

2001

SOL group annual report





BOARD OF DIRECTORS

Chairman and Managing Director

ALDO FUMAGALLI ROMARIO

Vice Chairman and Managing Director

MARCO ANNONI

Director with special duties

UGO MARCO FUMAGALLI ROMARIO

Director with special duties

GIOVANNI ANNONI

Directors

MARIA CRISTINA ANNONI

STEFANO BRUSCAGLI

ALBERTO MARIA SAVINI

ALBERTO ENRICO TRONCONI

General manager

GIULIO BOTTES

BOARD OF STATUTORY AUDITORS

Chairman

EUGENIO MASCHERONI

Statutory Auditors

GIANFRANCO GRAZIADEI

ENRICO ALIBONI

Alternate Auditors

CARLO MARIA MASCHERONI

VITTORIO TERRENGHI

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POWERS OF ATTORNEY ASSIGNED TO THE DIRECTORS

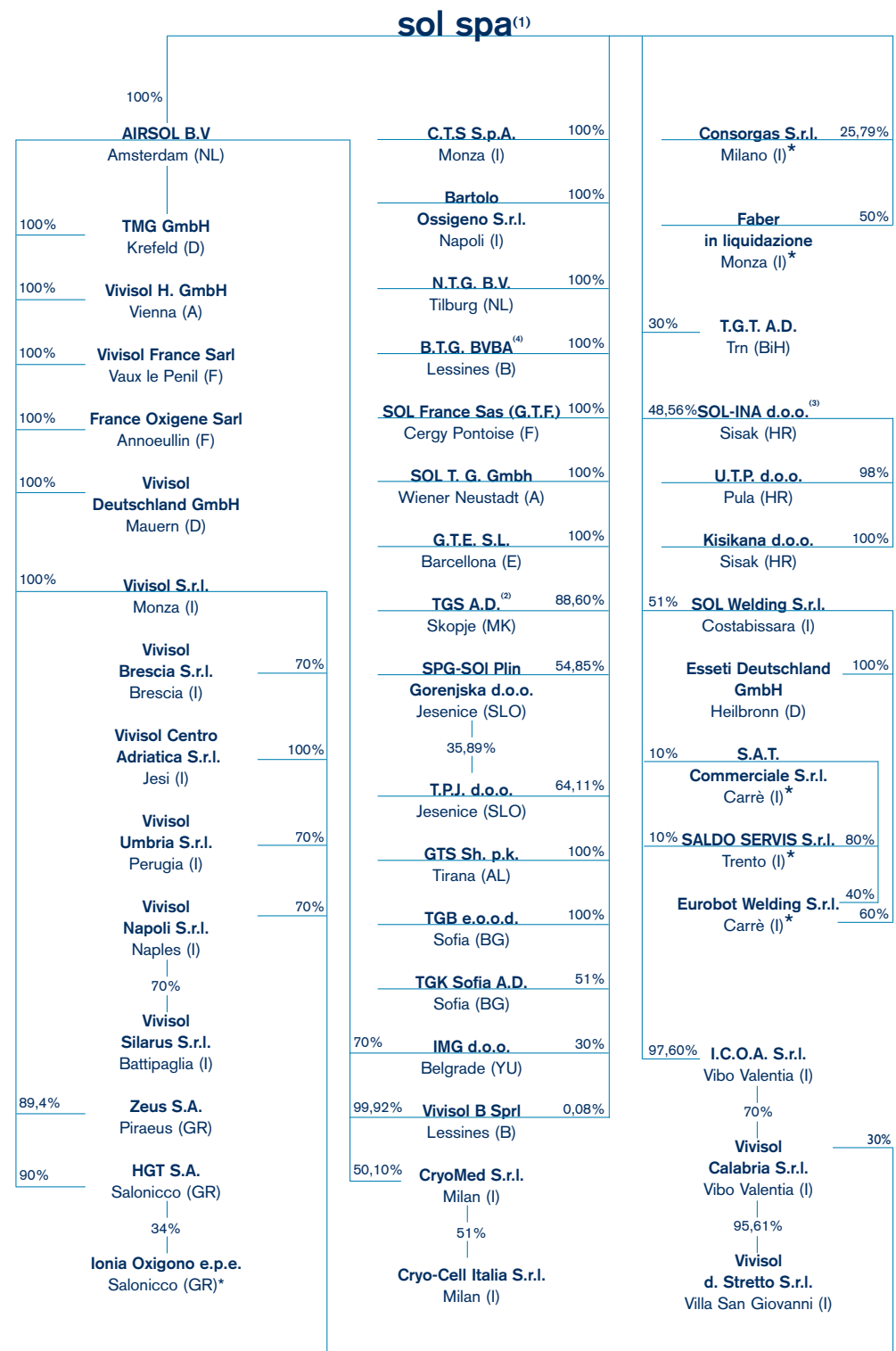
(CONSOB Communication No. 97001574 dated 20 February 1997)

To the Chairman and to the Vice Chairman: legal representation towards third parties and before the Court of Law, ordinary administration powers, in separate form from each other; extraordinary administration powers, jointly with each other, excepting for a number of specific acts of particular significance reserved to the jurisdiction of the Board.

To the Directors with special duties: ordinary administration powers as regards Administration and Finance (Ugo Marco Fumagalli Romario) and as regards the Organisation of Information Technology Systems (Giovanni Annoni) with single signature.

EXTERNAL AUDITING COMPANY

DELOITTE & TOUCHE S.P.A.



* Companies not in consolidation area.

(1) SOL has established the following foreign branches: Vaux le Penil (F), Lugano (CH), Feluy- Seneffe (B), Oisterwijk (NL).

(2) The third party quota includes a participating interest in SIMEST S.p.A. equal to 7.55%. SOL is under obligation to repurchase the entire SIMEST quota, 4.10% within 30.06.2003 and 3.45% within 30.06.2004, respectively based on the SOL/SIMEST agreements dated 27.03.1996 and dated 02.08.2001.

(3) The quota pertaining to third parties includes a participating interest in SIMEST S.p.A. equal to 10%. SOL is under obligation to repurchase the aforesaid SIMEST quota within 30.06.2004, based on the SOL/SIMEST agreement dated 17.05.99.

(4) B.T.G. has established a foreign branch at Dainville (France).

TO THE SHAREHOLDERS,

The SOL Group is engaged in the production, applied research and distribution of industrial, pure and medicinal gases, in home care, as well as in the sector of the equipment related thereto in Italy, and presently in other 8 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 global economic scenario for 2001 was characterised by a downturn, which experienced greater difficulties during the last months of the year due to the terrorist attacks of 11 September 2001 in New York and Washington • The damage caused by the attacks, such as the significant reduction in air traffic, the net contraction of private consumption and tourist movements, led to a cooling of the economic situation which was already fragile with a further downturn of short-term growth expectations for the economy and postponed recovery • The reaction to this situation has led to a downturn in nominal interest rates and stagnation in the prices of raw materials and a rapid cutback of stocks • As in all economic cycles however, a recovery is expected that appears to have started very gradually during the early months of 2002 and which should continue in the second half of the year • This recovery is however marked by imbalances that may be a conditioning factor for the actual recovery process, such as excess production capacity in a number of sectors of the manufacturing industry, the fragile nature of the Japanese economy, the imbalance in the United States' foreign trade accounts, protectionist actions such as the action already in progress in the United States as regards the steel sector, as well as the crises experienced in the emergent countries • The American economy will probably act as the driving force for the other economies • The Euro countries experienced a very weak economic trend, which worsened in the latter part of 2001 and should recover slowly during 2002 both with regard to consumption and investments. The trend of inflation should cool during 2002, but there is a risk of excess rounding up when converting prices into Euro • A growth trend was experienced in the Balkan area excepting for Macedonia where the social - political scenario caused a cooling of the economy • Italy experienced the same economic trend as described for the Euro countries, with weak domestic demand, with virtually zero growth for investments and a fall in exports, with a growth in the GDP equal to 1.8 % • A recovery is also expected for Italy, which should be reasonably buoyant towards the end of 2002 • The results achieved by the SOL Group in this scenario may be considered more than satisfactory • The net sales achieved in 2001 were equal to Euro 235,7 million, a growth of 11.2 % compared to 2000 (Euro 212 million) • The net operating margin was Euro 23,5 million, equal to 10% of revenues, representing a slight growth compared to Euro 23,1 million in 2000 • The net profit accruing to the Group amounted to Euro 13,1 million, equal to 5.5% of revenues, a slight improvement compared to Euro 12,9 million for 2000 • The cash flow position totalled Euro 42,6 million,

equal to 18.1% of revenues, representing a growth of 7% compared to 2000 (Euro 39,8 million) • Investments recorded for fiscal 2001 amounted to Euro 47,7 million, equal to 20.2% of turnover, in increase compared to Euro 34,3 million of 2000 • The average number of staff employed by the Group was 1,135 (1,070 in 2000) • The Group's net financial indebtedness was equal to Euro 42,9 million (Euro 28,9 million at the close of fiscal 2000).

PERFORMANCE

The demand for technical gases during 2001 experienced a slightly positive trend, conditioned by the economic situation, which suffered a downturn following the tragic events of 11 September • The sectors utilising technical gases, which were influenced most by the negative economic situation, were the iron and steel industry, the automotive industry and shipbuilding • The chemical sectors also failed to perform well, whereas sales in the agroindustrial and environmental sectors and the electronics industry were better • Sales of carbon dioxide for the fizzy drinks market were positive • The services market has also continued to grow, confirming the trend experienced during recent years • As regards costs, we must highlight the significant increase in energy and transport-related costs only partly reflected in an increase in selling prices • The home care business recorded significant growth maintaining good profit margins, both in Italy and in foreign countries • Production plants to produce liquids operated regularly; in particular, the Feluy plant (Belgium) continued its production output at the high levels already achieved during 2000 • Whereas, the production output intended for supplies to gas pipelines suffered a downturn in consumption experienced during the second half of the year • The SOL Group continued in its expansion activities during 2001 through new initiatives undertaken both in Italy and abroad (Slovenia and Bosnia) • The SOL Group's work force increased during 2001, also further to the new initiatives, and the staff training and qualifying programmes continued in order to maintain and improve professional skills, to ensure the staff are capable of achieving the Group's growth objectives • The Parent Company SOL S.p.A. converted the share capital into Euro during March 2001 by implementing the simplified procedure as provided for in Article 17, paragraph 5, of Legislative Decree No. 213 dated 24 June 1998 • The share capital is therefore equal to Euro 47,164,000.00 and the face value of each ordinary share is equal to Euro 0.52 • As a result of the rounding up mechanism the resultant difference equal to Itl. 622,238,280 (Euro 321,359) was covered by utilising Itl. 110,016,685 (Euro 56,819) of the Revaluation Reserve, Itl. 278,836,230 (Euro 144,007) of the Reserve as provided for in Article 55 of Law No. 526/82, Itl. 229,249,796 (Euro 118,397) of the Reserve as provided for in Article 14 of Law No. 64/86 and Itl. 4,135,569 (Euro 2,136) of the Extraordinary Reserve • The Euro was adopted for the accounting procedures of the Parent Company SOL S.p.A. and a number of member companies of the Group in Italy in May 2001, an anticipation compared to

expectations, and the numerical values of these consolidated Financial Statements are expressed in Euro as the reporting currency • The other companies of the SOL Group operating in the Euro-currency countries will adopt the Euro for accounting purposes from 2002 • During 2001 the Parent Company SOL S.p.A. completed the purchase of own ordinary shares in compliance with the resolution approved by the Shareholders' Meeting held on 28 April 2000 • The Company now holds No. 1,800,000 own shares in the portfolio corresponding to a countervalue of Euro 3,512,309 • Again in the year 2001, as was the case during recent years, the liquidity deriving from the increase in share capital executed in 1998 was appropriated to finance investments in fixed tangible assets and the acquisition of equity investments.

ENVIRONMENT, QUALITY AND SAFETY

The commitment to maintain and enhance third party certifications as regards quality, safety and environment continued during 2001. In particular, new ISO 9002 certifications were obtained in the SOL Production Units of Padua, Pavia, Pisa, Caserta, Bari and in the SOL plant at Piombino (LI) • The prestigious European environmental registration Emas obtained during the previous year for the S. Martino Buon Albergo (VR) plant was renewed and was illustrated in the framework of an important Symposium organised by the European Association of Technical Gases • Other significant results were represented by the extension of EN 46001 certification with the EC mark as a medical device for cryogenic gases with productions authorised at numerous production units throughout Europe • An extension of the ISO 9002 certification has been obtained for the subsidiary company VIVISOL Deutschland for the operating centres at Gersthofen and Mauern in the framework of the home care activities • The corporate policies of the SOL Group have been reviewed and updated during the year within the framework of a logic to achieve greater integration as regards quality, security and the environment; furthermore SOL S.p.A. adhered to the Responsible Care programme with the participation of all our sites involved in first transformation productions in the preparation of the Environmental Report issued by Federchimica • Constant monitoring of safety indicators was implemented in a domestic and European framework both as regards internal production and transportation activities • The improvement of corporate performance was significant • Finally, the renewed adhesion to the annual initiative organised by Federchimica, referred to as 'Open Factory Doors', which SOL combined with the 'Day for Breathing' was of special importance with the opening to the general public of the Ancona plant and the contemporary presence and organisation of a major National Medical Convention working alongside the Italian Federation for pulmonary illnesses.

SOL GROUP INVESTMENTS

Investments were made in the "technical gases" sector during the financial year amounting to Euro 38.5 million, of which Euro 24.7 million by the Parent Company SOL S.p.A. and Euro 9.2 million in the "home care" sector, which are detailed below:

- Work on the new air fractionating and liquefying plant have started in the Mantova Production Unit to produce High Purity liquefied Oxygen, Nitrogen and Argon and for the supply of gaseous Nitrogen and compressed air in gas pipelines to the Polimeri Europa (former Enichem) petrochemical centre. The principle components of the plant have been installed. Start-up is foreseen for autumn 2002.
- The programme to develop and improve the production capacity has continued in the Piombino Production Unit with the coming on stream of a new industrial water cooling system and the revamping of the liquid Nitrogen emergency evaporation system serving the gas pipeline that feeds the nearby steelworks; in addition, the construction of a new liquid Nitrogen storage tank has been started.
- A new high purity oxygen bottling production line has been installed at the Bologna Production Unit.
- The fire-fighting system has been revamped in the Cremona Production Unit with the realisation of a new water accumulation tank and a protection system for the ammonia tank and plants and the realisation of a storage tank system for liquid carbon dioxide has been started.
- The office facilities in the Genoa Operating Unit have been extended by recovering and completely restructuring an existing rural building.
- The carbon dioxide compression plant has been revamped in the Novara Operating Unit, situated at Radici Chimica.
- The medical gases bottling department has been extended in the Operating Unit at Lessines (Belgium) owned by BTG by constructing a new wing of the already existing building and installing the relative new production plants.
- Improvement works have been executed on the Nitrogen protoxide production plant in the Operating Unit at Tilburg (Holland) owned by NTG.
- TGS has constructed a new building to be used as offices and a materials storage facility at Skopje (Macedonia) and a new LPG supply station for motor vehicles is in an advanced phase of construction, completion of which is foreseen in 2002.
- TGS has started the construction of a new liquid carbon dioxide production plant at Bitola (Macedonia).
- Numerous industrial and medical on-site plants have been constructed and activated, in addition to revamping the means of transport, distribution and sales of the products by purchasing tanker and gas cylinder lorries, cryogenic liquid delivery tanks, gas cylinders, dewars and medical apparatus designed to support and develop the significant commercial growth achieved in all the business sectors and geographical areas • As regards investments

in financial fixed assets, we would mention the establishment of SPG – SOL Plin Gorenjska d.o.o. at Jesenice (Slovenia) with a Slovenian partner, in which SOL S.p.A. holds 54.85 % of the share capital. This company will engage in the production of technical gases • Moreover, we would mention that 30% of the company TGT A.D. at Trn (Bosnia) has been acquired, a company actively engaged in the production and marketing of technical gases • The participating interests held by the subsidiary companies VIVISOL CENTRO ADRIATICA S.r.l. and VIVISOL Deutschland GmbH have been increased to 100% and the controlling interest in the Greek company HGT S.A has been increased • The company Eurobot Welding S.r.l. has been established, which engages in the production and sale of robot welding systems • Furthermore, we would mention the establishment of the company CryoMed S.r.l. with other partners and the acquisition of a controlling interest in the company Cryo-Cell Italia S.r.l., actively engaged in the sector for the research and preservation of staminal cells.

RESEARCH AND DEVELOPMENT ACTIVITIES

Our research activities, which have traditionally characterised, justified and supported the Group's development, continued during the financial period; these activities comprise mainly in applied research, currently associated with the development of new production technologies in Europe, with the promotion of new applications for technical gases and with the development of new welding machines • The costs relating to the R&D activities are charged to the profit and loss account of the relevant financial year.

SOL S.P.A. DEALINGS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND RELATED PARTIES.

As regards the dealings with subsidiaries and associated companies, transactions with the said companies are deemed to be within the normal course of Company business, which has given rise to such transactions in its role as Parent Company • The transactions were all intended and designed to foster the development in a synergic framework, which makes for 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. Reference should be made to the information included in the Explanatory Notes to the Consolidated Financial Statements of SOL S.p.A. as at 31.12.01 for additional details, including the dealings of SOL S.p.A. with Group companies and other related parties.

SHARES OF THE PARENT COMPANY HELD BY GROUP COMPANIES

We confirm that as at 31.12.01 the Parent Company SOL S.p.A. held No. 1,800,000 own ordinary shares, representing 1.98% of the share capital and carried in the Financial Statements for a value equal to Euro 3,5 million • These shares were purchased to execute

the resolution approved by the Shareholders' Meeting held on 28 April 2000, after which a stock option scheme was implemented reserved for employees of the Italian companies of the Group that had subscribed to SOL S.p.A. shares at the time of the initial offer (IPO) utilising the portion reserved for them • The stock option scheme establishes the right to purchase a number of shares equal to the number of shares already subscribed, at a price of Euro 2,024 and may be exercised up to 30 April 2003 • We would mention that no option rights had been exercised as at 31 December 2001.

EQUITY INVESTMENTS BY DIRECTORS, STATUTORY AUDITORS AND THE GENERAL MANAGER

FULL NAME	COMPANY IN WHICH PARTICIPATING INTEREST IS HELD	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 OF THE FINANCIAL YEARS AS AT 31/12/2001
Aldo Fumagalli Romario	SOL S.p.A.	5,000	0	0	5,000
Marco Annoni	SOL S.p.A.	1,000	0	0	1,000
Ugo Fumagalli Romario	SOL S.p.A.	6,000	0	0	6,000
Giovanni Annoni	SOL S.p.A.	2,000	0	0	2,000
Alberto Enrico Tronconi	SOL S.p.A.	2,720,000 *	0	0	2,720,000 *
Stefano Bruscgli	SOL S.p.A.	6,800,000 **	0	0	6,800,000 **
Alberto Maria Savini	SOL S.p.A.	6,000 ***	0	6,000 ***	0
Maria Cristina Annoni	SOL S.p.A.	40,000 ****	0	0	40,000 ****
Enrico Aliboni	SOL S.p.A.	4,000 ****	0	0	4,000 ****
Fabiano Alberti	SOL S.p.A.	1,020,000 *	0	0	1,020,000 *
Giulio Bottes	SOL S.p.A.	4,000	0	0	4,000

* bare ownership rights and with voting rights.
** bare ownership rights.
*** held by his spouse.
**** No. 20,000 held by his spouse

The remaining Directors and Statutory Auditors do not hold nor have held any equity investments in Group Companies during 2001..

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In order to gain a better understanding of the results we enclose the reclassified: Profit and Loss Account and Balance Sheet, as well as the net financial position statement and the essential data as regards the industrial gases and the home care sector for the SOL Group.

SOL GROUP – RECLASSIFIED PROFIT AND LOSS ACCOUNT

(thousands of Euro)	31/12/2001	% on net sales	31/12/2000	% on net sales
Pipelines / on site	27,870	11.8	26,700	12.6
Merchant	155,856	66.1	142,962	67.4
Visisol	52,004	22.1	42,382	20.0
NET SALES	235,731	100.0	212,043	100.0
Other operating income	1,888	0.8	2,590	1.2
Work performed for own purposes and capitalised	4,326	1.8	2,888	1.4
REVENUES	241,945	102.6	217,521	102.6
Purchase of materials	74,434	31.6	64,412	30.4
Services	69,598	29.5	60,834	28.7
Variation in stocks	(3,410)	(1.4)	(2,182)	(1.0)
Other costs	5,644	2.4	4,927	2.3
TOTAL COSTS FOR PURCHASES AND SERVICES	146,266	62.0	127,991	60.4
ADDED VALUE	95,679	40.6	89,531	42.2
Total labour costs	41,076	17.4	37,991	17.9
GROSS OPERATING MARGIN	54,603	23.2	51,540	24.3
Depreciation and amortisation	29,385	12.5	26,677	12.6
Other provisions	1,741	0.7	1,727	0.8
OPERATING PROFIT	23,477	10.0	23,136	10.9
Financial income	1,539	0.7	1,751	0.8
Financial charges	4,662	2.0	4,661	2.2
Total income and financial charges.	(3,122)	(1.3)	(2,910)	(1.4)
PROFIT ON ORDINARY ACTIVITIES	20,355	8.6	20,226	9.5
Extraordinary income and charges	(78)	(0.0)	345	0.2
PROFIT (LOSS) BEFORE INCOME TAXES	20,277	8.6	20,571	9.7
Income taxes on the income of the period	7,093	3.0	7,399	3.5
PROFIT (LOSS) FOR THE YEAR	13,185	5.6	13,172	6.2
Minority interests – share of profit/loss	121	0.1	236	0.1
NET PROFIT (LOSS) FOR THE YEAR	13,064	5.5	12,936	6.1

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SOL Group – Reclassified balance sheet

(thousands of Euro)	31/12/2001	31/12/2000
ASSETS		
CURRENT ASSETS		
Cash and cash at bank	21,308	30,540
Trade debtors	93,672	87,583
Stocks	23,193	19,858
Prepayments and accrued income	916	1,186
Other current assets	7,960	5,702
TOTAL CURRENT ASSETS	147,049	144,868
FIXED ASSETS		
Technical fixed assets	184,854	163,197
Intangible fixed assets	7,073	6,824
Equity investments and securities	4,493	4,952
Other fixed assets	4,337	1,077
TOTAL FIXED ASSETS	200,756	176,049
TOTAL ASSETS	347,805	320,917
LIABILITIES AND CAPITAL AND RESERVES		
CURRENT LIABILITIES		
Bank loans and overdrafts	4,290	4,455
Suppliers	47,211	39,460
Other creditors	5,764	5,152
Amounts owed to other financiers	8,450	9,297
Accruals and deferred income	3,976	4,190
Amounts owed to tax administration	4,576	3,105
TOTAL CURRENT LIABILITIES	74,268	65,658
MEDIUM/LONG-TERM LIABILITIES, PROVISIONS		
Provisions for risks and charges	14,274	14,098
Staff severance indemnity	7,286	6,785
Other liabilities	52,716	46,825
TOTAL MEDIUM/LONG-TERM LIABILITIES AND PROVISIONS	74,276	67,708
CAPITAL AND RESERVES		
Share capital	47,164	46,843
Reserves	128,587	120,508
Net profit	13,064	12,936
Capital and reserves for the Group	188,815	180,287
Capital and reserves - Minority interests	10,325	7,028
Profit (loss) pertaining to Minority interests	121	236
Capital and reserves pertaining to Minority interests	10,445	7,264
Total capital and reserves	199,260	187,551
TOTAL LIABILITIES AND CAPITAL AND RESERVES	347,805	320,917

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SOL Group – Net financial position

(thousands of Euro)	31/12/2001	31/12/2000
Cash and cash at bank	21,308	30,540
Securities	410	339
Loans – short term portion	(7,518)	(8,002)
Leases – short term portion	(932)	(1,294)
Short-term amounts owed to bank	(4,290)	(4,455)
SHORT-TERM LIQUIDITY, NET	8,978	17,128
Permanent investments	563	630
Loans – long-term portion	(49,630)	(43,911)
Long-term amounts owed to banks	(157)	(194)
Amounts owed to Financiers for Leasing	(1,334)	(1,533)
Amounts owed to Shareholders for the purchase of equity investments	(1,372)	(1,021)
MEDIUM/LONG-TERM NET INDEBTEDNESS	(51,930)	(46,029)
TOTAL NET LIQUIDITY/INDEBTEDNESS	(42,952)	(28,901)

INFORMATION BY BUSINESS SECTOR

(thousands of Euro)	31/12/2001				31/12/2000			
	TECHNICAL GAS SECTOR	HOME-CARE SERVICE	WRITE-DOWNS	CONSOLIDATED FIGURES	TECHNICAL GAS SECTOR	HOME-CARE SERVICE	WRITE-DOWNS	CONSOLIDATED FIGURES
Pipelines / on site	27,870	-	-	27,870	26,700	-	-	26,700
Merchant	160,638	-	(4,781)	155,856	147,153	-	(4,191)	142,962
Visisol	-	52,271	(267)	52,004	-	42,615	(234)	42,382
NET SALES	188,508	52,271	(5,048)	235,731	173,853	42,615	(4,425)	212,043
Other revenues and income	1,996	171	(278)	1,888	2,563	279	(253)	2,590
Work performed for own purposes and capitalised	1,616	2,648	63	4,326	1,247	1,683	(41)	2,888
REVENUES	192,120	55,090	(5,264)	241,945	177,663	44,577	(4,719)	217,521
Purchase of materials	60,953	16,935	(3,454)	74,434	54,238	13,227	(3,053)	64,412
Services	54,768	16,212	(1,381)	69,598	49,203	12,864	(1,233)	60,834
Variation in stocks	(2,539)	(871)	-	(3,410)	(1,612)	(571)	-	(2,182)
Other costs	4,498	1,576	(430)	5,644	3,963	1,396	(433)	4,927
TOTAL COSTS FOR PURCHASES AND SERVICES	117,680	33,851	(5,264)	146,266	105,793	26,916	(4,719)	127,991
Value added	74,440	21,239	-	95,679	71,869	17,661	-	89,531
Total labour costs	33,442	7,633	-	41,076	31,573	6,418	-	37,991
GROSS OPERATING MARGIN	40,998	13,605	-	54,603	40,296	11,243	-	51,540

OTHER INFORMATION

	31/12/2001				31/12/2000			
Total assets	330,890	79,008	(62,093)	347,805	305,773	59,353	(44,209)	320,917
Total liabilities	136,583	45,778	(33,817)	148,545	119,880	38,186	(24,700)	133,366
Investments	38,026	9,703	-	47,728	28,224	6,061	-	34,286
Depreciation and amortisation	22,978	6,407	-	29,385	21,921	4,756	-	26,677

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR 2001

We would mention that the extraordinary Shareholders' Meeting of SOL S.p.A. and of the Company's subsidiary company Bartolo Ossigeno S.r.l. were called to resolve the merger of Bartolo Ossigeno S.r.l. in SOL S.p.A. by incorporation • This merger will guarantee certain advantages as regards the management and cost economies • Considering the business trend during the early months of 2002, we can anticipate a turnover which improves on the figure achieved in fiscal 2001 with profitability in line with the figure for the preceding year, taking due account of the considerable influence of energy costs that increased significantly compared to fiscal 2001.

Monza, 28 March 2002

Chairman of the Board of Directors
(Aldo Fumagalli Romario)

CONSOLIDATED BALANCE SHEET

ASSETS	31/12/2001	31/12/2000
A) SUBSCRIBED CAPITAL UNPAID BY SHAREHOLDERS		
called part	929	
part not called	26,040	
TOTAL	26,969	
B) FIXED ASSETS		
I-INTANGIBLE FIXED ASSETS		
1) Start-up and expansion costs	1,276,694	2,309,717
2) Costs for research, development and advertising	118,640	9,225
3) Patents and rights to use patents of others	599,268	245,926
4) Concessions, licences, trademarks and similar rights	443,935	460,858
5) Goodwill	70,651	139,700
6) Tangible fixed assets in course of construction and payments on account		2,142
7) Other	1,587,085	1,287,436
8) Consolidation difference	2,976,571	2,368,980
TOTAL	7,072,844	6,823,984
II-TANGIBLE FIXED ASSETS		
1) Land and buildings	32,427,183	28,949,108
2) Plants and machinery	50,937,404	54,389,869
3) Other fixtures and fittings, tools and equipment	70,502,224	64,452,672
4) Other assets	4,982,432	6,272,905
5) Tangible fixed assets in course of construction and payments on account	26,004,267	9,132,121
TOTAL	184,853,510	163,196,675
III-FINANCIAL INVESTMENTS		
1) Equity investments in:		
Non-consolidated Group companies		2,288,943
associated companies	375,462	295,485
parent companies		
other companies	41,709	388,225
2) Debtors		
Amounts receivable within the following year		
31/12/01	31/12/00	
Amounts owed by:		
non-consolidated group companies		
associated companies	180,000	
parent companies		
others	48,734	53,841
	48,734	53,841
3) Other financial investments	563,333	629,460
4) Own shares	3,512,310	1,350,120
TOTAL	8,698,429	6,028,766
TOTAL FIXED ASSETS	200,624,783	176,049,425

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ASSETS

ASSETS	31/12/2001	31/12/2000
C) CURRENT ASSETS		
I- STOCKS:		
1) raw materials, subsidiary materials and consumables	1,973,340	1,686,438
2) work in progress and components	639,170	581,988
3) contracts in progress	6,873,098	4,787,782
4) finished goods and goods for resale	13,695,807	12,745,408
5) Advances received	12,043	56,000
TOTAL	23,193,458	19,857,616
II-DEBTORS		
	After the end of the following year:	
	31/12/01	31/12/00
1) trade debtors	229,971	557,802
2) amounts owed by non-consolidated group companies		
3) amounts owed by associated companies		123,501
4) amounts owed by parent companies		
5) other debtors	130,914	302,993
TOTAL	360,885	860,795
TOTAL	101,326,372	92,945,501
III-FINANCIAL INVESTMENTS WHICH ARE NOT PERMANENT		
1) in subsidiary companies		
2) in associated companies		
3) in parent companies		
4) in other companies	39,686	38,483
5) own shares		
6) other investments	370,213	300,984
TOTAL	409,899	339,467
IV-CASH AT BANK AND IN HAND		
1) banks and postal current accounts	21,089,466	30,158,868
2) bank cheques	5,211	71,942
3) cash on hand	213,187	308,870
TOTAL	21,307,864	30,539,680
TOTAL CURRENT ASSETS	146,237,593	143,682,264
D) PREPAYMENTS AND ACCRUED INCOME		
Prepayments and accrued income	915,613	1185,699
Premium on loans		
TOTAL	915,613	1185,699
TOTAL ASSETS	347,804,958	320,917,388

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LIABILITIES	31/12/2001	31/12/2000
A) CAPITAL AND RESERVES:		
GROUP:		
I Share capital	47,164,000	46,842,641
II Share premium account	62,139,691	59,516,493
III Revaluation reserve		
IV Legal reserve	2,012,957	1,624,960
V Reserve for own shares	3,512,310	1,350,120
VI Reserves provided for by the Articles of Association		
VII Other reserves:		
a) Extraordinary reserve	21,471,953	18,933,265
b) Reserves not taxable until use or liquidation	3,799,031	4,118,254
c) Reserve for payments to cover losses		
d) Capital and reserves of aggregated companies		
e) Reserve for capital account grants		
f) Reserve for differences arising from application of the equity method		
g) Reserve for translation differences	-2,531,778	-2,552,876
h) Subsidiaries' undistributed profits and other reserves	36,549,038	31,098,522
i) Consolidation reserve	1,046,659	1,046,659
k) Other reserves	587,234	5372,623
VIII Profits (losses) carried forward		
IX Profit (loss) for the financial year	13,063,945	12,936,475
TOTAL GROUP CAPITAL AND RESERVES	188,815,040	180,287,136
Minority interests:		
X Capital and reserves pertaining to minority interests	10,324,611	7,028,441
XI Profit (loss) pertaining to minority interests	120,773	235,691
TOTAL CAPITAL AND RESERVES PERTAINING TO MINORITY INTERESTS	10,445,384	7,264,132
TOTAL CAPITAL AND RESERVES	199,260,424	187,551,268
B) PROVISIONS FOR RISKS AND CHARGES		
1) Provisions for pensions and similar obligations		
2) Provisions for taxation	13,360,208	13,474,082
3) others	913,777	624,005
4) Consolidated provision for risks and charges		
TOTAL	14,273,985	14,098,087
C) EMPLOYEE SEVERANCE INDEMNITY	7,285,885	6,785,031
	After the end of the following year:	
D) CREDITORS:	31/12/01	31/12/00
1) Debenture loans		
2) Convertible debenture loans		
3) Amounts owed to banks	157,306	193,671
4) Amounts owed to other financiers	50,963,792	45,444,210
5) Advances received		,197,882
6) Amounts owed to suppliers	47,107,313	39,165,433
7) Debts represented by bills of exchange		
8) Amounts owed to non-consolidated group companies		
9) Amounts owed to associated companies	103,912	96,274
10) Amounts owed to parent companies		
11) Amounts owed to tax administration	59,551	119,103
12) Amounts owed to Welfare and Social Security institutions		1,594,819
13) Other creditors	1,595,226	1,187,055
TOTAL	52,775,875	46,944,039
E) ACCRUALS AND DEFERRED INCOME		
Accruals and deferred income	3,976,405	4,189,817
Discount on loans		
TOTAL	3,976,405	4,189,817
TOTAL LIABILITIES	347,804,958	320,917,388

MEMORANDUM ACCOUNTS

	31/12/2001	31/12/2000
A) GUARANTEES ISSUED:		
1) to others:		
a) bank guarantees	8,548,246	3,961,641
b) endorsements	-	-
c) other guarantees given	-	-
d) real guarantees	129,862	129,862
TOTAL	8,678,108	4,091,503
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 held by others	322,986	267,510
4) Securities held by others	-	-
5) Assets owned by others at our premises	15,174	18,662
6) Foreign currency repurchase commitments	-	-
TOTAL	338,160	286,172
C) GUARANTEES RECEIVED		
1) Bank guarantees	46,799	46,799
2) Endorsements	-	-
3) Other personal guarantees	-	-
4) Real guarantees	-	-
TOTAL	46,799	46,799
TOTAL MEMORANDUM ACCOUNTS	9,063,067	4,424,474

PROFIT AND LOSS ACCOUNT	31/12/2001	31/12/2000
A) (+) VALUE OF PRODUCTION:		
1) net turnover from sales and services	235,730,982	212,043,412
2) variation in stocks of finished, semi-processed and work in progress	643,323	724,009
3) variation in contracts in progress	2,086,351	,813,272
4) work performed for own purposes and capitalised	4,326,490	2,887,963
5) other revenues and income:		
other revenues and income	1,127,759	1,421,570
grants pertaining to the financial period	,759,997	1,168,338
TOTAL	244,674,902	219,058,564
B) (-) COSTS OF PRODUCTION		
6) for raw materials, subsidiary materials, consumables and goods	-74,434,153	-64,411,861
7) for services	-69,598,193	-60,833,968
8) for use of assets owned by others	-3,909,813	-3,214,780
9) for staff costs		
wages and salaries	-29,873,104	-27,372,138
Social Security costs	-9,953,843	-9,273,515
provision for employee severance indemnity	-1,248,912	-1,253,230
Pension costs and similar obligations		
other costs		-91,821
10) amortisation and write-downs:		
amortisation of intangible fixed assets	-3,451,351	-2,958,544
depreciation of tangible fixed assets	-25,933,218	-23,718,899
other reductions in value of fixed assets	-6,050	-5,174
allowance for doubtful debtors included in current assets and other accounts included in cash at bank and in hand	-2,090,664	-1,581,235
11) movement in stocks of raw materials, subsidiary materials, consumables and goods	680,120	644,820
12) amounts provided for risk provisions	-53,996	-130,948
13) other provisions	-340,565	-9,219
14) other operating charges	-1,733,948	-1,712,240
TOTAL	-221,947,690	-195,922,752
(A-B) DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION	22,727,212	23,135,812
C) FINANCIAL INCOME AND CHARGES		
15) (+) income from equity investments:		
in non-consolidated group companies		
from associated companies		
from other companies	1,601	1,464
16) (+) other financial income:		
a) from loans forming part of fixed assets:		
payable to others	64,121	87,576
payable to associated companies		
payable to parent companies		
b) from other permanent investments other than equity investments	33,316	35,106
c) from other investments which are not permanent	51,816	87,824
d) other financial income not included above:		
payable to others	1,388,474	1,539,438
payable to associated companies		
payable to parent companies		
17) (-) Interest payable and similar charges:		
payable to others	-4,661,670	-4,661,199
payable to associated companies		
payable to parent companies		
TOTAL	-3,122,342	-2,909,791

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PROFIT AND LOSS ACCOUNT	31/12/2001	31/12/2000
D) VALUE ADJUSTMENTS IN RESPECT OF INVESTMENTS		
18) (+) Revaluation		
of equity investments	2,510	
of permanent investments which are not equity investments		
of non-permanent investments which are not equity investments		
19) write-downs:		
of equity investments	-222,609	-15,718
of permanent investments which are not equity investments		
of non-permanent investments which are not equity investments		
TOTAL VALUE ADJUSTMENTS	-220,099	-15,718
E) EXTRAORDINARY INCOME AND CHARGES		
20) (+) extraordinary income:		
income	748,803	799,677
capital gains from disposal of fixed assets	808,394	480,327
21) (-) extraordinary charges:		
charges	-500,807	-774,520
capital losses from disposal of fixed assets	-20,699	-126,374
taxes pertaining to previous financial periods	-143,096	-18,319
TOTAL EXTRAORDINARY INCOME AND CHARGES	892,595	360,791
PROFIT OR LOSS BEFORE INCOME TAXES	20,277,366	20,571,094
22) (-) income taxes on the income of the period:		
current	-8,025,135	-7,456,471
deferred	932,487	57,543
23) Total net profit or loss	13,184,718	13,172,166
PROFIT (LOSS) FOR THE FINANCIAL YEAR ACCRUING TO OTHERS	-120,773	-235,691
PROFIT (LOSS) FOR THE FINANCIAL YEAR ACCRUING TO THE GROUP	13,063,945	12,936,475

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Chairman of the Board of Directors
(Aldo Fumagalli Romario)

GENERAL CRITERIA

The Balance Sheet and Profit and Loss Account as at 31st December 2001 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 adopted 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 the cash flow statement to these Explanatory Notes for a better understanding of the Financial Statements.

The reclassified Balance Sheet and Profit and Loss Account are attached to the Directors' Report.

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ACCOUNTING REFERENCE DATE

The Consolidated Financial Statements have been prepared and presented on the basis of the Financial Statements as at 31st December 2001 of each consolidated company duly approved by the General Shareholders' Meetings or prepared by the Boards of Directors for approval at the respective Shareholders' Meetings and prepared and presented according to the Group's accounting principles.

GROUP COMPOSITION AND CONSOLIDATION BASIS

The Consolidated Financial Statements comprise the Financial Statements as at 31st December 2001 of the Parent Company SOL SpA and of the following companies, pursuant to Article 38, paragraph 2 of Legislative Decree No. 127/91:

a) which are direct or indirect subsidiaries, consolidated on a line-by-line basis;

NAME AND REGISTERD OFFICE	NOTE	SHARE CAPITAL	OWNERSHIP PERCENTAGE		TOTAL
			DIRECTLY	INDIRECTLY	
AIRSOL BV – Amsterdam	NLG	17,022,000	100%	–	100%
BARTOLO OSSIGENO Srl – Naples	Euro	660,400	100%	–	100%
B.T.G. Bvba – Lessines	Euro	2,280,620	100%	–	100%
Cryo-Cell Italia Srl – Milan	Euro	52,653	–	25.55%	25.55%
CryoMed Srl – Milan	Euro	10,000	–	50.10%	50.10%
C.T.S. S.p.A. – Monza	Euro	156,000	100%	–	100%
Eurobot Welding Srl – Carrè	Euro	93,000	–	30.60%	30.60%
ESSETI DEUTSCHLAND GmbH – Heilbronn	Euro	25,000	–	51%	51%
FRANCE OXYGENE Sarl – Annoeullin	Euro	8,000	–	100%	100%
G.T.E. S.L. – Barcelona	PTS	2,000,000	100%	–	100%
G.T.S. Sh.P.K. – Tirana	LEK	5,000,000	100%	–	100%
HGT S.A. – Salonicco	GRD	160,000,000	–	90%	90%
I.C.O.A. Srl – Vibo Valentia	Euro	45,760	97.60%	–	97.60%
IMG D.o.o. – Belgrado	YUD	2,030,106	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 Sas – Cergy Pontoise	Euro	3,000,000	100%	–	100%
SOL T.G. GmbH – Wiener Neustadt	Euro	726,728,34	100%	–	100%
SOL Welding Srl – Costabissara	Euro	1,325,000	51%	–	51%
SOL-INA D.o.o. – Sisak	1 KUNE	52,766,000	58.56%	–	58.56%
SPG – SOL Plin Gorenjska D.o.o. – Jesenice	SIT	1,970,000,000	54.85%	–	54.85%
T.G.B. e.o.o.d. – Sofia	LEV	3,750,000	100%	–	100%
T.G.K. Sofia A.D. – Sofia	LEV	200,000	51%	–	51%
T.G.S. AD – Skopje	2 DEN	413,001,941	96.15%	–	96.15%
T.G.T. AD – Trn	KM	670,000	30%	–	30%
T.M.G. GmbH – Krefeld	DEM	4,000,000	–	100%	100%
T.P.J. D.o.o. – Jesenice	SIT	633,485,260	64.11%	19.69%	83.80%
U.T.P. D.o.o – Pula	KUNE	12,433,000	–	57.40%	57.40%
VIVISOL B S.p.r.l. – Lessines	Euro	161,131	0.08%	99.92%	100%
VIVISOL Brescia Srl – Brescia	Euro	41,600	–	70%	70%
VIVISOL Calabria Srl – Vibo Valentia	Euro	10,400	–	98.32%	98.32%
VIVISOL Centro Adriatica Srl – Jesi	Euro	46,800	–	100%	100%
VIVISOL Deutschland GmbH – Mauern	Euro	2,500,000	–	100%	100%
VIVISOL dello Stretto Srl – Villa S. Giovanni	Euro	213,200	–	94.00%	94.00%
VIVISOL France Sarl – Vaux Le Penil	Euro	120,000	–	100%	100%
VIVISOL Heimbehandlungsgesellschaft GmbH – Vienna	Euro	726,728,34	–	100%	100%
VIVISOL Napoli Srl – Napoli	Euro	98,800	–	70%	70%
VIVISOL Srl – Monza	Euro	2,600,000	–	100%	100%
VIVISOL Silarus Srl – Battipaglia	Euro	18,200	–	49%	49%
VIVISOL Umbria Srl – Perugia	Euro	67,600	–	70%	70%
ZEUS S.A. – Piraeus	GRD	246,858,000	–	89.40%	89.40%

1) The Group's share as at 31st December 2001 includes a 10% equity investment in Simest S.p.A.; SOL SpA is under obligation to repurchase the entire Simest share within 30 June 2004 based on the agreement entered into between SOL SPA and Simest dated 17 May 1999.

2) The Group's share as at 31st December 2001 includes a 7.55% equity investment in Simest S.p.A.; SOL SpA is under obligation to repurchase the entire Simest share of 4.10% within 30 June 2003 and share of 3.45%, within 30 June 2004, respectively, based on the agreements entered into between SOL SPA and Simest dated 27 March 1996 and 2 August 2001.

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b) associated companies, consolidated by adopting the equity method

COMPANY NAME AND REGISTERED OFFICE		SHARE CAPITAL	OWNERSHIP PERCENTAGE
CONSORGAS Srl - Milan	Lit.	1,000,000,000	25.79 %
IONIA OXIGONO E.P.E. - SALONICCO	GRD	8,500,000	34.00 %

c) associated companies, valued at cost

COMPANY NAME AND REGISTERED OFFICE		SHARE CAPITAL	OWNERSHIP PERCENTAGE
S.A.T. Commerciale Srl	Lit.	80,000,000	10.00 %
SALDO SERVIS Srl	Lit.	80,000,000	10.00 %
FABER Srl	Lit.	19,749,954	50.00 %

S.A.T. Commerciale Srl and SALDO SERVIS Srl have been considered to be among the associated companies since they are related by exclusive relationships of a commercial nature.

FABER Srl has been valued at cost, because this Company is not operating under normal conditions, since a liquidation procedure is in progress.

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

The consolidation basis as at 31 December 2001 compared to 31 December 2000 has been modified to include the following companies: SPG – SOL d.o.o., TGT A.D., Eurobot Welding Srl, CryoMed Srl and Cryo-Cell Italia Srl and ZEUS S.A., as a result of the increase in the participating interest held in Vivisol Deutschland GmbH [formerly Ability Team H. GmbH] (15.77%), in HGT S.A. (16%) and in VIVISOL Centro Adriatica Srl (14.45%) and further to the deconsolidation of VIVISOL Sud Belgique Sprl liquidated during the first six-month period.

PRINCIPLES OF CONSOLIDATION AND ACCOUNTING POLICIES

consolidation principles

The Financial Statements utilised for consolidation are those as at 31st December 2001 relating to the individual companies. These Financial Statements have been suitably 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 Italian Civil Code, and with the provisions as 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.

conversion of Financial Statements denominated in foreign currency

The items under Capital and Reserves were converted into Euro by adopting the historical exchange rates for the financial periods in which they were generated. The Balance-Sheet items were converted into Euro by adopting the rates of exchange current on 31st December 2001, whereas the Profit and Loss Account items were converted into Euro at the average rates of exchange for 2001. The difference between the result for the financial period generated by the conversion adopting the average rates of exchange and the outcome resulting from the conversion based on the rates of exchange prevailing on 31st December 2001 and the effects on assets and liabilities arising from exchange rate fluctuations between the beginning of the financial period and 31 December were entered in the capital and reserves in the account denominated "Reserve for translation differences".

The rates of exchange utilised to convert the Financial Statements not expressed in Euro are detailed in the table below:

CURRENCY	RATE OF EXCHANGE ON 31/12/2001	AVERAGE EXCHANGE RATE FOR 2001	RATE OF EXCHANGE ON 31/12/2000	AVERAGE EXCHANGE RATE FOR 2000
Italian Lire	Euro 0.00052	Euro 0.00052	Euro 0.00052	Euro 0.00052
German Mark	Euro 0.51129	Euro 0.51129	Euro 0.51129	Euro 0.51129
French Franc	Euro 0.15245	Euro 0.15245	Euro 0.15245	Euro 0.15245
Dutch Florin	Euro 0.45378	Euro 0.45378	Euro 0.45378	Euro 0.45378
Belgian Franc	Euro 0.02479	Euro 0.02479	Euro 0.02479	Euro 0.02479
Austrian Shilling	Euro 0.07267	Euro 0.07267	Euro 0.07267	Euro 0.07267
Albanian Lek	Euro 0.00838	Euro 0.00782	Euro 0.00759	Euro 0.00760
Macedonian Dinar	Euro 0.01660	Euro 0.01716	Euro 0.01627	Euro 0.01708
Bulgarian Lev	Euro 0.51379	Euro 0.51330	Euro 0.51169	Euro 0.51192
Spanish Peseta	Euro 0.00601	Euro 0.00601	Euro 0.00601	Euro 0.00601
Croatian Kuna	Euro 0.13645	Euro 0.13412	Euro 0.13231	Euro 0.13126
Serbian Dinar	Euro 0.01706	Euro 0.01805	Euro 0.01704	Euro 0.01704
Slovenian Taler	Euro 0.00456	Euro 0.00459	Euro 0.00468	Euro 0.00484
Greek Drachma	Euro 0.00293	Euro 0.00293	Euro 0.00293	Euro 0.00297
Convertible Mark	Euro 0.51129	Euro 0.51129	Euro 0.51129	Euro 0.51129

valuation criteria

The accounting policies and valuation criteria applied by all consolidated companies are substantially the same. The valuation criteria adopted in the consolidated economic and equity position were those utilised by the Parent Company SOL SpA and are in accordance with the applicable legislative provisions as mentioned above, supplemented and construed by the Accounting Principles set out by the Italian Accounting Profession. The valuation of the items carried in the consolidated economic and equity position have been based on the general accounting principles of prudence and accrual, and on the basis of a going concern. 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.

revaluations

No revaluation has ever been made except for those provided for by specific laws regard-

ing 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 economic and equity positions for the Parent Company and for a number of subsidiary companies as at 31 December 2001 include entries made exclusively to comply with taxation regulations, in particular accelerated depreciation exceeding the amounts necessary to distribute the cost of the fixed assets over the estimated useful working life thereof and assets with a unit value of less than Euro 516 were charged directly to the Profit and Loss Account.

Such entries are eliminated in the consolidated economic and equity position.

VALUATION CRITERIA OF SINGLE ITEMS

intangible fixed 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 fixed assets

Tangible assets are stated at purchase price or cost of construction, increased by the expenses incidental thereto. The cost value is only increased in compliance with specific national legal provisions which allow fixed assets to be revalued following merger deals or assignment of the possible difference between the value paid to acquire the equity investment and the accruing capital and reserves.

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	-
- residential buildings	-
- industrial buildings	4%
- other buildings	10%
Plants and machinery	
- plants and machinery - general	7.5%
- plants and machinery - specific	10%
Fixtures and fittings, tools and equipment	
- other small equipment	25%
- cylinders	9%
- distribution plants	9%
- treatment plants	15%
- base units	17.5%
- remote-measurements	20%
Other assets	
- motor vehicles	20%
- motor cars	25%
- furniture and furnishings	12%
- electronic office machines	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.

financial investments

Shares in non-consolidated companies

Fixed investments comprising equity investments in non-consolidated companies are valued at cost, written down to account for long-term losses in value.

Equity investments 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 financial 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 financial investments representing loans are reported at their estimated realisation value.

Own shares

Own Shares have been valued at cost based on the LIFO method, possibly adjusted to reflect long-term losses in value.

stocks

Stocks held in the warehouse are entered at the lower value between the purchase or cost of production, including accessory changes and the presumed realisation value inferable on the basis of the market trend. The cost structure generally adopted is denominated as the LIFO method with annual steps (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.

prepayments and accrued income

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 risks and charges

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

employee severance indemnity

The employee severance indemnity 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.

conversion 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.

conversion criteria 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 revenues and income, costs and charges

Revenues and income, costs and charges are entered net of returns, discounts, allowances and premiums, as well as taxes directly associated with the sale of goods and the services rendered. Revenues from the sale of goods are recorded when the right of ownership on the relevant goods is transferred, which normally occurs at the time they are delivered or shipped. Financial revenues are recorded on an accrual basis.

income tax

Income tax 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 authori-

ties 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.

Provisions for deferred and pre-paid taxes have been provided for on significant differences of a temporary nature between the value of a given asset or liability based on statutory criteria and the value assigned to that given asset or liability for tax reporting purposes, by adopting the presume tax rate in force at the time the temporary differences will be reversed.

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) CAPITAL PAYMENTS DUE FROM SHAREHOLDERS

Balance as at 31/12/2001	26,969
Balance as at 31/12/2000	-
Movement	26,969

The breakdown for the balance is as follows:

- Called part Euro 929
- Part not called Euro 26.040

These amounts refer to payments to be made by minority shareholders in the companies CryoMed Srl and Eurobot Welding Srl.

B) FIXED ASSETS

I. Intangible fixed assets

Balance as at 31/12/2001	7,072,844
Balance as at 31/12/2000	6,823,984
Movement	248,860

analysis of intangible assets

Movements in intangible fixed assets were as follows:

ITEMS	BALANCE 31/12/2000	INCREASES	REVALUATION (WRITEDOWNS)	OTHER MOVEMENTS	(AMORTISATION)	BALANCE 31/12/2001
Start-up and expansion costs	2,309,717	48,888	-	(3,746)	(1,078,165)	1,276,694
Costs of research, development and advertising	9,225	437,278	-	-	(327,863)	118,640
Industrial patents and rights to use intellectual property	245,926	782,436	(400)	(15,268)	(413,426)	599,268
Concessions, licenses, trade marks and similar rights	460,858	197,243	-	(201)	(213,965)	443,935
Goodwill	139,700	44,415	-	-	(113,464)	70,651
Assets in course of construction and advances	2,142	-	-	(2,142)	-	-
Other	1,287,436	675,635	1,100	15,099	(392,185)	1,587,085
Difference arising on consolidation	2,368,980	1,519,874	-	-	(912,283)	2,976,571
TOTAL	6,823,984	3,705,769	700	(6,258)	(3,451,351)	7,072,844

The item "Start-up and expansion 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 increase is due to the costs sustained by the subsidiary com-

pany SOL Welding Srl to participate in a four-yearly Trade Fair of the sector.

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 user licenses for new software, amortised over 5 years.

The item "Goodwill" mainly includes positive differences generated by mergers concerning companies taken over in prior years. The movement for the financial period refers to the portion acknowledged by the subsidiary company Eurobot Welding Srl to purchase the branch of business.

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.

The item "Difference arising on consolidation" refers to:

- the difference between the purchase price of the equity investment in the subsidiary SOL Welding Srl and the adjusted capital and reserves thereof as at 31.12.1997, equal to Euro 422,462 (current net value Euro 84,492)
- 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 Euro 403,547 (current net value Euro 161,419).
- the difference between the purchase price of the equity investment in the subsidiary VIVISOL Deutschland GmbH Srl and the capital and reserves thereof as at 31.12.1999, equal to Euro 115,170 (current net value Euro 69,102).
- the difference between the purchase price of the remaining 15.77% of the equity investment in the subsidiary VIVISOL Deutschland GmbH Srl and the capital and reserves thereof as at 31.12.2000, equal to Euro 48,058 (current net value Euro 38,446)
- 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 increased by the share premium accruing on the increase in share capital for the financial period deriving from the waiver of option rights by the previous shareholders, equal to Euro 436,408 (current net value Euro 261,844).
- 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 Euro 311,785 (current net value Euro 187,071).

- the difference between the purchase price of the remaining 14.45% of the equity investment in the subsidiary VIVISOL Centro Adriatica Srl and the adjusted capital and reserves thereof as at 31.12.2000, equal to Euro 268,336 (current net value Euro 214,669).
- 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 Euro 1,583,973 (current net value Euro 950,384).
- the difference between the purchase price of the equity investment in the subsidiary ZEUS S.A. and the adjusted capital and reserves thereof as at 31.12.2000, decreased by the value of the revalued assets equal to Euro 905,380 (current net value Euro 724,304) as indicated hereafter.
- the difference between the purchase price of the equity investment in the subsidiary T.G.T. A.D. and the capital and reserves thereof as at 31.12.2001, equal to Euro 66,300 (current net value Euro 53,040).
- the difference between the purchase price of the equity investment in the subsidiary Cryo-Cell Italia Srl and the capital and reserves thereof as at 31.12.2001, by virtue of the premium paid on the share capital increase, equal to Euro 231,800 (current net value Euro 231,800). This difference was not amortised since the Company has not yet started operations.

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 financial period refers to I.M.G. D.o.o.

II. Tangible fixed assets

Balance as at 31/12/2001	184,853,510
Balance as at 31/12/2000	163,196,675
Movement	21,656,835

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 31/12/2000	INCREASES	REVALUATION	OTHER MOVEMENTS	(DISPOSALS)	BALANCE 31/12/2001
Land and buildings	47,968,445	2,312,985	164,265	1,587,317	(280,112)	51,742,900
Plants and machinery	143,222,847	4,980,585	83,361	948,944	(186,336)	149,049,401
Fixtures and fittings, tools and equipment	166,436,340	21,913,289	386,992	3,435,170	(1,788,394)	190,383,397
Other assets	16,629,601	1,649,259	8,423	(122,801)	(1,123,399)	17,041,083
Assets in course of construction and advances	9,132,121	16,872,146	-	-	-	26,004,267
TOTAL	383,379,354	47,728,264	643,041	5,848,630	(3,378,241)	434,221,048

MOVEMENTS IN ACCUMULATED DEPRECIATION	BALANCE 31/12/2000	AMORTIZATION RATE	WRITE-DOWNS	OTHER MOVEMENTS	(DISPOSALS)	BALANCE 31/12/2001
Land and buildings	19,009,337	197,713	-	110,761	(2,094)	19,315,717
Plants and machinery	88,832,978	9,263,387	-	130,009	(114,377)	98,111,997
Fixtures and fittings, tools and equipment	101,983,668	14,292,380	2,144	4,426,849	(823,868)	119,881,173
Other assets	10,356,696	2,179,738	3,503	(154,251)	(327,035)	12,058,651
Assets in course of construction and advances	-	-	-	-	-	-
TOTAL	220,182,679	25,933,218	5,647	4,513,368	(1,267,374)	249,367,538

MOVEMENTS IN TANGIBLE ASSETS NET VALUE	BALANCE 31/12/2000	INCREASES	(AMORTIZATION & WRITE-DOWNS)	OTHER MOVEMENTS	(DISPOSALS)	BALANCE 31/12/2001
Land and buildings	28,949,108	2,477,250	(197,713)	1,476,556	(278,018)	32,427,183
Plants and machinery	54,389,869	5,063,946	(9,263,387)	818,935	(71,959)	50,937,404
Fixtures and fittings, tools and equipment	64,452,672	22,300,281	(14,294,524)	(991,679)	(964,526)	70,502,224
Other assets	6,272,905	1,657,682	(2,183,241)	31,450	(796,364)	4,982,432
Assets in course of construction and advances	9,132,121	16,872,146	-	-	-	26,004,267
TOTAL	163,196,675	48,371,305	(25,938,865)	1,335,262	(2,110,867)	184,853,510

- The investments made during the financial period under the item "Land and buildings" refer mainly to investments by the Parent Company (Euro 520 thousand) and by the subsidiary company SPG – SOL d.o.o. (Euro 1,340 thousand).

- Acquisitions during the financial period concerning the item "Plants and machinery" are mainly due to the purchase of plants at the Parent Company's Operating Units (Euro 3,230 thousand), the subsidiary company KISIKANA d.o.o. (Euro 307 thousand), the subsidiary SPG – SOL d.o.o. (Euro 994 thousand) 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 was due to investments

in commercial equipment represented by cylinders, supplying devices and tanks made by companies of the technical gases sector for Euro 13,027 thousand (of which Euro 4,100 by the Parent Company) and to investments made by companies of the home care sector for Euro 8,886 thousand (of which Euro 3,463 thousand by VIVISOL S.r.l.), relative 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. The increase for the financial period referred to capital expenditure for motor vehicles, laboratory equipment, hardware, furniture and furnishings, of which Euro 491 thousand by the Parent Company.

- The item "Assets in course of construction" mainly refers to amounts relating to investments in progress made by the Parent Company (Euro 24,170 thousand), almost exclusively to construct the new Operating Unit at Mantova and the subsidiaries C.T.S. SpA (Euro 238 thousand), SOL France (Euro 686 thousand) and TGS A.D. (Euro 628 thousand).

The revaluations executed during the financial period, equal to Euro 643,041, refer to:

- monetary revaluation executed by the companies T.P.J. D.o.o., SPG-SOL d.o.o. and I.M.G. D.o.o. in compliance with local provisions for a total of Euro 303,594
- the breakdown for the revaluation pursuant to Law No. 342/2000 for a total of Euro 339,447 is as follows:
 - Euro 266,806 VIVISOL Srl
 - Euro 72,641 VIVISOL Centro Adriatica S.r.l.

We would mention with regard to the subject revaluation that the remaining portion of the revaluation executed by the said companies was compensated by the effect of the accelerated amortisation applicable to the revalued assets:

- Euro 1,651,483 VIVISOL Srl
- Euro 292,767 VIVISOL Centro Adriatica Srl

As for the amortization 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, Pavia and Gersthofen Operating Units are encumbered with mortgages and liens related to medium-term loans contracted by a number of companies of the group with credit institutions.

Mortgages amounted to Euro 127,751 thousand at 31st December 2001.

Liens amounted to Euro 119,326 thousand at 31st December 2001.

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.

The item "Other movements" comprises Euro 482,060 relating to the entry of T.G.T. A.D. in the consolidation basis and Euro 434,618 relating to the entry of ZEUS S.A. in the consolidation basis. We would mention that part of the positive difference between the value of the equity investment and the accruing capital and reserves has been attributed to the item 'buildings' (Euro 496,912) and the item 'Plants and machinery' (Euro 723,646) on the basis of an expert technical report.

III. financial investments

Balance as at 31/12/2001	8,698,429
Balance as at 31/12/2000	6,028,766
Movement	2,669,663

equity investments

Balance as at 31/12/2001	417,171
Balance as at 31/12/2000	2,972,653
Movement	(2,555,482)

The item is broken down as follows.

DESCRIPTION	31/12/2001	31/12/2000
Zeus S.A.	-	2,288,943
NON-CONSOLIDATED GROUP COMPANIES	-	2,288,943
CONSORGAS S.r.l.	292,367	290,321
FABER S.r.l.	5,164	5,164
S.A.T. Commerciale Srl	59,000	-
SALDO SERVIS Srl	10,000	-
Ionia Oxigono e.p.e.	8,931	-
ASSOCIATED COMPANIES	375,462	295,485
BEMBERG S.r.l.	-	337,895
Other equity investments	41,709	50,330
OTHER COMPANIES	41,709	388,225

All the above investments are owned by the Parent Company, except for Euro 8,931 reported as equity investments in associated companies (pertaining to the subsidiary company HGT S.A.) and Euro 30,117 reported among the other minority equity investments (of which Euro 25,148 are relative to investments in local companies made by the subsidiary company T.G.S. A.D.).

The equity investments in other companies were valued at cost.

debtors

Balance as at 31/12/2001	4,205,615
Balance as at 31/12/2000	1,076,533
Movement	3,129,082

The breakdown for the above item is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Amounts owed by non-consolidated group companies	-	-	-
Amounts owed by associated companies	180,000	-	180,000
Amounts owed by parent companies	-	-	-
Other debtors	4,025,615	1,076,533	2,949,082
TOTAL	4,205,615	1,076,533	3,129,082

Amounts owed by associated companies refer to the Parent Company in respect of S.A.T. Commerciale Srl.

The breakdown for the item "Others debtors" is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Caution deposits	3,297,816	322,401	2,975,415
Tax credit pertaining to Employee Severance Indemnity	665,174	689,646	(24,472)
Other	62,625	64,486	(1,861)
TOTAL	4,025,615	1,076,533	2,949,082

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

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

other securities

Balance as at 31/12/2001	563,333
Balance as at 31/12/2000	629,460
Movement	(66,127)

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

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
SOL Technische Gase Securities	5,573	-	5,573
VIVISOL Heimbehand securities.	604	-	604
Pledged securities, - ICOA S.r.l.	67,116	67,116	-
Other securities - ICOA S.r.l.	490,040	562,344	(72,304)
TOTAL	563,333	629,460	(66,127)

The pledged securities held by ICOA S.r.l. as at 31st December 2001 refer to loans granted. The other securities held by ICOA S.r.l. are represented by Bonds for Euro 289,216 issued by Ambroveneto and Bonds for Euro 200,824 issued by Comit.

The above-mentioned securities have the following characteristics:

DESCRIPTION	BOOK VALUE	PAR VALUE	MATURITY	CURRENCY	RATE OF INTEREST	MARKET VALUE
AMBROVENETO	289,216	289,216	01/01/2005	Euro	Variable	277,647
COMIT	200,824	180,760	20/06//2002	Euro	9,60 %	165,894
Long-Term Treasury Bonds (BTP)	67,116	68,000	01/09/2002	Euro	3,75 %	67,517

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 31/12/2001	3,512,310
Balance as at 31/12/2000	1,350,120
Movement	2,162,190

We hereby confirm that this portfolio, equal to 1.98% of the share capital, comprises 1,800,000 ordinary shares with a par value of Euro 0.52, purchased by way of implementing the resolution duly 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 31/12/2001	23,193,458
Balance as at 31/12/2000	19,857,616
Movement	3,335,842

The breakdown for the above item is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Raw materials, subsidiary materials and consumables	1,973,340	1,686,438	286,902
Work in progress and semi-finished goods	639,170	581,988	57,182
Contracts in progress	6,873,098	4,787,782	2,085,316
Finished goods and goods for resale	13,695,807	12,745,408	950,399
Payments on account	12,043	56,000	(43,957)
TOTAL	23,193,458	19,857,616	3,335,842

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 31/12/2001	101,326,372
Balance as at 31/12/2000	92,945,501
Movement	8,380,871

The breakdown for the above item is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Trade debtors	93,548,709	87,564,585	5,984,124
Amounts owed by associated companies	123,501	18,877	104,624
Other debtors	7,654,162	5,362,039	2,292,123
TOTAL	101,326,372	92,945,501	8,380,871

The balance is broken down by maturity date:

DESCRIPTION	FALLING DUE WITHIN 12 MONTHS	FALLING DUE AFTER MORE THAN 12 MONTHS	PROVISIONS FOR DOUBTFUL ACCTS	TOTAL 31/12/2001	TOTAL 31/12/2000
Trade debtors	98,341,473	229,971	(5,022,735)	93,548,709	87,564,585
Amounts owed by associated companies	123,501	-	-	123,501	18,877
Other debtors	7,523,248	130,914	-	7,654,162	5,362,039
TOTAL	105,988,222	360,885	(5,022,735)	101,326,372	92,945,501

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

The increase in trade debtors derives for Euro 724,186 as regards the extension of the consolidation basis and the difference refers to increased sales.

The amounts payable by associated companies are in respect of FABER Srl for Euro 18,876, in respect of S.A.T. Commerciale Srl for Euro 80,367 and of SALDO SERVIZI Srl for Euro 24,258.

Provisions for doubtful debtors recorded the following movements:

31/12/2000	PROVISIONS	(USES)	31/12/2001
5,060,379	2,090,664	(2,128,308)	5,022,735

The detailed breakdown for the item "Other debtors" is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Corporation income tax credit	1,305,311	442,037	863,274
VAT receivables	3,842,954	3,725,685	117,269
Other receivables	2,505,897	1,194,317	1,311,580
TOTAL	7,654,162	5,362,039	2,292,123

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

III. Financial investments which are not permanent

Balance as at 31/12/2001	409,899
Balance as at 31/12/2000	339,467
Movement	70,432

The breakdown for the item is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Swaps	60,426	-	60,426
Open-End Investment Company (SICAV)	142,012	142,012	-
Genercomit Tesoreria Funds	163,614	154,937	8,677
Equity shares in Arena Tourist	39,686	38,483	1,203
Other fixed-income securities	4,161	4,035	126
TOTAL	409,899	339,467	70,432

Swaps are held by the subsidiary company VIVISOL Umbria Srl for Euro 60,426.

The Open-end Investment Company (SICAV) shares are held by the Parent Company's French branch for Euro 122,266 and by the subsidiary SOL France Sas for Euro 19,746.

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 comprise of private bonds owned by U.T.P.

IV. Cash at bank and in hand

Balance as at 31/12/2001	21,307,864
Balance as at 31/12/2000	30,539,680
Movement	(9,231,816)

The breakdown for the item is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Post Office and bank deposits	21,089,466	30,158,868	(9,069,402)
Bank cheques	5,211	71,942	(66,731)
Cash and cash equivalents in hand	213,187	308,870	(95,683)
TOTAL	21,307,864	30,539,680	(9,231,816)

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 31/12/2001	915,613
Balance as at 31/12/2000	1,185,699
Movement	(270,086)

These items represent the harmonising items for the financial period entered on an accrual basis.

The breakdown for the item is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
ACCRUED INCOME:			
Interest receivable on securities	12,714	18,053	(5,339)
Other accrued income	100,363	35,867	64,496
TOTAL ACCRUED INCOME	113,077	53,920	59,157
PREPAYMENTS:			
Insurance premiums	443,516	647,069	(203,553)
Rents	38,651	43,407	(4,756)
Prepaid expenses	92,428	105,689	(13,261)
Other prepayments	227,941	335,614	(107,673)
TOTAL PREPAYMENTS	802,536	1,131,779	(329,243)
TOTAL PREPAYMENTS AND ACCRUED INCOME	915,613	1,185,699	(270,086)

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

LIABILITIES

A) CAPITAL AND RESERVES

Balance as at 31/12/2001	199,260,424
Balance as at 31/12/2000	187,551,268
Movement	11,709,156

The share capital of SOL SPA as at 31 December 2001 comprised No. 90,700,000 ordinary shares with a par value of Euro 0.52 each, fully subscribed and fully paid up.

The breakdown of and movements in capital and reserves at year-end is detailed below:

CAPITAL AND RESERVES:	BALANCE 31/12/2000	TRANSFER OF RESULT	DIVIDENDS PAID	TRANSLATION DIFFERENCES	OTHER MOVEMENTS	RESULT	BALANCE 31/12/2001
For the Group:							
Share capital	46,842,641	-	-	-	321,359	-	47,164,000
Share premium account	59,516,493	-	-	-	2,623,198	-	62,139,691
Revaluation reserve	-	-	-	-	-	-	-
Legal reserve	1,624,960	387,997	-	-	-	-	2,012,957
Reserve for own shares	1,350,120	-	-	-	2,162,190	-	3,512,310
Reserves provided for by the Articles of association	-	-	-	-	-	-	-
Other reserves:							
Extraordinary reserve	18,933,265	2,540,825	-	-	(2,137)	-	21,471,953
Reserves not taxable until use or liquidation	4,118,254	-	-	-	(319,223)	-	3,799,031
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	(2,552,876)	-	-	21,098	-	-	(2,531,778)
Subsidiaries' undistributed profits and other reserves	31,098,522	5,176,536	-	-	273,980	-	36,549,038
Consolidation reserve	1,046,659	-	-	-	-	-	1,046,659
Other reserves	5,372,623	-	-	-	(4,785,389)	-	587,234
Profits (losses) carried forward	-	-	-	-	-	-	-
Profit (loss) for the financial year	12,936,475	(8,105,358)	(4,831,116)	-	-	13,063,945	13,063,945
Total group capital and reserves	180,287,136	-	(4,831,116)	21,098	273,978	13,063,945	188,815,040
Minority interests:							
Capital and reserves - minority interests	7,028,441	235,691	-	-	3,060,479	-	10,324,611
Profit (loss) pertaining to Minority interests	235,691	(235,691)	-	-	-	120,773	120,773
Total capital and reserves pertaining to Minority interests	7,264,132	-	-	-	3,060,479	120,773	10,445,384
TOTAL CAPITAL AND RESERVES	187,551,268	-	(4,831,116)	21,098	3,334,457	13,184,718	199,260,424

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 2001.

SOL S.p.A. converted the share capital into Euro in March 2001 by implementing the simplified procedure as provided for in Article 17, paragraph 5 of Legislative Decree No. 213 dated 24 June 1998. The share capital is therefore equal to Euro 47,164,000,00 and the par value of each ordinary share is equal to Euro 0.52.

As a result of the rounding up mechanism, the difference generated equal to Itl. 622,238,280 (Euro 321.359), was covered by utilising Itl. 110,016,685 (Euro 56,819) of the Revaluation Reserve, Itl. 278,836,230 (Euro 144,007) of the Reserve as provided for by Article 55 of Law No. 526/82, Itl. 229,249,796 (Euro 118,397) of the Reserve as pro-

vided for by Article 14 of Law No. 64/86 and Itl. 4,135,569 (Euro 2,137) of the Extraordinary Reserve.

The "Consolidation reserve" stated in the Consolidated Balance Sheet as at 31st December 2001 represents the difference between the cost of the equity investment in AIRSOL BV and the book value of the group's share of the Company's capital and reserves on the date of acquisition.

The movement of the item "Capital and reserves pertaining to minority interests" was mainly generated by the acquisition of further equity investments in VIVISOL Centro Adriatica Srl., HGT S.A. and VIVISOL Deutschland GmbH, partially compensated by including the companies ZEUS S.A., Cryomed Srl, Cryo-Cell Italia Srl, T.G.T. A.D. and Eurobot Welding Srl in the consolidation basis.

Reconciliation table between the capital and reserves and economic position of the Parent Company and the consolidated capital and reserves and economic position.

	FOR THE GROUP	NET PROFIT MINORITY INTERESTS	CAPITAL AND RESERVES FOR THE GROUP	MINORITY INTERESTS
BALANCES AS PER THE EQUITY AND ECONOMIC POSITION FOR THE PARENT COMPANY	10,360,270	-	151,047,447	-
Effect of the elimination of value adjustments and of provisions made solely for fiscal purposes, net of tax effects:				
- Surplus accelerated depreciation	958,597	27,646	21,308,141	44,077
- Other entries made for fiscal purposes	-	-	-	-
Elimination of inter-company transactions, net of tax effects:				
- Internal profit on tangible fixed assets	(77,210)	(7,423)	(192,347)	26,884
- Internal profit on intangible fixed assets	46,397	-	-	-
- Reversal of adjustments to investments in subsidiary companies	1,402,204	-	-	-
- Dividends paid by consolidated companies	(982,829)	(4,327)	-	-
Adjustment of accounting policies to achieve consistent Group accounting policies, net of tax effects:				
- Adjustment of rates of exchange	(524)	-	(219,502)	-
- Use of finance lease method for leased assets	222,328	1,709	2,245,326	11,695
- Valuation at equity of companies reported at cost	2,463	46	158,153	46
- Tax on subsidiaries' undistributed profits	-	-	-	-
Carrying value of consolidated equity investments	-	-	(85,445,846)	-
Capital and reserves and half-yearly profit (loss) for consolidated companies	1,987,948	82,911	96,970,345	10,302,045
Allocation of differences to assets of consolidated companies and relevant depreciation:				
- Tangible fixed assets	(60,418)	20,212	(33,249)	60,636
- Goodwill on consolidation	(912,283)	-	2,976,571	-
Effect of other adjustments:				
- Change in consolidation basis	117,002	-	-	-
BALANCES AS PER THE CONSOLIDATED EQUITY AND ECONOMIC POSITION	13,063,945	120,773	188,815,040	10,445,384

A) PROVISIONS FOR RISKS AND CHARGES

Balance as at 31/12/2001	14,273,985
Balance as at 31/12/2000	14,098,087
Movement	175,898

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

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Provisions for pensions and similar obligations	-	-	-
Taxation provision	13,360,208	13,474,082	(113,874)
Other:			
Provisions for exchange rate fluctuations	32,599	947	31,652
Other minor provisions:	881,178	623,058	258,120
Total other provisions	913,777	624,005	289,772
TOTAL	14,273,985	14,098,087	175,898

The "Provisions for Taxation" represents the net balance of deferred tax receivable and payable reported in the Consolidated Financial Statements as at 31.12.01 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 minor provisions" refers to provisions for risks not specifically referable to items carried under assets.

B) EMPLOYEE SEVERANCE INDEMNITY

Balance as at 31/12/2001	7,285,885
Balance as at 31/12/2000	6,785,031
Movement	500,854

Movements in staff severance fund were as follows:

MOVEMENTS IN EMPLOYEE SEVERANCE FUND	BALANCE 31/12/2000	ALLOCATION	(USES)	OTHER MOVEMENTS	BALANCE 31/12/2001
TOTAL	6,785,031	1,248,912	(744,522)	(3,536)	7,285,885

The amount represents the Company's actual liability as at 31 December 2001 accruing to the staff employed thereby at that date, net of the advances paid.

C) CREDITORS

Balance as at 31/12/2001	123,008,259
Balance as at 31/12/2000	108,293,185
Movement	14,715,074

The detailed breakdown of the item 'Creditors' is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Debenture loans	-	-	-
Amounts owed to banks	4,447,273	4,648,516	(201,243)
Amounts owed to other financiers	59,413,968	54,740,877	4,673,091
Advances received	-	197,882	(197,882)
Amounts owed to suppliers	47,107,313	39,165,433	7,941,880
Amounts owed to associated companies	103,912	96,274	7,638
Amounts owed to tax administration	4,576,129	3,104,757	1,471,372
Amounts owed to Social Security institutions	1,594,819	1,518,455	76,364
Other creditors	5,764,845	4,820,991	943,854
TOTAL	123,008,259	108,293,185	14,715,074

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

	WITHIN 12 MONTHS	AFTER 12 MONTHS	AFTER 5 YEARS	TOTAL 31/12/2001	TOTAL 31/12/2000
Debenture loans	-	-	-	-	-
Amounts owed to banks	4,289,967	157,306	-	4,447,273	4,648,516
Amounts owed to other financiers	8,450,176	40,384,865	10,578,927	59,413,968	54,740,877
Advances received	-	-	-	-	197,882
Amounts owed to suppliers	47,107,313	-	-	47,107,313	39,165,433
Amounts owed to associated companies	103,912	-	-	103,912	96,274
Amounts owed to tax administration	4,516,578	59,551	-	4,576,129	3,104,757
Amounts owed to Social Security institutions	1,594,819	-	-	1,594,819	1,518,455
Other creditors	4,169,619	1,595,226	-	5,764,845	4,820,991
TOTAL	70,232,384	42,196,948	10,578,927	123,008,259	108,293,185

The item "Amounts due to other financiers" 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. Furthermore, the same item also includes amounts owed to leasing companies equal to Euro 3,128 thousand, deriving from the application of the international accounting standard IAS 17 on assets that are the object of a finance lease.

The detailed breakdown for of the item "Amounts owed to other financiers" is as follows (with values expressed in thousands of Euro and in millions of Lire):

PROVIDER OF FINANCE	AMOUNT	SHORT TERM AMOUNT	RATE OF INTEREST	MATURITY	ORIGINAL AMOUNT
Efibanca	430	430	9.20%	10.04.2002	Lit. 9,500
Efibanca	2,113	704	(t.v.) 3.91%	13.09.2004	Lit. 7,500
IMI	7,318	1,128	7.66%	15.03.2007	Lit. 19,000
IMI	1,880	940	5.80%	30.11.2003	Lit. 9,100
Centrobanca	102	24	3.7%	31.12.2005	Lit. 286
Interbanca	38	38	9.15%	15.03.2002	Lit. 850
Interbanca	52	52	9.50%	15.03.2002	Euro 551,142.81
Centrobanca	52	52	5.25%	31.12.2002	Lit. 611
Mediocredito Centrale	800	320	4.75%	25.02.2004	Lit. 3,098
Mediocredito Centrale	2,127	473	3.20%	14.04.2006	Lit. 4,575
IMI	10,386	1,598	5.40%	15.03.2008	Lit. 24,750
IMI	13,000	-	(t.v.) 3.56%	15.12.2010	Euro 13,000,000
IMI	5,500	-	4.72%	15.09.2011	Euro 5,500,000
Banca di Roma	5,165	-	(t.v.) 4.34%	13.03.2003	Euro 5,164,569
Mediocredito Lombardo	1,831	-	5.80%	21.11.2009	Euro 1,831,000
Interbanca	63	63	5.15%	05.06.2002	Lit. 1,000
Generale Banque	46	46	5.70%	31.03.2002	BEF 37,500,000
Mediosud	105	33	4.65%	31.12.2004	Lit. 460
Mediocredito Lombardo	775	775	(t.v.) 4.50%	30.09.2002	Lit. 3,000
Cassa di Risparmio di Trieste	171	66	3.96%	01.01.2004	Lit. 850
Mediocredito Lombardo	113	32	(t.v.) 5.95%	31.03.2005	Lit. 500
Dresdner Bank	367	192	5.95%	01.12.2003	DEM 1,500,000
Generale Banque	33	33	5.50%	30.04.2002	BEF 13,500,000
ERP	1,308	109	(t.v.) 1.50%	01.01.2008	ATS 18,000,000
Bank Austria	1,017	128	(t.v.) 4.961%	01.07.2009	ATS 15,000,000
Bank Austria	1,410	171	(t.v.) 4.657%	01.01.2010	ATS 20,000,000
Societe Generale	4	4	5.60%	08.01.2003	FFR 100,000
Societe Generale	5	5	4.80%	14.08.2002	FFR 140,000
BFCC	20	16	5.10%	19.02.2003	FFR 400,000
Banque Scalbert Dupont	6	6	6.00%	30.04.2002	FFR 250,000
Banque Scalbert Dupont	24	10	6.50%	01.04.2004	FFR 260,000
Banque Scalbert Dupont	8	3	6.50%	01.08.2004	FFR 78,000
Banque Scalbert Dupont	16	6	6.50%	24.06.2004	FFR 162,000
Amounts owed to leasing companies	3,128	991			
TOTAL	59,414	8,450			

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

	31/12/2001	31/12/2000	MOVEMENT
S,A,T, Commerciale Srl	5,000	-	5,000
CONSORGAS Srl	98,912	96,274	2,638
TOTAL	103,912	96,274	7,638

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

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Amounts owed in respect of income tax	1,951,240	939,541	1,011,699
Amounts owed in respect of property tax	-	-	-
Amount owed to Inland Revenue in respect of VAT	885,234	768,712	116,522
Amounts owed to tax administration in respect of withholding tax	1,085,769	918,679	167,090
Other amounts owed to tax administration	653,886	477,825	176,061
TOTAL	4,576,129	3,104,757	1,471,372

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

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Accrued holidays not taken	1,657,679	1,501,909	155,770
Guarantee deposits	303,782	262,396	41,386
Amount owed for acquisition of equity investments	1,888,698	1,278,746	609,952
Amounts owed to employees for wages and salaries	585,736	493,573	92,163
Other creditors	1,328,950	1,284,367	44,583
TOTAL	5,764,845	4,820,991	943,854

The item "Amounts owed for acquisition of equity investments" includes the commitments undertaken by SOL S.p.A, to repurchase shares in the companies TGS A.D. (Euro 627,680) and SOL - INA (Euro 744,560) presently held by the company SIMEST SPA and the amount owed by VIVISOL Srl for the acquisition of shares in VIVISOL Centro Adriatica Srl (Euro 516,458).

E) ACCRUALS AND DEFERRED INCOME

Balance as at 31/12/2001	3,976,405
Balance as at 31/12/2000	4,189,817
Movement	(213,412)

These represent the harmonising items for the financial period entered on an accrual basis.

The breakdown for this item is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
ACCRUED LIABILITIES:			
Interest payable on loans	502,825	530,357	(27,532)
Other	720,121	419,127	300,994
TOTAL ACCRUED LIABILITIES	1,222,946	949,484	273,462
DEFERRED INCOME:			
Grants on capital account	2,528,213	3,003,868	(475,655)
Rents receivable	-	49,589	(49,589)
Other	225,246	186,876	38,370
TOTAL DEFERRED INCOME	2,753,459	3,240,333	(486,874)
TOTAL	3,976,405	4,189,817	(213,412)

The item "Grants on capital account" refers to sink fund capital grants recorded on an accrual basis.

MEMORANDUM ACCOUNTS

Balance as at 31/12/2001	9,063,067
Balance as at 31/12/2000	4,424,474
Movement	4,638,593

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Guarantees given to third parties	8,548,246	3,961,641	4,586,605
Mortgages and liens given	129,862	129,862	
Other guarantees given	338,160	286,172	51,988
Surety received	46,799	46,799	
TOTAL	9,063,067	4,424,474	4,638,593

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 31/12/2001	244,674,902
Balance as at 31/12/2000	219,058,564
Movement	25,616,338

The breakdown for this item is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Net turnover from sales and services	235,730,982	212,043,412	23,687,570
Variation in stocks	643,323	724,009	(80,686)
Variation in contracts in progress	2,086,351	813,272	1,273,079
Work performed for own purposes and capitalised	4,326,490	2,887,963	1,438,527
Other revenues and income	1,127,759	1,421,570	(293,811)
Financial grants to the financial period account	759,997	1,168,338	(408,341)
TOTAL	244,674,902	219,058,564	25,616,338

The variation of the consolidation basis generated a net increase in sales totalling Euro 1,226,071.

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

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Capital gains on disposal of fixed assets	347,852	137,105	210,747
Insurance indemnities	165,705	19,773	145,932
Grants received	-	-	-
Rent on real the state	8,345	32,868	(24,523)
Other	605,857	1,231,824	(625,967)
TOTAL	1,127,759	1,421,570	(293,811)

The item "Other" comprises contingent assets relating to ordinary operations.

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

Geographical distribution of revenues

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Sales - Italy	175,724,446	161,775,985	13,948,461
Sales - EEC (except Italy)	43,272,349	34,804,790	8,467,559
Sales outside EEC countries	16,734,187	15,462,637	1,271,550
TOTAL	235,730,982	212,043,412	23,687,570

Breakdown of revenues by type of business

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Gas pipelines and on-site	27,870,409	26,699,533	1,170,876
Merchant	155,856,412	142,962,303	12,894,109
Home care	52,004,161	42,381,576	9,622,585
TOTAL	235,730,982	212,043,412	23,687,570

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

B) COSTS OF PRODUCTION

Balance as at 31/12/2001	221,947,690
Balance as at 31/12/2000	195,922,752
Movement	26,024,938

The breakdown for the item "Costs of production" is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Raw materials, subsidiary materials and consumables	74,434,153	64,411,861	10,022,292
Services	69,598,193	60,833,968	8,764,225
Costs for use of assets owned by others	3,909,813	3,214,780	695,033
Wages and salaries	29,873,104	27,372,138	2,500,966
Social Security costs	9,953,843	9,273,515	680,328
Employee severance indemnity	1,248,912	1,253,230	(4,318)
Pensions costs	-	-	-
Other costs relating to staff	-	91,821	(91,821)
Amortisation of intangible fixed assets	3,451,351	2,958,544	492,807
Amortisation of tangible fixed assets	25,933,218	23,718,899	2,214,319
Other reductions in value of fixed assets	6,050	5,174	876
Allowance for doubtful debtors included in current assets	2,090,664	1,581,235	509,429
Variation in stocks of raw materials	(680,120)	(644,820)	(35,300)
Amounts provided for risk provisions	53,996	130,948	(76,952)
Other provisions	340,565	9,219	331,346
Other operating charges	1,733,948	1,712,240	21,708
TOTAL	221,947,690	195,922,752	26,024,938

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	31/12/2001	31/12/2000
Variation in stocks of raw materials	(680,120)	(644,820)
Purchases of raw materials, subsidiary materials and goods	74,434,153	64,411,861
Purchases of raw materials, subsidiary materials and goods - adjusted	73,754,033	63,767,041
Value of production	236,374,305	212,767,421
Percentage incidence	31.20%	29.97%

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

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Freight	33,045,201	28,545,624	4,499,577
Maintenance	8,735,586	7,072,819	1,662,767
Consulting and general services	4,923,527	6,163,427	(1,239,900)
Insurance premiums	1,665,718	1,615,333	50,385
Travel and related allowances	4,608,833	4,320,029	288,804
Advertising	819,455	803,051	16,404
Remuneration paid to Directors and fees paid to Statutory Auditors	2,073,439	1,805,334	268,105
Other services	13,726,434	10,508,351	3,218,083
TOTAL	69,598,193	60,833,968	8,764,225

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

Depreciation of tangible fixed assets

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Land and buildings	197,713	1,903,214	(1,705,501)
Plants and machinery	9,263,387	7,879,202	1,384,185
Fixtures and fittings, tools and equipment	14,292,380	12,020,738	2,271,642
Other assets	2,179,738	1,915,745	263,993
Tangible fixed assets in course of construction	-	-	-
TOTAL	25,933,218	23,718,899	2,214,319

Amortisation of intangible fixed assets

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Start-up and expansion costs	1,078,165	1,074,590	3,575
Costs of research, development and advertising	327,863	250,165	77,698
Patents and rights to use patents of others	413,426	370,987	42,439
Concessions, licenses, trade marks and similar rights	213,965	174,912	39,053
Goodwill	113,464	131,873	(18,409)
Other	392,185	301,349	90,836
Consolidation difference	912,283	654,668	257,615
TOTAL	3,451,351	2,958,544	492,807

The breakdown for the item "Other operating charges" is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Taxes other than income tax	1,419,783	987,962	431,821
Capital losses related to ordinary activities	19,039	41,224	(22,185)
Losses on amounts receivable not covered by provisions	93,200	130,487	(37,287)
Other minor charges	201,926	552,567	(350,641)
TOTAL	1,733,948	1,712,240	21,708

The item "Other minor charges" comprises contingent liabilities relating to ordinary operations.

C) FINANCIAL INCOME AND CHARGES

Balance as at 31/12/2001	(3,122,342)
Balance as at 31/12/2000	(2,909,791)
Movement	(212,551)

The breakdown for the item financial income and expense is detailed in the table below:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Income from equity investments in associated companies	-	-	-
Income from equity investments in other companies	1,601	1,464	137
Income from loans entered under fixed assets	97,437	122,682	(25,245)
Income from securities entered under current assets	51,816	87,824	(36,008)
Other income not included above	1,388,474	1,539,438	(150,964)
(Interest payable and other similar financial charges)	(4,661,670)	(4,661,199)	(471)
TOTAL	(3,122,342)	(2,909,791)	(212,551)

The breakdown of the item "Other income not included above" is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Interest on deposits with banks and post offices	445,757	518,170	(72,413)
Interest receivable from trade	57,309	110,954	(53,645)
Interest receivable on other amounts	429	1	428
Realised gains on foreign exchange transactions	755,559	843,927	(88,368)
Exchange rate gains realised on items denominated in EURO	-	-	-
Other financial income	129,420	66,386	63,034
TOTAL	1,388,474	1,539,438	(150,964)

The breakdown for the item "Interest payable and other similar financial charges" is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Interest on debenture loans	-	-	-
Interest payable to banks	282,895	196,938	85,957
Interest payable to suppliers	70,129	37,201	32,928
Exchange rate losses and provisions for exchange rate fluctuations	482,289	776,051	(293,762)
Exchange rate losses on items denominated in EURO	-	-	-
Interest payable on loans	2,977,374	2,955,900	21,474
Total financial charges	848,983	695,109	153,874
TOTAL	4,661,670	4,661,199	471

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

D) VALUE ADJUSTMENTS TO FINANCIAL INVESTMENTS

Balance as at 31/12/2001	(220,099)
Balance as at 31/12/2000	(15,718)
Movement	(204,381)

The breakdown for the item "Value adjustments to financial investments" is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Write-ups of equity investments in associated companies	2,510	-	2,510
Write-downs of equity investments in associated companies	(222,609)	(15,718)	(206,891)
TOTAL	(220,099)	(15,718)	(204,381)

The write-down of equity investments in associated companies refers to the equity investment in BEMBERG SpA.

E) EXTRAORDINARY INCOME AND CHARGES

Balance as at 31/12/2001	892,595
Balance as at 31/12/2000	360,791
Movement	531,804

The breakdown for the item "Extraordinary income and charges" is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Other extraordinary income	748,803	799,677	(50,874)
Capital gains from disposal of fixed assets	808,394	480,327	328,067
Capital losses from disposal of fixed assets	(20,699)	(126,374)	105,675
Other extraordinary charges	(643,903)	(792,839)	148,936
TOTAL	892,595	360,791	531,804

Income taxes on the income of the financial period

Balance as at 31/12/2001	7,092,648
Balance as at 31/12/2000	7,398,928
Movement	(306,280)

The breakdown of income taxes on the income of the financial period is as follows:

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Current income taxes for the financial period	8,025,135	7,456,471	568,664
Deferred taxation	(932,487)	(57,543)	(874,944)
TOTAL	7,092,648	7,398,928	(306,280)

The total amount of current income taxes for the financial period corresponds to the sum of the income taxes calculated by the individual companies.

Information on employees

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Managers	34	32	2
Office workers	745	683	55
Factory workers	401	369	35
TOTAL	1,180	1,084	92

Remuneration paid to Directors and fees paid to Statutory Auditors

DESCRIPTION	31/12/2001	31/12/2000	MOVEMENT
Directors	1,933,408	1,700,006	233,402
Statutory Auditors	140,031	105,328	34,703
TOTAL	2,073,439	1,805,334	268,105

Dealings with related parties

The SOL Group had dealings with correlated parties during 2001, 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 normal market rates and entailed a cost of Euro 453,000 for the group.

Chairman of the Board of Directors
(Aldo Fumagalli Romario)

SOL GROUP - CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Euro)	31/12/2001	31/12/2000
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
PROFIT FOR THE PERIOD	13,064	12,936
MINORITY INTEREST - SHARE OF PROFIT	121	236
ADJUSTMENTS NOT AFFECTING LIQUIDITY		
Depreciation and amortisation	29,384	26,677
Change in staff severance fund	1,248	1,253
Increase (decrease) in provisions for liabilities and charges	175	(217)
Write-down of equity investments	0	0
TOTAL	43,992	40,886
CHANGES IN CURRENT ASSETS AND LIABILITIES		
Stocks	(3,335)	(2,300)
Debtors	(8,407)	(1,319)
Prepayments and accrued income	270	(436)
Suppliers	7,751	5,443
Other creditors	1,020	1,177
Accrued liabilities and deferred income	(213)	1,097
Amounts owed to tax administration	1,471	,414
TOTAL	(1,443)	(4,076)
CASHFLOW FROM OPERATIONS	42,549	44,962
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Acquisitions, revaluation and other movements in industrial fixed assets	(48,345)	(37,516)
Change in the consolidation basis	(1,355)	(244)
Net book value of assets	2,110	1,052
Increases in intangible assets	(3,700)	(3,245)
(Increase) decrease in investments	(4,958)	(3,287)
(Increase) decrease in financial assets not held as fixed assets	(70)	93
TOTAL	(56,318)	(43,148)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from (repayments of) new borrowings	4,673	8,056
Changes in other medium/long-term liabilities	0	0
Repayment of debenture loans	0	0
Dividends paid	(4,831)	(4,216)
Termination indemnities paid during the year net of transfers from Group companies	(748)	(755)
Other changes in shareholders' equity	0	0
increase in share capital	0	0
translation differences and other movements	3,472	1,951
movements in minority interests - equity	3,060	419
Change in the consolidation basis	(887)	(57)
TOTAL	4,739	5,397
INCREASE (DECREASE) IN CASH IN HAND AND AT BANK	(9,030)	7,211
CASH IN HAND AND AT BANK AT BEGINNING OF YEAR	25,891	18,680
CASH IN HAND AND AT BANK AT END OF YEAR	16,861	25,891



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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, 2001. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. 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 8,76% of consolidated total assets and 7,68% 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 9, 2001.

In our opinion, the consolidated financial statements present fairly the financial position of the Company as of December 31, 2001, 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 12, 2002

Deloitte
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 Tohmatsu

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