies by the subsidiary TGS AD for Euro 169 thousand, by the subsidiary TPJ Doo for Euro 2 thousand, the subsidiary ICOA Srl for Euro 8 thousand and by the subsidiary VIVISOL Silarus Srl for Euro 1 thousand), all of the investments shown above are held by the Parent Company.

13. Other financial assets

Balance as at 12.31.2012	4,784
Balance as at 12.31.2011	2,192
Change	**2,592**

The breakdown of the above item is as follows:

Description	12.31.2012	12.31.2011	Change
Amounts receivable from third parties	3,687	1,554	2,133
Securities	1,097	638	459
Total	**4,784**	2,192	2,592

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

Description	12.31.2012	12.31.2011	Change
Guarantee deposits	1,428	1,462	(34)
Tax credit on Employee Severance Indemnity	16	16	1
Amounts due from the tax authorities	2,188	-	2,188
Other income	55	76	(21)
Total	**3,687**	1,554	2,133

The breakdown for the item “Other securities” is as follows:

Description	12.31.2012	12.31.2011	Change
SOL TG GmbH	5	4	1
SOL Hellas SA	1,090	632	458
TGT AD	2	2	(0)
Total	**1,097**	638	459

The item “SOL Hellas securities” relates to the Greek interest-bearing government bonds that mature in over 12 months, which were issued as payment for the receivables due from public entities to the subsidiary SOL Hellas.

14. Amounts receivable for prepaid taxes

Balance as at 12.31.2012	5,923
Balance as at 12.31.2011	4,490
Change	**1,433**

The breakdown for the above item is as follows:

	Risks on receivables	Risk provisions	Internal profits	Prior losses	Other minor	Total
Balance as at 12.31.2010	1,230	137	243	1,536	293	3,439
Provisions	151	28	53	913	(88)	1,057
Withdrawals	-	-	-	-	-	-
Other changes	-	-	-	-	(6)	(6)
Exchange rate differences	-	-	-	-	-	-
Balance as at 12.31.2011	**1,381**	**165**	**296**	**2,449**	**199**	**4,490**
Provisions	580	(146)	382	612	(49)	1,378
Withdrawals	-	-	-	-	-	-
Other changes	7	-	32	(457)	477	59
Exchange rate differences	-	-	-	(4)	(0)	(5)
Balance as at 12.31.2012	**1,968**	**19**	**710**	**2,600**	**627**	**5,923**

15. Inventories

Balance as at 12.31.2012	33,148
Balance as at 12.31.2011	31,747
Change	**1,401**

The breakdown of the above item is as follows:

Description	**12.31.2012**	12.31.2011	Change
Raw, subsidiary and consumable materials	3,061	3,042	19
Work in progress and semi-finished goods	567	1,152	(585)
Finished products and goods for resale	29,521	27,553	1,968
Total	**33,148**	**31,747**	**1,401**

16. Trade receivables

Balance as at 12.31.2012	238,755
Balance as at 12.31.2011	249,187
Change	**(10,432)**

The breakdown of the above item is as follows:

Description	Within 12 months	After 12 months	Allowance for doubtful accounts	**12.31.2012**	12.31.2011
Trade receivables	254,567	-	(15,812)	238,755	249,187
Total	254,567	-	(15,812)	**238,755**	249,187

The allowance for doubtful accounts recorded the following changes:

Description	12.31.2011	Provisions	Withdrawals	Other changes	12.31.2012
Allowance for doubtful accounts	12,721	6,575	(3,209)	(275)	15,812
Total	12,721	6,575	(3,209)	(275)	**15,812**

17. Other current assets

Balance as at 12.31.2012	21,938
Balance as at 12.31.2011	20,320
Change	**1,618**

The breakdown of the above item is as follows:

Description	12.31.2012	12.31.2011	Change
Amounts due from employees	627	538	89
Amounts receivable in respect of income tax	2,024	3,125	(1,101)
VAT receivables	18,217	15,198	3,019
Other amounts due from the tax authorities	215	366	(151)
Other income	855	1,093	(238)
Total	**21,938**	20,320	1,618

18. Current financial assets

Balance as at 12.31.2012	2,429
Balance as at 12.31.2011	1,087
Change	**1,342**

The breakdown for this item is as follows:

Description	12.31.2012	12.31.2011	Change
Nextra treasury funds	-	164	(164)
SOL Hellas SA securities	210	668	(458)
HYDROENERGY Shpk securities	150	-	150
SICGILSOL securities	69	-	69
SOL-INA securities	1,483	-	1,483
TGT AD securities	460	-	460
Other fixed-income securities	-	256	(256)
Receivables due from Shareholders	57	-	57
Total	**2,429**	1,087	1,342

The SOL Hellas securities are Greek government bonds that expire on 2013, which were issued as payment for the receivables due from public entities to the subsidiary SOL Hellas.
The Hydroenergy ShpK, SICGILSOL, SOL-INA and TGT AD securities are composed of short-term time deposits.
The “Receivables due from shareholders” item is related to the outstanding amount due from the shareholders of VIVISOL TK.

19. Prepayments and accrued income

Balance as at 12.31.2012	3,692
Balance as at 12.31.2011	2,408
Change	**1,284**

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

This item is broken down as follows:

Description	12.31.2012	12.31.2011	Change
Accrued income			
Interest	262	24	238
Other accrued income	602	339	263
Total accrued income	**863**	363	500
Prepaid expenses			
Insurance premiums	604	337	267
Rent	148	84	64
Other prepayments	2,077	1,624	453
Total prepayments	**2,829**	2,045	784
Total accrued income and prepaid expenses	**3,692**	2,408	1,284

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 12.31.2012	61,403
Balance as at 12.31.2011	47,815
Change	**13,588**

The breakdown for this item is as follows:

Description	12.31.2012	12.31.2011	Change
Bank and postal accounts	61,121	47,516	13,605
Cash and cash equivalents in hand	282	299	(17)
Total accrued income	**61,403**	47,815	13,588

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 12.31.2012	390,652
Balance as at 12.31.2011	375,393
Change	**15,259**

The share capital of SOL Spa as at December 31, 2012 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	12.31.2011	Transfer of result	Dividends to shareholders	Translation differences	Other changes	Net	12.31.2012
Pertaining to the Group:							
Share Capital	47,164	-	-	-	-	-	47,164
Share premium reserve	63,335	-	-	-	-	-	63,335
Revaluation reserves	-	-	-	-	-	-	-
Legal reserve	7,957	658	-	-	-	-	8,615
Reserves provided for by the Articles of Association	-	-	-	-	-	-	-
Other reserves	214,719	11,697	-	(488)	1,607	-	227,535
Retained earnings / (loss)	-	18,791	(9,070)	-	(7,062)	-	2,659
Net Profit	31,146	(31,146)	-	-	-	29,027	29,027
Shareholders' equity-Group	364,321	-	(9,070)	(488)	(5,455)	29,027	**378,334**
Minority interests:							
Shareholders' equity - Minority interests	10,179	893	-	(16)	286	-	11,342
Profit (loss) pertaining to Minority interests	893	(893)	-	-	-	976	976
Shareholders' equity - Minority interests	11,072	(0)	-	(16)	286	976	**12,318**
Shareholders' equity	375,393	(0)	(9,070)	(504)	(5,169)	30,002	390,652

Reconciliation of Parent Company's Financial Statements with the Consolidated Financial Statements

	12.31.2012		12.31.2011	
Description	Shareholders'	Net income	Shareholders'	Net income
Financial statements of SOL Spa	**217,697**	**16,837**	**214,982**	**13,164**
Elimination of inter-company transactions, net of tax effects:				
- Internal profit on property, plant and equipment	(2,290)	(1,017)	(1,272)	(211)
- Internal profit on investments	-	(4)	-	-
- Reversal of adjustments to investments in subsidiary companies	207	1,287	207	1,712
- Dividends paid by consolidated companies	-	(13,393)	-	(12,089)
Adjustment of accounting policies to achieve consistent Group accounting policies, net of tax effects:				
- Adjustment to achieve a consistent accounting policy regarding intangible assets	1,742	(168)	(827)	-
- Use of finance lease method for leased assets	29	(37)	18	(38)
- Valuation at equity of companies reported at cost	340	53	287	-
Carrying value of consolidated equity investments	(246,323)	-	(205,683)	-
Net assets and financial year's results of consolidated companies	389,252	25,447	341,342	28,821
Allocation of the difference to the assets of the companies and relative depreciation, amortisation and write-downs:				
- Goodwill on consolidation	17,680	22	15,267	(213)
Consolidated Group financial statements	**378,334**	**29,027**	**364,321**	**31,146**

22. Employee severance indemnities and other benefits

Balance as at 12.31.2012	8,725
Balance as at 12.31.2011	8,744
Change	**(19)**

The provisions underwent the following changes:

Changes in severance indemnities and other employee benefits	**12.31.2012**	12.31.2011
Balance at 1 January	8,744	8,968
Provisions	1,115	1,103
(Uses)	(649)	(871)
Financial expense	12	129
Other changes	(497)	(585)
Exchange rate differences	(1)	-
Balance as at 31 December	**8,725**	8,744

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

	Employee severance indemnities		Other		Total	
	12.31.2012	12.31.2011	**12.31.2012**	12.31.2011	**12.31.2012**	12.31.2011
Current value of unfinanced plans	10,390	9,010	666	560	11,056	9,570
Unrecognized actuarial gains/ (Losses)	(1,941)	(513)	(390)	(313)	(2,331)	(826)
Net liability	**8,449**	**8,497**	**276**	**247**	**8,725**	**8,744**

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

	Italy	Other countries
Discount rate	0.45%	3% - 6%
Inflation rate	1.50%	2% - 3%
Tendential growth rate of salaries	2.42%	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.

Other

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

23. Provision for deferred taxes

Balance as at 12.31.2012	3,015
Balance as at 12.31.2011	3,562
Change	**(547)**

The item "Deferred taxation" represents the net balance of deferred tax liabilities provided for in the consolidated financial statements as at December 31, 2012 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 12.31.2010	251	1,843	383	934	3,411
Provisions	(152)	(52)	(140)	480	136
Withdrawals	-	-	-	-	-
Other changes	-	10	-	5	15
Exchange rate differences	-	-	-	-	-
Balance as at 12.31.2011	99	1,801	243	1,419	**3,562**
Provisions	(36)	(127)	(101)	(364)	(628)
Withdrawals	-	-	-	(4)	(4)
Other changes	-	(218)	-	296	78
Exchange rate differences	-	-	-	7	7
Balance as at 12.31.2012	63	1,456	142	1,354	**3,015**

24. Provisions for risks and charges

Balance as at 12.31.2012	2,568
Balance as at 12.31.2011	2,597
Change	**(29)**

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

Description	**12.31.2012**	12.31.2011	Change
Other:			
Exchange fluctuation provision	-	1	(1)
Other minor provisions	2,568	2,596	(28)
Other fund total	**2,568**	2,597	(29)
Total	**2,568**	2,597	(29)

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

The change with respect to 2011 is due to provisions totalling Euro 607 thousand, uses amounting to Euro 636 thousand.

25. Payables and other financial liabilities

Balance as at 12.31.2012	224,273
Balance as at 12.31.2011	183,009
Change	**41,263**

The breakdown of the above item is as follows:

Description	**12.31.2012**	12.31.2011	Change
Bonds	47,942	-	47,942
Amounts due to other lenders	172,976	179,668	(6,692)
Other payables	3,354	3,341	13
Total	**224,273**	183,009	41,263

The “Bonds” item is related to the issue of a debenture bond subscribed by two institutional American investors. The total original issue was USD 60 million converted into Euro 47,942 thousand by a cross currency swap (CCS) contract with a duration equal to the original debenture bond.
The bond was subscribed on June 15, 2012 and matures on June 15, 2024.

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 property, plant and equipment. Furthermore, the same item also includes amounts owed to leasing companies amounting to Euro 175 thousand, deriving from the application of international accounting standard IAS 17 to assets that are the object of a finance lease.

The detailed breakdown for of the item “Amounts due to other lenders” is as follows (with values expressed in thousands of Euro):

Lender	Amount	Long-term portion	Short-term amount		Rate of interest	Issue date:		Original amount
Credito Emiliano	1,600	-	1,600	(f.r.)	1.84%	04.25.2013	Euro	5,000,000
Banco di Brescia (*)	100	-	100		3.75%	06.30.2013	Euro	1,000,000
Credito Emiliano	629	-	629	(f.r.)	1.22%	07.25.2013	Euro	3,000,000
Banco di Brescia (*)	812	-	812		4.46%	12.31.2013	Euro	5,000,000
Banco di Brescia (*)	487	-	487		4.46%	12.31.2013	Euro	3,000,000
Banco di Brescia (*)	936	-	936		4.84%	12.31.2013	Euro	5,000,000
BNL PARIBAS (ex Fortis Bank)	1,250	417	833	(f.r.)	1.13%	02.16.2014	Euro	5,000,000
Banca Popolare di Bergamo	4,432	3,036	1,396		5.66%	07.30.2015	Euro	7,000,000
Credito Emiliano	310	210	100		3.51%	11.18.2015	Euro	500,000
Banco di Brescia (*)	600	400	200		5.11%	12.31.2015	Euro	1,000,000
Mediocredito Italiano	4,666	3,333	1,333	(f.r.)	2.00%	03.31.2016	Euro	8,000,000
GE Capital (*)	10,000	7,500	2,500	(f.r.)	2.50%	10.31.2016	Euro	10,000,000
BCC Carate	4,069	3,105	964	(f.r.)	2.21%	11.03.2016	Euro	5,000,000
Credito Emiliano	2,016	1,596	420		3.70%	05.26.2017	Euro	3,000,000
Mediobanca (*)	11,250	8,750	2,500		4.39%	06.20.2017	Euro	20,000,000
Mediobanca (*)	8,438	6,563	1,875		2.82%	06.20.2017	Euro	15,000,000
Intesa San Paolo (*)	8,462	6,924	1,538		1.91%	06.15.2018	Euro	10,000,000
MIUR	96	87	9		0.25%	07.01.2018	Euro	121,106
Banca Popolare di Bergamo	1,000	1,000	-		4.28%	11.30.2018	Euro	1,000,000
Credito Artigiano	13,331	11,413	1,918	(f.r.)	3.25%	12.31.2018	Euro	20,000,000
Barclays Bank (*)	6,500	5,500	1,000		3.04%	06.01.2019	Euro	10,000,000
Mediobanca (*)	18,750	16,250	2,500		4.44%	04.01.2020	Euro	20,000,000
Intesa San Paolo (*)	28,334	25,002	3,332		2.23%	06.16.2021	Euro	30,000,000
Intesa San Paolo (*)	10,000	9,444	556	(f.r.)	3.62%	06.30.2022	Euro	10,000,000
Intesa San Paolo (*)	10,000	9,445	555	(f.r.)	3.62%	06.30.2022	Euro	10,000,000
Factor Banka	3,837	3,484	353	(f.r.)	1.42%	12.31.2022	Euro	5,200,000
Mediobanca (*)	11,250	10,179	1,071		2.90%	06.20.2023	Euro	15,000,000
Mediocredito Italiano	17,037	15,556	1,481	(f.r.)	2.20%	03.31.2024	Euro	20,000,000
Monte Paschi di Siena	10,000	9,583	417		4.21%	06.15.2025	Euro	10,000,000
Banca IMI (*)	7,016	7,016	-		6.50%	01.26.2026	Euro	7,000,000
Bonds (*)	47,942	47,942	-				USD	60,000,000
Derivatives	9,080	7,094	1,986					
Amounts owed to leasing companies	175	89	86					
	254,405	**220,918**	**33,487**					

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 Mediobanca whose residual debt amounts to Euro 11,250 thousand, has been hedged by an IRS agreement entered into on October 24, 2007 which anticipates the payment of a fixed rate of 4.39% against a floating 6-month Euribor rate.
The fair value as at December 31, 2012, calculated by the same bank, was negative for a total of Euro 1,102 thousand (at December 31, 2011 negative for Euro 1,159 thousand).

2. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 8,438 thousand, has been hedged by an IRS agreement entered into on May 14, 2009 which anticipates the payment of a fixed rate of 2.82% against a floating 6-month Euribor rate.
The fair value as at December 31, 2012, calculated by the same bank, was negative for a total of Euro 492 thousand (at December 31, 2011 negative for Euro 389 thousand).

3. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 11,250 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 1,093 thousand (at December 31, 2011 negative for Euro 581 thousand).

4. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 6,500 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, 2012, calculated by the same bank, was negative for a total of Euro 536 thousand (at December 31, 2011 negative for Euro 380 thousand).

5. The loan contract with Intesa San Paolo with remaining amount due of Euro 28,334 thousand was hedged with a fixed rate of 2.23% against a floating 6-month Euribor rate.
The fair value as at 31 December 2012, calculated by the same bank, was negative for a total of Euro 1,688 thousand (at December 31, 2011 negative for Euro 467 thousand).

6. The loan contract with Intesa San Paolo with remaining amount due of Euro 8,462 thousand was hedged with a fixed rate of 1.91% against a floating 6-month Euribor rate.
The fair value as at December 31, 2012, calculated by the same bank, was negative for a total of Euro 338 thousand (at December 31, 2011 negative for Euro 92 thousand).

7. The debenture bond with Intesa San Paolo with remaining amount due of Euro 47,942 thousand was hedged with a CSS contract signed on June 15, 2012.
The fair value as of December 31, was negative for Euro 3,831 thousand.

The contracts numbered from 1. to. 4. were measured as a fair value hedge, whereas contracts numbered 5. to 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 31 December 2012, by hierarchical level of fair value measurement:

Payables and other financial liabilities	Notes	Level 1	Level 2	Level 3	Total
Intesa San Paolo		-	(536)	-	(536)
Intesa San Paolo		-	(1,688)	-	(1,688)
Intesa San Paolo		-	(338)	-	(338)
Intesa San Paolo		-	(3,831)	-	(3,831)
Mediobanca		-	(1,102)	-	(1,102)
Mediobanca		-	(492)	-	(492)
Mediobanca		-	(1,093)	-	(1,093)
Total		**-**	**(9,080)**	**-**	**(9,080)**

The item "Other payables" includes the commitments of the company SOL Spa to repurchase shares in the companies GTS ShPK (Euro 882 thousand) and SOL K ShPK (Euro 1,776 thousand) presently held by the company SIMEST Spa

26. Current liabilities

Balance as at 12.31.2012	139,928
Balance as at 12.31.2011	158,299
Change	**(18,371)**

The breakdown for this item is as follows:

Description	12.31.2012	12.31.2011	Change
Due to banks	3,066	4,419	(1,353)
Trade accounts	74,576	85,960	(11,384)
Other financial liabilities	33,487	33,540	(53)
Current tax liabilities	6,707	7,629	(922)
Other current liabilities	14,093	18,396	(4,303)
Accrued expenses and deferred income	7,999	8,355	(356)
Total	**139,928**	158,299	(18,371)

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

The breakdown for the item "Amounts owed to tax administration" comprises:

Description	12.31.2012	12.31.2011	Change
Amounts due in respect of income tax	2,398	1,912	486
VAT payables	1,541	2,856	(1,315)
Other amounts owed to tax administration	2,768	2,861	(93)
Total	**6,707**	7,629	(922)

”Other current liabilities” comprise:

Description	12.31.2012	12.31.2011	Change
Amounts due to Social Security institutions	4,840	4,258	581
Amounts due to personnel	5,896	5,372	524
Payables to shareholders for dividends	4	-	4
Amounts due for acquisition of equity investments	-	3,698	(3,698)
Guarantee deposits	110	477	(367)
Other payables	3,243	4,591	(1,348)
Total	**14,093**	18,396	(4,303)

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

This item is broken down as follows:

Description	12.31.2012	12.31.2011	Change
Net higher fair value			
Interest payable on loans	587	902	(315)
Other	1,342	1,157	185
Total accrued expenses	**1,929**	2,059	(130)
Earn out arrangement			
Government grants	49	118	(69)
Rents receivable	12	156	(144)
Other	6,009	6,022	(13)
Total deferred income	**6,070**	6,296	(226)
Total accrued liabilities and deferred income	**7,999**	8,355	(356)

Breakdown of revenues by type of business SOL Group

	12.31.2012						
(in thousands of Euro)	Technical gas sector	%	Home-care service	%	Write-downs	Consolidated figures	%
Technical Gas sector	344,853	100.0%			(26,296)	318,557	54.6%
Home-care service sector			264,909	100.0%	(498)	264,411	45.4%
Net sales	**344,853**	**100.0%**	**264,909**	**100.0%**	**(26,794)**	**582,968**	**100.0%**
Other revenues and income	6,232	1.8%	1,438	0.5%	(835)	6,835	1.2%
Internal works and collections	2,145	0.6%	5,824	2.2%	1,486	9,455	1.6%
Revenues	**353,230**	**102.4%**	**272,171**	**102.7%**	**(26,143)**	**599,258**	**102.8%**
Purchase of materials	98,987	28.7%	68,624	25.9%	(16,882)	150,730	25.9%
Services rendered	105,904	30.7%	78,773	29.7%	(7,580)	177,097	30.4%
Change in inventories	(761)	-0.2%	227	0.1%	-	(533)	-0.1%
Other expenses	11,823	3.4%	14,152	5.3%	(1,239)	24,736	4.2%
Total costs	**215,953**	**62.6%**	**161,777**	**61.1%**	**(25,700)**	**352,030**	**60.4%**
Added value	**137,277**	**39.8%**	**110,394**	**41.7%**	**(443)**	**247,228**	**42.4%**
Payroll and related costs	64,147	18.6%	50,866	19.2%	-	115,013	19.7%
Gross operating margin	**73,130**	**21.2%**	**59,528**	**22.5%**	**(443)**	**132,215**	**22.7%**
Depreciation/amortisation	39,247	11.4%	29,358	11.1%	(60)	68,545	11.8%
Other provisions	6,187	1.8%	995	0.4%	-	7,182	1.2%
Non-recurrent income/charges	-		22	0.0%	-	22	0.0%
Operating result	**27,695**	**8.0%**	**29,153**	**11.0%**	**(383)**	**56,466**	**9.7%**
Financial income	10,090	2.9%	1,410	0.5%	(9,315)	2,185	0.4%
Financial expense	(9,355)	-2.7%	(5,546)	-2.1%	2,761	(12,140)	-2.1%
Total financial income / (charges)	**736**	**0.2%**	**(4,136)**	**-1.6%**	**(6,555)**	**(9,955)**	**-1.7%**
Profit (Loss) before income taxes	**28,431**	**8.2%**	**25,017**	**9.4%**	**(6,937)**	**46,510**	**8.0%**
Tax on profit	7,486	2.2%	9,122	3.4%	(100)	16,508	2.8%
Net result from business activities	**20,945**	**6.1%**	**15,894**	**6.0%**	**(6,837)**	**30,002**	**5.1%**
Net result from intermittent activities	-		-		-	-	
(Profit) / Loss pertaining to minority interests	(130)	0.0%	(846)	-0.3%	-	(976)	-0.2%
Net Profit / (Loss)	**20,815**	**6.0%**	**15,049**	**5.7%**	**(6,837)**	**29,027**	**5.0%**

Other information SOL Group

	12.31.2012						
(in thousands of Euro)	Technical gas sector	%	Home-care service	%	Write-downs	Consolidated figures	%
Total assets	**631,166**		**344,836**		**(206,842)**	**769,160**	
Total liabilities	**308,967**		**167,205**		**(97,663)**	**378,508**	
Investments	**38,957**		**46,454**		**-**	**85,411**	

	12.31.2011						
	Technical gas sector	%	Home-care service	%	Write-downs	Consolidated figures	%
	340,578	100.0%			(23,166)	317,412	57.1%
			238,809	100.0%	(510)	238,299	42.9%
	340,578	100.0%	238,809	100.0%	(23,676)	555,711	100.0%
	3,119	0.9%	1,500	0.6%	(472)	4,147	0.7%
	1,809	0.5%	9,385	3.9%	375	11,570	2.1%
	345,506	101.4%	249,694	104.6%	(23,773)	571,428	102.8%
	98,140	28.8%	66,540	27.9%	(15,399)	149,281	26.9%
	103,750	30.5%	71,443	29.9%	(7,307)	167,886	30.2%
	(1,003)	-0.3%	818	0.3%	-	(185)	0.0%
	12,145	3.6%	10,314	4.3%	(1,066)	21,393	3.8%
	213,032	62.6%	149,115	62.4%	(23,772)	338,375	60.9%
	132,474	38.9%	100,579	42.1%	(1)	233,053	41.9%
	61,132	17.9%	41,493	17.4%	-	102,625	18.5%
	71,343	20.9%	59,086	24.7%	(1)	130,428	23.5%
	39,834	11.7%	25,168	10.5%	-	65,002	11.7%
	4,667	1.4%	968	0.4%	-	5,635	1.0%
	82	0.0%	132	0.1%	-	214	0.0%
	26,760	7.9%	32,818	13.7%	(1)	59,577	10.7%
	8,665	2.5%	624	0.3%	(8,046)	1,243	0.2%
	(8,439)	-2.5%	(4,099)	-1.7%	1,489	(11,049)	-2.0%
	227	0.1%	(3,475)	-1.5%	(6,557)	(9,806)	-1.8%
	26,987	7.9%	29,343	12.3%	(6,558)	49,771	9.0%
	7,805	2.3%	9,927	4.2%	-	17,732	3.2%
	19,182	5.6%	19,416	8.1%	(6,558)	32,040	5.8%
	-		-		-	-	
	(277)	-0.1%	(616)	-0.3%	-	(893)	-0.2%
	18,905	5.6%	18,800	7.9%	(6,558)	31,146	5.6%

	12.31.2011						
	Technical gas sector	%	Home-care service	%	Write-downs	Consolidated figures	%
	592,372		302,520		(163,283)	731,604	
	277,203		152,634		(73,626)	356,211	
	44,998		39,716		-	84,714	

Breakdown of revenues by type of business: Technical Gas sector

The income statement of the Technical gas sector is shown below:

(in thousands of Euro)	12.31.2012	%	12.31.2011	%
Net Sales	**344,853**	100.0%	340,578	100.0%
Other revenues and income	6,232	1.8%	3,119	0.9%
Internal works and collections	2,145	0.6%	1,809	0.5%
Revenues	**353,230**	102.4%	345,506	101.4%
Purchase of materials	98,987	28.7%	98,140	28.8%
Services rendered	105,904	30.7%	103,750	30.5%
Change in inventories	(761)	-0.2%	(1,003)	-0.3%
Other expenses	11,823	3.4%	12,145	3.6%
Total costs	**215,953**	62.6%	213,032	62.6%
Added value	**137,277**	39.8%	132,474	38.9%
Payroll and related costs	64,147	18.6%	61,132	17.9%
Gross operating margin	**73,130**	21.2%	71,342	20.9%
Depreciation/amortisation	39,247	11.4%	39,834	11.7%
Other provisions	6,187	1.8%	4,667	1.4%
Non-recurrent income/charges	-	0.0%	82	0.0%
Operating result	**27,695**	8.0%	26,759	7.9%
Financial income	10,090	2.9%	8,665	2.5%
Financial expense	9,355	2.7%	8,439	2.5%
Total financial income / (charges)	**736**	0.2%	226	0.1%
Profit (Loss) before income taxes	**28,431**	8.2%	26,985	7.9%
Tax on profit	7,486	2.2%	7,805	2.3%
Net result from business activities	**20,945**	6.1%	19,180	5.6%
Net result from intermittent activities	-	0.0%	-	0.0%
(Profit) / Loss pertaining to minority interests	(130)	0.0%	(277)	-0.1%
Net Profit / (Loss)	**20,815**	6.0%	18,903	5.6%

Sales in the Technical Gas Sector reported a 1.3% increase.

Gross operating margin increased by 2.5% compared to the previous year.

Operating result increased by 3.5% compared to the previous year.

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

(in thousands of Euro)	12.31.2012	12.31.2011
Property, plant and equipment	261,466	259,896
Goodwill and consolidation differences	4,094	2,880
Other intangible fixed assets	7,560	4,741
Equity Shareholdings	59,867	59,821
Other financial assets	71,443	47,163
Tax advances	5,511	4,100
Non-current assets	**409,941**	378,601
Non-current assets held for sale	**-**	-
Inventories	15,304	14,299
Trade receivables	153,062	158,908
Other current assets	4,927	7,870
Current financial assets	3,049	1,087
Prepayments and accrued income	2,428	1,381
Cash and cash at bank	42,455	30,221
Current assets	**221,225**	213,766
Total assets	**631,166**	592,367
Share Capital	47,164	47,164
Share premium reserve	63,335	63,335
Legal reserve	8,615	7,957
Other reserves	172,077	170,740
Retained earnings (accumulated loss)	2,659	-
Net Profit	20,815	18,903
Shareholders' equity-Group	**314,665**	308,099
Shareholders' equity - Minority interests	7,404	6,788
Profit (loss) pertaining to Minority interests	130	277
Shareholders' equity - Minority interests	**7,534**	7,065
Shareholders' equity	**322,200**	315,164
Employee severance indemnities and other benefits	7,030	7,081
Provision for deferred taxes	2,482	2,671
Provisions for risks and charges	1,587	1,767
Payables and other financial liabilities	204,042	159,281
Non-current assets	**215,141**	170,801
Non-current liabilities held for sale	**-**	-
Due to banks	3,060	4,261
Trade accounts	46,382	63,777
Other financial liabilities	33,069	22,496
Tax payables	2,921	3,771
Accrued expenses and deferred income	1,437	1,662
Other current liabilities	6,956	10,436
Current liabilities	**93,825**	106,403
Total liabilities and shareholders' equity	**631,166**	592,367

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

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

(in thousands of Euro)	12.31.2012	%	12.31.2011	%
Net Sales	**264,909**	**100.0%**	**238,809**	**100.0%**
Other revenues and income	1,438	0.5%	1,500	0.6%
Internal works and collections	5,824	2.2%	9,385	3.9%
Revenues	**272,171**	**102.7%**	**249,694**	**104.6%**
Purchase of materials	68,624	25.9%	66,540	27.9%
Services rendered	78,773	29.7%	71,443	29.9%
Change in inventories	227	0.1%	818	0.3%
Other expenses	14,152	5.3%	10,314	4.3%
Total costs	**161,777**	**61.1%**	**149,115**	**62.4%**
Added value	**110,394**	**41.7%**	**100,579**	**42.1%**
Payroll and related costs	50,866	19.2%	41,493	17.4%
Gross operating margin	**59,528**	**22.5%**	**59,086**	**24.7%**
Depreciation/amortisation	29,358	11.1%	25,168	10.5%
Other provisions	995	0.4%	968	0.4%
Non-recurrent income/charges	22	0.0%	132	0.1%
Operating result	**29,153**	**11.0%**	**32,818**	**13.7%**
Financial income	1,410	0.5%	624	0.3%
Financial expense	5,546	2.1%	4,099	1.7%
Total financial income / (charges)	**(4,136)**	**-1.6%**	**(3,475)**	**-1.5%**
Profit (Loss) before income taxes	**25,017**	**9.4%**	**29,343**	**12.3%**
Tax on profit	9,122	3.4%	9,928	4.2%
Net result from business activities	**15,894**	**6.0%**	**19,416**	**8.1%**
Net result from intermittent activities	-	0.0%	-	0.0%
(Profit) / Loss pertaining to minority interests	(846)	-0.3%	(617)	-0.3%
Net Profit / (Loss)	**15,049**	**5.7%**	**18,799**	**7.9%**

Sales in the Homecare Service sector reported an increase of 10.9%.

Gross operating margin increased by 0.7% compared to the previous year.

Operating result decreased by 11.2% compared to the previous year.

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

(in thousands of Euro)	12.31.2012	12.31.2011
Property, plant and equipment	101,922	83,759
Goodwill and consolidation differences	20,876	19,494
Other intangible fixed assets	932	835
Equity Shareholdings	49,693	30,588
Other financial assets	5,449	8,752
Tax advances	267	390
Non-current assets	**179,139**	143,818
Non-current assets held for sale	**-**	-
Inventories	17,844	17,447
Trade receivables	101,832	110,187
Other current assets	17,010	12,448
Current financial assets	8,798	-
Prepayments and accrued income	1,264	1,026
Cash and cash at bank	18,948	17,594
Current assets	**165,696**	158,702
TOTAL ASSETS	**344,836**	302,520
Share Capital	7,750	7,750
Share premium reserve	22,484	22,484
Legal reserve	-	-
Other reserves	98,015	67,685
Retained earnings (accumulated loss)	29,546	29,154
Net Profit	15,049	18,799
Shareholders' equity-Group	**172,844**	145,872
Shareholders' equity - Minority interests	3,941	3,396
Profit (loss) pertaining to Minority interests	846	617
Shareholders' equity - Minority interests	**4,787**	4,013
Shareholders' equity	**177,631**	149,885
Employee severance indemnities and other benefits	1,694	1,662
Provision for deferred taxes	533	891
Provisions for risks and charges	981	829
Payables and other financial liabilities	92,339	23,729
Non-current assets	**95,547**	27,112
Non-current liabilities held for sale	**-**	-
Due to banks	6	157
Trade accounts	44,332	95,811
Other financial liabilities	9,836	11,044
Tax payables	3,786	3,858
Accrued expenses and deferred income	6,562	6,693
Other current liabilities	7,137	7,960
Current liabilities	**71,658**	125,523
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**344,836**	302,520

Information by geographic area

The breakdown of revenues by geographic area is presented below:

Description	12.31.2012	12.31.2011	Change
Italy	310,165	309,506	659
Other countries	272,803	246,205	26,598
Total	**582,968**	555,711	27,257

The breakdown of investments by geographic area is presented below:

Description	12.31.2012	12.31.2011	Change
Italy	19,172	35,385	(16,213)
Other countries	66,239	49,329	16,910
Total	**85,411**	**84,714**	**697**

Intra-Group 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.

Intra-Group transactions

All the intra-Group 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.
Intra-Group sales and services carried out during 2012 amounted to Euro 109.2 million.

As at December 31, 2012, receivable and payable transactions between Group companies came to Euro 218.2 million, of which Euro 132.9 million of a financial nature and Euro 85.3 million of a trade nature.

The breakdown for the intercompany financial receivables is as follows:

• Financial receivables granted by SOL Spa	Euro	84.2 million
• Financial receivables granted by AIRSOL BV	Euro	33.9 million
• Financial receivables granted by other companies	Euro	14.8 million

The transactions of the SOL Group with associated companies comprised:

• Purchases from Consorgas Srl	Euro	673 thousand
• Amounts due to Consorgas Srl	Euro	218 thousand

Commitments, guarantees and potential liabilities

The Sol Group obtained sureties totalling Euro 21,298 thousand.

Net financial position

	(in thousands of Euro)	12.31.2012	12.31.2011
a	Cash	282	299
b	Bank loans and overdrafts	61,121	47,516
c	Securities held for trading	-	-
d	**Liquidity (a) + (b) + (c)**	**61,403**	47,815
e	Securities	2,372	1,087
e	Other short-term financial assets	-	-
e	Current financial receivables due from Group companies	-	-
e	**Current financial receivables**	**2,372**	1,087
f.	Short-term amounts due to banks	(3,066)	(4,419)
g	Loans - short-term portion	(31,415)	(31,848)
g	Leases - short term portion	(86)	(818)
g	Bonds - short term portion	-	-
h	Amounts due to shareholders for loans	-	(40)
h	Payables due to companies of the Group	-	-
h	Amounts due to Shareholders for the purchase of equity investments	-	(3,698)
h *	Other short-term financial liabilities	(1,986)	(834)
i	**Current borrowing (f) + (g) + (h)**	**(36,553)**	(41,656)
j	**Net current borrowing (d) + (e) + (i)**	**27,222**	7,246
k	Long-term amounts due to banks	-	-
l	Bonds issued	(47,942)	-
m	Investment securities	1,097	638
m	Other long-term financial assets	-	-
m	Loans - long-term portion	(165,793)	(177,262)
m	Leases - long-term portion	(89)	(159)
m	Amounts due to Shareholders for the purchase of equity investments	(2,658)	(2,578)
m*	Other long-term financial liabilities	(7,094)	(2,247)
n	**Non-current borrowing (k) + (l) + (m)**	**(222,480)**	(181,608)
o	**Net borrowing (j) + (n)**	**(195,258)**	(174,362)

* Fair value of derivative financial instruments.

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.
There was a general slowdown of the economic trend in Europe during 2012, and partly in China and India as well.

Risks relevant to the results of the Group

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

Risks related to fund requirements

The SOL Group carries on an activity that entails 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 loans.
Operations are expected to continue to generate adequate financial resources while the use of new loans, despite the excellent financial position of the Group, will encounter high spreads and greater difficulties in obtaining long-term loans compared 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 writedown. Provisions are made on a collective basis for receivables which are not subject to individual writedown, taking into account the historic experience and the statistical data.

Liquidity risk

The liquidity risk may manifest with regards to the inability to raise the financial resources necessary for the anticipated investments under good economic conditions and for financing working capital.
The Group has adopted a series of policies and processes aimed at optimizing 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 which 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, India and Turkey. 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 equi-

valent values in Euro which differ depending on the performance of the exchange rates. As envisaged by the accounting standards adopted, the effects of these changes are booked directly to shareholders' equity, under the item "Other reserves".
Some Group companies purchase electric energy that is used for the primary production of technical gasses. The price of electricity is affected by the Euro/dollar rate of exchange and by the price trend of energy raw materials. The risk related to their fluctuations is mitigated by stipulating, as much as possible, fixed price purchase contracts or with a fluctuation measured on a not very short time period. Moreover, long-term supply contracts to customers index-linked in such a way as to cover the fluctuation risks shown above.
The parent group issued a debenture bond in June 2012 for USD 60 million. The exchange rate risk was hedged with a Cross Currency Swap transaction in Euro on the entire amount of the bond and for the entire duration (12 years). The fair value as of December 31, 2012 was negative for Euro 3,831 thousand.

Interest rate risk

The interest rate risk is handled by the Parent Company by means of the centralization of the majority of the medium/long-term debt and an adequate division of the loans between fixed rate and floating rate favouring, when possible and convenient, medium/long-term debt with fixed rates, also by operating through specific Interest Rate Swap agreements.
Some Group companies have 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, 2012 is equal to Euro 74,234 thousand and the negative fair value is equal to Euro 5,249 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 2012 financial year for the auditing services and for those other than auditing supplied by the auditing company and by bodies belonging to its network.

(in thousands of Euro)	Subject who supplied the service	Receiver	Considerations pertaining to the 2012 financial year
Auditing	BDO Spa	SOL Spa Parent Company	102
	BDO Spa	Subsidiary companies	40
	BDO network	Subsidiary companies	178
Quarterly audit	BDO Spa	SOL Spa Parent Company	8
	BDO Spa	Subsidiary companies	8
Other services	BDO Spa	SOL Spa Parent (1)	7
	BDO Spa	Subsidiary companies (1)	12
	BDO network	Subsidiary companies (1)	8
Total			**363**

(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 2012.

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 2012, 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, 2013

Chairman of the Board of Directors
(Aldo Fumagalli Romario)

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

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

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

of the administrative and accounting procedures for the drawing up of the consolidated financial statements during the 2012 financial year.

We also certify that:

1. The consolidated financial statements:
   a) have been prepared in accordance with the International Financial Reporting 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, 29 March 2013

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

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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, 2012. 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 13, 2012.

3. In our opinion, the consolidated financial statements of SOL Group as of December 31, 2012 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.

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, 2012.

Milan April 15, 2013

BDO S.p.A.

Signed by: Vincenzo Capaccio
(Partner)

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