



BOARD OF DIRECTORS

Chairman and Managing Director

ALDO FUMAGALLI ROMARIO

Vice Chairman and Managing Director

MARCO ANNONI

Director vested with special duties

UGO MARCO FUMAGALLI ROMARIO

Director vested with special duties

GIOVANNI ANNONI

Directors

FABIANO ALBERTI

STEFANO BRUSCAGLI

FEDERICA ANNONI

ALBERTO MARIA SAVINI

General manager

GIULIO BOTTES

BOARD OF STATUTORY AUDITORS

Chairman

EUGENIO MASCHERONI

Auditors

GIANFRANCO GRAZIADEI

ENRICO ALIBONI

Alternate Statutory Auditors

CARLO MARIA MASCHERONI

VITTORIO TERRENGHI

POWERS ENTRUSTED TO DIRECTORS

(CONSOB Communication N. 97001574 of 20th February 1997)

Chairman and Vice Chairman: authority to act as agents of the company towards third parties and in court, each of them single powers of ordinary administration, jointly powers of extraordinary administration save some specific cases reserved to the competence of the Board.

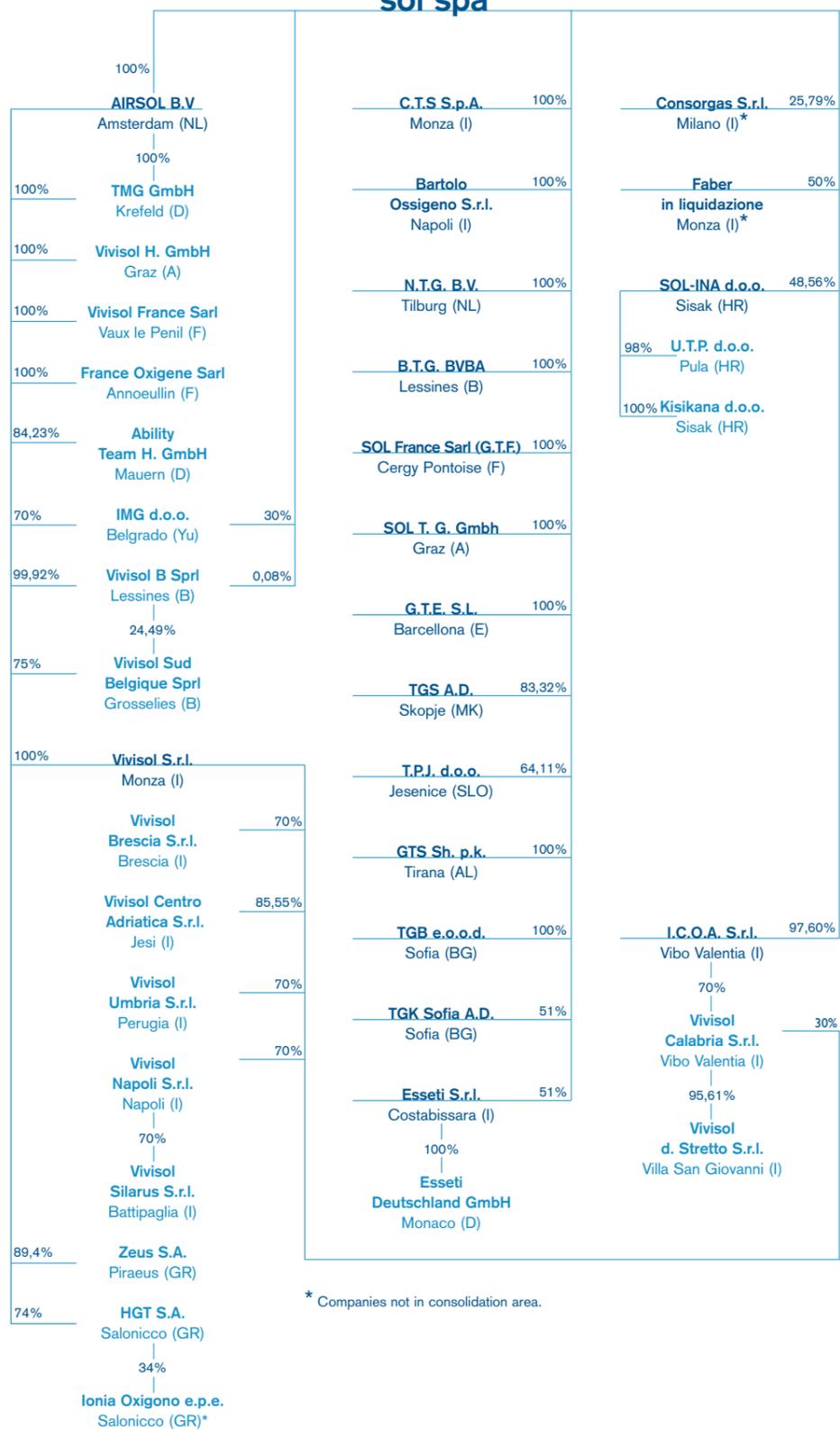
Directors invested with special duties: single powers of ordinary administration in relation to Administration and Finance (Ugo Marco Fumagalli Romario) and to Organisation and Information Systems (Giovanni Annoni).

INDIPENDENT AUDITORS

DELOITTE & TOUCHE S.P.A.



sol spa



* Companies not in consolidation area.





TO THE SHAREHOLDERS,

The SOL Group is engaged in the production, applied research and distribution of industrial, pure and medicinal gases, in door-to-door medical care, as well as in the sector of the equipment related thereto in Italy, and presently in other 7 Western European countries and in 7 Central-Eastern European countries. • The products of the Companies belonging to the Group are used by the chemical, electronic, iron and steel, iron works and foodstuff industries, as well as in sectors such as environment protection, research and health. • The economic scenario for the year 2000, began with an economy that was growing vigorously, and ended with a climate that had completely changed and was dominated by fears of recession. • In fact, the last months of 2000 and the early months of 2001 had been characterised by a drastic deterioration of the economic climate in the United States and in Japan. • Expectations of a cooling in economic growth then spread to the rest of the world and we witnessed a decrease in the rates of growth, particularly in the manufacturing sector. • The problems that emerged could be the result of the increases that were implemented in the cost of energy, but also due to the effect of monetary restrictions adopted by central banks in Europe and the United States. • The cooling of the American economy is a cause for concern also because of the effect on the growth in the Euro area, which has a significant correlation with the United States. • On the financial front, we have witnessed a weakening of the dollar, a reduction in the interest rate differentials and a drop in the Stock Exchanges. The expansionist drive of the monetary policy adopted by the United States has been followed in Europe by a redressing of the risk of new increases in rates. • The macro-economic effects of the changed scenario have been experienced during the last few months of the year 2000 by the decrease in private consumption, the downturn of investments by companies and the expectation of a reduction in the contribution to growth made by exports. • As regards the forecasts for 2001, very modest growth is expected for the United States even in the presence of slightly reduced interest rates. • The downturn in private consumption experienced in the Euro area, it is hoped will not correspond to an analogous fall in investments, which must support economic growth by adapting production capability. • The rate of inflation is however expected to fall, following a probable decrease in the price of crude oil and an increase of the Euro exchange rate against the dollar, however with a risk that is represented by a possible increase in salaries. • In Central-Eastern Europe the year 2000 was characterised by significant growth in the first 6 months, which decreased in the second half of the year, particularly due to price dynamics, which had a negative impact particularly on private consumption. • Weak economic growth is expected in the first and second quarter with a recovery in growth for the third and fourth quarter of 2001. • A downturn in growth was also experienced in Italy during the third and fourth quarter of the year 2000, essentially due to a decrease in foreign demand, which will also lead to slightly lower growth rates than previously anticipated for 2001. • The SOL Group has achieved significant results in this scenario. • In 2000, the



SOL Group realised net sales of Lire 410.6 billion, with sales prices in line with expectations, i.e. an increase by 9% in comparison with 1999 (Lire 376.7 billion). • Gross operating margin was Lire 99.8 billion or 24.3% of turnover, up by 6.8% compared to 1999 (Lire 93.4 billion). • Net profit pertaining to the Group amounted to Lire 25.1 billion or 6.1% of turnover, up by 17.8% compared to 1999 (Lire 21.3 billion). • Cash flow was Lire 77.2 billion, or 18.8% of turnover, with an increase of 16.4% compared to 1999 (Lire 66.3 billion). • Capital expenditures recorded for fiscal 2000 amount to Lire 66,4 billion, equal to 16.2% of turnover and representing an increase compared to 1999 (Lire 52.2 billion). • The average Group's work force was 1,070 persons in 2000. • The Group's net financial debt is equal to Lire 56 billion (Lire 55.3 billion at the close of 1999).

PERFORMANCE

The demand for technical gases during the year 2000 enjoyed a positive trend, due to the upturn in the trend of the chemical, metallurgical and Agro-food sectors, the recovery of the glass sector and the growth in the applications of gases in the environmental sector. • The services market has also continued to grow, confirming the trend experienced during recent years. • We must however stress the increasing incidence of the costs for fuels and transport, which it is not always possible to completely transfer to the sales prices. • The home care business, engaged in by the VIVISOL companies recorded significant growth both in Italy and abroad, without however having to cut profit margins. • Our production plants in Italy have increased their production output and the sale of gases compared to the already high levels achieved in the previous year. • Also our factory of Feluy, in Belgium, increased production and was regularly and continually operative thanks to the gradual expansion of sales in Central and Northern Europe and to the granting of licenses for the production and distribution of medical gases. • The SOL Group continued its expansion abroad during the year 2000 finalising, among other aspects, the acquisition of three companies in Greece and France. • The Group's work force increased during 2000, also as a result of the new acquisitions, and the staff training and qualifying programmes continued to maintain and improve professional skills, to ensure they are capable of achieving the Group's development objectives. • Again in the year 2000, as was the case for fiscal 1999, the liquidity deriving from the increase in capital which was executed in 1998 was appropriated to the financing of investments in fixed tangible assets and the acquisition of equity investments. • Current assets during the year 2000 have increased marginally in respect of trade debtors, compared to the position carried during fiscal 1999, which essentially reflects a further deterioration of the debtor items in respect of the Public Administration, especially in Italy, once again the already long timescales for payment have been extended. • The stock option scheme was implemented on 7 September 2000 in compliance with the resolution approved by the Shareholders' Meeting held on 28 April 2000; this scheme was reserved for employees of the Italian companies of the Group that had

subscribed to shares of SOL S.p.A. at the time of the initial offer (IPO), by utilising the proportion reserved for them.

ENVIRONMENT, QUALITY AND SAFETY

The European environmental registration 'Emas' was achieved during 2000 for the factory at S. Martino Buon Albergo (VR) owned by the Parent Company SOL S.p.A. • Thanks to this important result the company has positioned itself among the restricted élite of the few tens of Italian and European companies that have transformed the environmental challenge into an opportunity for technological and professional growth. • Other important results achieved have been the extension of ISO 9002 certification for the Catania and Bologna branches of SOL S.p.A., in addition to obtaining the CE trademark as class II b medical apparatus for carbon monoxide in cylinders with production being authorised at our numerous production units in Europe. • The corporate policies of the SOL Group have also been reviewed and updated during the year with regard to quality, security and the environment, in addition to confirming our involvement in the Responsible Care programme with the participation of all our sites with first transformation productions in Italy in the preparation of the Environmental Report issued by Federchimica. • Finally, our participation in the "Fabbriche Aperte" ("Open Factories") event combined with the "Giornata del Respiro" ("Day for Breathing") held in Italy during the year was of special significance with our three plants being opened to the general public and the simultaneous presence next to the Italian Federation against lung disorders in several town centres in Italy.

SOL GROUP'S CAPITAL EXPENDITURES

Capital expenditures were carried out in the "technical gases" sector during the financial year amounting to Lire 54.7 billion, of which Lire 37 billion by the Parent Company SOL S.p.A. and for Lire 11.7 billion in the "home care" sector, these are detailed below:

- The new 4,000 cu.m. capacity oxygen storage tank was completed and has come on stream at the Piombino Plant; the programme to enhance and improve the production capacity has continued with the implementation both of a new air compressor and a new second centrifuge compressor to feed the Nitrogen gas line supplying the Customer LUSID.
- The on-site plant for the production of gaseous Nitrogen with our customer Saint Gobain in Pisa has come on stream.
- The CO2 bottling unit at the Pavia plant has been automated.
- A system to control and optimise the parallel operation of two air compressors that feed the fractionating plant has been installed at the Salerno Plant.
- The new gas filling plant of SOL TG has come on stream at Wiener Neustadt (Vienna).
- An oxygen bottling plant has been installed at GTS in Albania.

- An argon and mixed gases bottling plant has been installed at TGK in Sofia.
- TGS at Skopje has realised an exploratory well to extract CO2.
- Plant improvements and process control have been implemented at the air fractionating plant at Sisak (Croatia) owned by Kisikana.
- Moreover, various on-site industrial and medicinal plants have been realised and activated, in addition to enhancing the means of transport and distribution by purchasing tankers and cylinder carrier-trucks, tanks to deliver cryogenic liquids, gas cylinders, dewars and medical apparatus.
- Finally, the realisation of the new air fractionating and liquefaction plant has begun at Mantova with the purchase of land and issuance of the principle purchase orders. The plant is foreseen to come on stream within the end of 2002.

Investments in financial fixed assets are detailed below:

We purchased an absolute majority share holding in ELLINIKA AERIA THESSALONIKIS S.A. (HGT) Salonico (Greece) during February 2000, a company actively engaged in the distribution of technical gases. This also represented an expansion of the SOL Group' presence in the Greek region. • In July the subsidiary AIRSOL B.V. purchased 100% of FRANCE OXYGENE REGION NORD S.a.r.l. with registered office in Annoeullin (France), the company is actively engaged in the home care business in northern France. • Moreover, the participating interest in TGS A.D. of Skopje, Macedonia, has been further increased, increasing the holding from 83.32% to 89.23%. • Finally, the acquisition of the absolute majority share holding in Zeus S.A. at Piraeus (Greece) was concluded in November, a company engaged in the production and distribution of technical gases; this acquisition enables the SOL Group to strengthen its presence in Greece and also in the Athens area. • As regards activities in Italy, during January 2000 the subsidiary VIVISOL S.r.l. acquired a further participating interest in the already controlled VIVISOL CENTRO ADRIATICA S.r.l., increasing the Company's controlling interest to 85.55%.

RESEARCH AND DEVELOPMENT

During the reporting year we pursued our R&D activities, that have traditionally characterised, justified and supported the Group's development, consisting mainly in applied research, currently related to the development in Europe of new production technologies, the promotion of new applications for technical gases and the development of new welding machines. • Costs associated with R&D activities are charged to the profit and loss account of the relevant financial year.

RELATIONS OF SOL S.p.A. WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND RELATED PARTIES.

As regards relations with subsidiaries and associated companies, transactions with the said companies are deemed to come within the normal course of Company business which, in its role of Parent Company, gave rise to such transactions. • The said transactions were all intended and designed to foster the development in a synergic context, that makes for a beneficial integration within the Group. No transactions of an extraordinary or unusual nature in respect of the normal course of business have been carried out.

SHARES OF THE PARENT COMPANY OWNED BY GROUP COMPANIES

We confirm that as at 31.12.2000 the Parent Company SOL S.p.A. held No. 667,000 own ordinary shares, representing 0.74% of the share capital and carried in the Financial Statements for a value equal to Lire 2.6 billion. • These shares have all been purchased during fiscal 2000 to implement the resolution approved by the Shareholders' Meeting on 28 April 2000, following which a stock option scheme was implemented in September reserved for employees of the Italian companies of the Group who had subscribed to the shares of SOL S.p.A. at the time of the initial offer (IPO) by utilising the portion reserved for them. The stock option scheme foresees the right to purchase a number of shares equal to the number of shares already subscribed to, at a price of Euro 2.024 and may be exercised up to 30 April 2003.

EQUITY INVESTMENTS BY DIRECTORS, STATUTORY AUDITORS AND THE GENERAL MANAGER

SURNAME AND NAME	COMPANY IN WHICH THERE IS A PARTICIPATING INTEREST	NUMBER OF SHARES HELD AT THE CLOSE OF THE PRECEDING FINANCIAL YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE CLOSE 31/12/2000
Aldo Fumagalli Romario	SOL S.p.A.	5,000	-	-	5,000
Marco Annoni	SOL S.p.A.	1,000	-	-	1,000
Ugo Fumagalli Romario	SOL S.p.A.	6,000	-	-	6,000
Giovanni Annoni	SOL S.p.A.	2,000	-	-	2,000
Fabiano Alberti	SOL S.p.A.	1,020,000	-	-	1,020,000 *
Stefano Bruscelli	SOL S.p.A.	6,800,000	-	-	6,800,000 **
Alberto Maria Savini	SOL S.p.A.	6,000	12,000	12,000	6,000 ***
Enrico Aliboni	SOL S.p.A.	4,000	-	-	4,000 ***
Giulio Bottes	SOL S.p.A.	4,000	-	-	4,000

* bare rights of ownership with voting rights.
** bare rights of ownership.
*** held by his spouse

The remaining Directors and Statutory Auditors do not hold nor have held any equity investments in Group Companies during 2000.

THE EURO PROBLEM

As far as the EURO problem is concerned, an inter-functional work team has been active and continues to perform organisational and co-ordinating tasks in order to plan, implement and check all actions that will enable us to manage the problems associated with the change-over to the new currency.

At the present stage testing activities of the software procedures have been completed and during the second half of 2001 all the companies of the Group will adopt accounts in Euro.

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In order to provide a fuller appreciation of results we enclose a reclassification of the Sol Group's Profit and Loss Accounts and Balance Sheet, as well as the SOL Group's net financial position and selected data regarding the technical gas and home care sectors.

SOL GROUP – RECLASSIFIED PROFIT AND LOSS ACCOUNT

(in millions of Italian Lire)	31/12/2000	% on net sales	31/12/1999	% on net sales
Pipelines / on site	51,698	12.6	43,547	11.6
Merchant	276,814	67.4	266,625	70.8
Visisol	82,062	20.0	66,497	17.7
NET SALES	410,573	100.0	376,668	100.0
Other operating income	5,015	1.2	2,874	0.8
Own work capitalised	5,592	1.4	6,607	1.8
TURNOVER	421,180	102.6	386,149	102.5
Purchase of materials	124,719	30.4	118,800	31.5
Services	117,791	28.7	106,325	28.2
Changes in stocks	(4,225)	(1.0)	(6,618)	(1.8)
Other costs	9,540	2.3	8,007	2.1
TOTAL COSTS FOR PURCHASES AND SERVICES	247,825	60.4	226,515	60.1
ADDED VALUE	173,355	42.2	159,634	42.4
Total labour costs	73,560	17.9	66,235	17.6
GROSS OPERATING MARGIN	99,795	24.3	93,399	24.8
Depreciation & amortisation	51,655	12.6	44,364	11.8
Write-downs	3,343	0.8	5,268	1.4
OPERATING PROFIT	44,797	10.9	43,767	11.6
Financial income	3,391	0.8	3,034	0.8
Financial expenses	9,025	2.2	8,865	2.4
Total income and financial charges	(5,634)	(1.4)	(5,831)	(1.5)
PROFIT ON ORDINARY ACTIVITIES	39,163	9.5	37,936	10.1
Extraordinary income and charges	668	0.2	1,659	0.4
PROFIT BEFORE TAX	39,831	9.7	39,595	10.5
Tax on profit	14,326	3.5	17,704	4.7
PROFIT (LOSS) FOR THE YEAR	25,505	6.2	21,891	5.8
Minority interests – share of profit/loss	456	0.1	639	0.2
NET PROFIT (LOSS) FOR THE YEAR	25,049	6.1	21,253	5.6

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SOL GROUP – RECLASSIFIED BALANCE SHEET

(in millions of Italian Lire)	31/12/2000	31/12/1999
ASSETS		
CURRENT ASSETS		
Cash and cash at bank	59,133	44,429
Trade debtors	169,585	157,849
Stocks	38,450	33,997
Prepayments and accrued income	2,296	1,451
Other current assets	11,040	20,402
TOTAL CURRENT ASSETS	280,503	258,128
FIXED ASSETS		
Industrial fixed assets	315,993	290,842
Intangible assets	13,213	12,658
Investments	9,589	2,904
Other fixed assets	2,084	2,405
TOTAL FIXED ASSETS	340,879	308,809
TOTAL ASSETS	621,383	566,937
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank loans and overdrafts	8,626	7,852
Trade creditors	76,404	65,063
Other creditors	9,976	7,873
Due to other providers of finance	18,001	15,338
Accruals and deferred income	8,113	5,988
Taxation	6,012	5,211
TOTAL CURRENT LIABILITIES	127,132	107,325
MEDIUM/LONG-TERM LIABILITIES, PROVISIONS		
Provisions for liabilities and charges	27,298	27,718
Staff severance fund	13,138	12,173
Other liabilities	90,666	78,390
TOTAL MEDIUM/LONG-TERM LIABILITIES AND PROVISIONS	131,101	118,281
CAPITAL AND RESERVES		
Share capital	90,700	90,700
Reserves	233,336	216,469
Net profit	25,049	21,253
Capital and reserves (Group)	349,085	328,421
Minority interests – equity	13,609	12,271
Minority interests – share of profit (loss)	456	639
Minority interests – Capital and reserves	14,065	12,910
Total capital and reserves	363,150	341,331
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	621,383	566,937

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SOL GROUP – NET FINANCIAL POSITION

(in millions of Italian Lire)	31/12/2000	31/12/1999
Cash and cash at bank	59,133	44,429
Securities	657	837
Loans – tcurrent portion	(15,495)	(12,475)
Leases – tcurrent portion	(2,506)	(2,863)
Short – term bank loans and overdrafts	(8,626)	(8,668)
SHORT-TERM LIQUIDITY, NET	33,163	21,260
Investment securities	1,219	1,419
Loans – long-term portion	(85,023)	(69,567)
Bank loans – long-term portion	(375)	(408)
Due to Financiers for Leasing	(2,969)	(5,489)
Due to Shareholders for the purchase of equity investments	(1,976)	(2,517)
MEDIUM/LONG-TERM DEBT, NET	(89,124)	(76,562)
TOTAL NET LIQUIDITY/DEBT	(55,961)	(55,302)

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR 2000

The subsidiary VIVISOL S.r.l. acquired a further participating interest in the already controlled VIVISOL CENTRO ADRIATICA S.r.l., during January 2001 increasing the Company's controlling share to 100%. • The subsidiary AIRSOL B.V. acquired a further participating interest again during January 2001 in the already controlled Ability TEAM Heimbeatmung GmbH, increasing the company's controlling interest to 100%. • During the early months of 2001 SOL S.p.A. continued to purchase own ordinary shares on the market to implement the resolution approved by the Shareholders' Meeting on 28 April 2000. • Considering the business trend during the early months of 2001, we can anticipate a turnover which improves on the figure achieved in fiscal 2000 with profitability in line with the figure for the preceding year, taking due account of the significant increases in energy costs already introduced during the early months of 2001.

Monza, 27th March 2001

INFORMATION BY BUSINESS SECTOR

(in millions of Italian Lire)	31/12/2000				31/12/1999			
	TECHNICAL GAS SECTOR	HOME-CARE	WRITE-DOWNS	CONSOLIDATED FIGURES	TECHNICAL GAS SECTOR	HOME-CARE	WRITE-DOWNS	CONSOLIDATED FIGURES
Pipelines / on site	51,698	-	-	51,698	43,547	-	-	43,547
Merchant	284,928	-	(8,115)	276,814	274,380	-	(7,756)	266,625
Vivisol	-	82,515	(453)	82,062	-	66,765	(269)	66,497
NET SALES	336,626	82,515	(8,568)	410,573	317,928	66,765	(8,024)	376,668
Other operating income	4,963	541	(490)	5,015	3,141	267	(535)	2,874
Own work capitalised	2,414	3,258	(80)	5,592	3,347	3,260	-	6,607
TURNOVER	344,003	86,314	(9,137)	421,180	324,416	70,293	(8,560)	386,149
Purchase of materials	105,020	25,610	(5,911)	124,719	103,041	21,884	(6,125)	118,800
Services	95,271	24,908	(2,388)	117,791	87,018	21,415	(2,108)	106,325
Changes in stocks	(3,120)	(1,105)	-	(4,225)	(4,508)	(2,09)	-	(6,618)
Other costs	7,674	2,704	(838)	9,540	6,680	1,768	(441)	8,007
TOTAL COSTS FOR PURCHASES AND SERVICES	204,845	52,117	(9,137)	247,825	192,230	42,959	(8,674)	226,515
Added value	139,159	34,197	-	173,355	132,186	27,334	114	159,634
Total labour costs	61,134	12,426	-	73,560	56,484	9,751	-	66,235
GROSS OPERATING MARGIN	78,025	21,770	-	99,795	75,702	17,583	114	93,399

OTHER INFORMATION

	31/12/2000				31/12/1999			
Total assets	592,060	114,923	(85,600)	621,383	550,515	86,356	(69,934)	566,937
Total liabilities	232,119	73,939	(47,826)	258,233	205,826	51,504	(31,724)	225,606
Investments	54,650	11,737	-	66,387	44,710	7,487	-	52,197
Depreciation & amortisation	42,445	9,209	-	51,655	38,032	6,332	-	44,364

CONSOLIDATED BALANCE SHEET

ASSETS (in lire)	31/12/2000	31/12/1999
A) SUBSCRIBED CAPITAL UNPAID BY SHAREHOLDERS		
- Called part	-	-
- Part not called	-	-
TOTAL	-	-
B) FIXED ASSETS:		
I-INTANGIBLE FIXED ASSETS:		
1) Start-up and expansion expenses	4,472,235,893	6,272,368,687
2) Costs of research, development and advertising	17,863,042	42,084,005
3) Patents and rights to use patents of others	476,178,458	929,215,695
4) Concessions, licences, trade marks and similar rights	892,345,561	1,013,822,104
5) Goodwill	270,496,215	436,737,230
6) Intangible fixed assets in progress and payments on account	4,147,500	4,147,500
7) Other	2,492,824,543	2,844,108,051
8) Difference arising on consolidation	4,586,985,000	1,115,900,000
TOTAL	13,213,076,212	12,658,383,272
II-TANGIBLE FIXED ASSETS:		
1) Land and buildings	56,053,289,547	58,732,852,565
2) Plants and machinery	105,313,470,731	92,131,003,462
3) Other fixtures and fittings, tools and equipment	124,797,774,551	113,069,567,220
4) Other assets	12,146,038,446	11,833,113,422
5) tangible fixed assets in course of construction and payments on account	17,682,252,496	15,075,835,638
TOTAL	315,992,825,771	290,842,372,307
III-INVESTMENTS:		
1) Equity investments in:		
a) non-consolidated Group companies	4,432,012,550	256,304,793
b) associated companies	572,139,023	289,332,668
c) parent companies	-	-
d) other companies	751,709,250	731,193,284
2) Loans and advances:		
	Amounts receivable within the following year	
	<u>31/12/00</u>	<u>31/12/99</u>
a) to non-consolidated group companies	207,908,684	-
b) to associated companies	-	-
c) to parent companies	-	-
d) to others	104,250,715	59,297,217
	104,250,715	267,205,901
3) Other investments	1,218,804,676	1,418,804,676
4) Own shares	2,614,196,570	-
TOTAL	11,673,320,248	5,308,070,448
TOTAL FIXED ASSETS	340,879,222,231	308,808,826,027

ASSETS (in lire)

ASSETS (in lire)	31/12/2000	31/12/1999
C) CURRENT ASSETS		
I- STOCKS:		
1) raw materials, subsidiary materials and consumables	3,265,398,519	3,389,403,092
2) work in progress and components	1,126,886,317	1,043,885,494
3) contracts in progress	9,270,438,131	7,677,670,838
4) finished goods and goods for resale	24,678,550,907	21,762,569,601
5) payments on account	108,431,631	123,528,327
TOTAL	38,449,705,505	33,997,057,352
II- DEBTORS:		
	amounts receivable after the end of the following financial year	
	<u>31/12/00</u>	<u>31/12/99</u>
1) trade debtors	1,080,055,213	1,752,364,374
2) amounts owed by non-consolidated group companies	-	-
3) owed by associated companies	36,550,000	36,550,000
4) owed by parent companies	-	-
5) other debtors	586,676,813	358,529,665
TOTAL	1,666,732,026	2,110,894,039
III-INVESTMENTS WHICH ARE NOT PERMANENT:		
1) in subsidiary companies	-	-
2) in associated companies	-	-
3) in parent companies	-	-
4) in other companies	74,512,571	73,443,988
5) own shares	-	-
6) other investments	582,786,370	763,205,231
TOTAL	657,298,941	836,649,219
IV-CASH AT BANK AND IN HAND:		
1) banks and postal current accounts	58,395,710,853	43,862,638,552
2) cheques	139,299,780	88,782,695
3) cash on hand	598,055,021	477,690,395
TOTAL	59,133,065,654	44,429,111,642
TOTAL CURRENT ASSETS	278,207,653,762	256,677,167,596
D) ACCRUALS AND DEFERRALS		
Prepayments and accrued income	2,295,833,395	1,450,879,766
Premium on loans	-	-
TOTAL	2,295,833,395	1,450,879,766
TOTAL ASSETS	621,382,709,388	566,936,873,389

LIABILITIES (in lire)	31/12/2000	31/12/1999
A) CAPITAL AND RESERVES:		
GROUP:		
I Share capital	90,700,000,000	90,700,000,000
II Share premium account	115,240,000,000	127,120,000,000
III Revaluation reserve	-	-
IV Legal reserve	3,146,361,089	2,530,910,990
V Reserve for own shares	2,614,196,570	-
VI Statutory reserves	-	-
VII Other reserves:		
a) Extraordinary reserve	36,659,912,177	33,129,360,291
b) Reserves not taxable until use or liquidation	7,974,052,192	7,974,052,192
c) Reserve for advances to cover losses	-	-
d) Capital and reserves of aggregated companies	-	-
e) Reserve for capital contributions	-	-
f) Reserve for differences arising on application of the equity method	-	-
g) Reserve for translation differences	-4,943,057,209	-4,533,510,015
h) Subsidiaries' undistributed profits and other reserves	60,215,135,924	47,084,284,527
i) Consolidation reserve	2,026,615,213	2,026,615,213
k) Other reserves	10,402,847,812	1,137,044,382
VIII Profits (losses) carried forward	-	-
IX Profit (loss) for the year	25,048,505,643	21,252,517,882
TOTAL GROUP CAPITAL AND RESERVES	349,084,569,411	328,421,275,462
X Minority interests - equity	13,608,959,038	12,270,897,491
XI Minority int. - share of profit(loss)	456,361,647	638,925,949
TOTAL MINORITY INTERESTS	14,065,320,685	12,909,823,440
TOTAL CAPITAL AND RESERVES	363,149,890,096	341,331,098,902
B) PROVISIONS FOR RISKS AND CHARGES		
1) provisions for pensions and similar obligations	-	-
2) provisions for taxation	26,089,460,131	26,197,729,579
3) other provisions	1,208,243,050	1,520,226,396
4) consolidated provision for risks and charges	-	-
TOTAL	27,297,703,181	27,717,955,975
C) EMPLOYEE SEVERANCE INDEMNITY	13,137,651,449	12,173,293,209
	amounts receivable after the end of the following financial year	
D) CREDITORS:	31/12/00	31/12/99
1) debenture loans	-	-
2) convertible debenture loans	-	-
3) amounts owed to banks	374,999,997	408,333,335
4) amounts owed to other financiers	87,992,261,180	75,055,662,742
5) advances received	-	148,649,340
6) amounts owed to suppliers	-	92,170,730
7) debts represented by bills of exchange	-	-
8) amounts owed to non-consolidated group companies	-	-
9) amounts owed to associated companies	-	186,412,122
10) amounts owed to parent companies	-	-
11) amounts owed to tax administration	230,615,384	6,011,648,064
12) amounts owed to welfare and Social Security institutions	-	2,940,139,744
13) other creditors	2,298,458,974	2,685,156,282
TOTAL	90,896,335,535	78,389,972,429
E) ACCRUALS AND DEFERRALS		
Accrued liabilities and deferred income	8,112,617,640	5,988,184,869
Discount on loans	-	-
TOTAL	8,112,617,640	5,988,184,869
TOTAL LIABILITIES	621,382,709,388	566,936,873,389

MEMORANDUM ACCOUNTS (in lire)

	31/12/2000	31/12/1999
A) GUARANTEES ISSUED:		
1) to others:		
a) bank guarantees	7,670,806,909	7,029,200,151
b) endorsements	-	-
c) other guarantees given	-	-
d) real guarantees	251,448,640	329,954,697
TOTAL	7,922,255,549	7,359,154,848
2) to associated companies:		
a) bank guarantees	-	-
b) endorsements	-	-
c) other guarantees given	-	-
d) real guarantees	-	-
TOTAL	-	-
B) OTHER MEMORANDUM ACCOUNTS		
1) Leasing rentals falling due	-	-
2) Bills and cash orders in circulation	-	-
3) Raw materials and finished products with others	517,971,797	-
4) Securities with others	-	-
5) Assets owned by others at our premises	36,135,599	57,175,171
6) Foreign currency repurchase commitments	-	-
TOTAL	554,107,396	57,175,171
C) GUARANTEES RECEIVED:		
1) Bank guarantees	90,615,520	8,005,463,819
2) Endorsements	-	-
3) Other guarantees given	-	-
4) Real guarantees	-	-
TOTAL	90,615,520	8,005,463,819
TOTAL MEMORANDUM ACCOUNTS	8,566,978,465	15,421,793,838

CONSOLIDATED PROFIT AND LOSS ACCOUNT (in lire)	31/12/2000	31/12/1999
A) (+) VALUE OF PRODUCTION:		
1) Net turnover from sales and services	410,573,296,838	376,668,491,785
2) Variation in stocks of finished, semi-processed and work in progress	1,401,876,770	2,821,064,455
3) variation in contracts in progress	1,574,714,000	2,540,191,000
4) work performed for own purposes and capitalised	5,591,876,053	6,606,887,336
5) other revenues and income:		
- other revenues and income	2,752,542,966	2,167,978,840
- contributions pertaining to the financial period	2,262,218,709	705,676,627
TOTAL	424,156,525,336	391,510,290,043
B) (-) COST OF PRODUCTION:		
6) for raw materials, subsidiary materials, consumables and goods	-124,718,753,276	-118,800,094,432
7) for services	-117,790,987,524	-106,324,912,749
8) for use of assets owned by others	-6,224,682,344	-4,664,188,876
9) for staff costs:		
a) wages and salaries	-52,999,850,320	-46,229,277,577
b) Social Security costs	-17,956,029,358	-16,723,261,838
c) provision for employee severance indemnity	-2,426,592,347	-2,425,950,041
d) Pension costs and similar obligations	-	-1,840,821
e) other costs relating to staff	-177,790,874	-854,905,149
10) Value adjustments:		
a) Amortisation of intangible fixed assets	-5,728,540,315	-4,895,739,122
b) Depreciation of tangible fixed assets	-45,926,191,949	-39,468,231,802
c) Other reductions in value of fixed assets	-10,019,213	-7,153,715
d) allowance for doubtful debtors included in current assets and other accounts included in cash at bank and in hand	-3,061,698,464	-4,145,198,562
11) Movement in stocks of raw materials, subsidiary materials, consumables and goods	1,248,545,871	1,256,320,166
12) Amounts provided for risk provisions	-253,550,315	-1,114,338,429
13) Other provisions	-17,849,979	-934,831
14) Other operating charges	-3,315,359,845	-3,343,190,286
TOTAL	-379,359,350,252	-347,742,898,064
(A - B) DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION	44,797,175,084	43,767,391,979
C) FINANCIAL INCOME AND CHARGES:		
15) (+) Income from equity investments:		
a) in non-consolidated group companies	-	-
b) deriving from associated companies	-	-
c) from other companies	2,835,495	7,157,630
16) (+) other financial income:		
a) from loans forming part of fixed assets:		
i) from others:	169,571,124	38,099,032
ii) from associated companies	-	-
iii) from subsidiary companies	-	-
b) from permanent investments other than equity investments	67,974,298	72,343,174
c) from other investments which are not permanent	170,051,462	937,739,230
d) other income not included above:		
i) from others:	2,980,767,025	1,978,784,841
ii) from associated companies	-	-
iii) from parent companies	-	-
17) (-) Interest payable and similar charges:		
a) payable to others	-9,025,340,425	-8,865,067,815
b) payable to associated companies	-	-
c) payable to parent companies	-	-
TOTAL	-5,634,141,021	-5,830,943,908

CONSOLIDATED PROFIT AND LOSS ACCOUNT (in lire)	31/12/2000	31/12/1999
D) VALUE ADJUSTMENTS IN RESPECT OF INVESTMENTS		
18) (+) revaluation:		
a) of equity investments	-	16,476,566
b) of other permanent investments which are not equity investments	-	-
c) of non-permanent investments which are not equity investments	-	-
19) (-) devaluation:		
a) of equity investments	-30,433,876	-1,393,775
b) of permanent investments which are not equity investments	-	-
c) of non-permanent investments which are not equity investments	-	-
TOTAL VALUE ADJUSTMENTS	-30,433,876	15,082,791
E) EXTRAORDINARY INCOME AND CHARGES		
20) (+) extraordinary income:		
a) income	1,548,389,954	1,001,236,833
b) capital gains from disposal of fixed assets	930,043,332	941,619,300
21) (-) extraordinary charges:		
a) charges	-1,499,679,369	-244,757,902
b) capital losses from disposal of fixed assets	-244,693,890	-20,333,631
c) taxes pertaining to previous years	-35,469,925	-34,166,480
TOTAL EXTRAORDINARY ITEMS	698,590,102	1,643,598,120
PROFIT OR LOSS BEFORE INCOME TAXES	39,831,190,289	39,595,128,982
22) (-) income taxes on the income of the period:		
a) current	-14,437,741,484	-13,399,029,948
b) deferred	111,418,485	-4,304,655,203
23) Total net profit or loss	25,504,867,290	21,891,443,831
(PROFIT)/LOSS FOR THE YEAR ACCRUING TO OTHERS	-456,361,647	-638,925,949
PROFIT/(LOSS) FOR THE FINANCIAL YEAR ACCRUING TO THE GROUP	25,048,505,643	21,252,517,882

The Chairman
Aldo Fumagalli Romario

GENERAL CRITERIA

The Balance Sheet and Profit and Loss Account as at 31st December 2000 have been prepared and presented in accordance with the provisions of article 25 and following articles of Legislative Decree No. 127/91; the accounting principles comply with those recommended by the Italian Securities and Investments Board (CONSOB) and as set out by the Italian Accounting Profession. The Balance Sheet and the Profit and Loss Account are integrated by the relevant Explanatory Notes, which were prepared in accordance with the provisions of article 38 of the above-mentioned Legislative Decree.

These Explanatory Notes include a reconciliation of the Parent Company's profit and shareholders' equity and the consolidated profit and shareholders' equity for the reporting period.

We have enclosed to these Explanatory Notes the relevant cash flow statement, as well as the translation into EURO of the accounts to give a fuller appreciation of the financial statements.

The reclassified Balance Sheet and Profit and Loss Account are included in the Directors' Report.

ACCOUNTING REFERENCE DATE

The Consolidated Financial Statements have been drawn up on the basis of the Financial Statements as at 31st December 2000 of each consolidated company approved by the General Meetings or prepared by the Boards of Directors for approval at the respective Shareholders' Meetings and drawn up according to the Group's accounting principles.

GROUP COMPOSITION AND BASIS OF CONSOLIDATION

The Consolidated Financial Statements comprise the Financial Statements as at 31st December 2000 of the Parent Company SOL SpA and the Financial Statements as at 31st December 2000 of the following companies, pursuant to article 38, paragraph 2, of Legislative Decree No. 127/91:

a) Subsidiaries, directly or indirectly controlled, consolidated line-by-line;

NAME AND REGISTERD OFFICE	NOTE	SHARE CAPITAL	OWNERSHIP PERCENTAGE		TOTAL
			DIRECTLY	INDIRECTLY	
ABILITY TEAM H. GmbH Mauern	DEM	130,000	-	84.23%	84.23%
AIRSOL BV - Amsterdam	NLG	17,022,000	100%	-	100%
BARTOLO OSSIGENO Srl - Naples	ITL	1,270,000,000	100%	-	100%
B.T.G. Bvba - Lessines	BEF	92,000,000	100%	-	100%
C.T.S. S.p.A. - Monza	ITL	300,000,000	100%	-	100%
ESSETI Srl - Costabissara	ITL	199,000,000	51%	-	51%
ESSETI DEUTSCHLAND GmbH - Munich	Euro	25,000	-	51%	51%
FRANCE OXYGENE Sarl	FFR	50,000	-	100%	100%
G.T.E. S.L. - Barcelona	ESP	2,000,000	100%	-	100%
G.T.S. SH.P.K. - Tirana	LEK	5,000,000	100%	-	100%
HGT S.A. - Salonicco	GRD	61,600,000	-	74%	74%
I.C.O.A. Srl - Vibo Valentia	ITL	88,000,000	97.60%	-	97.60%
IMG D.o.o. - Belgrade	YUD	1,894,977	30%	70%	100%
KISIKANA d.o.o - Sisak	Kune	28,721,300	-	58.56%	58.56%
N.T.G. Bv - Tilburg	NLG	5,000,100	100%	-	100%
SOL France Sarl - Cergy Pontoise	FFR	14,948,000	100%	-	100%
SOL T.G. - Graz	ATS	10,000,000	100%	-	100%
SOL-INA D.o.o. - Sisak	1 Kune	52,766,000	58.56%	-	58.56%
T.G.B. e.o.o.d. - Sofia	Leva	2,150,000	100%	-	100%
T.G.K. Sofia A.D. - Sofia	Leva	200,000	51%	-	51%
T.G.S. AD - Skopje	2 DEN	261,315,589	94.88%	-	94.88%
T.M.G. GmbH - Krefeld	DEM	4,000,000	-	100%	100%
T.P.J. D.o.o. - Jesenice	SIT	633,485,260	64.11%	-	64.11%
U.T.P. D.o.o - Pula	Kune	12,433,000	-	57.40%	57.40%
VIVISOL B S.p.r.l. - Lessines	BEF	6,500,000	0.08%	99.92%	100%
VIVISOL Brescia S.r.l. - Brescia	ITL	80,000,000	-	70%	70%
VIVISOL Calabria Srl - Vibo Valentia	ITL	20,000,000	-	98.32%	98.32%
VIVISOL Centro Adriatica S.r.l. - Jesi	ITL	90,000,000	-	85.55%	85.55%
VIVISOL dello Stretto Srl - Villa S. Giovanni	ITL	410,000,000	-	94.00%	94.00%
VIVISOL France Sarl - Vaux Le Penil	FRF	750,000	-	100%	100%
VIVISOL Heimbehandlungsgesellschaft G.m.b.H. - Graz	ATS	5,000,000	-	100%	100%
VIVISOL Napoli S.r.l. - Naples	ITL	190,000,000	-	70%	70%
VIVISOL S.r.l. - Monza	ITL	5,000,000,000	-	100%	100%
VIVISOL Silarus S.r.l. - Battipaglia	ITL	35,000,000	-	49%	49%
VIVISOL Sud Belgique S.p.r.l. - Gosselies	BEF	20,000,000	-	99.49%	99.49%
VIVISOL Umbria S.r.l. - Perugia	ITL	130,000,000	-	70%	70%

1) The Group's share as at 31st December 2000 includes a 10% equity investment in Simest S.p.A. In accordance with the agreement between SOL SPA and Simest dated 17 May 1999, SOL SpA has undertaken to repurchase the entire Simest share on 30 June 2004.

2) The Group's share as at 31st December 2000 includes a 5.645% equity investment in Simest S.p.A. In accordance with the agreement dated 27th March 1996 between SOL SpA and Simest, SOL SPA has undertaken to repurchase the entire share of Simest on 30th June 2003, with an option to purchase the said share in advance, which may be exercised by SOL from 30 June 2000.

b) subsidiaries excluded from the consolidation basis

NAME AND REGISTERED OFFICE		SHARE CAPITAL	OWNERSHIP PERCENTAGE
ZEUS - S.A.	GRD	246,858,000	89.40%

The company has not been included in the consolidation basis since it became a member of the SOL Group in November 2000. The Financial Statements are not yet available.

c) associated companies, consolidated adopting the equity method

NAME AND REGISTERED OFFICE		SHARE CAPITAL	OWNERSHIP PERCENTAGE
CONSORGAS - Milan	Lire	1,000,000,000	25.79%

The sole departure from the accounting policies illustrated above refers to the equity share in the associated company FABER Srl, which was valued at cost, since this company is not to be considered as a going concern, in that it is subject to liquidation procedure.

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

The consolidation basis for the Financial Statements as at 31 December 2000 has been modified to include the following companies: Ability Team H. GmbH, Esseti Deutschland GmbH, HGT S.A. and France Oxygene Sarl.

PRINCIPLES OF CONSOLIDATION AND ACCOUNTING POLICIES

principles of consolidation

The Financial Statements utilised for consolidation are those as at 31st December 2000 relating to the individual companies. These Financial Statements have been reclassified and adjusted in order to harmonise group accounting policies and standards with those of the Parent Company, which are in accordance with the provisions of article 2423 and following articles of the Civil Code, and with the provisions recommended by CONSOB.

The consolidation principles used and applied are as follows:

- assets and liabilities, as well as income and expenses of consolidated companies are recorded in full; whereas accounts receivable and payable, income and expenses, profits and losses for material amounts deriving from transactions of a significant value, executed among companies included in the consolidation basis, taking possible deferred taxation into due account, are eliminated;
- the book value of investments in consolidated companies is set off against the corresponding shares of subsidiaries' net assets; and the possible difference between purchase price and relevant net assets at the book value at the date of acquisition is added to the

assets or liabilities items of the consolidated companies; the possible residual difference, if negative, is entered in a balance sheet item denominated consolidation reserve; if positive, it is entered in an assets item denominated difference arising on consolidation, and is amortised over a period of 5 years. The shares of net assets and of profit belonging to third party shareholders, calculated on the basis of Financial Statements adjusted in accordance with the Group's accounting policies, are stated in the items "Minority interests - equity" of the Balance Sheet and "Minority interests - share of profit (loss)" of the Profit and Loss Account, respectively;

- taxation on undistributed profits of the consolidated companies are not accounted for, as it is presumed that profits will be distributed taking advantage of tax credits for the parent company or be permanently reinvested within the Group.

translation of Financial Statements denominated in foreign currency

Equity items are translated into Italian lire at the rate of exchange current on the date they were accounted for. Balance Sheet items are converted into Italian lire at the rates of exchange current on 31st December 2000, whereas the Profit and Loss Account items are converted into Italian lire at the average rates of exchange for 2000. The difference between the results for the period calculated by applying the average rates of exchange and those calculated by applying the rates of exchange prevailing on 31st December 2000 and the effects on assets and liabilities arising from exchange rate fluctuations between the beginning and end of the reporting period are entered in the equity item denominated "Reserve for conversion differences".

The rates of exchange utilised for translating Financial Statements not denominated in Italian lire are detailed in the table below:

CURRENCY	RATE OF EXCHANGE ON 31/12/2000	AVERAGE EXCHANGE RATE DEL 2000	RATE OF EXCHANGE ON 31/12/1999	AVERAGE EXCHANGE RATE DEL 1999
German Mark	Lire 989,999	Lire 989,999	Lire 989,999	Lire 989,999
French Franc	Lire 295,182	Lire 295,182	Lire 295,182	Lire 295,182
Dutch Florin	Lire 878,640	Lire 878,640	Lire 878,640	Lire 878,640
Belgian Franc	Lire 47,998	Lire 47,998	Lire 47,998	Lire 47,998
Austrian Shilling	Lire 140,714	Lire 140,714	Lire 140,714	Lire 140,714
Albanian Lek	Lire 14,705	Lire 14,715	Lire 14,557	Lire 13,381
Macedonian Dinar	Lire 31,500	Lire 33,067	Lire 32,301	Lire 32,097
Bulgarian Leva	Lire 990,774	Lire 991,219	Lire 995,45	Lire 995,78
Spanish Peseta	Lire 11,637	Lire 11,637	Lire 11,637	Lire 11,637
Croatian Kuna	Lire 256,189	Lire 254,158	Lire 252,515	Lire 256,679
Serbian Dinar	Lire 32,999	Lire 32,999	Lire 166,019	Lire 166,221
Slovenian Toller	Lire 9,067	Lire 9,374	Lire 9,734	Lire 9,959
Greek Drachma	Lire 5,682	Lire 5,752	Lire -	Lire -

valuation criteria

The accounting policies and valuation criteria applied by all consolidated companies are substantially the same. The valuation criteria used and applied on consolidation are those utilised by the Parent Company SOL SpA and are in accordance with the law provisions in force as mentioned above, supplemented and construed by the Accounting Standards set out by the Italian Accounting Profession. Items shown in the Financial Statements have been valued in accordance with the general accounting principles of prudence and accrual, and the accounts were prepared on a going concern basis. For the purposes of accounting, emphasis has been laid on the economic substance of transactions rather than to their legal form; as regards financial assets they were accounted for on the day of settlement. Income is recognised only if realised within the closing date of the Financial Statements, whereas risks and losses are taken into account even if acknowledged at a later date. Heterogeneous entries included in the single items of the Financial Statements have been valued separately. Balance-sheet items that have a useful economic life of more than one year have been stated among fixed assets.

write-downs and write-ups

The value of tangible and intangible fixed assets the useful economic life of which is limited in time is systematically depreciated or amortised. The said assets along with other asset items are written down whenever a permanent decrease in value is recognised; the prior value is reinstated as long as the reasons for the preceding write-down are deemed no longer to apply. The detailed methods adopted for depreciation, amortisation and write-downs are illustrated below.

revaluation

No revaluation has ever been made except for those provided for by specific laws regarding tangible assets and those arising from mergers.

exceptions

There are no departures from the valuation criteria provided for by the legislation in force concerning the preparation of Financial Statements and consolidated Financial Statements in these and prior Financial Statements.

entries recorded solely for fiscal purposes

The Financial Statements of the Parent Company and of some of its subsidiaries show entries recorded exclusively for fiscal purposes, in particular accelerated depreciation exceeding the amount necessary to write off assets over their estimated useful economic life. Furthermore assets whose cost is less than 1 million Lire are charged directly to the Profit and Loss Account.

Such entries are eliminated in the consolidated Financial Statements.

VALUATION CRITERIA OF SINGLE ITEMS

intangible assets

Intangible assets represent costs and expenditures having a useful economic life of more than one year and are stated at purchase price increased by the expenses incidental thereto and are amortised on a straight-line basis. In this regard we point out that:

- Start-up and capital increase costs are stated in the specific asset item, and amortised over their useful economic life, however for a period not exceeding five years.
- Research, development and advertising costs are totally charged to the Profit and Loss Account for the year in which they were incurred. An exception is represented by costs related to the development of new products, provided they are associated with projects in the company's interests offering reasonable profitability prospects.
- Industrial patents and rights to use intellectual property are amortised over their estimated useful economic life, however for a period not exceeding that set out in the relevant license agreements.
- Concessions, licenses, trade marks and similar rights stated among assets are amortised on the basis of the estimated period of utilisation, in any case not exceeding that set out in the relevant purchase agreements; if the period of utilisation cannot be determined, it is established over five years.
- Goodwill is capitalised only if paid for, limited to the cost incurred or following business mergers, and is amortised over a period not exceeding its useful life, determined over five years.
- Differences arising from consolidation are amortised over a period of five years.
- Improvements to third party assets are amortised on the basis of the contract's residual life.

Assets, whose economic value appears to be permanently lower than their cost amortised in accordance with the criteria mentioned above, at the close of the financial year, are adjusted to their actual economic value. If the reasons that determined the said write-down subsequently appear no longer to apply, the appropriate write-up is then calculated.

tangible assets

Tangible assets are stated at purchase price or cost of construction, increased by the expenses incidental thereto. Revaluation of the historical cost is executed only pursuant to specific national law provisions that allow such revaluation, or following business mergers. Depreciation is systematically calculated on the cost of assets, increased by any possible revaluation, dependent upon the residual period of their use. Tangible assets, the economic value of which appears to be permanently lower than their cost depreciated in accordance with the criteria mentioned above, at the close of the financial year, are adjusted to their actual economic value.

Costs of ordinary maintenance are charged to the Profit and Loss Account in full. Maintenance costs including a capital increase element are added to the asset to which they refer and depreciated according to the residual period of utilisation of the relevant asset.

The annualised depreciation rates generally adopted are as follows:

Land and buildings	
- land	-
- non-industrial buildings	-
- industrial buildings	4%
- other buildings	10%
Plant and machinery	
- plant and machinery - general	7,5%
- plant and machinery - specific	10%
Other industrial and commercial equipment	
- other small equipment	25%
- cylinders	9%
- distribution plants	9%
- purifier plants	15%
- base units	17,5%
- remote-measurements	20%
Other assets	
- motor vehicles	20%
- motor cars	25%
- furniture and fixtures	12%
- electronic office equipment	20%

The depreciation rate of an asset is reduced by 50% in the financial year in which it is purchased, since we deem this is a method that reasonably approximates the temporal distribution of purchased assets during the financial year.

Assets that are the subject of finance lease contracts are stated among industrial fixed assets in conformity with their class and are systematically depreciated, just as the proprietary assets, according to their residual useful life. A balancing entry is made against the relevant short and medium term obligation in respect of the lessor; rentals are transferred from the costs for use of assets owned by others and the interest share concerning the reporting year is charged to financial expense. In this way finance lease transactions are reported in accordance with the so-called "financial method" set out by the International Accounting Standard I.A.S. 17 that represents the economic substance of the outstanding finance lease contracts more correctly.

investments

- shares in non-consolidated companies

Equity investments in non-consolidated companies are valued at cost.

- shares in associated companies

Shares in associated companies are valued according to the equity accounting method, i.e. for an amount equal to the net assets' share resulting from the last Balance Sheet of the

said companies, after deducting dividends and making the adjustments required by the accounting principles regarding the preparation of consolidated Financial Statements.

- other investments held as fixed assets

Other equity investments and securities are valued at cost. Proper adjustments are made in the case of a permanent decrease in value, also arising from market quotations as far as listed securities are concerned, and the prior value is reinstated, in the financial year in which there is no further reason for such a write-down.

Other investments representing loans are reported at their estimated realisation value.

stocks

Stocks are stated at the lower value between the purchase price and cost of production, increased by the expenses incidental thereto, or the estimated realisation value as per market quotations. They are valued by applying the LIFO method with added annual increases (last-in, first-out). The net realisation value is calculated on the basis of the net sale price less both possible costs of production to be further incurred and direct sales costs.

Work in progress on contracts is reported on the basis of the accumulated costs incurred at the end of the financial year.

Stocks regarding obsolete or slow-moving items are written down to take account of actual possibilities of utilisation and realisation.

debtors

Debtors are stated at their estimated realisation value, taking into account the degree of solvency of each debtor, maturity, outstanding doubtful accounts and enforceable guarantees.

Adjustment of the nominal value of amounts receivable to that of their estimated realisation is made through specific provisions for doubtful accounts, directly deducted from the corresponding asset item.

Long-term debtors are stated in the Balance Sheet among financial fixed assets and reported at their estimated realisation value.

financial assets not held as fixed assets

Securities not held as fixed assets are reported at the lower value between the purchase price or estimated realisation value as per market quotations. The said lower value is not maintained if the reasons thereof no longer apply.

cash and cash at bank

Liquid assets are stated at their nominal value.

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.

provisions for liabilities and charges

Provisions for liabilities and charges are made to cover specific losses or amounts payable, certain or likely to be incurred, but for which the amount or the date on which they will arise is uncertain at the closing date for the financial year.

The risks for which there is only a possibility of a liability occurring are shown in the Explanatory Notes or in the Directors' Report enclosed to this statement.

Provisions for liabilities and charges include the item provisions for deferred taxation.

staff severance fund

The staff severance fund represents the whole accumulated liability to employees, net of advances paid up to the Balance Sheet date, calculated in accordance with legislation, the collective labour agreements and possible company employment agreements in force.

creditors

Creditors are reported at their nominal value, adjusted for returns or invoicing modifications.

contingent liabilities, commitments and guarantees

The guarantees included in the memorandum items represent guarantees stated at the value corresponding to the amount still due as regards loans in respect of which such guarantees were issued. Mortgages and liens on proprietary assets are detailed in the Explanatory Notes.

Possible commitments undertaken to purchase and sell foreign currencies are reported in the memorandum accounts at their notional amount, converted at the contractual rate of exchange in the case of options and at the forward rate of exchange as regards forward foreign exchange contracts.

translation criteria for items denominated in currencies other than those adhering to the EURO

Assets and liabilities denominated in currencies other than those adhering to the Euro are stated at the rates of exchange current on the day they were accounted. Adjustments to take account of possible losses arising on the valuation of assets and liabilities in foreign currencies at the rate of exchange ruling on the Balance Sheet date are charged to a specific risk fund and entered in the Profit and Loss Account.

translation of and accounting for entries denominated in currencies adhering to the EURO

Monetary items denominated in currencies adhering to the EURO were recorded using the irrevocable exchange rates in accordance with the criteria laid down by articles 4 and 5 of EC Regulation No. 1.103/97.

Positive and negative exchange differences were taken to the Profit and Loss Account of the 1998 financial year.

recording of income and expense

Income and expense are entered net of returns, discounts, allowances and premiums, as well as taxes directly associated with the sale of goods and the services rendered. Revenue from the sale of goods is recorded when the right of ownership on the relevant goods is transferred, which normally occurs at the time they are delivered or shipped. Financial income is recorded in accordance with the accrual method of accounting.

tax on profit

Tax on profit is determined on the basis of the taxable income of each consolidated company pursuant to the tax provisions in force in each country. Amounts owed to tax authorities are reported net of advances paid and tax withheld in the item "taxation". Fiscal benefits deriving from fiscal losses are recorded in the Profit and Loss Account of the year in which such losses are used to offset profits.

We make provisions for deferred taxation on significant timing differences between the value of assets or liabilities recognised for financial reporting and that for tax reporting purposes at the tax rate in force when the reversal of timing differences occurs.

contracts for hedging purposes

Negative differences arising from the valuation of derivative contracts at year-end are charged to the Profit and Loss Account, whereas those related to specific investments are capitalised. Possible positive differences are recognised when actually realised.

Accruals on interest payable and receivable are recorded in the Profit and Loss Account at the close of the financial year.

capital contributions

Capital contributions received from the 1998 financial year, entered in the profit and loss account as "other operating income", are recorded over more financial years in accordance with the accrual accounting method. Contributions received in previous financial years have been charged to an equity reserve at 50%; the remaining 50% has been recorded in the Profit and Loss Account over 5 or 10 years according to the time of their disbursement.

ASSETS

A) DUE FROM SHAREHOLDERS FOR SHARE CAPITAL STILL TO BE PAID

No amounts were due from shareholders for share capital still to be paid at the close of the financial year.

B) FIXED ASSETS

I. Intangible assets

Balance as at 31/12/00	13,213,076,212
Balance as at 31/12/99	12,658,383,272
Change	554,692,940

analysis of intangible assets

Movements in intangible fixed assets were as follows:

ITEMS	BALANCE 31/12/1999	ADDITIONS	REVALUATION (WRITEDOWNS)	OTHER MOVEMENTS	(AMORTISATION)	BALANCE 31/12/2000
Start-up and capital increase costs	6,272,368,687	13,001,049	-	267,562,251	(2,080,696,094)	4,472,235,893
Costs for research, development and advertising	42,084,005	460,166,000	-	1	(484,386,964)	17,863,042
Industrial patents and rights to use intellectual property	929,215,695	270,046,712	(665,744)	(4,087,256)	(718,330,949)	476,178,458
Concessions, licenses, trade marks and similar rights	1,013,822,104	214,622,075	-	2,578,467	(338,677,085)	892,345,561
Goodwill	436,737,230	89,099,922	-	-	(255,340,937)	270,496,215
Assets in course of construction and advances	4,147,500	-	-	-	-	4,147,500
Other	2,844,108,051	201,380,912	4,588,095	26,240,771	(583,493,286)	2,492,824,543
Difference arising on consolidation	1,115,900,000	4,738,700,000	-	-	(1,267,615,000)	4,586,985,000
TOTAL	12,658,383,272	5,987,016,670	3,922,351	292,294,234	(5,728,540,315)	13,213,076,212

The item "Start-up and capital increase costs" for the most part includes costs incurred relating to movements in the share capital of consolidated companies and for the listing of Parent Company's shares.

The item "Research, development and advertising costs" refers mainly to costs incurred to enter European markets.

The item "Rights, industrial patents" refers almost exclusively to costs incurred for the acquisition of software. The increases for the period are mainly due to charges relating to implementation of the new software, amortised over 3 years.

The item "Concessions, licenses and trade marks" comprises almost exclusively costs incurred to obtain transport licenses for the subsidiary CTS SpA and the user licences for the new software, amortised over 5 years.

The item "Goodwill" mainly includes positive differences generated by mergers concerning companies taken over in prior years.

The increase for the period derives from the acquisition of commercial business in Germany by the subsidiary ESSETI Deutschland GmbH.

The item "Other" primarily includes costs with a useful working life of more than one year which are being amortised over the same period as that estimated for the income related thereto. They mainly comprise costs incurred in connection with:

- mergers with other companies
- notary public fees and miscellaneous expenses on medium-term loans
- restructuring works carried out on leased premises
- costs incurred for the construction of the aqueduct owned by the Consortium CIGRI, which supplies industrial water to the Piombino factory. These costs are amortised over 15 years according to the relevant agreement's maturity terms of the agreement
- initial leasing charges amortised over the duration of the related contracts.

Additions during the reporting year were almost exclusively due to investments of the Parent Company.

The item "Difference arising on consolidation" refers to:

- the difference between the purchase price of the equity investment in the subsidiary ESSETI Srl and the adjusted capital and reserves thereof as at 31.12.1997 equal to Lire 818,000,000 (current net value Lire 327,200,000)
- the difference between the purchase price of the equity investment in the subsidiary BAR-TOLO OSSIGENO Srl and the adjusted capital and reserves thereof as at 31.12.1998 equal to Lire 781,375,000 (current net value Lire 468,825,000).
- the difference between the purchase price of the equity investment in the subsidiary Ability Team H. GmbH Srl and the capital and reserves thereof as at 31.12.1999 equal to Lire 223,000,000 (current net value Lire 178,400,000).
- the difference between the purchase price of the equity investment in the subsidiary HGT S.A. and the capital and reserves thereof as at 31.12.1999 and increased by the share premium accruing on the increase in share capital for the financial period deriving from the waiver of option rights and by the previous shareholders equal to Lire 845,000,000 (current net value Lire 676,000,000).
- the difference between the purchase price of a further 15.55% of the equity investment in the subsidiary VIVISOL Centro Adriatica Srl and the adjusted capital and reserves thereof as at 31.12.1999 equal to Lire 603,700,000 (current net value Lire 482,960,000).
- the difference between the purchase price of the equity investment in the subsidiary France Oxygene Sarl and the adjusted capital and reserves thereof as at 31.07.2000 equal to Lire 3,067,000,000 (current net value Lire 2,453,600,000).

As for the depreciation for the period broken down by class of assets, please see the detail given in the notes concerning the Profit and Loss Account.

Revaluation executed during the reporting year refers to a monetary revaluation effected by T.P.J. D.o.o..

Revaluation executed during the reporting year refers to a monetary revaluation effected by I.M.G. D.o.o..

II. tangible assets

Balance as at 31/12/00	315,992,825,771
Balance as at 31/12/99	290,842,372,307
Change	25,150,453,464

analysis of tangible assets

Movements in tangible assets during the year, with reference to their historical cost, depreciation and net value are as follows:

MOVEMENTS IN TANGIBLE ASSETS COST	BALANCE 31/12/1999	ADDITIONS	REVALUATION	OTHER MOVEMENTS	(DISPOSALS)	BALANCE 31/12/2000
Land and buildings	91,876,663,672	2,232,692,434	313,176,978	(321,785,167)	(1,240,249,283)	92,860,498,634
Plant and machinery	250,641,260,103	26,927,905,641	153,848,272	1,164,141,122	(1,569,052,596)	277,318,102,542
Other industrial and commercial equipment	289,267,155,702	30,213,416,103	4,573,439,422	485,047,320	(2,273,366,743)	322,265,691,804
Other assets	29,139,787,809	4,417,046,099	92,959,290	(189,131,614)	(1,261,264,123)	32,199,397,461
Assets in course of construction and advances	15,086,509,920	2,595,742,576	-	-	-	17,682,252,496
TOTAL	676,011,377,206	66,386,802,853	5,133,423,962	1,138,271,661	(6,343,932,745)	742,325,942,937

MOVEMENTS IN ACCUMULATED DEPRECIATION	BALANCE 31/12/1999	DEPRECIATION (AMORTISATION)	WRITE-DOWNS	OTHER MOVEMENTS	(DISPOSALS)	BALANCE 31/12/2000
Land and buildings	33,143,811,107	3,685,136,584	-	(14,514,581)	(7,224,023)	36,807,209,087
Plant and machinery	158,510,256,641	15,256,261,388	-	(234,819,111)	(1,527,067,107)	172,004,631,811
Other industrial and commercial equipment	176,197,588,482	23,275,393,925	-	(92,499,323)	(1,912,565,831)	197,467,917,253
Other assets	17,306,674,387	3,709,400,052	9,353,469	(111,108,924)	(860,959,969)	20,053,359,015
Assets in course of construction and advances	10,674,282	-	-	(10,674,282)	-	-
TOTAL	385,169,004,899	45,926,191,949	9,353,469	(463,616,221)	(4,307,816,930)	426,333,117,166

MOVEMENTS IN TANGIBLE ASSETS NET VALUE	BALANCE 31/12/1999	ADDITIONS	(DEPRECIATION & WRITE-DOWNS)	OTHER MOVEMENTS	(DISPOSALS)	BALANCE 31/12/2000
Land and buildings	58,732,852,565	2,545,869,412	(3,685,136,584)	(307,270,586)	(1,233,025,260)	56,053,289,547
Plant and machinery	92,131,003,462	27,081,753,913	(15,256,261,388)	1,398,960,233	(41,985,489)	105,313,470,731
Other industrial and commercial equipment	113,069,567,220	34,786,855,525	(23,275,393,925)	577,546,643	(360,800,912)	124,797,774,551
Other assets	11,833,113,422	4,510,005,389	(3,718,753,521)	(78,022,690)	(400,304,154)	12,146,038,446
Assets in course of construction and advances	15,075,835,638	2,595,742,576	-	10,674,282	-	17,682,252,496
TOTAL	290,842,372,307	71,520,226,815	(45,935,545,418)	1,601,887,882	(2,036,115,815)	315,992,825,771

- The investments made during the financial period under the item "Land and buildings" refer mainly to investments by the Parent Company (Lire 1,301 million) and by the subsidiary company T.G.S. A.D. (Lire 451 million).

- Acquisitions during the financial period concerning the item "Plant and machinery" are mainly due to the purchase of plants for the Parent Company's factories (Lire 19,528 million), the subsidiary company SOL Technische Gase GmbH (Lire 5,550 million) and to a lesser extent to other investments carried out by all other group companies.

- The item "Other industrial and commercial equipment" comprises commercial equipment (supplying devices, cylinders, base units, concentrators and medical appliances) as well as other small equipment. The increase for the financial period is due to investments in commercial equipment such as cylinders, delivery devices and tanks made by companies of the technical gas sector amounting to Lire 19,089 million (of which Lire 7,692 million by the Parent Company) and to investments made by companies of the home care sector for Lire 11,124 million (of which Lire 5,127 million by the company VIVISOL S.r.l), related to base units and other medical appliances.

- The item "Other assets" includes motor vehicles and motor cars, electric office equipment, furniture and fixtures, EDP systems. Additions during the period refer to capital expenditures for motor vehicles, laboratory equipment, hardware, furniture and fixtures, of which Lire 1,419 million pertaining to the Parent Company.

- The item "Assets in course of construction" mainly refers to investments being made by the Parent Company (Lire 15,032 million) and by the subsidiary SOL France (Lire 1,008 million).

The revaluations executed during the financial period, equal to Lire 5,133 million, refer to:

- monetary revaluation by the companies T.P.J. D.o.o. and I.M.G. D.o.o. on the basis of local regulations for a total of Lire 611 million
- revaluation pursuant to Law No. 342/2000 for a total of Lire 4,521 million broken down as follows:
 - Lire 1,205 million ESSETI Srl
 - Lire 1,861 million ICOA Srl
 - Lire 81 million VIVISOL Brescia Srl
 - Lire 990 million VIVISOL Napoli Srl
 - Lire 141 million VIVISOL Silarus Srl
 - Lire 243 million VIVISOL Umbria Srl.

As for the depreciation for the period broken down by class of assets, please see the detail given in the notes concerning the Profit and Loss Account.

We confirm that the Monza, Marcianise, Padua, Piombino, Cuneo, Salerno, Verona, Vibo Valentia, Zola Predosa and Gersthofen factories are encumbered with mortgages and liens related to medium term loans contracted by some companies of the group with credit insti-

tutions.

At 31st December 2000 mortgages amounted to Lire 254,906 million.

At 31st December 2000 liens amounted to Lire 244,798 million.

Reference should be made to the reconciliation between the Parent Company's profit and shareholders' equity and the consolidated profits and shareholders' equity given below as regards the effects of eliminating accelerated depreciation and of accounting for leases in accordance with the International Accounting Standard I.A.S. 17.

III. investments

Balance as at 31/12/00	11,673,320,248
Balance as at 31/12/99	5,308,070,448
Change	6,365,249,800

equity investments

Balance as at 31/12/00	5,755,860,823
Balance as at 31/12/99	1,276,830,745
Change	4,479,030,078

The item is broken down as follows.

DESCRIPTION	31/12/2000	31/12/1999
Ability Team H. GmbH	-	207,898,043
Esseti Deutschland GmbH	-	48,406,750
Zeus S.A.	4,432,012,550	-
NON-CONSOLIDATED GROUP COMPANIES	4,432,012,550	256,304,793
CONSORGAS S.r.l.	562,139,023	279,332,668
FABER S.r.l.	10,000,000	10,000,000
ASSOCIATED COMPANIES	572,139,023	289,332,668
BEMBERG S.r.l.	654,256,000	654,256,000
Other equity investments	97,453,250	76,937,284
OTHER COMPANIES	751,709,250	731,193,284

All the above investments are owned by the Parent Company, except for Lire 4,432 million reported as non-consolidated Group companies (made by the subsidiary AIRSOL B.V.), and Lire 74 million reported as other minority equity investments (of which Lire 47 million refer to investments in local companies made by the subsidiary T.G.S. A.D.).

The company ZEUS S.A. was not included in the consolidation basis, since it became a member of the SOL Group in November 2000. The Financial Statements of the above-mentioned Company are not yet available.

The equity investments were valued at cost,

debtors

Balance as at 31/12/00	2,084,458,179
Balance as at 31/12/99	2,612,435,027
Change	(527,976,848)

This item is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	VARIATION
Amounts owed by non-consolidated group companies	-	207,908,684	(207,908,684)
Associated companies	-	-	-
Amounts owed by parent companies	-	-	-
Other debtors	2,084,458,179	2,404,526,343	(320,068,164)
TOTAL	2,084,458,179	2,612,435,027	(527,976,848)

The item "Others" breaks down as follows:

DESCRIPTION	31/12/2000	31/12/1999	VARIATION
Caution moneys	624,255,882	933,783,195	(309,527,313)
Tax credit pertaining to Employee Severance Indemnity	1,335,341,250	1,412,866,276	(77,525,026)
Other	124,861,047	57,876,872	66,984,175
Total	2,084,458,179	2,404,526,343	(320,068,164)

The above-mentioned amounts refer almost exclusively to the Parent Company.

None of the above amounts has a maturity exceeding 5 years.

other investments

Balance as at 31/12/00	1,218,804,676
Balance as at 31/12/99	1,418,804,676
Change	(200,000,000)

The item "Other investments" breaks down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Pledged securities - SOL	-	200,000,000	(200,000,000)
Pledged securities, - ICOA S.r.l.	129,954,697	129,954,697	-
Other securities - ICOA S.r.l.	1,088,849,979	1,088,849,979	-
TOTAL	1,218,804,676	1,418,804,676	(200,000,000)

The securities held by ICOA S.r.l. as at 31st December 2000 were pledged as collateral security in respect of loans granted. The other securities owned by ICOA S.r.l. are represented by bonds for Lire 700,000,000 issued by Ambroveneto and bonds for Lire 388,849,979 issued by Comit.

The above-mentioned securities have the following characteristics:

DESCRIPTION	BOOK VALUE	PAR VALUE	MATURITY	CURRENCY	RATE OF INTEREST	MARKET VALUE
AMBROVENETO	700,000,000	700,000,000	01/01/2005	Lire	Variable	677,600,000
COMIT	388,849,979	350,000,000	20/06/2002	Lire	9,60 %	332,150,024
BTP	129,954,697	131,666,360	01/09/2002	Lire	3,75 %	130,731,529

Securities are not written down to the market value since the said securities will be held up until the due date.

own shares

Balance as at 31/12/00	2,614,196,570
Balance as at 31/12/99	-
Change	2,614,196,570

We hereby confirm that this portfolio, equal to 0.74% of the share capital, comprises 667,000 ordinary shares with a par value of 1,000 Lire, purchased by way of implementing the resolution approved by the Shareholders' Meeting held on 28 April 2000.

A special provision of the Capital and reserves has been pledged in respect to these securities.

C) CURRENT ASSETS

I. Stocks

Balance as at 31/12/00	38,449,705,505
Balance as at 31/12/99	33,997,057,352
Movement	4,452,648,153

This item is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Raw materials, subsidiary materials and consumables	3,265,398,519	3,389,403,092	(124,004,573)
Work in progress and semi-finished goods	1,126,886,317	1,043,885,494	83,000,823
Work in progress on contracts	9,270,438,131	7,677,670,838	1,592,767,293
Finished goods and goods for resale	24,678,550,907	21,762,569,601	2,915,981,306
Payments on account	108,431,631	123,528,327	(15,096,696)
TOTAL	38,449,705,505	33,997,057,352	4,452,648,153

The valuation of stocks was not found to be higher than its realisation value and there are no stocks that are slow-moving or obsolete, so that no value adjustment was made.

The valuation of stocks made at an annual average cost would not have been significantly different from that resulting from the application of the method adopted.

The increase in the item "Finished goods and goods for resale" is mainly due to new distributed products, whereas the increase in the item "Work in progress on contracts" is due to new contracts being executed.

II. Debtors

Balance as at 31/12/00	179,967,583,662
Balance as at 31/12/99	177,414,349,383
Change	2,553,234,279

This item is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Trade debtors	169,548,678,402	157,812,671,334	11,736,007,068
Associated companies	36,550,000	36,550,000	-
Other debtors	10,382,355,260	19,565,128,049	(9,182,772,789)
TOTAL	179,967,583,662	177,414,349,383	2,553,234,279

The balance is broken down by maturity date:

DESCRIPTION	FALLING DUE WITHIN 1 YEAR	FALLING DUE BEYOND 1 YEAR	PROVISIONS FOR DOUBTFUL ACCTS	TOTAL 31/12/2000	TOTAL 31/12/1999
Trade debtors	178,266,883,483	1,080,055,213	(9,798,260,294)	169,548,678,402	157,812,671,334
Associated companies	36,550,000	-	-	36,550,000	36,550,000
Other debtors	9,795,678,447	586,676,813	-	10,382,355,260	19,565,128,049
TOTAL	188,099,111,930	1,666,732,026	(9,798,260,294)	179,967,583,662	177,414,349,383

There are no debtors falling due and payable after more than 5 years.

The increase in trade debtors amounting to Lire 727 million is due to the enlarged consolidation basis and, as regards the remaining amount, to higher sales and longer delays in receiving payments especially from public concerns.

Amounts owed by associated companies refer to FABER S.r.l..

Provisions for doubtful accounts recorded the following movements:

31/12/1999	ALLOCATIONS	(USES)	31/12/2000
8,929,643,598	3,061,698,464	(2,193,081,768)	9,798,260,294

Analysis of the item "Other debtors":

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Corporation income tax credit	855,903,553	603,870,251	252,033,302
VAT receivable	7,213,932,017	3,261,702,993	3,952,229,024
Other	2,312,519,690	15,699,554,805	(13,387,035,115)
TOTAL	10,382,355,260	19,565,128,049	(9,182,772,789)

All "Other debtors" are considered as collectable and therefore no value adjustment was made.

The decrease of item "Other Debtors" is mainly due to the collection of a payment on

account already made to purchase equity investments, in respect of which negotiations are not concluded successfully.

III. Financial assets not held as fixed assets

Balance as at 31/12/00	657,298,941
Balance as at 31/12/99	836,649,219
Change	(179,350,278)

This item is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
SICAV	274,972,606	455,503,524	(180,530,918)
Genercomit Tesoreria Fund	300,000,000	300,000,000	-
Equity shares in Arena Tourist	74,512,571	73,443,988	1,068,583
Other fixed-income securities	7,813,764	7,701,707	112,057
TOTAL	657,298,941	836,649,219	(179,350,278)

SICAV shares are held by the Parent Company's French branch for Lire 237 million and for Lire 38 million by the subsidiary SOL France Sarl.

Shares in the Genercomit Tesoreria Fund are held by the subsidiary ICOA Srl.

The equity shares in "Arena Tourist" are held by the subsidiary U.T.P.

Other securities consist of corporate bonds owned by U.T.P.

IV. Liquid assets

Balance as at 31/12/00	59,133,065,654
Balance as at 31/12/99	44,429,111,642
Change	14,703,954,012

This item is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Deposits with banks and post offices	58,395,710,853	43,862,638,552	14,533,072,301
Cheques	139,299,780	88,782,695	50,517,085
Cash and cash equivalents in hand	598,055,021	477,690,395	120,364,626
TOTAL	59,133,065,654	44,429,111,642	14,703,954,012

The above balance represents the liquid assets and cash and cash equivalents existing at the close of the financial year.

D) PREPAYMENTS AND ACCRUED INCOME

Balance as at 31/12/00	2,295,833,395
Balance as at 31/12/99	1,450,879,766
Change	844,953,629

They represent assets and liabilities related to two or more financial years, calculated according to the accrual method of accounting.

This item is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
ACCRUED INCOME:			
Interest receivable on securities	37,642,272	4,077,182	33,565,090
Other accrued income	66,761,917	202,235,140	(135,473,223)
TOTAL ACCRUED INCOME	104,404,189	206,312,322	(101,908,133)
PREPAYMENTS:			
Insurance premiums	1,252,899,471	578,751,347	674,148,124
Rent	84,047,048	169,051,922	(85,004,874)
Prepaid expenses	204,642,637	134,130,417	70,512,220
Other prepayments	649,840,050	362,633,758	287,206,292
TOTAL PREPAYMENTS	2,191,429,206	1,244,567,444	946,861,762
TOTAL ACCRUALS AND DEFERRALS	2,295,833,395	1,450,879,766	844,953,629

"Other prepayments" include for the most part invoices referred to maintenance agreements or other agreements of a long-term nature.

LIABILITIES

A) CAPITAL AND RESERVES

Balance as at 31/12/00	363,149,890,096
Balance as at 31/12/99	341,331,098,902
Change	21,818,791,194

SOL SPA's share capital was fully subscribed and fully paid up as at 31st December 2000 and comprised 90,700,000 ordinary shares with a par value of Lire 1,000 each.

Breakdown of and movements in capital and reserves at year's end:

CAPITAL AND RESERVES:	BALANCE 31/12/1999	TRANSFER OF RESULT	DIVIDENDS PAID	TRANSLATION DIFFERENCES	OTHER MOVEMENTS	RESULT	BALANCE 31/12/2000
Group:							
Share capital	90,700,000,000	-	-	-	-	-	90,700,000,000
Share premium account	127,120,000,000	-	-	-	(11,880,000,000)	-	115,240,000,000
Revaluation reserve	-	-	-	-	-	-	-
Legal reserve	2,530,910,990	615,450,099	-	-	-	-	3,146,361,089
Reserve for own shares	-	-	-	-	2,614,196,570	-	2,614,196,570
Statutory reserves	-	-	-	-	-	-	-
Other reserves:							
Extraordinary reserve	33,129,360,291	3,530,551,886	-	-	-	-	36,659,912,177
Reserves not taxable until use or liquidation	7,974,052,192	-	-	-	-	-	7,974,052,192
Reserve for advances to cover losses	-	-	-	-	-	-	-
Capital and reserves of aggregated companies	-	-	-	-	-	-	-
Reserve for capital contributions	-	-	-	-	-	-	-
Reserve for differences arising on application of the equity method	-	-	-	-	-	-	-
Reserve for translation differences	(4,533,510,015)	-	-	(409,547,194)	-	-	(4,943,057,209)
Subsidiaries' undistributed profits and other reserves	47,084,284,527	17,106,515,897	(8,163,000,000)	-	4,187,335,500	-	60,215,135,924
Consolidation reserve	2,026,615,213	-	-	-	-	-	2,026,615,213
Other reserves	1,137,044,382	-	-	-	9,265,803,430	-	10,402,847,812
Profits (losses) carried forward	-	-	-	-	-	-	-
Profit (loss) for the year	21,252,517,882	(21,252,517,882)	-	-	-	25,048,505,643	25,048,505,643
Total group capital and reserves	328,421,275,462	-	(8,163,000,000)	(409,547,194)	4,187,335,500	25,048,505,643	349,084,569,411
Minority interests:							
Minority interests - equity	12,270,897,491	638,925,949	-	-	699,135,598	-	13,608,959,038
Minority int. - share of profit(loss)	638,925,949	(638,925,949)	-	-	-	456,361,647	456,361,647
Total minority interests	12,909,823,440	-	-	-	699,135,598	456,361,647	14,065,320,685
TOTAL CAPITAL AND RESERVES	341,331,098,902	-	(8,163,000,000)	(409,547,194)	4,886,471,098	25,504,867,290	363,149,890,096

The share capital, legal reserve, extraordinary reserve and the non-taxable provisions and reserves reflect the amounts reported in the Parent Company's Financial Statements as at 31 December 2000.

The "Consolidation reserve" stated in the Consolidated Financial Statements as at 31 December 2000 represents the difference between the cost price of the equity investment in AIRSOL B.V. and the group's reported capital and reserves on the date of acquisition. The item "Other movements" refers to revaluations pursuant to Law No. 342/2000 for Lire 3,160 million executed by subsidiaries, for Lire 487 million in respect of revaluations ex-law executed by foreign subsidiaries in compliance with the provisions laid down by

local laws and for the difference in respect of other minority movements.

The change in item "Capital and reserves of others" is attributable to the inclusion of the companies Ability Team H. GmbH, Esseti Deutschland GmbH and HGT S.A. in the consolidation basis, in addition to the increases relating to the revaluations pursuant to Law No. 342/2000.

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

	NET PROFIT GROUP	MINORITY INTERESTS	CAPITAL AND RESERVES GROUP	MINORITY INTERESTS
BALANCES AS PER PARENT COMPANY'S BALANCE SHEET	15,025,334,039	-	281,762,703,879	-
Effect of writing off the value adjustments and the amounts provided for exclusively in compliance with tax regulations net of fiscal effects:				
- Excess accelerated depreciation	6,302,327,375	72,389,507	43,504,981,711	273,961,907
- Other entries made for fiscal purposes	-	-	-	-
Writing off of the effects of transactions executed among consolidated companies net of fiscal effects:				
- Internal profit on tangible fixed assets	76,990,624	28,334,001	(304,649,236)	148,142,611
- Internal profit on intangible fixed assets	90,887,714	-	(89,837,264)	-
- Reversal of adjustments to investments in subsidiary companies	3,726,596,601	-	-	-
- Dividends paid by consolidated companies	(1,796,843,453)	(7,350,000)	-	-
Effect of the change and harmonisation of the valuation criteria within the Group net of fiscal effects :				
- Adjustment of rates of exchange	(424,000,000)	-	(424,000,000)	-
- Use of finance lease method for leased assets	1,128,232,310	972,053	3,926,154,213	28,064,947
- Valuation at equity of companies reported at cost	(30,433,876)	-	301,457,023	-
- Tax on subsidiaries' undistributed profits	-	-	-	-
Carrying value of consolidated companies	-	-	(130,513,523,902)	-
Net assets and financial year's results of consolidated companies	2,161,725,245	322,880,150	147,699,689,859	13,536,879,348
Allocation of differences to assets of consolidated companies and relative depreciation, amortisation and write-downs				
- Intangible fixed assets	55,304,064	39,135,936	(1,365,391,872)	78,271,872
- Goodwill on consolidation	(1,267,615,000)	-	4,586,985,000	-
- Provisions for risks arising on consolidation	-	-	-	-
BALANCES AS PER CONSOLIDATED BALANCE SHEET	25,048,505,643	456,361,647	349,084,569,411	14,065,320,685

B) PROVISIONS FOR LIABILITIES AND CHARGES

Balance as at 31/12/00	27,297,703,181
Balance as at 31/12/99	27,717,955,975
Change	(420,252,794)

Breakdown of item "Provisions for liabilities and charges":

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Provisions for pensions and similar obligations	-	-	-
Taxation	26,089,460,131	26,197,729,579	(108,269,448)
Other:			
Provisions for exchange fluctuations	1,833,852	128,171,062	(126,337,210)
Other provisions	1,206,409,198	1,392,055,334	(185,646,136)
Total other provisions	1,208,243,050	1,520,226,396	(311,983,346)
TOTAL	27,297,703,181	27,717,955,975	(420,252,794)

The "Provisions for Taxation" represents the net balance of deferred tax receivable and payable reported in the Consolidated Financial Statements as at 31 December 2000 with regard to items having a fiscal nature carried in the Financial Statements for the period of Group companies (accelerated depreciation), deferred receivable or payable tax referred to consolidation entries and deferred receivable tax accruing to temporary tax differences (taxed provisions).

The item "other" consists of provisions for general risks that do not offset asset items.

C) STAFF SEVERANCE FUND

Balance as at 31/12/00	13,137,651,449
Balance as at 31/12/99	12,173,293,209
Change	964,358,240

Movements in staff severance fund were as follows:

MOVEMENTS IN STAFF SEVERANCE FUND	BALANCE 31/12/1999	ALLOCATION	(USES)	OTHER MOVEMENTS	BALANCE 31/12/2000
TOTALE	12,173,293,209	2,426,592,347	(1,454,653,587)	(7,580,520)	13,137,651,449

The provision represents the company's entire liability as at 31 December 2000 to employees at this date, net of advances paid.

D) CREDITORS

Balance as at 31/12/00	209,684,847,022
Balance as at 31/12/99	179,726,340,434
Change	29,958,506,588

The Creditors item is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Debenture loans	-	-	-
Bank loans and overdrafts	9,000,782,230	8,259,941,067	740,841,163
Due to other providers of finance	105,993,117,017	90,393,823,356	15,599,293,661
Payments on account	383,153,845	711,081,688	(327,927,843)
Trade creditors	75,834,853,871	64,975,835,790	10,859,018,081
Due to associated companies	186,412,122	179,229,330	7,182,792
Taxation	6,011,648,064	5,210,695,807	800,952,257
Due to Social Security authorities	2,940,139,744	2,465,078,976	475,060,768
Other creditors	9,334,740,129	7,530,654,420	1,804,085,709
TOTAL	209,684,847,022	179,726,340,434	29,958,506,588

Creditors are valued at their nominal value and are broken down according to maturity as follows:

	WITHIN 1 YEAR	BEYOND 1 YEAR	BEYOND 5 YEARS	TOTAL 31/12/2000	TOTAL 31/12/1999
Debenture loans	-	-	-	-	-
Bank loans and overdrafts	8,625,782,233	374,999,997	-	9,000,782,230	8,259,941,067
Due to other providers of finance	18,000,855,837	65,396,586,044	22,595,675,136	105,993,117,017	90,393,823,356
Payments on account	383,153,845	-	-	383,153,845	711,081,688
Trade creditors	75,834,853,871	-	-	75,834,853,871	64,975,835,790
Due to associated companies	186,412,122	-	-	186,412,122	179,229,330
Taxation	5,781,032,680	230,615,384	-	6,011,648,064	5,210,695,807
Due to Social Security authorities	2,940,139,744	-	-	2,940,139,744	2,465,078,976
Other creditors	7,036,281,155	2,298,458,974	-	9,334,740,129	7,530,654,420
TOTAL	118,788,511,487	68,300,660,399	22,595,675,136	209,684,847,022	179,726,340,434

The item "Due to other providers of finance" for the most part comprises loans granted by medium and long-term credit institutions. Such loans are backed by liens on movable assets and mortgages on real property, as already mentioned in the notes regarding tangible fixed assets. This item also includes amounts owed to leasing companies equal to Lire 7,768 million, deriving from the application of the international accounting standard IAS 17 on assets that are the object of a finance lease.

Analysis of the item "Due to other providers of finance" (Lire figures expressed in millions):

PROVIDER OF FINANCE	DUE	DUE SHORT-TERM	RATE OF INTEREST	MATURITY	ORIGINAL AMOUNT
Efibanca	600	600	9.50%	05.07.2001	Lire 3,500
Efibanca	2,382	1,549	9.20%	10.04.2002	Lire 9,500
Efibanca	5,455	1,364	7.70%	13.09.2004	Lire 7,500
IMI	16,205	2,035	7.66%	15.03.2007	Lire 19,000
IMI	5,460	1,820	5.80%	30.11.2003	Lire 9,100
Centrobanca	243	45	3.7%	31.12.2005	Lire 286
Interbanca	210	137	9.15%	15.03.2002	Lire 850
Interbanca	284	183	9.50%	15.03.2002	Euro 551,142,81
Centrobanca	198	96	5.25%	31.12.2002	Lire 611
Mediocredito Centrale	381	381	7.24%	28.09.2001	Lire 1,906
Mediocredito Centrale	2,169	620	4.75%	25.02.2004	Lire 3,098
Mediocredito Centrale	4,575	458	3.20%	14.04.2006	Lire 4,575
IMI	23,203	3,094	5.40%	15.03.2008	Lire 24,750
IMI	25,172	-	(t.v.) 5.18%	15.12.2010	Lire 25,172
Interbanca	110	110	6.15%	19.06.2001	Lire 880
Interbanca	29	29	5.35%	05.12.2001	Lire 120
Interbanca	359	236	5.15%	05.06.2002	Lire 1,000
Generale Banque	270	180	5.70%	31.03.2002	BEF 37,500,000
Mediosud	265	62	4.65%	31.12.2004	Lire 460
Mediocredito Lombardo	3,000	1,500	(t.v.) 5.55%	30.09.2002	Lire 3,000
Cassa di Risparmio di Trieste	454	123	3.96%	01.01.2004	Lire 850
Mediocredito Lombardo	281	63	(t.v.) 6.35%	31.03.2005	Lire 500
Dresdner Bank	1,083	371	5.95%	01.12.2003	DEM 1,500,000
Generale Banque	194	130	5.50%	30.04.2002	BEF 13,500,000
ERP	2,533	-	(t.v.) 1.50%	01.01.2008	ATS 18,000,000
Bank Austria	2,111	-	(t.v.) 5.504%	01.07.2009	ATS 15,000,000
Bank Austria	704	-	(t.v.) 5.506%	01.01.2010	ATS 5,000,000
Societe Generale	17	9	5.60%	08.01.2003	FFR 100,000
Societe Generale	24	13	4.80%	14.08.2002	FFR 140,000
BFCC	69	28	5.10%	19.02.2003	FFR 400,000
Banque Scalbert Dupont	39	25	6.00%	30.04.2002	FFR 250,000
Banque Scalbert Dupont	13	14	6.00%	01.10.2001	FFR 100,000
Banque Scalbert Dupont	65	17	6.50%	01.04.2004	FFR 260,000
Banque Scalbert Dupont	21	6	6.50%	01.08.2004	FFR 78,000
Banque Scalbert Dupont	42	11	6.50%	24.06.2004	FFR 162,000
Due to leasing companies	7,768	2,685			
Other	8	8	8.00%	30.06.2001	Lire 105
TOTAL	105,993	18,001			

The item "Due to associated companies", which refers to the supply of goods and services at arm's length conditions, is broken down as follows:

	31/12/2000	31/12/1999	CHANGE
CONSORGAS Srl	186,412,122	179,229,330	7,182,792
TOTAL	186,412,122	179,229,330	7,182,792

The item "Taxation" comprises:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Corporation income tax payable	1,819,204,465	2,357,903,692	(538,699,227)
VAT payable	1,488,433,262	1,097,019,700	391,413,562
Due to tax authorities for tax withheld	1,778,810,369	1,535,413,813	243,396,556
Other tax payable	925,199,968	220,358,602	704,841,366
TOTAL	6,011,648,064	5,210,695,807	800,952,257

The item "Other creditors" breaks down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Accrued holidays not taken	2,908,101,993	1,432,301,474	1,475,800,519
Caution moneys	508,068,632	514,638,313	(6,569,681)
Due for purchase of equity investments	1,976,000,000	2,517,000,000	(541,000,000)
Due to employees for wages and salaries	955,690,426	765,400,846	190,289,580
Other creditors	2,986,879,078	2,301,313,787	685,565,291
TOTAL	9,334,740,129	7,530,654,420	1,804,085,709

The item "Due for purchase of equity investments" includes the commitments of the company SOL S.p.A. to repurchase shares in the companies TGS A.D. (Lire 603,000,000) and SOL - INA (Lire 1,373,000,000) presently held by the company SIMEST SPA.

The decrease refers to the acquisition of 5.645% of the equity investment in TGS A.D. by SIMEST SPA.

E) ACCRUALS AND DEFERRALS

Balance as at 31/12/00	8,112,617,640
Balance as at 31/12/99	5,988,184,869
Change	2,124,432,771

They represent assets and liabilities related to two or more financial years, calculated according to the accrual method of accounting. This item is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
ACCRUED LIABILITIES:			
Interest payable on loans	1,026,913,416	1,111,454,549	(84,541,133)
Other	811,544,311	509,122,190	302,422,121
TOTAL ACCRUED LIABILITIES	1,838,457,727	1,620,576,739	217,880,988
DEFERRED INCOME:			
Government grants	5,816,299,335	4,016,110,048	1,800,189,287
Rent	96,017,010	35,145,640	60,871,370
Other	361,843,568	316,352,442	45,491,126
TOTAL DEFERRED INCOME	6,274,159,913	4,367,608,130	1,906,551,783
TOTAL	8,112,617,640	5,988,184,869	2,124,432,771

The item "Government grants" refers to capital contributions recorded in accordance with the accrual accounting method.

During the financial period under review, contributions have been collected amounting to Lire 3,670,265,685.

MEMORANDUM ACCOUNTS

Balance as at 31/12/00	8,566,978,465
Balance as at 31/12/99	15,421,793,838
Change	(6,854,815,373)

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Guarantees given to third parties	7,670,806,909	7,029,200,151	641,606,758
Mortgages and liens given	251,448,640	329,954,697	(78,506,057)
Other guarantees given	554,107,396	57,175,171	496,932,225
Surety received	90,615,520	8,005,463,819	(7,914,848,299)
TOTAL	8,566,978,465	15,421,793,838	(6,854,815,373)

The guarantees given to third parties refer to guarantees issued in respect of loans granted to SOL SpA and to group companies.

PROFIT AND LOSS ACCOUNT

A) VALUE OF PRODUCTION

Balance as at 31/12/00	424,156,525,336
Balance as at 31/12/99	391,510,290,043
Change	32,646,235,293

This item is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Turnover	410,573,296,838	376,668,491,785	33,904,805,053
Changes in stocks	1,401,876,770	2,821,064,455	(1,419,187,685)
Changes in work in progress on contracts	1,574,714,000	2,540,191,000	(965,477,000)
Own work capitalised	5,591,876,053	6,606,887,336	(1,015,011,283)
Other operating income	2,752,542,966	2,167,978,840	584,564,126
Financial year contributions	2,262,218,709	705,676,627	1,556,542,082
TOTAL	424,156,525,336	391,510,290,043	32,646,235,293

The change in the consolidation basis has led to a net increase in sales of Lire 7,101 million (of which Lire 2,602 million refer to ESSETI Deutschland GmbH, Lire 1,506 million refer to Ability Team GmbH, Lire 2,375 million refer to the France Oxygene Sarl and Lire 618 million refer to HGT S.A.)

The item "Other operating income" is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Gains on disposal of fixed assets	265,471,417	388,656,087	(123,184,670)
Insurance moneys	38,286,432	52,882,569	(14,596,137)
Rent on real property	63,642,199	108,417,907	(44,775,708)
Other	2,385,142,918	1,618,022,277	767,120,641
TOTAL	2,752,542,966	2,167,978,840	584,564,126

The item "Other" comprises non-operating profits concerning ordinary activities.

Geographical distribution and breakdown of turnover by type of business are detailed below:

Geographical distribution of turnover

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Sales - Italy	313,241,985,053	297,075,350,944	16,166,634,109
Sales - EEC (except Italy)	67,391,470,933	52,975,923,010	14,415,547,923
Sales outside EEC countries	29,939,840,852	26,617,217,831	3,322,623,021
TOTAL	410,573,296,838	376,668,491,785	33,904,805,053

Breakdown of turnover by type of business

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Gas pipelines and on-site	51,697,505,658	43,547,126,928	8,150,378,730
Merchant	276,813,616,212	266,624,825,977	10,188,790,235
Home care	82,062,174,968	66,496,538,880	15,565,636,088
TOTAL	410,573,296,838	376,668,491,785	33,904,805,053

Reference should be made to the Directors' Report for comments regarding the trend in the revenues.

B) COST OF PRODUCTION

Balance as at 31/12/00	379,359,350,252
Balance as at 31/12/99	347,742,898,064
Change	31,616,452,188

The item "Cost of production" is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Raw materials, subsidiary materials and consumables	124,718,753,276	118,800,094,432	5,918,658,844
Services	117,790,987,524	106,324,912,749	11,466,074,775
Leases and rentals	6,224,682,344	4,664,188,876	1,560,493,468
Wages and salaries	52,999,850,320	46,229,277,577	6,770,572,743
Social Security costs	17,956,029,358	16,723,261,838	1,232,767,520
Termination indemnities	2,426,592,347	2,425,950,041	642,306
Pensions and similar obligations	-	1,840,821	(1,840,821)
Other staff costs	177,790,874	854,905,149	(677,114,275)
Amortisation of intangible assets	5,728,540,315	4,895,739,122	832,801,193
Depreciation of tangible assets	45,926,191,949	39,468,231,802	6,457,960,147
Other amounts written off fixed assets	10,019,213	7,153,715	2,865,498
Amounts written off current assets	3,061,698,464	4,145,198,562	(1,083,500,098)
Changes in stocks of raw materials	(1,248,545,871)	(1,256,320,166)	7,774,295
Provisions for risks	253,550,315	1,114,338,429	(860,788,114)
Other allocations	17,849,979	934,831	16,915,148
Other operating charges	3,315,359,845	3,343,190,286	(27,830,441)
TOTAL	379,359,350,252	347,742,898,064	31,616,452,188

The item "raw materials, subsidiary materials and consumables" includes power costs since, since in view of the group's type of business, electricity constitutes de facto the main raw material.

The percentage incidence of purchases, net of adjustments to stocks of raw materials, in respect of the value of production is shown in the table below.

DESCRIPTION	31/12/2000	31/12/1999
Changes in stocks of raw materials	(1,248,545,871)	(1,256,320,166)
Purchases of raw and indirect materials, consumables and goods	124,718,753,276	118,800,094,432
Purchases of raw and indirect materials, consumables and goods, adjusted	123,470,207,405	117,543,774,266
Value of production	411,975,173,608	379,489,556,240
Percentage incidence	29,97%	30,97%

The item "Services" is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Freight	55,272,036,081	51,095,827,602	4,176,208,479
Maintenance	13,694,887,615	12,387,662,736	1,307,224,879
Consulting and general services	11,934,058,739	9,746,629,860	2,187,428,879
Insurance premiums	3,127,720,581	2,635,019,975	492,700,606
Industrial services	2,730,550,898	3,669,980,411	(939,429,513)
Travel and related allowances	8,364,743,282	6,919,432,668	1,445,310,614
Advertising	1,554,924,239	1,550,470,224	4,454,015
Remuneration to Directors and Statutory Auditors	3,495,613,789	3,405,032,988	90,580,801
Other services	17,616,452,300	14,914,856,285	2,701,596,015
TOTAL	117,790,987,524	106,324,912,749	11,466,074,775

Below is a breakdown of the item "Depreciation, amortisation and write-downs" pertaining to fixed assets, detailed by class of assets:

depreciation of tangible fixed assets

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Land and buildings	3,685,136,584	2,565,604,437	1,119,532,147
Plant and machinery	15,256,261,388	13,657,191,412	1,599,069,976
Other industrial and commercial equipment	23,275,393,925	18,137,021,952	5,138,371,973
Other assets	3,709,400,052	5,108,414,001	(1,399,013,949)
Assets under construction	-	-	-
TOTAL	45,926,191,949	39,468,231,802	6,457,960,147

amortisation of intangible fixed assets

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Start-up and capital increase costs	2,080,696,094	2,148,695,419	(67,999,325)
Costs of research, development and advertising	484,386,964	597,381,124	(112,994,160)
Patents and rights to use patents of others	718,330,949	685,487,238	32,843,711
Concessions, licenses, trade marks and similar rights	338,677,085	278,907,805	59,769,280
Goodwill	255,340,937	249,937,148	5,403,789
Other	583,493,286	615,455,388	(31,962,102)
Difference arising on consolidation	1,267,615,000	319,875,000	947,740,000
TOTAL	5,728,540,315	4,895,739,122	832,801,193

The item "Other operating charges" is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Taxes other than corporation income tax	1,912,960,998	1,658,734,541	254,226,457
Losses on disposals related to ordinary activities	79,820,442	36,600,730	43,219,712
Losses on amounts receivable not covered by provisions	252,658,331	1,295,644,859	(1,042,986,528)
Other charges	1,069,920,074	352,210,156	717,709,918
TOTAL	3,315,359,845	3,343,190,286	(27,830,441)

The item "Other charges" comprises non-operating losses concerning ordinary activities.

C) FINANCIAL INCOME AND EXPENSE

Balance as at 31/12/00	(5,634,141,021)
Balance as at 31/12/99	(5,830,943,908)
Change	196,802,887

The item financial income and expense is analysed below:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Income from shares in associated companies	-	-	-
Income from other equity investments	2,835,495	7,157,630	(4,322,135)
Income from loans shown under fixed assets	237,545,422	110,442,206	127,103,216
Income from securities shown under current assets	170,051,462	937,739,230	(767,687,768)
Other financial income	2,980,767,025	1,978,784,841	1,001,982,184
(Interest payable and similar charges)	(9,025,340,425)	(8,865,067,815)	(160,272,610)
TOTAL	(5,634,141,021)	(5,830,943,908)	196,802,887

The breakdown of the item "Other financial income" is as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Interest on deposits with banks and post offices	1,003,316,988	653,379,088	349,937,900
Interest from trade debtors	214,836,985	80,256,417	134,580,568
Interest on other amounts receivable	2,276	185,846	(183,570)
Realised gains on foreign exchange transactions	1,634,070,581	1,012,135,784	621,934,797
Other financial income	128,540,195	232,827,706	(104,287,511)
TOTAL	2,980,767,025	1,978,784,841	1,001,982,184

The item "Interest payable and similar charges" is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Interest payable to banks	381,325,490	264,342,086	116,983,404
Interest payable to trade creditors	72,031,917	65,010,214	7,021,703
Exchange losses and provisions for exchange fluctuations	1,502,644,162	890,869,113	611,775,049
Interest payable on loans	5,723,420,267	6,414,463,020	(691,042,753)
Other financial charges	1,345,918,589	1,230,383,382	115,535,207
TOTAL	9,025,340,425	8,865,067,815	160,272,610

The item "Other financial charges" mainly includes expenses and banking fees and charges.

D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS

Balance as at 31/12/00	(30,433,876)
Balance as at 31/12/99	15,082,791
Change	(45,516,667)

The item "Value adjustments to financial assets" is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Write-ups of investments in associated companies	-	16,476,566	(16,476,566)
Write-downs of investments in associated companies	(30,433,876)	(1,393,775)	(29,040,101)
TOTAL	(30,433,876)	15,082,791	(45,516,667)

E) EXTRAORDINARY INCOME AND CHARGES

Balance as at 31/12/00	698,590,102
Balance as at 31/12/99	1,643,598,120
Change	(945,008,018)

The item "Extraordinary income and charges" is broken down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Other extraordinary income	1,548,389,954	1,001,236,833	547,153,121
Gains on disposal of fixed assets	930,043,332	941,619,300	(11,575,968)
Losses on disposal of fixed assets	(244,693,890)	(20,333,631)	(224,360,259)
Other extraordinary charges	(1,535,149,294)	(278,924,382)	(1,256,224,912)
TOTAL	698,590,102	1,643,598,120	(945,008,018)

tax on profit for the year

Balance as at 31/12/00	14,326,322,999
Balance as at 31/12/99	17,703,685,151
Change	(3,377,362,152)

Tax on profit for the year breaks down as follows:

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Taxation for the reporting year	14,437,741,484	13,399,029,948	1,038,711,536
Deferred taxation	(111,418,485)	4,304,655,203	(4,416,073,688)
TOTAL	14,326,322,999	17,703,685,151	(3,377,362,152)

The total amount of taxation for the reporting year corresponds to the sum of the taxes on profit calculated by the single companies.

information on employees

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Managers	32	31	1
Clerical staff	683	625	58
Workers	369	377	(8)
TOTAL	1,084	1,033	51

remuneration of Directors and Statutory Auditors

DESCRIPTION	31/12/2000	31/12/1999	CHANGE
Directors	3,291,671,245	3,224,115,508	67,555,737
Statutory Auditors	203,942,544	180,917,480	23,025,064
TOTAL	3,495,613,789	3,405,032,988	90,580,801

related party transactions

During 2000 the SOL Group had relations with related parties, such as natural persons related to some members of the Parent Company's Board of Directors. Such relations consisted of employment and self-employment agreements, which were remunerated at arm's length conditions, with a total cost of Lire 865 million for the group.

The Chairman
Aldo Fumagalli Romario

SOL GROUP - CONSOLIDATED CASH FLOW STATEMENT

(Expressed in millions of Lire)	31/12/2000	31/12/1999
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
NET PROFIT FOR THE YEAR	25.049	21.252
MINORITY INTEREST - SHARE OF PROFIT	456	639
ADJUSTMENTS RELATED TO NON-CASH ITEMS		
- Depreciation and amortisation	51.655	44.364
- Change in staff severance fund	2.427	2.426
- Increase (decrease) in provisions for liabilities and charges	(420)	4.864
- Write-down of equity investments	-	-
TOTAL	79.166	73.545
CHANGES IN CURRENT ASSETS AND LIABILITIES		
- Stocks	(4.453)	(6.269)
- Debtors	(2.553)	(27.749)
- Prepayments and accrued income	(845)	478
- Trade creditors	10.538	(278)
- Other creditors	2.279	1.853
- Accrued liabilities and deferred income	2.124	(143)
- Taxation	801	643
TOTAL	7.892	(31.465)
NET CASH PROVIDED BY OPERATING ACTIVITIES	87.058	42.080
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
- Acquisitions, revaluation and other movements in industrial fixed assets	(72.641)	(51.059)
- Change in the consolidation basis	(472)	(7.811)
- Net book value of disposed fixed assets	2.036	1.243
- Increases in intangible assets	(6.283)	(2.914)
- (Increase) decrease in investments	(6.365)	(17)
- (Increase) decrease in financial assets not held as fixed assets	179	3
TOTAL	(83.546)	(60.555)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from (repayments of) new borrowings		
Changes in other medium/long-term liabilities	15.599	(8.625)
Repayment of debenture loans	-	-
Dividends paid	(8.163)	(6.803)
Termination indemnities paid during the year net of transfers from Group companies	(1.462)	(1.713)
Other changes in shareholders' equity		
- increase in share capital	-	-
- translation differences and other movements	3.778	(384)
- movements in minority interests - equity	810	37
- change in the consolidation basis	(111)	5.425
TOTAL	10.451	(12.062)
INCREASE (DECREASE) IN CASH IN HAND AND AT BANK	13.963	(30.537)
CASH IN HAND AND AT BANK AT BEGINNING OF YEAR	36.169	66.706
CASH IN HAND AND AT BANK AT END OF YEAR	50.132	36.169

CONSOLIDATED BALANCE SHEET

ASSETS (Values expressed in EURO)	31/12/2000	31/12/1999
A) SUBSCRIBED CAPITAL UNPAID BY SHAREHOLDERS		
called part	-	-
part not called	-	-
TOTAL		
B) FIXED ASSETS:		
I-INTANGIBLE FIXED ASSETS:		
1) start-up and expansion expenses	2.309.717	3.239.408
2) costs of research, development and advertising	9.225	21.735
3) patents and rights to use patents of others	245.926	479.900
4) concessions, licences, trade marks and similar rights	460.858	523.595
5) goodwill	139.700	225.556
6) intangible fixed assets in progress and payments on account	2.142	2.142
7) other	1.287.436	1.468.859
8) difference arising on consolidation	2.368.980	576.314
TOTAL	6.823.984	6.537.509
II-TANGIBLE FIXED ASSETS:		
1) land and buildings	28.949.108	30.332.987
2) plants and machinery	54.389.869	47.581.692
3) other fixtures and fittings, tools and equipment	64.452.672	58.395.558
4) other assets	6.272.905	6.111.293
5) tangible fixed assets in course of construction and payments on account	9.132.121	7.786.019
TOTAL	163.196.675	150.207.549
III- INVESTMENTS:		
1) Equity investments in:		
- non-consolidated Group companies	2.288.943	132.370
- associated companies	295.485	149.428
- subsidiary companies	-	-
- other companies	388.225	377.630
2) Loans and advances: <small>Amounts receivable within the following year</small>		
	<u>31/12/2000</u>	<u>31/12/1999</u>
- to non-consolidated group companies	-	107.376
- to associated companies	-	-
- to parent companies	-	-
- to others	53.841	30.624
	<u>53.841</u>	<u>138.000</u>
3) Other investments	629.460	732.751
4) azioni proprie	1.350.120	-
TOTAL	6.028.766	2.741.389
TOTAL FIXED ASSETS	176.049.425	159.486.447

ASSETS (Values expressed in EURO)

	31/12/2000	31/12/1999
C) CURRENT ASSETS		
I- STOCKS:		
1) raw materials, subsidiary materials and consumables	1.686.438	1.750.481
2) work in progress and components	581.988	539.122
3) contracts in progress	4.787.782	3.965.186
4) finished goods and goods for resale	12.745.408	11.239.429
5) payments on account	56.000	63.797
TOTAL	19.857.616	17.558.015
II-DEBTORS:		
	<small>Amounts receivable within the following year</small>	
	<u>31/12/2000</u>	<u>31/12/1999</u>
1) trade debtors	557.802	905.021
2) amounts owed by non-consolidated group companies	-	-
3) amounts owed by associated companies	18.876	18.876
4) amounts owed by parent companies	-	-
5) other debtors	302.993	185.165
TOTAL	860.795	1.090.186
III-INVESTMENTS WHICH ARE NOT PERMANENT:		
1) in subsidiary companies	-	-
2) in associated companies	-	-
3) in parent companies	-	-
4) in other companies	38.483	37.931
5) own shares	-	-
6) other investments	300.984	394.163
TOTAL	339.467	432.094
IV-CASH AT BANK AND IN HAND:		
1) banks and postal current accounts	30.158.868	22.653.162
2) cheques	71.942	45.852
3) cash on hand	308.870	246.707
TOTAL	30.539.680	22.945.721
TOTAL CURRENT ASSETS	143.682.263	132.562.694
D) ACCRUALS AND DEFERRALS		
Prepayments and accrued income	1.185.699	749.317
Premium on loans	-	-
TOTAL	1.185.699	749.317
TOTAL ASSETS	320.917.387	292.798.458

LIABILITIES (Values expressed in EURO)	31/12/2000	31/12/1999
A) CAPITAL AND RESERVES:		
GROUP:		
I Share capital	46.842.641	46.842.641
II Share premium account	59.516.493	65.652.001
III Revaluation reserve	-	-
IV Legal reserve	1.624.960	1.307.106
V Reserve for own shares	1.350.120	-
VI Statutory reserves	-	-
VII Other reserves		
a) Extraordinary reserve	18.933.265	17.109.887
b) Reserves not taxable until use or liquidation	4.118.254	4.118.254
c) Reserve for advances to cover losses	-	-
d) Capital and reserves of aggregated companies	-	-
e) Reserve for capital contributions	-	-
f) Reserve for differences arising on application of the equity method	-	-
g) Reserve for translation differences	-2.552.876	-2.341.363
h) Subsidiaries' undistributed profits and other reserves	31.098.522	24.317.004
i) Consolidation reserve	1.046.659	1.046.659
k) Other reserves	5.372.623	587.234
VIII Profits (losses) carried forward	-	-
IX Profit (loss) for the year	12.936.474	10.976.009
TOTAL GROUP CAPITAL AND RESERVES	180.287.135	169.615.432
Minority interests:		
X Minority interests - equity	7.028.441	6.337.390
XI Minority int. - share of profit(loss)	235.691	329.978
TOTAL MINORITY INTERESTS	7.264.132	6.667.368
TOTAL CAPITAL AND RESERVES	187.551.267	176.282.800
B) PROVISIONS FOR RISKS AND CHARGES		
1) Provisions for pensions and similar obligations	-	-
2) Provisions for taxation	13.474.082	13.529.998
3) other provisions	624.005	785.131
4) Consolidated provision for risks and charges	-	-
TOTAL	14.098.087	14.315.129
C) EMPLOYEE SEVERANCE INDEMNITY	6.785.031	6.286.981
D) CREDITORS:		
	Amounts receivable within the following	
	31/12/2000	31/12/1999
1) Debenture loans	-	-
2) convertible debenture loans	-	-
3) Amounts owed to banks	193.671	210.887
4) Amounts owed to other financiers	45.444.210	38.763.015
5) Advances received	-	76.771
6) Amounts owed to suppliers	-	47.602
7) Debts represented by bills of exchange	-	-
8) Amounts owed to non-consolidated group companies	-	-
9) Amounts owed to associated companies	96.274	92.564
10) Amounts owed to parent companies	-	-
11) Amounts owed to tax administration	119.103	3.104.757
12) Amounts owed to welfare and Social Security institutions	-	1.518.455
13) Other creditors	1.187.055	1.386.767
TOTAL	46.944.039	40.485.042
E) ACCRUALS AND DEFERRALS		
Accrued liabilities and deferred income	4.189.817	3.092.639
discount on loans	-	-
TOTAL	4.189.817	3.092.639
TOTALE LIABILITIES	320.917.387	292.798.458

MEMORANDUM ACCOUNTS (Values expressed in EURO)	31/12/2000	31/12/1999
A) GUARANTEES ISSUED:		
1) to others:		
a) bank guarantees	3.961.641	3.630.279
b) endorsements	-	-
c) other guarantees given	-	-
d) real guarantees	129.862	170.407
TOTAL	4.091.503	3.800.686
2) Associated companies:		
a) bank guarantees	-	-
b) endorsements	-	-
c) other guarantees given	-	-
d) real guarantees	-	-
TOTAL	-	-
B) OTHER MEMORANDUM ACCOUNTS:		
1) Leasing rentals falling due	-	-
2) Bills and cash orders in circulation	-	-
3) Raw materials and finished products with others	267.510	-
4) Securities with others	-	-
5) Assets owned by others at our premises	18.662	29.529
6) Foreign currency repurchase commitments	-	-
TOTAL	286.172	29.529
C) GUARANTEES RECEIVED:		
1) bank guarantees	46.799	4.134.477
2) endorsements	-	-
3) other guarantees given	-	-
4) real guarantees	-	-
TOTAL	46.799	4.134.477
TOTAL MEMORANDUM ACCOUNTS	4.424.474	7.964.692

CONSOLIDATED PROFIT AND LOSS ACCOUNT
(Values expressed in EURO)

	31/12/2000	31/12/1999
A) (+) VALUE OF PRODUCTION:		
1) net turnover from sales and services	212.043.412	194.533.041
2) variation in stocks of finished, semi-processed and work in progress	724.009	1.456.958
3) variation in contracts in progress	813.272	1.311.899
4) work performed for own purposes and capitalised	2.887.963	3.412.173
5) other revenues and income:		
- other operating income	1.421.570	1.119.668
- contributions pertaining to the financial period	1.168.338	364.452
TOTAL	219.058.564	202.198.191
B) (-) COST OF PRODUCTION:		
6) for raw materials, subsidiary materials, consumables and goods	-64.411.862	-61.355.128
7) for services	-60.833.968	-54.912.235
8) for use of assets owned by others	-3.214.780	-2.408.853
9) for staff costs:		
a) wages and salaries	-27.372.138	-23.875.429
b) social Security costs	-9.273.515	-8.636.844
c) provision for employee severance indemnity	-1.253.230	-1.252.899
d) pension costs and similar obligations	-	-951
e) other costs relating to staff	-91.821	-441.522
10) value adjustments:		
a) amortisation of intangible fixed assets	-2.958.544	-2.528.438
b) depreciation of tangible fixed assets	-23.718.899	-20.383.641
c) other reductions in value of fixed assets	-5.174	-3.695
d) allowance for doubtful debtors included in current assets and other accounts included in cash at bank and in hand	-1.581.235	-2.140.816
11) movement in stocks of raw materials, subsidiary materials, consumables and goods	644.820	648.835
12) amounts provided for risk provisions	-130.948	-575.508
13) other provisions	-9.219	-483
14) other operating charges	-1.712.240	-1.726.614
TOTAL	-195.922.753	-179.594.221
(A - B) DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION	23.135.811	22.603.970
C)-FINANCIAL INCOME AND CHARGES:		
15) (+) income from equity investments:		
a) in non-consolidated group companies	-	-
b) deriving from associated companies	-	-
c) from other companies	1.464	3.697
16) (+) other financial income:		
a) from loans forming part of fixed assets:		
i) from others	87.576	19.677
ii) from associated companies	-	-
iii) from subsidiary companies	-	-
b) from permanent investments other than equity investments	35.106	37.362
c) from other investments which are not permanent	87.824	484.302
d) other income not included above:		
i) from others	1.539.438	1.021.957
ii) from associated companies	-	-
iii) from parent companies	-	-
17) (-) interest payable and similar charges:		
a) payable to others	-4.661.199	-4.578.425
b) payable to associated companies	-	-
c) payable to parent companies	-	-
TOTAL	-2.909.791	-3.011.430

CONSOLIDATED PROFIT AND LOSS ACCOUNT
(Values expressed in EURO)

	31/12/2000	31/12/1999
D) VALUE ADJUSTMENTS IN RESPECT OF INVESTMENTS		
18) (+) revaluation:		
a) of equity investments	-	8.509
b) of other permanent investments which are not equity investments	-	-
c) of other short-term securities which are not equity investments	-	-
19) (-) devaluation:		
a) of equity investments	-15.718	-720
b) of permanent investments which are not equity investments	-	-
c) of non-permanent investments which are not equity investments	-	-
TOTAL VALUE ADJUSTMENTS	-15.718	7.789
E) EXTRAORDINARY INCOME AND CHARGES		
20) (+) extraordinary income:		
a) income	799.677	517.096
b) capital gains from disposal of fixed assets	480.327	486.306
21) (-) extraordinary charges:		
a) charges	-774.520	-126.407
b) capital losses from disposal of fixed assets	-126.374	-10.501
c) taxes pertaining to previous years	-18.319	-17.646
TOTAL EXTRAORDINARY ITEMS	360.791	848.848
PROFIT OR LOSS BEFORE INCOME TAXES	20.571.093	20.449.177
22) (-) income taxes on the income of the period:		
a) current	-7.456.471	-6.920.021
b) deferred	57.543	-2.223.169
23) Total net profit or loss	13.172.165	11.305.987
PROFIT/(LOSS) FOR THE FINANCIAL YEAR ACCRUING TO OTHERS	-235.691	-329.978
PROFIT/(LOSS) FOR THE FINANCIAL YEAR ACCRUING TO THE GROUP	12.936.474	10.976.009

The Chairman
Aldo Fumagalli Romario

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**Deloitte
& Touche**

**AUDITOR'S REPORT IN ACCORDANCE WITH
 ARTICLE 156 OF LEGISLATIVE DECREE OF FEBRUARY 24, 1998, N. 58**

**To the Shareholders of
 SOL S.p.A.**

We have audited the consolidated financial statements of SOL S.p.A. as of December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards recommended by Consob, the Italian Stock Exchange Commission. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The financial statements of certain subsidiary companies representing respectively 7,29% of consolidated total assets and 5,25% of consolidated revenues have been examined by other auditors who provided us with copies of their reports. Our opinion, expressed in this report, as regards the figures relating to such companies included in the consolidation, is partially based on the work carried out by these other auditors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, presented for comparison in accordance with legal requirements, reference should be made to the auditor's report issued by us on April 13, 2000.

In our opinion, the consolidated financial statements present fairly the financial position of the Company as of December 31, 2000, and the results of its operations for the year then ended, and comply with the principles which regulate the preparation of financial statements in Italy.

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

DELOITTE & TOUCHE S.p.A.

Patrizia Arienti

Patrizia Arienti
 Partner

Milan, April 9, 2001

**Deloitte
& Touche**
 TOUCHARS

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