Half Yearly Financial Report as of 30th June 2013

El. En. Group

EL.EN. S.p.A.

Headquarters in Calenzano (Florence), Via Baldanzese, 17

Capital stock: Underwritten and paid : € 2.508.671,36

Registry of Companies in Florence – C.F. 03137680488

CORPORATE BOARDS OF THE PARENT COMPANY

(as of the date of approval of the financials on June 30th 2013)

Board of Directors

CHAIRMAN

Gabriele Clementi

MANAGING DIRECTORS

Barbara Bazzocchi

Andrea Cangioli

BOARD MEMBERS

Paolo Blasi

Michele Legnaioli

Stefano Modi

Alberto Pecci

Board of statutory auditors

CHAIRMAN

Vincenzo Pilla

STATUTORY AUDITORS

Paolo Caselli

Rita Pelagotti

Executive officer responsible for the preparation of the Company's financial statements in compliance with Law 262/05

Enrico Romagnoli

Independent auditors

Deloitte & Touche S.p.A.

EL.EN. GROUP

HALF YEARLY MANAGEMENT REPORT

EXPLANATORY NOTES

1.1. Adoption of international accounting principles

This half-yearly financial statement for the half ending on June 30th 2013, approved by the Board of Directors on August 29th 2013, drawn up in consolidated form in compliance with to Art. 154-ter of February 24th 1998, Legislative Decree 58 (TUF) and later modifications and additions, has been drawn up in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and ratified by the European Union.

By IFRS we mean also the International Accounting Standards (IAS) which are still in force, as well as all of the interpreting documents issued by the International Financial Reporting Interpretations Committee (IFRIC).

In this report which is drawn up in conformity with IAS 34, Intermediate Reports, we have used the same accounting principles used for the consolidated financial of December 31st 2012 with the exception of the accounting standards that went into force starting on January 1st 2013 described in the Explanatory Notes – paragraph pertaining to the "Accounting Principles and Evaluation Criteria". The application of these principles did not have any effect except for the modification of accounting standard IAS 19 "Employee benefits" ratified by the European Commission with regulation no. 475/2012 issued on June 5th 2012. The new regulations which entered into force on January 1st 2013 required a restatement of the amounts in the statement of financial position as of January 1st 2012 and December 31st 2012.

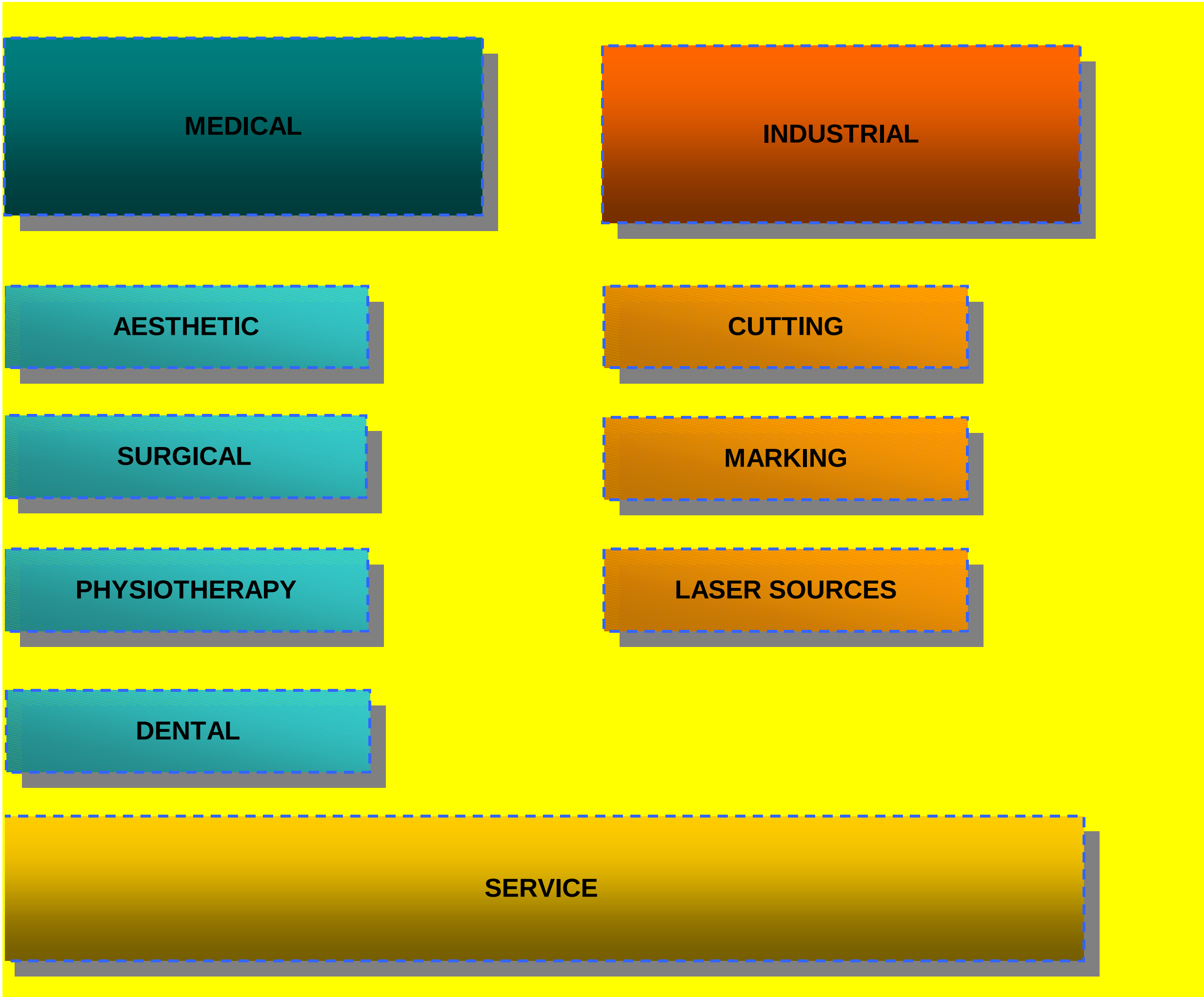
All amounts are expressed in thousands of Euros unless otherwise indicated.

1.2. Description of the activities of the Group

El.En. SpA controls a group of companies operating in the field of manufacture, research and development, distribution and sales of laser systems. The structure of the Group has been created over the years as a result of the founding of new companies and the acquisition of the control of others. Each company has a specific role in the general activities of the Group which is determined by the geographical area it covers, by its technological specialization or by the particular position within one of the merchandise markets served by the Group.

Apart from the sub-division of the roles of the various companies, the Group conducts its activities in two major sectors: that of laser systems for medicine and aesthetics, and that of laser systems for manufacturing uses. In each of these two sectors the activities can be subdivided into different segments which are heterogeneous in the application required from the system and consequently for the underlying technology and the kinds of users. Within the activity sector of the Group, which is generally defined as the manufacture of laser sources and systems, the range of clients varies considerably, especially if one considers the global presence of the Group and therefore, the necessity of dealing with the special requirements which every region in the world has in the application of our technologies.

This vast variety, together with the strategic necessity of further breaking down some of the markets into additional segments in order to maximize the quota held by the Group and the benefits derived from the involvement of management personnel as minority shareholders, is the essence of the complex structure of the Group; however, this complexity is based on the linear subdivision of the activities which can be singled out, not just for reporting purposes, but, above all, for strategic purposes, as follows:



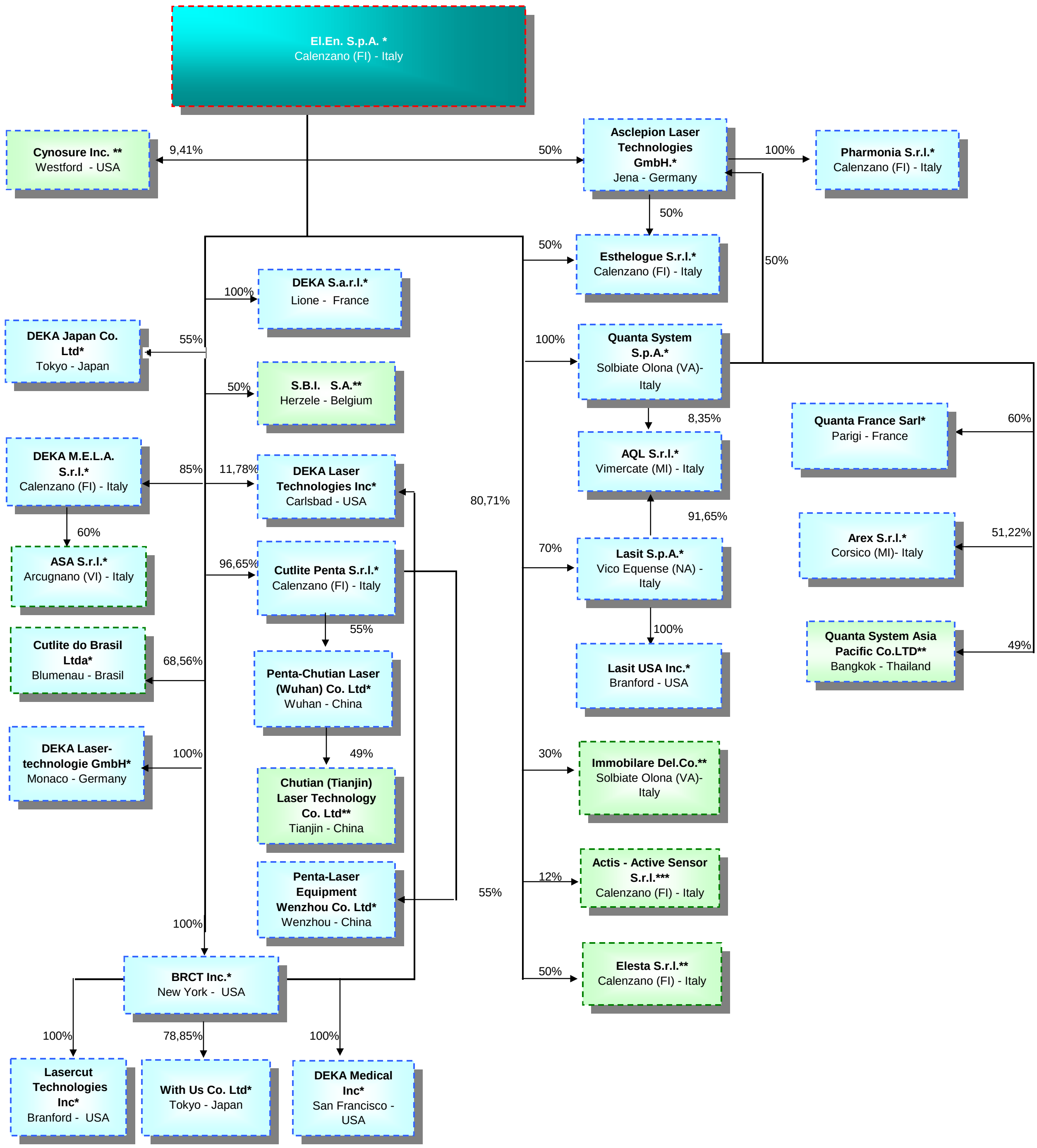
Besides the main company activity of selling laser systems, there is also a post-sales customer assistance service which is not only indispensable for the installation and maintenance of our laser systems but also a source of revenue from the sales of spare parts, consumables and technical assistance.

The division of the Group into multiple companies also reflects the strategy for the distribution of their products and the coordinating of the various research and development and marketing activities. In fact, particularly in the medical sector, the various companies which through acquisitions have gradually become part of the Group (DEKA, Asclepion, Quanta System, Cynosure which left the Group at the end of 2012 and Asa) have always maintained their own special characteristics as far as the product typology and segment and their own distribution network which is independent from those of the other companies in the Group.

At the same time, each one has been able to benefit from the cross-fertilization which the research teams have had on each other, thus creating centres of excellence for certain specific technologies which were made available also to the other companies of the Group. Although this strategy makes management more complex, it is chiefly responsible for the growth of the Group which has become one of the most important companies in the field.

1.3. Group structure

As of June 30th 2013 the structure of the Group was as follows:



* *Entirely consolidated*

** *Consolidated using the equity method*

*** *Kept at cost*

1.4. Performance indicators

The following performance indicators have been shown for the purpose of supplying additional information on the economic and financial performance of the Group:

	30/06/13	31/12/12 (a) (*)	30/06/12 (a) (*)
Profitability ratios (**):			
ROE	2,1%	26,0%	3,3%
(Net income / Share Capital and Reserves)			
ROS	5,1%	4,9%	5,1%
(EBIT/ Revenues)			
Structure ratios:			
Financial flexibility	0,69	0,68	0,77
(Current assets / Total assets)			
Leverage	1,18	1,18	1,13
((Shareholders' Equity + Financial liabilities) / Shareholders' Equity)			
Current Ratio	2,27	2,52	2,65
(Current assets / Current liabilities)			
Acid ratio	1,47	1,66	1,78
((Current receivables + Cash and cash equivalents)/ Current liabilities)			
Quick ratio	0,66	0,77	1,01
((Cash and cash equivalents + Investments) / Current liabilities)			

(a) Restatement of comparative data after the adoption of IAS 19 Revised
(*) Restatement of data in compliance with IFRS 5
(**) For the interim reports the amounts of the revenue, purchases and the profit results have been annualized.

In order to facilitate comprehension of the chart above, and in consideration of the regulations concerning alternative performance indicators, below we are giving the definitions of some terms used in the charts of the financial statement:

- Own Capital = Shareholders' equity of the Group – Net income (loss)

1.5. Alternative NON-GAAP measures

In compliance with the CESR/05-178b recommendations regarding alternative performance indicators, the Group presents, as part of the Director's report, in addition to the financial measures required by the IFRS, some of the measures derived from these latter but not required by the IFRS (non – GAAP measures). These measures are defined here for the purpose of facilitating a better evaluation of the performance of the Group and should not be considered alternatives to those required by the IFRS.

The Group uses the following alternative non-GAAP measures to evaluate the economic performance:

- The **earnings before interests and income taxes** or EBIT represents an indicator of operating performance and is determined by adding to the Net Income (Loss) for the period: the income tax, the other net income and charges, the quota of the associated companies, the results of the financial items;
- the **"EBITDA"**, also represents an indicator of operating performance and is determined by adding to the EBIT, the amount of "Amortizations, depreciations and accruals";
- -the **added value** is determined by adding to the EBITDA the" staff cost";
- the **gross margin** represents the indicator of the sales margin determined by adding to the Added Value the "Costs for operating services and charges".
- the **incidence** that the various entries in the income statement have on the sales volume.

As alternative performance indicators, to evaluate its ability to fulfill their financial obligations the Group uses :

- the **net financial position** which is: cash available + Securities entered as current assets + current financial receivables – debts and non-current financial liabilities - current financial debts.

The alternative performance indicators are measures used by the company to monitor and evaluate the performance of the Group and they are not defined as accounting measures either in the Italian Accounting Standards or in the IAS/IFRS. Consequently, the determining criteria applied by the Group may not be the same as that adopted by other operators and/or groups and for this reason may not be comparable.

1.6. Group financial highlights

In the first half of 2013 the Group registered a consolidated sales volume of 73,8 million Euros which was just slightly less than the amount registered for the first half of 2012, 74,8 million Euros, and showed a net income of 1.257 thousand Euros which also represented a slight decrease with respect to the 1.605 thousand Euros shown in the first half of 2012. The net financial position of the Group remains solid and increased by about one million Euros during this half year so that it is now over 19 million Euros.

In the first half-year period in which Cynosure Inc. participated in the consolidated income statement only for the quota of its net result (since it is now an associated company for the amount of 9,41%), its influence in any case was felt with a negative result in this case. In fact, for this financial period the amount contributed by Cynosure (which registered a loss of 7,7 million dollars), represented a loss of about 0,6 million Euros which as generated by the one-time costs sustained by Cynosure for the acquisition of Palomar Inc., which took place on the 24th of June. Without this expense the quota of the net result of Cynosure for the Group would have been a net income of about 0,8 million Euros and therefore the net consolidated income for this period would have been about 2,6 million, which represents an amount which is consistent with the contribution of Cynosure to the net result of the Group. This impact on the half-yearly results represents a paradox because the acquisition of Palomar on one hand brought about the loss mentioned above while, on the other hand, it benefitted the Cynosure stock, with obvious advantages for the Group which of course do not appear in the financial statement in compliance with the caution shown in the representation that the financial standards require for this important equity belonging to the Group.

Although business got off to a slow start at the beginning of the year, the second quarter showed a significant improvement with respect to the first with both the sales volume and the EBIT heading in the right direction for achieving the goals which have been set for this year. This fact, along with the considerations which follow, induce us to evaluate positively the results for the period even though they do not show an improvement over those for 2012.

The events that we had forecast would have a negative impact on the sales volume and on the EBIT, in fact, all occurred: the negative trend of the Japanese currency penalized the sales volume and margins of one of the most important markets for the Group in the medical sector; the phase of transformation of some of the production and distribution activities in China, Brazil and the USA caused lower revenue and some costs of transition; the crisis in Italy and in Europe in general continued to afflict our clientele and the stagnation of the selling markets was worsened by the difficulty for the clientele to obtain the financial resources necessary to make investments.

The Group reacted successfully to these difficulties and was able to achieve significant results in Italy where the sales volume registered a two digit growth thanks in particular to the professional aesthetics sector and the systems for industrial applications; the systems for surgical applications, in particular in urology; systems for aesthetic applications, in particular for hair removal and the removal of tattoos and pigmented lesions.

Moreover, although Cynosure is no longer within the area of full consolidation, it continues to have a significant impact on our results which, in this period was negative since the half-yearly results that are entered for it as an associated company, although limited to the 9,41% ownership, had to absorb the major loss of 7,7 million dollars registered by Cynosure during the period for the costs of the transaction for the acquisition of Palomar Inc. which took place on June 24th.

Because the Group operates worldwide, the general economic conditions that prevail are not uniform on the various selling markets. The "local" markets, i.e, Italian and European, continue to be penalized by a weak demand and scarce availability of credit. This was particularly true in Italy where the persistent political instability prevented any and all concrete contributions to the revitalizing of the Italian economy. The American market still benefits from a currency expansion policy which sustains consumption and is now going through a phase of recovery that is concretely demonstrated by the record quotations in the stock market and the revitalized domestic demand. The benefits derived from this situation are evident in the results of our competitors that are based in America who also have the advantage for exports of an exchange rate that has been stabilized around the rather unfavorable amount of 1,3 dollars per Euro. During this half-year we have only partially been able to reap the benefits of the favorable circumstances in America, thanks to the penetration of Quanta System and the supplies sold to Cynosure, while awaiting the effects of the transformation of the activities of our American subsidiaries. The Japanese market is going through a positive phase, in this case due to the deliberate expansion policy implemented by the government and the central bank in order to revitalize the domestic demand in Japan and break the vicious circle of stagnation, non-existent interest rates and deflation that have been typical of the Japanese economy for years. The result of this policy has been the devaluation of the Yen, the effects of which are evident in the reduction of the sales volume in Euros, the margins in Yen since our branches in Japan essentially distribute equipment made in Europe and consequently with costs in Yen sharply increasing respect of the same amounts in Euros.

In general the industrial sector of laser systems for manufacturing continued to grow although this was not so much due to the Chinese market which is in a phase of substantial stability in sales but rather to the revival of the traditional industries conducted at Calenzano in the fields of cutting and marking large surfaces. Despite the fact that the Chinese market has shown no growth in the past few quarters, the sector of Chinese manufacturing remains pivotal in the strategy for development in the sector and there is a project for re-enforcing our position in this area by creating a new company in Wenzhou which will operate along with the company in Wuhan.

In the first half of 2013, for the first time in ten years the results of Cynosure (NASDAQ, CYNO) have not been wholly consolidated in the financial statements of the El.En. Group, although Cynosure continues to be part of the Group in terms of association with an equity of 9,41% held by El.En. S.p.A. The half-yearly results of Cynosure were positive in operational terms but due to the cost of the transactions related to the purchase of Palomar (NASDAQ, PMTI) the net result registered a loss of 7,7 million dollars. This acquisition, which created in Massachusetts one of the largest groups on the market manufacturing laser systems for medical and aesthetic applications, comported a reduction in the quota owned by El.En. because Cynosure issued shares that were not underwritten by our company and which they used to pay half of the purchase price of Palomar for an amount of about 300 million US dollars.

Note: in order to make the results for 2013 comparable with those for last year, also the 2012 results are shown excluding Cynosure from the scope of consolidation, as is explained in detail below.

The chart below shows the breakdown of the sales volume in the various sectors of activity of the Group for the first half of 2013 compared with a similar breakdown for last year.

	30/06/2013	Inc%	30/06/2012 (*)	Inc%	Var%
Industrial systems and lasers	18.709	25,34%	17.951	23,99%	4,22%
Medical and aesthetic lasers	42.405	57,43%	43.129	57,65%	-1,68%
Service	12.723	17,23%	13.734	18,36%	-7,36%
Total	**73.837**	**100,00%**	**74.814**	**100,00%**	**-1,31%**

(*) Data restated in conformity with IFRS 5 for the purpose of making the data for the first half of 2012 which included Cynosure Inc., for which the controlling interest was sold in November 2012,comparable with those of 2013.

The sales volume for the first half did not exceed that for the last year even though there was a good recovery in the industrial sector. The sales volume for medical systems and for services decreased, especially the latter, because of the importance of the services on the Japanese market and the reduction in the sales volume that was caused by the weakness of the Yen.

The chart below shows the trend for the sales volume divided according to the geographic area:

	30/06/2013	Inc%	30/06/2012 (*)	Inc%	Var%
Italy	14.770	20,00%	13.077	17,48%	12,95%
Europe	16.280	22,05%	15.321	20,48%	6,26%
Rest of the world	42.787	57,95%	46.415	62,04%	-7,82%
Total	**73.837**	**100,00%**	**74.814**	**100,00%**	**-1,31%**

(*) Data restated in conformity with IFRS 5 for the purpose of making the data for the first half of 2012 which included Cynosure Inc., for which the controlling interest was sold in November 2012,comparable with those of 2013.

Sales volumes in Italy and in the rest of Europe increased, even showing a two-digit growth in Italy thanks to the industrial systems, particularly marking, and the systems for professional aesthetics; the sales volume in these two areas, however, represents less than half of the consolidated sale volume and its growth was not enough to offset the decrease in sales volume in the non-European countries which was caused by the devaluation of the Japanese currency and the phase of transition of some of our production and distribution activities in China, Brazil and the United States.

The chart below shows the sales volume in the medical/aesthetic sector which represents about 57% of the sales of the Group, broken down according to segment:

	30/06/2013	Inc%	30/06/2012 (*)	Inc%	Var%
Surgical CO2	4.701	11,09%	4.169	9,67%	12,77%
Physiotherapy	3.368	7,94%	2.808	6,51%	19,95%
Aesthetic	25.583	60,33%	27.543	63,86%	-7,11%
Dental	558	1,32%	1.500	3,48%	-62,79%
Other medical lasers	6.421	15,14%	5.242	12,15%	22,51%
Accessories	1.774	4,18%	1.868	4,33%	-5,06%
Total	**42.405**	**100,00%**	**43.129**	**100,00%**	**-1,68%**

(*) Data restated in conformity with IFRS 5 for the purpose of making the data for the first half of 2012 which included Cynosure Inc., for which the controlling interest was sold in November 2012,comparable with those of 2013 .

The overall trend remains stable. It should be recalled that the Group is present in the medical sector with four main distribution structures: one focused on the physical therapy sector (ASA), and the other three (Deka, Quanta, Asclepion) mainly focused on aesthetics but also able to supply products in special areas of the surgical and dental sectors. Each of these companies is able to offer a variety of attractive and specialized products on the market. Their research centers are located, respectively, in Florence, Solbiate Olona and Jena, where they independently develop systems with specific distinctive characteristics that they then distribute through their networks.

Starting with the segments that have registered a decrease, the dental sector was affected by a change that had already begun in the first quarter in the United States, where they switched from an organization with direct distribution through a subsidiary to a distribution through a company not belonging to the Group. This period of transition comported a decrease in sales volume which, in any case will drop, even for the same number of systems sold because it is developed through distributors rather than end users, to the advantage, however, of the EBIT, which will no longer be affected by the operating expenses of the company.

There was also a slight drop in the sales volume of the main sector of aesthetics because the value of the Euro was affected by the drop in the value of the Yen. The market position of the Group remains solid in this sector with a range of products that is continually updated, an indispensable policy for maintaining and increasing our position in a highly competitive market.

The category of “Others” together with the CO_2 sector showed growth mainly due to the surgical applications of lasers both for the solid state systems for the treatment of benign hyperplasia of the prostate and for lithotripsy (represented in the “Others” category as well as the ORL (otolaryngology) systems and gynecology; in this latter sector, the application of the “*Mona Lisa Touch*” for the treatment of vaginal atrophy and the health of mature women has gradually obtained success.

The physical therapy segment managed by Asa of Vicenza is still growing thanks to the gradual innovation of the products, the careful marketing strategy and the clinical experimentation.

For the industrial applications sector, the chart below shows the breakdown of the sales volume by the market segments in which the Group operates.

	30/06/2013	**Inc%**	**30/06/2012**	**Inc%**	**Var%**
Cutting	12.949	69,22%	12.672	70,59%	2,19%
Marking	5.158	27,57%	4.551	25,35%	13,34%
Laser sources	350	1,87%	598	3,33%	-41,55%
Welding, other industrial systems	252	1,35%	130	0,73%	93,44%
Total	**18.709**	**100,00%**	**17.951**	**100,00%**	**4,22%**

The outcome for this half-year is positive thanks especially to the segment of marking large surfaces which benefitted from the merger of Ot-las and Cutlite Penta, which improved their efficacy. Despite the stability of the Chinese market, the cutting segment also showed an increase in sales volume thanks to the good results in Brazil and the revival of Cutlite Penta.

The sale of laser sources to third parties which is part of the marketing strategy which up to now has benefitted our position as manufacturers of systems, represents a secondary outlet with respect to the volume of laser sources produced for installation on systems made by the companies belonging to the Group.

Sales in the sector of conservation and restoration remain interesting. Thanks to our laser systems it is possible to restore works of art of every age to their original splendor; for example, the exciting restoration recently made on the frescoes in the Villa dei Misteri at Pompei, where our lasers succeeded in recovering an intensity of color and a level of chiaroscuro which, using any other means, would have been unthinkable.

1.7 Consolidated income statement as of June 30th 2013

The chart below shows the consolidated income statement reclassified for the period ending on June 30th 2013 compared with that for the same period last year.

It should be recalled that, in 2012, because of the sale of part of the shares of Cynosure held by El.En. (as described in the paragraph “Significant events which occurred during the financial year 2012” in the Management Report as of December 31st 2012) and the consequent loss of control of the American company, starting at the end of November 2012 Cynosure is now entered into accounts using the shareholders’ equity method rather than being fully consolidated and for this reason the financial statement was drawn up in compliance with IFRS 5.

Since the contribution of Cynosure to the results of the Group up to the date of the sale was defined as a *major line of business*, the sales transaction has been represented in the income statement for 2012 as a *Discontinued Operation*. In order to allow a comparison between the results for the first half of 2013 and those for the same period last year, in the income statement for the first half of 2012 which is shown for comparative purposes, the contribution of Cynosure to the results of the Group have been reclassified under the heading of “Net income from *Discontinued Operations*”. In the first half of 2013 the quota of the net result of Cynosure is included in the “Share of profit of associated companies” and amounts to a loss of 594 thousand Euros.

Income Statement	30/06/13	Inc.%	30/06/12(*)	Inc.%	Var.%
Revenues	73.837	100,0%	74.814	100,0%	-1,3%
Change in inventory of finished goods and WIP	1.426	1,9%	1.015	1,4%	40,5%
Other revenues and income	1.067	1,4%	1.432	1,9%	-25,5%
Value of production	**76.330**	**103,4%**	**77.261**	**103,3%**	**-1,2%**
Purchase of raw materials	37.021	50,1%	36.790	49,2%	0,6%
Change in inventory of raw material	(2.874)	-3,9%	(474)	-0,6%	506,0%
Other direct services	5.840	7,9%	5.702	7,6%	2,4%
Gross margin	**36.343**	**49,2%**	**35.244**	**47,1%**	**3,1%**
Other operating services and charges	12.759	17,3%	12.532	16,8%	1,8%
Added value	**23.584**	**31,9%**	**22.712**	**30,4%**	**3,8%**
For staff costs	17.644	23,9%	16.406	21,9%	7,5%
EBITDA	**5.940**	**8,0%**	**6.306**	**8,4%**	**-5,8%**
Depreciation, amortization and other accruals	2.206	3,0%	2.477	3,3%	-10,9%
EBIT	**3.733**	**5,1%**	**3.829**	**5,1%**	**-2,5%**
Net financial income (charges)	70	0,1%	5	0,0%	1383,2%
Share of profit of associated companies	(645)	-0,9%	(270)	-0,4%	138,6%
Other net income (expense)	229	0,3%	(1)	0,0%	
Income (loss) before taxes	**3.387**	**4,6%**	**3.562**	**4,8%**	**-4,9%**
Income taxes	2.058	2,8%	2.018	2,7%	2,0%
Net income (loss) for the financial period from continuing operations	**1.329**	**1,8%**	**1.545**	**2,1%**	**-13,9%**
Net income (loss) for the financial period from discontinued operations	0	0,0%	2.546	3,4%	
Net income (loss) before minority interest	**1.329**	**1,8%**	**4.090**	**5,5%**	**-67,5%**
Minority interest from continuing operations	72	0,1%	849	1,1%	-91,5%
Minority interest from discontinued operations	0	0,0%	1.636	2,2%	
Net income (loss)	**1.257**	**1,7%**	**1.605**	**2,1%**	**-21,7%**

(*) Data restated in conformity with IFRS 5.

Continuing Operations

The gross margin was 36.343 thousand Euros, an increase of 3,1% over the 35.244 thousand Euros for the same period last year, since it benefitted from an increased profitability on the sales volume, in particular that for the medical sector despite the unfavorable exchange rate which was caused by increased impact of sales made through direct channels rather than through distributors. In the industrial sector, the increase in sales in Europe with respect to the Chinese market where the activity favors high volumes and mid- to low profits, contributed to improvement in the gross margin.

It should be noted that, again in 2013, although the Group cashed in the sale price during this year, some of the sales financed by the clientele by means of operative leasing have been considered, in conformity with IAS/IFRS principles, as revenue from multi-year rentals; in any case the phenomenon had a limited effect on the income statement for the period.

Costs for operating services and charges were 12.759 thousand Euros, showing an increase of 1,8% with respect to June 30th 2012, and therefore also on the incidence on the sales volume, considering the decrease.

The costs for personnel was 17.644 thousand Euros, showing an increase of 7,5% with respect to the 16.406 thousand Euros for the same period last year and also shows a rise in the incidence on the sales volume which rose from 21,9% on June 30th 2012 to 23,9% on June 30th 2013. Part of the staff expenses is represented by the figurative costs for the stock options assigned to staff members. On June 30th 2013 these costs were 4 thousand Euros as opposed to the 88 thousand Euros on June 30th 2012. The structure of the operating charges and the cost for personnel during this half-year, encumbered by some expenses of a non-repeatable nature, is capable of sustaining greater sales volumes and consequently to decrease its incidence on the revenue.

On June 30th 2013 there were 822 employees in the Group as opposed to the 812 on December 31st 2012 and the 805 on June 30th 2012.

A large portion of the personnel expenses is directed towards research and development, for which the Group receives grants and reimbursements in relation to specific contracts underwritten by the institutions created for this purpose. The grants registered into accounts on June 30th 2013 were 548 thousand Euros, much less than the 822 thousand Euros received for the same period in 2012.

Due to the situation described above, the EBITDA is 5.940 thousand Euros, a decrease with respect to the 6.306 thousand Euros registered on June 30th 2012.

The costs for amortization, depreciations and accruals were 2.206 thousand Euros, a decrease of 10,9% with respect to June 30th 2012 when they were 2.477 thousand Euros and the incidence on the sales volume was 3% which was practically unchanged. The amount of accruals for risks and charges and for credit risks was quite significant due to the the cash crisis which affects all economic activity especially in Europe, and remains stable at about 860 thousand Euros.

The EBIT therefore is 3.733 thousand Euros, just slightly under the 3.829 thousand Euros registered on June 30th 2012; the incidence on the sales volume, 5,1%, remains unchanged.

Net financial income amounted to 70 thousand Euros with respect to the 5 thousand Euros for the same period last year; the results of the associated companies includes the quota of the results of Cynosure Inc., which was a determining factor in the negative amount shown for this entry (594 thousand Euros).

The other net income and charges were positive thanks to the sale by Quanta System of the residual share of GLI and the reversal of the amounts originally entered to cover the losses of the company.

Pre-tax profit therefore amounted to 3.387 thousand Euros, which represented a decrease with respect to the 3.562 thousand Euros registered for June 30th 2012.

The fiscal costs for this year amounted to a total of 2 million Euros. The taxes for this year were calculated on the basis of the best estimate of the fiscal aliquotes expected for 2013.
The tax rate for this period was about 61% and was encumbered by the presence of some megative income components that are not tax deductible, like the failure to enter some deferred tax assets on the losses of some companies during this period.

As for the amount of the minority interests, for this period the amount was very small and below the average of the incidence on the results before the minority interests; in fact, during this half the results obtained by the companies with greater minority interests, chiefly the Chinese joint ventures, were in general a loss or below the average of the Group.

Summarizing the reasons why the important equity in Cynosure affects the income statement, it should be mentioned that: in the first half of 2012 on account of the contribution of 2,5 million Euros as net income from discontinued operations which, net of the share due to third parties, it contributed positively for an amount of 0,9 million to the net result of the Group; in the first half of 2013 with the loss of 0,6 million Euros as part of the share of the associated companies, it contributed negatively for the same amount to the results of the Continuing Operations and to the net result of the Group.
Net of the contribution of Cynosure therefore, the results for first half year for Continued Operations in 2013 was 1,9 million with respect to the 1,5 million for 2012; the net result of the Group, net of the contribution of Cynosure was 1,8 million as opposed to the 0,7 million for 2012.
Moreover, considering the impact of Cynosure in conformity with the accounting standards but subtracting the one-time costs of the transaction related to the purchase of Palomar Inc., the half-yearly results from continued operations is 2,7 million Euros and the net result of the Group is 2,6 million Euros, as opposed to the corresponding results of 1,5 and 1,6 million Euros for the first half of 2012.

Discontinued Operations

The chart below shows the break-down of the results of the discontinued operations for the first half of 2012:

	Discontinued Operations Six months 2012
Revenues	54.456
Change in inventory of finished goods and WIP	2.593
Other revenues and income	204
Value of production	**57.252**
Purchase of raw materials	19.471
Change in inventory of raw material	502
Other direct services	5.627
Gross margin	**31.652**
Other operating services and charges	11.777
Added value	**19.875**
For staff costs	13.453
EBITDA	**6.422**
Depreciation, amortization and other accruals	2.844
EBIT	**3.578**
Net financial income (charges)	(83)
Capital gain on stocks sold	0
Revaluations	0
Other net income (expense)	0
Income (loss) before taxes	**3.495**
Income taxes	950
Income taxes on capital gain and revaluation	0
Income (loss) for the financial period from discontinued operations	**2.546**
Minority interest from discontinued operations	1.636
Net income (loss) from discontinued operations	**910**

As mentioned above and as described in the special section of the consolidated explanatory notes, after losing control of Cynosure, starting at the end of November 2012 this company was no longer wholly consolidated, and the statement was drawn up in conformity with IFRS 5. Since, up until that time the contribution of Cynosure to the results of the Group was defined as a *major line of business* the sales transaction was defined as a *Discontinued Operation*.

The net result from "*Discontinued Operations*" for the first half of 2012 includes the contribution of Cynosure Inc. to the net results of the Group.

1.8 Consolidated statement of financial position and net financial position as of June 30th 2013

The reclassified statement of financial position shown on the chart below makes it possible to compare the financial position for this half with that of December 31st 2012.

	30/06/2013	31/12/2012 (a)	Var.
Statement of financial position			
Intangible assets	3.469	3.428	42
Tangible assets	20.866	21.415	-548
Equity investments	33.767	32.550	1.217
Deferred tax assets	5.873	5.812	61
Other non current assets	33	4	29
Total non current assets	**64.009**	**63.209**	**799**
Inventories	49.396	45.465	3.931
Accounts receivables	38.514	38.918	-403
Tax receivables	4.044	3.522	522
Other receivables	7.524	4.763	2.762
Financial instruments	200	1	199
Cash and cash equivalents	40.723	40.475	248
Total current assets	**140.402**	**133.144**	**7.258**
TOTAL ASSETS	**204.411**	**196.353**	**8.057**
Share capital	2.509	2.509	
Additional paid in capital	38.594	38.594	
Other reserves	45.074	37.664	7.410
Treasury stock	-528	-528	
Retained earnings / (deficit)	31.347	10.867	20.480
Net income / (loss)	1.257	23.199	-21.941
Share Capital and Reserves attributable to the Shareholders' of the Parent Company	**118.252**	**112.304**	**5.948**
Share Capital and Reserves attributable to non-controlling interests	6.447	11.651	-5.203
Total equity	**124.699**	**123.954**	**745**
Severance indemnity	3.290	3.340	-50
Deferred tax liabilities	1.237	1.315	-78
Other accruals	4.369	4.385	-16
Financial liabilities	9.004	10.281	-1.277
Non current liabilities	**17.900**	**19.321**	**-1.421**
Financial liabilities	13.917	12.421	1.496
Accounts payables	28.239	22.992	5.248
Income tax payables	1.801	1.101	700
Other payables	17.854	16.337	1.517
Current liabilities	**61.811**	**52.850**	**8.960**
Non current liabilities held for sale		**228**	**-228**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**204.411**	**196.353**	**8.057**

(a) As already mentioned at the beginning of this report and as analyzed in the paragraph “Accounting standards and evaluation criteria” in the Condensed Consolidated Half-yearly Statement, the retroactive application of the amendments to IAS 19 (“Benefits to employees) comported a restatement on December 31st 2012 of the entries “Deferred tax assets, “Severance indemnity” and “Shareholders’ equity”.

Net financial position		
	30/06/2013	**31/12/2012**
Cash and bank	40.723	40.475
Financial instruments	200	1
Cash and cash equivalents	**40.923**	**40.476**
Short term financial receivables	**1.286**	**20**
Bank short term loan	(11.299)	(9.321)
Part of financial long term liabilities due within 12 months	(2.618)	(3.100)
Financial short term liabilities	**(13.917)**	**(12.421)**
Net current financial position	**28.292**	**28.075**
Bank long term loan	(6.104)	(7.187)
Other long term financial liabilities	(2.901)	(3.093)
Financial long term liabilities	**(9.004)**	**(10.281)**
Net financial position	**19.288**	**17.794**

For comments on the consolidated net financial position, please refer to the specific paragraphs in the Notes.

1.9 Subsidiary Results

El.En. SpA controls a Group of companies which operate in the same overall area of lasers, and to each of which a special application niche and particular function on the market has been assigned.

The chart below contains a summary of the results of the parent company El.En. and its subsidiaries. Following the chart there is a series of brief explanatory notes describing the activities of each company and commenting on the results for the first half of 2013.

	Revenues 30-giu-13	Revenues 30-giu-12	Var. %	EBIT 30-giu-13	EBIT 30-giu-12	Net income 30-giu-13	Net income 30-giu-12
El.En. SpA	22.613	21.773	3,85%	1.280	2.289	1.258	834
Subsidiary companies:							
Deka Mela Srl	14.509	12.895	12,51%	620	369	652	441
Cutlite Penta Srl	5.980	4.225	41,52%	-203	-393	953	-353
Esthelogue Srl	2.627	1.547	69,81%	-260	-115	-194	-96
Deka Sarl	1.388	1.222	13,58%	-188	-427	-187	-426
Deka Lasertechnologie GmbH	144	40	256,08%	-23	-47	-23	-47
Deka Laser Technologies Inc.	389	876	-55,63%	-149	-192	-162	-199
Deka Medical Inc.	743	1.555	-52,18%	-253	-194	-259	-193
Quanta System SpA	13.692	12.602	8,65%	1.807	1.109	1.084	565
Asclepion Laser Technologies GmbH	10.014	9.101	10,02%	689	180	434	111
Asa Srl	3.392	3.034	11,80%	573	410	354	259
Arex Srl	288	381	-24,36%	-12	5	-20	-5
AQL Srl	60	109	-45,16%	2	-16	0	-17
Ot-Las Srl	0	669	-100,00%	0	-287	0	-218
Lasit Spa	3.660	3.711	-1,39%	268	434	221	288
Lasercut Technologies Inc.	148	80	83,86%	-34	-40	-36	-41
BRCT Inc.	0	0		-8	-2	-5	1
With Us Co LTD	8.845	13.104	-32,51%	-166	922	-124	484
Deka Japan Co LTD	1.907	1.347	41,62%	292	63	157	35
Penta Chutian Laser (Wuhan) Co Ltd	8.652	9.057	-4,46%	-507	388	-497	633
Penta Laser Equipment (Wenzhou) Co Ltd	2.460	0		-103	0	-150	0
Lasit Usa INC	88	460	-80,88%	82	48	81	47
Cutlite do Brasil Ltda	1.840	1.485	23,87%	-226	-227	-175	-284
Pharmonia Srl	1.663	757	119,55%	41	-35	25	-39
Quanta France Sarl	498	215	131,28%	-12	-59	-13	-59

El.En. S.p.A.

The parent company, El.En. SpA, is active in the development, planning, manufacture and sale of laser systems for use on two main markets, the medical-aesthetic market and the industrial market; it also includes a series of after-sales services, like supplying of spare parts and consulting and technical assistance, which represent an integral part of its activity.

In following a policy of continued expansion over the years El.En. SpA has founded or acquired numerous companies which operate in specific sectors or geographic areas, the activities of which are coordinated through the definition of the supply channels, the selection and control of the management, the partnerships in research and development activities and financing both on capital account and financing with interest or through the granting of credit on sales.

The importance of this coordinating activity continues to be very evident, since most of the sales volume of the company is absorbed by the subsidiaries, while the financial management of the equities takes on a major importance both in the absorbing of managerial resources as well as in the impact on the economic and financial results of the company.

As in earlier years, the activities of El.En. SpA, takes place at the headquarters in Calenzano (Florence) and in the local branch in Castellammare di Stabia (Naples).

The trend in operating activity in the first half of 2013 showed a recovery in the sales volume with respect to the first six months of 2012. The decrease in the margin of contribution which was mainly due to the drop in the amount of the research grants, and a slight increase in overhead which is still for a volume of business which is greater than that which was developed during this half, comported a reduction in the EBIT. This latter was also affected by some of the accruals made for receivables from the subsidiary companies. The financial items on the other hand benefitted from the good results of the other subsidiaries and the dividends received from DEKA M.E.L.A., Quanta System and Lasit; the favorable trends in the exchange rates, the tax rates which had already been reduced in part, the receipt of dividends all contributed to a net result which was greater than that for the first six months of last year.

Despite the international economic crisis which is particularly serious here in Italy, the good trend in the acquisition of orders and in the sales volume for the summer months offer a positive outlook for the second half of the year with an improvement in performance and EBIT.

Deka M.E.L.A. S.r.l.

Deka represents the main marketing channel for the range of medical laser systems developed in the laboratories of the El.En. in Calenzano. It was one of the first companies to become part of the Group and has gradually consolidated its position on the market, first in Italy and later in other countries. Deka operates in the sector of dermatology, aesthetics, and surgery and makes use of a network of direct agents Italy and, for export, of highly qualified distributors. DEKA has assigned the management of the physical therapy segment to the subsidiary ASA, and obtained excellent results both in terms of sales volume and profits.

Again in the first half of 2013 Deka obtained brilliant results with a growth of 12,5% with respect to the first half of 2012, which was sustained mainly by sales for export. Sales in Italy in fact were affected by the widespread economic crisis and only thanks to the continual expansion of the of the range of products like, for example, the addition of new systems for surgical applications, was it possible to maintain the position held in the preceding year. On the international markets also the conditions are not all the same and the markets in the Far and Near East are driving the growth and overcoming the difficulties that the European markets are still encountering. The increase in the sales volume in any case was obtained with substantially the same margins so that, with overhead unvaried, it comported a good increase in the EBIT.

The organization of Deka, both in Italy and on the International markets, is now recognized as a synonym for innovation in its products, professionalism in its sales, and excellent performance of the laser systems it offers; this represents a goal which has been achieved by the company in the past few years as well as a condition that will allow for further growth thanks also to their ability to place new products on the market through a consolidated and efficient distribution network.

Cutlite Penta S.r.l.

This company manufactures laser systems for industrial cutting applications and installs X-Y movements controlled by CNC on power laser sources manufactured by El.En. S.p.A..

The merger in 2012 in which Cutlite Penta absorbed Ot-las S.r.l., and its business of lasers for marking large surfaces with galvanometric movement of the laser ray was made for the purpose of streamlining the activities of the Group in the industrial sector by reducing the costs of overhead and creating a new management approach. As part of this renovation, most of the minority shares were picked up in 2012 by the partners of Ot-las and, in 2013, by one of the original partners of Cutlite Penta.

The persistence of the economic crisis and the scarce availability of cash for the purchase of systems for industrial uses has comported a series of very difficult years for Cutlite Penta, for which the Italian and European markets are the most important.

The renewed focus on some of the areas in which they traditionally excelled, like the cutting of plastics and hollow punches, and the good work that they have done in the sector of marking systems has allowed Cutlite Penta to make a good recovery in sales volume (+22%) during this half, and there is a positive outlook for the next few months. The EBIT is still a loss but greatly improved.

The rapport between Cutlite and the parent company El.En. S.p.A., remains fundamental both for the supply of laser sources and the collaboration on projects for new systems and new accessories, in particular for “beam delivery” and for the financial support that El.En. offers for mid-term projects like the expansion on the Chinese market through the subsidiary **Penta Chutian Laser (Wuhan).**

This company was founded five years ago for the purpose of acquiring a local manufacturing structure in the most important manufacturing market in the world; this represented a condition that was essential in order to be able to play a primary role to face the local competition which is notoriously fierce as far as prices are concerned, and the international competition which was already established there. The results have been encouraging and a significant portion of the market in the sector of mid- to high- powered sheet metal cutting has been obtained and a company valued at about 20 million Euros. At the beginning of 2013 we began an operation which, with the founding of **Penta Chutian Laser (Wenzhou)**, subsidiary of Cutlite Penta with the same percentage as Wuhan, intended to increase the manufacturing capacity through the construction of a new factory, and revitalize the development of products for the Chinese market thanks in part to grants from the local government. The need to renovate the range of products became obvious during the difficulties encountered in the last 12 months in maintaining the rate of growth and earnings which had been typical of the company up until 2011, and which for the first half of 2013 comported a decrease in sales and a reduction in margins with a consequent loss in EBIT.

Quanta System S.p.A.
Quanta System started as a research laboratory and became part of the area of consolidation of the Group in 2004; it represents a company of excellence at a global level for its innovation and technological research in the laser sector. At the end of 2012 the parent company El.En. acquired 100% of the shares of the company by buying them from the minority partner who also resigned as president of the company. In the past few years Quanta has taken advantage of its superior knowledge of some laser technologies and has acquired an increasing share of the market in some of the applications of medical lasers. Among the most significant of these are: the instruments for the treatment of benign hyperplasia of the prostate, in the initial phase using Nd YAG technology at 532nm, and later with thulium technology; Mid-power holmium laser systems for lithotripsy; Q-switched laser systems for the removal of tattoos and pigmented lesions; alexandrite systems for hair removal.
At this time the products offered by Quanta System are particularly suited the requirements of the market as is demonstrated by the excellent results obtained by the company during this half, thanks in particular to the significant growth in the USA and in the Middle East: increase in sales volume of 9% and increase in revenue with an EBIT of 13% on the sales volume which is well over the average for the Group.

Asclepion Laser Technologies GmbH
This company, located in Jena, was acquired from Carl Zeiss Meditec in 2003 and represents one of the main activities of the Group; thanks to its geographical location in the global cradle of the electro-optical industry and its capacity to associate its image with the highly prestigious consideration which the German high-tech products enjoy throughout the world. In the last few years, Asclepion has gradually acquired a high standing on the international markets for laser equipment for medical applications.
In the first six months of 2013 the company continued the positive trend shown in 2012, and registered a record of over 10 million in sales volume for the period with an EBIT of 7% on the sales volume which was a significant increase over last year. It should be mentioned that several new products were launched during this half, in particular Quadro Star PRO Yellow for vascular applications and the Erbium MCL 31 Dermablate system: these products join Asclepion's best-seller Mediostar Next for hair removal. Sales in the surgical sector with the Holmium and Thulium systems also contributed to the excellent results for this half.

With Us Co Ltd
This company distributes Deka products on the Japanese market and in the past few years has become one of the most important activities in the Group. Several systems have been developed specifically for the Japanese market and despite the fact that they were designed for just one market they have generated an important volume of business for Deka.
There are several thousand systems installed and the number increases every year; for this reason the all-inclusive customer assistance contracts that are stipulated with the numerous clients represent an important part of the sales volume for With Us.
The end of 2012 and the beginning of 2013 were affected by the devaluation of the Japanese Yen which was initiated by the new government for the purpose of stimulating the economy by facilitating the export of Japanese products. The result of this on our business was a significant increase in the costs of goods imported (from the Group) and consequently a reduction in the sales margins which was only partially offset by the lively local demand which was stimulated by the monetary policy of the government.
The comparison with the same period last year is made more complicated by the fact that there were some very significant sales concluded in the first six months of 2012 and therefore the drop in the sales volume in Yen (-18%) and in Euros (-32,5%) appears to be more significant than it actually was. In the next few months in fact we expect to see a trend with fewer fluctuations than the preceding period and consequently a relative recovery in the second half of the year with a positive effect on inter-Group sales. The economic difficulties caused by the reduced margins remain and comport a loss for this half which is unlikely to be recuperated by the end of the year.

ASA S.r.l.
This company, located in Vicenza, is a subsidiary of Deka M.E.L.A. Srl, and operates in the field of physical therapy; it is involved in the development and the manufacture of a range of laser equipment and also in the distribution and marketing for some types of equipment produced by the parent company El.En. S.p.A.. The perfect balance between the innovation of products and the clinical and commercial activities directed towards the support of the therapeutic methods of the systems developed has consolidated the quality of their offer and along with it their position on the market so that the company has been able to register a constant growth rate, even in these years of crisis. The first half of 2013 showed a two-digit increase in sales and an equally good improvement in the EBIT.

Other companies in the medical sector
In France **Deka Sarl** distributes the range of Deka laser systems. In the first six months of 2013 and in particular in the second quarter, they showed a recovery both in sales volume and in sales margin which were the result of an improved competitive position on the market. Losses for the period were more than cut in half and for the end of the year we expect a significant reduction of the losses with respect to 2012, although it will not be possible to register a net income.

Deka Lasertechnologie GmbH, which has the same purpose as the French company but operates on the German market, at the end of 2012 stopped acting as direct distributor and became a support company for the external distributor. **Deka Japan,** distributes Deka medical laser systems on the Japanese market and has gradually increased their sales volume. The company has consolidated its competitive position also by obtaining the authorization to sell the Smartxide Dot systems from the Ministry of Health (MOH) so that this system can now be marketed and advertised in Japan thus increasing sales. Thanks to the variety and innovation of the products being offered, and despite the problems for the sales margins caused by the devaluation of the Yen, the results for this half are positive thanks to the significant increase in sales.

The two companies that are involved in the distribution of DEKA systems in the United States, **Deka Laser Technologies Inc**. for the dental sector and **Deka Medical Inc**. for the medical/ aesthetic and surgical sector were re-organized during this half; distribution in the medical sector was assigned to another company, external to the Group and Deka Laser Technologies was left with a supporting role. Also in the medical and aesthetic sector distribution will be conducted by another organization in which Deka Medical will maintain a central role in marketing and in the relations with clinical experimenters and contacts. The negative results shown for this half, therefore, should be interpreted as an effect of the period of transition to a new structure which we believe is more suited to deal with the American market in a profitable manner.

Esthelogue S.r.l. since 2009 has been involved in the distribution of the systems manufactured by the Group for the professional aesthetics market in Italy. After the initial expansion in 2010 which was followed by the problems related to the lack of financing and the solvency of the clientele in this sector, the company was reorganized, a procedure which was painful both for the losses incurred, the business and the structure. The company was restructured on a new basis with reduced overhead which was more suited to the market situation and, thanks to the financial and operative support of the partners El.En. and Asclepion, the activity was relaunched and in 2012 began a positive phase which was repeated in the first six months of 2013. In relation to this, one should recall the inter-ministerial decree which defined and clarified the use of laser technologies by beauticians; in 2013 the region of Tuscany, which had originally opposed the decree, finally adopted it. This meant that the hair removal market was open to our laser technologies. Esthelogue then took advantage of this situation by displaying the technological superiority of the performance and reliability of the systems they offered, in particular, the Mediostar Next system which became the leader and point of reference for this sector. The current results are positive but the activity is still encumbered by the necessity to make accruals caused by the difficulty in cashing in mid-term receivables that were incurred in the first years of activity. The support of the parent company remains indispensable for the expansion of a market which has been severely hit by the credit crisis, and which could benefit significantly from a relaxation of the present restrictions on financing granted to the operators in this sector.

Pharmonia S.r.l. along with their business distributing aesthetic systems specifically designed and manufactured for use in pharmacies, the company also distributes in Italy systems for medical applications produced by Asclepion.

During 2011 Quanta System S.p.A. acquired control of their own distributor in France, **Quanta France Sarl**, which for Quanta System represents a small branch for the distribution of medical and aesthetic systems in France and which in the first half of 2013, gave a significant contribution thanks to the increase in their sales volume.
The medical center **Arex S.r.l.,** is specialized in the treatment of psoriasis and vitiligo and continues to obtain good results despite the economic conditions in which it is operating.

Other companies in the industrial sector

Lasit S.p.A. is specialized in the manufacture of marking systems for small surfaces and besides having a dynamic research and development team in the headquarters in Torre Annunziata (Naples), is also equipped with a complete modern mechanical workshop (including laser cutting systems) where they carry out work for other companies of the Group and are able to offer their own clientele customized services which make the company unique on the market.
The capacity to offer personalized products and service and their attention to the specific requirements of the clientele have been the basis for the success which Lasit has achieved since 2011 and which culminated in 2012 with a record in profits for the company and the consolidation of its market position. In the first six months of 2013, with a sales volume that was essentially the same as that for 2012, the increase in costs comported a reduction in profits with respect to the preceding year. The net result is still positive and satisfactory. The subsidiary, **Lasit Usa Inc**. gives logistic and operative support for the sales activity of Lasit in North America, which was organized in 2012 through a different distribution structure. The activity of Lasit Usa contributes to the expansion of sales in the USA and represents a point of reference for both the final clients and the distributor without negatively affecting the results of the controlling company.

BRCT Inc. holds the real estate property located in Branford, Connecticut and operates as a financial sub-holding company with a series of foreign equities including **Lasercut Technologies Inc.** which operates supplying after sales service for industrial systems throughout the USA.

Cutlite do Brasil Ltda has its headquarters in Blumenau in the state of Santa Catalina and has 30 employees. It manufactures laser systems for industrial applications and is occupied with the distribution of laser systems produced by the Italian companies of the Group. Towards the end of 2012 the minority partners entrusted with the management of the company came to an agreement and jointly increased the capital in order to pay off the losses incurred during the start up of the company. In the first half of 2013 the results of the new management became evident in terms of growth in the sales volume (+ 37% in Brazilian Reals) while the net result was affected, among other things by the costs comported by the extraordinary operations and although a significant improvement was shown with respect to the first six months of 2012, the result is still a loss.

1.10 Comments on Research and Development activities

During 2013 the Group conducted an intense research and development activity for the purpose of discovering new laser applications both in the medical and the industrial sectors and to place innovative products on the market.
This activity was intensified by the economic crisis which required even more attractive items for the market through the presentation of new products and applications. Effective innovations, in fact, can convince both our medical and industrial clients to overcome their fears about investing, since they can look forward to attracting clients with the improvements and novelties that we offer.
In general, for highly technological products in particular, the global market requires that the competition be met by continually placing on the market completely new products and innovative versions of old products which use the most recent technologies and components. For this reason extensive and intense research and development programs must be conducted and organized according to brief and mid- to long-term schedules.

The innovative results consist essentially in the creation of new laser applications and the development of suitable equipment for the new applications. In other words, we conduct research in order to understand unresolved or new problems in the fields of medicine and industry and we look for solutions on the basis of our experience and culture on the interaction between laser light and biological and inert materials. As far as the source of the laser energy is concerned, we operate, on one hand, on the selection of the spectral content, the methods for generating it, and the level of power and, on the other hand, we engineer the ways in which it can be managed over time on the basis of the laws of emission and, in space, as far as the shape and the motion of the beam are concerned.

The research which is aimed at obtaining mid-long-term results is generally oriented towards subjects which represent major entrepreneurial risks, inspired by intuitions which have arisen within our companies or by prospects indicated by the scientific work conducted by advanced research centers throughout the world, some of which we collaborate with.
Research which is dedicated to achieving results according to a short-term schedule is concentrated on subjects for which all the preliminary feasibility studies have been completed. For these subjects a choice has already been made regarding the main functional characteristics and specifications. The elements for this activity are determined on the basis of information obtained from the work of specialists employed by the company and also as a result of activities of the public and private structures which acted as consultants in the phase of preliminary study and some in the phase of field verification.

The research which is conducted is mainly applied and is basic for some specific subjects generally related to long and mid-term activities. Both the applied research and the development of the pre-prototypes and prototypes are sustained by our own financial resources and, in part, by grants which derive from research contracts stipulated with the managing institutions set up for this purpose by the Ministry of University and Research (MUR) and the European Union, as well as directly with Regional structures in Tuscany or the Research Institutions in Italy and other countries.

The El.En.Group is the only one in the world that produces such a vast range of laser sources, in terms of the different types of active means (liquid, solid with semiconductor, gas) each one with various power versions in some cases, and using various manufacturing technologies. Consequently, research and development activity has been directed to many different systems and subsystems an accessories. Without going into excessive detail, a description of the numerous sectors in which the research activities of the parent company and some of the subsidiary companies have been involved is given below.

Systems and applications for lasers in medicine

The parent company, El.En. has developed a new family of equipment and sub-systems for the SMARTXIDE[2] family products for surgical uses and aesthetic medicine. The systems are equipped with a laser source fed by radio frequency with an average power of up to 80w and interface management from personal computer installed on the device.
These are multi-disciplinary systems which can be used in general surgery, otorhinolaryngology, dermatology, gynecology, odontostomatology, neurology, laparoscopic surgery, aesthetic surgery, and, in the same field, research for new clinical applications in gynecology, paradontology and endodontics, in neurology and ophthalmology has been continued or initiated. For this purpose we are now working on further technological innovations contained in scanning systems characterized by optical systems and newly developed electronic controls, which make it possible to perform surgical operations on various parts of the anatomy with extreme precision. For some of the versions of this type of instruments we have developed a way to install a second semiconductor laser source in which the wave length can be selected by the client when ordering. For the semiconductor sources we are now conducting research with medical specialists for the development of uses in other fields. Intense research is also being conducted at various centers in Italy and other countries in order to collect clinical results relating to the innovative possibilities offered by the equipment of this type.

The research activities that are part of the MILORDS project were continued. This project was approved by the Region of Tuscany and co-financed by the European Union; the MILORDS project involves the development of new robot-controlled laser systems for surgical applications in opthamology, cutaneous ulcers, treatment of benign hypertrophy of the prostate, and, eventually, the percutaneous ablation of masses inside the human body. The project, in which El.En. is the leader, has as its partners the leading research centers in Tuscany in this sector and companies that are connected to multinationals in the field of robotics. The research of this type is part of the trend involving development of systems for minimally invasive surgery which has a major impact both on the quality of life of the patient and on the reduction of expenses for the health care agencies.

We have continued to work on the development of instruments and on the clinical experimentation in the veterinary field, in particular in relation to valuable horses involved in competitive sports, with innovative laser equipment belonging to the HILT family (High Intensity Laser Therapy) and RLT (Regenerative Laser Treatment) not only for the traditional uses in physical therapy with experimentation activities also in various research centers in the USA . We are now in the phase of selecting cases and performing treatments besides conducting clinical tests and verification tests using diagnostic instruments on the subjects being treated.

We have developed a new applicator for endovaginal laser treatment which is being patented; this device has the advantage of being easier to use ease than the earlier El.En. device which is also patent pending.
We are now concluding the development of high performance hair removal systems obtained by increasing the power so that the doctor can cover a greater surface with every position of the handpiece.
We have actively continued the engineering and development activities related to the results of the TRAP project financed by the European Union through the Department of Economic Development of the Region of Tuscany.

We have conducted research and technological development activities on new cooled percutaneous applicators with circulation of liquids and diffusion terminals. Research and experimentation have continued *in vitro* and *in vivo* on animal subjects for new devices and methods for the percutaneous laser ablation of the liver, thyroid, breast, prostate and lungs as part of the activity conducted by the associated company Elesta created by El.En. and Esaote.
We have continued research and experimentation in collaboration with the university clinics of Pisa and Florence and with the Department of Engineering and Telecommunications of the University of Florence; we have continued research for to determine methods to characterize tissue, treated with lasers for purposes of ablation, with radio frequency ultrasound signals to improve the verification phase of the effects of the treatment that has been received.

We have conducted operations for the industrial development and certification of the therapeutic effectiveness of the laser equipment and devices for the treatment of cutaneous ulcers that were developed as part of the TROPHOS project. This project was conducted with grants from the European Union issued through the Department of Economic Development of the Region of Tuscany.
At the same time, active clinical experimentations have continued in Italy and in qualified foreign centers in order to confirm and document the effectiveness of innovative therapeutic laser treatments in various fields of medicine: odontostomatology and aesthetics.
We continued operations to extend the intellectual property of the Group by formulating international patents and assistance in granting them on an international basis; at the same we have been taking the necessary measures for the protection in the most important countries of our brand names and applications.

We have conducted studies on the feasibility of new dye laser applications in dermatology. The dye laser system also underwent new technological developments.

In the PHOTOBIOLAB created at El.En. for research on the interaction between light and biological tissue, we have conducted experiments on new medical applications in the fields of ophthalmology and neurology. We are now conducting experiments with laser devices for surgical operations in the fields of orthopedics and the spinal column.

Quanta System continued their activity for the development of two new laser types, a Holmium and a Thulium infrared, for the treatment of benign hypertrophy of the prostate; they also conducted research on new multiple wave-length laser applications with Q-switch technology.

In part with financing derived from a project of the European Union, Asclepion Laser Technologies continued their clinical experimentation and development of a fiber laser with improved performance with respect to the state of the art.

DEKA M.E.L.A. in collaboration with El.En. carried on an intense research activity with the objective of identifying new applications and the experimentation of new methods to be used by laser equipment in various medical sectors: aesthetic, surgical, gynecological, otorhinolaryngological and odontostomatological. This activity is conducted by involving highly specialized personnel working for the company and the Group to which the company belongs, as well as for Italian and foreign academic and professional medical centers.

Laser systems and applications for industry

At El.En., in collaboration with the subsidiary Cutlite Penta they are conducting research to optimize the emission wave length of the CO2 power lasers for applications in the field of cutting and welding plastic products. We also continued tests and experiments on scansion heads and focalizing for fiber lasers for remote control welding plants for metal materials in the automotive field and the mass production of furniture parts. As part of this research, we have begun to develop a new dynamic system for high-speed response focalizing. We have also been working on the development of systems for focalizing and beam scanning to be used for the cutting and welding of plastic materials in the sector of equipment for making packaging of food and for chemicals for various uses. We have conducted tests and experiments on algorithms and sensors for new high-speed marking methods with variable jobs in real time, according to the codes that are present on the material that needs to be processed in reels of paper and other materials. We have applied for a patent for this process.

At El.En., in collaboration with SITEC of the Politecnico of Milan, we have conducted research on remote control welding of sheet metal with superficial treatments and applications with optical retroaction systems. We are now conducting feasibility studies for the manufacturing process of subsets for the oil drilling industry.

In the metal cutting sector, Cutlite Penta has been involved in the development of new systems and innovation of technical solutions for systems that are already being manufactured. They have completed tests on the structural and functional innovations developed for sealed CO_2 sources produced by El.En. and they have started new research on sources belonging to this group with higher power and greater level of compaction.
They have developed new compact cutting systems with higher performance and lower costs. They are developing systems to eliminate most of the optical routes of the CO_2 laser ray with solutions that include the direct assembly of the new sources with Radiofrequency pumping on the mobile portal of the machine. They completed the development of the software for the execution using raster scansion for marking metal and other kinds of surfaces on the cutting machine in order to obtain a selective effect of light diffusion for functional and decorative purposes.

They have begun feasibility studies for new laser applications in the manufacturing cycle of glass objects, both for cutting and superficial treatments. They continued the activity for the of systems directed to the OEM market and for the integration on production lines or cells for work on high speed 2D marking lines for 3D cutting of components and thermo-perforated plastics.

The following chart shows the costs for Research and Development for this period.

thousands of euros	**30/06/2013**	**30/06/2012**
Costs for staff and general expenses	3.153	3.095
Equipment	23	24
Costs for testing and prototypes	500	565
Consultancy fees	237	173
Other services	44	44
Total	**3.956**	**3.901**

As has been the regular company policy in the past, the expenses listed in the table have been entirely entered into accounts with the operating costs. The amount of expenses sustained corresponds to 5% of the consolidated sales volume of the Group. The expenses are sustained mostly by El.En. and correspond to 10% of its sales volume.

1.11 Risk factors and procedures for the management of financial risks

Operating risks
Since the company is fully aware of the potential risks derived from the particular type of product made by the Group, already in the earliest phases of planning and research , they operate so as to guarantee the safety and quality of the product put on the market. There are marginal residua risks for leaks caused by improper use of the product by the end-user or by negative events which are not covered by the types of insurance policies held by the companies of the Group.

The main financial instruments of the Group include checking accounts and short-term deposits, short and long-term financial liabilities, leasing, financial instruments and hedging derivatives contracts.
Besides these, the Group also has payables and receivables derived from its activity.
The main financial risks to which the Group is exposed are those related to currency exchange, credit, cash and interest rates.

Currency risks
The Group is exposed to the risk of fluctuations in the exchange rates of the currencies in which it conducts financial and commercial transactions. These risks are monitored by the management who then take all the necessary precautions to limit the risks.

Since the parent company draws up its consolidated statements in Euros, the fluctuations in the Exchange rates used to convert the data of the subsidiaries which were originally expressed in foreign currency may negatively influence the results of the Group, the consolidated financial position and the consolidated shareholders' equity expressed in Euros in the consolidated statements of the Group.

Credit risks
As far as the commercial transactions are concerned, the Group operates with clients on which credit checks are conducted in advance. Moreover, the amount of receivables is monitored during the year so that the amount of exposure to losses is not significant. Credit losses which have been registered in the past are therefore limited in relation to the sales volume and consequently do not require special coverage and/or insurance. There are no significant concentrations of credit risks within the Group. The devaluation fund which is accrued at the end of the period represent about 16% of the total trade receivables from third parties.

In relation to guarantees granted to others, it should be noted that the Parent Company El.En along with a minority partner, in 2009 underwrote a bank guarantee for a maximum of 1 million Euros to guarantee the debt of the subsidiary Quanta System to the Banca Popolare di Milano for facilitated financing of 900 thousand Euros, the installments for which expire up to 84 months after the date of issuance, which took place in the second half of 2009. After the acquisition of the entire equity from the minority shareholder which took place on October 8th 2012, El.En. promised to free this partner from all financial obligations towards the Banca Popolare di Milano.

In 2010 the Parent Company, El.En. SpA underwrote the following guarantees:
- a bank guarantee together with the other companies that participate in the ATS constituted for this purpose, for a maximum of 1.434 thousand Euros as a guarantee for the pay back of the amount granted as a down payment on the

"TEMART" research project which has been included in the grant issued by the Bando Regionale in the year 2008 and approved by the Region of Tuscany with Directive Decree 5673 on November 21st 2008, with expiration date in July 2013;
- a bank guarantee for a maximum of 751 thousand Euros as a guarantee for the payment of the sum required as a reimbursement for the VAT related to the tax period 2008, with expiration date in November 2013;

and in 2011:
- a bank guarantee jointly with the companies which participate in the ATS constituted for this purpose, for a maximum amount of 3.074 thousand Euros as a guarantee for the payment of the sum required as a deposit on the MILORD research project, which has been included in the grant issued by the Bando Regionale 2010 approved by the Region of Tuscany with Directive Decree n. 670 on February 25th 2011, which expires in September 2014;

and this year:
- a bank guarantee for a maximum of 50 thousand Euros as a guarantee for customs duties as per ex art. 34 of the T.U.L.D., for temporary imports, with expiration date in June 2014 with possibility of extension annually.

The subsidiary Deka MELA underwrote a bank guarantee for a maximum of 1.178 thousand Euros as a guarantee for the payment of the sum necessary for the reimbursement of the value added tax related to the fiscal year 2010, with expiration date March 2015.

Moreover, the subsidiary Quanta System issued a bank guarantee in favor of some of the banks of the ex-associated company Grupo Laser Idoseme for a residual total of 125 thousand Euros. The bank guarantee that remains was renewed with an expiration date on February 27th 2014.

Cash and interest rate risks
As far as the exposure of the Group to risks related to cash and interest rates is concerned, it should be pointed out that cash held by the Group has been maintained at a high level also during this half in such a way as to cover existing debts and obtain a net financial position which is extremely positive. For this reason we believe that these risks are fully covered. In any case it should be recalled that the parent company El.En. and Quanta System have underwritten IRS contracts with some of the main credit institutes in order to cover interest rates on financing in progress.
The coverage was made by neutralizing the potential losses on the financial instrument with the profits made on another element (the derivative).

IAS 39 describes several types of *Hedge Accounting* including that of *Cash Flow Hedge* which was the type used in this case.

The purpose of the *Cash Flow Hedge* is to cover the risk created by fluctuations in the future cash flow that are caused by particular risks associated with certain items entered in the financial statement.

In this case the variations in the *fair value* of the derivative are shown in the shareholders' equity for the amount needed to hedge and shown in the income statement only when, with reference to the amount being hedged, there is a variation in the cash flow to be compensated. If the hedge turns out to be ineffective the variations in *fair value* of the hedging contract must be shown in the income statement.

Operation		*Fair value*	
	Notional value	*Positive*	*Negative*
IRS	€ 1.166.667		(11.019)
IRS	€ 105.263		(1.545)
Total	€ 1.271.930		(12.564)

In order to evaluate the impact that may be derived from the changes in the interest rates applied, it should be noted that since the financing involved are not for great amounts, any variation in the rate would not have a significant impact on the shareholders' equity.

Management of the capital
The objective of the management of the capital of the Group is to guarantee that a low level of indebtedness and a correct financial structure sustaining the business are maintained so as to guarantee an adequate ratio between capital and reserves and debts.

1.12 Governance

In compliance with Art. 19 of the company bylaws, the company is administered by a Board of Directors with a number of members which may vary from a minimum of three to a maximum of fifteen. The Assembly which convened on May 15th 2012 to vote on the renewal of the Board of Directors, which will remain in office until the approval of the financial statement closing on December 31st 2014, voted that there should be eight members making up the administrative organ of the company; this number was later reduced to seven by the shareholders' meeting held on November 14th 2012 which was convened in order to express an opinion after the resignation for strictly personal reasons of the board member, Angelo Ercole Ferrario, on August 27th 2012.

As of June 30th 2013 the Board of Directors was composed as follows:

Name	Position	Place and date of birth
Gabriele Clementi	President and executive director	Incisa Valdarno (FI), 8 July 1951
Barbara Bazzocchi	Executive director	Forlì, 17 June 1940
Andrea Cangioli	Executive director	Firenze, 30 December 1965
Stefano Modi	Board Member	Borgo San Lorenzo (FI), 16 January 1961
Paolo Blasi (*)	Board Member	Firenze, 11 February 1940
Michele Legnaioli (*)	Board Member	Firenze, 19 December 1964
Alberto Pecci	Board Member	Pistoia, 18 September 1943

(*) Independent administrators in conformity with article 3 of the "Codice di Autodisciplina delle Società Quotate"

The members of the Board of Directors, for the period in which they are in office, have their legal residence at company headquarters, El. En. S.p.A. in Calenzano (Florence), Via Baldanzese 17.

On May 15th 2012, the Board of Directors assigned to the President of the Board, Gabriele Clementi and to the Executive directors, Andrea Cangioli and Barbara Bazzocchi, separately from each other and with free signature, all of the powers of ordinary and extraordinary administration for conducting the activities related to the company business, and excluding only, those powers which cannot be delegated in compliance with the law and with company bylaws.

In order to act in conformity with the Self-discipling Code for companies listed on the stock market:

a) On August 31st 2000 the Board of Directors presented two independent administrators among its members, in compliance with Art. 3 of the Self-disciplining code mentioned above. These independent administrators are now Prof. Paolo Blasi and Michele Legnaioli;
b) a On September 5th 2000 the Board created the following committees composed mainly by non-executive administrators:
   1. the "Nomination committee", to which are assigned the tasks in conformity with art. 5 of the self-disciplining Code for companies quoted on the stock market;
   2. the "Compensation committee" to which are assigned the tasks in conformity with art. 6 of the self-disciplining Code for companies quoted on the stock market;
   3. the "Committee for controls and risks" formerly named "Internal controls committee" to which are assigned the tasks in conformity with art. 7 of the self-disciplining Code for companies quoted on the stock market in relation to internal controls as well as those derived from the CONSOB Regulations for Related parties concerning operations with related parties.
c) Up until 2000 the Board of Directors had appointed one or more subjects to verify that the system of internal controls was always adequate, completely operative and functioning.

The Board of Directors meets at least every quarter in order to guarantee adequate information for the Board of Statutory Auditors concerning the activities and the most important operations conducted by the Company and its subsidiaries.
Internal auditing of the company is conducted by the parent company of the Group in collaboration with the personnel of the subsidiary companies. From an organizational point of view, the administrators of the parent company of the Group attend the board meetings of the subsidiary companies as board members or have the office of single administrator, or else, the administrative organ of the subsidiary supplies the fully detailed information required for establishing the organization of the activities of the Group.
As far as the accounting information is concerned, before the end of the month following the quarter being considered, the subsidiaries are required to supply to the parent company of the Group all the information necessary for drawing up the consolidated financial and economic reports.

1.13 Inter-group relations and with related parties

In compliance with *Regolamento Consob* dated March 12th 2010, n. 17221 and subsequent modifications, the Parent Company, El.En. SpA approved the rules disciplining relations with related parties ("*Regolamento per la disciplina* delle operazioni con parti correlate") which can be consulted on the internet site of the company www.elengroup.com *section* "*Investor Relations*". These regulations represent an up-date of those approved in 2007 by the company as implementation of art. 2391-*bis* of the civil code, of the recommendations contained in art. 9 (and in particular the applicative criteria 9.C.1) of the Self Disciplining Code for Companies Listed on the Stock market (*Codice di Autodisciplina delle Società Quotate*), edition of March 2006, in consideration of the above mentioned Regulations for Operations with Related Parties ("*Regolamento Operazioni con Parti Correlate*") n. 17221 and later modifications as well as the Consob Communication DEM/110078683 of September 24th 2010. The procedures contained in the "*Regolamento per la disciplina delle operazioni delle parti correlate*" went into force on January 1st 2011.
The operations conducted with related parties, including the inter-Group relations cannot be qualified as atypical or unusual; these operations are regulated by ordinary market conditions.
In regard to the relations with related parties, please refer to the specific paragraph in the Explanatory Notes.

1.14 Atypical and unusual operations

In compliance with Consob Communication DEM/6064293 of July 28th 2006, we wish to state that during the first half of 2013 the Group did not make any unusual or atypical operations, as defined in the aforementioned communication.

1.15 Regime *opt-out*

It should be recalled that on October 3rd 2012 the Board of Directors of El.En. S.p.A. voted to adhere to the possibility of *opt-out* in compliance with art. 70, sub-sections 8 and 71, sub-section 1-bis of the Consob Regulations 11971/99, exercising their right to waive the requirement to publish the information documents concerning any significant extraordinary operations related to mergers, divisions, increases in capital in kind, acquisitions and sales.

1.16 Significant events during the first half of 2013

In the month of January 2013 formalities were completed for the founding of Penta Laser Equipment (Wenzhou) Co., Ltd a company in which Cutlite Penta S.r.l., has a 55% equity. In the future the company will conduct the manufacturing activities which are now carried out in the factory in Wuhan.

Also in the month of January 2013, in accordance with a vote taken at the end of 2012, Quanta System liquidated its equity in GLI, thus putting an end to an investment that was made futile by the economic crisis in Spain. The investment and the receivables from the company had been accrued as losses in the previous years.

On May 15th 2013 the shareholders' meeting of the Parent Company, El.En. S.p.A., approved the financial statement for the year 2012 and voted to allocate the net income for the year, for an amount of 9.804.911,00 Euros, as follows:
- 7.403.301,00 Euros to an extraordinary reserve;
- to the shares in circulation when coupon no. 11 comes due on May 20th 2013, in compliance with art. 2357-ter, second sub-section of the Civil Code, a dividend for the amount of 0,50 Euros gross for each share in circulation for an overall amount on the day the vote was taken of 2.401.610,00 Euros; they also voted to accrue, in a special reserve for retained earnings, the residual dividend destined for additional treasury stock held by the company on the date that the coupon came due.

The assembly approved the first part of the report on the remuneration in conformity with art. 123-ter, sub-section 6, D. Lgs. February 24th 1998, n. 58.
Moreover, the assembly voted to renew the Board of Auditors for the three-year period 2013-2015 and appointed as president, Vincenzo Pilla and as statutory auditors Paolo Caselli and Gino Manfriani and Rita Pelagotti and Manfredi Bufalini as alternate auditors. All of those elected possess the attributes required by law and by the company by-laws and will remain in office until the approval of the financials on December 31st 2015.
The assembly, during the extraordinary meeting, also modified articles 19 and 25 of the company by-laws which regulate the method for electing, respectively, first, the Board of Directors and, secondly, the Board of Statutory Auditors, by removing the ban to withdraw the certifications proving the legitimacy of the right to present proposals for appointments before the actual date of the meeting. At the same time they approved to delete some typos present in those article which refer to the date of the deposit/ communication of the certification.

In the month of May 2013 we completed operations for the increase of the share capital of Cutlite do Brasil which included the issue of 730.960 new shares, 249.288 of which were underwritten by new partners and 481.672 of which were underwritten by the Parent Company El.En. S.p.A.. As a result, the percentage of Cutlite do Brasil held by El.En. S.p.A. is 68,56%.

Also in the month of May 2013, the Parent Company El.En. S.p.A. increased the amount of its equity in Cutlite Penta srl by acquiring 2,90% from a minority partner for an amount of about 121 thousand Euros. As a result their equity in the company increased to 96,65%.

Also in the month of May 2013, the Parent Company El.En. S.p.A. during the founding of the company, underwrote a share of 17% of Imaginalis srl for an amount of 17 thousand Euros; an additional share of 14%, was underwritten by Actis srl, a company 12% of which is owned by the Parent Company, El.En. S.p.A..

In accordance with the agreements signed in March 2013, on June 24th 2013, the transactions for the acquisition of Palomar Inc. by the associated company Cynosure Inc was closed. This operation, which makes Cynosure one of the most important companies in the sector, allowed Cynosure to acquire a 100% interest in their competitor for an amount of about 300 million dollars, half of which was in cash and the other half in Cynosure shares which had been issued for this purpose. The amount of El.En's equity in Cynosure therefore fell to 9,41%, since our company did not underwrite the newly issued shares. At the same time, Ing. Andrea Cangioli's term on the Board of Directors of Cynosure expired.

Starting on June 25th 2013, after the resignation of Dott. Gino Manfriani received on that day, in order to allow the company to adjust the composition of the members of the statutory Board of Auditors in compliance with art. 148, sub-section 1-*bis*, T.U.F. related to gender quotas, the Board of Auditors of the Parent Company El.En. S.p.A. is now composed as follows: Dott. Vincenzo Pilla, President; Dott. Paolo Caselli, statutory auditor; Dott.ssa Rita Pelagotti, statutory auditor; Dott. Manfredi Bufalini, alternate auditor.

During the second quarter of 2013 the subsidiary Penta-Chutian Laser (Wuhan) Co. Ltd created the Chutian (Tianjin) Laser Technology Company Ltd in which it holds a 49% interest, by paying the amount of 980 thousand Yuan, which is equivalent to about 122 thousand Euros.

1.17 Subsequent events

No significant events occurred after the closing of the first half of 2013.

1.18 Current outlook

During the second quarter of the year we were able to make up for some of the delay in the schedule which we had set for reaching our goals in sales volume and EBIT for 2013 which were a 5% growth in sales volume (10% if there was an improvement in the general economic situation) and an improvement in the EBIT. Despite the unfavorable conditions on some of the markets and the fact that we are still behind schedule, we still believe that we can reach the objectives set for 2013.

For the Board of Directors
Managing Director
Ing. Andrea Cangioli

EL.EN. GROUP

HALF YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENT AS OF JUNE 30th 2013

Consolidated statement of financial position

	Notes		30/06/2013		31/12/2012 (a)
Statement of financial position					
Intangible assets	1		3.469.281		3.427.768
Tangible assets	2		20.866.467		21.414.733
Equity investments:	3				
- in associates		33.675.706		32.476.985	
- other investments		91.431		73.431	
Total equity investments			33.767.137		32.550.416
Deferred tax assets	4		5.873.066		5.812.270
Other non current assets	4		32.939		4.302
Total non current assets			**64.008.890**		**63.209.489**
Inventories	5		49.396.284		45.465.369
Accounts receivables:	6				
- from third parties		35.936.629		35.902.198	
- from associates		2.577.595		3.015.331	
Total accounts receivables:			38.514.224		38.917.529
Tax receivables	7		4.043.592		3.522.039
Other receivables:	7				
- from third parties		7.460.583		4.698.966	
- from associates		63.565		63.565	
Total other receivables			7.524.148		4.762.531
Financial instruments	8		199.996		1.013
Cash and cash equivalents	9		40.723.437		40.475.322
Total current assets			**140.401.681**		**133.143.803**
TOTAL ASSETS			**204.410.571**		**196.353.292**
Share capital	10		2.508.671		2.508.671
Additional paid in capital	11		38.593.618		38.593.618
Other reserves	12		45.073.884		37.664.046
Treasury stock	13		-528.063		-528.063
Retained earnings / (deficit)	14		31.346.505		10.866.874
Net income / (loss)			1.257.345		23.198.584
Share Capital and Reserves attributable to the Shareholders' of the Parent Company			**118.251.960**		**112.303.730**
Share Capital and Reserves attributable to non-controlling interests			6.447.497		11.650.697
Total equity			**124.699.457**		**123.954.427**
Severance indemnity	15		3.290.178		3.340.030
Deferred tax liabilities			1.236.813		1.315.099
Other accruals	16		4.369.018		4.384.819
Financial liabilities:	17				
- to third parties		9.004.273		10.280.914	
Total financial liabilities			9.004.273		10.280.914
Non current liabilities			**17.900.282**		**19.320.862**
Financial liabilities:	18				
- to third parties		13.916.685		12.421.004	
Total financial liabilities			13.916.685		12.421.004
Accounts payables:	19				
- to third parties		28.213.216		22.923.219	
- to associates		26.132		68.563	
Total accounts payables			28.239.348		22.991.782
Income tax payables	20		1.800.950		1.100.845
Other payables:	20				
- to third parties		17.852.468		16.335.347	
- to associates		1.381		1.381	
Total other payables			17.853.849		16.336.728
Current liabilities			**61.810.832**		**52.850.359**
Non current liabilities held for sale	21				**227.644**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**204.410.571**		**196.353.292**

(a) It should be noted that, as shown in the Management Report and described in detail in the following paragraph "Accounting standards and evaluation criteria" the retroactive application of the amendments to IAS 19 ("Benefits for employees") as of December 31st 2012 comported a restatement of the entries "Deferred tax assets", "Severance indemnity" and "Shareholders' equity".

Consolidated Income Statement

Income statement	Note		30/6/2013		30/6/2012 (*)
Revenues:	22				
- from third parties		70.845.041		71.656.251	
- from subsidiaries				2.272.032	
- from associates		2.992.217		885.543	
Total revenues			73.837.258		74.813.826
Other revenues and income:	23				
- from third parties		1.064.184		1.415.612	
- from subsidiaries				633	
- from associates		2.879		16.215	
Total other revenues and income			1.067.063		1.432.460
Total revenues and income			**74.904.321**		**76.246.286**
Purchase of raw materials:	24				
- to third parties		36.994.517		36.668.237	
- to subsidiaries				4.301	
- to associates		26.879		117.574	
Total purchase of raw materials			37.021.396		36.790.112
Change in inventory of finished goods and WIP			(1.425.788)		(1.015.002)
Change in inventory of raw material			(2.874.461)		(474.344)
Other direct services:	25				
- to third parties		5.840.047		5.663.345	
- to associates				38.355	
Total other direct services			5.840.047		5.701.700
Other operating services and charges:	25				
- to third parties		12.651.491		12.459.797	
- to associates		107.786		72.271	
Total other operating services and charges			12.759.277		12.532.068
For staff costs	26		17.644.127		16.405.618
Depreciation, amortization and other accruals	27		2.206.379		2.477.037
EBIT			**3.733.344**		**3.829.097**
Financial charges:	28				
- to third parties		(1.067.441)		(967.925)	
Total financial charges			(1.067.441)		(967.925)
Financial income	28				
- from third parties		1.137.752		972.667	
- from associates		23			
Total financial income			1.137.775		972.667
Share of profit of associated companies			(645.290)		(270.487)
Other net expenses	29				(1.000)
Other net income	29		228.644		
Income (loss) before taxes			**3.387.032**		**3.562.352**
Income taxes	30		2.057.887		2.017.794
Income (loss) for the financial period from Continuing operations			**1.329.145**		**1.544.558**

Income (loss) for the financial period from Discontinued operations*	33		2.545.682
Net income (loss) before minority interest		**1.329.145**	**4.090.240**
Minority interest from Continuing operations		71.800	849.445
Minority interest from Dicontinued operations*			1.635.904
Net income (loss)		**1.257.345**	**1.604.891**
Basic net (loss) income per share		0,26	0,34
Diluted net (loss) income per share		0,26	0,34
Net (loss) income per share from Continuing operations		0,26	0,15
Net (loss) income per share from Discontinued operations		0,00	0,19
Basic weighted average common shares outstanding	31	4.803.220	4.721.220

(*)As of June 30th 2012 the Income Statement is restated in conformity with IFRS 5, and the contribution of Cynosure Inc. is summarized in the "Income (loss) for the financial period from Discontinued operations" in order to make comparable the data for the first half of 2012 which included this company which since November 2012 is no longer a subsidiary.

The amounts from subsidiary companies as of June 30th 2012 refer to economic transactions between the companies of the Group and Cynosure Inc., which was then still a subsidiary.

Consolidated statement of comprehensive income

	30/06/2013	30/06/2012 (*) (a
Reported net (loss) income	1.329.145	4.090.240
Cumulative conversion adjustments	(88.578)	2.639.353
Unrealized gain (loss) on marketable securities	0	9.510
Measurement of defined-benefit plans	74.404	(17.835)
Unrealized gain (loss) on derivatives and other changes	10.888	(23.915)
Total comprehensive (loss) income	1.325.859	6.697.354
Referable to:		
Parent Shareholders	1.296.422	2.433.868
Minority Shareholders	29.437	4.263.486

(*) Data restated in conformity with IFRS 5.
(a) The amounts reflect the application of IAS 19 *revised*.

Consolidated cash flow statement

Cash Flow Statement	**Note**	**30/06/2013**	**Related parties**	**30/06/2012 (*) (a)**	**Related parties**
Cash flow generated by operating activity:					
Profit (loss) for the financial period continuing		1.329.145		1.544.558	
Amortizations and depreciations	27	1.346.195		1.484.295	
Devaluations of equity investments	29			1.000	
Share of profit of associated companies		645.290	645.290	270.487	270.487
Stock Options	26	3.564		87.602	
Change of employee severance indemnity	15	-49.852		65.833	
Change of provisions for risks and charges	16	-15.801		380.003	
Change of provisions for deferred income tax assets	4	-60.796		-386.937	
Change of provisions for deferred income tax liabilities		-78.286		-251.536	
Stocks	5	-3.930.915		-1.343.423	
Receivables	6	403.305	421.267	-285.084	232.748
Tax receivables	7	-521.553		1.214.136	
Other receivables	7	-1.495.977		-863.469	
Payables	19	5.247.566	-42.431	2.798.955	3.310
Income Tax payables	20	700.105		1.163.478	
Other payables	20	1.517.121		-213.474	
Cash flow by discontinued operations				6.684.147	
		3.709.966		10.806.013	
Cash flow generated by operating activity		5.039.111		12.350.571	
Cash flow generated by investment activity:					
(Increase) decrease in tangible assets	2	-692.301		-1.121.535	
(Increase) decrease in intangible assets	1	-147.141		-104.843	
(Increase) decrease in equity investments and non current assets	3- 4	-1.890.648	-1.874.011	-259.986	-261.209
Increase (decrease) in financial receivables	7	-1.265.640			
(Increase) decrease investments which are not permanent	8	-198.983		-20.133	
Cash flow by discontinued operations				-7.881.889	
Cash flow generated by investment activity		-4.194.713		-9.388.386	
Cash flow from financing activity:					
Increase (decrease) in non current financial liabilities	17	-1.504.285		3.844.884	
Increase (decrease) in current financial liabilities	18	1.495.681		-279.172	
Change in Capital and Reserves and consolidation scope		3.388.117		-81.776	
Change in Treasury Stock				-349.544	
Dividends distributed	32	-3.883.659		-374.986	
Cash flow by discontinued operations				595.563	
Cash flow from financing activity		-504.146		3.354.969	
Change in cumulative conversion adjustment reserve and other no monetary changes		-92.137		2.630.895	
Increase (decrease) in cash and cash equivalents		248.115		8.948.049	
Cash and cash equivalents at the beginning of the financial period		40.475.322		48.364.542	
Cash and cash equivalents at the end of the financial period		40.723.437		57.312.591	

(*) the amounts shown for the first half of 2012 have been restated in order to reflect the effects of the *"Discontinued operation"* related to the sale of the controlling share of Cynosure which took place at the end of November 2012.
(a) the amounts reflect the application of IAS 19 *revised*.

All of the cash and cash equivalents consist of cash on hand and balance in the checking accounts of the banks.
Interest earned during this financial period amounts to about 364 thousand Euros.
Income taxes for half amounted to 2.058 thousand Euros.

Changes in consolidated shareholders' equity

SHAREHOLDERS' EQUITY:	**Balance 31/12/2011 (a)**	**Net income allocation**	**Dividends distributed**	**Other operations**	**Comprehensive (loss) income**	**Balance 30/06/2012 (a)**
Share Capital	2.508.671					2.508.671
Additional paid-in capital	38.593.618					38.593.618
Legal reserve	537.302					537.302
Treasury shares	-2.575.611					-2.575.611
Others reserves:						
Extraordinary reserves	33.780.537	1.264.103		1		35.044.641
Reserve for contribution on capital account	426.657					426.657
Cumulative conversion adjustments reserve	-259.710				863.918	604.208
Other reserves	1.752.001			87.602	-29.590	1.810.013
Retained earnings	20.294.487	-1.534.439		727.308	-5.351	19.482.005
Profits (loss) of the year	-270.336	270.336			1.604.891	1.604.891
Parent company's shareholders' equity	94.787.616	0	0	814.911	2.433.868	98.036.395
Capital and reserves of third parties	80.437.768	-18.469	-374.986	1.003.886	1.778.137	82.826.336
Profit (loss) of third parties	-18.469	18.469			2.485.349	2.485.349
Share Capital and Reserves attributable to non-controlling interests	80.419.299	0	-374.986	1.003.886	4.263.486	85.311.685
Total Shareholders' equity	175.206.915	0	-374.986	1.818.797	6.697.354	183.348.080

SHAREHOLDERS' EQUITY:	**Balance 31/12/2012 (a)**	**Net income allocation**	**Dividends distributed**	**Other operations**	**Comprehensive (loss) income**	**Balance 30/06/2013**
Share Capital	2.508.671					2.508.671
Additional paid-in capital	38.593.618					38.593.618
Legal reserve	537.302					537.302
Treasury shares	-528.063					-528.063
Others reserves:						
Extraordinary reserves	35.044.641	7.403.301				42.447.942
Reserve for contribution on capital account	426.657					426.657
Cumulative conversion adjustments reserve	-56.816				-37.773	-94.589
Other reserves	1.712.262			3.564	40.746	1.756.572
Retained earnings	10.866.874	15.795.283	-2.401.610	7.049.854	36.104	31.346.505
Profits (loss) of the year	23.198.584	-23.198.584			1.257.345	1.257.345
Parent company's shareholders' equity	112.303.730	0	-2.401.610	7.053.418	1.296.422	118.251.960
Capital and reserves of third parties	5.037.580	6.613.117	-1.482.049	-3.750.588	-42.363	6.375.697
Profit (loss) of third parties	6.613.117	-6.613.117			71.800	71.800
Share Capital and Reserves attributable to non-controlling interests	11.650.697	0	-1.482.049	-3.750.588	29.437	6.447.497
Total Shareholders' equity	123.954.427	0	-3.883.659	3.302.830	1.325.859	124.699.457

(a) The amounts reflect the application of IAS 19 *revised*.

The amounts related to the conversion reserve entered in the column "Comprehensive (loss) income" refer to the variations which involve assets in currency held by the Group.

Other operations in the stockholders' equity of the Group refer to:

- the variation in the stock option reserve (other reserves) for about 4 thousand Euros which includes the costs determined in conformity with IFRS 2 for the Stock Option Plan used by El.En. SpA for the amount that matured on June 30th 2013;
- the variation in the "Retained earnings" which summarizes, among other things, the increase in the shareholders' equity registered by Cynosure after the closure of the transactions for the acquisition of Palomar Medical Technologies, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

INFORMATION ON THE COMPANY

The parent company El.En. SpA is a corporation which was founded and is registered in Italy. Headquarters of the company are in Calenzano (Florence), Via Baldanzese 17.
Ordinary stock of the company is quoted on the MTA which is managed by Borsa Italiana SpA.
The Condensed Consolidated Half-yearly Financial Statement for the El.En. Group as of June 30th 2013 was examined and approved by the Board of Directors on August 29th 2013.

PRINCIPLES USED FOR DRAWING UP THE STATEMENT AND ACCOUNTING STANDARDS

PRINCIPLES USED FOR DRAWING UP THE STATEMENT

The consolidated financial statement has been drawn up on the basis of the principle of historical cost with the exception of a few categories of financial instruments, the evaluation of which has been conducted on the basis of the principle of *fair value.*

The amounts shown in this statement are in Euros, which is the working currency of the Parent Company and many of its subsidiaries.

This Half-yearly Report consists of:

- the Consolidated Statement of Financial Position,
- the Consolidated Income Statement
- the Consolidated Statement of Comprehensive Income
- the Consolidated Cash Flow Statement
- the Statement of Changes in the Shareholders' Equity
- the following Notes

The economic information which is provided here is related to the first half of 2013 and of 2012. The financial information, however, is supplied with reference to June 30th 2013 and December 31st 2012.

The charts used by the El.En. Group for the intermediate period ending on June 30th 2013 have not been changed with respect to those used on December 31st 2012.

It should be recalled that due to the effect of the sale of part of the Cynosure shares held by El.En. (as described in the paragraph "Significant events that occurred in 2012" in the Management Report dated December 31st 2012) and the consequent loss of control of the American company, starting in the end of November 2012 the company is no longer wholly consolidated but consolidated with the shareholders' equity method.
In order to make the data for the first half of 2012 comparable, the contribution of Cynosure to the consolidated financial statement has been restated under he heading of "*Net income (loss) from Discontinued Operations*".

For further details on this operation, please refer to the chapter on "Comparability of data" in this report.

CONFORMITY WITH IFRS STANDARDS

This consolidated financial statement for the period ending June 30th 2013 has been drawn up in conformity with article 154-ter D. Lgs 24 February 1998 n. 58 (TUF) and later modifications and additions in conformity with the International Accounting Standards (IFRS) promulgated by the International Accounting Standard Board (IASB) and approved by the European Union. With IFRS we mean also the interpretive documents issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly known as the Standing Interpretations Committee (SIC).

This half-yearly consolidated financial report is drawn up in summary form in conformity with the IAS 34 regulations for interim reports. The document therefore does not include all of the information required for the annual financial report and must be read along with the consolidated report drawn up for the period which ended on December 31st 2012.

ACCOUNTING STANDARDS AND EVALUATION CRITERIA

The accounting standards used for drawing up the present consolidated financial report are in conformity with those used for drawing up the consolidated report on December 31st 2012 which should be referred to further details.

Besides the standards used in the report mentioned above, the accounting standards, amendments and interpretations issued by IASB and approved by the European Union have been used since January 1st 2013 are shown below:

- Modification to *IAS 1 Presentation of financial statements*– requires companies to combine all of the components in the chart showing "Other comprehensive income" into two categories based on whether or not they can later be reclassified in the income statement. The relative taxes must be allocated on the same basis.

- Modification to *IAS 19 Employee Benefits* - eliminates the option to defer recognition of actuarial gain and losses using the corridor method and requires that all actuarial gain and losses be entered immediately in the chart showing the "Other comprehensive income" so that the entire net amount of the funds for defined benefits (net of the assets being used for the plan) is entered in the consolidated financial statement. The amendments also state that the variations in the fund for defined benefits from one year and the next and the variations in the assets used for the plan must be divided into three components: the components for costs related to work conducted during the year must be entered in the income statement as "service costs"; the net financial charges which are calculated applying the appropriate interest rate to the net amount of the fund for defined benefits net of the assets shown at the start of the year must be entered in the income statement as such; the actuarial gain and losses derived from the recalculation of the assets and liabilities must be entered in the chart showing "Other comprehensive income". Moreover , the yield from the assets included among the net financial charges as indicated above must be calculated on the basis of the interest rate on the liabilities and no longer on the expected yield from the assets. The amendment also supplies new additional information to be given with the explanatory notes of the statement. The amendment is applicable retroactively.

- *Modification to IFRS 7 Financial instruments*: Additional information – The amendment requires information on the effects or potential effects of the compensations of financial assets and liabilities on the net financial situation of the company made in application of IAS 32. The information must also be applied retroactively.

- *IFRS 13 Evaluation at fair value* – defines a single framework for evaluation at fair value, required or allowed by other standards, and for the information sheet supplied with the financials. The fair value is defined as the price received for the sale of an asset (or to be paid for the transfer of a liability) as part of an ordinary transaction, which is implemented by dealers in the market on the day of the evaluation. This standard must also be applied in the future.

- Improvements IFRS – 2009-2011 cycle which includes the modifications of the standards as part of the annual process of improvement and focused on modifications which are necessary but not urgent. Below we have listed those that involve a change in the presentation, entering and evaluation of the mounts in the statement but not those which simply involve a variation in the terminology or editorial changes with minimal effects on the accounts, or those which affect the standards or interpretations which are not applicable to the Group.

    - IAS 1 Presentation of the Financial Statements – Comparative information: the improvement clarifies that in the case that additional comparative information is supplied, it must be presented in conformity with the IAS/IFRS. Moreover, it clarifies that in the case that the entity modifies an accounting standard or makes a retroactive correction or reclassification, this same entity must present a financial statement also at the beginning of the period being compared (third statement of financial position) in the statements, while in the explanatory notes no comparative disclosures are required even for the third statement of financial position except for the entries involved.

    - IAS 16 Buildings, plants and machinery – Classification of servicing equipment: clarifies that servicing equipment must be classified under the heading of Buildings, plants and machinery if used for more than one year, and otherwise, among the inventory.

- IAS 32 financial instruments: display in statements – Income taxes on the distribution to owners of capital instruments and on the costs of transactions on the capital instruments: clarifies that the direct taxes related to this type of instrument must follow the rules of IAS 12.
- IAS 34 Intermediate financial statements – Total of the assets for a reportable segment: clarifies that the total of the assets must be shown only if this information is normally supplied to the chief operating decision maker of the entity and a material change has taken place in the total assets of the segment with respect to that reported in the last annual statement.

Application of the modifications to IAS 1, IFRS 7 and IFRS 13 as well as the improvements to IFRS (2009-2011 cycle) have not had a significant effect on the present consolidated condensed half-yearly statement.

In compliance with the rules of transition set forth by IAS 19 paragraph 173, the Group applied the amendment to IAS 19 starting on January 1st 2013 retrospectively by re-determining the amounts in the statement of financial position as of January 1st 2012 and December 31st 2012, as if the amendment had always been applied.
The introduction of the different method for recording the gain and losses of the Group which earlier had applied the corridor method, comported the entry of a larger amount of liabilities as of December 31st 2012 for an amount of 475 thousand Euros and a negative impact on the net shareholders' equity of the Group on the same date, net of fiscal effects, for the amount of 280 thousand Euros. The comparative data of the statement of financial position as of December 31st 2012 have consequently been rectified.
The chart below shows a summary of the variations with respect to what had originally been published in the consolidated statement as of December 31st 2012 and the variations in the amount of the shareholders' equity as of January 1st 2012 after the new version of IAS 19:

	31/12/12 published	**Effects of the application of the IAS 19 revised**	**31/12/12 revised**
Deferred tax assets	5.681.705	130.565	5.812.270
Retirement funds	2.865.242	474.788	3.340.030
Share Capital and Reserves attributable to the Group	112.583.945	(280.215)	112.303.730
Share Capital and Reserves attributable to non-controlling interests	11.714.705	(64.008)	11.650.697
Comprehensive (loss) income	29.636.255	(440.760)	29.195.494

	01/01/2012	**Effects of the application of the IAS 19 revised**	**01/01/12 revised**
Deferred tax assets	6.354.281	(36.620)	6.317.661
Retirement funds	2.761.474	(133.158)	2.628.316
Share Capital and Reserves attributable to the Group	94.705.319	82.297	94.787.616
Share Capital and Reserves attributable to non-controlling interests	80.405.058	14.241	80.419.299
Comprehensive (loss) income	3.097.862	96.541	3.194.403

It should also be noted that the application of IAS 19 had a positive effect on the shareholders' equity of the Group as of June 30th 2012 for an amount of 67 thousand Euros, net of fiscal effects.

SCOPE OF CONSOLIDATION

SUBSIDIARY COMPANIES

The condensed half-yearly consolidated financial statement of the El.En. Group includes the statements of the Parent Company and of the Italian and foreign companies that El.En. S.p.A. controls directly or indirectly through a majority of votes in the ordinary assembly. The companies which are included in the scope of consolidation are shown in the chart below.

Company name:	Notes	Headquarters	Currency	Subscr. capital	Percentage held: Direct	Indirect	Total	Consolidated Percentage
Parent company:								
El.En. SpA		Calenzano (ITA)	EURO	2.508.671				
Subsidiary companies:								
Deka M.E.L.A. Srl		Calenzano (ITA)	EURO	40.560	85,00%		85,00%	85,00%
Cutlite Penta Srl		Calenzano (ITA)	EURO	154.621	96,65%		96,65%	96,65%
Esthelogue Srl	1	Calenzano (ITA)	EURO	100.000	50,00%	50,00%	100,00%	100,00%
Deka Sarl		Lyons (FRA)	EURO	76.250	100,00%		100,00%	100,00%
Deka Lasertechnologie GmbH		Munchen (GER)	EURO	51.600	100,00%		100,00%	100,00%
Deka Laser Technologies Inc.	2	Carlsbad (USA)	USD	25	11,78%	80,71%	92,49%	92,49%
Lasit SpA		Vico Equense (ITA)	EURO	1.154.000	70,00%		70,00%	70,00%
BRCT Inc.		New York (USA)	USD	no par value	100,00%		100,00%	100,00%
Quanta System SpA		Solbiate Olona (ITA)	EURO	1.500.000	100,00%		100,00%	100,00%
Asclepion Laser Technologies GmbH	3	Jena (GER)	EURO	2.025.000	50,00%	50,00%	100,00%	100,00%
Arex Srl	4	Solbiate Olona (ITA)	EURO	20.500		51,22%	51,22%	51,22%
AQL Srl	5	Vimercate (ITA)	EURO	50.000		100,00%	100,00%	72,50%
ASA Srl	6	Arcugnano (ITA)	EURO	46.800		60,00%	60,00%	51,00%
With Us Co Ltd	7	Tokyo (JAP)	YEN	100.000.000		78,85%	78,85%	78,85%
Deka Japan Co. Ltd		Tokyo (JAP)	YEN	10.000.000	55,00%		55,00%	55,00%
Penta Chutian Laser (Wuhan) Co Ltd	8	Wuhan (CHINA)	YUAN	20.467.304		55,00%	55,00%	53,16%
Penta Laser Equipment (Wenzhou) Co Ltd	9	Wenzhou (CHINA)	YUAN	16.747.725		55,00%	55,00%	53,16%
Lasit Usa Inc.	10	Branford (USA)	USD	30.000		100,00%	100,00%	70,00%
Cutlite do Brasil Ltda		Blumenau (BRASIL)	REAL	11.666.678	68,56%		68,56%	68,56%
Lasercut Technologies Inc.	11	Branford (USA)	USD	50.000		100,00%	100,00%	100,00%
Pharmonia Srl	12	Calenzano (ITA)	EURO	50.000		100,00%	100,00%	100,00%
Deka Medical Inc	13	San Francisco (USA)	USD	10		100,00%	100,00%	100,00%
Quanta France Sarl	14	Paris (FRA)	EURO	35.000		60,00%	60,00%	60,00%

(1) owned by Elen SpA (50%) and Asclepion (50%)
(2) owned by BRCT Inc. (80,71%) and by ElEn Spa (11,78%)
(3) owned by Elen SpA (50%) and by Quanta System SpA (50%)
(4) owned by Quanta System SpA (51,22%)
(5) owned by Quanta System SpA (8,35%) and Lasit SpA (91,65%)
(6) owned by Deka Mela Srl (60%)
(7) owned by BRCT (78,85%)
(8) owned by Cutlite Penta Srl (55%)
(9) owned by Cutlite Penta Srl (55%)
(10) owned by Lasit SpA (100%)
(11) owned by BRCT (100%)
(12) owned by Asclepion (100%)
(13) owned by BRCT (100%)
(14) owned by Quanta System SpA (60%)

Operations conducted during this financial period
For the operations conducted during the first half of the year, see the paragraph, "Significant events which occurred during the first half of 2013" of the Management Report.

ASSOCIATED COMPANIES

El.En. S.p.A. holds directly and indirectly equities in several companies for which, however, it does not have control. These companies are evaluated with the shareholders' equity method. The equities in associated companies are shown on the chart below.

Company name:	Notes	Headquarters	Currency	Subscr.capital	Percentage held: Direct	Indirect	Total	Consolidated percentage
Cynosure Inc.		Westford (USA)	USD	22.523	9,41%		9,41%	9,41%
Cynosure GmbH	1	Langen (D)	EURO	25.565		100,00%	100,00%	9,41%
Cynosure Sarl	1	Courbevoie (FRA)	EURO	970.000		100,00%	100,00%	9,41%
Cynosure KK	1	Tokyo (JAP)	YEN	10.000.000		100,00%	100,00%	9,41%
Cynosure UK	1	Cookham (UK)	GBP	1		100,00%	100,00%	9,41%
Suzhou Cynosure Medical Devices Co.	1	Suzhou (CHINA)	YUAN	no par value		100,00%	100,00%	9,41%
Cynosure Spain	1	Madrid (SPAIN)	EURO	864.952		100,00%	100,00%	9,41%
Cynosure Mexico	1	S.Jeronimo Aculco (MEX)	MEX	no par value		100,00%	100,00%	9,41%
Cynosure Korea	1	Seoul (SOUTH KOREA)	KRW	350.800.000		100,00%	100,00%	9,41%
Immobiliare Del.Co. Srl		Solbiate Olona (ITA)	EURO	24.000	30,00%		30,00%	30,00%
Actis Srl		Calenzano (ITA)	EURO	10.200	12,00%		12,00%	12,00%
SBI S.A.		Herzele (B)	EURO	1.200.000	50,00%		50,00%	50,00%
Elesta Srl		Calenzano (ITA)	EURO	110.000	50,00%		50,00%	50,00%
Quanta System Asia Pacific Co.LTD	2	Bangkok (Thailand)	BAHT	5.000.000		49,00%	49,00%	49,00%
Chutian (Tianjin) Lasertechnology Co. LTD	3	Tianjin (China)	YUAN	2.000.000		49,00%	49,00%	26,05%

(1) owned by Cynosure Inc. (100%)
(2) owned by Quanta System S.p.A. (49%)
(3) owned by Penta Chutian Laser (Wuhan) Co. Ltd (49%)

Operations conducted during this financial period
For the operations conducted during the first half of the year, see the paragraph, "Significant events which occurred during the first half of 2013" of the Management Report.

EQUITIES IN OTHER COMPANIES

On May 24th 2013, as part of the founding of the company, the Parent Company underwrote an equity of 17% in the Imaginalis S.r.l., company for a value of 17 thousand Euros: a further quota for the amount of 14% was underwritten by Actis S.r.l., a company of which 12% is owned by the Parent Company, El.En. S.p.A..

TREASURY STOCK

On March 3rd 2008, the shareholders' meeting of the Parent Company El.En. SpA, voted to authorize the Board of Directors to acquire, in compliance and within the limits established by articles 2357 and following of the Civil Code, within 18 months of that date, treasury stock representing not more than 10% of the capital stock in accordance with the law, at a price which was not less than 20% more nor more than 10% more than the official price for negotiations registered on the day preceding the purchase. With the same vote they authorized the method for disposing of the shares

which can be put back into circulation within 3 years of the purchase at a price which is not less than 95% of the average of the official prices for negotiations registered during the five days preceding the sale , all of which must take place respecting the laws in force in this regard
Consequently, between March and April 2008 the Board of Directors of El. En. SpA proceeded with the purchase of 103.148 shares of the company at an average price of 24,97 Euros for a total of 2.575.611 Euros.

Upon request of the Board of Directors, the Shareholders' Assembly of the Parent Company which met on October 28th 2010 renewed the authorization of the Board to purchase in one or more tranches, on the regular stock market, and therefore according to the conditions described in art. 144 *bis*, sub-section 1, letter b) of the *Regolamento Emittenti Consob*, and following the operative procedures established by the organization and management regulations of the market issued by the Borsa Italiana S.p.A., within 18 months of that date, treasury stock representing a number of ordinary shares which, in any case, considering the number of shares already held in the portfolio, does not exceed one-fifth of the capital stock, respecting the laws and regulations, at a price that is not more than 20% less or over 10% more than the official price for negotiations registered on the day preceding the purchase. The vote of the shareholders' also authorized the Board of Directors to put the shares back into circulation within ten years of the date of purchase, including those already held in the portfolio on December 28th 2010, at a price that is not less than 95% of the average official price for negotiations registered during the five days preceding the sale, all of which must take place respecting the regulations in force.

On October 8th 2012 the Company sold 82.000 ordinary shares of treasury stock at 25 Euros a share for a total amount of 2.050.000 Euros to Laserfin S.r.l. as part of the payment for the purchase of 10% of the shares of Deka Mela S.r.l. and of 40%of the shares of Quanta System S.p.A..

Upon request of the Board of Directors, the shareholders' meeting that met on November 14th 2012 authorized the Board to buy, in one or more blocks, on the regular stock market, and consequently in conformity with art. 144 *bis*, sub-section 1, letter b) of the *Regolamento Emittenti Consob* and according to the operating methods established by the management and organization rules issued by Borsa Italiana S.p.A., within eighteen months of that date, treasury stock, representing a number of ordinary shares which, in any case, considering the number of shares already held in the portfolio, does not exceed the fifth part of the capital stock, in respect of the laws and rules, at a price that is not more than 20% less nor more than 10% more than the official selling price registered on the day preceding the purchase.
The shareholders also voted to authorize the Board of Directors to return the shares to circulation within ten years of the date of acquisition at a price that is not less than 95% of the average of the official selling price registered in the five days preceding the sale, in conformity with all of the regulations in force at the time.

Due to the selling operation described above, and in consideration of the fact that no purchases were connected to the vote of November 14th 2012, the treasury stock held in the portfolio of the Company as of December 31st 2012 is 21.148 shares for a total amount of 528.062,54 Euros.

STANDARDS OF CONSOLIDATION

The intermediate statements used for the consolidation are the intermediate statements as of June 30th 2013 of the individual firms. These statements are opportunely reclassified and rectified in such a way as to make them uniform with the accounting standards and IFRS evaluation criteria selected by the parent company.

In drawing up the consolidated financial report the assets and liabilities, the income and charges of the companies included in the area of consolidation have all been included. We have not included the payables and receivables, income and charges, profits and losses which have been generated by transactions made between the consolidated companies.
The book value of the equity in each of the subsidiaries is eliminated in the place of the corresponding portion of the stockholders' equity of each of the subsidiaries including the final adaptation at fair value on the date of purchase; the difference which emerges, if it is in the black (positive), is treated as goodwill, and as such is entered into accounts, in accordance with IFRS 3, as illustrated below. If it is in the red (negative) it is entered directly into the Income Statement.
The amount of capital and reserves of subsidiary companies corresponding to equities of third parties is entered under a heading of the stockholders' equity titled "Capital and Reserves of third parties"; the portion of the consolidated economic result which corresponds to the equities of third parties is entered into accounts under the heading "Income (loss) pertaining to third parties".

TRANSACTIONS IN FOREIGN CURRENCY

The intermediate accounting situation of each consolidated company is drawn up in the working currency of the particular economic context in which each company operates. In these accounting situations, all of the transactions which take place using a currency that is different from the working currency are recorded applying the exchange rate that is current at the time of the transaction. The monetary assets and liabilities listed in a currency which is different from the working currency are subsequently adapted to the exchange rate current on the date of closure of the period being presented.

CONSOLIDATION OF FOREIGN CURRENCY

For the purposes of the Consolidated Financial report, results, assets, and liabilities are expressed in Euros, the working currency of the parent company, El.En. SpA. For drawing up the Consolidated Financial report, the accounting situations with a working currency which is different from the Euro are converted into Euros using, for the assets and liabilities, including goodwill and the adjustments made at the time of consolidation, the exchange rate in force on the date of closure of the financial period being presented and, for the Statement of Income, the average exchange rates for the period which approximate the exchange rates in force on the date of the respective transactions. The relative differences in exchange rates are shown directly in the stockholders' equity and are displayed separately in a special reserve of the same. The differences in the exchange rate are shown in the Statement of Income at the time that the subsidiary is sold.
The first time that the IFRS were applied, the cumulative differences generated by the consolidation of the foreign companies with a working currency different from the Euro were reclassified into retained earnings, as is allowed by the IFRS 1; consequently, only the differences in conversion accumulated and entered into accounts after January 1st 2004 are involved in the determination of the capital gains and losses deriving from their possible sale.
The exchange rates used for the conversion of the statements of the subsidiary and associated companies using a currency different from the Euro are as follows:

	Exchange Rate	**Average exchange rate**	**Exchange Rate**
Currencies	**31/12/2012**	**30/06/2013**	**30/06/2013**
USD	1,3194	1,3134	1,3080
Yen	113,61	125,46	129,39
Baht	40,35	39,19	40,61
Yuan	8,22	8,13	8,03
Real	2,70	2,67	2,89

USE OF ESTIMATES

In applying the IFRS, the drawing up of the half yearly consolidated statement requires estimates and assumptions to be made which affect the assets and liability figures of the financial report and relative information and potential assets and liabilities at the date of reference. The definitive results could differ from such estimates. The estimates are used to enter the provisions for risks on receivables, for obsolescence of stocks, amortization and depreciation, devaluation of assets, stock options, employee benefits, taxes and other provisions in funds. The estimates and assumptions are periodically reviewed and the effects of any variation are reflected in the Statement of Income. Goodwill is subjected to impairment tests in order to determine any loss in value.

STOCK OPTION PLANS

El.En. S.P.A.

The following paragraphs contain information related to the stock option plan voted on for the year 2008 by the Parent Company El.En. SpA, which is intended to give the company an instrument for promoting employee incentive and loyalty.

	Max. expiration date	Outstanding options	Options issued	Options cancelled	Options exercised	Expired option not exercised	Outstanding options	Exercisable options	Exercise price
		01.01.2013	01.01.13-30.06.2013	01.01.13-30.06.2013	01.01.13-30.06.2013	01.01.13-30.06.2013	30.06.2013	30.06.2013	
Plan 2008/2013	May, 15 2013	152.000	0	0	0	152.000	0	0	€ 24,75

This stock option plan was permanently terminated on May 15th 2013 without any of the options having been picked up.
Further details and information including the characteristics of the stock option plan as well as the capital set aside for this purpose, can be consulted in Note 10 of this document.

During the first half of 2013 the average price recorded for the El.En. stock was about 15,6 Euros a share.

COMPARABILITY OF DATA

Discontinued Operations

It should be remembered that in 2012 on account of the sale of part of the Cynosure shares held by El.En. (as described in the paragraph "Significant events which occurred during 2012" in the management report as of December 31st 2012) and the subsequent loss of control of the American company, starting in the end of November 2012 this company was no longer wholly consolidated but was consolidated using the shareholders' equity method.

In order to make the data for the first half of 2012 comparable, we have entered the contribution of Cynosure Inc. to the consolidated, in the Condensed Consolidated Statement as of June 30th 2013, under the heading of "Net income (loss) from Discontinued Operations". In the Condensed Consolidated Half-Yearly Statement as of June 30th 2012 Cynosure Inc. was wholly consolidated since the Group had entire control of the company at that time.

The chart below shows the break-down of of the results of *Discontinued Operations* for the first half of 2012:

	Discontinued Operations Six months 2012
Revenues	54.456.214
Change in inventory of finished goods and WIP	2.592.562
Other revenues and income	203.585
Value of production	**57.252.361**
Purchase of raw materials	19.471.207
Change in inventory of raw material	501.540
Other direct services	5.627.241
Gross margin	**31.652.373**
Other operating services and charges	11.777.364
Added value	**19.875.009**
For staff costs	13.453.231
EBITDA	**6.421.778**
Depreciation, amortization and other accruals	2.843.653
EBIT	**3.578.125**
Net financial income (charges)	(82.831)
Capital gain on stocks sold	0
Revaluations	0
Other net income (expense)	0
Income (loss) before taxes	**3.495.294**
Income taxes	949.612
Income taxes on capital gain and revaluation	0
Income (loss) for the financial period from discontinued operations	**2.545.682**
Minority interest from discontinued operations	1.635.904
Net income (loss) from discontinued operations	**909.778**

The net result of the *Discontinued Operations* for the first half of 2012 includes the contribution of Cynosure Inc. to the net result of the Group.

Information on the Consolidated Statements of financial position - Assets

Non-current assets

Intangible fixed assets (note 1)

Breakdown of changes occurring in intangible fixed assets during the period is shown on the chart below:

Categories	Balance 31/12/12	Variation	(Devaluation)	Other Operations	(Amortizations)	Conversion Adjustemnts	Balance 30/06/13
Goodwill	3.093.065						3.093.065
Patents and rights to use patents of others	10.056	801			-2.767	36	8.126
Concessions, licences, trade marks and similar rights	272.771	63.780			-93.544	-5.388	237.619
Other	26.876	15.298			-9.317		32.857
Intangible assets in progress and payments on account	25.000	72.614					97.614
Total	**3.427.768**	**152.493**			**-105.628**	**-5.352**	**3.469.281**

Goodwill

Goodwill, which represents the most significant entry among the intangible fixed assets, represents the difference in excess between the cost of purchase with respect to the fair value of the assets acquired net of the present and potential liabilities. Goodwill is not subject to amortization and is subject to an impairment test at least once a year.
At the end of each impairment test of the possible reduction in value, the single entries of goodwill have been placed in the respective "*cash generating unit*" (CGU) which has been identified. The identification of the CGU coincides with each juridical subject and corresponds to what the directors envision as their own activity.

The chart below shows the book value of the goodwill for each "cash generating unit".

CASH GENERATING UNIT (CGU)	Goodwill 30/06/2013	Goodwill 31/12/2012
Quanta System S.p.A.	2.079.260	2.079.260
ASA S.r.l.	439.082	439.082
Cutlite Penta S.r.l.	415.465	415.465
Asclepion Laser Technologies GmbH	72.758	72.758
Arex S.r.l.	55.000	55.000
Deka MELA S.r.l.	31.500	31.500
Total	3.093.065	3.093.065

It should also be recalled that at the end of last year, the recoverable value of the CGU shown in note (1) of the Notes for the consolidated statement closed on December 31st 2012 was subjected to *impairment* tests for the purpose of verifying the existence of losses in value, by comparing the book value of the unit and the utilizable value, i.e. the present value of the expected future financial flow which is assumed will be derived from the continued use and the discarding of the unit at the end of its useful life. For the results of the test, please refer to note (1) as mentioned above.

On the basis of the results shown by the CGU mentioned, which are aligned with the prospective plans arranged for purposes of the impairment test on December 31st 2012, no indications of impairment were identified which, on the date of the present intermediate financial report, have made it necessary to conduct further tests in order to verify the existence of long lasting losses in value.

Other intangible assets

The “industrial patents and rights to use patents of others” are related to the capitalization of costs sustained for the acquisition of patents and license agreements by Deka Laser Technologies and Quanta System.
Under the heading of “Concessions, licenses, trademarks and similar rights” we have entered, among other things, the costs sustained by the subsidiaries With Us, Asclepion, Quanta System and Wuhan Penta Chutian for the acquisition of new software.
The entry under the heading of “Others” is composed mainly of the costs sustained by the subsidiaries Quanta System S.p.A and Deka Mela for the creation of software.
The intangible assets in progress” are related to the costs of research and development sustained by the subsidiary ASA for a prototype now being developed.

Tangible fixed assets (note 2)

The movements which have occurred in the tangible fixed assets are as follows:

Cost	Balance 31/12/12	Increments	Devaluations	Other operations	(Disposals)	Conversion Adjustments	Balance 30/06/13
Lands	2.422.780					1.482	2.424.262
Buildings	14.766.991					4.133	14.771.124
Plants and machinery	4.210.547	81.661			-2.260	-3.048	4.286.900
Industrial and commercial equipment	9.749.394	447.450		-17.134	-165.894	-68.414	9.945.402
Other goods	8.640.460	275.593		5.704	-202.588	-93.345	8.625.824
Tangible assets under construction		56.523					56.523
Total	**39.790.172**	**861.227**		**-11.430**	**-370.742**	**-159.192**	**40.110.035**

Depreciation provisions	Balance 31/12/12	Depreciation	Devaluations	Other operations	(Disposals)	Conversion Adjustments	Balance 30/06/13
Lands							
Buildings	2.473.378	222.752				873	2.697.003
Plants and machinery	2.508.878	195.636		-1	-2.256	-1.689	2.700.568
Industrial and commercial equipment	7.729.653	469.735		-15.206	-130.876	-47.524	8.005.782
Other goods	5.663.530	352.444		5.702	-170.281	-11.180	5.840.215
Tangible assets under construction							
Total	**18.375.439**	**1.240.567**		**-9.505**	**-303.413**	**-59.520**	**19.243.568**

Net value	Balance 31/12/12	Increments	Other operations	(Depreciations and devaluations)	(Disposals)	Conversion Adjustments	Balance 30/06/13
Lands	2.422.780					1.482	2.424.262
Buildings	12.293.613			-222.752		3.260	12.074.121
Plants and machinery	1.701.669	81.661	1	-195.636	-4	-1.359	1.586.332
Industrial and commercial equipment	2.019.741	447.450	-1.928	-469.735	-35.018	-20.890	1.939.620
Other goods	2.976.930	275.593	2	-352.444	-32.307	-82.165	2.785.609
Tangible assets under construction		56.523					56.523
Total	**21.414.733**	**861.227**	**-1.925**	**-1.240.567**	**-67.329**	**-99.672**	**20.866.467**

In accordance with the current accounting standards, the value of the land has been separated from the value of the buildings located upon it and the lands have not been amortized since they constitute an element having an unlimited useful life. The value of the lands as of June 30th 2013 was 2.424 thousand Euros.

The heading of “Buildings” includes the building complex in Via Baldanzese a Calenzano (Florence), where the Parent company operates along with the four subsidiaries Deka M.E.L.A., Cutlite Penta, Esthelogue Srl and Pharmonia Srl, the buildings located in Via Dante Alighieri in Calenzano which were acquired in 2008, the building located in the city of Torre Annunziata purchased in 2006 and intended for use as a research, development and production facility for the subsidiary Lasit SpA, the building located in Branford, Connecticut, owned by the subsidiary BRCT, where Lasercut

Technologies Inc. and Lasit USA conduct their operational activities and the building in Jena where, since May of 2008, the subsidiary Asclepion GmbH operates.

The category of “Plants and machinery” includes investments made in particular by the Parent Company El.En. SpA, Quanta System, Asclepion GmbH and ASA Srl.

The entries under the heading “Industrial and Commercial Equipment” refer in particular to El.En. and to the subsidiaries With Us, Asclepion GmbH, Quanta System, Deka Medical, Deka Japan, Wuhan Penta Chutian and Deka Mela; in relation to this latter, it should be recalled that, as in the past years, the costs of some machinery sold to the clientele using operative leasing have been capitalized. These types of sales in fact, are considered revenue from multi-year leases, in conformity with the IAS/IFRS standards.

The increases in the category “Other goods” refer mainly to the purchase of motor vehicles and electronic equipment.

Equity investments (note 3)

The chart below provides information on the equity investments:

	30/06/13	31/12/12	Variation	Var. %
Equity investments in:				
associated companies	33.675.706	32.476.985	1.198.721	3,69%
other companies	91.431	73.431	18.000	24,51%
Total	33.767.137	32.550.416	1.216.721	3,74%

For a detailed analysis of the equities held by Group companies in associated companies, refer to the paragraph relative to the scope of consolidation in this document.

It should be recalled that the following associated companies are consolidated using the stockholders’ equity method: Cynosure Inc., Immobiliare Del.Co. S.r.l., Smartbleach International SA (SBI SA), Elesta S.r.l. and Quanta System Asia Pacific Co.LTD.

The variation during this half is due to the results of the associated companies and to the increase in the equity shown by Cynosure after the conclusion of the transactions for the acquisition of Palomar Medical Technologies, Inc..

The amounts of the equities held in associated companies that have been entered into accounts are as follows:

Cynosure Inc.	32.922 thousand Euros
Immobiliare Del.Co. Srl:	255 thousand Euros
Actis Srl:	1 thousand Euros
SBI S.A.:	231 thousand Euros
Elesta Srl:	102 thousand Euros
Quanta Asia:	43 thousand Euros
Chutian (Tianjin) Co. Ltd	122 thousand Euros

Cynosure is quoted on the Nasdaq (ticker:CYNO); El.En. S.p.A. holds 2,1 million shares in the company and at the end of June the stock was worth about $25 a share.

Financial receivables/Deferred tax assets/Other non-current receivables and assets (note 4)

<u>Other non current assets</u>	30/06/2013	31/12/2012	Variation	Var. %
Financial receivables vs associated	30.000		30.000	
Deferred tax assets	5.873.066	5.812.270	60.796	1,05%
Other non current assets	2.939	4.302	-1.363	-31,68%
Total	5.906.005	5.816.572	89.433	1,54%

Deferred tax assets amount to 5.873 thousand Euros, mainly referred to the stock obsolescence provision, to the variations in inter-Group profits on the inventory for the period, and the devaluations made on some of the receivables and the fiscal losses brought forward.

Current Assets

Inventory (note 5)

The chart below shows a breakdown of the inventory:

Inventories:	30/06/13	31/12/12	Variation	Var. %
Raw materials and consumables	24.482.814	21.562.512	2.920.302	13,54%
Work in progress and semi finished products	12.154.596	12.121.018	33.578	0,28%
Finished products and goods for sale	12.758.874	11.781.839	977.035	8,29%
Total	49.396.284	45.465.369	3.930.915	8,65%

The chart shows an increase in the inventory. If we analyze this variation which is moving in the undesirable direction to increase the investment in working capital and penalizing the cash flow of the current assets , we can see that the increase is related in particular to raw materials which in turn is due to the preparations made for a volume of production which was greater than that actually achieved, also in relation to the trend of recovery of the sales volume in the second quarter; in at some of the companies some new products are being launched and this has required the purchase of additional material to start with; moreover, the quantity of finished products being delivered to clients as of June 30th 2013 was above average.

The chart below shows the breakdown of the total inventory, distinguishing between the amount of obsolete stock from the gross amount:

Inventory:	30/06/2013	31/12/2012	Variation	Var. %
Gross amount	56.053.807	52.046.275	4.007.532	7,70%
minus: devaluation provision	-6.657.523	-6.580.906	-76.617	1,16%
Total	49.396.284	45.465.369	3.930.915	8,65%

The incidence of the obsolescence provision on the gross value of the inventory fell from 12,64% on December 31st 2012 to 11,88% on June 30th 2013.

Trade receivables (note 6)

Receivables are composed as follows:

Debtors:	30/06/13	31/12/12	Variation	Var. %
Trade debtors	35.936.629	35.902.198	34.431	0,10%
Associated debtors	2.577.595	3.015.331	-437.736	-14,52%
Total	38.514.224	38.917.529	-403.305	-1,04%

Trade debtors:	30/06/2013	31/12/2012	Variation	Var. %
Italy	18.418.284	16.626.864	1.791.420	10,77%
European Community	5.246.497	6.236.278	-989.781	-15,87%
Outside of European Community	18.975.953	19.166.530	-190.577	-0,99%
minus: devaluation provision for debtors	-6.704.105	-6.127.474	-576.631	9,41%
Total	35.936.629	35.902.198	34.431	0,10%

As can be clearly seen from the chart, the receivables from the Italian market are those that have increased the most as a result of the increase in sales volume with respect to last half but also, and above all, on account of the need to grant the clientele better conditions for payment considering the credit restrictions that the entire Italian economy must now deal with.

The chart below shows the changes in the fund for devaluation of receivables:

Provision for bad debts	**2013**	**2012**
At the beginning of the period	**6.127.474**	**7.067.991**
Amounts accrued	854.485	1.514.758
Amounts utilized	-223.704	-936.219
Unused amounts reversed	-59.308	-64.340
Other operations		-1.462.814
Conversion adjustment	5.158	8.098
At the end of the period	**6.704.105**	**6.127.474**

For a detailed analysis of trade receivables from associated companies, please refer to the chapter on “Information on related parties” in this document.

Tax receivables/Other receivables (note 7)

The chart below shows a breakdown of tax receivables and other receivables:

	30/06/2013	**31/12/2012**	**Variation**	**Variation %**
Tax debtors				
VAT credits	3.439.303	2.727.382	711.921	26,10%
Income tax credits	604.289	794.657	-190.368	-23,96%
Total tax debtors	4.043.592	3.522.039	521.553	14,81%

Financial receivables				
Financial receivables from third parts	1.285.640	20.000	1.265.640	6328,20%
Financial receivables from associated companies	63.565	63.565	-	0,00%
Total	1.349.205	83.565	1.265.640	1514,56%
Other receivables				
Security deposits	325.028	367.191	-42.163	-11,48%
Down payments	1.844.176	1.805.032	39.144	2,17%
Other credits	4.005.739	2.506.743	1.498.996	59,80%
Total	6.174.943	4.678.966	1.495.977	31,97%
Total financial and other receivables	7.524.148	4.762.531	2.761.617	57,99%

This half closed with a VAT credit of about 3,4 million Euros which was mostly a result of the intense export activity of the Group.

Among the income tax receivables we have entered credits derived from the difference between the pre-existing tax credit or down payment and the tax debt which had matured by the date to which the financial statement refers; this heading also includes receivables from the Treasury payable to the Parent Company and some of its Italian subsidiaries for the amount of the reimbursement for the excess IRES taxes paid on account of the failure to subtract the IRAP related to the expenses for employees and assimilated , in compliance with art. 2, sub-section 1-quater, D.L. 201/2011.

The changes in the other receivables are due mainly to the increase in prepaid expenses.

For a detailed analysis of the financial receivables from associated companies, please refer to the following chapter regarding “Information on Related parties”.

Financial instruments (note 8)

Investments which are not permanent:	30/06/2013	31/12/2012	Variation	Var. %
Other investments	199.996	1.013	198.983	19642,94%
Total	199.996	1.013	198.983	19642,94%

The amount entered under the heading of “Other investments” consists in mutual funds held by the French subsidiary Deka Sarl.

Cash and cash equivalents (note 9)

Cash at bank and on hand is composed as follows:

Cash and cash Equivalents:	30/06/2013	31/12/2012	Variation	Var. %
bank and postal current accounts	40.644.264	40.417.223	227.041	0,56%
cash on hand	79.173	58.099	21.074	36,27%
Total	40.723.437	40.475.322	248.115	0,61%

For an analysis of the variations in cash at bank and on hand, please refer to the cash flow statement.

Net financial position as of June 30th 2013

In compliance with the Consob communication of July 28th 2006 and in conformity with the Recommendation of the CESR of February 10th 2005 “Recommendations for uniform implementation of the European Union regulations on information charts” the net financial position of the Group as of June 30th 2013 is shown below (in thousands of Euros):

Net financial position		
	30/06/2013	**31/12/2012**
Cash and bank	40.723	40.475
Financial instruments	200	1
Cash and cash equivalents	**40.923**	**40.476**
Short term financial receivables	**1.286**	**20**
Bank short term loan	(11.299)	(9.321)
Part of financial long term liabilities due within 12 months	(2.618)	(3.100)
Financial short term liabilities	**(13.917)**	**(12.421)**
Net current financial position	**28.292**	**28.075**
Bank long term loan	(6.104)	(7.187)
Other long term financial liabilities	(2.901)	(3.093)
Financial long term liabilities	**(9.004)**	**(10.281)**
Net financial position	**19.288**	**17.794**

The net financial position of the Group has improved since December 31st 2012 and now amounts to about 19 million Euros.
Of particular note are the deposits made by minority shareholders for an amount of about 1 million Euros for an increase in capital in relation to the operations now being conducted to re-enforce the manufacturing structures in the industrial sector in China.
Cash was used by the Parent Company El.En. S.p.A. to pay dividends to third parties for an amount of about 2.402 thousand Euros and by the subsidiaries Deka Mela S.r.l., Lasit S.p.A., ASA S.r.l. and Penta Chutian for the overall amount of 1.482 thousand Euros.
From the net financial position we have excluded financial receivables from associated companies for an amount of 64 thousand Euros, since these are related to the policy of financial support of the companies in the Group (for a break-down, see the chapter on information on related parties). In continuation of past policy, we felt it opportune not to include this type of financing in the net financial position displayed above.
For further details and information, see the consolidated cash flow statement.

Information on the Consolidated Statements of financial position - Liabilities

Share Capital and Reserves

The main components of the stockholders' equity are shown below:

Share Capital (note 10)

As of June 30th 2013, the capital stock of the El.En Group, which coincides with that of the Parent Company, was as follows:

Authorized	Euros	2.508.671
Underwritten and deposited	Euros	2.508.671

Nominal value of each share	***0,52***

Categories	**31/12/2012**	**Increase.**	**(Decrease.)**	**30/06/2013**
No. of Ordinary Shares	4.824.368			4.824.368
Total	**4.824.368**			**4.824.368**

Shares are nominal and indivisible and each of them gives the holder the right to one vote in all the ordinary and extraordinary assemblies as well as the other financial and administrative rights granted in accordance with the law and the Statute. At least 5% of the net profits of the financial year must be set aside for the legal reserve in accordance with art. 2430 of the civil code. The remainder is distributed to the shareholders, unless the assembly votes otherwise. The Statute does not allow advance payments on the dividends. Dividends not cashed within five years from the date of emission are returned to the Company. No special statutory clauses exist with regard to the participation of shareholders in the remaining assets in the event of liquidation. No statutory clauses exist granting special privileges.

Increases in capital for use in the stock option plan
The special assembly of El.En. SpA held on May 15th 2008 voted to authorize the Board of Directors, in accordance with and by effect of art. 2443 of the Civil Code, for a period of up to five years from the date of the deliberation, to increase the share capital of the Company once or several times upon payment, by a nominal maximum amount of 83.200,00 Euros through the issue of a maximum of 160,000 ordinary shares with a nominal value of euro 0,52 each, with entitlement equal to those of the ordinary company shares at the date of subscription, to be liberated by payment of a price to be determined by the Board of Directors in the respect of the dictates of art. 2441, sub-paragraph VI, civil code. – that is considering the stockholders' equity, also bearing in mind the official prices registered by the shares on the stock market over the last six months – and as a unitary value inclusive of the premium, not less than the greatest of the following: a) the value of each share determined on the basis of the consolidated stockholders' equity of the El.En. Group as of December 31st of the year previous to the issue of the options; b) the arithmetical average of the recorded official prices of the company's ordinary shares on the New Market, organized and managed by the Borsa Italiana SpA in the 6 months prior to the assigning of the options; c) the arithmetical average of the recorded official prices of the company's ordinary shares on the New Market, organized and managed by the Borsa Italiana SpA in the 30 days prior to the assigning of the options.

The Board of Directors of El.En. SpA, with the vote taken on July 15th 2008, implemented the authority of the shareholders assembly of May 15th 2008, to increase the capital stock by 83.200,00 for use in the stock option plan for 2008-2013 and approved the relative regulations. The option rights were assigned, by a vote taken on the same day, exclusively to employees of El.En. S.p.A. and the other companies of the Group which, at the time of assignment, were working in a subordinate position. The stock option plan was divided into two equal portions which can be implemented in conformity with the following terms:

a) up to a maximum amount of 41.600,00 Euros starting on July 15^{th} 2011 until the date of approval of the proposed annual report for 2011 by the Board of Directors.

Subsequently, the rights on the options could be exercised as follows:

- if the shareholders' meeting, during the approval of the report for 2011, had voted to distribute the profits, from the day that the relative dividends for 2011 become payable up until the date of approval of the company report for 2012 by the Board of Directors;
- otherwise, if the profits were not distributed for the year 2011, from the 15^{th} of May 2012 up until the date of the approval of the proposed annual report for 2012 by the Board of Directors;
- if, during the approval of the report for 2012, the shareholders' meeting had voted in favor of the distribution of the profits, from the date, if earlier than the 15^{th} of May 2013, of the maturity of the payments of the dividends for 2012 up until May 15^{th} 2013;
- otherwise, if it was decided to not distribute the profits for the year 2012, the period in which the rights could be exercised would terminate on the date, if earlier than May 15^{th} 2013, of the approval of the proposed annual report for the year 2012 by the Board of Directors, and otherwise on the 15^{th} of May 2013.

Therefore – exclusively for the above mentioned nominal sum of 41.600,00 Euros – the underwriting of the increase in capital approved by the Board of Directors could take place exclusively during the time intervals mentioned above for the exercising of the rights.
b) concerning the residual amount of the increase, equal to the nominal amount of 41.600,00 Euros, starting on July 15^{th} 2012 up until the date of approval of the proposed annual report for the year 2012 by the Board of Directors.

Subsequently, the rights to the options could be exercised as follows:
- if the shareholders' meeting, during the approval of the report for 2012, approved the distribution of profits for the year 2012, from the date in which payment of dividends matures for the dividends for the year 2012 up until the 15^{th} of May 2013;
- otherwise, if it was decided not to distribute the profits for the year 2012, the period for exercising the rights would terminate on the date, if before May 15^{th} 2013, of the approval of proposed annual report for 2012, and otherwise, on May 15^{th} 2013.

Therefore, the underwriting of the increase in capital approved by the Board of Directors for the residual amount of 41.600,00 nominal Euros could take place only during the time intervals indicated above for the exercising of the rights to pick up the options.

On May 15^{th} 2013 the term for underwriting the increase in capital voted by the Board of Directors on July 15^{th} 2008 for the stock option plan expired without any of the options having been picked up. Consequently, since it had been specifically voted that the capital stock should be increased on May 15^{th} 2013 for the amount of the underwriting collected up to that time and in conformity with art. 2439, sub-section 2 , of the Civil Code, the capital of 2.508.671,36 Euros is understood to be the amount definitively approved and underwritten.

Additional paid in capital (note 11)

On June 30^{th} 2013 the share premium reserve, coinciding with that of the Parent Company, amounted to 38.594 thousand Euros, unchanged with respect to December 31^{st} 2012.

Other reserves (note 12)

Other reserves	**30/06/2013**	**31/12/2012**	**Variation**	**Var. %**
Legal reserve	537.302	537.302		0,00%
Extraordinary reserve	42.447.942	35.044.641	7.403.301	21,13%
Reserve for conversion adjustments	-94.589	-56.816	-37.773	66,48%
Stock options reserve fund	1.811.278	1.807.714	3.564	0,20%
Reserve for contributions on capital account	426.657	426.657		0,00%
Other reserves	-54.706	-95.452	40.746	-42,69%
Total	45.073.884	37.664.046	7.409.838	19,67%

As of June 30th 2013 the "extraordinary reserve" was 42.448 thousand Euros. The increase which took place with respect to December 31st 2012 is related to the addition to the reserve of part of the profits from 2013 by the Parent Company El.En., in accordance with the decision voted by the stockholders' meeting on May 15th 2013.

The reserve "for stock options" includes the equivalent of the costs determined in accordance with IFRS 2 of the Stock Option Plans assigned by El.En. SpA.

The conversion reserve summarizes the effects of the variations in the exchange rate on the investments in foreign currency. The effects for the first half of 2013 are shown in the column "Comprehensive (loss) income" in the stockholders' equity chart.

The reserve for contributions in capital account must be considered a reserve of profits.

Treasury Stock (note 13)

As described in detail in the paragraph related to the scope of consolidation, at the date of closing of this document, June 30th 2013, the treasury stock held by the Parent Company, El.En. SpA amounted to 21.148 shares at an average price of 24,97 Euros for a total amount of 528.063 Euros.

Profits/losses brought forward (note 14)

This category includes a synthesis of the contribution of all the consolidated companies to the stockholders' equity of the Group. During this half the variation is due, among other things, to the increase in the net shareholders' equity registered by Cynosure after the conclusion of the transaction for the acquisition of Palomar Medical Technologies, Inc..

Non-current liabilities

Retirement funds and employee benefits (note 15)

The chart below shows the operations which have taken place during this financial period.

Balance 31/12/2012	**Accrual**	**Utilization**	**Payment to complementary pension forms, to INPS fund and other movements**	**Balance 30/06/2013**
3.340.030	545.657	-99.341	-496.168	3.290.178

The severance indemnity represents an indemnity which is matured by the employees during their period of employment and which is paid upon termination of employment.

For IAS purposes the payment of a severance indemnity represents a “long term benefit subsequent to the termination of employment”; this is an obligation of the “defined benefit ” type which entails entering a liability similar to that entered for defined benefit pension plans.
As far as the companies located in Italy are concerned, after the modifications to the severance indemnity in conformity with the Law of December 27th 2006 (and later modifications), for IAS 19, only the liability relative to the matured severance provision left in the company has been evaluated because the quota maturing has been paid to a separate entity (complementary pension type). Also, for employees who have explicitly decided to keep the indemnity provision in the company, the indemnity matured since January 1st 2007 has been paid into the treasury fund managed by INPS. This provision, according to the financial law 2007, guarantees the employees working in the private sector the payment of the severance indemnity for the amount corresponding to the payments deposited to the latter.

It should be recalled that the “corridor method” (on the basis of which the total net worth of the actuarial gain or loss was not entered until its total value exceeded 10% of the present value of the liability)has been abolished, since IAS 19 *revised*, for the evaluation of the present value of the liabilities related to the defined benefit plans, since January 1st 2013 requires the use of the “Projected Unit of Credit Method” in which the actuarial gain and losses must be immediately entered into accounts in the statement of comprehensive income and the related amounts among the reserves in the shareholders’ equity. This change comported a restatement of some of the financial data for January 1st 2012 and December 31st 2012, in order to display in the reserves of the shareholders’ equity the net total amount of the actuarial profits and losses deferred in the past and consequently to recalculate the liability related to the severance indemnity and the relative fiscal effects.

The present value of the liability as of June 30th 2013 was 3.243 thousand Euros.

The hypotheses used to establish the indemnity plan are summarized in the chart below.

Financial hypotheses	**Year 2012**	**Year 2013**
Annual implementation rate	2,69%	3,02%
Annual inflation rate	2,00%	2,00%
Annual increase rate of salaries	Executives 1,00%	Executives 1,00%
(including inflation)	White collar workers 0,50%	White collar workers 0,50%
	Blue collar workers 0,50%	Blue collar workers 0,50%

The interest rate used to determine the present value of the liability was based on the iBoxx Corporate AA 10+ for the amount of 3,02% in conformity with the criteria used last year.

The amount entered in the column “Payment to complementary pension forms, to INPS fund and other movements” of the chart showing the activity in the severance indemnity fund mostly represents the severance indemnity quotas deducted from the fund because they were intended for other additional non-company funds or to the treasury Fund managed by INPS (with particular reference to the Parent Company El.En and the subsidiary Quanta System), in accordance with the choices made by the employees

Other accruals (note 16)

The chart below shows the operations made with other accruals:

	Balance 31/12/2012	**Accrual**	**(Utilisation)**	**Other**	**Conversion Adjustments**	**Balance 30/06/2013**
Reserve for pension costs and similar	605.690	61.545		-22.951		644.284
Others:						
Warranty reserve on the products	1.152.359	138.246	-65.974	-3.640	-24.683	1.196.308
Reserve for risks and charges	2.591.551	8.047	-106.604		213	2.493.207
Other minor reserves	35.219					35.219
Total other reserves	3.779.129	146.293	-172.578	-3.640	-24.470	3.724.734
Total	4.384.819	207.838	-172.578	-26.591	-24.470	4.369.018

The clients’ agents’ indemnity fund included in the entry “Reserve for pension costs and similar” on June 30th 2013, amounted to 585 thousand Euros as opposed to 549 thousand Euros on December 31st 2012.
According to IAS 37, the amount owed must be calculated using the actualization techniques to estimate as precisely as possible, the overall cost sustained for the payment of benefits to the agents after the termination of employment.

The technical evaluations were made on the basis of the hypotheses described below.

Financial hypotheses	**Year 2012**	**Year 2013**
Annual rate of implementation	4,60%	4,60%
Annual rate of inflation	2,00%	2,00%

The reserve for product guarantees is calculated on the basis of the costs for spare parts and servicing under warranty incurred in the previous financial year, adjusted to the volume of sales of the current financial year.

Amounts owed and financial liabilities (note 17)

Financial m/l term debts	**30/06/2013**	**31/12/2012**	**Variation**	**Var. %**
Amounts owed to banks	6.103.717	7.187.456	-1.083.739	-15,08%
Amounts owed for leasing	331.938	383.534	-51.596	-13,45%
Amounts owed to other financiers	2.568.618	2.709.924	-141.306	-5,21%
Total	9.004.273	10.280.914	-1.276.641	-12,42%

The mid- to long-term debts owed to banks as of June 30th 2013 represent mostly the amounts due after one year for:

a) bank financing granted to Asclepion GmbH for the construction of the building where the company now runs its business;

b) a loan granted to El.En. S.p.A. by Mediocredito Italiano S.p.A. for an overall amount of 3,4 million Euros to be reimbursed at a constant rate every six months starting on December 15th 2011 and ending on June 15th 2016. For 1,7 million Euros the interest rate for the first installment was 2,40%; for the remaining 1,7 million the interest rate is 5,70%; for all of the next installments the interest rate will be that of the Euribor rate for six months, as registered on the second target working day before the due date of the preceding period of interest, increased by a spread. The spread is 3,90 points on the first 1,7 million and is reduced to 0,60 on the other 1,7 million;

c) a loan granted to El.En. S.p.A. by Mediocredito Italiano S.p.A. for an overall amount of 2,8 million Euros to be reimbursed at a constant rate every six months starting on June 30th 2012 and ending on December 31st 2016. The interest rate applied up until June 29th 2012 was 3,95% (equal to the Euribor at six months registered the second target working day before the date the contract was stipulated, increased by 2,90 points); for every six-month period that follows, the interest rate will be the same as the Euribor at six months as registered on the second target working day before the due date of the preceding six-month period increased by in 2,90 points;
d) a loan granted to El.En. S.p.A .by Mediocredito Italiano S.p.A. for an overall amount of 2,2 million Euros to be reimbursed at a constant rate every six months starting on June 30th 2012 and ending on December 31st 2016. The interest rate applied was, up until June 29th 2012, 3,95% (the same as Euribor at six months registered on the second target working day before the date of stipulation of the contract, increased by 2,90 points); for every six-months period that follows the interest rate will be the same as the Euribor at six months registered on the second target working day before the due date for the preceding six months period, increased by 2,90 points;
e) a loan with a SACE guarantee granted to El.En. S.p.A. by the Banco Popolare s.c.r.l. for an overall amount of 2 million Euros to be reimbursed in 12 quarterly installments with payment delayed until the starting date of June 30th 2012 and ending on March 31st 2015. The interest rate applied is the same as Euribor at three months registered on the second working day before the end of each quarter, increased by 2,50 points;
f) bank financing granted to With Us as follows:

- 32.380 thousand Yen expiring on 31/03/2016 at the annual rate of 0,6%;
- 19.500 thousand Yen expiring on 30/09/2016 at the annual rate of 0,65%;
- 50.000 thousand Yen expiring on 31/05/2018 at the annual rate of 1,6%.

"Amounts owed to other financiers" consist, among other things, in the quotas which are payable after one year for:

a) Facilitated financing for applied research, issued by MIUR, to Quanta System SpA, granted in several installments, for an amount of 673.500 Euros at the annual interest rate of 0,50%, payable in 14 semi-annual deferred installments, starting on January 1st 2009, last installment due on July 1st 2015;
b) Financing issued by the Banca Nazionale del Lavoro to the subsidiary Quanta System SpA, granted for an overall amount of 500 thousand Euros at the Euribor rate at three months increased by 1,30 points for a duration of five years from the date of issuance including a period of pre-amortization of 6 months, to be paid back in deferred quarterly installments including capital and interest starting on October 9th 2009, last installment on April 9th 2014;
c) Facilitated financing from Finlombarda/Regione Lombardia for applied research, issued to the subsidiary Quanta System SpA for a total of 900.000 Euros, at the rate of 0,50% on half of the capital and 4,01% annually on the other half, to be paid back in 14 half-yearly installments with the last installment on June 30th 2016;
d) Facilitated financing for applied research (FEMTO project), issued by MIUR to the subsidiary Quanta System S.p.A. .for a total of 806.300 Euros at the annual interest rate of 0,50%, to be paid back in 17 half-yearly installments with the last installment on July 1st 2020;
e) Centrobanca facilitated financing for applied research, granted to the subsidiary Lasit for 231.060 Euros at the annual interest rate of 0,96%, last installment August 5th 2014;
f) Financing issued by BMW Group Financial Service, to the subsidiary Lasit for a total of 89.200 Euros to be reimbursed in monthly installments starting on May 22nd 2012, last installment on April 22nd 2016.

Among the debts owed to other financers, there is also the quota of the mid/long term debt of El.En. S.p.A. owed to Laserfin S.r.l. after the acquisition of 10% of the equity in Deka Mela S.r.l. and of 40% of the equity in Quanta System S.p.A. which occurred last year.

Current liabilities

Financial debts (note 18)

Below, a breakdown of the financial debts is given:

Financial short term debts	30/06/2013	31/12/2012	Variation	Var. %
Bonds	165.066	377.373	-212.307	-56,26%
Amounts owed to banks	11.298.584	9.321.477	1.977.107	21,21%
Amount owed for leasing	100.626	114.927	-14.301	-12,44%
Liabilities (derivatives on interest and exchange rates)	12.564	23.492	-10.928	-46,52%
Amounts owed to other financiers	2.339.845	2.583.735	-243.890	-9,44%
Total	13.916.685	12.421.004	1.495.681	12,04%

The heading of “Bonds” is related to the short-term quota of the debenture loan issued by the subsidiary With Us in 2010 for the original amount of 130 million Yen, with expiration between 2011 and 2013, paid at the annual interest rate of 0,55% for the first six months and at a variable rate for the remaining period. The bonds are guaranteed by the Bank of Tokyo-Mitsubishi UFJH and by the President of the company. The bonds, which were underwritten by institutional investors, were entered into accounts in compliance with IAS 39.

The heading of “Amounts owed to banks” is mainly composed of:
- debts for advance payments on invoices of the subsidiary Esthelogue Srl.
- short term financing for loans contracted by El.En. (see note 17);
- short-term financing contracted by Asclepion GmbH (see note 17)
- short term financing contracted by With Us (vedi nota 17);
- overdraft coverage granted by credit institutions in particular to subsidiary companies Quanta System SpA and With Us Co.;
- bank financing granted to Wuhan Penta Chutian Laser Equipment Co., Ltd for an amount of about 2.800 thousand Euros of which: 973 thousand Euros (about 8 million Yuan) at the annual rate of 7,572% and 1.216 thousand Euros (about 10 million Yuan) at the annual rate of 6,9%.

The heading “Liabilities (derivatives on interest and exchange rates)” includes the evaluation at fair value according to IAS 39 for derivative contracts initiated by the Parent Company El.En. S.p.A. and by the subsidiary Quanta System S.p.A.. In particular:
- the Parent Compan El.En. S.p.A. stipulated a derivative IRS contract in order to cover the interest rate on the SACE financing issued by the Banco Popolare s.c.r.l. (see note 17). The contract expires on March 31st 2015, nominal value on June 30th 2013 was 1.666.667 Euros, the fair value on June 30th 2013 was -11.019 Euros;
- The subsidiary Quanta System stipulated a derivative IRS contract in order to cover the interest rate on the financing issued by the BNL bank (see note 17). The contract expires on April 15th 2014, nominal value on the 30th of June 2013 was 105.263 Euros, the fair value on June 30th 2013 was – 1.545 Euros.

The heading of “Amounts owed to other financiers” consists almost entirely of the short-term quotas of the financing described in the preceding note.

Debts owed to other financers include the short-term amounts owed by El.En. S.p.A. to Laserfin S.r.l. after the acquisition of the 10% equity of Deka Mela S.r.l. and 40% of the equità of Quanta System S.p.A. which occurred last year, as well as the debt of the subsidiary Cutlite do Brasil owed to a minority shareholders who sold his share of the equity amounting to 10% of the capital which also occurred in 2012.

Trade payables (note 19)

Trade debts:	30/06/2013	31/12/2012	Variation	Var. %
Trade accounts payable	28.213.216	22.923.219	5.289.997	23,08%
Trade accounts payable to associated companies	26.132	68.563	-42.431	-61,89%
Total	28.239.348	22.991.782	5.247.566	22,82%

No significant amounts owed on overdue debts for supplies were recorded at the end of this half.

Income tax debts /Other short term debts (note 20)

The income tax debts matured for some of the companies belonging to the Group on June 30th 2013 amounted to 1,8 million Euros and are entered net of the down payments and deductions.

The breakdown of the Other debts is shown on the chart below:

	30/06/2013	31/12/2012	Variation	Variation %
Social security debts				
Debts owed to INPS	1.463.033	1.646.675	-183.642	-11,15%
Debts owed to INAIL	67.085	134.014	-66.929	-49,94%
Debts owed to other Social Security Institutions	213.089	235.383	-22.294	-9,47%
Total	1.743.207	2.016.072	-272.865	-13,53%
Other debts				
Debts owed to tax administration for VAT	763.492	608.909	154.583	25,39%
Debts owed to tax administration for deductions	902.161	1.209.925	-307.764	-25,44%
Other tax debts	222.892	266.203	-43.311	-16,27%
Owed to staff for wages and salaries	5.301.944	4.313.700	988.244	22,91%
Down payments	4.776.798	3.577.207	1.199.591	33,53%
Amounts towards associated companies	1.381	1.381	-	0,00%
Other debts	4.141.974	4.343.331	-201.357	-4,64%
Total	16.110.642	14.320.656	1.789.986	12,50%
Total Social security debts and other debts	17.853.849	16.336.728	1.517.121	9,29%

The amounts “Owed to staff” include, among other things, the debts for deferred salaries of personnel employed as of June 30th 2013.
The entry of “Down payments” is made up of down payments received from clients.

Non-current liabilities held for sale (note 21)

For a break-down of this entry, please refer to the relative paragraph titles “Non-current liabilities held for sale” (Note 22) in the consolidated financial statement for December 31st 2012.

Segment information

Within the El.En. Group the sectors which have been identified as relevant for IFRS 8 purposes are the same as those analyzed below together with the statement entries associated with them.

30/06/13		Total	Medical	Industrial	Other
Revenues		74.379	52.189	21.757	434
Intersectorial revenues		(542)		(108)	(434)
Net Revenues		73.837	52.189	21.648	
Other revenues and income		1.067	472	47	548
Gross Margin		36.343	27.502	8.293	548
	Inc.%	*49%*	*52%*	*38%*	*100%*
Margin		7.690	7.436	(294)	548
	Inc.%	*10%*	*14%*	*-1%*	*100%*
Not assigned charges		3.956			
EBIT		3.733			
Net financial income (charges)		70			
Share of profit of associated companies		(645)	(644)		(1)
Other Income (expense) net		229			
Income (loss) before taxes		3.387			
Income taxes		2.058			
Income (loss) from continuing operations		1.329			
Income (loss) from discontinued operations		0			
Income (loss) before minority interest		1.329			
Minority interest		72			
Net income (loss)		1.257			

30/06/12		Total	Medical	Industrial	Other
Revenues		75.380	54.459	20.478	443
Intersectorial revenues		(566)		(123)	(443)
Net Revenues		74.814	54.459	20.355	
Other revenues and income		1.432	502	109	822
Gross Margin		35.244	26.689	7.733	822
	Inc.%	*46%*	*49%*	*38%*	*100%*
Margin		7.730	6.690	219	822
	Inc.%	*10%*	*12%*	*1%*	*100%*
Not assigned charges		3.901			
EBIT		3.829			
Net financial income (charges)		5			
Share of profit of associated companies		(270)	(271)		1
Other Income (expense) net		(1)			
Income (loss) before taxes		3.562			
Income taxes		2.018			
Income (loss) from continuing operations		1.545			
Income (loss) from discontinued operations		2.546	2.546		
Income (loss) before minority interest		4.090			
Minority interest		2.485			
Net income (loss)		1.605			

30/06/2013	Total	Medical	Industrial	Other
Assets assigned	140.477	84.221	56.255	
Equity investments	33.507	33.298	209	
Assets not assigned	30.427			
Total assets	204.411	117.519	56.464	0
Liabilities assigned	46.912	24.792	22.120	
Liabilities not assigned	32.799			
Total liabilities	79.711	24.792	22.120	0

31/12/2012	Total	Medical	Industrial	Other
Assets assigned	131.811	82.270	49.540	
Equity investments	32.289	32.220	69	
Assets not assigned	32.254			
Total assets	196.353	114.490	49.609	0
Liabilities assigned	40.079	23.852	16.226	
Liabilities not assigned	32.320			
Total liabilities	72.399	23.852	16.226	0

30/06/2013	Total	Medical	Industrial	Other
Changes in fixed assets:				
- assigned	(498)	(347)	(151)	0
- not assigned	(9)			
Total	(507)	(347)	(151)	0

31/12/2012	Total	Medical	Industrial	Other
Changes in fixed assets:				
- assigned	(26.693)	(26.456)	(238)	0
- not assigned	(230)			
Total	(26.923)	(26.456)	(238)	0

Information on the Consolidated Income Statement

Revenue (note 22)

Revenue as of June 30th 2013 was 74 milion Euros, showing a slight decrease of 1,31% with respect to the 75 million for the same period last year.
The industrial lasers sector showed an increase of 4,22% in sales volume while the medical sector show3ed a slight drop of 1,68% and the after-sales service a drop in sales volume of 7,36%.

For detailed comments on the single types of revenue, please consult the Management Report.

	30/06/2013	30/06/2012	Variation	Var. %
Sales of industrial laser systems	18.708.511	17.951.129	757.382	4,22%
Sales of medical laser systems	42.405.292	43.128.673	-723.381	-1,68%
Service and sales of spare parts	12.723.455	13.734.024	-1.010.569	-7,36%
Total	73.837.258	74.813.826	-976.568	-1,31%

Other income (note 23)

The analysis of the other income is as follows:

	30/06/2013	30/06/2012	Variation	Var. %
Recovery for accidents and insurance reimbursements	7.573	6.011	1.562	25,99%
Expense recovery	349.852	294.770	55.082	18,69%
Capital gains on disposal of fixed assets	90.114	177.729	-87.615	-49,30%
Other income	619.524	953.950	-4.426	-35,06%
Total	1.067.063	1.432.460	- 365.397	-25,51%

The heading of “Expense recovery” refers mainly to reimbursements for shipping costs.
The heading “Other income” refers mostly to grants received for research projects; in particular, these grants have been entered by the subsidiary Quanta System SpA for an amount of 548 thousand Euros.

Costs for the purchase of goods (note 24)

The analysis is shown on the following table:

	30/06/2013	30/06/2012	Variation	Var. %
Purchase of raw materials and finished products	35.369.411	35.285.310	84.101	0,24%
Purchase of packaging	405.715	361.450	44.265	12,25%
Shipment charges on purchases	433.827	436.177	-2.350	-0,54%
Other purchase expenses	426.661	338.749	87.912	25,95%
Other purchases	385.782	368.426	17.356	4,71%
Total	37.021.396	36.790.112	231.284	0,63%

Purchases of goods were substantially unchanged with resepct to the same period last year and showed a slight increase of 0,63%.

Other direct services/ operating services and charges (note 25)

Breakdown of this category is shown on the chart below:

	30/06/2013	30/06/2012	Variation	Var. %
Direct services				
Assemblies outsourcing to third parties	2.263.733	1.988.779	274.954	13,83%
Technical services	393.721	331.068	62.653	18,92%
Shipment charges on sales	851.367	764.961	86.406	11,30%
Commissions	1.768.051	2.046.596	-278.545	-13,61%
Royalties	12.745	20.158	-7.413	-36,77%
Travel expenses	410.245	418.977	-8.732	-2,08%
Other direct services	140.185	131.161	9.024	6,88%
Total	*5.840.047*	*5.701.700*	*138.347*	*2,43%*
Operating services and charges				
Maintenance and technical assistance on equipments	137.500	131.288	6.212	4,73%
Services and commercial consulting	478.253	580.302	-102.049	-17,59%
Legal and administrative services	801.519	709.241	92.278	13,01%
Auditing fees and charges	134.577	89.984	44.593	49,56%
Insurances	321.850	299.464	22.386	7,48%
Travel and overnight expenses	1.357.837	1.211.346	146.491	12,09%
Promotional and advertising expenses	2.569.454	2.481.921	87.533	3,53%
Building charges	933.969	899.361	34.608	3,85%
Other taxes	123.010	101.867	21.143	20,76%
Expenses for vehicles	575.100	575.571	-471	-0,08%
Office supplies	188.380	225.023	-36.643	-16,28%
Hardware and Software assistance	188.214	158.518	29.696	18,73%
Bank charges	172.823	191.703	-18.880	-9,85%
Rent	691.020	841.010	-149.990	-17,83%
Other operating services and charges	4.085.771	4.035.469	50.302	1,25%
Total	*12.759.277*	*12.532.068*	*227.209*	*1,81%*
Total	18.599.324	18.233.768	*365.556*	2,00%

The main changes in the category of direct services are related to the expenses for "Outsourcing to third parties".
The single most important entries under the heading of "Other operating services and charges" are represented by the costs for the remuneration of the members of the Board of Directors and the board of auditors for the amount of about 939 thousand Euros and the costs for technical and scientific consultations, studies and research for an amount of about 961 thousand Euros; for the expenses related to research and development, please refer to the management report.

Employee costs (note 26)

The chart below shows the costs for staff:

For staff costs	30/06/2013	30/06/2012	Variation	Var. %
Wages and salaries	13.550.504	12.495.721	1.054.783	8,44%
Social security costs	3.532.854	3.314.323	218.531	6,59%
Accruals for severance indemnity	501.456	456.953	44.503	9,74%
Stock options	3.564	87.602	-84.038	-95,93%
Other costs	55.749	51.019	4.730	9,27%
Total	17.644.127	16.405.618	1.238.509	7,55%

The costs for personnel were 17.644 thousand Euros, an increase of 7,55% with respect to the 16.406 thousand Euros for the same period last year. Among the personnel costs we have also entered the figurative costs for the stock options assigned to employees; on June 30th 2012 these costs were 88 thousand Euros while they dropped to 4 thousand Euros on June 30th 2013, because the stock option plan issued by the Parent Company El.En. SpA for the five-year period 2008-2013 was terminated.

Depreciation, amortization and other accruals (note 27)

The table below shows the breakdown for this category:

Depreciations, amortizations, and other accruals	30/06/2013	30/06/2012	Variation	Var. %
Amortization of intangible assets	105.628	117.800	-12.172	-10,33%
Depreciation of tangible assets	1.240.567	1.366.495	-125.928	-9,22%
Accrual for risk on receivables	780.525	641.780	138.745	21,62%
Other accruals for risks and charges	79.659	350.962	-271.303	-77,30%
Total	2.206.379	2.477.037	-270.658	-10,93%

The “Accrual for risk on receivables” includes some devaluations made for cautionary purposes on some receivables which have been collected very slowly due to the credit crisis which has limited the amount of cash available to firms in general. The accrual for risks and charges includes, among other things the product guarantee accrual.

Financial income and charges (note 27)

The breakdown of the category is as follows:

	30/06/2013	30/06/2012	Variation	Var. %
Financial incomes:				
Interests from banks	329.878	151.279	178.599	118,06%
Dividends		6.668	-6.668	-100,00%
Interests from associated company	23		23	
Interests on investments	1.968	1.256	712	56,69%
Income from negotiations		128	-128	-100,00%
Foreign exchange gain	845.569	775.678	69.891	9,01%
Other financial incomes	-39.663	37.658	-77.321	-205,32%
Total	1.137.775	972.667	165.108	16,97%
Financial charges:				
Interest on bank debts for account overdraft	-204.655	-214.676	10.021	-4,67%
Interest on bank debts for medium and long - term loans	-132.991	-131.665	-1.326	1,01%
Foreign exchange loss	-650.851	-509.491	-141.360	27,75%
other financial charges	-78.944	-112.093	33.149	-29,57%
Total	-1.067.441	-967.925	-99.516	10,28%
Total	70.334	4.742	65.592	1383,21%

The interest paid on bank overdrafts refers mainly to the overdrafts granted by credit institutes to the Parent Company and some of the subsidiary companies.
The interest on bank debts for mid- and long-term loans refers mostly to mid- and long-term loans granted to the Parent Company El.En. SpA.
The entry “other financial charges” includes, for the amount of 44 thousand Euros, the interest due on account of the application of accounting standard IAS 19 to the severance pay.

Other net income and charges (note 29)

	30/06/2013	30/06/2012	Variation	Var. %
Other charges				
Devaluation of equity investments		-1.000	1.000	-100,00%
Total		**-1.000**	**1.000**	**-100,00%**
Other income				
Capital gains on equity investments	228.644		228.644	
Total	**228.644**		**228.644**	

The heading “Capital gains on equity investments” is related to the sale of Grupo Laser Idoseme by Quanta System S.p.A.

Income taxes (note 30)

Description:	30/06/2013	30/06/2012	Variation	Var. %
Total income taxes	2.057.887	2.017.794	40.093	1,99%

The fiscal charges for this half amounted to a total of 2,1 million Euros. The taxes for this half were calculated on the basis of the best estimation of the aliquots expected for the year 2013.

Earnings per share (nota 31)

The pondered average number of shares in circulation during this half remained constant at 4.803.220.

Dividends distributed (nota 32)

The shareholders’ meeting of El.En. SpA held on May 15th 2013 voted to distribuite a dividend of 0,50 Euros per each share in circulation at the maturity date of the coupon. The amount of the dividend that was paid was 2.401.610.

Discontinued operations (nota 33)

As mentioned earlier, on account of the sale of a part of the Cynosure stock held by El.En. S.p.A. and the consequent loss of control of the American company, starting at the end of November 2012 this company is no longer fully consolidated but is consolidated using the shareholders’ equity method; for this reason the economic data for the first half of 2012 are restated in compliance with IFRS 5, in order to facilitate comparison with the economic data for the first half of 2013.

For further details on this operation, please refer to the paragraphs “Information concerning IFRS 5” and “Discontinued operations (note 34)” of the consolidated financial statement as of December 31st 2012 and the information regarding the comparison of data that is contained in this document.

Non-recurring significant atypical and unusual events and operations (note 34)

In compliance with Consob Communication of July 28th 2006 n. DEM/6064293, we wish to declare that during 2013 the Group did not initiate any non-recurring atypical and/or unusual operations as defined by the above mentioned Communication.

Information about related parties (note 35)

All of the operations conducted with related parties cannot be qualified as either atypical or unusual. These operations are regulated at ordinary market conditions.

In particular the following conditions apply:

Subsidiary companies
Operations and balances between the companies belonging to the Group included in the scope of consolidation are eliminated when the intermediate consolidated financial statement is drawn up and therefore they are not described in this document.

Associated companies :
All of the transactions involving payables and receivables, costs and revenue, and all financing and guarantees granted to the associated companies during the first half of 2013 are clearly shown in detail.
The prices for the transfer of goods are determined in accordance with what normally occurs on the market. The above mentioned inter-Group transactions therefore reflect the trends in market prices although they may differ slightly from them depending on the commercial policy of the Group.
The tables below show an analysis of the transactions which occurred between associated companies both as regards commercial exchanges as well as payables and receivables.

	Financial receivables		**Commercial receivables**	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Cynosure, Inc.			1.328.585	
SBI SA			29.200	
Actis Srl		30.000	4.127	
Immobiliare Del.Co. Srl	13.565			
Elesta Srl			970.062	
Quanta System Asia Pacific Co.LTD	50.000		11.441	
Chutian (Tianjin) Laser Technology Co. Ltd			234.180	
Total	63.565	30.000	2.577.595	-

	Financial Payables		**Other payables**		**Commercial payables**	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Cynosure			1.381		6.972	
Actis Srl					16.500	
SBI SA					2.660	
Total	-	-	1.381	-	26.132	-

Associated companies:	**Sales**	**Service**	**Total**
Cynosure Inc.	2.052.021	4.244	2.056.265
SBI S.A.	18.200		18.200
Elesta Srl	638.238	5.580	643.818
Quanta System Asia Pacific Co.LTD	26.835		26.835
Chutian (Tianjin) Laser Technology Co. Ltd	247.099		247.099
Total	2.982.393	9.824	2.992.217

Associated companies:	Other revenues
Cynosure Inc.	989
Elesta Srl	690
Actis Srl	1.200
Total	2.879

Associated companies:	Purchase of raw materials	Services	Other	Total
Cynosure Inc.	15.027	834		15.861
Actis Srl		33.000		33.000
SBI S.A.	6.200			6.200
Elesta Srl	5.652			5.652
Immobiliare Delco Srl		73.952		73.952
Total	26.879	107.786	-	134.665

The amounts shown in the tables above refer to operations which are inherent to the characteristic operations of the company.

The chart below shows the impact that operations with related parties has had on the economic and financial situation of the Group

Impact of related party transactions	Total	related parties	%
a) Impact of related party transactions on the statement of financial position			
Equity investments	33.767.137	33.675.706	99,73%
Other non current assets	30.000	30.000	100,00%
Accounts receivables	38.514.224	2.577.595	6,69%
Other receivables	7.524.148	63.565	0,84%
Non current financial liabilities	9.004.273		0,00%
Current financial liabilities	13.916.685		0,00%
Accounts payables	28.239.348	26.132	0,09%
Other payables	17.853.849	1.381	0,01%
b) Impact of related party transactions on the income statement			
Revenues	73.837.258	2.992.217	4,05%
Other revenues and income	1.067.063	2.879	0,27%
Purchases of raw materials	37.021.396	26.879	0,07%
Other direct services	5.840.047		0,00%
Other operating services and charges	12.759.277	107.786	0,84%
Financial charges	1.067.441		0,00%
Financial income	1.137.775	23	0,00%
Income taxes	2.057.887		0,00%

Risk factors and Procedures for the management of financial risks (note 36)

Operating risks
Since the company is fully aware of the potential risks derived from the particular type of product made by the Group, already in the earliest phases of planning and research , they operate so as to guarantee the safety and quality of the product put on the market. There are marginal residua risks for leaks caused by improper use of the product by the end-user or by negative events which are not covered by the types of insurance policies held by the companies of the Group.

The main financial instruments of the Group include checking accounts and short-term deposits, short and long-term financial liabilities, leasing, financial instruments and hedging derivatives contracts.
Besides these, the Group also has payables and receivables derived from its activity.
The main financial risks to which the Group is exposed are those related to currency exchange, credit, cash and interest rates.

Currency risks
The Group is exposed to the risk of fluctuations in the exchange rates of the currencies in which it conducts financial and commercial transactions. These risks are monitored by the management who then take all the necessary precautions to limit the risks.

Since the parent company draws up its consolidated statements in Euros, the fluctuations in the Exchange rates used to convert the data of the subsidiaries which were originally expressed in foreign currency may negatively influence the results of the Group, the consolidated financial position and the consolidated shareholders' equity expressed in Euros in the consolidated statements of the Group.

Credit risks
As far as the commercial transactions are concerned, the Group operates with clients on which credit checks are conducted in advance. Moreover, the amount of receivables is monitored during the year so that the amount of exposure to losses is not significant. Credit losses which have been registered in the past are therefore limited in relation to the sales volume and consequently do not require special coverage and/or insurance. There are no significant concentrations of credit risks within the Group. The devaluation fund which is accrued at the end of the period represent about 16% of the total trade receivables from third parties.

In relation to guarantees granted to others, it should be noted that the Parent Company El.En along with a minority partner, in 2009 underwrote a bank guarantee for a maximum of 1 million Euros to guarantee the debt of the subsidiary Quanta System to the Banca Popolare di Milano for facilitated financing of 900 thousand Euros, the installments for which expire up to 84 months after the date of issuance, which took place in the second half of 2009. After the acquisition of the entire equity from the minority shareholder which took place on October 8th 2012, El.En. promised to free this partner from all financial obligations towards the Banca Popolare di Milano.

In 2010 the Parent Company, El.En. SpA underwrote the following guarantees:
- a bank guarantee together with the other companies that participate in the ATS constituted for this purpose, for a maximum of 1.434 thousand Euros as a guarantee for the pay back of the amount granted as a down payment on the "TEMART" research project which has been included in the grant issued by the Bando Regionale in the year 2008 and approved by the Region of Tuscany with Directive Decree 5673 on November 21st 2008, with expiration date in July 2013;
- a bank guarantee for a maximum of 751 thousand Euros as a guarantee for the payment of the sum required as a reimbursement for the VAT related to the tax period 2008, with expiration date in November 2013;

and in 2011:
- a bank guarantee jointly with the companies which participate in the ATS constituted for this purpose, for a maximum amount of 3.074 thousand Euros as a guarantee for the payment of the sum required as a deposit on the MILORD research project, which has been included in the grant issued by the Bando Regionale 2010 approved by the Region of Tuscany with Directive Decree n. 670 on February 25th 2011, which expires in September 2014;

and this year:
- a bank guarantee for a maximum of 50 thousand Euros as a guarantee for customs duties as per ex art. 34 of the T.U.L.D., for temporary imports, with expiration date in June 2014 with possibility of extension annually.

The subsidiary Deka MELA underwrote a bank guarantee for a maximum of 1.178 thousand Euros as a guarantee for the payment of the sum necessary for the reimbursement of the value added tax related to the fiscal year 2010, with expiration date March 2015.

Moreover, the subsidiary Quanta System issued a bank guarantee in favor of some of the banks of the ex-associated company Grupo Laser Idoseme for a residual total of 125 thousand Euros. The bank guarantee that remains was renewed with an expiration date on February 27th 2014.

Cash and interest rate risks

As far as the exposure of the Group to risks related to cash and interest rates is concerned, it should be pointed out that cash held by the Group has been maintained at a high level also during this half in such a way as to cover existing debts and obtain a net financial position which is extremely positive. For this reason we believe that these risks are fully covered. In any case it should be recalled that the parent company El.En. and Quanta System have underwritten IRS contracts with some of the main credit institutes in order to cover interest rates on financing in progress.

The coverage was made by neutralizing the potential losses on the financial instrument with the profits made on another element (the derivative).

IAS 39 describes several types of *Hedge Accounting* including that of *Cash Flow Hedge* which was the type used in this case.

The purpose of the *Cash Flow Hedge* is to cover the risk created by fluctuations in the future cash flow that are caused by particular risks associated with certain items entered in the financial statement.

In this case the variations in the *fair value* of the derivative are shown in the shareholders' equity for the amount needed to hedge and shown in the income statement only when, with reference to the amount being hedged, there is a variation in the cash flow to be compensated. If the hedge turns out to be ineffective the variations in *fair value* of the hedging contract must be shown in the income statement.

Operation		*Fair value*	
	Notional value	*Positive*	*Negative*
IRS	€ 1.166.667		(11.019)
IRS	€ 105.263		(1.545)
Total	€ 1.271.930		(12.564)

In order to evaluate the impact that may be derived from the changes in the interest rates applied, it should be noted that since the financing involved are not for great amounts, any variation in the rate would not have a significant impact on the shareholders' equity.

Management of the capital

The objective of the management of the capital of the Group is to guarantee that a low level of indebtedness and a correct financial structure sustaining the business are maintained so as to guarantee an adequate ratio between capital and reserves and debts.

Financial Instruments *(note 37)*

Fair value

The table below shows a comparison by category between book value and fair value of all the financial instruments of the Group.

	Book value 30/06/2013	Book value 31/12/2012	Fair value 30/06/2013	Fair value 31/12/2012
Financial assets				
Financial mid and long term receivables	30.000		30.000	
Financial receivables within 12 months	1.349.205	83.565	1.349.205	83.565
Short term Financial instruments	199.996	1.013	199.996	1.013
Cash and cash equivalents	40.723.437	40.475.322	40.723.437	40.475.322
Financial liabilities				
Financial mid and long term debts	9.004.273	10.280.914	9.004.273	10.280.914
Financial liabilities due within 12 months	13.916.685	12.421.004	13.916.685	12.421.004

Fair value hierarchy

The Group uses the following hierarchy in order to determine and to document the fair value of the financial instruments based on evaluation techniques:

Level 1: quoted prices (not rectified) in a market which is active for identical assets and liabilities.
Level 2: other techniques for which all the input which have a significant effect on the registered fair value can be observed, either directly or indirectly.
Level 3: techniques which use input which have a significant effect on the registered fair value which are not based on observable market data.

As of June 30th 2013, the Group possesses the following securities evaluated at fair value

	Level 1	Level 2	Level 3	Total
Equity securities	-	199.996	-	199.996
Total	**-**	**199.996**	**-**	**199.996**

Other information *(note 38)*

Average number of employees divided by category

	Average 2013	30/06/2013	Average 2012	31/12/2012	Variation	Var. %
Total	817,0	822	802,5	812	10	1,23%

For the Board of Directors
The Managing Director– Ing. Andrea Cangioli

Declaration of the Half-yearly financial Statement as of June 30th 2013 in conformity with article 81-*ter* of the CONSOB Regulation n. 11971 of May 14th 1999 and subsequent modifications and additions

1. We the undersigned, Andrea Cangioli as managing director, and Enrico Romagnoli as executive officer responsible for the preparation of the financial statements of El.En. S.p.A., in conformity with art. 154-bis, comma 3 and 4, of Legislative Decree no. 58 of February 24th 1998, declare:

- the conformity in relation to the characteristics of the company and
- the actual application of the administrative and accounting procedures used in drawing up the consolidated financial statement, for the half ending on June 30th 2013.

2. No significant aspect emerged concerning the above

3. We also declare that:

3.1 this abbreviated financial statement:

a) is drawn up in conformity with the applicable international accounting standards recognized by the European Union in conformity with Regulation (CE) n. 1606/2002 of the European Parliament and the Commission, in July 19th 2002;
b) corresponds to the figures in the ledgers and accounting books;
c) is suitable to supply a true and correct representation of the capital, economic and financial situation of the issuer and of the other companies included in the scope of consolidation.

3.2 The Management Report contains a reliable analysis of the important events of the first six months of this year and their impact on the half-yearly financial statement, together with a description of the principal risks and uncertainties to which they are exposed for the remaining six months of the year. The Management report also contains a reliable analysis of the significant operations with related parties.

Calenzano, August 29th 2013

Managing Director	Executive officer responsible for the preparation of the financial statements
Ing. Andrea Cangioli	Dott. Enrico Romagnoli

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AUDITORS' REVIEW REPORT ON THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
El.En. S.p.A.

1. We have reviewed the half-yearly condensed consolidated financial statements of El.En. S.p.A. and subsidiaries (the "El.En. Group"), which comprise the balance sheet as of June 30, 2013, and the income statement, the statement of comprehensive income, the statement of changes in consolidated shareholders' equity and the cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's Directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-yearly condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of gathering information on the captions of the half-yearly condensed consolidated financial statements and assessing whether accounting policies have been consistently applied through enquiries of management responsible for financial and accounting matters and in applying analytical procedures to the underlying consolidated financial data. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our auditors' report on the year-end consolidated financial statements, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

   The half-yearly condensed consolidated financial statements present the prior year data and the half-yearly condensed consolidated financial statements figures for comparative purpose. As disclosed in explanatory notes to the financial statements, the Group Directors restated certain comparative data related to the prior year's consolidated financial statements and half-yearly condensed consolidated financial statements previously reported, audited and reviewed by us respectively, for which we issued our reports thereon on March 27, 2013 and on August 29, 2012. The revision to comparative data and related disclosures included in the notes have been reviewed by us for the purpose of the review on the half-yearly condensed consolidated financial statements.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of El.En. Group as of June 30, 2013 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.
Signed by
Gianni Massini
Partner

Florence, Italy
August 29, 2013

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