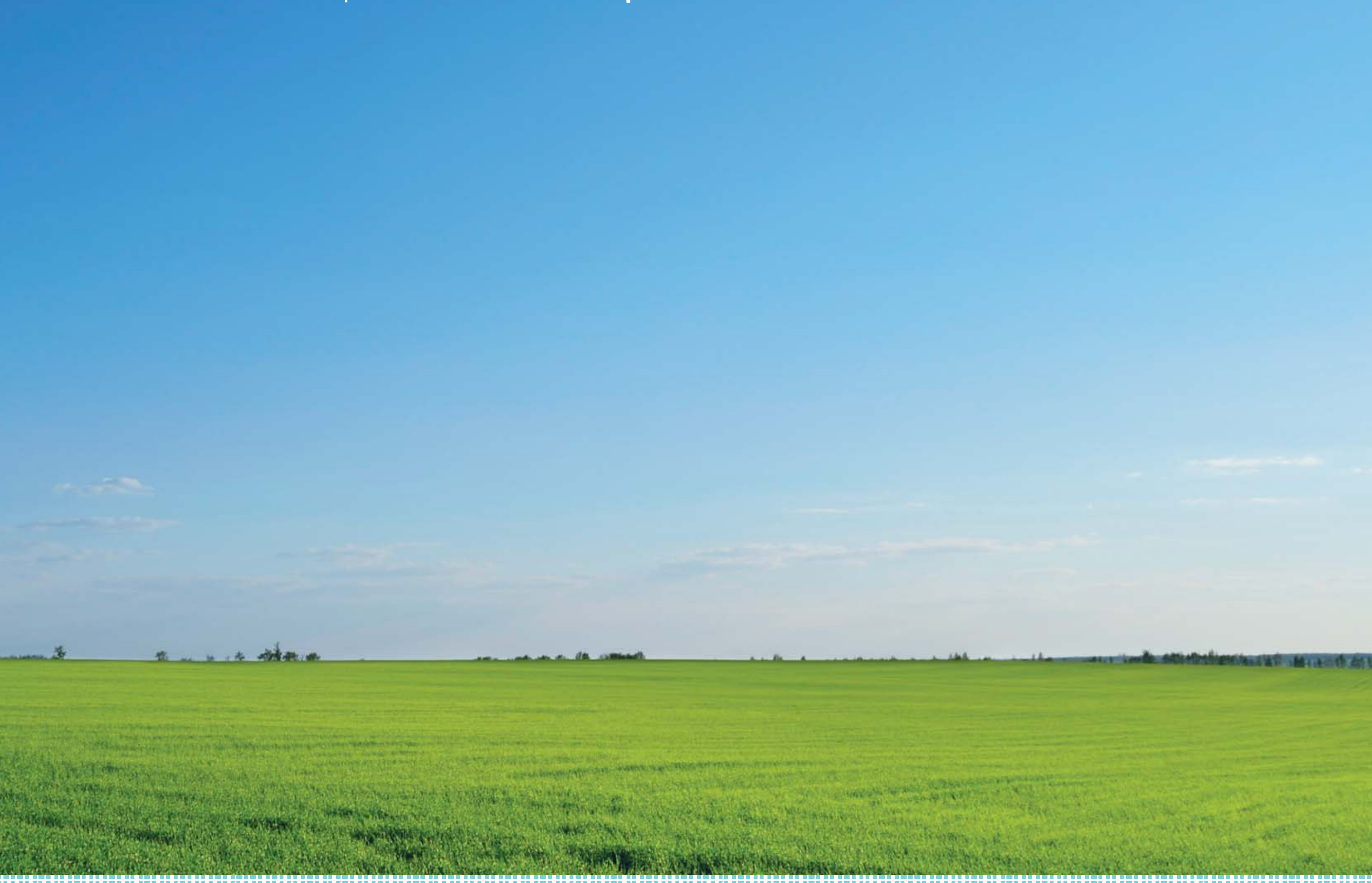
2015

SOL Group Annual Report



SOLGROUP
a breath of life

Index

SOL Spa

Registered office
Via Borgazzi, 27
20900 Monza - Italy

Share Capital
Euro 47.164.000,00 fully paid up.

C.F and company register of Monza e Brianza
n° 04127270157
R.E.A. n° 991655
C.C.I.A.A. Monza e Brianza

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Board of Directors	Chairman and CEO Aldo Fumagalli Romario	
	Vice Chairman and CEO Marco Annoni	
	Director with special powers Giovanni Annoni	
	Director with special powers Giulio Fumagalli Romario	
	Members Maria Antonella Boccardo (Independent) Stefano Bruscagli Susanna Dorigoni (Independent) Anna Gervasoni (Independent) Antonella Mansi (Independent) Alberto Tronconi	
General Managers	Giulio Mario Bottes Andrea Monti	
Board of Statutory Auditors	Chairman Alessandro Danovi	
	Statutory Auditors Livia Martinelli Giuseppe Marino	
	Alternate Auditors Maria Gabriella Drovandi Vincenzo Maria Marzuillo	
Auditing Company	BDO Spa Viale Abruzzi n. 94 20131 Milan	

Powers granted to the Directors

(CONSOB Communication No. 97001574 dated February 20, 1997)

To the Chairman and Vice Chairman: legal representation before third parties and the court; joint and several powers of ordinary administration; joint powers of extraordinary administration, without prejudice that for the execution of the relevant acts the signature of one of the two is sufficient with written authorisation from the other; without prejudice to various specific acts of particular importance that are reserved to the competence of the Board of Directors.

To Directors with special appointments: powers of ordinary administration relevant to Legal and Corporate Business (Mr. Giulio Fumagalli Romario) and the Organisation of Information Systems (Mr. Giovanni Annoni) with single signature.

SOL Spa (1)

12.31.15

- 100 % **SOL TG GmbH** Wiener Neustadt (A)
  - 100 % **SOL Hungary KFT** Budapest (H)
- 100 % **SOL Kohlensäure GmbH & Co. KG** Burgbrohl (D)
  - 100 % **SOL Kohlensäure Verwaltungs GmbH** Burgbrohl (D)
  - 100 % **SOL Kohlensäure Werk GmbH & Co. KG** Burgbrohl (D)
- 50 % **CT Biocarbonic GmbH** Zeitz (D)
- 60,99 % **SICGILSOL India Private Limited** Chennai (IND)
  - 100 % **SICGILSOL GASES PRIVATE LIMITED** Pudukudi (IND)
- 65 % **TESI Srl** Milano (I)
- 51 % **MEDES Srl** Settimo Milanese (I)
- 75 % **Hydroenergy ShpK** Tirana (AL)
- 100 % **GTS ShpK** Tirana (AL)
- 75.18 % **TGT AD** Trn (BiH)
  - 26.43 % **TGP AD** Petrovo (BiH)
- 60.96 % **TGP AD** Petrovo (BiH)
- 25.79 % **CONSORGAS Srl** Milano (I)
- 85 % **CRYOLAB Srl** Roma (I)

- 100 % **AIRSOL Srl** Monza (I)
- 100 % **SOL Deutschland GmbH** Krefeld (D)
- 100 % **SOL France Sas** Cergy Pontoise (F)
- 100 % **Vivisol France Sarl** Vaux le Penil (F)
  - 100 % **MBAR Assistance Respiratoire Sas** Ballan Mire (F)
- 100 % **France Oxigene Sarl** Avelin (F)
- 100 % **Vivisol Deutschland GmbH** Neufahrn bei Freising (D)
  - 100 % **Vivicare GmbH** Neufahrn bei Freising (D)
  - 100 % **Pielmeir Medizintechnik GmbH** Oberhaching (D)
- 100 % **Vivisol Hellas SA** Athens (GR)
- 99.72 % **SOL Hellas SA** Magoula (GR)
- 100 % **Dolby Healthcare Limited** Stirling (UK)
  - 100 % **Dolby Medical Home Respiratory Care Limited** Stirling (UK)
    - 100 % **RL Dolby (Services) Limited** Stirling (UK)
- 100 % **Vivisol Iberica SLU** Arganda del Rey (E) (4)
- 100 % **BTG BVBA** Lessines (B) (3)
- 100 % **SOL TK AS** Istanbul (TR)
- 60 % **INSPIRAR SA** San Paolo (BR)

- 99.99 % **GTH GAZE INDUSTRIALE SA** Bucarest (RO)
- 80 % **Vivisol TK AS** Istanbul (TR)
- 99.81 % **TGS AD** Skopje (MK)
  - 2.84 % **SOL SEE doo** Skopje (MK)
  - 0.28 % **SOL-K ShpK** Pristina (KS) (2)
  - 23.53 % **SOL Srbija doo** Nova Pazova (SRB)
- 97.16 % **SOL SEE doo** Skopje (MK)
- 53.72 % **SOL-K ShpK** Pristina (KS) (2)
- 9.27 % / 67.16 % **SOL Srbija doo** Nova Pazova (SRB)
- 100 % **BT Gases Ltd** Harrietshame (UK) *
- 49 % / 51 % **BiotechSol Srl** Monza (I)
- 99.92 % / 0.08 % **Vivisol B Sprl** Lessines (B)
- 49 % / 2 % **BEHRINGER Srl** Genova (I)
- 100 % **Vivisol H. GmbH** Vienna (A)
- 49 % / 51 % **VIVISOL Srl** Monza (I)
  - 100 % **Vivisol Adria doo** Jesenice (SLO)
  - 65 % **Il Point Srl** Verona (I)
  - 81 % **Vivisol Napoli Srl** Marcianise (I)
    - 70 % **Vivisol Silarus Srl** Battipaglia (I)
  - 30 % / 70 % **Vivisol Calabria Srl** Vibo Valentia (I)
- 100 % **SONOCARE Unipessoal Lda** Condeixa - a - Nova (P)

- 100 % **SOL Gas Primari Srl** Monza (I)
- 100 % **CTS Srl** Monza (I)
- 100 % **SOL Welding Srl** Costabissara (I)
- 100 % **GTE SL** Barcellona (E) *
- 100 % **SOL Nederland BV** Tilburg (NL)
- 100 % **Vivisol Nederland BV** Tilburg (NL)
- 100 % **SOL Bulgaria EAD** Sofia (BG)
- 100 % **SOL Hydropower doo** Skopje (MK)
- 100 % **Energetika ZJ doo** Jesenice (SLO)
  - 45.15 % **SPG - SOL Plin Gorenjska doo** Jesenice (SLO)
  - 75 % **ZDS JESENICE doo** Jesenice (SLO) *
- 54.85 % **SPG - SOL Plin Gorenjska doo** Jesenice (SLO)
  - 35.89 % **TPJ doo** Jesenice (SLO)
- 64.11 % **TPJ doo** Jesenice (SLO)
- 51 % **DIATHEVA Srl** Fano (I)
- 62.79 % **SOL-INA doo** Sisak (HR)
  - 98 % **UTP doo** Pula (HR)
  - 100 % **KISIKANA doo** Sisak (HR)
- 97.60 % **ICOA Srl** Vibo Valentia (I)
- 99.96 % / 0,01 % / 0.01 % / 0.01 % **FLOSIT SA** Casablanca (MA)

(1) SOL has established the following foreign branches: Vaux le Penil (F), Lugano (CH), Feluy - Seneffe (B), Frankfurt (D).
(2) The share pertaining to minority interests includes a 46.00 % equity investment by SIMEST Spa On the basis of the contract SOL/SIMEST of 06.11.2010, SOL has the reacquisition obligation of such shareholding in SIMEST within 06.30.2018.
(3) BTG has established a foreign branch in Avion (France) and one in Harrietshame, Meidstone Kent (UK).
(4) VIVISOL IBERIA set up a foreign branch in Lisbon (Portugal).
(*) Company outside of the consolidation area

Management report SOL Group

Preamble

The present annual Financial Report as at December 31, 2015 is drawn up pursuant to art. 154 ter of Italian Legislative Decree 58/1998 and prepared in compliance with the applicable international accounting principles recognised in the European Community pursuant to regulation (EC) No. 1606/2002 of the European Parliament and Board, of July 19, 2002, as well as the provisions issued as implementation of art. 9 of Italian Legislative Decree no. 38/2005.

General context

The SOL Group is primarily engaged in production, applied research and distribution activities pertaining to industrial, pure and medicinal gases, in door-to-door medical care, as well as in the sector for related medical equipment in Italy, presently active in 22 other European countries, in Turkey, in Morocco, in India and in Brazil. The products and services of companies belonging to the Group are used in the chemical, electronics, iron and steel, engineering and foodstuff industries, as well as in sectors such as environmental protection, research and health.
The economic scenario for 2015 was characterized by solid growth in the US and relatively moderate growth in Europe, where the various countries had different trends.
Some countries, in fact, like Germany and Britain, continued their recovery which had begun in 2014, while others, such as Italy and France exited the recession and turned their economic indicators slightly positive.
Conversely, the trend of the Chinese economy is going the other way, with a slowdown in growth compared to that achieved in previous years.
In addition, other major emerging countries such as Russia and Brazil, have shown a troubling economic situation.
Oil prices slumped due to oversupply and to OPEC's decision to not cut production of crude oil, in open competition with the American production from shale-oil.
The low oil prices reached could trigger negative effects on the entire economy, shrinking exports to oil-producing countries. In addition, some producer countries with weaker economies, could risk not being able to repay debts incurred in the past.
Financially, 2015 was characterized by interest rates that have reached minimum values, even becoming negative for issues of sovereign debt with not very long maturities, while the spreads charged by banks on loans remained at moderate levels.
The United States, unlike Europe with its euro, started at the end of 2015 to raise benchmark interest rates of fed funds, due to the strength of the economic recovery and to reduce the risk of higher inflation.
As for the outlook for 2016, we believe that both the United States and Europe's economic recovery will continue, although not at high rates, supported by consumption and investment which should start to grow.
As for the Asian economies, we expect China's economic growth to stabilize on the levels of last year, while India and Japan should grow at a rate slightly higher than that achieved in 2015.
With regard to the field of industrial, special and medical gases, there has been a reduction in production particularly regarding industrial gases as a result of difficulties in the steel industry, not sufficiently offset by the positive performance of other target markets for industrial gases, such as the automotive, chemical and food industries.
Medical gases have retained the production levels of recent years, although the widespread reduction of public healthcare expenditure have had an adverse effect on profitability.
For 2016, expectations are for a slight recovery in production and sales volumes.
As regards the home care field, there has been an increase both in Italy and in Europe, due both to the offer of new home care services and to the increased demand for more traditional services.
The home care field however, is affected by health expenditure reduction policies, common in all countries.

Summary results

Within the afore-mentioned context, we believe that the results achieved by the SOL Group during 2015 were positive.
The net sales achieved by the SOL Group in 2015 were equal to 674.2 million Euro (+5.9% compared to those of 2014).
The gross operating margin amounts to 148.4 million Euro, equal to 22.0% of the sales, up 3.8% over 2014 (142.9 million equal to 22.5% of the sales).
The operating result amounts to 65.6 million Euro, equal to 9.7% of sales, a 6% increase over that of 2014 (61.9 million equal to 9.7% of the sales), due to higher depreciation and provisions for Euro 1.8 million.
The net profit was Euro 32.4 million (Euro 29.2 million at the end of 2014) an 11.2% increase.
The cash flow amounted to Euro 112.9 million (16.7% of sales), up by Euro 6.7 million compared to 2014 (equal to Euro 106.2 million).
The investments recorded equal 84.7 million Euro (94.5 million in 2014).
The average number of staff employed as at December 31, 2015 totalled 2,941 (2,695 as at December 31, 2014).
The net current borrowing of the Group is equal to 230.1 million Euro (212.7 million as at December 31, 2014).

Management trend

During 2015, the technical gas sector showed a growth in sales of 3.4% over the previous year for a turnover of Euro 363.6 million, with volumes slightly increasing in some of the target markets.
The sales growth was more marked in European countries than in Italy and was greater especially in the metallurgical and food industries.
The hospital sector, instead, remained stable due to prices affected by spending review policies.
The home care activity experienced positive growth (+8.7% for a turnover equal to Euro 339.8 million) above all in foreign countries, thanks to an ongoing commitment to the development of new products and services, that support and integrate oxygen therapy activities.
Concerning costs, EBITDA grew, despite the production ceasing at the leading customer Acciaierie Lucchini of Piombino.
The net operating result, also increased over 2014, notwithstanding depreciation and provisions for a total of 1.8 million Euro.
The Group's net indebtedness increased only by Euro 17.4 million, essentially as a result of technical and investments and acquisitions made during the year.
The debt/equity ratios remain very sound; debt/equity ratio 0.50 and cash flow cover 1.55.
During 2015, technical gas reserves remained within the safety levels while some sites worked at less than their capacity. In particular, the Piombino plant had zero output as a result of the Lucchini steelworks having ceased production.
During 2015 the SOL Group recorded an increase and continued the training and qualification of personnel in order to improve the professional quality to achieve the development goals of the Group.

Performance on the Stock Exchange

The SOL stock started year 2015 at 6.66 Euro and ended on December 30, 2013 at 8.26 Euro.
During the year, the stock achieved a maximum listed price of Euro 8.92, while the minimum came to Euro 6.57.

Quality, Safety, Health and Environment

The focus on issues of quality management, health, safety and environment was constantly active throughout 2015 with an intense internal auditing activity and with verifications by third parties, being Notified Bodies for Certification and Auditing Bodies of the Public Administration. All of these verifications have always had a positive outcome.
Overall, the certifications obtained over the years pursuant to international standards ISO 9001, ISO 14001, ISO 13485, OHSAS 18001, ISO 22000 - FSSC 22000, ISO 50001, ISO 27001 were not only renewed but extended to other operational sites of the Group.
The certification status was also confirmed for the enforcement of the PED directive in the internal production of vaporisers and of the 93/42 Directive for the production of medical devices.
Our UNI EN ISO 17025:2005 certification was also confirmed in 2015, for the medical gas analysis methods used in our laboratory of the Monza plant, that has maintained the status of Testing laboratory approved and certified by ACCREDIA.
Within the technical gas activities, third party certifications obtained in previous years were confirmed. To date, the certification status (ISO 9001) of the individual sites has reached 33 sites in Italy and 34 sites abroad.
ISO 14001 certification as applied in 7 sites in Italy and 3 sites abroad was also confirmed. Certification of the safety management system according to the OHSAS 18001 standard is applied in 31 sites in Italy and 2 sites abroad.
Furthermore, concerning the activities related to technical gas, the excellence certification status (ISO 9001, ISO 14001, OHSAS 18001) was confirmed, maintaining European EMAS Registration for the Verona and Mantua plants. Work also continued on the implementation of the Responsible Care Programme and in accordance with the principles of corporate Social Responsibility. Timely implementation of the Responsible Care program was also verified by our internal audits, as the third party audit certificate remained valid throughout the year.
All CE marking certifications have been duly renewed, those CE markings which relate, as a medical device, to medical gas distribution systems, vacuum systems and anaesthetic gas, gas and mixture evacuation plants, gas pressure reducers and other medical products, in addition to the CE marking according to the PED directive. A total of 50 technical files were registered with CE marking.
Within the sphere of home-care activities, third party certification obtained in previous years was confirmed. To date, the certification status (ISO 9001) of the Vivisol sites has reached 23 sites in Italy and 15 sites abroad.
The ISO 14001 certification of Vivisol Srl headquarters and of other 7 sites abroad was also confirmed. Certification of the safety management system according to the OHSAS 18001 standard, applied in 20 sites in Italy and 6 sites abroad, was also confirmed.
All of the Integrated Environmental Certifications achieved have been confirmed over the previous years for our sites of first transformation, with transparency criteria towards the public and local media.
Also during 2015, systematic monitoring of the indirect environmental impacts that our activities may influence was continued. The number of installations in place at the sites of the Customers with technical gas self-generation plants called “plants on site” resulted in an increase compared to the previous year. This solution, an alternative to the traditional supply of cylinders or liquefied cryogenic gas that occurs by means of road transportation, involves a benefit of “zero kilometres” travelled by trucks in addition to a different production cycle with en-

ergy consumption lower than the centralised production plant with a consequent reduction in the release of carbon dioxide (CO_2) into the environment. By applying the Life Cycle Assessment technique the final 2015 figure shows an equivalent CO_2 figure not released in the environment totalling 20,452 tons.
In May 2015 we published a new edition of the Group Sustainability Report (for 2014) further enhanced with data from the foreign companies of the Group.
The Sustainability Report was structured according to the principles of the Global Reporting Initiative (GRI) international standard.

Pharmaceutical - Regulatory Activities

The group's pharmaceutical activities, both in Italy and abroad, continued intensely, especially with regard to regulations.
The most significant elements of 2015 were:
- the confirmation of 96 Marketing Authorization (6 for the Italian market and 90 for European markets) which have been subject to many variations;
- the increase to a total of 60 Pharmaceutical Plants, of which 26 in Italy and 34 abroad.

During 2015 the drug supervision and scientific service activities were expanded further and techniques for preparation of the "Product Quality Reviews" were further refined.
The activities of validation of processes and software also continued, an exceedingly important activity in the production of the drugs. The number of Qualified Persons dedicated to the regulatory pharmaceutical activities within the scope of the Group remained over 70 persons.

SOL Group investments

During the financial year 2015 investments were made for 45.8 million Euro in the "technical gases" sector, of which 17.4 million Euro by the parent company SOL Spa, and 38.9 million Euro in the "home care" sector as detailed below:
- In Sicily the construction of a new plant for the primary production of air separation gases was initiated.
- In the Piombino plant, two nitrogen production systems were installed, to supply the main customers.
- Many investments were made in Mantua, at the main primary production plant production of technical gasses, to further increase the reliability and continuity of the systems.
- Some storage tanks were installed at the Cuneo and Verona plants to improve the management of product stocks available to customers and to increase the efficiency of logistics.
- At the Ravenna plant investments were made to improve the production of compressed hydrogen.
- We purchased the building in Settimo Torinese where we set up the the new facility for secondary production of compressed and liquid gas cylinder filling.
- At the primary facility at Feluy, Belgium, we completed system efficiency improvement measures for the water replenishment system.
- In Bulgaria, SOL Bulgaria doo started the construction of a new modern secondary technical gas cylinder filling plant at its Devnia plant on the Black Sea.
- In Macedonia, we completed the construction of a hydroelectric power station on the Lipkovo river and, at the Skopje plant, we installed a new system for hydrogen production.
- The programme for the modernisation and rationalisation of the secondary plants in Europe continues. This activity affected in particular the units of Ancona, Cremona, Bari and Caserta in Italy, Krefeld and Gersthofen in Germany, Vitrolles in France, Thessaloniki in Greece, Wiener Neustadt in Austria and Bucharest in Romania.

- In India, while activities continue at SICGILSOL Ltd for the construction of a new filling centre at Ranipet, some work started on efficiency improvement and expansion of the primary air separation gas production plant in Trichy, both in the State of Tamil Nadu.
- Various on-site industrial and medical plants were built and activated both in Italy and abroad.
- The means of transport, distribution and sales of products have been enhanced with the purchase of cryogenic tanks, cryogenic liquid distribution reservoirs, cylinders, dewars, electro medical devices, all to sustain the development of the group within all the sectors of activity and geographic areas.
- The investments for the improvement of the IT systems in both the technical gases and home care sectors continue.

Major corporate transactions

The following transactions were carried out in 2015:
- In February SOL Spa acquired 99.96 % of FLOSIT SA, based in Nouasser (Casablanca - Morocco) operating in the in the production and marketing of technical gases;
- In July SOL Spa acquired 85 % of Cryolab Srl, based in Rome and operating in biotechnology, cell manipulation and biobanking;
- In July the subsidiary Airsol Srl acquired 60 % of INSPIRAR SA, based in Sao Paulo (Brazil) and active in the home care field;
- In August the subsidiary Vivisol Deutschland GmbH acquired 100 % of Pielmeier Medizintechnik GmbH, based in Oberhaching (Germany) and active in the home care field;
- In December the subsidiary Airsol Srl acquired 100 % of SONOCARE LDA, based in Condeixa-a-Nova (Portugal) and active in the home care field;

Research and development activities

During the year, despite a difficult economic situation, the research that has traditionally characterised, motivated and supported the development of the Group continued, consisting mainly in applied research connected to the development in Europe of new productive and distribution technologies, with the promotion of new applications for technical gases and with the development for new health care services.

Shares of the Parent Company held by Group Companies

We point out that as at 12.31.2015, the Parent Company SOL Spa does not own treasury shares.
The other Companies of the Group did not hold shares of the parent company SOL Spa.
During the 2015 reporting year, no SOL shares were purchased or sold either by the Parent Company itself or by other Group Companies.

Inter-company relations and with related parties

For that which regards transactions executed with related parties, including inter-company, we point out that the same cannot be qualified neither as atypical nor as unusual, forming part of the normal course of business

for Group companies. The said operations are regulated at market conditions, bearing in mind the characteristics of the supplied goods and services.
The information of relations with related parties, including those requested by the Consob Commission of July 28, 2006, are presented in our Explanatory Notes to the Consolidated Financial Statements as at December 31, 2015

Main risks and uncertainties to which the SOL Group is exposed

• Risks related to the general economic trend

The Group performance is affected by the increase or decrease of the gross national product, industrial production, cost of energy products and health expense policies adopted in the different European countries in which the Group works.
The year 2015 was characterised by a slight economic recovery in the countries where the Group operates.

• Risks relevant to the results of the Group

The SOL Group works partially in sectors considerably regulated by economic cycles related to the trend of the industrial production, such as iron, metallurgical, engineering industry and glass manufacture. In the case of an extended decline in business, the growth and profitability of the Group could be partially affected.
Moreover, state policies for reducing health expenses could cause a reduction in margins of the home-care and medical gas sectors.
Concerning the litigation which was ongoing last year between two companies of the Group and the Agenzia Italiana del Farmaco (AIFA) for the 2013 budget allocation of hospital pharmaceutical expenditure for the purposes of the so-called pay back and on the request for correction due to the 2013 expenditure overruns at national level, it should be noted that the TAR Lazio court accepted the appeals lodged, under rulings 08004/2015 and 08005/2015 which have become res judicata, cancelling of AIFA's acts subject to further appeal. The appeals concerning the 2014 budgets, challenged for the same reasons, remain pending. No request for correction for the years beyond 2013 has yet been received from AIFA.
A new situation occurred in 2015, namely that in October the Italian Antitrust Authority (AGCM) initiated proceedings for alleged prohibited agreements among competitors for some public tenders which concerned oxygen and ventilation therapy home services. Fifteen companies in the field are involved in the case, including two companies of the SOL group. The procedure is still in its preliminary phase and should, however, be completed by December 31, 2016.

• Risks related to fund requirements

The SOL Group carries on an activity that entails considerable investments both in production and in commercial equipment and expects to face up to requirements through the flows deriving from the operational management and from new loans.
Operations are expected to continue to generate adequate financial resources while the use of new loans, despite the excellent financial position of the Group, will encounter increasing spreads and probably greater difficulties in obtaining long-term loans compared to the past.

Other financial risks

The Group is exposed to financial risks associated with its business operations:

- credit risk in relation to normal trade transactions with customers;
- liquidity risk, with particular reference to the raising of financial resources associated with investments and the financing of working capital;
- market risks (mainly relating to exchange and interest rates, and to commodity costs), in that the Group operates at international level in different currency areas and uses financial instruments that generate interest.

Credit risk

The granting of credit to end customers is subject to specific assessments by means of structured credit facility systems.
Positions amongst trade receivables (if individually significant) for which objective partial or total non-recoverability is ascertained, are subject to individual write-down. Provisions are made on a collective basis for receivables that are not subject to individual write-down, taking into account the historic experience and the statistical data.
It should be noted that the continuing difficult economic situation of Greece, a country where the Group has been operating for years, could lead to uncertainties, currently not quantifiable, regarding the possibility of collecting receivables from public hospitals in the country and the repayment of Greek Government bonds in our portfolio.

Liquidity risk

The liquidity risk may manifest with regards to the inability to raise the financial resources necessary for the anticipated investments under good economic conditions and for financing working capital.
The Group has adopted a series of policies and processes aimed at optimising the management of the financial resources, reducing the liquidity risk, such as the maintenance of an adequate level of available liquidity, the obtaining of adequate credit facilities and the systematic monitoring of the forecast liquidity conditions, in relation to the corporate planning process.
Management believes that the funds and the credit facilities currently available, in addition to those that will be generated by operating and financing activities, will permit the Group to satisfy its requirements deriving from activities for investments, working capital management and debt repayments on their natural maturity dates.

Exchange rate risk

In relation to the sales activities, the Group companies may find themselves with trade receivables or payables denominated in currencies other than the reporting currency of the company that holds them.
A number of Group subsidiary companies are located in countries that do not belong to the European Monetary Union, in particular Switzerland, Bosnia, Croatia, Serbia, Albania, Macedonia, Bulgaria, Romania, United Kingdom, India, Turkey, and Brazil. Since the reference currency for the Group is the Euro, the income statements of these companies are translated into Euro using the average exchange rate for the period and, revenues and margins in local currency being equal, changes in interest rates may have an effect on the equivalent value in Euro of revenues, costs and economic results.

Assets and liabilities of the consolidated companies whose reporting currency is not the Euro, can adopt equivalent values in Euro that differ depending on the performance of the exchange rates. As envisaged by the accounting standards adopted, the effects of these changes are booked directly to shareholders' equity, under the item "Other reserves".
Some Group companies purchase electric energy that is used for the primary production of technical gasses. The price of electricity is affected by the Euro/dollar rate of exchange and by the price trend of energy raw materials. The risk related to their fluctuations is mitigated by stipulating, as much as possible, fixed price purchase contracts or with a fluctuation measured on a not very short time period. Moreover, long-term supply contracts to customers are index-linked in such a way as to cover the fluctuation risks shown above.
The parent company has two debentures loans in force for a total of 95 million USD. The exchange rate risk was hedged with a Cross Currency Swap transaction in Euro on the entire amount of the loans and for the entire duration (12 years). The fair value of the CCS as at December 31, 2015 was positive for Euro 8,028 thousand.

Interest rate risk

The interest rate risk is handled by the Parent Company by means of the centralisation of the majority of the medium/long-term debt and an adequate division of the loans between fixed rate and floating rate favouring, when possible and convenient, medium/long-term debt with fixed rates, also by operating through specific Interest Rate Swap agreements.
Some Group companies have stipulated Interest Rate Swap agreements linked to floating rate medium-term loans with the aim of ensuring a fixed rate on said loans. The notional value as at December 31, 2015 is equal to Euro 78,284 thousand and the negative fair value is equal to Euro 3,069 thousand.

Risks relevant to the personnel

In the different countries in which the Group operates, employees are protected by different laws and/or collective labour contracts that guarantee them the right to be consulted on specific issues - including the downsizing and closing of departments and the reduction of employees - through representations. This could affect the Group's flexibility in redefining strategically its own organisations and activities.
The management of the Group consists of persons of proven expertise and normally having a long experience in the sectors in which the Group operates. The replacement of any person in the management may require a long period of time.

Risks relevant to the environment

The products and the activities of the SOL Group are subject to more and more complex and strict authorisation and environmental rules and regulations. This concerns manufacturing plants subject to regulations on emissions in the atmosphere, waste disposal, waste water disposal and land contamination ban.
High charges should be shouldered in order to observe such regulations.

Tax risks

The SOL Group is subject to taxation in Italy and in several other foreign jurisdictions.
The various companies of the Group are periodically subject to the competent tax authorities of the countries in which they operate auditing their tax returns.
As in the past, they are accurately assessed and any problems identified in tax audits, if necessary, are suitably challenged.
At present litigation in Italy is in progress, which we deem unfounded, on the matter of "Transfer pricing".
Given the considerable uncertainty that surrounds this matter, we can provide no assurance that the conclusion of the litigation will not have a negative outcome and therefore have an impact on the Group's profitability.

Activity of direction and coordination (pursuant to art. 37, subsection 2 of the Consob Market Regulations)

In the shareholding structure of SOL Spa a controlling shareholder is present, Gas and Technologies World BV (in turn controlled by Stichting Airvision, a foundation under Dutch law), that holds 59.978 % of the share capital.
Neither Gas and Technologies World BV nor Stichting Airvision exercise the activity of direction and coordination of SOL Spa pursuant to art. 2497 of the Italian Civil Code, as the majority shareholder, a holding company, is limited to exercising the rights and prerogatives of each shareholder and does not get involved, with the management of the Company (fully entrusted to the autonomous decisions of the Board of Directors of SOL Spa).

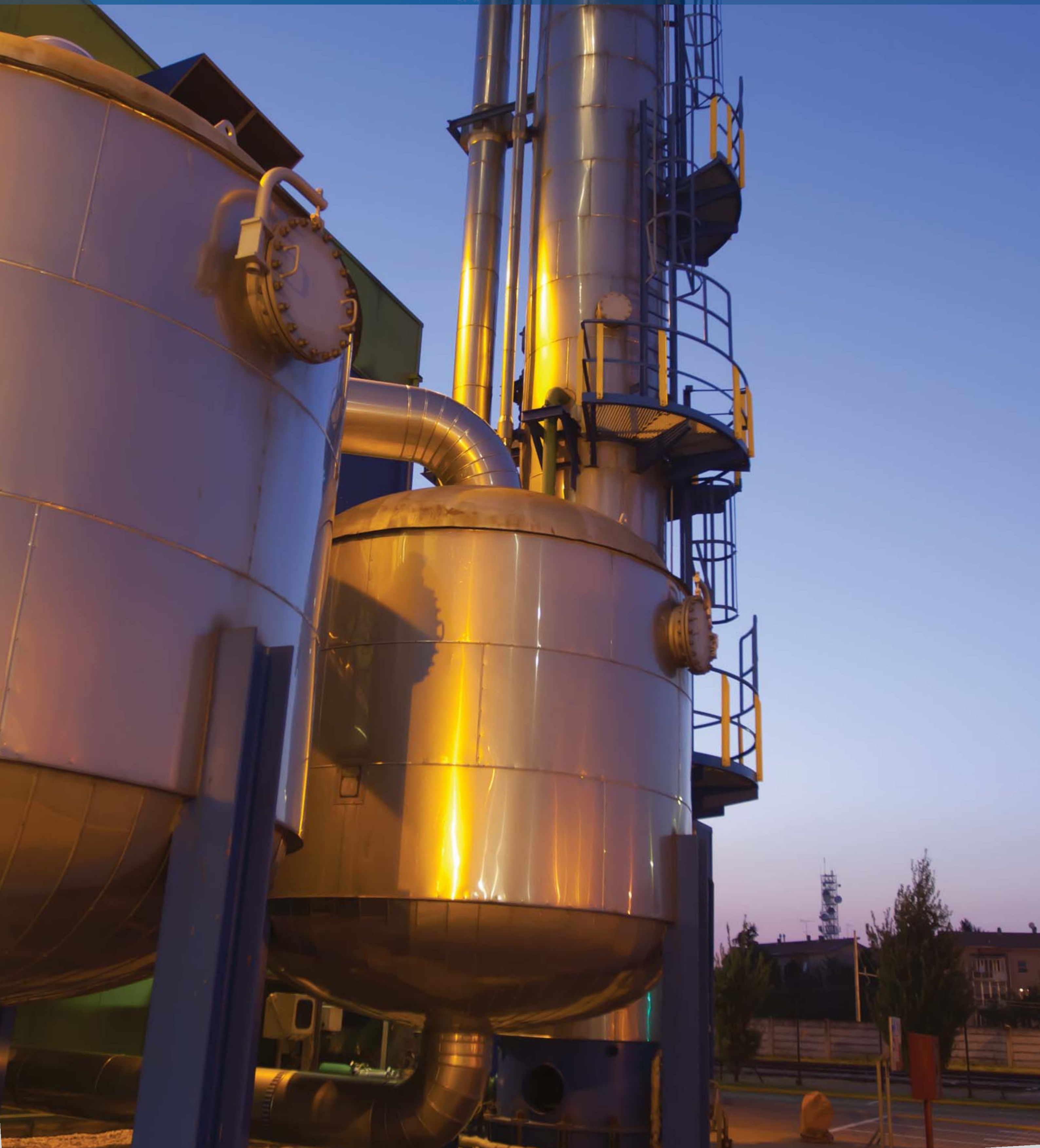
Important facts occurring after the end of the financial year 2015 and business outlook.

No significant events have occurred after the end of the year.
Concerning 2016, we expect a period characterised by a slight recovery of the economic situation.
In this context, we aim to achieve further growth in sales and profitability.
The SOL Group shall continue to pursue, therefore, the objective of the development, especially in foreign markets, constantly paying attention to the rationalisation of the activities, and continuing to invest in plants, sales, diversification and innovation tools.

Monza, March 30 2016

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

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



Consolidated income statement SOL Group

(in thousands of Euro)	Notes	12.31.2015	%	12.31.2014	%
Net Sales	1	**674,216**	**100.0%**	636,359	100.0%
Other revenues and proceeds	2	4,942	0.7%	4,100	0.6%
Internal works and collections	3	14,397	2.1%	14,289	2.2%
Revenues		**693,555**	**102.9%**	654,748	102.9%
Purchase of materials		167,211	24.8%	157,320	24.7%
Services rendered		208,540	30.9%	192,947	30.3%
Change in stock		(3,559)	-0.5%	(978)	-0.2%
Other costs		30,824	4.6%	30,344	4.8%
Other costs	4	**403,016**	**59.8%**	379,633	59.7%
Added value		**290,539**	**43.1%**	275,115	43.2%
Cost of labour	5	142,130	21.1%	132,196	20.8%
Gross operating margin		**148,409**	**22.0%**	142,919	22.5%
Depreciation/amortisation	6	78,470	11.6%	75,473	11.9%
Other provisions	6	4,345	0.6%	5,580	0.9%
Non-recurrent income/charges	6	-	0.0%	-	0.0%
Operating result		**65,594**	**9.7%**	61,867	9.7%
Financial income		4,308	0.6%	2,787	0.4%
Financial charges		(13,234)	-2.0%	(11,932)	-1.9%
Income from investments		(610)	-0.1%	(1,293)	-0.2%
Total financial income / (charges)	7	**(9,536)**	**-1.4%**	(10,439)	-1.6%
Profit (Loss) before income taxes		**56,057**	**8.3%**	51,428	8.1%
Income taxes	8	21,648	3.2%	20,703	3.3%
Net result from business activities		**34,409**	**5.1%**	30,726	4.8%
Net result from intermittent activities		-	0.0%	-	0.0%
(Profit) / Loss pertaining to minority interests		(1,968)	-0.3%	(1,545)	-0.2%
Net Profit / (Loss)		**32,441**	**4.8%**	29,181	4.6%
Earnings per share		**0.358**		0.322	

Consolidated statement of comprehensive income SOL Group

(In thousands of Euro)	12.31.2015	12.31.2014
Profit/(Loss) for the year (A)	**34,409**	30,726
Components that will never be reclassified in the Income Statement		
Actuarial profits / (losses)	1,029	(3,135)
Tax effect	(282)	862
Total components that will never be reclassified in the Income Statement (B1)	**747**	(2,273)
Components that can be reclassified in the Income Statement		
Profits / (losses) on cash flow hedge instruments	10,172	6,406
Profits / (losses) deriving from conversion offinancial statements of foreign companies	858	1,359
Tax effect related to other profits (losses)	(2,798)	(1,761)
Total components that can be reclassified in the Income Statement (B2)	**8,232**	6,004
Total other profits / (losses) net of the tax effect (B1) + (B2) = (B)	**8,979**	3,731
Overall result for the period (A+B)	**43,389**	34,457
Attributable to:		
- shareholders of the parent company	41,597	32,920
- minority interests	1,792	1,537

Consolidated statement of financial position SOL Group

(In thousands of Euro)	Notes	12.31.2015	12.31.2014
Tangible fixed assets	9	433,651	417,726
Goodwill and consolidation differences	10	56,342	39,351
Other intangible fixed assets	11	11,635	10,719
Equity Shareholdings	12	10,552	8,881
Other financial assets	13	19,436	8,107
Prepaid taxes	14	6,107	5,957
Non-current assets		**537,722**	490,742
Non-current assets held for sale		**-**	**-**
Inventories	15	39,024	35,087
Trade receivables	16	242,822	232,988
Other current assets	17	28,231	17,511
Current financial assets	18	5,402	2,906
Accrued income and prepaid expenses	19	5,299	5,230
Cash and cash at bank	20	101,989	95,665
Current assets		**422,766**	389,387
TOTAL ASSETS		**960,488**	880,129
Share capital		47,164	47,164
Share premium reserve		63,335	63,335
Legal reserves		10,459	10,459
Treasury shares reserves in portfolio		-	-
Other reserves		287,106	256,134
Profits (losses) carried forward		2,473	2,281
Net profit		32,441	29,181
Group net equity		**442,978**	408,554
Shareholders' equity minority interests		13,186	11,770
Profits pertaining to minority interests		1,968	1,545
Shareholders' equity minority interests		**15,154**	13,315
SHAREHOLDERS' EQUITY	21	**458,132**	421,869
Employee severance indemnities and other benefits	22	14,250	15,197
Deferred tax fund	23	2,709	2,732
Provisions for risks and charges	24	956	1,318
Payables and other liabilities	25	301,691	274,875
Non-current liabilities		**319,606**	294,122
Non-current liabilities held for sale		**-**	-
Due to banks		2,975	2,531
Trade accounts payable		88,960	83,454
Other financial liabilities		48,573	37,015
Tax payables		11,523	12,787
Accrued expenses and deferred income		12,624	10,818
Other current liabilities		18,096	17,533
Current liabilities	26	**182,750**	164,138
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**960,488**	**880,129**

Consolidated cash flow statement SOL Group

(in thousands of Euro)	12.31.2015	12.31.2014
CASH FLOWS GENERATED BY OPERATING ACTIVITIES		
Profit for the year	**32,441**	29,181
Minority interests in profit/loss	**1,968**	1,545
Adjustments relevant to items that do not have an affect on liquidity		
Depreciation/amortisation	78,470	75,473
Financial charges	10,357	9,506
Accrued employee severance indemnities and other benefits	1,515	647
Provisions (use) provisions for risks and charges	(387)	(1,448)
Total	**124,364**	114,904
Changes in current assets and liabilities		
Inventories	(3,530)	(1,019)
Receivables	(17,191)	13,910
Prepayments and accrued income	(13)	(1,261)
Suppliers	3,851	4,783
Other payables	(4,417)	(2,383)
Interests paid	(10,258)	(9,157)
Accrued expenses and deferred income	1,154	(512)
Tax payables	(1,264)	5,247
Total	**(31,668)**	9,608
Cash flow generated by operating activities	**92,696**	124,512
CASH FLOWS GENERATED BY INVESTMENT ACTIVITIES		
Acquisitions, revaluations and other changes in tangible fixed assets	(86,532)	(96,645)
Net book value of assets sold	998	2,358
Increases in intangible assets	(4,693)	(3,689)
(Increase) decrease in investments	(10,827)	(265)
(Increase) decrease of shareholdings and business units	(22,240)	(33,071)
(Increase) decrease in current financial assets	(2,495)	(255)
Total	**(125,789)**	(131,567)
CASH FLOWS FROM FINANCIAL ASSETS		
Repayment of loans	(59,809)	(37,325)
Raising of new loans	65,050	80,000
Repayment of bonds	(4,794)	-
Issue of bonds	40,000	-
Dividends paid	(10,903)	(9,456)
Employee severance indemnities and benefits paid	(2,462)	2,699
Other changes in shareholders' equity		
- translation differences and other changes	11,962	5,328
- changes in shareholders' equity – minority interests	(71)	(1,233)
Total	**38,973**	40,013
INCREASE (DECREASE) IN CASH IN HAND AND AT BANK	**5,880**	32,958
CASH IN HAND AND AT BANK AT BEGINNING OF YEAR	**93,134**	60,176
CASH IN HAND AND AT BANK AT END OF YEAR	**99,014**	93,134

Statement of changes in consolidated shareholders' equity SOL Group

(in thousands of Euro)	Share Capital	Share premium reserve	Legal reserves	Other reserves	Net Profit	Total group shareholders' equity	Total shareholders' equity pertaining to minority interests	Total shareholders' equity
Balance as at 01.01.2014	47,164	63,335	9,457	241,915	21,629	383,500	12,573	**396,073**
Allocation of 2013 profit	-	-	1,002	11,171	(12,173)	-	-	-
Dividend distribution	-	-	-	-	(9,456)	(9,456)	-	(9,456)
Other consolidation changes	-	-	-	1,590	-	1,590	(795)	795
Profit / (loss) for the financial year				3,739	29,181	32,920	1,537	34,456
Balance as at 12.31.2014	47,164	63,335	10,459	258,415	29,181	408,554	13,315	**421,869**
Allocation of 2014 profit	-	-		19,204	(19,204)	-	-	
Dividend distribution	-	-	-	-	(9,977)	(9,977)	-	(9,977)
Other consolidation changes	-	-	-	2,805	-	2,805	47	2,852
Profit / (loss) for the financial year	-	-	-	9,156	32,441	41,597	1,792	43,389
Balance as at 12.31.2015	47,164	63,335	10,459	289,580	32,441	442,979	15,154	**458,132**

Explanatory notes

The 2015 consolidated financial statements have been drawn up in accordance with the International Accounting Principles (IFRS) established by the International Accounting Standards Board and approved by the European Union. The IFRS are understood to also be all the international accounting standards reviewed ("IAS"), all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").
The financial statements are prepared on the basis of the historical cost principle, amended as requested for the valuation of various financial instruments, as well as on a going concern basis. The SOL Group, in fact, evaluated that no significant uncertainties exist (as defined by paragraph 25 of accounting standard IAS 1) on the principle of going concern
The income statement has been drawn up with the allocation of the costs by nature; the balance sheet has been prepared in accordance with the format that highlights the separation of the "current/non-current" assets and liabilities, while the indirect method was adopted for the statement of cash flows.
In the income statement, income and costs deriving from non-recurring operations have been separately shown.
The analysis of the income statement and the consolidated statement of financial position and cash flow statement has also been carried out, in accordance with the matters anticipated by IAS 14, highlighting the contribution of the "Technical gases" and "Home-care service" activity sectors taken as primary sectors and providing the most important data relating to the activities by geographic area, Italy and other countries, identified as secondary sectors.
Further to the enforcement of Legislative Decree no. 38 of February 28, 2005, implementing in the Italian regulations the European Regulation No. 1606/2002, companies with securities admitted for trading on Member European Union States' regulated markets must from 2006 draw up their financial statements in accordance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB), as approved by the EU Commission.
The financial statements and the notes to the financial statements have been prepared supplying also the additional information on diagrams and budget disclosure provided by Consob resolution no. 15519 and by Consob notification no. 6064293 issued on July 28, 2006.

Group composition and scope of consolidation

The consolidated financial statements comprise the financial statements as at December 31, 2015 of the Parent Company SOL Spa and of the following companies, which are, pursuant to Article 38.2 of Italian Legislative Decree No. 127/91:

a) companies controlled directly and indirectly, consolidated on a line-by-line basis:

Company Name and Registered Office	Notes		Share Capital	Ownership percentage Direct	Indirect	Total
AIRSOL Srl - Monza		EUR	7,750,000	100.00%		100.00%
BTG Bvba - Lessines		EUR	5,508,625		100.00%	100.00%
BEHRINGER Srl - Genoa		EUR	102,000	2.00%	49.00%	51.00%
BiotechSol Srl - Monza		EUR	110,000	51.00%	49.00%	100.00%
CTS Srl - Monza		EUR	156,000	100.00%		100.00%
Cryolab Srl - Rome		EUR	10,000	85.00%		85.00%
DIATHEVA Srl - Fano		EUR	31,566	51.00%		51.00%
Dolby Healthcare Limited - Stirling		GBP	300,100		100.00%	100.00%
Dolby Medical Home Respiratory Care Limited - Stirling		GBP	15,100		100.00%	100.00%
Energetika ZJ doo - Jesenice		EUR	999,602	100.00%		100.00%
FLOSIT SA - Casablanca		MAD	12,000,000	99.96%	0.03%	99.99%
France Oxygene Sarl - Avelin		EUR	1,300,000		100.00%	100.00%
GTS ShpK - Tirana		ALL	292,164,000	100.00%		100.00%
GTH GAZE INDUSTRIALE SA - Bucharest		RON	11,276,497	99.99%		99.99%
HYDROENERGY ShpK - Tirana		ALL	228,928,950	75.00%		75.00%
ICOA Srl - Vibo Valentia		EUR	45,760	97.60%		97.60%
Il Point Srl - Verona		EUR	98,800		65.00%	65.00%
Inspirar SA - San Paolo		BRL	8,162,765		60.00%	60.00%
KISIKANA doo - Sisak		HRK	28,721,300		62.79%	62.79%
MBAR Assistance Respiratoire Sas - Ballan Mire		EUR	7,622		100.00%	100.00%
MEDES Srl - Settimo Milanese		EUR	10,400	51.00%		51.00%
Pielmeier Medizintechnik GmbH - Oberhaching		EUR	25,000		100.00%	100.00%
RL Dolby (Services) Limited - Stirling		GBP	3		100.00%	100.00%
SOL Bulgaria EAD - Sofia		BGN	7,254,360	100.00%		100.00%
SOL Deutschland GmbH - Krefeld		EUR	7,000,000		100.00%	100.00%
SOL France Sas - Cergy Pontoise		EUR	13,000,000		100.00%	100.00%
SOL Gas Primari Srl - Monza		EUR	500,000	100.00%		100.00%
SOL Hellas SA - Magoula		EUR	9,710,697		99.72%	99.72%
SOL Hungary KFT - Budapest		HUF	50,000,000		100.00%	100.00%
SOL Hydropower doo - Skopje		MKD	2,460,200	100.00%		100.00%
SOL Kohlensaure GmbH & Co. KG - Burgbrohl		EUR	20,000	100.00%		100.00%
SOL Kohlensaure Verwaltungs GmbH - Burgbrohl		EUR	25,000		100.00%	100.00%
SOL Kohlensaure Werk GmbH & Co. KG - Burgbrohl		EUR	10,000		100.00%	100.00%
SOL Nederland BV - Tilburg		EUR	2,295,000	100.00%		100.00%
SOL SEE doo - Skopje		MKD	497,554,300	97.16%	2.83%	99.99%
SOL Srbija doo - Nova Pazova		RSD	317,193,834	67.16%	32.80%	99.96%
SOL T.G. GmbH - Wiener Neustadt		EUR	726,728	100.00%		100.00%
SOL TK AS - Istanbul		TRY	4,700,000		100.00%	100.00%
SOL Welding Srl - Costabissara		EUR	100,000	100.00%		100.00%
SOL-INA doo - Sisak		HRK	58,766,000	62.79%		62.79%
SOL-K ShpK - Pristina	1	EUR	3,510,000	99.72%	0.28%	100.00%
SONOCARE Lda - Condeixa-a-Nova		EUR	100,000		100.00%	100.00%
SPG - SOL Plin Gorenjska doo - Jesenice		EUR	8,220,664	54.85%	45.15%	100.00%
TGP AD - Petrovo		BAM	1,177,999	60.96%	19.87%	80.83%
TGT AD - Trn		BAM	970,081	75.18%		75.18%
TPJ doo - Jesenice		EUR	2,643,487	64.11%	35.89%	100.00%
Tesi Srl Tecnologia & Sicurezza - Milan		EUR	14,489	65.00%		65.00%
TGS AD - Skopje		MKD	413,001,942	99.81%		99.81%
UTP doo - Pula		HRK	15,093,800		61.53%	61.53%
Vivicare GmbH - Neufahrn bei Freising		EUR	25,000		100.00%	100.00%
VIVISOL Adria doo - Jesenice		EUR	7,500		100.00%	100.00%
VIVISOL B Sprl - Lessines		EUR	162,500	0.08%	99.92%	100.00%
VIVISOL Calabria Srl - Vibo Valentia		EUR	10,400		98.32%	98.32%
VIVISOL Deutschland GmbH - Neufahrn bei Freising		EUR	2,500,000		100.00%	100.00%
VIVISOL France Sarl - Vaux le Penil		EUR	3,503,600		100.00%	100.00%
VIVISOL Heimbehandlungsgeräte GmbH - Vienna		EUR	726,728		100.00%	100.00%
VIVISOL Hellas SA - Athens		EUR	1,350,000		100.00%	100.00%
VIVISOL Iberica SLU - Arganda del Rey		EUR	5,500,000		100.00%	100.00%
VIVISOL Napoli Srl - Marcianise		EUR	98,800		81.00%	81.00%
VIVISOL Nederland BV - Tilburg		EUR	500,000	100.00%		100.00%
VIVISOL Silarus Srl - Battipaglia		EUR	18,200		56.70%	56.70%
VIVISOL Srl - Monza		EUR	2,600,000	51.00%	49.00%	100.00%
VIVISOL TK AS - Istanbul		TRY	2,000,000		80.00%	80.00%

1) The Group's share as at December 31, 2015 includes a 46% equity investment of Simest Spa; under an agreement entered into between SOL Spa. and Simest on June 11, 2010, SOL Spa is under obligation to repurchase the entire Simest share by June 30, 2018.

b) jointly controlled companies, consolidated by adopting the equity method:

Company Name and Registered Office		Share capital	Ownership percentage
CT Biocarbonic GmbH - Zeitz	EUR	50,000	50.00%
SICGILSOL India Private Limited - Chennai	INR	409,366,700	60.99%

c) non-consolidated subsidiary companies:

Company Name and Registered Office		Share capital	Ownership percentage
BT GASES Ltd - Harrietshame	GBP	1.00	100.00%
GTE Sl - Barcellona	EUR	12,020.24	100.00%
ZDS Jesenice doo - Jesenice	EUR	10,000	75.00%

The companies BT GASES Ltd and GTE They were not consolidated since they are dormant.
The company ZDS Jesenice doo was not consolidates since it is administrated by a minority shareholder.

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

Company Name and Registered Office		Share capital	Ownership percentage
CONSORGAS Srl - Milan	EUR	500,000	25.79%

Equity investments in other companies were carried at cost, as they cannot be included among subsidiary and associated companies.

The scope of consolidation between December 31, 2015 and December 31, 2014 underwent the following changes:

- by means of the inclusion of the FLOSIT SA company acquired in February 2015.
- by means of the inclusion of the Cryolab Srl company acquired in July 2015.
- by means of the inclusion of the Inspirar SA company acquired in July 2015.
- by means of the inclusion of the Società Pielmeier Medizintechnik GmbH company acquired in August 2015.
- by means of the inclusion of the SONOCARE Unipessoal Lda company acquired in December 2015.

Accounting and consolidation standards

General standards

The consolidated financial statements of the SOL Group have been drawn up in Euro since this is the legal tender of the economies in the countries where the Group operates. The balances of the consolidated financial statement items, taking into account their importance, are expressed in thousands of Euro. Foreign subsidiaries are included in accordance with the principles described in the section "Consolidation principles - Consolidation of foreign companies".

Consolidation standards

Subsidiaries

These are companies over which the Group exercises control. Such control exists when the Group has the power, directly or indirectly, to determine the financial and operating policies of a company, for the purpose of obtaining the benefits from its activities. The financial statements of the subsidiary companies are included in the consolidated financial statements as from the date when control over the company was taken up until the moment said control ceases to exist. The portions of shareholders' equity and the result attributable to minority shareholders are indicated separately in the consolidated balance sheet and profit & loss account, respectively. Dormant subsidiaries are not included in the consolidated financial statements.

Jointly controlled companies

These are companies in which the Group exercises or joint control as defined by IFRS 11 - Joint Agreement. The consolidated financial statements include the portion pertaining to the Group of the results of the jointly controlled companies, recorded using the equity method, as from the date on which the significant influence started and until it ceases to exist.

Affiliated companies

These are companies in which the Group does not exercise control or joint control, over the financial and operating policies. The consolidated financial statements include the portion pertaining to the Group of the results of the associated companies, recorded using the equity method, as from the date on which the significant influence started and until it ceases to exist.

Equity investments in other companies

Equity investments in other companies (normally involving a percentage ownership of less than 20%) are carried at cost and possibly written down to reflect any permanent losses in value. Dividends received from these companies are classified under the item Profit (loss) from equity investments.

Transactions eliminated during the consolidation process

All the balances and the significant transactions between Group companies, as well as unrealised gains and losses on inter company transactions, are eliminated during the preparation of the consolidated financial statements. Any unrealised gains or losses generated on transactions with associated companies are eliminated in relation to the value of the Group's shareholding in said companies.

Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate in force as of the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the exchange rate in force as of the balance sheet date. Exchange differences arising from the settlement of monetary items or from their translation at exchange rates different from those used at the time of initial recording during the year or in previous financial statements, are booked to the income statement.

Consolidation of foreign companies

All the assets and liabilities of foreign companies denominated in currency other than the Euro which are included within the scope of consolidation are converted using the exchange rates in force as of the balance sheet date (current exchange rate method). Income and costs are translated using the average rate for the year. The exchange differences emerging from the application of this method are classified as an equity account until the equity investment is disposed of.
Goodwill and adjustments to the fair value generated by the acquisition of a foreign company are stated in the relevant currency and translated using the period-end exchange rate.

The rates of exchange used for converting the financial statements not expressed in Euro are indicated in the table below:

Currency		Rate of exchange on 12.31.2015		Rate of exchange for 2015		Rate of exchange on 12.31.2014		Rate of exchange for 2014
Macedonian Dinar	Euro	0.01627	Euro	0.01625	Euro	0.01628	Euro	0.01624
Serbian Dinar	Euro	0.00823	Euro	0.00829	Euro	0.00826	Euro	0.00853
Moroccan Dirham	Euro	0.09269	Euro	0.09247	Euro	-	Euro	-
Hungarian Forint	Euro	0.00316	Euro	0.00323	Euro	0.00317	Euro	0.00324
Croatian Kuna	Euro	0.13092	Euro	0.13134	Euro	0.13058	Euro	0.13099
Albanian Lek	Euro	0.00730	Euro	0.00716	Euro	0.00714	Euro	0.00715
Bulgarian Lev	Euro	0.51130	Euro	0.51130	Euro	0.51130	Euro	0.51130
Turkish Lira	Euro	0.31481	Euro	0.33053	Euro	0.35311	Euro	0.34406
Convertible Mark	Euro	0.51130	Euro	0.51130	Euro	0.51130	Euro	0.51130
New Romanian Leu	Euro	0.22104	Euro	0.22495	Euro	0.22307	Euro	0.22504
Brazilian Real	Euro	0.23193	Euro	0.27024	Euro	-	Euro	-
Indian Rupee	Euro	0.01388	Euro	0.01405	Euro	0.01303	Euro	0.01234
English Pound	Euro	1.36249	Euro	1.37770	Euro	1.28386	Euro	1.24051

Business combinations

The business combinations are accounted for in accordance with the acquisition method. According to this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred and liabilities undertaken by the Group at the date of acquisition and of the equity instruments issued in exchange for the control of the acquired company. The expenses related to the transaction are generally recognised in the income statement when they are incurred.
The goodwill is determined as the surplus between the sum of the amounts transferred in the business combination, the value of shareholders' equity attributable to minority interests and the fair value of any equity investment previously held in the acquired company compared to the fair value of net assets acquired and liabilities undertaken at the date of acquisition. If the value of the net assets acquired and liabilities undertaken at the date of acquisition exceeds the sum of the amounts transferred, the value of shareholders' equity attributable to minority interests and the fair value of any equity investment previously held in the acquired company, this surplus is immediately recognised in the income statement as income arising from the concluded transaction.
The portions of shareholders' equity attributable to minority interests, at the date of acquisition, can be measured at fair value or at the pro-rata value of net assets recognised for the acquired company. The choice of the measurement method is carried out for each transaction.
Any amount subject to conditions stipulated by the contract of business combination are measured at fair value at the date of acquisition and included in the value of the amounts transferred in the business combination for the purposes of determining the goodwill.

In the case of business combinations that occurred in stages, the equity investment previously held by the Group in the acquired company is revalued at fair value at the date of acquisition of control and any ensuing gain or loss is recognised in the income statement. Any value arising from the equity investment previously held and recorded in Other profits (losses) are reclassified in the income statement as if the equity investment had been transferred.
The business combinations that occurred before January 1, 2010 were recognised according to the previous version of IFRS 3.

Accounting principles

Tangible fixed assets

Cost

Real estate property, plant and machinery are stated at purchase or production cost, inclusive of any related charges. For assets that justify capitalisation, the cost also includes the financial expenses which are directly attributable to the acquisition, construction or production of said assets.
The costs incurred subsequent to purchase are capitalised only if they increase the future economic benefits inherent to the assets to which they refer.
All the other costs are recorded in the income statement when incurred.
Assets held under financial leasing agreements, via which all the risks and benefits associated with the ownership are essentially transferred to the Group, are recorded as Group assets at their current value or, if lower, at the net current value of minimum lease payments due. The corresponding liability owed to the lessor is recorded in the financial statements under financial payables. The assets are depreciated by applying the following method and rates. The recoverability of their value is ascertained in accordance with the approach envisaged by IAS 36 illustrated in the following paragraph "Losses in value on assets".
The costs capitalised for leasehold improvements are attributable to the classes of assets to which they refer and depreciated over the residual duration of the rental contract or the residual useful life of the improvement, whichever period is shorter.
If the individual components of the compound fixed asset are characterised by different useful lives, they are recorded separately so as to be depreciated on a consistent basis with their duration ("component approach"). Specifically, according to this approach, the value of land and of the building which exists on said land are separated and just the building is depreciated.

Depreciation

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

Lands	-	
Buildings	2%	- 10 %
Plants and machinery	7.5%	- 20 %
Manufacturing and commercial equipment	5.5%	- 25 %
Other assets	10%	- 30 %

Public grants

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

Intangible assets

Goodwill and consolidation differences

In the event of the acquisition of businesses, the assets, liabilities and potential liabilities acquired and identifiable are stated at their current value (fair value) as of the date of acquisition. The positive difference between the purchase cost and the portion of the current value of these assets and liabilities pertaining to the Group is classified as goodwill and recorded in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is by contrast stated in the profit & loss account at the time of acquisition.
Goodwill is not amortized, but is subject annually (or more frequently if specific events or changed circumstances indicate the possibility of having suffered a loss in value) to checks in order to identify any reduction in value, carried out at Cash Generating Unit level to which the Company's management charges said goodwill, in accordance with the matters anticipated by IAS 36 Reduction of the value of the assets. After initial recognition, goodwill is valued at cost, net of any accumulated losses in value.
Any write-downs made are not subject to subsequent reinstatement.
At the time of the disposal of a portion or of the whole of a company previously acquired, whose acquisition gave rise to goodwill, account is taken of the corresponding residual value of the goodwill when determining the capital gain or loss on the disposal.
At the time of initial adoption of the IFRS, the Group chose not to retroactively apply IFRS 3 - Aggregations of companies to the acquisitions of businesses that took place prior to January 1, 2004; consequently, the goodwill generated on the acquisitions prior to the date of transition to the IFRS is maintained at the previous value, as are the Consolidation reserves recorded under the shareholders' equity, determined in accordance with the Italian accounting principles, subject to assessment and recognition of any losses in value as of that date.

Other intangible fixed assets

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

Loss in value of assets

The Group periodically assesses the recoverability of the book value of the Intangible assets and the Real estate property, plant and machinery, so as to determine if there is any indication that said assets have suffered a loss in value. If such indication occurs, it is necessary to estimate the recoverable value of the assets in order to establish the entity of the possible loss in value. An intangible fixed asset with an undefined useful life is subject to assessment of any reduction in value each year, or more frequently, if there is indication that the asset may have suffered a loss in value.
When it is not possible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value of the unit generating the financial flows to which the asset belongs.

Financial instruments

The item Equity investments and other non-current financial assets includes the equity investments in non-consolidated companies and other non-current financial assets (securities held with the intention of maintaining them in the portfolio until maturity, non-current receivables and loans and other non-current financial assets available for sale).
Current financial instruments include trade receivables, current securities, other current financial assets and liquid funds and equivalents.
Financial liabilities include financial payables and trade payables.
Equity investments in non-consolidated companies are stated in accordance with the matters established by IAS 28 - Equity investments in associated companies, as described in the previous section "Consolidation principles"; equity investments in other companies are stated at cost net of any write-downs . Other non-current financial assets, as well as current financial assets and financial liabilities, are stated in accordance with the approach established by IAS 39 - Financial instruments: recognition and valuation.
Current financial assets and securities held with the intention of maintaining them in the portfolio until maturity are recorded in the accounts with reference to the date of trading and, at the time of initial registration in the financial statements, are measured at acquisition cost, including any costs related to the transaction.
Subsequent to initial registration, the financial instruments available for sale and those available for trading are stated at current value. If the market price is not available, the current value of the financial instruments available for sale is gauged by means of the most appropriate measurement techniques, such as, for example, the analysis of the discounted back cash flows, made with the market information available as of the balance sheet date.
Gains and losses on financial assets available for sale are recorded directly under shareholders' equity until the moment the financial asset is sold or is written down; then, the accumulated gains or losses, including those previously recorded under shareholders' equity, are recorded in the income statement for the period.
Loans and receivables that the Group does not hold for trading purposes (loans and receivables originated during core business activities), securities held with the intention of being maintained in the portfolio until maturity and all the financial assets for which listings on an active market are not available and whose fair value cannot be determined reliably, are calculated, if they have a pre-established maturity, at depreciated cost, using the effective interest method. When the financial assets do not have a pre-established maturity, they are measured at purchase cost.
Measurements are regularly carried out so as to check if objective evidence exists whether a financial asset or a group of assets have suffered a reduction in value. If objective evidence exists, the loss in value will have to be recorded as a cost in the income statement for the period.
The financial liabilities hedged by derivative instruments are valued in accordance with the formalities established by IAS 39 for hedge accounting applying the following accounting treatments:

- fair value hedge: the profits or losses deriving from valuations at fair value of the hedged instrument are recorded in the income statement
- cash flow hedge: the effective portion of the profits or losses deriving from valuations at fair value of the hedged instrument are recorded in the income statement.

Inventories

Inventories of raw materials, semi-finished and finished products are valued at the lower of cost or market value, cost being determined using the weighted average cost method. The measurement of the inventories includes the direct costs of the materials and the labour and the indirect costs (variable and fixed). Write-down allowances are calculated for materials, finished products and other supplies considered obsolete or slow-moving, taking into account their future expected usefulness or their realisable value.
Contract work in progress is measured on the basis of the stage of completion, net of any advance payments invoiced to customers.
Any losses on these contracts are booked to the income statement in full at the time they become known.

Trade receivables

Receivables are stated at their fair value which corresponds with their estimated realisable value net of the allowance for doubtful accounts, which directly decreases the asset item to which it refers; those expressed in currency other than the Euro have been measured using the period end exchange rate communicated by the European Central Bank.

Cash and cash equivalents

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

Employee benefits

Post-employment benefits are defined on the basis of plans, even though not yet formalised, which in relation to their characteristics are classified as “defined contribution” and “defined benefit”. In defined contribution plans, the company’s obligation is limited to the payment of contributions to the State or to a legally separate entity (so called Fund), and is determined on the basis of contributions due, reduced by amounts already paid over, if any.
The liability for defined benefit plans, net of any assets serving the plan, is determined on the basis of actuarial calculations and is recognised on an accrual basis on a consistent basis with the period of employment necessary to obtain the benefit.
The severance indemnity is classified as a defined benefit plan-type post-employment benefit, the sum of which already accrued must be projected so as to estimate the amount to be paid out on termination of the employment relationship and subsequently discounted back, using the projected unit credit method, which is based on demographic and financial type hypothesis in order to make a reasonable estimate of the sum total of the benefits that each employee has already accrued against their employment services.
By means of the actuarial measurement, the current service cost that defines the sum total of the rights accrued during the year by the employees is charged to the income statement item “payroll and related costs” and the interest cost which represents the figurative liability that the company would incur by requesting the market for a loan for the same amount as the severance indemnity is booked under “financial income/expense”.
The remeasurement components of the net liabilities, which include the actuarial profits and losses, are immediately recorded in the Statement of Comprehensive Income. Such components need not be reclassified in the Income Statement.

Provisions for risks and charges

The Group records provisions for risks and charges when it has a legal or implied obligation vis-à-vis third parties, and it is probable that it will become necessary to use Group resources in order to fulfil the obligation and when a reliable estimate of the sum total of said obligation can be made.
The estimate variations are reflected in the income statement in the period when the variation took place.

Trade payables

Trade payables are recorded at their face value; those expressed in currencies other than the Euro have been stated at the period-end exchange rate communicated by the European Central Bank.

Treasury shares

Treasury shares, if present, are stated as a decrease to the shareholders' equity. The original cost of the treasury shares and the revenues deriving from any subsequent sale are recorded as changes in shareholders' equity.

Accruals and deferrals

These items include the reporting year's share of assets and liabilities affecting two or more financial years, whose amount is dependent upon time.

Revenue recognition

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

Tax

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

Dividends

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

Earnings per share

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

Cash flow Statement

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

Use of estimates

The preparation of the financial statements and the related notes in accordance with the IFRS requires management to make estimates and assumptions that have an effect on the values of the financial statement assets and liabilities and on the disclosures relating to the potential assets and liabilities as of the balance sheet date. The results that will make up the final balances may differ from said estimates. The estimates are used to obtain provisions for risks and charges, asset write-downs, employee benefits, taxation, other provisions and funds. The estimates and assumptions are periodically reviewed and the effects of each change are immediately reflected in the income statement.

All the amounts represented in the diagrams and tables are expressed in thousands of Euro.

Accounting principles, amendments and interpretations effective as of 2015 that are not relevant for the group

The following accounting principles, amendments and interpretations, valid as at January 1, 2015, govern the cases that are not present within the Group as at the date of these financial statements, but that could have accounting effects on future transactions or agreements:

IFRIC 21 - Levies

This interpretation provides guidance on when to identify the moment when the liabilities related to levies must be posted on the balance sheet. The posting can be accrued progressively over a period of time or only related to the occurrence of circumstances that are a precondition for the existence of the tax liability.

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

IFRS 9 Financial instruments

On July 24, 2014 the IASB published the standard IFRS 9 - Financial instruments The series of changes made by the new standard includes the introduction of a logical approach for the classification and measurement of financial instruments based on the characteristics of the cash flows and business model according to which the asset is held, a single impairment modes of the financial assets based on the expected losses and a substantially renewed hedge accounting approach. The new standard shall be applicable retroactively from January 1, 2018, with the possibility of advanced adoption.

IFRS 15 - Revenue from contracts with customers

On May 28, 2014, IASB issued the standard IFRS 15 - Revenue from contracts with customers, that requires a company to recognise the revenues at the time of transfer of control of the goods or services to the customers at an amount that reflects the consideration expected in exchange for such products or services. In order to achieve this purpose, the new model of revenue recognition defines a process in five steps. The new standard also requires additional information relevant to the nature, amount, times and uncertainties in relation to the revenues and cash flows from customer contracts. The new standard must be applied for yearly periods that start on or after January 1, 2018. It is possible to adopt the standard in advance. The Group is assessing the implementation method and impact of the new standard on its Consolidated Financial Statements.

Notes

Income statement

1. Net sales

Balance as at 12.31.2015	674,216
Balance as at 12.31.2014	636,359
Change	**37,857**

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

Description	12.31.2015	12.31.2014	Change
Technical gases	335,121	324,421	10,701
Home care	339,095	311,939	27,156
Total	**674,216**	636,359	37,857

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

2. Other revenues and proceeds

Balance as at 12.31.2015	4,942
Balance as at 12.31.2014	4,100
Change	**842**

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

Description	12.31.2015	12.31.2014	Change
Capital gains on transfers	519	399	119
Contingent assets	3,537	3,375	162
Grants received	114	188	(74)
Real estate rentals	51	30	21
Royalties income	3	-	3
Other	719	108	611
Total	**4,942**	4,100	842

3. Internal works and collections

Balance as at 12.31.2015	14,397
Balance as at 12.31.2014	14,289
Change	**108**

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

Description	12.31.2015	12.31.2014	Change
Transfers to assets	13,893	13,406	487
Time work	504	883	(379)
Total	**14,397**	14,289	108

The item “Time work” relates to costs incurred for the internal construction of fixed assets.

The item “Transfers to assets” includes the collection from the warehouse of materials transferred to assets.

4. Other costs

Balance as at 12.31.2015	403,016
Balance as at 12.31.2014	379,633
Change	**23,383**

The breakdown of the above item is as follows:

Description	12.31.2015	12.31.2014	Change
Purchase of materials	167,211	157,320	9,891
Services rendered	208,540	192,947	15,593
Change in stock	(3,559)	(978)	(2,581)
Other costs	30,824	30,344	480
Total	**403,016**	379,633	23,383

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

5. Cost of labour

Balance as at 12.31.2015	142,130
Balance as at 12.31.2014	132,196
Change	**9,934**

The breakdown of the above item is as follows:

Description	12.31.2015	12.31.2014	Change
Wages and salaries	108,710	100,734	7,977
Social security contributions	31,904	29,651	2,253
Employee severance indemnities	1,515	1,811	(296)
Pension liabilities	-	-	-
Total	**142,130**	132,196	9,934

The composition of the workforce is analysed below by category:

Description	12.31.2015	12.31.2014	Change
Managers	45	45	-
Clerks	2,010	1,884	126
Factory workers	946	875	71
Total	**3,001**	2,804	197

6. Depreciations, provisions and non-recurring expenses

Balance as at 12.31.2015	82,815
Balance as at 12.31.2014	81,053
Change	**1,762**

The breakdown of the above item is as follows:

Description	12.31.2015	12.31.2014	Change
Depreciation/amortisation	78,470	75,473	2,998
Provisions	4,345	5,580	(1,235)
Non-recurrent income/charges	-	-	-
Total	**82,815**	81,053	1,762

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

Depreciation of tangible fixed assets

Description	12.31.2015	12.31.2014	Change
Buildings	2,936	3,021	(85)
Plant and machinery	14,081	14,180	(99)
Industrial and trade equipment	54,460	51,311	3,149
Other assets	3,369	3,100	269
Assets in progress and advance payments	-	-	-
Total	**74,846**	71,612	3,234

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

Amortisation of intangible fixed assets

Description	12.31.2015	12.31.2014	Change
Costs for research, development and advertising	132	71	61
Industrial patent rights and use of intellectual property	1,666	2,314	(648)
Authorizations, licences and trademarks	1,792	1,417	375
Other	34	58	(24)
Total	**3,624**	3,860	(236)

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

Description	12.31.2015	12.31.2014	Change
Doubtful accounts	3,895	5,070	(1,175)
Provisions for risks	96	278	(181)
Other provisions	354	233	121
Total	**4,345**	5,580	(1,235)

Non-recurrent (Income)/Charges

Description	12.31.2015	12.31.2014	Change
Non-recurrent Income	-	-	-
Non-recurrent Charges	-	-	-
Total	**-**	-	-

7. Financial income / (expenses)

Balance as at 12.31.2015	(9,536)
Balance as at 12.31.2014	(10,439)
Change	**902**

The breakdown of the above item is as follows:

Description	12.31.2015	12.31.2014	Change
Financial income	4,308	2,787	1,521
Financial charges	(13,234)	(11,932)	(1,302)
Income from investments	(610)	(1,293)	683
Total	**(9,536)**	(10,439)	902

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

Description	12.31.2015	12.31.2014	Change
Income from long-term receivables	196	19	177
Interest receivable on investment securities	27	-	27
Interest receivable on non-investment securities	5	3	2
Interest on bank and post office deposits	425	916	(491)
Trade interest receivable	638	269	369
Exchange rate gains	2,164	691	1,473
Other financial income	853	889	(36)
Total	**4,308**	2,787	1,521

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

Description	12.31.2015	12.31.2014	Change
Bank interests	(85)	(138)	52
Interest on loans	(6,764)	(6,439)	(325)
Interest on debenture loans	(3,593)	(3,067)	(526)
Exchange losses	(1,740)	(976)	(765)
Other financial expenses	(1,052)	(1,313)	262
Total	**(13,234)**	(11,932)	(1,302)

The breakdown for the item "Income from investments" is as follows:

Description	12.31.2015	12.31.2014	Change
Revaluations of investments	-	247	(247)
Write-downs of investments	(610)	(1,540)	929
Total	**(610)**	(1,293)	683

The Item "Write-downs of investments" refers to the valuation as equity of the jointly controlled company CT

Biocarbonic GmbH (Euro 16 thousand) and SICGILSOL India Private Limited (Euro 171 thousand) and of the associates CONSORGAS Srl (Euro 330 thousand) and Blue Sky Amercoeur Scarl (Euro 93 thousand).

8. Income taxes

Balance as at 12.31.2015	21,648
Balance as at 12.31.2014	20,703
Change	**946**

The breakdown of the above item is as follows:

Description	12.31.2015	12.31.2014	Change
Income taxes	21,889	20,888	1,001
Deferred taxes	(99)	56	(155)
Prepaid taxes	(141)	(241)	100
Total	**21,648**	20,703	946

The reconciliation between the tax liability recorded in the financial statements and the theoretical tax liability, calculated on the basis of the theoretical tax rates in force in Italy, is as follows:

Description	12.31.2015	12.31.2014
Theoretical taxation	**15,416**	14,143
Tax effect permanent differences	11,490	10,322
Tax effect deriving from foreign tax rates other than Italian theoretical tax rates	(7,236)	(7,516)
Other differences	-	-
Taxes on income recorded in the financial statements, excluding IRAP (current and deferred)	**19,670**	16,949
Regional Production Tax (IRAP)	**1,978**	3,754
Taxes recorded on income recorded in the financial statements (current and deferred)	**21,648**	20,703

So as to provide a clearer understanding of the reconciliation, separate account was taken of IRAP tax (due to its taxable base differing from the pre-tax profit. Therefore, the theoretical taxes have been calculated by applying just the IRES (company earnings' tax) tax rate.

Balance sheet

9. Tangible fixed assets

Balance as at 12.31.2015	433,651
Balance as at 12.31.2014	417,726
Change	**15,925**

Analysis of tangible fixed assets

Changes in tangible fixed assets, with reference to their historical cost, depreciation and net value are as follows:

Cost	Land	Buildings	Plant and machinery	Industrial and trade equipment	Other goods	Fixed assets in the process of being created and down-payments	Total
Balance as at 01.01.2014	12,823	95,730	325,164	622,635	43,291	54,243	1,153,885
Increases	11	4,965	46,791	62,259	4,314	26,691	145,032
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	(209)	-	-	(209)
Other changes	4,466	1,514	4,031	13,130	276	(50,535)	(27,118)
Exchange rate differences	(0)	7	67	1,532	176	75	1,857
(Disposals)	-	(2)	(5,047)	(7,636)	(560)	-	(13,245)
Balance as at 12.31.2014	**17,300**	**102,214**	**371,006**	**691,711**	**47,497**	**30,474**	**1,260,202**
Increases	1,283	3,942	28,129	57,759	2,904	18,789	112,806
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	(347)	-	-	(347)
Other changes	458	(10,808)	(128,328)	5,009	(2,614)	(28,117)	(164,401)
Exchange rate differences	-	28	356	1,608	181	18	2,191
(Disposals)	-	(50)	(394)	(16,079)	(1,550)	-	(18,073)
Balance as at 12.31.2015	**19,041**	**95,326**	**270,770**	**739,661**	**46,418**	**21,164**	**1,192,379**

Provisions for depreciation	Land	Buildings	Plant and machinery	Industrial and trade equipment	Other goods	Fixed assets in the process of being created and down-payments	Total
Balance as at 01.01.2014	-	55,223	257,301	421,554	35,320	-	769,398
Depreciation	-	3,021	14,180	51,311	3,100	-	71,612
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	2,604	642	1,885	6,432	243	-	11,806
Exchange rate differences	-	-	34	423	89	-	547
(Disposals)	-	(2)	(3,937)	(6,450)	(499)	-	(10,887)
Balance as at 12.31.2014	**2,604**	**58,885**	**269,464**	**473,269**	**38,254**	**-**	**842,476**
Depreciation	-	2,936	14,081	54,460	3,369	-	74,846
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	(11,303)	(128,939)	920	(2,816)	-	(142,138)
Exchange rate differences	-	11	35	479	94	-	618
(Disposals)	-	(12)	(287)	(15,295)	(1,482)	-	(17,075)
Balance as at 12.31.2015	**-**	**50,517**	**154,355**	**513,834**	**37,419**	**-**	**758,728**

Net value	Land	Buildings	Plant and machinery	Industrial and trade equipment	Other goods	Fixed assets in the process of being created and down-payments	Total
Balance as at 01.01.2014	12,823	40,507	67,863	201,081	7,971	54,243	384,487
Increases	11	4,965	46,791	62,259	4,314	26,691	145,032
(Depreciation and write-downs)	-	(3,021)	(14,180)	(51,311)	(3,100)	-	(71,612)
Other changes	1,862	872	2,146	6,489	33	(50,535)	(39,133)
Exchange rate differences	-	7	34	1,109	86	75	1,310
(Disposals)	-	-	(1,110)	(1,186)	(61)	-	(2,357)
Balance as at 12.31.2014	**14,696**	**43,329**	**101,543**	**218,441**	**9,243**	**30,474**	**417,726**
Increases	1,283	3,942	28,129	57,759	2,904	18,789	112,806
(Depreciation and write-downs)	-	(2,936)	(14,081)	(54,460)	(3,369)	-	(74,846)
Other changes	458	495	611	3,742	202	(28,117)	(22,610)
Exchange rate differences	-	17	321	1,129	87	18	1,573
(Disposals)	-	(38)	(107)	(784)	(68)	-	(998)
Balance as at 12.31.2015	**16,437**	**44,809**	**116,415**	**225,827**	**8,999**	**21,164**	**433,651**

- The investments made in the period, under the item “Land” refer mainly to investments by the subsidiaries OL Nederland BV (Euro 275 thousand) and SOL Bulgaria EAD (Euro 859 thousand).
- The investments made during the period, under the item “Buildings” are mainly investments made by the Parent Company (Euro 1,775 thousand) and by the subsidiaries DIATHEVA Srl (Euro 186 thousand), SOL Deutschland GmbH (Euro 436 thousand), Energetika ZJ doo. (Euro 193 thousand) and SOL Bulgaria EAD (Euro 214 thousand)
- Acquisitions made during the period under the item “Plants and machinery” are mainly due to the purchase of equipment for the Parent Company’s plants (Euro 1,994 thousand), and of subsidiaries SOL Gas Primari Srl (Euro 2,869 thousand), SOL Hydropower doo (Euro 5,001 thousand), SOL Bulgaria EAD (Euro 14,335 thousand) and to a lesser extent to other investments by other company groups.
- The item “Industrial and commercial equipment” comprises commercial equipment (supplying devices, cylinders, base units, concentrators and medical appliances) as well as other small and sundry equipment. The increase recorded for the period was due to investments in commercial equipment in the form of cylinders, dispensing devices and tanks, made by companies in the technical gases sector for Euro 21,731 thousand (including Euro 7,278 by the Parent Company) and to investments made by companies operating in the homecare sector for Euro 36,028 thousand (including Euro 9,809 thousand by the company VIVISOL Srl), in respect of base units and other medical appliances.
- The item “Other assets” includes motor vehicles and motor cars, electric office equipment, furniture and fixtures, EDP systems. The increase recorded the period relates to investments made in motor vehicles, laboratory equipment, hardware, furniture and furnishings, of which Euro 391 thousand by the Parent Company, and by subsidiaries SOL Bulgaria EAD (Euro 558 thousand), Dolby Medical Home Respiratory Care Limited (Euro 388 thousand) and to a lesser extent to other investments by other companies of the group.
- The item “Fixed assets in progress” mainly refers to investments being made by the Parent Company (Euro 11,131 thousand) and by the subsidiaries GTH GAZE INDUSTRIALE SA (Euro 3,630 thousand), Dolby Medical Home Respiratory Care Limited (Euro 1,546 thousand), SOL Bulgaria EAD (Euro 598 thousand), SOL TG GmbH (Euro 575 thousand), TGS AD (Euro 794 thousand), KISIKANA doo (Euro 502 thousand) and SOL Kohlensaure GmbH & Co. KG (Euro 687 thousand).

It is to be noted that on the plants in Mantua and Jesenice are encumbered with mortgages and liens pertaining to medium-term loan agreements entered into by a number of Group companies with banks.
As at December 31, 2015, mortgages amounted to Euro 68,463 thousand.
As at December 31, 2015, liens amounted to Euro 63,263 thousand.

Analysis of leased tangible assets

Changes in tangible fixed assets, with reference to their historical cost, depreciation and net value are as follows:

Cost	Land	Buildings	Plant and machinery	Industrial and trade equipment	Other goods	Fixed assets in the process of being created and down-payments	Total
Balance as at 01.01.2014	-	1,945	10,323	16,841	18	-	29,127
Increases	-	-	48	-	-	-	48
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	700	-	2,206	-	-	2,906
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2014	**-**	**2,645**	**10,371**	**19,047**	**18**	**-**	**32,081**
Increases	-	-	155	-	-	-	155
Revaluations	-	-	475	-	-	-	475
Write-downs	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2015	**-**	**2,645**	**11,001**	**19,047**	**18**	**-**	**32,711**

Provisions for depreciation	Land	Buildings	Plant and machinery	Industrial and trade equipment	Other goods	Fixed assets in the process of being created and down-payments	Total
Balance as at 01.01.2014	-	1,693	9,305	16,715	18	-	27,731
Depreciation	-	15	456	207	-	-	678
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	308	-	907	-	-	1,215
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2014	**-**	**2,016**	**9,761**	**17,829**	**18**	**-**	**29,624**
Depreciation	-	43	495	157	-	-	695
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	-	162	-	-	-	162
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2015	**-**	**2,059**	**10,418**	**17,986**	**18**	**-**	**30,481**

Net value	Land	Buildings	Plant and machinery	Industrial and trade equipment	Other goods	Fixed assets in the process of being created and down-payments	Total
Balance as at 01.01.2014	-	252	1,018	126	-	-	1,396
Increases	-	-	48	-	-	-	48
(Depreciation and write-downs)	-	(15)	(456)	(207)	-	-	(678)
Other changes	-	392	-	1,299	-	-	1,691
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2014	**-**	**629**	**610**	**1,218**	**-**	**-**	**2,457**
Increases	-	-	155	-	-	-	155
(Depreciation and write-downs)	-	(43)	(495)	(157)	-	-	(695)
Other changes	-	-	313	-	-	-	313
Exchange rate differences	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Balance as at 12.31.2015	**-**	**586**	**583**	**1,061**	**-**	**-**	**2,230**

10. Goodwill and consolidation differences

Balance as at 12.31.2015	56,342
Balance as at 12.31.2014	39,351
Change	**16,991**

The breakdown of the above item is as follows:

	Goodwill	Consolidation difference	Total
Balance as at 01.01.2014	7,226	17,631	24,858
Increases	-	11,713	11,713
Revaluations / (Write-downs)	-	-	-
Other changes	2,574	-	2,574
Exchange rate differences	207	-	207
(Amortisation)	-	-	-
Balance as at 12.31.2014	**10,007**	**29,344**	**39,351**
Increases	-	16,797	16,797
Revaluations / (Write-downs)	-	-	-
Other changes	-	-	-
Exchange rate differences	194	-	194
(Amortisation)	-	-	-
Balance as at 12.31.2015	**10,201**	**46,141**	**56,342**

The increase for the year under the item “Consolidation differences” is due to the acquisition of the companies FLOSIT SA, Cryolab Srl, Pielmeier Medizintechnik GmbH, Inspirar SA and SONOCARE Lda.

In February 2015, the Parent Company SOL Spa acquired 99.96 % and its subsidiaries VIVISOL Srl, CTS Srl and SOL Welding Srl 0.01 % each of the shares of FLOSIT SA, a company under Moroccan Law which produces and markets technical and medical gases. If the acquisition had occurred on January 1, 2015, the revenues and the profit of the Group would have been more than Euro 291 thousand and more than Euro 66 thousand, respectively, for the 12-month period ended December 31, 2015.

In July 2015, the Parent Company SOL Spa purchased 85 % of the shares of Cryolab Srl, active in the field of biotechnology. If the acquisition had occurred on January 1, 2015, the estimated revenues and profit of the Group would have been more than Euro 17 thousand and more than Euro 48 thousand, respectively, for the 12-month period ended December 31, 2015.

In July 2015, the subsidiary VIVISOL Deutschland GmbH acquired a 100 % stake in Pielmeier Medizintechnik GmbH, active in the home care sector. If the acquisition had occurred on January 1, 2015, the revenues and the profit of the Group would have been more than Euro 2,934 thousand and more than Euro 979 thousand, respectively, for the 12-month period ended December 31, 2015.

In December 2015, the subsidiary Airsol Srl acquired a 60 % stake in Inspirar SA, active in the home care sector. If the acquisition had occurred on January 1, 2015, the estimated revenues and profit of the Group would have been more than Euro 1,239 thousand and more than Euro 390 thousand, respectively, for the 12-month period ended December 31, 2015.

In December 2015, the subsidiary Airsol Srl acquired a 100 % stake in SONOCARE Lda, active in the home care sector. If the acquisition had occurred on January 1, 2015, the revenues and the profit of the Group would have been more than Euro 614 thousand and more than Euro 32 thousand, respectively, for the 12-month period ended December 31, 2015.

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

	Values recorded during acquisition recorded during acquisition	Adjustments to fair value	Book values before acquisition
Tangible fixed assets	5,238		5,238
Intangible fixed assets	42		42
Long-term investments	502		502
Inventory	406		406
Trade and other receivables	3,517		3,517
Accrued income and prepaid expenses	57		57
Cash and cash at bank	2,867		2,867
Minority interests	(873)		(873)
Suppliers	(1,655)		(1,655)
Other payables	(2,907)		(2,907)
Risk provisions	(2)		(2)
Employee Severance Indemnity	(1)		(1)
Accrued expenses and deferred income	(553)		(553)
Net identifiable assets and liabilties	**6,638**	**-**	**6,638**
Goodwill arising from acquisition	16,797		
Amount paid	(23,435)		
Cash and cash equivalents acquired	2,867		
Net outlay of cash and cash equivalents	**(20,568)**		

The Group assesses the recoverability of the goodwill at least once a year or more frequently if there is any indication of losses in value. The recoverable value of the cash generating units is assessed by means of the determination of the usage value.

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

11. Other intangible fixed assets

Balance as at 12.31.2015	11,635
Balance as at 12.31.2014	10,719
Change	**916**

The breakdown of the above item is as follows:

	Costs for research, development and advertising	Industrial patent rights and use of intellectual property	Concessions, licenses, trademarks and similar rights	Other	Assets in progress and advance payments	Total
Balance as at 01.01.2014	785	2,371	2,531	175	2,841	8,702
Increases	392	1,027	4,119	48	297	5,882
Revaluations / (Write-downs)	-	-	-	-	-	-
Other changes	-	2,272	74	22	(2,376)	(8)
Exchange rate differences	-	-	(2)	-	5	3
(Amortisation)	(71)	(2,314)	(1,417)	(58)	-	(3,860)
Balance as at 12.31.2014	**1,105**	**3,356**	**5,305**	**186**	**766**	**10,719**
Increases	301	114	2,960	143	2,268	5,786
Revaluations / (Write-downs)	-	-	-	-	-	-
Other changes	(363)	35	(2)	(215)	(701)	(1,246)
Exchange rate differences	-	-	-	-	-	-
(Amortisation)	(132)	(1,666)	(1,792)	(34)	-	(3,624)
Balance as at 12.31.2015	**912**	**1,839**	**6,472**	**80**	**2,333**	**11,635**

12. Equity Shareholdings

Balance as at 12.31.2015	10,552
Balance as at 12.31.2014	8,881
Change	**1,671**

The breakdown of the above item is as follows:

Description	**12.31.2015**	12.31.2014
GTE Sl	17	17
ZDS JESENICE doo	8	8
Non-consolidated subsidiary companies	**25**	25
CT Biocarbonic GmbH	4,325	4,341
SICGILSOL India Private Limited	5,913	3,857
Jointly controlled companies	**10,238**	8,198
Consorgas Srl	157	467
Blue Sky Amercoeur	-	93
Affiliated companies	**157**	560
Other equity investments	133	99
Other companies	**133**	99
Total	**10,552**	8,882

With exception of Euro 8 thousand recorded among the non-consolidated subsidiaries (in the portfolio of the subsidiary SPG - SOL Plin Gorenjska doo) and Euro 121 thousand, recorded among the other equity investments (relevant to investments in local businesses by the subsidiary TGS AD for Euro 77 thousand by the subsidiary Pielmeier Medizintechnik GmbH for Euro 28 thousand, by subsidiary TPJ doo for Euro 2 thousand, by the subsidiary ICOA Srl for Euro 8 thousand, by the subsidiary SOL Gas Primari Srl for Euro 5 thousand and by the subsidiary VIVISOL Silarus Srl for Euro 1 thousand), all of the above-mentioned shareholdings are owned by the Parent Company.

The following table shows the main economic and financial data of the two jointly controlled companies consolidated with the net equity method:

Jointly controlled companies	CT Biocarbonic GmbH	SICGILSOL India Private Limited
Total assets	9,608	16,384
Total liabilities	6,067	7,121
Revenues	2,807	3,170
Operating result	(32)	(394)

13. Other financial assets

Balance as at 12.31.2015	19,436
Balance as at 12.31.2014	8,107
Change	**11,329**

The breakdown of the above item is as follows:

Description	12.31.2015	12.31.2014	Change
Receivables from others	18,885	7,221	11,665
Securities	551	886	(335)
Total	**19,436**	8,107	11,329

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

Description	12.31.2015	12.31.2014	Change
Guarantee deposits	2,717	2,140	577
Tax credit pertaining to Employee Severance Indemnity	8	8	-
Derivatives	6,576	118	6,458
Amounts due from the tax authorities	1,803	2,120	(317)
Other receivables	7,780	2,834	4,946
Total	**18,885**	7,221	11,665

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

Description	12.31.2015	12.31.2014	Change
SOL TG GmbH	6	6	-
SOL Hellas SA	545	880	(335)
Total	**551**	886	(335)

The item "SOL Hellas securities" refers to the Greek government bonds that expire beyond 12 months, which were issued as payment for the credits towards public entities by the subsidiary SOL Hellas.

14. Amounts receivable for prepaid taxes

Balance as at 12.31.2015	6,107
Balance as at 12.31.2014	5,957
Change	**150**

The breakdown for the above item is as follows:

	Risks on receivables	Risk provisions	Internal profits	Prior losses	Other minor	Total
Balance as at 01.01.2014	1,604	19	750	2,723	587	5,682
Provisions	(110)	(19)	135	314	(79)	241
Uses	-	-	-	-	-	-
Other changes	-	-	-	-	1	1
Exchange rate differences	-	-	-	34	-	34
Balance as at 12.31.2014	**1,493**	**-**	**884**	**3,071**	**509**	**5,957**
Provisions	(227)	165	(17)	(257)	478	141
Uses	-	-	-	-	-	-
Other changes	-	-	-	-	(19)	(19)
Exchange rate differences	-	-	-	24	3	28
Balance as at 12.31.2015	**1,266**	**165**	**867**	**2,838**	**971**	**6,107**

15. Inventories

Balance as at 12.31.2015	39,024
Balance as at 12.31.2014	35,087
Change	**3,937**

The breakdown of the above item is as follows:

Description	**12.31.2015**	12.31.2014	Change
Raw subsidiary and consumable materials	2,465	2,093	372
Work in progress and semi-finished goods	773	811	(38)
Finished products and goods	35,786	32,183	3,602
Total	**39,024**	35,087	3,937

16. Trade receivables

Balance as at 12.31.2015	242,822
Balance as at 12.31.2014	232,988
Change	**9,834**

The breakdown of the above item is as follows:

Description	Within 12 months	Beyond 12 months	Allowance for doubtful accounts	**12.31.2015**	12.31.2014
Trade receivables	259,834	-	(17,012)	242,822	232,988
Total	259,834	-	(17,012)	**242,822**	232,988

The allowance for doubtful accounts saw the following changes:

Description	12.31.2014	Provisions	Uses	Other movements	12.31.2015
Allowance for doubtful accounts	15,359	3,895	(2,276)	34	17,012
Total	15,359	3,895	(2,276)	34	**17,012**

17. Other current assets

Balance as at 12.31.2015	28,231
Balance as at 12.31.2014	17,511
Change	**10,720**

The breakdown of the above item is as follows:

Description	12.31.2015	12.31.2014	Change
Amounts due from employees	730	678	52
Amounts receivable in respect of income tax	4,752	2,561	2,191
VAT receivables	10,615	6,456	4,159
Other amounts due from the tax authorities	426	430	(4)
Other receivables	11,708	7,386	4,322
Total	**28,231**	17,511	10,720

18. Current financial assets

Balance as at 12.31.2015	5,402
Balance as at 12.31.2014	2,906
Change	**2,496**

The breakdown of the above item is as follows:

Description	12.31.2015	12.31.2014	Change
Derivatives	1,656	24	1,632
Securities	3,746	2,882	863
Other financial receivables	**5,402**	2,906	2,496

The composition of the item "Securities" is shown below:

Description	12.31.2015	12.31.2014	Change
Securities of Energetika ZJ doo	6	-	6
Securities of FLOSIT SA	509	-	509
Securities HYDROENERGY Shpk	153	150	3
Securities of Inspirar SA	1,080	-	1,080
Securities SOL-INA doo	1,382	1,519	(136)
Securities of SONOCARE Lda	2	-	2
Securities TGT AD	614	614	-
Securities VIVISOL Silarus Srl	-	600	(600)
Total	**3,746**	2,882	863

The Securities are made up of short-term deposits.

19. Accrued income and prepaid expenses

Balance as at 12.31.2015	5,299
Balance as at 12.31.2014	5,230
Change	**69**

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

The item is composed as follows:

Description	12.31.2015	12.31.2014	Change
Accrued income			
Interests	16	24	(8)
Other accrued income	1,772	1,948	(176)
Total accrued income	**1,788**	1,972	(183)
Prepaid expenses			
Insurance premiums	365	518	(153)
Rent	211	213	(2)
Other prepayments	2,935	2,527	408
Total prepayments	**3,511**	3,258	253
Total accrued income and prepaid expenses	**5,299**	5,230	69

The item “Other prepayments” mainly comprises purchase invoices referring to maintenance agreements or other agreements of a long-term nature.

20. Cash and cash at bank

Balance as at 12.31.2015	101,989
Balance as at 12.31.2014	95,665
Change	**6,323**

The composition of the item is shown below:

Description	12.31.2015	12.31.2014	Change
Bank and postal accounts	101,642	95,331	6,312
Cash and other cash equivalents	346	335	12
Total accrued income	**101,989**	95,665	6,323

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

21. Shareholders' equity

Balance as at 12.31.2015	458,132
Balance as at 12.31.2014	421,869
Change	**36,263**

The share capital of SOL Spa as at December 31, 2015 comprised 90,700,000 ordinary shares with a par value of Euro 0.52 each, fully subscribed and fully paid up.

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

Shareholders' equity	12.31.2014	Transfer of result	Dividends paid	Translation differences	Other changes	Result	12.31.2015
Pertaining to the Group:							
Share capital	47,164	-	-	-	-	-	47,164
Share premium reserve	63,335	-	-	-	-	-	63,335
Legal reserves	10,459	-	-	-	-	-	10,459
Treasury shares reserves	-	-	-	-	-	-	-
Other reserves	256,134	19,204	-	1,035	10,733	-	287,106
Profits / (Losses) carried forward	2,281	9,977	(9,977)	-	192	-	2,473
Net profit	29,181	(29,181)	-	-	-	32,441	32,441
Group net equity	408,554	-	(9,977)	1,035	10,926	32,441	**442,979**
Minority interests:							
Shareholders' equity minority interests	11,770	1,545	(926)	(176)	972	-	13,186
Profits pertaining to minority interests	1,545	(1,545)	-	-	-	1,968	1,968
Shareholders' equity minority interests	13,315	-	(926)	(176)	972	1,968	**15,154**
Shareholders' equity	421,869	-	(10,903)	859	11,898	34,409	**458,132**

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

Description	12.31.2015 Shareholders' equity	12.31.2015 Net income	12.31.2014 Shareholders' equity	12.31.2014 Net income
Financial Statements of SOL Spa	**253,045**	**15,239**	**237,410**	**18,036**
Elimination of consolidated inter-company transactions, net of tax effects:				
- Internal profit on tangible fixed assets	(2,758)	(64)	(2,694)	(268)
- Reversal of adjustments to investments in subsidiary companies	-	353	-	40
- Dividends paid by consolidated companies	-	(23,493)	-	(20,059)
Adjustment of accounting policies to achieve consistent Group accounting policies, net of tax effects:				
- Adjustment to achieve a consistent accounting policy regarding intangible assets	1,249	(2,817)	3,896	(483)
- Use of finance lease method for leased assets	411	65	290	61
- Valuation at equity of companies reported at cost	(162)	(517)	(353)	183
Carrying value of consolidated equity investments	(423,295)	-	(298,691)	-
Net assets and financial year's results of consolidated companies	568,348	43,675	439,352	31,671
Allocation of the difference to the assets of the companies and relative depreciation, amortisation and write-downs:				
- Goodwill from consolidation	46,141	-	29,344	-
Consolidated Group financial statements	**442,979**	**32,441**	**408,554**	**29,181**

22. Employee severance indemnities and other benefits

Balance as at 12.31.2015	14,250
Balance as at 12.31.2014	15,197
Change	**(947)**

The provisions underwent the following changes:

Employee severance indemnities and other benefits	**12.31.2015**	12.31.2014
Balance as at 1 January	15,197	10,687
Provisions	1,515	1,811
(Uses)	(514)	(662)
Financial charges	40	17
Other changes	(1,988)	3,344
Exchange rate differences	-	-
Balance as at 31 December	**14,250**	15,197

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

	Interest rate
Annual discount rate	1.9% - 2.2%
Inflation rate	1.50%
Annual severance indemnity increase rate	2.18%
Annual wage increase rate	3.00%

Sensitivity analysis

The effects of the variation of the assumptions used are presented here below:

DBO as at December 31, 2015	Amount
Inflation rate + 0.5%	425
Inflation rate - 0.5%	(404)
Discount rate + 0.5%	(717)
Discount rate - 0.5%	712
Turnover rate + +0.5%	9

Employee severance indemnities

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

Other

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

23. Deferred tax fund

Balance as at 12.31.2015	2,709
Balance as at 12.31.2014	2,732
Change	**(24)**

The item "Deferred taxation" represents the net balance of deferred tax liabilities provided for in the consolidated financial statements as at December 31, 2015 with regard to tax items present in the statutory financial statements of the Group companies (accelerated depreciation), and the deferred tax liabilities referring to the other consolidation entries; the item comprises:

	Capital gain	Accelerated depreciation	Leasing	Other minor	Total
Balance as at 01.01.2014	62	1,227	102	1,184	2,575
Provisions	(22)	(146)	17	206	55
Uses	-	-	-	(4)	(4)
Other changes	-	128	107	(128)	107
Exchange rate differences	-	-	-	-	-
Balance as at 12.31.2014	**40**	**1,209**	**225**	**1,258**	**2,732**
Provisions	(23)	(606)	1	572	(56)
Uses	-	(43)	-	-	(43)
Other changes	-	287	(3)	(208)	76
Exchange rate differences	-	-	-	-	-
Balance as at 12.31.2015	**16**	**847**	**223**	**1,622**	**2,708**

24. Provisions for risks and charges

Balance as at 12.31.2015	956
Balance as at 12.31.2014	1,318
Change	**(362)**

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

Description	**12.31.2015**	12.31.2014	Change
For pension liabilities and similar obligations	-	-	-
Consolidation for risks and contingency funds	-	-	-
Others:			
Exchange fluctuation provision	-	-	-
Other minor provisions	956	1,318	(362)
Total other provisions	**956**	1,318	(362)
Total	**956**	1,318	(362)

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

The change with respect to 2014 is due to provisions totalling Euro 96 thousand, uses amounting to Euro 458 thousand.

25. Payables and other liabilities

Balance as at 12.31.2015	301,691
Balance as at 12.31.2014	274,875
Change	**26,816**

The breakdown of the above item is as follows:

Description	**12.31.2015**	12.31.2014	Change
Bonds	102,716	70,217	32,499
Amounts due to other lenders	196,343	202,689	(6,346)
Other payables	2,631	1,968	663
Total	**301,691**	274,875	26,816

The "Bonds" item refers to:

- the issue of two debenture loans subscribed by two American institutional investors.
  The original amount of such issue of 95 thousand USD converted into 75,011 thousand Euro through two cross currency swap contracts (CCS) with for the entire duration of the original debenture loan (12 years).
- the issue of a debenture loan subscribed by three American institutional investors.
  The original amount of the issue is Euro 40 million.

The item "Amounts due to other lenders" for the most part comprises loans granted by medium and long-term credit institutions. Some of these loans are backed by liens on movable assets and mortgages on real property, as already mentioned in the notes regarding tangible fixed assets. Furthermore, the same item also includes amounts owed to leasing companies amounting to Euro 1,389 thousand, deriving from the application of international accounting standard IAS 17 to assets that are the object of a finance lease.

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

Lending institute	Amount	Long-term portion	Short-term portion	Interest rate		Maturity	Original amount	
Mediocredito Italiano	667	-	667	Variable	1.60%	31/03/2016	Euro	8,000,000
Banca Passadore	12,000	-	12,000	Variable	0.57%	18/06/2016	Euro	12,000,000
Banco Commercial Port.	5	-	5	Variable	4.89%	06/09/2016	Euro	25,000
BCC Carate	1,071	-	1,071	Variable	1.90%	03/11/2016	Euro	5,000,000
Credito Emiliano	709	241	468	Fixed	3.70%	26/05/2017	Euro	3,000,000
Mediobanca *	3,750	1,250	2,500	Fixed	4.39%	20/06/2017	Euro	20,000,000
Mediobanca *	2,813	938	1,875	Fixed	2.82%	20/06/2017	Euro	15,000,000
BNL - BNP Paribas *	2,500	1,500	1,000	Variable	2.80%	14/02/2018	Euro	5,000,000
Intesa San Paolo *	3,848	2,310	1,538	Fixed	1.91%	15/06/2018	Euro	10,000,000
MIUR	44	27	17	Fixed	0.25%	01/07/2018	Euro	121,106
Banca Popolare di Bergamo	625	425	200	Fixed	4.28%	30/11/2018	Euro	1,000,000
Banco Commercial Port.	44	31	13	Variable	3.00%	27/05/2019	Euro	50,000
Barclays bank *	3,500	2,500	1,000	Fixed	3.04%	01/06/2019	Euro	10,000,000
Mediobanca *	11,250	8,750	2,500	Fixed	4.44%	01/04/2020	Euro	20,000,000
Komercijalna B.	6,681	5,344	1,337	Fixed	5.50%	15/10/2020	Euro	7,000,000
Intesa San Paolo *	18,337	15,004	3,333	Fixed	2.23%	16/06/2021	Euro	30,000,000
Intesa San Paolo *	7,225	6,115	1,110	Variable	3.26%	30/06/2022	Euro	10,000,000
Intesa San Paolo *	7,225	6,115	1,110	Variable	3.26%	30/06/2022	Euro	10,000,000
Unicredit Slovenia	2,724	2,335	389	Variable	1.06%	31/12/2022	Euro	5,200,000
Mediobanca *	8,036	6,965	1,071	Fixed	2.90%	20/06/2023	Euro	15,000,000
Unicredit Bulbank	8,000	7,000	1,000	Fixed	4.50%	11/10/2023	Euro	8,000,000
Mediocredito Italiano	12,593	11,111	1,482	Variable	1.80%	31/03/2024	Euro	20,000,000
Intesa San Paolo *	30,000	28,125	1,875	Variable	2.48%	31/03/2024	Euro	30,000,000
Unicredit *	10,000	9,375	625	Variable	2.36%	31/05/2024	Euro	10,000,000
Monte Paschi di Siena	7,917	7,084	833	Fixed	4.21%	15/06/2025	Euro	10,000,000
Intesa San Paolo *	30,000	30,000	-	Variable	0.96%	30/06/2025	Euro	30,000,000
Credito Valtellinese	10,000	10,000	-	Variable	0.65%	05/07/2025	Euro	10,000,000
Credito Valtellinese	5,000	5,000	-	Variable	0.65%	05/07/2025	Euro	5,000,000
Banca Popolare di Bergamo	20,000	20,000	-	Variable	0.87%	14/09/2025	Euro	20,000,000
Banca IMI *	6,189	5,744	445	Fixed	6.50%	26/01/2026	Euro	7,000,000
Bonds	110,217	102,716	7,501					
Derivatives	3,272	2,103	1,169					
Amounts due to leasing companies	1,389	951	438					
Total	**347,631**	**299,059**	**48,572**					

Covenants

The loan agreements marked by an asterisk (*) contain financial restrictions (covenants) that envisage the maintenance of determinate ratios between net financial indebtedness and shareholders' equity, between net financial indebtedness and cash-flow, and between net financial indebtedness and EBITDA referable to the consolidated financial statements.

To date, these parameters have been observed.

Derivatives

1. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 3,750 thousand has been hedged by an IRS agreement entered into on October 24, 2007 that anticipates the payment of a fixed rate of 4.39% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2015, calculated by the same bank, was negative for a total of Euro 169 thousand (at December 31, 2014 negative for Euro 399 thousand).
2. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 2,813 thousand has been hedged by an IRS agreement entered into on May 14, 2009 that anticipates the payment of a fixed rate of 2.82% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2015, calculated by the same bank, was negative for a total of Euro 82 thousand (at December 31, 2014 negative for Euro 188 thousand).
3. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 8,036 thousand has been hedged by an IRS agreement entered into on May 19, 2010 that anticipates the payment of a fixed rate of 2.9% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2015, calculated by the same bank, was negative for a total of Euro 824 thousand (at December 31, 2014 negative for Euro 1,013 thousand).
4. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 3,500 thousand, has been hedged by an IRS agreement entered into on March 24, 2011 that anticipates the payment of a fixed rate of 3,04% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2015, calculated by the same bank, was negative for a total of Euro 215 thousand (at December 31, 2014 negative for Euro 318 thousand).
5. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 18,338 thousand, has been hedged with a fixed rate of 2.23% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2015, calculated by the same bank, was negative for a total of Euro 1,141 thousand (at December 31, 2014 negative for Euro 1,451 thousand).
6. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 3,848 thousand, has been hedged with a fixed rate of 1.91% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2015, calculated by the same bank, was negative for a total of Euro 114 thousand (at December 31, 2014 negative for Euro 186 thousand).
7. The debenture loan whose residual debt amounts to 43,148 thousand Euro was hedged with a CCS contract executed with Intesa San Paolo on June 15, 2012.
   The fair value as at December 31, 2015, was positive for a total of Euro 4,177 thousand (as at December 31, 2014 negative for Euro 1,569 thousand).
8. The debenture loan whose residual debt amounts to 27,069 thousand Euro was hedged with a CCS contract executed with Intesa San Paolo on May 29, 2013.
   The fair value as at December 31, 2015, was positive for a total of Euro 3,851 thousand (as at December 31, 2014 positive for Euro 142 thousand).
9. The loan agreement outstanding with Unicredit Bulbank whose residual debt amounts to Euro 8,000 thousand, has been hedged with a fixed rate of 2.40% against a floating 3-month Euribor rate.
   The fair value as at December 31, 2015, was negative for a total of Euro 727 thousand (as at December 31, 2014 negative for Euro 861 thousand).
10. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 30,000 thousand, has been hedged with a fixed rate of 0.44% against a floating 6-month Euribor rate.
    The fair value as at December 31, 2015 was positive for 204 thousand Euro.

The contracts numbered from 1. to. 4. were measured as a fair value hedge, whereas contracts numbered from 5. to 10. were measured as a cash flow hedge.

Hierarchical levels of fair value measurement

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

The levels are broken down as follows:

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

The following table shows the assets and liabilities at fair value as at December 31, 2015, by hierarchical level of fair value measurement:

Payables and other liabilities	Notes	Level 1	Level 2	Level 3	Total
Intesa San Paolo		-	(215)	-	(215)
Intesa San Paolo		-	(1,141)	-	(1,141)
Intesa San Paolo		-	(114)	-	(114)
Intesa San Paolo		-	(727)	-	(727)
Mediobanca		-	(169)	-	(169)
Mediobanca		-	(82)	-	(82)
Mediobanca		-	(824)	-	(824)
Total		**-**	**(3,272)**	**-**	**(3,272)**

The item “Other payables” includes the commitments of the company SOL Spa to repurchase the shares of SOL-K ShpK (Euro 1,776 thousand) currently owned by SIMEST Spa.

26. Current liabilities

Balance as at 12.31.2015	182,750
Balance as at 12.31.2014	164,138
Change	**18,613**

The breakdown for this item is as follows:

Description	**12.31.2015**	12.31.2014	Change
Due to banks	2,975	2,531	444
Trade accounts payable	88,960	83,454	5,506
Other financial liabilities	48,573	37,015	11,558
Tax payables	11,523	12,787	(1,264)
Other current liabilities	18,096	17,533	563
Accrued expenses and deferred income	12,624	10,818	1,806
Total	**182,750**	164,138	18,612

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

The breakdown for the item “Tax liabilities” comprises:

Description	12.31.2015	12.31.2014	Change
Amounts due in respect of income tax	4,967	5,166	(199)
VAT payables	3,282	4,166	(885)
Other tax liabilities	3,274	3,454	(181)
Total	**11,523**	12,787	(1,264)

“Other current liabilities” comprise:

Description	12.31.2015	12.31.2014	Change
Amounts due to Social Security institutions	6,116	5,532	583
Due to employees	7,420	6,701	719
Payables due to shareholders for dividends	16	11	5
Amounts due for acquisition of equity investments	-	882	(882)
Guarantee deposits due	136	236	(101)
Other payables	4,410	4,170	240
Total	**18,096**	17,533	564

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

The item is composed as follows:

Description	12.31.2015	12.31.2014	Change
Accrued liabilities			
Interest payable on loans	1,072	973	99
Other	2,319	1,772	547
Total accrued liabilities	**3,391**	**2,745**	**646**
Deferred income			
Grants	170	18	152
Rents receivable	173	85	88
Other	8,890	7,970	920
Total deferred income	**9,233**	**8,073**	**1,160**
Total accrued expenses and deferred income	**12,624**	**10,818**	**1,806**

Breakdown of revenues by type of business SOL Group

	12.31.2015						
(In thousands of Euro)	Technical gas sector	%	Homecare service sector	%	Write-downs	Consolidated figures	%
Technical gas sector	363,616	100.0%			(28,495)	335,121	49.7%
Home-care service sector			339,810	100.0%	(715)	339,095	50.3%
Net sales	**363,616**	**100.0%**	**339,810**	**100.0%**	**(29,210)**	**674,216**	**100.0%**
Other revenues and proceeds	4,142	1.1%	1,396	0.4%	(596)	4,942	0.7%
Internal works and collections	2,312	0.6%	10,437	3.1%	1,648	14,397	2.1%
Revenues	**370,070**	**101.8%**	**351,643**	**103.5%**	**(28,158)**	**693,555**	**102.9%**
Purchase of materials	97,268	26.8%	88,169	25.9%	(18,225)	167,211	24.8%
Services rendered	119,869	33.0%	97,651	28.7%	(8,981)	208,540	30.9%
Change in stock	(1,044)	-0.3%	(2,515)	-0.7%	-	(3,559)	-0.5%
Other costs	12,929	3.6%	18,939	5.6%	(1,044)	30,824	4.6%
Other costs	**229,022**	**63.0%**	**202,245**	**59.5%**	**(28,250)**	**403,016**	**59.8%**
Added value	**141,048**	**38.8%**	**149,399**	**44.0%**	**92**	**290,539**	**43.1%**
Cost of labour	73,405	20.2%	68,725	20.2%	-	142,130	21.1%
Gross operating margin	**67,643**	**18.6%**	**80,673**	**23.7%**	**92**	**148,409**	**22.0%**
Depreciation/amortisation	41,221	11.3%	37,322	11.0%	(73)	78,470	11.6%
Other provisions	3,178	0.9%	1,166	0.3%	-	4,345	0.6%
Non-recurrent income/charges	-		-		-	-	
Operating result	**23,244**	**6.4%**	**42,185**	**12.4%**	**165**	**65,594**	**9.7%**
Financial income	12,627	3.5%	2,761	0.8%	(11,080)	4,308	0.6%
Financial charges	(11,611)	-3.2%	(3,793)	-1.1%	2,170	(13,234)	-2.0%
Income from investments	(610)	-0.2%	(170)	-0.1%	170	(610)	-0.1%
Total financial income / (charges)	**405**	**0.1%**	**(1,202)**	**-0.4%**	**(8,740)**	**(9,536)**	**-1.4%**
Profit (Loss) before income taxes	**23,649**	**6.5%**	**40,984**	**12.1%**	**(8,575)**	**56,057**	**8.3%**
Income taxes	7,802	2.1%	13,786	4.1%	60	21,648	3.2%
Net result from business activities	**15,847**	**4.4%**	**27,197**	**8.0%**	**(8,635)**	**34,409**	**5.1%**
Net result from intermittent activities	-		-		-	-	
(Profit) / Loss pertaining to minority interests	(445)	-0.1%	(1,524)	-0.4%	-	(1,968)	-0.3%
Net Profit / (Loss)	**15,402**	**4.2%**	**25,673**	**7.6%**	**(8,635)**	**32,441**	**4.8%**

Other information SOL Group

	12.31.2015						
(In thousands of Euro)	Technical gas sector	%	Homecare service sector	%	Write-downs	Consolidated figures	%
Total assets	808,392		402,247		(250,151)	960,488	
Total liabilities	448,279		129,246		(75,169)	502,356	
Investments	45,776		38,948		-	84,724	

12.31.2014						
Technical gas sector	%	Homecare service sector	%	Write-downs	Consolidated figures	%
351,676	100.0%			(27,255)	324,421	51.0%
		312,754	100.0%	(815)	311,939	49.0%
351,676	100.0%	312,754	100.0%	(28,070)	636,359	100.0%
3,868	1.1%	1,237	0.4%	(1,005)	4,100	0.6%
3,466	1.0%	9,314	3.0%	1,509	14,289	2.2%
359,010	102.1%	323,305	103.4%	(27,566)	654,748	102.9%
93,172	26.5%	81,945	26.2%	(17,796)	157,320	24.7%
111,509	31.7%	89,446	28.6%	(8,008)	192,947	30.3%
228	0.1%	(1,207)	-0.4%	-	(978)	-0.2%
13,238	3.8%	18,453	5.9%	(1,347)	30,344	4.8%
218,147	62.0%	188,637	60.3%	(27,151)	379,633	59.7%
140,862	40.1%	134,667	43.1%	(415)	275,115	43.2%
70,657	20.1%	61,539	19.7%	-	132,196	20.8%
70,206	20.0%	73,128	23.4%	(415)	142,919	22.5%
41,031	11.7%	34,524	11.0%	(82)	75,473	11.9%
4,443	1.3%	1,137	0.4%	-	5,580	0.9%
-		-		-	-	
24,732	7.0%	37,468	12.0%	(333)	61,867	9.7%
12,822	3.6%	1,877	0.6%	(11,912)	2,787	0.4%
(10,462)	-3.0%	(4,852)	-1.6%	3,381	(11,932)	-1.9%
(1,293)	-0.4%	(136)	0.0%	136	(1,293)	-0.2%
1,067	0.3%	(3,111)	-1.0%	(8,395)	(10,439)	-1.6%
25,798	7.3%	34,357	11.0%	(8,727)	51,428	8.1%
9,440	2.7%	11,369	3.6%	(106)	20,703	3.3%
16,359	4.7%	22,988	7.4%	(8,621)	30,726	4.8%
-		-		-	-	
(94)	0.0%	(1,451)	-0.5%	-	(1,545)	-0.2%
16,265	4.6%	21,537	6.9%	(8,621)	29,181	4.6%

12.31.2014						
Technical gas sector	%	Homecare service sector	%	Write-downs	Consolidated figures	%
741,653		390,687		(252,211)	880,129	
398,299		197,112		(137,151)	458,260	
53,390		41,107		-	94,497	

Breakdown of revenues by type of business: Technical gas sector

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

(In thousands of Euro)	12.31.2015	%	12.31.2014	%
Net Sales	**363,616**	100.0%	351,676	100.0%
Other revenues and proceeds	4,142	1.1%	3,868	1.1%
Internal works and collections	2,312	0.6%	3,466	1.0%
Revenues	**370,070**	101.8%	359,010	102.1%
Purchase of materials	97,268	26.8%	93,172	26.5%
Services rendered	119,869	33.0%	111,509	31.7%
Change in stock	(1,044)	-0.3%	228	0.1%
Other costs	12,929	3.6%	13,238	3.8%
Other costs	**229,022**	63.0%	218,147	62.0%
Added value	**141,048**	38.8%	140,862	40.1%
Cost of labour	73,405	20.2%	70,657	20.1%
Gross operating margin	**67,643**	18.6%	70,206	20.0%
Depreciation/amortisation	41,221	11.3%	41,031	11.7%
Other provisions	3,178	0.9%	4,443	1.3%
Non-recurrent income/charges	-	0.0%	-	0.0%
Operating result	**23,244**	6.4%	24,732	7.0%
Financial income	12,627	3.5%	12,822	3.6%
Financial charges	(11,611)	-3.2%	(10,462)	-3.0%
Income from investments	(610)	-0.2%	(1,293)	-0.4%
Total financial income / (charges)	**405**	0.1%	1,067	0.3%
Profit (Loss) before income taxes	**23,649**	6.5%	25,798	7.3%
Income taxes	7,802	2.1%	9,440	2.7%
Net result from business activities	**15,847**	4.4%	16,359	4.7%
Net result from intermittent activities	-	0.0%	-	0.0%
(Profit) / Loss pertaining to minority interests	(445)	-0.1%	(94)	0.0%
Net Profit / (Loss)	**15,402**	4.2%	16,265	4.6%

Sales in the Technical Gas Sector reported a 3.4% increase.

Gross operating margin decreased by 3.6% compared to the previous year.

Operating result decreased by 6.0% compared to the previous year.

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

(in thousands of Euro)	12.31.2015	12.31.2014
Tangible fixed assets	318,747	307,591
Goodwill and consolidation differences	22,655	13,818
Other intangible fixed assets	8,470	8,881
Equity Shareholdings	129,609	67,967
Other financial assets	18,145	100,399
Prepaid taxes	4,245	4,050
Non-current assets	**501,869**	502,706
Non-current assets held for sale	**-**	-
Inventories	16,211	14,869
Trade receivables	148,287	150,110
Other current assets	25,638	14,265
Current financial assets	43,755	6,506
Accrued income and prepaid expenses	3,719	3,840
Cash and cash at bank	68,912	49,357
Current assets	**306,523**	238,947
TOTAL ASSETS	**808,392**	741,653
Share capital	47,164	47,164
Share premium reserve	63,335	63,335
Legal reserves	10,459	9,457
Treasury shares reserves in portfolio	-	-
Other reserves	213,251	197,057
Profits (losses) carried forward	2,659	2,659
Net profit	15,402	16,264
Group net equity	**352,270**	335,936
Shareholders' equity minority interests	7,398	7,325
Profits pertaining to minority interests	445	94
Shareholders' equity minority interests	**7,842**	7,419
Shareholders' equity	**360,112**	343,355
Employee severance indemnities and other benefits	11,545	12,410
Deferred tax fund	1,976	2,207
Provisions for risks and charges	158	375
Payables and other liabilities	298,042	265,650
Non-current liabilities	**311,721**	280,642
Non-current liabilities held for sale	**-**	-
Due to banks	2,958	2,523
Trade accounts payable	57,128	55,013
Other financial liabilities	59,587	45,528
Tax payables	5,508	3,634
Accrued expenses and deferred income	2,470	1,615
Other current liabilities	8,908	9,343
Current liabilities	**136,559**	117,657
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**808,392**	741,653

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

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

(In thousands of Euro)	12.31.2015	%	12.31.2014	%
Net Sales	**339,810**	100.0%	312,754	100.0%
Other revenues and proceeds	1,396	0.4%	1,237	0.4%
Internal works and collections	10,437	3.1%	9,314	3.0%
Revenues	**351,643**	103.5%	323,305	103.4%
Purchase of materials	88,169	25.9%	81,945	26.2%
Services rendered	97,651	28.7%	89,446	28.6%
Change in stock	(2,515)	-0.7%	(1,207)	-0.4%
Other costs	18,939	5.6%	18,453	5.9%
Other costs	**202,245**	59.5%	188,637	60.3%
Added value	**149,399**	44.0%	134,667	43.1%
Cost of labour	68,725	20.2%	61,539	19.7%
Gross operating margin	**80,673**	23.7%	73,128	23.4%
Depreciation/amortisation	37,322	11.0%	34,524	11.0%
Other provisions	1,166	0.3%	1,137	0.4%
Non-recurrent income/charges	-	0.0%	-	0.0%
Operating result	**42,185**	12.4%	37,468	12.0%
Financial income	2,761	0.8%	1,877	0.6%
Financial charges	(3,793)	-1.1%	(4,852)	-1.6%
Income from investments	(170)	-0.1%	(136)	0.0%
Total financial income / (charges)	**(1,202)**	-0.4%	(3,111)	-1.0%
Profit (Loss) before income taxes	**40,984**	12.1%	34,357	11.0%
Income taxes	13,786	4.1%	11,369	3.6%
Net result from business activities	**27,197**	8.0%	22,988	7.4%
Net result from intermittent activities	-	0.0%	-	0.0%
(Profit) / Loss pertaining to minority interests	(1,524)	-0.4%	(1,451)	-0.5%
Net Profit / (Loss)	**25,673**	7.6%	21,537	6.9%

Sales in the Home care Service sector reported an increase of 8.7%.

Gross operating margin increased by 10.3% compared to the previous year.

Operating result increased by 12.6% compared to the previous year.

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

(in thousands of Euro)	12.31.2015	12.31.2014
Tangible fixed assets	115,558	110,955
Goodwill and consolidation differences	33,687	25,534
Other intangible fixed assets	3,165	1,838
Equity Shareholdings	55,447	55,391
Other financial assets	2,066	7,590
Prepaid taxes	1,659	1,671
Non-current assets	**211,582**	202,978
Non-current assets held for sale	**-**	-
Inventories	22,813	20,218
Trade receivables	106,655	99,282
Other current assets	3,479	4,095
Current financial assets	23,061	16,416
Accrued income and prepaid expenses	1,580	1,390
Cash and cash at bank	33,077	46,308
Current assets	**190,665**	187,708
TOTAL ASSETS	**402,247**	390,687
Share capital	7,750	7,750
Share premium reserve	20,934	22,484
Legal reserves	1,550	-
Treasury shares reserves in portfolio	-	-
Other reserves	185,194	111,319
Profits (losses) carried forward	24,584	24,584
Net profit	25,673	21,537
Group net equity	**265,686**	187,674
Shareholders' equity minority interests	5,792	4,449
Profits pertaining to minority interests	1,524	1,451
Shareholders' equity minority interests	**7,315**	5,900
Shareholders' equity	**273,002**	193,574
Employee severance indemnities and other benefits	2,705	2,787
Deferred tax fund	706	526
Provisions for risks and charges	798	942
Payables and other liabilities	49,683	109,108
Non-current liabilities	**53,892**	113,363
Non-current liabilities held for sale	**-**	-
Due to banks	17	8
Trade accounts payable	43,953	44,843
Other financial liabilities	5,142	11,504
Tax payables	6,015	9,153
Accrued expenses and deferred income	10,154	9,203
Other current liabilities	10,073	9,039
Current liabilities	**75,354**	83,749
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**402,247**	390,687

Information by geographic area

The breakdown of revenues by geographic area is presented below:

Description	12.31.2015	12.31.2014	Change
Italy	324,901	314,325	10,576
Other countries	349,315	322,034	27,281
Total	**674,216**	636,359	37,857

The breakdown of investments by geographic area is presented below:

Description	12.31.2015	12.31.2014	Change
Italy	34,348	26,230	8,118
Other countries	50,376	68,267	(17,891)
Total	**84,724**	94,497	(9,773)

InfraGroup transactions and transactions with related parties

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

InfraGroup transactions

All the infraGroup transactions fall within the ordinary operations of the Group, they are carried out on an arms'-length basis and there were no atypical or unusual transactions or transactions causing potential conflicts of interest.

Inter group sales and services carried out during 2015 amounted to Euro 154.3 million.

As at December 31, 2015, receivable and payable transactions between Group companies came to Euro 225.5 million, of which Euro 149.1 million of a financial nature and Euro 76.4 million of a trade nature.

The breakdown for the inter company financial receivables is as follows:

• Financial receivables granted by SOL Spa	Euro	89.8 thousand
• Financial receivables granted by AIRSOL BV	Euro	36.3 thousand
• Financial receivables granted by other companies	Euro	23.0 million

The transactions of the SOL Group with non-consolidated subsidiaries, joint ventures and associated companies are as follows:

• Sales and services to CT Biocarbonic GmbH	Euro	221 thousand
• Purchases from CT Biocarbonic GmbH	Euro	2,807 thousand
• Financial receivables due from CT Biocarbonic GmbH	Euro	1,425 thousand
• Financial receivables due from CT Biocarbonic GmbH	Euro	25 thousand
• Payables due to CT Biocarbonic GmbH	Euro	281 thousand
• Sales and services to SICGILSOL India Private Limited	Euro	148 thousand
• Commercial receivables due from SICGILSOL India Private Limited	Euro	112 thousand
• Financial receivables due from SICGILSOL India Private Limited	Euro	6,109 thousand
• Purchases from ZDS JESENICE doo	Euro	78 thousand
• Payables due to ZDS JESENICE doo	Euro	8 thousand
• Financial receivables due from Consorgas Srl	Euro	206 thousand
• Payables due to Consorgas Srl	Euro	6 thousand.

Commitments, guarantees and potential liabilities

The Sol Group obtained sureties totalling Euro 44,968 thousand.

Net financial position

	(in thousands of Euro)	12.31.2015	12.31.2014
a	Cash	346	335
b	Banks	101,642	95,331
c	Securities held for trading	-	-
d	**Liquidity (a) + (b) + (c)**	**101,989**	**95,665**
	and Securities	3,744	2,882
**	and Other short-term financial assets	1,658	24
	and Current financial receivables	**5,402**	**2,906**
f	Short-term amounts due to banks	(2,975)	(2,531)
g	Loans - long-term portion	(39,464)	(30,044)
g	Leases - short term portion	(438)	(485)
g	Bonds - short term portion	(7,501)	(4,794)
h	Amounts due to Shareholders for the purchase of equity investments	-	(882)
h*	Other short-term financial liabilities	(1,169)	(1,686)
i	**Current borrowing (f) + (g) + (h)**	**(51,547)**	**(40,423)**
j	**Net current borrowing (d) + (e) + (i)**	**55,843**	**58,148**
k	Long-term amounts due to banks	-	-
l	Bonds issued	(102,716)	(70,217)
m	Investment securities	551	886
m**	Other long-term financial assets	14,317	2,911
m	Loans – long-term portion	(193,289)	(197,467)
m	Leasing – long-term portion	(951)	(924)
m	Amounts due to Shareholders for the purchase of equity investments	(1,776)	(1,776)
m*	Other long-term financial liabilities	(2,122)	(4,299)
n	**Non-current borrowing (k) + (l) + (m)**	**(285,986)**	**(270,885)**
o	**Net borrowing (j) + (n)**	**(230,144)**	**(212,737)**

* The fair value of the derivative financial instruments
** Includes the fair value of the derivative financial instruments

Information on risks

Risks related to the general economic trend

The Group performance is affected by the increase or decrease of the gross national product, industrial production, cost of energy products and health expense policies adopted in the different European countries in which the Group works.
The year 2015 was characterised by a slight economic recovery in the countries where the Group operates.

Risks relevant to the results of the Group

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

Risks related to fund requirements

The SOL Group carries on an activity that entails considerable investments both in production and in commercial equipment and expects to face up to requirements through the flows deriving from the operational management and from new loans.

Operations are expected to continue to generate adequate financial resources while the use of new loans, despite the excellent financial position of the Group, will encounter high spreads and greater difficulties in obtaining long-term loans compared to the past.

Other financial risks

The Group is exposed to financial risks associated with its business operations:
- credit risk in relation to normal trade transactions with customers;
- liquidity risk, with particular reference to the raising of financial resources associated with investments and the financing of working capital;
- market risks (mainly relating to exchange and interest rates, and to commodity costs), in that the Group operates at international level in different currency areas and uses financial instruments that generate interest.

Credit risk

The granting of credit to end customers is subject to specific assessments by means of structured credit facility systems.
Positions amongst trade receivables (if individually significant) for which objective partial or total non-recoverability is ascertained, are subject to individual write-down. Provisions are made on a collective basis for receivables that are not subject to individual write-down, taking into account the historic experience and the statistical data.
It should be noted that the continuing difficult economic situation of Greece, a country where the Group has been operating for years, could lead to uncertainties, currently unquantifiable, regarding the possibility of collecting receivables from public hospitals in the country and the repayment of Greek Government bonds in our portfolio.

Liquidity risk

The liquidity risk may manifest with regards to the inability to raise the financial resources necessary for the anticipated investments under good economic conditions and for financing working capital.
The Group has adopted a series of policies and processes aimed at optimising the management of the financial resources, reducing the liquidity risk, such as the maintenance of an adequate level of available liquidity, the obtaining of adequate credit facilities and the systematic monitoring of the forecast liquidity conditions, in relation to the corporate planning process.
Management believes that the funds and the credit facilities currently available, in addition to those that will be generated by operating and financing activities, will permit the Group to satisfy its requirements deriving from activities for investments, working capital management and debt repayments on their natural maturity dates.

Exchange rate risk

In relation to the sales activities, the Group companies may find themselves with trade receivables or payables denominated in currencies other than the reporting currency of the company that holds them.
A number of Group subsidiary companies are located in countries that do not belong to the European Monetary Union, in particular Switzerland, Bosnia, Croatia, Serbia, Albania, Macedonia, Bulgaria, Romania, United Kingdom, India, Turkey, Morocco and Brazil. Since the reference currency for the Group is the Euro, the income statements of these companies are translated into Euro using the average exchange rate for the period and, revenues and margins in local currency being equal, changes in interest rates may have an effect on the equivalent value in Euro of revenues, costs and economic results.
Assets and liabilities of the consolidated companies whose reporting currency is not the Euro, can adopt equivalent values in Euro that differ depending on the performance of the exchange rates. As envisaged by the accounting standards adopted, the effects of these changes are booked directly to shareholders' equity, under the item "Other reserves".

Some Group companies purchase electric energy that is used for the primary production of technical gasses. The price of electricity is affected by the Euro/dollar rate of exchange and by the price trend of energy raw materials. The risk related to their fluctuations is mitigated by stipulating, as much as possible, fixed price purchase contracts or with a fluctuation measured on a not very short time period. Moreover, long-term supply contracts to customers are index-linked in such a way as to cover the fluctuation risks shown above.
The parent company has two debentures loans in force for a total of 95 million USD. The exchange rate risk was hedged with a Cross Currency Swap transaction in Euro on the entire amount of the loans and for the entire duration (12 years). The fair value of the CCS as at December 31, 2015 was positive for Euro 8,028 thousand.

Interest rate risk

The interest rate risk is handled by the Parent Company by means of the centralisation of the majority of the medium/long-term debt and an adequate division of the loans between fixed rate and floating rate favouring, when possible and convenient, medium/long-term debt with fixed rates, also by operating through specific Interest Rate Swap agreements.
Some Group companies have stipulated Interest Rate Swap agreements linked to floating rate medium-term loans with the aim of ensuring a fixed rate on said loans. The notional value as at December 31, 2015 is equal to Euro 78,284 thousand and the negative fair value is equal to Euro 3,069 thousand.

Risks relevant to the personnel

In the different countries in which the Group operates, employees are protected by different laws and/or collective labour contracts that guarantee them the right to be consulted on specific issues - including the downsizing and closing of departments and the reduction of employees - through representations. This could affect the Group's flexibility in redefining strategically its own organisations and activities.
The management of the Group consists of persons of proven expertise and normally having a long experience in the sectors in which the Group operates. The replacement of any person in the management may require a long period of time.

Risks relevant to the environment

The products and the activities of the SOL Group are subject to more and more complex and strict authorisation and environmental rules and regulations. This concerns manufacturing plants subject to regulations on emissions in the atmosphere, waste disposal, waste water disposal and land contamination ban.
High charges should be shouldered in order to observe such regulations.

Tax risks

The SOL Group is subject to taxation in Italy and in several other foreign jurisdictions.
The various companies of the Group are periodically subject to the competent tax authorities of the countries in which they operate auditing their tax returns.
As in the past, they are accurately assessed and any problems identified in tax audits, if necessary, are suitably challenged.
At present litigation in Italy is in progress, which we deem unfounded, on the matter of "Transfer pricing". Given the considerable uncertainty that surrounds this matter, we can provide no assurance that the conclusion of the litigation will not have a negative outcome and therefore have an impact on the Group's profitability.

Adjustments pursuant to Articles 36 and 39 of the Market Regulations

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

Information pursuant to article 149 duodecies of the Consob Issuer Regulation

The following table, drawn up pursuant to Article 149 duodecies of the Consob Issuer Regulation, shows the considerations pertaining to the 2015 financial year for the auditing services and for those other than auditing supplied by the auditing company and by bodies belonging to its network.

(in thousands of Euro)	Subject who supplied the service	Receiver	Considerations pertaining to the 2015 financial year
Auditing	BDO Spa	SOL Spa Parent Company	84
	BDO Spa	Subsidiary companies	121
	BDO network	Subsidiary companies	184
Quarterly audit	BDO Spa	SOL Spa Parent Company	12
	BDO network	Subsidiary companies	18
Other services	BDO network	SOL Spa Parent Company (1)	119
	BDO Spa	Subsidiary companies (1)	75
	BDO network	Subsidiary companies (1)	101
Total			**715**

(1) Fiscal aid services and others

Non-recurring significant events and transactions

Pursuant to Consob communication no. DEM/6064296 of July 28, 2006, the SOL Group did not carry out non-recurring significant events and transactions during 2015.

Transactions deriving from atypical and/or unusual operations

Pursuant to Consob communication no. DEM/6064296 of July 28, 2006, the SOL Group did not carry out atypical and/or unusual operations in 2015, as defined by the Communication itself.

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

Please refer to the specific section in the report on operations.

Monza, March 30 2016

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

Certificate of the Consolidated financial statements pursuant to Article 154-bis of Italian Legislative Decree 58/98

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

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

of the administrative and accounting procedures for the drawing up of the consolidated financial statements during the 2015 financial year.

We also certify that:

1. The consolidated financial statements:
   a) have been prepared in accordance with the International Financial Reporting Standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
   b) correspond to the figures reported in the accounting records;
   c) they are suitable for providing a true picture of the financial and economic position of the issuing company and of the consolidated companies;

2. the directors' report includes a reliable analysis of the business trend and operating result as well as of the situation of issuing company and of the consolidated companies, together with a description of the main risks and uncertainties they incur.

Monza, March 30 2016

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

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

Report of the independent auditors SOL Group

BDO

Tel: +39 02 58.20.10
Fax: +39 02 58.20.14.03
www.bdo.it

Viale Abruzzi n. 94
20131 Milano

INDEPENDENT AUDITORS'REPORT IN ACCORDANCE WITH ART. 14 AND 16 OF LEGISLATIVE DECREE N0.39 OF JANUARY 27th,2010

To the shareholders of
SOL S.p.A.

Report of the consolidated financial statements

We have audited the accompanying consolidated financial statements of SOL S.p.A. and its subsidiaries (the SOL Group), which comprise the statement of financial position as of December 31st, 2015, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated *financial statements*

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree N0. 38/05.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to art. 11, paragraph 3 of Legislative Decree N0. 39/2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of SOL Group as of December 31st 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree N0. 38/05.

Other matters

The consolidated financial statements for the year ended December 31st, 2014 were audited by the auditor in charge at the time who expressed an unmodified opinion on those statements on April 14th 2015.

Report on compliance with other laws and regulation

Opinion on the consistency of the consolidated financial statements with the report on operations and of certain information set out on corporate governance and ownership structure

We have performed the procedures required by auditing standard (SA Italia) N0. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in art. 123-bis, paragraph 4 of Legislative Decree N0. 58/98, which are the responsibility of the directors of SOL S.p.A., with the consolidated financial statements of SOL Group. in our opinion, the report on operations and of the information set out in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of SOL Group as of December 31st 2015.

Milan, 14 April 2016

BDO Italia S.p.A.

Signed by
Partner

This report has been translated into English from the Italian original solely for the convenience of international readers

Design
M Studio, Milan

SOL Spa
Via Borgazzi, 27
20900 Monza Italy
Tel. +39 039 23961
Fax +39 039 2396375
diaf@sol.it
www.solgroup.com