El. En. Group

Half Yearly Financial Report At June 30Th 2009

EL.EN. S.P.A.

Headquarters in Calenzano (FI), Via Baldanzese, 17

Capital stock approved: € 2.591.871,36
Underwritten and paid : € 2.508.671,36

Registry of Companies in Florence – C.F. 03137680488

CORPORATE BOARDS

(as of the date of approval of the Half Yearly Report on June 30th 2009)

Board of Directors

PRESIDENT

Gabriele Clementi

MANAGING DIRECTORS

Barbara Bazzocchi

Andrea Cangioli

BOARD MEMBERS

Paolo Blasi

Angelo Ercole Ferrario

Michele Legnaioli

Stefano Modi

Alberto Pecci

Board of Statutory Auditors

PRESIDENT

Vincenzo Pilla

STATUTORY AUDITORS

Paolo Caselli

Giovanni Pacini

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

Enrico Romagnoli

Independent auditors

Reconta Ernst & Young S.p.A.

EL.EN. GROUP

HALF YEARLY MANAGEMENT REPORT

EXPLANATORY NOTES

1.1. Adoption of international accounting principles

This consolidated half-yearly report, approved by the Board of Directors on August 28th 2009, has been drawn up in consolidated form compliance with art. 154-ter D.Lgs. 24th February 1998 n. 58 (TUF) and subsequent modifications, in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and approved by the European Union.
By IFRS we also mean the International Accounting Standards (IAS) which are still in force as well as all the interpretive documents issued by the International Financial Reporting Interpretations Committee (IFRIC).
In this report, which is drawn up in accordance with the regulations of IAS 34 – Interim statements, we have used the same accounting principles used for the preparation of the consolidated statement dated December 31st 2008, with the sole exception of the descriptions in the Explanatory Notes – paragraph "Accounting Principles and evaluation criteria".

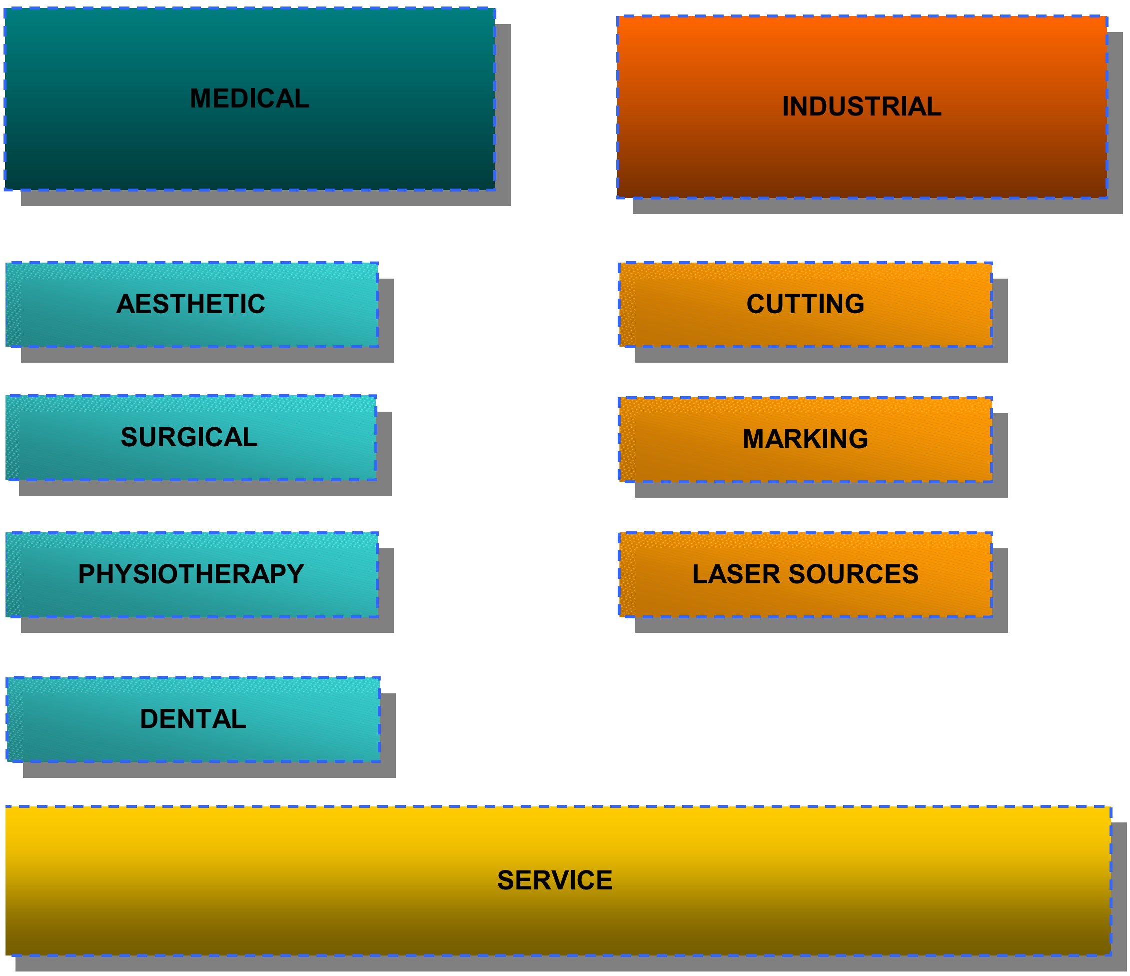
All amounts are expressed in thousand of Euros unless otherwise indicated.

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 to simplify reporting, but, above all, for strategic purposes, as follows:



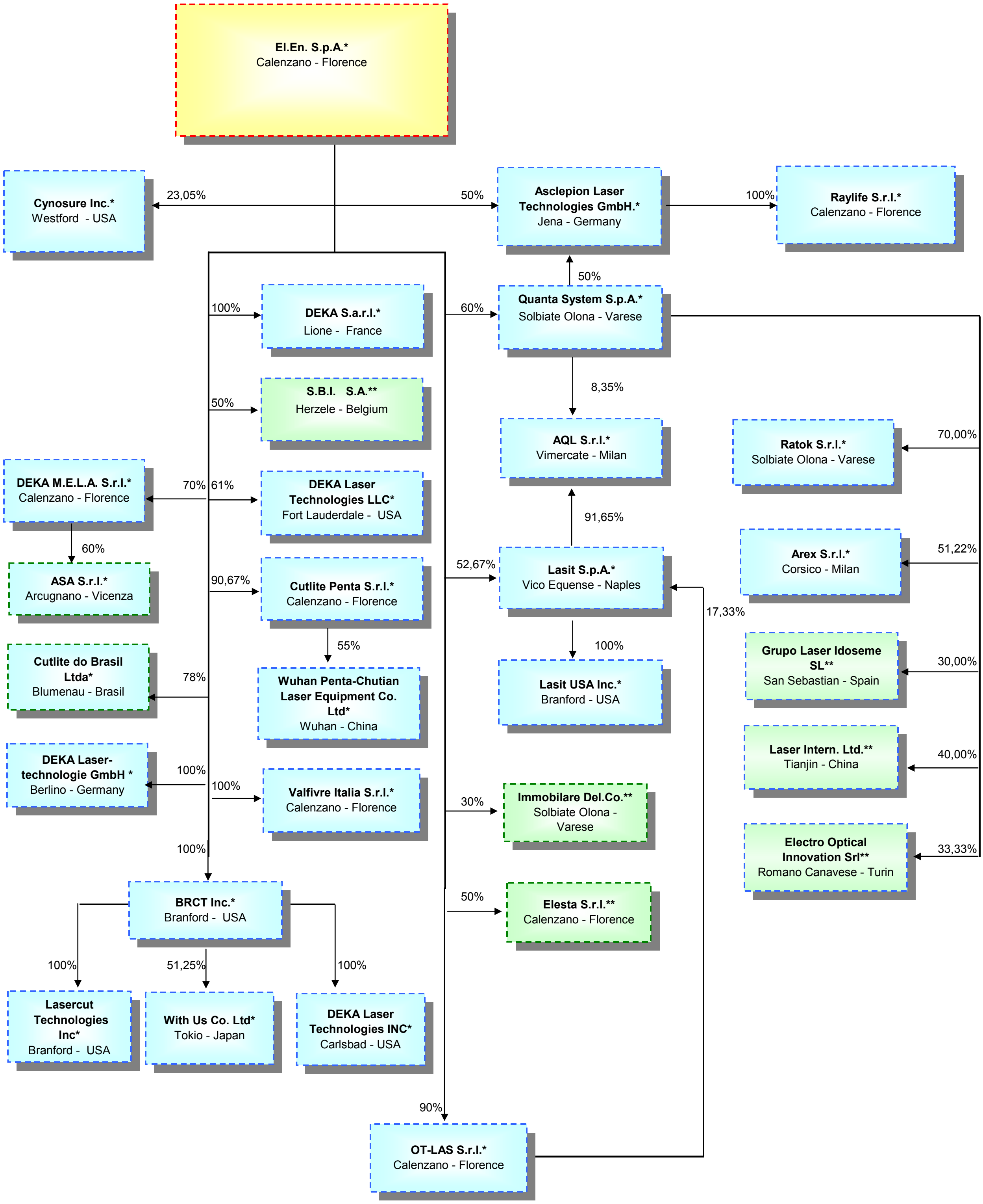
Besides the main company activity of selling laser systems, there is also a post-sales customer assistance service which is not only indispensable for the installation and maintenance of our laser systems but also a source of income from the sales of spare parts, consumer items and technical assistance.

The division of the Group into multiple companies reflects the distribution strategy for its products and the organization of its research, development and marketing activities. In fact, particularly in the medical sector, the various companies which through acquisition have become part of the Group (DEKA, Asclepion, Quanta System, Cynosure, ASA) have always maintained their own particular characteristics for the typology and sector of the product and their own distribution network independent from those of the other companies in the Group. At the same time, each one has been able to take advantage of the process of cross fertilization which the research groups have had on each other, and create centres of excellence for certain specific technologies which were made available to them by the other companies of the Group. This strategy, although it presents certain management difficulties, is responsible for the growth of the Group and has made it the most important company of its type now operating on the market.

In order to facilitate the financial interpretation of the charts shown below, as far as the attribution to the parent company of consolidated revenues is concerned, in reference to the perimeter of consolidation and to the revenues which exclude Cynosure (for which in the past few years both the amount of the equity held by El.En and the amount of revenues has materially changed), it should be recalled that in the last financial periods the amount of the EBIT pertaining to the Parent Company has been about 90% of the EBIT of this sub-consolidated.

1.3. Description of the Group

As of June 30th 2009 the structure of the Group was as follows:



* *Consolidate integralmente*
** *Consolidate a patrimonio netto*

Cynosure Inc., a company listed on the American stock market Nasdaq (NASDAQ:CYNO) controls 100% of six companies which distribute their products in Germany, France, Great Britain, Japan, China, Mexico, Korea and Spain.

1.4. Performance indicators

In this management report we have shown some performance indicators for the purpose of facilitating the evaluation of the performance of the economic and financial management. The Group uses the following performance indicators:

- the **EBITDA** or earnings before interest, income taxes, depreciations and amortizations, which represents an indicator of operating performance which is determined by adding to the earnings before interest and income taxes (EBIT), the heading of "Amortizations, accruals and devaluations";
- the **EBIT** or earnings before interests and income taxes;
- the incidence that the various entries in the profit and loss account have on the sales volume.

These indicators are shown in the Profit and Loss Account chart which is shown below and commented on later in this report.

Moreover, the following performance indicators have been selected for the purpose of supplying additional information concerning the capital, financial and profitability structure of the Group:

	30/06/09	31/12/08	30/09/08
Profitability ratios (*):			
ROE (Net income / Own Capital)	-5,6%	9,4%	12,5%
ROI (EBIT / Total assets)	-7,8%	8,1%	12,2%
ROS (EBIT/ Revenues)	-12,5%	9,3%	13,3%
Structure ratios:			
Financial flexibility (Current assets / Total assets)	0,78	0,77	0,78
Leverage ((Stockholders' Equity + Financial liabilities) / Stockholders' Equity)	1,06	1,05	1,10
Current Ratio (Current assets / Current liabilities)	3,96	3,26	2,64
Acid ratio (Current receivables + Cash and cash equivalents/ Current liabilities)	2,78	2,29	1,82
Quick ratio (Cash and cash equivalents + Investments / Current liabilities)	1,69	1,30	0,95
Turnover ratios (*):			
Total assets turnover (Revenues / Total assets)	0,62	0,88	0,92
Current assets turnover (Revenues / Current assets)	0,80	1,15	1,19
Inventory turnover (COGS / Inventory)	0,97	1,29	1,28
Days sales of inventory (Inventory / COGS) *365	375	282	284

Days sales outstanding (Account receivables / Revenues)*365	96	78	83

(*) For the interim financial periods, the amount of revenues, purchases and the profit results are annualised

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
- Cost of goods sold = purchases ± change in the inventory

1.5. Activities of the subsidiary companies

El.En. SpA controls a Group of companies active in the same overall field of laser technology, with each company occupying a different sector and having a particular role on the market.

The table below shows a summary of the results of the companies belonging to the Group which are included in the area of consolidation. The table is followed by brief descriptions explaining the activity of each company with a comment on the results for the first half of 2009.

	Revenues 30/6/2009	Revenues 30/6/08	Var. %	EBIT 30/6/2009	EBIT 30/6/08	Net income 30/6/2009	Net income 30/6/08
Cynosure (*)	26.614	49.406	-46,13%	-7.568	8.056	-3.969	5.996
Deka Mela Srl	9.313	12.375	-24,74%	-459	1.372	-298	1.005
Cutlite Penta Srl	3.360	4.022	-16,46%	-367	-38	-275	-13
Valfivre Italia Srl	0	0		-14	-5	-11	4
Deka Sarl	1.010	1.119	-9,70%	59	77	60	77
Deka Lasertechnologie GmbH	404	671	-39,71%	-154	-71	-160	-82
Deka Laser Technologies LLC	362	1.608	-77,50%	-306	5	-297	2
Deka Laser Technologies Inc.	767	0		-262	0	-262	0
Quanta System SpA	7.212	8.141	-11,41%	-175	539	-470	329
Asclepion Laser Technologies GmbH	9.011	9.205	-2,11%	-288	614	-301	368
Quanta India Ltd (**)	0	20	-100,00%	0	27	0	24
Asa Srl	2.658	2.202	20,71%	600	255	433	171
Arex Srl	550	541	1,59%	32	93	15	53
AQL Srl	165	160	3,38%	-10	-18	-11	-19
Ot-Las Srl	625	1.000	-37,54%	-322	-207	-222	-123
Lasit Spa	2.016	3.148	-35,97%	-239	87	-276	-32
CL Tech Inc	0	0		0	0	0	0
Lasercut Technologies Inc.	75	279	-73,14%	-83	-18	-86	-24
BRCT Inc.	0	0		-1	6	2	6
With Us Co LTD	6.400	5.585	14,58%	197	-26	197	4
Wuhan Penta Chutian Laser Equipment Co LTD	1.547	1.470	5,26%	-34	70	-91	66
Lasit Usa INC	144	345	-58,27%	-82	-71	-82	-72
Cutlite do Brasil Ltda	819	2.020	-59,46%	-203	126	-77	67
Grupo Laser Idoseme SL (***)	0	5.873		0	-105	0	-223
Raylife Srl	487	696	-30,10%	-141	85	-112	58
Ratok Srl	4	5	-12,66%	1	-20	1	-20

(*) consolidated data
(**) consolidated up until June 2008
(***) consolidated from February 2008 to December 2008

Cynosure Inc.
This company operates in the field of design, manufacture and sales of laser systems for medical and aesthetic applications and in recent years has been concentrating on laser applications for the aesthetic sector with excellent results which in 2008 made it the largest company in the sector in terms of sales volume. Cynosure is one of the world leaders in the field of medical lasers and has reached its present size thanks to the superior performance and the high quality of its products, the alexandrite laser for hair removal and the Smartlipo system for laser-lipolysis.
The studies conducted by the research and development team in Westford has made it possible to continually offer an innovative range of products, with the introduction of the Affirm system for skin-tightening and the continual improvement of the Elite system for hair removal and vascular treatments. Collaboration with the Parent Company has been particularly important for Cynosure since they supply the with the exclusive distribution rights in the USA for the Smartlipo system for laser-lipolysis and as a result of joint development, supplies Cynosure with the innovative Smartlipo MPX which combines the Smartlipo platform with the Multiplex technology, with the result that a highly qualified product for minimally invasive fat removal has been made available on all the international markets.

Cynosure does its own sales and marketing for their products on the American and international markets by using their subsidiary companies in France, Great Britain, Germany, Spain, Japan and China and a network of distributors. At the end of 2008 new distributors were added in South Korea and Mexico.

Strong point and driver of the rapid growth of the company is the highly efficient direct distribution network throughout the U.S. Manufacturing and research and development are conducted in Westford, Massachusetts.
Starting in the fourth quarter of 2008 the brilliant growth which the company had shown in the past few years suddenly came to a halt, and on account of the economic and financial crisis that had hit the American market in particular, there was a decrease in sales volume. The sales volume continued to drop during the first quarter of 2009 and, notwithstanding the rapid reduction in personnel and cuts in costs, the result was negative. During the second quarter of 2009, even though the results were still far behind the figures shown for the same period in 2008, and still showed both operating and net losses, there were some signs of recovery and a substantial improvement in sales with respect to the first quarter.
Even after two consecutive quarters in the red, the financial and economic situation of the company is still absolutely solid. At the end of June 2009 the net financial position was in the black for an amount of about 88 million dollars; this situation will make it possible to sustain the strategies for growth and investment and, in particular for research and development.
The financial crisis also comported a drop in the quotation of the stock which, from a maximum of 45 US dollars registered during the summer of 2007 fell to a minimum of 6 US dollars which among other things corresponds to a market capitalization which is lower than the cash available that the company possesses. As of now the stock is quoted at about 10 US dollars and in early August the company announced a buy back plan for a total amount of 10 million dollars. The company does not issue official economic forecasts, but the economic situation, particularly in the United States, is of a nature that the analyst who are studying the company are unanimous in predicting a fall in sales and a substantial drop in profitability.

Deka M.E.L.A. Srl
This company is involved in the distribution in Italy and abroad of the medical laser equipment manufactured by El.En. SpA, in particular that related to dermatology, aesthetics, and surgery, and has established profitable relationships of collaboration with the dental sector in Italy (Anthos Impianti). For the physical therapy sector, DEKA has assigned management of the sector to ASA Srl of which it has 60% control, with satisfactory results both in terms of sales volume and profits.
The international economic crisis influenced the half yearly results of Deka, which, in terms of sales volume, showed a drop of about 25% from the historical maximum registered in 2008. The decrease in sales volume involved in particular the foreign markets and some segments of the Italian market. Due to the effects of the reduced sales volume and a loss on receivables which was entered as a consequence of the insolvency of an important distributor in the aesthetic sector for this half the company showed a loss.
The outlook for the second half of the year in progress continues to reflect the general climate of uncertainty of the economic crisis and, at this time, do not portend a recovery in sales volume or an improvement in the net earnings by the end of the year.

ASA Srl
This company in Vicenza, is a subsidiary of Deka M.E.L.A. Srl, and operates in the physical therapy sector. This was the only company in the Group that was able to increase their sales volume on the first half of 2009, thanks to the effectiveness of their strategy for expansion and the originality of their technological solutions. Determining factors were the increase of the sales volume of power laser equipment and the reorganization of the production process as part of a strategy which envisions the company as increasingly central, dynamic and active in the conduction of physical therapy activities within the Group.

Cutlite Penta Srl
This company is active in the manufacture of laser systems for industrial cutting applications and installs the laser power sources produced by El. En. SpA on movements controlled by CNC.
The main market for the company, the manufacturing sector, is going through one of the most critical phases of the last decades; the tendency to invest is reduced by the prospect of a reduction in the manufacturing sector in general and also negatively influenced by the difficulty in acquiring credit to sustain the investments in capital goods.
Notwithstanding these clearly adverse conditions, the position of the products and the markets of the company offered, and still offers, hope for a substantial stability of the company in relation to sales for 2009. During the first half sales dropped 16%, a decrease which was less than the average for the Group; the results were negative, however, unless there is a sudden turn for the worse in the financial crisis, these result should improve during the second half.

Wuhan Penta Chutian
This Joint Venture was constituted by Cutlite Penta together with the Wuhan Chutian Group of Wuhan, in the Hubei region of central China.
The company produces laser cutting systems for the domestic market and organized its logistic and manufacturing structure during 2007, when it produced and sold the first systems. In 2007 the company showed a loss on the balance sheet, however this was expected during the start-up phase of the activity. During 2008 the company registered the expected increase in production volume and consequently of sales volume, with an aim to the consolidation of the

structure and their competitive position on this market which has the highest growth rate in the world. The sales volume of 2,5 million Euros was in line with expectations and made it possible for the company to show a positive EBIT already in 2008. The outlook and the growth trend were only partially dimmed by the impending crisis. In the first six months of 2009 there was a drop in sales volume of about 11% in local currency (an increase of 5 % if we consider the data in Euros) as well as a costlier structure and both of these conditions were factors which comported a slight loss. All things considered, the Chinese market is still one of the most attractive for the sale of innovative manufacturing systems and we still expect to register positive results for Wuhan company.

Valfivre Italia Srl
At the end of 2007 all operations ceased and the company is presently inactive. In May 2009 the company was identified by the Group as the vehicle for a new development initiative which would include the direct entry into the market of technological systems for aesthetic treatments.

Deka Sarl
In France, Deka Sarl distributes the medical-aesthetic laser equipment and relative accessories manufactured by El.En. and provides after-sales service for medical and aesthetic lasers.
After a complete re-organization of the company and its management effected in 2006 and 2007, during the first half of 2008 the company obtained a positive result in terms of revenue. Although there was a slight fall in sales volume the first six months of 2009 still showed a positive result. The support and the coordinating efforts that the Group offered to the local management continues to be essential for this turnaround, and the quality of the DEKA brand products and their suitability for the present requirements of the market have both represented indispensable elements for the expansion of our position in France.

Deka Lasertechnologie GmbH
Deka Lasertechnologie GmbH distributes in Germany the medical and aesthetic laser equipment produced by El.En. SpA.
In the second quarter of 2009 the German company, which during the first quarter had particularly suffered from the consumer crisis and the general lack of confidence in Germany, was finally able to reach a level of sales sufficient to break even.

Deka Laser Technologies LLC
Up until March of 2009 this company distributed in the United States the laser systems manufactured by El.En SpA for the dental market. After the company reorganization effected this year, their activities have been acquired Deka Laser Technologies Inc., with which LLC later merged.
The results for this half are negative due to the slow down in activities that occurred in the first months of the year and the devaluation of some of the assets.

Deka Laser Technologies Inc.
This company was founded in early 2009 in order to relaunch the distribution in the dental sector in North America; the company is equipped with an efficient management structure and has acquired a manager with considerable experience in the sector. The turnaround phase is now proceeding at full speed and we soon expect to see the sales volume at a level which will produce a profit, thus reversing the situation of losses which has been necessarily registered during this start-up phase.
We believe that the dental sector offers interesting opportunities for growth, as shown by the presence on the market of companies which have been able to develop sales volumes for tens of millions of dollars on the American market alone.

Quanta System SpA
This company became part of the Group in 2004 and represents a model of excellence at a global level for the innovative quality of its technological research in the laser field.
The medical/aesthetic sector is the main driver of its growth and has partly overshadowed the scientific sector on which the company was founded, and the industrial sector. The significant growth in this sector has allowed the company to show a increasing revenue over the years.

During 2008 the company made a substantial investment in the aesthetic sector by buying first a controlling interest which was later reduced to a minority partnership in the Spanish company GLI which distributes laser systems for aesthetic treatments; secondly, they prepared the groundwork for their entry into the surgical sector by developing some specific products for this field and making contact with operators in this sector.
This diversification helped limit the drop in sales volume (-10%) in the first half of 2009 thanks to the reduced effect of the crisis in the surgical market with respect to the aesthetic market. On the other hand the difficulties in the aesthetic market, which is still the main market for Quanta, are reflected both in the EBIT which showed a loss as well as the net result which was further negatively affected by the entry of the loss registered for the period which pertained to GLI.

Arex Srl
This company became part of the Group in the month of April 2004 and manages a medical centre in Milan. Their activities include various therapeutic specialties, in particular the treatment of psoriasis and vitiligo. Although they showed a slight increase in revenue in 2009, the increase in operating costs comported a decrease in earnings for the period.

Ratok Srl
This company was created during the first half of 2008 and is involved in the planning, installation, organization and management even in franchising of specialised medical centres and the manufacture and distribution of medical equipment, with an aim to extending on a lager scale the business model represented by Arex.

Asclepion Laser Technologies GmbH
The company in Jena which was acquired from Carl Zeiss Meditec now represents one of the main operations of the Group and has successfully exploited its geographical position in one of the cradles of the electro-optical industry and its capacity to associate its image with the high prestige that German high-tech products enjoy at a global level. In the last few years Asclepion has maintained an excellent growth rate.
As far as the sales volume was concerned the company was able to defend itself adequately from the crisis. On the other hand, the particular mix of products which, in 2009, saw a change over to products with reduced margins, decreased the margins of the company and did not allow it to compensate for the increase in the structural costs (overhead) which had been determined on the basis of a prospect of future growth.

Raylife Srl
This company, which was created in the first half of 2008 by Asclepion Laser Technologies GmbH, which detains 100% of its capital, sells the aesthetic equipment made by Asclepion under the brand name Raylife in Italy, and distributes other products for the same aesthetic market. During 2008 the company showed a rapid growth in sales and a positive result thanks to the inclusion, along with the Raylife range of products, of the distribution of a product which is already well established on the international aesthetic market.
Since the distribution of this product has been terminated, the prospects for 2009 rely exclusively on the distribution of the Raylife brand products. Due to the difficulties now present on the market for aesthetic technologies on Italy, the sales volume decreased more than was expected, with the consequent registration of a loss for the period.

Lasit SpA
The company designs and manufactures systems for laser marking complete with controls and specific software to be used both for the marking of metals as well as wood, glass, leather, and fabrics.
During 2008 the company transferred its headquarters to the building in Torre Annunziata that the Parent Company El.En. had purchase in order to create a base for the further development of Lasit's activities. This move allows the company to operate in a context which is more in keeping with its ambitions, and also coincided with the increase, sustained by a PIA project, in the equipment and plants made available for manufacturing and a laboratory for research and development.
Lasit's main competitive edge consists in the innovative nature of their range of products, their great flexibility and their capacity to customize marking solutions for industrial manufacturing.
During the first half of 2009 Lasit felt the effects of the crisis in the manufacturing sector and saw their sales volume reduced by about 35% circa, with the result being a loss registered in the Profit and Loss Account.

Lasit USA
The company was created in 2007 in order to act as a distributor for Lasit SpA in the U.S. and in 2008 consolidated their activity. In order to meet the challenge of the drop in demand on the American market caused directly by the international crisis the company reduced their already very limited overhead. At this time the company has a good portfolio of orders which promises well for the improvement of the sales volume in the next few months, but the reduced number of sales registered in the first two quarters was not able to cover the fixed costs and therefore a loss was generated which is analogous to that shown for the first half of last year .

AQL Srl
AQL Srl, a subsidiary of Lasit SpA, operates in the sector of industrial laser marking and its business is maintained at a reduced level essentially limited to service activities for the controlling company Lasit Spa.

Ot-Las Srl
Ot-Las designs and manufactures special laser systems for CO_2 laser marking of large surfaces and is present on the market with state-of-the-art technological solutions, thanks in part to its close collaboration with the Parent Company El.En. for the development of strategic components.
The trend in a decreasing sales volume for the company continued in 2009, notwithstanding the efforts expended in an attempt to identify new areas of application for the products developed by the company. The low sales volume obtained

demonstrates the difficulties of this process which is made even more arduous by the economic crisis and has comported substantial losses for this period.
The present situation presents some interesting aspects and prospects for improvement, but not to an extent that would permit a rapid turnaround of the negative trend.

BRCT Inc.
BRCT Inc. detains the real estate property located in Branford, Connecticut, which was formerly owned by El.En. SpA, and which houses the business activities of the subsidiary Lasercut Technologies Inc..
BRCT continues to act as a financial holding company for the equity assigned to it as part of the Group, and detains the equity in the Japanese company With US, acquired in January of 2007 and utilized for the distribution in Japan of medical and aesthetic system manufactured by El.En. SpA under the DEKA brand, the equity in Lasercut Technologies Inc. which conducts the after-sales service on the equipment which was installed by Lasercut Inc. and, with the recent initiative of early 2009, the equity in Deka Laser Technologies Inc. of Carlsbad, California, distributor of Deka brand products for the dental sector in the USA.

With Us
With Us is the successor to DEKA M.E.L.A.'s former distributor in Japan and for the Group has created a stronghold in one of the most important markets.
During the first half of 2009 the company was able to maintain its market position on a market that had become objectively difficult due to factors related both to the general economic crisis as well as the specific market. During this half the sales volume expressed in Yen showed a slight drop, however, on account of the re-enforcement of the Yen with respect to the Euro, the sales volume in Euros increased. The earnings for the period also improved with respect to the first six months of 2008, both in the EBIT and the financial management; in this latter case the hedging activities on the exchange rates which had penalized last year's results, in this case represented an income.

Lasercut Technologies Inc.
At the end of 2007 this American company acquired the residual business of CL Tech Inc. (ex Lasercut Inc.); it conducts after-sales service for industrial systems in the U.S.

Cutlite do Brasil Ltda
During the first half of 2007 the parent company El.En. created the Cutlite do Brasil Alta tecnologia a laser Ltda. Company for the distribution and manufacture in Brazil of laser systems for industrial applications, with headquarters in Blumenau in the state of Santa Catalina.
Since 2008 Cutlite has been in full marketing activity and in 2009 they have continued to make investments for the manufacture of sets of laser systems.
The sales activity, particularly in the first three months of the year was not very intense and the sales volume and the earnings, even in consideration of the expenses for start up of production felt the effects. We believe that due to its characteristics the industrial system is in a condition to anticipate the positive reactions to the periods of crisis which we are now experiencing, and we expect that during the second half we will obtain results which are better than those for the first half.

1.6. Structure of the company administration

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 April 30th 2009 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 2011, voted that there should be eight members making up the administrative organ of the company.

As of June 30th 2009 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
Angelo Ercole Ferrario	Board Member	Busto Arsizio, 20 June 1941
Alberto Pecci	Board Member	Pistoia, 18 September 1943

* Independent administrators in conformity with article 147-ter TUF and art. 3 of the Code

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, 2009, the Board of Directors assigned to the President of the Board, Gabriele Clementi and to the Deputy members, 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-disciplining 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) On September 5th 2000 the Board created the following committees composed mainly by non-executive administrators:
   1. the “Nomination committee”, which has the task of proposing nominations, receiving them from the shareholders, and verifying that the procedures outlined in the company bylaws for the selection of the candidates are followed;
   2. the “Compensation committee” which has the task of supplying information and clarification regarding the fees paid to the members of the Board of Directors;
   3. the “Internal controls committee” which has the task of acting as consultant and support for the Board in relation to the creation and monitoring of the internal controls system.
c) On September 5th 2000 the Board designated a provost for internal controls.

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

1.7. Consolidated reclassified Profit and Loss Account as of June 30th 2009

The reclassified consolidated profit and loss account for the financial period ending June 30th 2009 compared with that for the same period last year is shown below.
Moreover, considering the importance of the results of the subsidiary Cynosure on the consolidated results and the entity of the amount detained in the company by third parties (the controlling quota held by El.En. SpA, in fact, as of June 30th 2009 was 23,05%), the information sheet also includes a chart displaying the results related to the Group excluding Cynosure from the area of consolidation, as well as the consolidated results of the entire Group.

Profit and loss account	**30/06/09**	**Inc.%**	**30/06/08**	**Inc.%**	**Var.%**
Revenues	72.551	100,0%	113.646	100,0%	-36,2%
Change in inventory of finished goods and WIP	(1.894)	-2,6%	4.447	3,9%	
Other revenues and income	1.307	1,8%	548	0,5%	138,5%
Value of production	**71.964**	**99,2%**	**118.641**	**104,4%**	**-39,3%**
Purchase of raw materials	23.883	32,9%	47.393	41,7%	-49,6%
Change in inventory of raw material	700	1,0%	(4.687)	-4,1%	
Other direct services	7.328	10,1%	11.792	10,4%	-37,9%
Gross margin	**40.052**	**55,2%**	**64.143**	**56,4%**	**-37,6%**
Other operating services and charges	23.073	31,8%	23.345	20,5%	-1,2%
Added value	**16.979**	**23,4%**	**40.798**	**35,9%**	**-58,4%**
For staff costs	21.504	29,6%	22.879	20,1%	-6,0%
EBITDA	**(4.525)**	**-6,2%**	**17.919**	**15,8%**	
Depreciation, amortization and other accruals	4.508	6,2%	2.822	2,5%	59,7%
EBIT	**(9.033)**	**-12,5%**	**15.097**	**13,3%**	
Net financial income (charges)	826	1,1%	887	0,8%	-6,9%
Share of profit of associated companies	(556)	-0,8%	(19)	-0,0%	2817,3%
Other net income (expense)	(18)	-0,0%	(104)	-0,1%	-82,6%
Income before taxes	**(8.781)**	**-12,1%**	**15.860**	**14,0%**	
Income taxes	(2.805)	-3,9%	5.551	4,9%	
Income for the financial period	**(5.977)**	**-8,2%**	**10.309**	**9,1%**	
Minority interest	(3.319)	-4,6%	4.999	4,4%	
Net income	**(2.657)**	**-3,7%**	**5.311**	**4,7%**	

The chart below shows the reclassified Profit and Loss Account and the net financial position excluding the subsidiary Cynosure from the area of consolidation.

Profit and loss account	**30/06/09**	**Inc.%**	**30/06/08**	**Inc.%**	**Var.%**
Revenues	48.993	100,0%	69.312	100,0%	-29,3%
Change in inventory of finished goods and WIP	(293)	-0,6%	3.330	4,8%	
Other revenues and income	1.194	2,4%	324	0,5%	268,1%
Value of production	**49.895**	**101,8%**	**72.966**	**105,3%**	**-31,6%**
Purchase of raw materials	20.492	41,8%	37.142	53,6%	-44,8%
Change in inventory of raw material	239	0,5%	(4.048)	-5,8%	
Other direct services	4.499	9,2%	6.871	9,9%	-34,5%
Gross margin	**24.665**	**50,3%**	**33.001**	**47,6%**	**-25,3%**
Other operating services and charges	11.891	24,3%	11.466	16,5%	3,7%
Added value	**12.775**	**26,1%**	**21.535**	**31,1%**	**-40,7%**
For staff costs	12.610	25,7%	13.105	18,9%	-3,8%
EBITDA	**165**	**0,3%**	**8.429**	**12,2%**	**-98,0%**
Depreciation, amortization and other accruals	2.025	4,1%	1.513	2,2%	33,8%
EBIT	**(1.861)**	**-3,8%**	**6.916**	**10,0%**	
Net financial income (charges)	351	0,7%	(322)	-0,5%	
Share of profit of associated companies	(556)	-1,1%	(19)	0,0%	2817,3%
Other net income (expense)	0	0,0%	0	0,0%	
Income before taxes	**(2.066)**	**-4,2%**	**6.575**	**9,5%**	
Income taxes	201	0,4%	2.221	3,2%	-91,0%
Income for the financial period	**(2.267)**	**-4,6%**	**4.354**	**6,3%**	
Minority interest	(265)	-0,5%	405	0,6%	
Net income	**(2.002)**	**-4,1%**	**3.949**	**5,7%**	

1.8. Comments on management results

During the first six months of 2009 the effects of the international crisis which during 2008 had affected the Group only marginally, deteriorated the market conditions the economic results of almost all the businesses of the Group. These effects were not felt with the same intensity in all the geographic areas and merchandise segments served by the Group, but, in general, they halted the growth which for several years now has characterized our activity and reduced earnings even more than expected. The decrease in sales volume for the first six months of the year was about 36%.

As manufacturers of capital goods which constitute mid- to long-term investments for our clients both in the medical and the industrial sector, we felt the direct economic results of the financial crisis, or rather, the overall drop in demand for our clients which reduced their desire to make investments; we have also felt the more typical effects of the financial crisis, that is, the restrictions on credit, which prevented many potential clients who wanted to invest in our technologies from finding the necessary financial resources.
Thanks to our highly innovative products we believe that we are able to offer a very attractive investment option even in a period of crisis, because our technologies allow our clients to diversify their offer on the market and to make their own innovations. Unlike other unfavourable economic times, the scarce availability of credit, as demonstrated by the disappearance from the market of several important entities in the leasing sector, has made the conclusion of sales even more difficult.

Concerning technical assistance, the sale of spare parts and consumables, the consolidated sales volume actually showed an increase (7% at the consolidated level): this fact not only demonstrates the increase in the amount of equipment installed thanks to the sales made in 2008 and the termination of the period of warranty, it also shows that our clients have continued to make wide use of laser systems, thus requiring a substantial amount of spare parts and technical assistance, but have not felt sufficient stimulus to renew their investments this year. In any case, this fact may be considered a positive sign for the continuation of activity as it would tend to indicate that our systems and our clients have suffered a decrease in work that is below the average, due, as stated above, to the innovative character of our technologies, and therefore will be among the first to benefit from the end of the crisis. We expect that an increase in demand for our installed equipment, in normal credit conditions, would comport an increase in demand for our systems.
As mentioned, the phenomenon described above is generally applicable to both of the main markets in which we operate; to give two concrete examples, it could refer to a medical centre specialized in applications of aesthetic medicine which has maintained a constant level or registered a slight decrease in the number of patients who require laser hair removal or photo-rejuvenation, or else to a job shop specialized in special laser work for third parties, which, in any case has maintained a good production level in supplying customized items to their customers.

The United States has moved from being the driving market force, the locomotive that pulled all the companies in the Group, to the country that has had the greatest drop in sales volume. The sales volume in dollars of Cynosure fell 53% in the first six months, and its sales volume in the United States 68%. This caused the drop in the consolidated sales volume of 36%, greater than the consolidated sales volume excluding Cynosure, which remained below 30%.

The management has dealt with the problem of the sudden reduction in sales volume by attempting to reduce costs. Cynosure has reduced their staff several times and has cut some marketing and sales costs. In those countries where staff reduction is less flexible we have applied a partial layoff, in other cases we have reduced the working hours which can be applied to paid vacations and leave which are still owed to the employee. The greatest attention has been given to operating costs and methods for reducing them.

As far as structural costs (overhead) are concerned, it should be recalled that during 2008 there had been a gradual increase in demand, which came to a sudden halt in the last months of the year, to which the management had responded by hiring personnel and expanding some of the structural costs. The sudden deceleration of the business created a situation in which the structures had been developed for a volume of business which was greater than that registered in early 2008 and the adaptation of the costs to the new situation could not be effected as rapidly as the drop in sales volume.

On the other hand we have never ceased investing in research and development in order to avoid interrupting the vital flow of ideas, innovations and products which characterize the Group. We have also decided to continue with a series of investment initiatives which are intended to create the groundwork for the development of the activities in segments and markets of particular interest: for example, in relation to the turnaround of the US distribution for the dental sector, and the consolidation of the manufacturing structures in Brazil and in China, all of which represent activities which have absorbed resources that are far superior to the margins developed by the sales, but which represent an investment for the future development of the business of the Group.

The chart which follows illustrates the subdivision of the sales volume among the sectors in which the Group operates for this half, compared with the same sub-division for the same period last year.

	30/06/2009	Inc%	30/06/2008	Inc%	Var%
Industrial systems and lasers	8.198	11,30%	14.841	13,06%	-44,76%
Medical and aesthetic lasers	49.053	67,61%	84.504	74,36%	-41,95%
Service	15.300	21,09%	14.302	12,58%	6,98%
Total	**72.551**	**100,00%**	**113.646**	**100,00%**	**-36,16%**

As described in the introduction, the decrease in sales of systems in both the industrial and the medical sector is over 40%. The sales volume for technical assistance, spare parts and consumables, on the other hand, showed an increase of about 7% thanks to the expansion in the number of installations which is due to the growth in the volume of sales in the past few years and this is a demonstration that the end-users have continued to make intense use of our systems. This phenomenon would seem to indicate that the drop in demand for systems is not due so much to a fall in the final customer demand but rather to the climate of uncertainty and scarce cash which has discouraged potential customers from committing to new investments.

The table below shows the results for this period based on the geographic distribution of sales.

	30/06/2009	Inc%	30/06/2008	Inc%	Var%
Italy	12.561	17,31%	15.981	14,06%	-21,40%
Europe	20.725	28,57%	34.955	30,76%	-40,71%
Rest of the world	39.264	54,12%	62.710	55,18%	-37,39%
Total	**72.551**	**100,00%**	**113.646**	**100,00%**	**-36,16%**

The Italian market has shown more stability than the international markets, while the greatest decreases were registered for the US market. The fact that the European sales show an overall drop which is greater than that of the Rest of the World is due to the fact that GLI, which represented 10% of the sales on the European market, is no longer included in the area of consolidation.

The Italian market which, in the past few years has appeared less brilliant than the others in part because they were less influenced by the economic and credit bubble which was present in some countries, has maintained a fair level of clients tending to buy innovative systems, notwithstanding the difficulties these clients have in obtaining mid-term financing. After several years in which the sales volume of the Group in Italy gradually decreased, the phenomenon described above has now determined a sales volume of about 17% .

Within the medical/aesthetic sector, which represents almost 67% of the sales of the Group, the sales results for the various segments are shown on the table below.

	30/06/2009	Inc%	30/06/2008	Inc%	Var%
Surgical CO2	4.237	8,64%	3.918	4,64%	8,14%
Physiotherapy	2.364	4,82%	2.087	2,47%	13,26%
Aesthetic	32.464	66,18%	67.543	79,93%	-51,94%
Dental	1.935	3,94%	3.778	4,47%	-48,79%
Other medical lasers	6.481	13,21%	5.825	6,89%	11,26%
Accessories	1.572	3,20%	1.352	1,60%	16,28%
Total	**49.053**	**100,00%**	**84.504**	**100,00%**	**-41,95%**

The most significant drop is related to most important sector for the Group, the aesthetic sector. This is the area in which Cynosure has gradually established its growth, in particular in the United States and which has felt the greatest impact of the fears of a decrease in the use of aesthetic procedures requested by professional operators, besides a more rigid stance in the granting of credit to people operating in this market. In reality, as demonstrated by a series of Italian and international statistics, and as empirically shown by our revenue from customer assistance and spare parts, the aesthetic sector as a whole has not shown a major decrease in use and, at this time, we believe the reduced inclination to invest in this sector is due more to fear for the future than to an actual decrease in demand.

We would like to describe the main applications which characterize this segment of the market. The most popular laser application is for hair removal, which is performed both with laser systems and with pulsating light systems. With the introduction of the innovative systems for laser-lipolysis the Group entered the segment of the most popular aesthetic surgery procedure in the world, liposuction, and offered it in a technological and minimally invasive version.
Skin rejuvenation consists in the stimulation of skin elements aimed at obtaining a more elastic appearance and removing wrinkles and surface pigmentations; according to the technology used, the technique may be more or less invasive. The Group has acquired a position of leadership in some of the ablative techniques of “skin resurfacing”. Body shaping is based on invasive and non-invasive technologies for the removal of fat and cellulitis in some areas of the body so as to reshape it. For tattoo removal, short laser impulses with a high energy content are used to destroy pigments beneath the skin.

For each of the applications mentioned above, the Group is able to supply the international markets with technologies offered by the various companies, using the brand names featured by the companies belonging to the Group. For hair removal systems, for example, Cynosure’s Elite system, which uses alexandrite emissions and Nd:YAG, is one of the most historically successful systems, as are Mediostar by Asclepion, Synchro by DEKA and IPL Eterna Giovinezza di Quanta System and Photosilk by DEKA. In the lipolysis sector, the Smartlipo technology of DEKA was made available to Cynosure for the American market, and was then combined with Cynosure’s own technology, the Multiplex, in order to create the Smartlipo MPX system which Cynosure distributes all over the world. In the resurfacing field, Deka’s laser, Smartxide DOT, has become a point of reference for all the ablative techniques (however, since it is a CO_2 system with a special accessory, the scanner, in the chart below it is shown along with the CO_2 laser and the accessories), along with Cynosure’s Affirm CO_2 system, while Matisse by Quanta, Affirm by Cynosure and DOT 1540 by DEKA have encountered success for the non-ablative techniques. Deka’s Triactive is one of the original products for body shaping and is distributed by Cynosure in the United States, while the Raylife system by Asclepion supplies an integrated platform for aesthetic treatments for the face and body.
The success of the CO_2 systems for skin rejuvenation and resurfacing in any case determined a growth in the sales volume in the segments of surgical CO_2 and accessories.
The dental sector also showed a sharp drop; this sector is now going through a phase of re-organization of the activities in the USA and has suffered a reduction in the orders received from international distributors.
The increase in the residual segment “Others” which demonstrates the success of the beginning to diversify in the surgical sector with systems other than CO_2, and the physical therapy sector in which the strategy of concentrating the activities in ASA continues to consolidate its results in particular in high power applications.

For the sector of industrial applications, the table below illustrates the sales volume divided according to the market segments in which the Group operates.

	30/06/2009	**Inc%**	**30/06/2008**	**Inc%**	**Var%**
Cutting	4.792	58,46%	5.835	39,32%	-17,87%
Marking	2.143	26,14%	4.258	28,69%	-49,68%
Laser sources	1.087	13,25%	4.570	30,79%	-76,22%
Welding, other industrial systems	176	2,15%	178	1,20%	-0,95%
Total	**8.198**	**100,00%**	**14.841**	**100,00%**	**-44,76%**

The effects of the crisis were also felt in the industrial sector, as shown in the decrease in sales volume.

Below are our comments on a substantial drop in sales volume and trends which represent a situation which is essentially the opposite of the brilliant results shown for last year.
The laser source segment felt the impact of the cancellation of the reconfirmation of an important order that had characterized 2008 and incorporates the crisis of the clients for systems accessories, which is an amplification of, and directly related to, the crisis in the manufacturing sector.
The cutting sector was able to limit its losses in sales volume, thanks to the consolidation of the manufacturing and sales structures in Brazil and in China.
The marking sector registered a sales volume which is about half of that shown for the first half of 2008, with decreases both for marking work on large surfaces and those for small surfaces.
The small segment of restoration and conservation of works of art remains at a constant level and is significant also for the important contribution that our technology is able to offer for the restoration of great masterpieces like the David by Donatello.

The following charts show the composition of the sales volume for the sub-consolidated which excludes Cynosure, with the exception of the chart showing details of the industrial sector, an area in which Cynosure does not operate.

	30/06/2009	Inc%	30/06/2008	Inc%	Var%
Industrial systems and lasers	8.198	16,73%	14.841	21,41%	-44,76%
Medical and aesthetic lasers	31.497	64,29%	45.276	65,32%	-30,43%
Service	9.299	18,98%	9.195	13,27%	1,13%
Total	**48.993**	**100,00%**	**69.312**	**100,00%**	**-29,31%**

	30/06/2009	Inc%	30/06/2008	Inc%	Var%
Italy	12.515	25,55%	15.728	22,69%	-20,42%
Europe	14.444	29,48%	26.378	38,06%	-45,24%
Rest of the world	22.034	44,97%	27.206	39,25%	-19,01%
Total	**48.993**	**100,00%**	**69.312**	**100,00%**	**-29,31%**

	30/06/2009	Inc%	30/06/2008	Inc%	Var%
Surgical CO2	3.673	11,66%	3.919	8,66%	-6,26%
Physiotherapy	2.364	7,51%	2.087	4,61%	13,26%
Aesthetic	17.894	56,81%	30.888	68,22%	-42,07%
Dental	1.935	6,14%	3.778	8,34%	-48,79%
Other medical lasers	4.011	12,73%	3.247	7,17%	23,55%
Accessories	1.619	5,14%	1.356	3,00%	19,39%
Total	**31.497**	**100,00%**	**45.276**	**100,00%**	**-30,43%**

The decrease in sales volume in the medical sector, although considerable, is still less than that shown in the consolidated chart, because the results of the other companies involved in the sector were better in comparison to those of Cynosure.
In the break-down of the segments, the drop in the aesthetic segment is less, the sales volume in the CO_2 segment net of the sales of Cynosure in the USA has decreased, while an increase is shown in the residual sector "Others" for an amount of about 23%, which is due to the incremental effect of the sales in the surgery sector made during this half.

From the point of view of the geographical distribution of the sales volume, as far as Italy is concerned, a tendency which is similar to that of the consolidated sales volume is shown; the sales volume for Europe dropped also as a consequence of the exclusion of the Spanish company GLI from the area of consolidation; if we exclude from the area of consolidation the main seller on the American market, we note a reduction in the fall in sales in the rest of the world which is derived from the internationalization of the activities of the Group which, in some of its branches, (China, Brazil, Japan) has been better able to defend itself from the crisis and create the groundwork for future development.

Again in 2009, some sales financed by the clientele through operative leasing, have been considered, in conformity with IAS/IFRS principles, as revenue for multi-year leasing, with effects over a limited period of time, even though the Group had received payment for the goods.

To summarize, the drop in sales volume was 36,2% for the consolidated and 29,3% for the consolidated without Cynosure. The other entries in the balance sheet and relative comments are as follows:

The gross margin is registered at 40.052 thousand Euros, an decrease of 37,6% with respect to the 64.143 for the same period last year; the incidence on the sales volume dropped slightly from 56,4% in 2008 to 55,2 % in 2009. It should be noted that the value of the production, and therefore the margin, benefited from the entry of a research grant received during this financial period for an amount of 900 thousand Euros, more than 1% of the consolidated sales volume.

The costs for services and operating charges was 23.073 thousand Euros, representing a decrease of 1,2% with respect to June 30th 2008 but, with an incidence on the sales volume which rose from 20,5% in the first half of 2008 to 31,8% on June 30th 2009.
The impossibility of reducing the structural costs (overhead) so that it was in conformity with the reduction in sales volume had a decisive effect on the profits of the Group this half. We have explained above how the overhead was reduced and each single cost item was monitored, but starting too late in relation to the position of the activities of the Group during this period. We have described how certain types of expenses, research and development, the reorganization and launching of certain activities have not been cut aggressively because we believe we must continue to invest in an area for great potential growth.
Particularly onerous at this time are the considerable expenses, about 1 million dollars sustained by Cynosure Inc. in its law suit for the protection of its intellectual property rights for the application of laser-lipolysis for which they have exclusive rights from El.En SpA in the USA.

The cost for personnel was 21.504 thousand Euros compared to the 22.879 thousand Euros for the same period last year, showing a decrease of 6%; an decrease in the productivity of this cost aggregate is registered, which rose, in the incidence on the sales volume, from 20,1% to 29,6% during the first half of 2009. The figurative costs for the stock options assigned to employees are part of the personnel costs. During the first half of 2008 these costs amounted to 2.544 thousand Euros, while they decreased to 2.027 thousand Euros during the first half of 2009; this latter figure refers mostly to stock options issued by the subsidiary Cynosure Inc.
For the costs for personnel, which decreased in overall value almost exclusively due to the exclusion of GLI from the area of consolidation, the same comments made in relation to the reduction of the service and operating charges apply. The American company which distributes dental lasers and the Chinese company Wuhan Penta Chutian which produces laser cutting systems for the manufacturing sector increased their number of employees.

On June 30th 2009 the number of employees in the group was 871 as opposed to 876 on December 31st 2008 and 926 on June 30th 2008.

A substantial portion of the personnel expenses is directed towards Research and Development for which the Group also receives grants and reimbursements in relation to specific contracts undersigned by the institutions created for this purpose. These grants make it possible to extend the range of research by limiting their economic impact; during the first half of 2009, grants for 905 thousand Euros were entered into accounts, while for the first half of 2008 they amounted to 28 thousand Euros, an important means of support for an activity which is vital for the development of the Group.

On account of the changes described above, the EBITDA showed a negative result of 4.525 thousand Euros in comparison to the positive result of 17.919 thousand Euros for the first half of 2008.

Costs for accruals, amortizations and depreciations were 4.508 thousand Euros, an increase of 59,7% over the same period last year, and an increase in the incidence on the sales volume which rose from 2,5% to 6,2%. Under this heading we have also entered the accruals for product guarantees and for devaluation of receivables. This latter item includes some accruals of an extraordinary nature which represent some receivables which are unlikely to be paid.
Up to now, in our list of the effects of the crisis, direct and indirect, we have not yet mentioned that of the effects on the clients and the difficulty in collecting amounts owed. Not only has the financial condition of our clients changed, their ability to pay their debts has diminished. In some cases it has been necessary to file a suit or to collect payment in instalments that are so delayed that the relative risk of non-payment must be represented in the balance sheet, with the consequent effects on the earnings.

The EBIT therefore shows a negative amount of 9.033 thousand Euros which is equal to 12,5% of the sales volume, in comparison to the positive result of 15.097 thousand Euros for the first half of 2008.

Results of the financial management were 826 thousand Euros (887 thousand Euros for the same period last year) and showed an improvement, among other things, due to the foreign exchange gains realized during the period.

The negative results of the associated companies are mainly due to the Spanish company GLI and the Belgian company SBI International.

The items entered under the heading of "Other net income and charges" both for June 30th 2009 and June 30th 2008, do not represent operations of evaluations of any significance.

Earnings before taxes therefore were a negative amount of 8.781 thousand Euros, with respect to the positive result of 15.860 registered for June 30th 2008.

Because of the entry of deferred taxes for an amount of about 3,7 million Euros on losses registered by some of the companies of the Group, the tax load related to our company shows a negative balance 2.805 thousand Euros.

Concerning the sub-consolidated statement drawn up excluding Cynosure, the reduction in the sales volume and the incidence on the overhead is much less. This comports an operating loss limited to 3,8 % of the sales volume with respect to the 12,5 % registered for the consolidated statement.

An interesting positive note is the incidence of the margin of contribution of the sales on the sales volume which shows an increase from 47,6% on June 30th 2008 to 50,3% on June 30th 2009. The factors that contribute to this increase in margins are the entry into accounts of the grant of 900 thousand Euros (almost 2% of the sales volume), but also the improvement in the margins on the sales in the United States and in Japan due to the increase in the value of the American Dollar and the Japanese Yen which took place during this period, even though they referred to volumes that were reduced with respect to the preceding quarters.

Unfortunately the other cost items show an increase in the incidence on the sales volume since it was not possible to reduce them rapidly enough; in particular, for personnel costs, as described above. The result is an EBITDA which is close to zero and which gives rise to an EBIT which is negative for about 1,8 million Euros, also as an effect of the extraordinary accruals for devaluation of receivables, which was particularly significant during this half.

The financial management showed a positive result thanks mostly to the difference in the exchange rates for an amount of 0,4 million Euros. The associated companies which registered a negative result are related exclusively to the sub-consolidated without Cynosure, for which a loss of 1,1% of the sales volume was registered.

Notwithstanding a negative result of earnings before taxes, the negative components of revenue which are not tax deductible are still enough to determine a fiscal cost for this period of 200 thousand Euros.

1.9. Consolidated Balance Sheet and financial position as of June 30th 2009

The reclassified balance sheet shown below makes it possible to compare the results for this half with those of last year.

	30/06/2009	31/12/2008	Var.
Balance Sheet			
Intangible assets	7.135	6.407	727
Tangible assets	29.037	26.258	2.779
Equity investments	1.237	1.692	-454
Deferred tax assets	12.824	9.414	3.410
Other non current assets	186	15.408	-15.222
Total non current assets	**50.419**	**59.179**	**-8.760**
Inventories	54.388	57.423	-3.035
Accounts receivables	38.046	47.310	-9.264
Tax receivables	6.684	5.609	1.074
Other receivables	5.239	5.512	-273
Financial instruments	28.651	18.044	10.607
Cash and cash equivalents	49.435	59.114	-9.679
Total current assets	**182.444**	**193.012**	**-10.568**
TOTAL ASSETS	**232.863**	**252.191**	**-19.328**
Common stock	2.509	2.509	
Additional paid in capital	38.594	38.594	
Other reserves	32.746	27.373	5.372
Treasury stock	-2.576	-2.576	
Retained earnings / (deficit)	24.237	22.459	1.778
Net income / (loss)	-2.657	8.329	-10.986
Parent stockholders' equity	**92.852**	**96.688**	**-3.835**
Minority interests in consolidated subsidiaries	81.086	84.310	-3.224
Total equity	**173.938**	**180.997**	**-7.059**
Severance indemnity	2.488	2.469	19
Deferred tax liabilities	326	328	-2
Other accruals	5.351	5.428	-77
Financial liabilities	4.645	3.735	911
Non current liabilities	**12.811**	**11.960**	**851**
Financial liabilities	5.567	5.548	20
Accounts payables	21.076	31.118	-10.041
Income tax payables	1.293	2.979	-1.686
Other payables	18.177	19.589	-1.412
Current liabilities	**46.114**	**59.234**	**-13.120**
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY	**232.863**	**252.191**	**-19.328**

The chart below shows the Consolidated Net Financial Position as of June 30th 2009.

Net financial position		
	30/06/2009	**31/12/2008**
Cash and bank	49.435	59.114
Financial instruments	28.651	18.044
Cash and cash equivalents	**78.086**	**77.158**
Short term financial receivables	**4**	**42**
Bank short term loan	(4.543)	(4.461)
Part of financial long term liabilities due within 12 months	(1.025)	(1.087)
Financial short term liabilities	**(5.567)**	**(5.548)**
Net current financial position	**72.523**	**71.652**
Bank long term loan	(2.369)	(1.920)
Other long term financial liabilities	(2.276)	(1.815)
Financial long term liabilities	**(4.645)**	**(3.735)**
Net financial position	**67.878**	**67.918**

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

As was done for the Profit and Loss Account, we are displaying the net financial position of the Group excluding Cynosure from the area of consolidation.

Net financial position		
	30/06/2009	**31/12/2008**
Cash and bank	15.354	23.617
Cash and cash equivalents	**15.354**	**23.617**
Short term financial receivables	**4**	**42**
Bank short term loan	(4.538)	(4.453)
Part of financial long term liabilities due within 12 months	(791)	(809)
Financial short term liabilities	**(5.328)**	**(5.262)**
Net current financial position	**10.030**	**18.397**
Bank long term loan	(2.351)	(1.920)
Other long term financial liabilities	(2.091)	(1.502)
Financial long term liabilities	**(4.442)**	**(3.422)**
Net financial position	**5.588**	**14.976**

1.10. Comments on the Research and Development activities

During the first half of 2009 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 received a further incentive on account of the economic crisis which requires new products and new applications in order to attract the clientele.
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-term schedules. The innovative results consist essentially in the creation of new laser applications and the development of the suitable equipment. In other words, we conduct research in order to understand open or new problems related to medicine or industry, and we look for solutions on the basis of experience and culture matured on laser light, on one hand, related to its generation and the power level, and on the other, to the management of the timing and the shape of the ray. Research projects which are conducted in order to obtain results according to a mid-term schedule are characterized by the fact that they are oriented towards higher risk subjects inspired by intuitions which arise within the company and by prospects indicated by the scientific work in laboratories and in advanced research centres around the world, some of which we collaborate with.
Research which is dedicated to achieving results according to a short-term schedule, above all for products developed for new laser applications, 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.
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 Instruction and Research (MIUR) and the European Union, as well as directly with the Research Institutions or Regional structures.
The 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 instruments and accessories. Without going into excessive details, a description of the numerous sectors in which the research activities of the various companies have been involved is given below.

Systems and applications for lasers in medicine.

Through a major effort involving massive use of both personnel and resources, the parent company, El.En. is developing new equipment and sub-systems for uses in surgery, dentistry, gynecology and aesthetic medicine. Development of the new "multiwavelength platform" has continued; this is a matrix device able to sustain the management and interface with the doctor, feeding of electricity and conditioning fluids, ergonomic mechanical support, various peripherals and active generators of radiofrequency and mechanical and laser energy, for treating patients in cosmetic surgery. The following devices are in the category of the new active peripherals: the FT hand piece, Sheer Wave, the laser head NdYAG 7x15, the three-phase RF hand piece, Krypton. Research has been completed on the development of single pieces of specialized equipment like the second generation Triactive for aesthetics, Smartlipo MPX , the Nd YAG for veterinary use, the DOT 1540, the Smartxide family, Synchro and specialized peripherals like the micro-manipulator fine spot (Easyspot). Clinical tests have begun on the New reactive (Triactive PLUS).
The Group has also continued working on the development of the instruments and on the clinical experimentation of innovative laser devices (family of devices for the HILT - High Intensity Laser Therapy) for uses in physical therapy and in orthopaedics, and experiments have also begun in the United States, in collaboration with Washington State University, on animal models (horses); we have also continued our collaboration for trials on patients with knee joint pathologies with the Istituti Rizzoli of Bologna, who have been our partners for several years now. Trials on the effects of photo-mechanical stimulation of Condrocites have also continued.
The activity for the development of laser devices and equipment for the treatment of cutaneous ulcers (ABOVE and OMNIA projects) continued with grants of EU funds received through the council for economic development of the Region of Tuscany.
As part of this program, the development of a compact radiofrequency CO_2 source for surgical applications also continued and we completed a prototype device with increased power features with respect to our earlier products and improved modular characteristics in the time of the power released.
In collaboration with the CSO we completed research on a new instrument for retinal coagulation associated with a fissure light as part of a grant co-financed by the EU and by the ministry of economic development of the Region of Tuscany. Research continued on a new micro-manipulator for uses in otorhinolaryngology of the CO_2 laser and clinical

trials for validating its application in otorhinolaryngology were begun; initial results on patients were considered excellent by doctors.
Research continued on a new micro-manipulator for uses in otorhinolaryngology of the CO_2 laser and clinical trials for validating its application in otorhinolaryngology were begun; initial results on patients were considered excellent by doctors who are assisting us in the clinical tests.
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 and thyroid, as part of the activity conducted by the associated company Elesta created by El.En. and Esaote. As part of this project, we have developed a new multiple source for the simultaneous ablative treatment with four fibres each with adjustable independent power. For this purpose a public/private laboratory in Naples for the development of innovative technologies for minimally invasive medicine was opened. As part of this program, in collaboration with the University of Lecce we are now conducting research on the use of nano-particles with interaction with laser light in order to create images which will be useful for identifying tumours.
A project financed by the European Union for the creation of prototypes of equipment for new methods of diagnosis using nano-particles and laser systems with ultrasound inter-agents for the diagnosis of tumours of the prostate has continued. For this project we are collaborating with prestigious European institutions like Fraunhofer IBMT, project leader.
At the same time, active clinical experimentation has continued in Italy and in qualified European and American centres in order to confirm and document the effectiveness of innovative therapeutic laser treatments in various fields of medicine: odonto-stomatology 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.
A research laboratory has been set up at the El.En headquarters and is available also for the coordinated activity conducted by other companies in the Group, studying the interaction between the laser light and biological tissue. The laboratory is presently able to execute preparations and conduct analysis of histological samples and the activation of exams in the field of molecular biology are also planned.
Following the research activity conducted by the associated company Actis Active Sensors, in collaboration with IFAC of the CNR, with EU grants issued through the council for economic development of the Region of Tuscany, at the prestigious American optometry clinic Bascon Palmer of Miami, we are now conducting tests in order to obtain FDA approval for “in vivo” operations, first on animals and subsequently on patients, using lasers for gluing the cornea without stitches.

At Cynosure, they have continued experiments on laser-lipolysis using a new instrument with innovative characteristics in terms of the power level, control of the power emitted through retroactive systems and use of more than one wave length.

At Quanta we have continued activities for the development of lasers for the therapy of prostate hypertrophy and of a fibre laser with augmented performance.

At DEKA M.E.L.A. they are conducting 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 and otorhinolaryngological. 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 both academic and professional medical centres in Italy and abroad.

Asclepion received an important grant from the region in which it operates, Turingia, for the development and experimentation of lasers for surgery.

Laser systems and applications for industry

At El.En. feasibility studies were conducted for the adaptation of galvanometers to the characteristics necessary for mounting on satellites in space.
We are now conducting experimental trials on a new medium power ultra-compact radio-frequency pumped CO_2 laser source with increased power with respect to the ones already developed; some prototypes have already been made and are now being tested.
We are now concluding the research activity which was part of a project for a solid state high power laser source with active material in an amorphous ceramic support which was supported by a grant from the Ministry for Research and the University.
We are now concluding the project related to excimer laser systems for use in the nano-manufacture of electronic and optical-electronic devices.

Experimental trials on the electronics based on a "Digital Signal Processor" recently created for on-line setting and numerical control of the galvanometers for recently developed scansion heads have been completed.
The data from the development of new laser equipment for use in diagnosing and documenting the condition of important art objects (*St Jerome* and the *Annunciation* by Leonardo da Vinci) was elaborated. This documentation is obtained by the insertion, into the special crates used for transporting important works of art, of equipment for the referenced acquisition and memorisation over time and space of the data of three-dimensional sensors of acceleration, temperature, pressure, humidity and light exposure on the various bands from infra-red to ultra-violet. Research strategy activity has been conducted with an aim to sustaining the restoration system in Tuscany and as part of this program approval has been given for a project in which El.En would be commissioned to develop specialized laser equipment for particular types of conservation work.
A new system for representing thermal transistors for the study of the state of conservation of works of art and of industrial products in the start-up in the manufacturing process is now in the experimentation phase.
Work on the development of a new diagnostic system using lasers on the paper of antique books has continued and recently been granted a patent.
For applications related to the cutting of metal materials, we are now completing the development of a capacitive sensor for the control of the position of the focal zone of the laser beam with respect to the material.
We have developed new methods for testing mirrors for markers of different dimensions on the basis of the uses of high speed scansion in machines for laser decoration on large areas.
We have developed new catalyser systems for Compact power lasers.

At Ot-las they have developed a new generation machine for decorating continuous rolls of fabric over large areas and they have developed specific software programs for use with Voyager boards. Moreover, the MX machine has been developed so that it was possible to plan new systems for unrolling and pulling of fabrics to be treated with new SW for the execution of lists. For this same machine, a preliminary study was completed on the 2800 mm version. Following the short and mid-term plan, a software was developed for remote control of the new RF333 radio frequency sources monitoring, now in progress at El.En.
We have continued to work at perfecting the algorithms, calculus programs and hardware structures for artificial vision systems to be used in the automation of surface decoration using laser markers, on leather and other materials and for the cutting and marking of other objects which are laid out flat on the work surface; moreover, we have completed the development of the software to apply offset algorithms to closed edges and to reorganize execution files. The WAY machine, following these developments, is now in the version equipped with laser RF333 and 1000W laser.
The verification phase of a pyroelectric matrix system for centring the laser beam on the basis of the recording of the form of the beam in various portions of a cross section was completed. We have conducted research on a means of perfecting the laser cutting process of tiles of composite materials as a light-weight support for thin marble slabs.

Cutlite Penta operates in high intensity technological market and maintains their competitive edge by renewing and amplifying their range of products both by proposing newly designed systems and renovating the technical solutions in systems that are already in production.
Their research is supported by their own resources and, in some cases by grants derived from research contracts stipulated with the specific institutions. Trials have now been completed on the structural and functional innovations developed on sealed CO_2 sources produced by El.En. Work has continued on the development of an electronic system for tele-diagnosis and tele-assistance of industrial machines.

At Quanta System they have completed a research program on the use of laser based working technologies on components for exploiting solar energy; financing for the project has been approved by the special commissions of the European Union.

The following table shows the expenses for Research and Development during this period:

thousands of euros	**30/06/2009**	**30/06/2008**
Costs for staff and general expenses	4.743	4.566
Equipment	87	81
Costs for testing and prototypes	812	819
Consultancy fees	380	291
Other services	178	134
Intangible assets	0	0
Total	**6.200**	**5.891**

As explained in the comments on the consolidated Profit and Loss account, despite the decrease in the sales volume the Group has decided to maintain the high level of investments in research and development, which in the past have always represented their main competitive edge through the innovation of the products.

The contribution of Cynosure is highly significant also for the research and development expenses considering the intense activity the company conducts in this sector. The amount of expenses sustained by Cynosure during this period for research and development was approx. 3.4 million dollars as opposed to the 3,6 million dollars for the same period last year.

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 the expenses sustained corresponds to 9% of the consolidated sales volume of the Group. The amount related to Cynosure, as stated above, is 3,4 million dollars which represents about 10% of its sales volume; the rest of the expenses were sustained mostly by El.En. SpA and represents 11% 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 residual 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 and financial instruments. 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
Again in the first half of 2009, approx. 50% of consolidated sales were made in markets outside of the European Union; most of the transactions were conducted in US dollars. It should be pointed out that the presence of stable structures in the United States, in particular Cynosure, make it possible to have a partial coverage of these risks since both the costs and the revenue are in the same kind of currency.
Some of the companies in the Group (in particular ASA, With Us and Cutlite do Brasil) have activated hedging operations intended to cover currency risks, as already described in the chapter on the subsidiary companies in Notes.

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 year represent about 11% of the total trade receivables from third parties.

As far as financial receivables are concerned, they refer mostly to financing granted to associated companies. For these financings no devaluation has been necessary.

As far as guarantees towards third parties are concerned, it should be noted that the parent company El.En. has underwritten, in partnership with a minority shareholder, a bank guarantee of 1 million Euros in favour of its subsidiary Quanta System for a facilitated financing issued by Banca Popolare di Milano for a total of 900 thousand Euros, payable in deferred instalments starting after 84 months from issuing date (which will take place in the next few weeks). The subsidiary ASA has issued a bank guarantee in favour of the renter of its headquarters for 10 thousand Euros which becomes due on August 31st 2009, and the subsidiary Quanta System issued a bank guarantee in favour of some credit institutions of the associated company Grupo Laser Idoseme for a total of 675 thousand euros which becomes due on February 28th 2010.

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 financial year 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 sufficiently covered.

Management of the capital

The objective of the management of the capital of the Group is to guarantee that a low level of indebtedness is maintained. Considering the substantial amount of cash held by the Group, the net financial position is extremely positive and is such as to guarantee a good ratio between capital and reserves and debts.

1.12. Relations with related parties

For an analysis of the operations concluded with related parties, please refer to the specific paragraph in the Notes.

1.13. Significant events which occurred after the end of the half-year period

In the month of August, through a company that has been created specifically for this purpose, Deka Medical Inc., (BRCT Inc., holds 100% of its capital) the distribution of some of the Deka brand products for the medical aesthetic and surgical sectors was initiated in the United States. This activity will be directed by managers with long experience in the sector.

1.14. Outlook for the financial year now in progress

The forecasts for 2009, published only in relation to the sub-consolidated excluding Cynosure, indicated a drop in sales volume of 15% to 20% with an EBIT of 4%. The results for the first half of 2009 are below expectations and reflect a longer duration and greater intensity of the period of crisis. The market conditions have not consolidated or confirmed some of the signs of recovery which appeared in March and April, and therefore at this time we do not believe that we will reach the annual objectives predicted. The conditions of great uncertainty on the markets put us in the position of not being able to formulate forecasts with the degree of reliability that they had had in the past. For the consolidated, again limited to the results without Cynosure, the seasonal trend of sales and the effect of the reduction in overhead, should permit an improved, positive result for the second half of the year, and hopefully, the recovery of some of the losses registered during the first six months.

For the Board of Directors
Executive Director
Ing. Andrea Cangioli

EL.EN. GROUP

HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AT JUNE 30th 2009

Consolidated Balance Sheet

	Notes		30/06/2009		31/12/2008
Balance Sheet					
Intangible assets	1		7.134.844		6.407.466
Tangible assets	2		29.036.940		26.258.356
Equity investments:	3				
- in associates		1.064.601		1.557.875	
- other investments		172.767		133.817	
Total equity investments			1.237.368		1.691.692
Deferred tax assets	4		12.824.279		9.413.820
Other non current assets	4		185.788		15.407.516
Total non current assets			**50.419.219**		**59.178.850**
Inventories	5		54.388.211		57.422.948
Accounts receivables:	6				
- from third parties		36.075.672		46.052.282	
- from associates		1.970.768		1.258.028	
Total accounts receivables:			38.046.440		47.310.310
Tax receivables	7		6.683.571		5.609.107
Other receivables:	7				
- from third parties		5.156.097		5.173.371	
- from associates		83.241		338.667	
Total other receivables			5.239.338		5.512.038
Financial instruments	8		28.651.222		18.044.112
Cash and cash equivalents	9		49.434.752		59.113.513
Total current assets			**182.443.534**		**193.012.028**
TOTAL ASSETS			**232.862.753**		**252.190.878**
Common stock	10		2.508.671		2.508.671
Additional paid in capital	11		38.593.618		38.593.618
Other reserves	12		32.745.690		27.373.361
Treasury stock	13		-2.575.611		-2.575.611
Retained earnings / (deficit)	14		24.237.458		22.458.978
Net income / (loss)			-2.657.460		8.328.526
Parent stockholders' equity			**92.852.366**		**96.687.543**
Minority interests in consolidated subsidiaries			81.086.045		84.309.795
Total equity			**173.938.411**		**180.997.338**
Severance indemnity	15		2.487.664		2.469.118
Deferred tax liabilities			326.439		328.086
Other accruals	16		5.351.317		5.428.166
Financial liabilities:	17				
- to third parties		4.645.159		3.734.531	
Total financial liabilities			4.645.159		3.734.531
Non current liabilities			**12.810.579**		**11.959.901**
Financial liabilities:	18				
- to third parties		5.567.428		5.547.589	
Total financial liabilities			5.567.428		5.547.589
Accounts payables:	19				
- to third parties		20.905.315		30.475.082	
- to associates		170.850		642.554	
Total accounts payables			21.076.165		31.117.636
Income Tax payables	20		1.292.958		2.979.276
Other payables:	20				
- to third parties		18.177.212		19.589.138	
Total other payables			18.177.212		19.589.138
Current liabilities			**46.113.763**		**59.233.639**
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY			**232.862.753**		**252.190.878**

Consolidated Profit and Loss Account

Profit and loss account	Note		30/6/2009		30/6/2008
Revenues:	21				
- from third parties		71.309.792		112.868.268	
- from associates		1.241.003		778.206	
Total revenues			72.550.795		113.646.474
Other revenues and income:	22				
- from third parties		1.278.559		547.067	
- from associates		28.698		1.080	
Total other revenues and income			1.307.257		548.147
Total revenues and income			**73.858.052**		**114.194.621**
Purchase of raw materials:	23				
- to third parties		23.804.644		47.356.053	
- to associates		78.819		37.220	
Total purchase of raw materials			23.883.463		47.393.273
Change in inventory of finished goods and WIP			1.894.363		(4.446.877)
Change in inventory of raw material			699.571		(4.687.119)
Other direct services:	24				
- to third parties		7.312.451		11.786.967	
- to associates		16.000		4.979	
Total other direct services			7.328.451		11.791.946
Other operating services and charges:	24				
- to third parties		23.014.548		23.146.926	
- to associates		58.709		198.345	
Total other operating services and charges			23.073.257		23.345.271
For staff costs	25		21.504.010		22.878.790
Depreciation, amortization and other accruals	26		4.508.123		2.822.446
EBIT			**(9.033.186)**		**15.096.891**
Financial charges:	27				
- to third parties		(715.712)		(1.096.657)	
- to associates					
Total financial charges			(715.712)		(1.096.657)
Financial income	27				
- from third parties		1.540.511		1.980.686	
- from associates		911		2.493	
Total financial income			1.541.422		1.983.179
Share of profit of associated companies			(555.629)		(19.046)
Other net expenses	28		(18.061)		(103.980)
Other net income	28				
Income before taxes			**(8.781.166)**		**15.860.387**
Income taxes	29		(2.804.630)		5.551.007
Income for the financial period			**(5.976.536)**		**10.309.380**
Minority interest			(3.319.076)		4.998.757
Net income			**(2.657.460)**		**5.310.623**

Basic net (loss) income per share		(0,56)	1,11
Diluted net (loss) income per share		0,00	0,00
Basic weighted average common shares outstanding	31	4.721.220	4.768.022
Diluted weighted average common shares outstanding			

Overall consolidated profit and loss account

	30/06/2009	30/06/2008
Reported net (loss) income	(5.976.536)	10.309.380
Cumulative translation adjustments	(1.242.064)	(5.944.228)
Unrealised gain (loss) on marketable securities	(37.717)	(558.334)
Total comprehensive (loss) income	(7.256.317)	3.806.818
Referable to:		
Parent Shareholders	(2.998.926)	3.441.672
Minority Shareholders	(4.257.391)	365.146

Consolidated Financial Statement (cash flow)

Financial statement (cash flow)	30/06/2009	30/06/2008
Cash flow generated by operating activity:		
Profit (loss) for the financial period	-5.976.536	10.309.380
Amortizations and depreciations (26)	2.962.255	2.211.690
Devaluations of equity investments		
Stock Option	2.027.342	2.544.327
Change of employee severance indemnity (15)	18.546	-106.278
Change of provisions for risks and charges (16)	-76.849	204.958
Change of provisions for deferred income taxes	-3.412.106	-813.208
Stocks (5)	3.034.737	-7.452.012
Receivables (6)	9.263.870	-7.116.016
Tax receivables (7)	-1.074.464	202.937
Other receivables	9.495	-999.865
Payables (19)	-10.041.471	1.512.148
Income Tax payables (20)	-1.686.318	261.708
Other payables (20)	-1.411.926	4.346.237
	-386.889	-5.203.374
Cash flow generated by operating activity	-6.363.425	5.106.006
Cash flow generated by investment activity:		
(Increase) decrease in tangible assets	-5.510.443	-6.317.017
(Increase) decrease in intangible assets	-957.774	-3.033.522
(Increase) decrease in equity investments and non current assets	15.676.052	-13.833.371
(Increase (decrease) in financial receivables (7)	263.205	80.324
(Increase) decrease investments which are not permanent (8)	-10.607.110	19.620.439
Cash flow from purchase of subsidiary companies		-1.180.942
Cash flow generated by investment activity	-1.136.070	-4.664.089
Cash flow from financing activity:		
Increase (decrease) in non current financial liabilities (17)	910.628	871.732
Increase (decrease) in current financial liabilities (18)	19.839	6.791.243
Change in Capital and Reserves	6.811	98.257
Change in Capital and Reserves of third parties	22.733	321.826
Change in Treasury Stock		-2.575.611
Dividends distributed (30)	-1.621.266	-5.360.674
Cash flow from financing activity	-661.255	146.773
Change in cumulative translation adjustment reserve and other no monetary changes	-1.518.010	-5.610.523
Increase (decrease) in cash and cash equivalents	-9.678.760	-5.021.833
Cash and cash equivalents at the beginning of the financial period	59.113.513	61.511.786
Cash and cash equivalents at the end of the financial period	49.434.752	56.489.953

All of the cash and cash equivalents consist of cash on hand and balance in the checking accounts of the banks.

Interest earned from banks during this financial period amounts to 397 thousand Euros.

The devaluation of the US dollar during the first half of 2009 produced a negative effect on the amount of net financial position of Cynosure Group for an amount of 1 million Euros.

Table showing variations in the consolidated Stockholders' Equity

STOCKHOLDERS' EQUITY:	**Balance 31/12/2007**	**Net income allocation**	**Dividends distributed**	**Adjustments**	**Other operations**	**Overall result**	**Balance 30/06/2008**
Common stock	2.508.671						2.508.671
Additional paid-in capital	38.593.618						38.593.618
Legal reserve	537.302						537.302
Own shares					-2.575.611		-2.575.611
Others reserves:							
Extraordinary reserves	12.530.904	15.158.390					27.689.294
Reserve for contribution on capital account	426.657						426.657
Reserve for translation adjustments	-3.523.979					-1.738.382	-5.262.361
Other reserves	1.052.217						1.052.217
Retained earnings	23.803.182	2.494.160	-5.193.342		758.969	-130.569	21.732.400
Profits (loss) of the year	17.652.550	-17.652.550				5.310.623	5.310.623
Parent company's stockholders' equity	93.581.122	0	-5.193.342	0	-1.816.642	3.441.672	90.012.810
Capital and reserves of third parties	61.700.213	7.285.692	-167.332		3.097.480	-4.633.611	67.282.442
Profit (loss) of third parties	7.285.692	-7.285.692				4.998.757	4.998.757
Minority interests	68.985.905	0	-167.332	0	3.097.480	365.146	72.281.199
Total Stockholders' equity	162.567.027	0	-5.360.674	0	1.280.838	3.806.818	162.294.009

STOCKHOLDERS' EQUITY:	**Balance 31/12/2008**	**Net income allocation**	**Dividends distributed**	**Adjustments**	**Other operations**	**Overall result**	**Balance 30/06/2009**
Common stock	2.508.671						2.508.671
Additional paid-in capital	38.593.618						38.593.618
Legal reserve	537.302						537.302
Own shares	-2.575.611						-2.575.611
Others reserves:							
Extraordinary reserves	27.689.294	5.613.393					33.302.687
Reserve for contribution on capital account	426.657						426.657
Reserve for translation adjustments	-2.417.736					-332.771	-2.750.507
Other reserves	1.137.844				91.707		1.229.551
Retained earnings	22.458.978	2.715.133	-1.416.366		488.408	-8.695	24.237.458
Profits (loss) of the year	8.328.526	-8.328.526				-2.657.460	-2.657.460
Parent company's stockholders' equity	96.687.543	0	-1.416.366	0	580.115	-2.998.926	92.852.366
Capital and reserves of third parties	78.420.019	5.889.776	-204.900		1.238.541	-938.315	84.405.121
Profit (loss) of third parties	5.889.776	-5.889.776				-3.319.076	-3.319.076
Minority interests	84.309.795	0	-204.900	0	1.238.541	-4.257.391	81.086.045
Total Stockholders' equity	180.997.338	0	-1.621.266	0	1.818.656	-7.256.317	173.938.411

The item which refers to the reserve entered in the column "Overall result" is related to the negative variation which involved the conversion reserve particularly on account of the devaluation of the US dollar.

The other changes in the stockholders' equity of the Group refer to:
- the variation in the stock option reserve (other reserves) which includes the counterpart of the costs determined in accordance with IFRS 2 of the stock option plan assigned by El.En SpA for the amount which matured on June 30th 2009.
- the variation in the undivided profits which synthesizes, among other things, the increase in the shareholders' equity registered in Cynosure after the implementation of the stock option plan.

EXPLANATORY NOTES

INFORMATION ON THE 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.
This half-yearly consolidated abbreviated report dated June 30th 2009 was examined and approved by the Board of Directors during the meeting held on August 28th 2009.

CRITERIA USED FOR DRAWING UP THE STATEMENTS AND ACCOUNTING PRINCIPLES

CRITERIA USED FOR DRAWING UP THE STATEMENTS

The consolidated half yearly financial report of El. En. Group 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 the report are in Euros which is the presentational and functional currency of the parent company and of many of its subsidiaries.
This Report consists of:

- the Consolidated Balance Sheet,
- the Consolidated Profit and Loss Account,
- the Overall Consolidated Profit and Loss Account
- the Financial Statement (Cash Flow)
- the Table of Variations in the Stockholders' Equity,
- the following Explanatory Notes.

The economic information which is provided here is related to the first half of 2009 and the first half of 2008. The financial information, however, is supplied with reference to June 30th 2009 and December 31st 2008.

STATEMENT OF CONFORMITY WITH IFRS

The half yearly financial report dated June 30th 2009 is presented in consolidated form in conformity with 'article 154-ter D.Lgs. 24th February 1998 n. 58 (TUF) and later modifications and additions and has been drawn up in accordance with the International Accounting Principles (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.
By IFRS we also mean the International Accounting Standards (IAS) still in force, as well as all the interpretive documents issued by the International Financial Reporting Interpretations Committee (IFRIC), previously 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 2008.

ACCOUNTING PRINCIPLES AND EVALUTAION CRITERIA

The charts used by El.En. Group for the intermediate period ending on June 30th 2009 have been modified with respect to those used on December 31st 2008 and June 30th 2008 in conformity with accounting principle IAS 1 Revised which, starting on January 1st 2009, stipulates that overall revenue including the effects of transactions directly related to the shareholders' equity with subjects that are not proprietors must be shown. According to the revised version of IAS 1, in fact, all of the variations generated by transactions generated with non partners must be shown in a single separate chart which shows the results of the period (overall profit and loss chart) or else in two separate charts (profit and loss account and overall profit and loss chart). These variations must be shown separately also in the Chart of the Variations in the Stockholders' Equity.

The Group has applied the Revised version of the principle since January 1st 2009 retroactively and has chosen to display all of the variations generated by transactions with non-partners on two charts measuring the results of trends for the period, which are titled, respectively, “Consolidated Profit and Loss Account” and “Overall Consolidated Profit and Loss Account”. For this reason the Group has modified the presentation of the Chart with the Variations in the Shareholders’ Equity.

The accounting principles used in drawing up this consolidated report are in conformity with the accounting principles used in drawing up the consolidated financial report dated December 31st 2008, except for the application of the new or revised principles of the International Accounting Standards Board and the interpretations of the International Financial Reporting Interpretations Committee as shown below. The application of these amendments and interpretations has not had any significant effects on the financial position or performance of the Group.

Accounting principles, amendments and interpretations applied after January 1st 2009

The following accounting principles, amendments and interpretations, reviewed after the annual Improvement process conducted by IASB in 2008, were applied for the first time by the Group starting on January 1st 2009.

- IFRS1 First application of the international accounting principles and IAS 27 consolidated and individual statement. The modifications of the IFRS 1 make it possible for the entity to determine the “cost” of the equities in associated companies, subsidiaries, and joint ventures on the basis of IAS 27 or utilizing the deemed cost. The modification of the IAS 27 requires that all dividends derived from subsidiaries, associated companies and joint ventures be shown in the profit and loss account in the individual statement.

- IFRS 2 Payment based on shares (Revised). In January 2008 the IASB issued an amendment to IFRS 2 which clarifies the definition of the condition of maturity and prescribes the accounting treatment of a plan which has been cancelled in effect. The IFRS 2 has not had any effect on the consolidated half-yearly financial report.

- IFRS 8 Operative sectors
On November 8th , 2006 the IASB issued IFRS, which replaces the IAS 14 Information sheet starting on the date it came into force. It requires more information which will help those using the report to gain a better understanding of company reports. The application of IFRS 8 has not had any significant effects on the consolidated half-yearly financial report of the Group.

-IFRIC 13 – Customer loyalty programs
IFRIC 13 was issued in June of 2007. The interpretation requires that the prizes awarded as part of customer loyalty programs must be entered into accounts as a separate component with respect to the sale to which they refer. A part of the fair value of the payment received in fact must be suspended and recognized as revenue during the period in which it is assigned. These modifications have not had any effects on the statements of the Group because, as of the date of this half-yearly financial report, the Group does not have a customer loyalty program.

-IFRIC 14 IAS 19 – Limitations to the assets of Defined Benefit Plans, minimum requirements for financing and their interaction.
IFRIC 14 gives instructions on how to determine the limits of the capital gains which can be shown as assets in a Defined Benefit Plan, in conformity with IAS 19 – Benefits to employees. The minimum limit for financing can determine effects on the assets and liabilities derived from pension plans. The application of this standard did not have any effects on the statements of the Group since, on the date of presentation of the half-yearly financial report this kind of operations were not in use.

-IAS 1 Presentation of the Balance sheet (revised)
The modified principle was issued in September of 2007 and came into force for companies starting up on January 1st 2009 or after that date. The principle defines how the variations in the amounts of the equities and the variations in the interests of the minority shareholders must be presented. Moreover, the principle introduces the Overall Profit and Loss Account Chart: the company must present all of the components of the profit and loss account either in a single overall profit and loss chart or in two joint charts, in which one shows the components of the economic results and the other shows the components of “other items in the overall profit and loss account”.

- IAS 23 Financial charges (Revised)
In April of 2007, IASB issued a modification of IAS 23. The revision of the principle requires the capitalization of financial charges directly related to the purchase, construction or production of a qualified asset. On the date of this half-yearly report the application of IFRS 23 had not had any effects on the financial statements of the Group.

- IAS 32 Financial instruments and IAS 1 Presentation of the financial statement – Instruments with options for sale and bonds which arise during liquidation
These modifications to IAS 32 and to IAS 1 were issued in February 2008 and are effective for companies which started up on January 1st 2009 or later. The modifications of the principle include an exception, with a very limited area of application, which allows the classification of options for sale and similar instruments as instruments as capital instruments of they satisfy certain requirements The modifications of the principle did not have any effect on the balance sheet or the results of the Group because the Group has not issued instruments of this type.

Improvements to the IFRS
In May of 2008, the IASB issued the first set of modifications to its principles with the chief objective of removing any inconsistencies and clarifying certain expressions. Different recommendations for transition exist for each principle. The Group has not yet adopted the following modifications and believes that they will not have any significant effects on the financial statements.

Improvement to IAS 1 – Presentation of the financial statement (revised in 2007): the modification, which must be applied starting on January 2009 and in the future, requires that the assets and liabilities deriving from derived financial instruments which are not held for purposes of negotiation must be classified in the statement making a distinction between current and non-current assets and liabilities.

Improvement to IAS 16 – Buildings, plants and machinery: the modification must be applied starting on January 1st 2009 retroactively and states that the companies whose typical business is renting must reclassify in their inventory all the goods which are no longer rented and are placed for sale. The Group does not conduct this type of operation.

Improvement to IAS 19 – Benefits to employees: the amendment must be applied after January 1st 2009 and clarifies the definition of cost/revenue related to past work performed and establishing that in the case of the reduction of a plan, the effect which must be entered immediately in the profit and loss account must include only the reduction of benefits related to the future, while the effect derived from any reductions related to periods of past work performed must be considered a negative cost related to the performance of work in the past. At the date of this half-yearly financial report the application of the Improvement to IAS 19 had not had any effect on the statements of the Group.

Improvement to IAS 20 – Entering into accounts and information sheets on public grants: the modification, which must be applied starting on January 1st 2009 and in the future, establishes that the benefits deriving from state loans granted at an interest rate which is lower than the market rate must be treated as public grants and therefore follow the rules of recognition established by IAS 20. At the date of this half-yearly financial report the application of the Improvement to IAS 20 had not had any effect on the statements of the Group.

Improvement to IAS 23 – Financial charges: the modification, which must be applied starting January 1st 2009, has revised the definition of financial charges. At the date of this half-yearly financial report the application of the Improvement to IAS 23 had not had any effect on the statements of the Group.

Improvement to IAS 27 – Consolidated and individual statement: When a parent company enters into accounts its subsidiaries at fair value in conformity with IAS 39 in its own individual statement, this treatment continues even when the subsidiary is classified as available for sale. At the date of this half-yearly financial report the application of the Improvement to IAS 27 had not had any effect on the statements of the Group.

Improvement to IAS 28 – Equities in associated companies: the modification, which must be applied starting on January 1st 2009 and in the future, establishes that in the case of equities evaluated according to the shareholders' equity method, any loss in value must not be assigned to a single asset (and in particular to goodwill) which compose the accounting value of the equity, but to the value of the associated company as a whole.

Improvement to IAS 38 – Intangible assets: the modification must be applied starting on January 1st 2009 and retroactively establishes the recognition to the profit and loss account of promotional and publicity costs. The application of this principle has not produced any effects on the abbreviated consolidated half-yearly financial report.

Improvement to IAS 39 – Recording and evaluation of financial instruments: the amendment, which must be applied starting on January 1st 2009 and retroactively, clarifies the method with which the new effective performance rate of a financial instrument must be calculated at the end of hedging operations of fair value. At the date of this half-yearly financial report the Group does not have hedging operations of fair value.

Improvement to IAS 40 – Real estate investments: The modification redefines the area of application in such a way that the fixed assets under construction or development which will later be held as real estate investments are classified as real estate investments. If the fair value cannot be reliably determined the investment under construction will be measured at cost up until the time in which the fair value can be determined or until the construction is completed. Moreover, it has been clarified that the fair value of the real estate investment held through a leasing agreement reflects the cash flow predicted (including the potential rental fee which will become due). Consequently, if an evaluation obtained for a real estate property is net of all expected payments, it will be necessary to determine any liabilities entered into accounts which are derived from the leasing in order to arrive at the fair value of the real estate investments for accounting purposes. Moreover, they have revised the conditions for a voluntary modification of accounting policies so that thy will be consistent with IAS 8. At the date of this half-yearly financial report the application of the Improvement to IAS 40 had not had any effect on the statements of the Group.

Improvement to IAS 41 – Agriculture: The reference to the discount rate before taxes for determining the fair value has been removed. The prohibition of considering in the estimation of the fair value, the cash flow derived from any later transformation as also removed. Moreover, the term "costs at place of sale" has been replaced by "costs of sale". At the date of this half-yearly financial report the Group does not have agricultural activities.

AREA OF CONSOLIDATION

SUBSIDIARY COMPANIES

The consolidated financial report of the El.En Group includes the statements of the parent company and of the Italian and foreign companies that El.En. controls directly or indirectly through a majority of votes in the ordinary assembly, or, in the case of Cynosure Inc., where they have the power to appoint and to remove the majority of members of the Board of Directors. The companies that are currently included in the area of consolidation are shown on the chart below:

					Percentage held:			Consolidated
Company name:	**Notes**	**Headquarters**	**Currency**	**Subscr. capital**	**Direct**	**Indirect**	**Total**	**Percentage**
Parent company:								
El.En. SpA		Calenzano (IT)	EURO	2.508.671				
Subsidiary companies:								
Deka M.E.L.A. Srl		Calenzano (IT)	EURO	40.560	70,00%		70,00%	70,00%
Cutlite Penta Srl		Calenzano (IT)	EURO	103.480	90,67%		90,67%	90,67%
Valfivre Italia Srl		Calenzano (IT)	EURO	47.840	100,00%		100,00%	100,00%
Deka Sarl		Lione (FRA)	EURO	76.250	100,00%		100,00%	100,00%
Deka Lasertechnologie GmbH		Berlin (D)	EURO	51.129	100,00%		100,00%	100,00%
Deka Laser Technologies LLC		Fort Lauderdale (USA)	USD	1.000	61,00%		61,00%	61,00%
Deka Laser Technologies Inc.	1	Carlsbad (USA)	USD	10		100,00%	100,00%	100,00%
Ot-las Srl		Calenzano (IT)	EURO	57.200	90,00%		90,00%	90,00%
Lasit SpA	2	Vico Equense (IT)	EURO	1.154.000	52,67%	17,33%	70,00%	68,27%
BRCT Inc.		Branford (USA)	USD	no par value	100,00%		100,00%	100,00%
Quanta System SpA		Solbiate Olona (IT)	EURO	1.500.000	60,00%		60,00%	60,00%
Asclepion Laser Technologies GmbH	3	Jena (D)	EURO	1.025.000	50,00%	50,00%	100,00%	80,00%
Arex Srl	4	Corsico (IT)	EURO	20.500		51,22%	51,22%	30,73%
AQL Srl	5	Vimercate (IT)	EURO	50.000		100,00%	100,00%	67,58%
ASA Srl	6	Arcugnano (IT)	EURO	46.800		60,00%	60,00%	42,00%
Cynosure Inc.		Westford (USA)	USD	12.746	23,05%		23,05%	23,05%
Cynosure GmbH	7	Langen (D)	EURO	25.565		100,00%	100,00%	23,05%
Cynosure Sarl	7	Paris (F)	EURO	970.000		100,00%	100,00%	23,05%
Cynosure KK	7	Tokyo (JAP)	YEN	10.000.000		100,00%	100,00%	23,05%
Cynosure UK	7	London (UK)	GBP	1		100,00%	100,00%	23,05%
Suzhou Cynosure Medical Devices Co.	7	Suzhou (China)	YUAN	no par value		100,00%	100,00%	23,05%
Cynosure Spain	7	Madrid (Spain)	EURO	864.952		100,00%	100,00%	23,05%
Cynosure Mexico	7	S. Donimo Ladice (Mexico)	MEX	no par value		100,00%	100,00%	23,05%
Cynosure Korea	7	Seul (South Korea)	KRW	350.800.000		100,00%	100,00%	23,05%
With Us Co Ltd	8	Tokyo (JAP)	YEN	100.000.000		51,25%	51,25%	51,25%
Wuhan Penta Chutian Laser Equipment Co Ltd	9	Wuhan (China)	YUAN	10.311.957		55,00%	55,00%	49,87%
Lasit Usa Inc.	10	Branford (USA)	USD	30.000		100,00%	100,00%	68,27%
Cutlite do Brasil Ltda		Blumenau (Brasil)	REAL	1.404.000	78,00%		78,00%	78,00%
Lasercut Technologies Inc.	11	Branford (USA)	USD	50.000		100,00%	100,00%	100,00%
Ratok Srl	12	Solbiate Olona (IT)	EURO	20.000		70,00%	70,00%	42,00%
Raylife Srl	13	Calenzano (IT)	EURO	110.000		100,00%	100,00%	80,00%

(1) owned by BRCT Inc. (100%)
(2) owned by Elen Spa (52,67%) and Ot-las (17,33%)
(3) owned by Elen SpA (50%) and Quanta System SpA (50%)
(4) owned by Quanta System SpA
(5) owned by Quanta System SpA (8,35%) and Lasit SpA (91,65%)
(6) owned by Deka Mela Srl (60%)
(7) owned by Cynosure Inc. (100%)

(8) owned by BRCT (51,25%)
(9) owned by Cutlite Penta Srl (55%)
(10) owned by Lasit SpA (100%)
(11) owned byBRCT (100%)
(12) owned by Quanta System Spa (70%)
(13) owned by Asclepion (100%)

NEW COMPANIES

On January 29th 2009 the subsidiary BRCT Inc. which holds 100% of its capital, founded Deka Laser Technologies Inc. The creation of this company is part of a program of reorganization of the distribution activities in the dentistry sector in the United States which has determined the merger by incorporation into Deka Laser Technologies Inc. of Deka Laser Technologies LLC which previously operated in the US, and the replacement of the management of the company.

OTHER ACTIVITIES

On June 30th 2009 the shareholders' meeting of Deka Sarl voted to cover the losses shown in the financial report closed on December 31st 2008 by means of an operation to increase the capital stock by an amount equal to the losses and its immediate reduction. The capital stock of Deka Sarl, which is entirely owned by the parent company El.En. SpA, therefore remains at 76.250,00 Euros.

ASSOCIATED COMPANIES

Company name:	Headquarters	Subscr.capital	Percentage held: Direct	Indirect	Total	Consolidated percentage
Immobiliare Del.Co. Srl	Solbiate Olona (ITA)	24.000	30,00%		30,00%	30,00%
Actis Srl	Calenzano (ITA)	10.200	12,00%		12,00%	12,00%
SBI S.A.	Herzele (BE)	300.000	50,00%		50,00%	50,00%
Laser International Ltd	Tianjin (CHINA)	1.552.396		40,00%	40,00%	24,00%
Elesta Srl	Calenzano (ITA)	110.000	50,00%		50,00%	50,00%
Grupo Laser Idoseme SL	Donostia (SPAIN)	1.045.280		30,00%	30,00%	18,00%
Electro Optical Innovation Srl	Torino (ITA)	12.000		33,33%	33,33%	20,00%

The capital stock of the associated companies is expressed in Euros except for Laser International Ltd expressed in Yuan

The amounts of the equities held in associated companies that are entered into accounts are as follows:
Immobiliare Del.Co. Srl: 242 thousand Euros
Actis Srl: 2 thousand Euros
SBI S.A.: -18 thousand Euros
Laser International Ltd: 87 thousand Euros
Elesta Srl:-181 thousand Euros
Grupo Laser Idoseme SL: 962 thousand Euros
Electro Optical Innovation Srl: -30 thousand Euros

EQUITIES IN OTHER COMPANIES

On February 17th 2009 the subsidiary Quanta System SpA acquired a quota of 19% of the capital stock of T.F.D. Ticino Forniture Dentali Srl. The company supplies various types of products to dental offices. They have a highly organized sales network which is integrated with the sales of laser equipment for dentistry.

On April 23rd 2009 the parent company El.En. SpA underwrote 19% of the capital stock of Alfa Laser Srl, a company which operates in the field of lasers for industrial use.

TREASURY STOCK

On March 3rd 2008 the shareholders' meeting of El.En. SpA voted in favour of authorizing the Board of Directors to purchase treasury stock. This purchase was made for the following concurrent and alternative purposes: to stabilize the

stock, to assign the stock to employees and/or collaborators, to exchange the stock for equities upon the occasion of company purchases.
The authorization was granted for the purchase in exchange for a payment of 15 million Euros in one or more instalments, for a quantity of shares in the company which, in any case, should not be in excess of one-tenth of the capital stock. Presently, 10% of the capital underwritten and paid out by El.En. is equivalent to 482.436 shares. The duration of the authorization is for the maximum period allowed by law, that is, 18 months from the date of approval by the assembly.
Purchase must be made on the regular stock market for a price which is not more than 20% less or 10% more than the official exchange price registered on the day preceding the purchase. The sale of the shares purchased must be made at a price which is not less than 95% of the average of the official negotiated prices registered during the five days preceding the sale.
On the day that this document was concluded, the treasury stock purchased by the company was 103.148 shares at the average price of 24,97 Euros for a total value of 2.575.611 Euros.

PRINCIPLES OF CONSOLIDATION

The intermediate statements of each company used for the consolidation are the intermediate statements as of June 30th 2009 of the individual firms. These statements are opportunely reclassified and rectified in such a way as to make them uniform with the accounting principles 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 Profit and Loss Account.
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 "Profit (loss) pertaining to third parties".

CONVERSION OF AMOUNTS 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.

CONVERSION OF FINANCIAL STATEMENTS IN 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 Profit and Loss Account, 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 Profit and Loss Account 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:

Currency	Final rate 31/12/2008	Average rate 30/06/2009	Final rate 30/06/2009
US Dollar	1,3917	1,3328	1,4134
Yen (Japan)	126,14	127,27	135,51
Yuan (China)	9,50	9,11	9,65
Real (Brazil)	3,24	2,92	2,75

USE OF ESTIMATES

In applying the IFRS, the drawing up of the half yearly 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, 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 Profit and Loss Account. Goodwill is subjected to impairment tests in order to determine any loss in value.

SEASONAL VARIATIONS

In general, the type of business in which the Group is involved is not subject to any particular seasonal variations. With reference to the first half of the year it should be noted that there is usually a slight drop in sales in the month of January which is a result of the increase in sales in the month of December of the preceding year. Moreover, as far as the second half of the year is concerned, there is usually a drop in sales in the month of August, particularly in Italy and the rest of Europe.

SECTORIAL INFORMATION

Starting in 2009, the El.En. Group presents sectorial information in conformity with the requirements of IFRS 8, as described in the specific paragraph of the explanatory notes.

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	Existing options 01.01.09	Options issued 01.01.09 - 30.06.09	Options cancelled 01.01.09 - 30.06.09	Options picked up 01.01.09 - 30.06.09	Expired option not picked up 01.01.09 - 30.06.09	Existing options 30.06.09	Options which can be picked up 30.06.09	Pick up price
Plan 2008/2013	May, 15 2013	160.000	0	0	0	0	160.000	0	€ 24,75
		160.000	0	0	0	0	160.000	0	

In relation to this plan, in order to determine the fair value using the "Black & Scholes" pricing model, the following hypotheses have been formulated:

- market interest rate for no-risk investments: 4,8%
- historic volatility: 26,11%
- time interval used for the calculation of the volatility: 3 years before the date of emission.

The overall fair value of the stock option is 786 thousand Euros.

During the first half of 2009 the average price registered for El.En. stock was approx. 11,6 Euros.

For the characteristics of the stock option plan as well as the increase in capital approved for its implementation, refer the information contained in note 10 of this document.

Cynosure Inc.

The chart below summarizes the essential elements of the stock option plan of Cynosure Inc. in existence during the first half of 2009

Existing options 01.01.09	Options issued 01.01.09 -30.06.09	Options cancelled 01.01.09 -30.06.09	Options picked up 01.01.09 -30.06.09	Expired options which were not picked up 01.01.09 -30.06.09	Existing options 30.06.09	Options which can be picked up 30.06.09
1.350.247	445.500	43.830	12.581	37.664	1.701.672	929.072

The chart below shows the average pick-up prices and the average lifespan of the options in circulation as of June 30th 2009

Average pick-up price	Existing Options 30.06.09	Options which can be picked up 30.06.09	Average life
$17,01	1.701.672		8,06
$18,00		929.072	7,25
	1.701.672	929.072	

Comments on the Main 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 31/12/08	Variation	Revaluation (Devaluation)	Other Operations	(Amortizations)	Translation Adjustments	Balance 30/06/09
Goodwill	5.023.976	863.777				-29.646	5.858.107
Costs of research, development							
Patents and rights to use patents of others	103.410			-1	-18.442	-535	84.432
Concessions, licences, trade marks and similar rights	1.215.393	61.669		35.000	-201.482	-4.541	1.106.039
Other	64.687	15.022			-10.472	29	69.266
Intangible assets in progress and payments on account		17.000					17.000
Total	**6.407.466**	**957.468**		**34.999**	**-230.396**	**-34.693**	**7.134.844**

The amount entered under the heading of “goodwill” includes:

a) the amount which resulted from the purchase during the financial year 2002, by the parent company, of 60% of Cynosure Inc.. This amount was later rectified for the sale of 2,5% of the capital stock of Cynosure made by El.En SpA as part of the operations for the purchase of Quanta System SpA; it also includes the effects of the increase in the equity which was a consequence of the operations on the capital conducted at the end of 2004, and the effects of the later sale of part of the shares to the management of the company and to subjects close to the management and the subsequent sale of 1.000.000 shares; these operations were described in detail in the explanatory comments which accompanied the financial report closed on December 31st 2005. During 2007 this amount was rectified after the sale of 950.000 shares. During the year 2008 and the first half of 2009, the amount was further rectified as a consequence of the diluting of the value of the equity in Cynosure Inc. after the increase in the capital used for the stock option plans in favour of third parties and again as a result of the conversion of the goodwill in currency in conformity with IAS 21.47. The value of the goodwill as of June 30th 2009 is therefore approx. 1.899 thousand Euros.
b) the amount which was the result of the acquisition of 30% of the shares of Quanta System SpA made during 2004 by the parent company. The amount entered into accounts on June 30th 2009 was approx. 2.079 thousand Euros;
c) the amount paid as goodwill by the subsidiary Asclepion Laser Technologies GmbH for the purchase of the activities related to the dermatological and odontological business owned by Carl Zeiss Meditec. The amount entered on June 30th 2009 was about 73 thousand Euros;
d) the amount which was the result of the purchase of two branches of the company operating in the same sector of the Arex Srl company made during 2005. The amount entered on June 30th 2009 was 55 thousand Euros.
e) the amount which was the result of the purchase made by the parent company, El.En. SpA during 2005 of 15% of Ot-Las Srl. The amount entered on June 30th 2009 was about 7 thousand Euros;
f) the amount which was the result of the purchase of ASA Srl by the subsidiary Deka MELA Srl. The amount entered on June 30th 2009 was about 439 thousand Euros.
g) the amount which was the result of the purchases made by the parent company El.En. SpA respectively from third parties in 2006 of 19,17% , from Valfivre Italia Srl in 2007 of 10%, and from third parties in 2008 of 8% of the subsidiary Cutlite Penta Srl. The amount entered into accounts on June 30th 2009 was about 408 thousand Euros
h) the amount which was a result of the acquisition by the parent company El.En. SpA during 2007 of 10% of Deka MELA Srl from third partners. The amount entered into accounts on June 30th 2009 was about 32 thousand Euros.
i) the amount which was a result of the purchase made by the subsidiary Cynosure Korea of the aesthetic laser division of Orient MG CO Ltd. which up to that time had distributed Cynosure products on the Korean market. The amount entered as of June 30th 2009 was 839 thousand Euros and is a result of the difference in the price paid and the fair value of the assets and liabilities acquired;
l) the amount which is a result of the purchase made by the parent company El.En. SpA of 9% from third party partners of the subsidiary Deka Laser Technologies LLC, the company which was later merged by incorporation with Deka Laser Technologies Inc. The amount entered into accounts as of June 30th 2009 was 27 thousand Euros.

At least once a year the estimate of the recoverable value of the goodwill entered into accounts is made on the basis of the Discounted Cash Flow model which, in determining the utility value of an asset, is calculated on an estimate of the future cash flow and the application of an appropriate actualisation rate. For this half no impairment indicators were registered.

The interim Management Report describes the unfavourable economic conditions both general and for this sector, which were fully taken into consideration by the administrators when making their estimates of the financial statement for the period ending December 31st 2008. In consideration of the expectations for the recovery of the markets contemplated for the mid-term plans, no indicators of impairment have been found which, at the time of this intermediate statement, have made it necessary to conduct further tests in order to verify the existence of long lasting losses in value.

The heading "Industrial patents and rights to use patents of others" is related to the capitalization of the costs sustained, in particular by Cynosure Inc., Asa Srl and Arex Srl for patents and licensing agreements.

For the heading "concessions, licenses, trade marks and similar rights" we have entered, among other things, the overall costs sustained by the subsidiary Cynosure for new management software; trade marks for a residual amount of about 41 thousand Euros have also been entered by the subsidiary ASA Srl.

The residual heading "Others" includes the entry of the costs sustained, in particular by the subsidiary Quanta System, for the creation of a new web site.

Tangible fixed assets (note 2)

Cost	Balance 31/12/08	Increments	Revaluations and devaluations	Other operations	(Disposals)	Translation Adjustments	Balance 30/06/09
Lands	2.413.943					-2.476	2.411.467
Buildings	10.683.216	10.518				-6.901	10.686.833
Plants and machinery	3.313.486	44.846		-39.166	-109	5.828	3.324.885
Industrial and commercial equipment	17.879.908	3.309.215		152.718	-386.019	-198.870	20.756.952
Other goods	9.577.637	511.248	-17.688	-32.081	-39.976	-71.753	9.927.387
Tangible assets under construction	2.282.233	2.002.893		-236.201		-359	4.048.566
Total	**46.150.423**	**5.878.720**	**-17.688**	**-154.730**	**-426.104**	**-274.531**	**51.156.090**

Amortisation provisions	Balance 31/12/08	Amortizations Amount	Devaluations	Other operations	(Disposals)	Translation Adjustments	Balance 30/06/09
Lands							
Buildings	910.543	162.399				-1.050	1.071.892
Plants and machinery	1.126.509	187.959		-8	-3	-582	1.313.875
Industrial and commercial equipment	11.337.354	1.718.195		-13.400	-153.192	-202.245	12.686.712
Other goods	6.517.661	663.306		-28.399	-35.284	-70.613	7.046.671
Tangible assets under construction							
Total	**19.892.067**	**2.731.859**		**-41.807**	**-188.479**	**-274.490**	**22.119.150**

Net value	Balance 31/12/08	Increments	Revaluations and other operations	(Amortizations and devaluations)	(Disposals)	Translation Adjustments	Balance 30/06/09
Lands	2.413.943					-2.476	2.411.467
Buildings	9.772.673	10.518		-162.399		-5.851	9.614.941
Plants and machinery	2.186.977	44.846	-39.158	-187.959	-106	6.410	2.011.010
Industrial and commercial equipment	6.542.554	3.309.215	166.118	-1.718.195	-232.827	3.375	8.070.240
Other goods	3.059.976	511.248	-3.682	-680.994	-4.692	-1.140	2.880.716
Tangible assets under construction	2.282.233	2.002.893	-236.201			-359	4.048.566
Total	**26.258.356**	**5.878.720**	**-112.923**	**-2.750.617**	**-237.625**	**-41**	**29.036.940**

In accordance with the current accounting principles, 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 2009 was 2.412 thousand Euros.

The heading of “Buildings” includes the building complex in Via Baldanzese a Calenzano (Florence), where the company operates along with the three subsidiaries Deka M.E.L.A., Cutlite Penta and Valfivre Italia and 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. conducts its operational activities and the new building where, since May of 2008, the subsidiary Asclepion GmbH operates.

The increases in the category “Plants and machinery” are related mostly to the investments made by the parent company El.En. SpA and by Asclepion GmbH.

The investments made by the subsidiary Cynosure for equipping most of their sales agents with laser systems for sales demonstrations and supplying them with company cars throughout the sales network continues to be very substantial.. Other increments in the category of Equipment are related to the subsidiaries Asclepion GmbH and Deka Mela Srl; for this latter it is also a result of the different treatment of the sales financed by their customers using operative leasing, which, in conformity with the IAS/IFRS principles, are considered revenue from multi-year leasing, with the consequent capitalization of the costs of the machinery.

The amount entered under the heading of “Re-evaluation and devaluation” in the category of “Other goods “ includes the devaluation made on some of the goods belonging to Deka Laser Technologies LLC.

It should be noted that the column “Other operations” in the category of Plants and Equipment includes among other things, the grant received by the subsidiary Lasit SpA as part of an industrialization program, as occurred last year. This grant has been entered as a reduction of the capitalized value of the goods which were the subject of the grant.

Under the heading of “Tangible assets under construction” we have entered, among other things, the costs sustained by the parent company El.En. SpA up until June 30th 2009 related to the work in progress for the enlargement of the factory complex located in Via Baldanzese in Calenzano (Florence).

The tangible assets which are held under leasing agreements amount to approx. 634 thousand Euros and are mostly entered among the industrial and commercial equipment and other goods .

Equity investments (note 3)

The chart below provides information on the equity investments:

	30-giu-09	31-dic-08	Variation	Var. %
Equity investments in:				
associated companies	1.064.601	1.557.875	-493.274	-31,66%
other companies	172.767	133.817	38.950	29,11%
Total	1.237.368	1.691.692	-454.324	-26,86%

The associated companies GLI SA, Immobiliare Del.Co. Srl, SBI SA, Elesta Srl (ex IALT), JV Laser International LTD, Electro Optical Innovation Srl are consolidated using the shareholders’ equity method.

The amounts shown in the statement for the equities in associated companies are as follows:
Immobiliare Del.Co. Srl: 242 thousand Euros
Actis Srl: 2 thousand Euros
SBI S.A.: -18 thousand Euros
Laser International Ltd: 87 thousand Euros
Elesta Srl -181 thousand Euros
Grupo Laser Idoseme SL: 962 thousand Euros
Electro Optical Innovation Srl: -30 thousand Euros

The increase shown for the equities in other companies is due to the following events:
- on February 17th 2009 the subsidiary Quanta System SpA acquired a quota of 19% of the capital stock of T.F.D. Ticino Forniture Dentali Srl. This company’s activity consists in the supply of various types of dental equipment to

dental offices. They have a highly organized sales network which is integrated with the sales of laser equipment for dentistry;
- on April 23rd 2009 the parent company El.En. SpA underwrote 19% of the capital stock of Alfa Laser Srl, a company which operates in the sector of industrial lasers.

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

Other non current assets	**30/06/2009**	**31/12/2008**	**Variation**	**Var. %**
Financial receivables vs associated	29.576	100.000	-70.424	-70,42%
Securities		15.148.529	-15.148.529	-100,00%
Deferred tax assets	12.824.279	9.413.820	3.410.459	36,23%
Other non current assets	156.212	158.987	-2.775	-1,75%
Total	13.010.067	24.821.336	-11.811.269	-47,59%

Financial receivables from associated companies are represented by the financing granted by the parent company El.En. SpA to the associated company Actis for the residual amount of 29 thousand Euros payable at the annual rate of BCE + 1%.

The variation which has occurred under the heading of securities is due to the reclassification of the current assets operated by Cynosure on its mid/long term stock held at the end of last year. The amount entered at the end of last year for 21 million dollars (about 15 million Euros) was related, for the amount of 16,8 million dollars, to Auction Rate Securities (ARS) and for 4,2 million dollars to the right to sell these securities to the managing institute UBS Financial Services, which guaranteed reimbursement by June 2010 at an amount equal to thee nominal value of the stock in question, this effectively cancelling the loss in value which emerged from the impairment test conducted by Cynosure.
As of June 30th 2009 the overall value of the stock and the relative right to sell it was 19 million dollars (equal to 13,5 million Euros), consisting of 17 million dollars in stock and 2 million dollars in sales rights. During this half the company also sold 1,8 million dollars in stock on the stock market without showing any capital losses.

Since the management intends to implement their right to sell to UBS on June 30th 2010, the company has considered it opportune to reclassify the stock, as of June 30th 2009 among the “Financial assets available for sale”.

The increase in deferred income tax assets is related mainly to the entering into accounts of the deferred tax assets for the losses incurred during this period by some of the companies in the Group.

Current Assets

Inventory (note 5)

The chart below shows a breakdown of the inventory:

Stocks:	30-giu-09	31-dic-08	Variation	Var. %
Raw materials and consumables	21.609.901	22.373.204	-763.303	-3,41%
Work in progress and semi finished products	9.957.638	10.210.588	-252.950	-2,48%
Finished products and goods for sale	22.820.672	24.839.156	-2.018.484	-8,13%
Total	54.388.211	57.422.948	-3.034.737	-5,28%

A comparison between the final inventories shows the decrease in their amount which is an effect of the reduction in the volume of production.

The chart below shows an analysis of the total inventory distinguishing between the amount of the obsolescence fund and the gross value:

Inventory:	30/06/2009	31/12/2008	Variation	Var. %
Gross amount	60.818.705	63.369.628	-2.550.923	-4,03%
minus: devaluation provision	-6.430.494	-5.946.680	-483.814	8,14%
Total	54.388.211	57.422.948	-3.034.737	-5,28%

The incidence of the obsolescence fund on the gross value of the inventory rose from 9,3% on December 31st 2008 to 10,5% on June 30th 2009.

Commercial receivables (note 6)

Receivables are composed as follows:

Debtors:	30-giu-09	31-dic-08	Variation	Var. %
Trade debtors	36.075.672	46.052.282	-9.976.610	-21,66%
Associated debtors	1.970.768	1.258.028	712.740	56,66%
Total	38.046.440	47.310.310	-9.263.870	-19,58%

Trade debtors:	30/06/2009	31/12/2008	Variation	Var. %
Italy	11.235.310	14.362.257	-3.126.947	-21,77%
European Community	10.939.450	13.748.111	-2.808.661	-20,43%
Outside of European Community	18.287.654	22.729.390	-4.441.736	-19,54%
minus: devaluation provision for debtors	-4.386.742	-4.787.476	400.734	-8,37%
Total	36.075.672	46.052.282	-9.976.610	-21,66%

The reduction in the business volume of the Group determined the reduction in receivables as shown in the chart above.

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

Bad debts reserve::	2009	2008
At Jan, 1st	**4.787.476**	**2.168.011**
Charge for the year	1.575.825	2.726.688
Utilised	-1.867.415	-241.132
Unused amounts reversed	-14.409	-16.351
Other operations	-98	1.570
Conversion adjustment	-94.637	148.690
At the end of the period	**4.386.742**	**4.787.476**

For a detailed analysis of the commercial receivables from associated companies see the chapter titled “Related Parties”.

Tax receivables/Other receivables (note 7)

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

	30/06/2009	31/12/2008	Variation	Variation %
Tax debtors				
VAT credits	3.546.254	3.614.172	-67.918	-1,88%
Income tax credits	3.137.317	1.994.935	1.142.382	57,26%
Total tax debtors	6.683.571	5.609.107	1.074.464	19,16%

Financial credits				
Financial credits v. third parts	84.364	92.143	-7.779	-8,44%
Financial credits v. associated companies	83.241	338.667	-255.426	-75,42%
Total	167.605	430.810	-263.205	-61,10%
Other credits				
Security deposits	428.326	1.188.337	-760.011	-63,96%
Down payments	1.069.635	922.755	146.880	15,92%
Other credits	3.573.772	2.970.136	603.636	20,32%
Total	5.071.733	5.081.228	-9.495	-0,19%
Total financial and other credits	5.239.338	5.512.038	-272.700	-4,95%

The first half of 2009 closes with a VAT (value added tax) credit of more than 3,5 million Euros which is due to the intense export activity. Income tax credits are derived mainly from the difference between the credit for the pre-existing tax / down payments made and the debts for taxes which have matured by the date of this financial report.

Among the financial receivables towards third parties, we have entered the positive fair value of a forward exchange contract in which the subsidiary ASA srl operated hedging activities on US dollars for a residual amount of 500 thousand Euros, which on June 30th was equal to 700 thousand US dollars.

For a detailed analysis of the financial receivables from associated companies, see the following chapter concerning “Related parties”.

Financial instruments (note 8)

Investments which are not permanent:	30/06/2009	31/12/2008	Variation	Var. %
Other investments	28.651.222	18.044.112	10.607.110	58,78%
Total	28.651.222	18.044.112	10.607.110	58,78%

The amount entered under the heading of "Other investments" consists of temporary uses of cash made by the subsidiary Cynosure using part of the cash obtained from the IPO of 2005.
This sum includes, in particular:
- stocks belonging to the category of "financial assets available for sale" made up prevalently of investments in securities or similar, for a value of about 15 million Euros (about 21,3 million dollars);
- Auction Rate Securities (ARS) as previously described in note (4).

Cash at Bank and on Hand (note 9)

Cash at bank and on hand is composed as follows:

Cash at Bank and in hand:	30/06/2009	31/12/2008	Variation	Var. %
bank and postal current accounts	49.389.725	59.068.950	-9.679.225	-16,39%
cash in hand	45.027	44.563	464	1,04%
Total	49.434.752	59.113.513	-9.678.761	-16,37%

For an analysis of the variations in cash at bank and in hand, please refer to the table of the financial statement (cash flow).

Net financial position as of June 30th 2009

The net financial position of the Group on June 30th 2009 expressed in thousands of Euros, is as follows:

Net financial position		
	30/06/2009	**31/12/2008**
Cash and bank	49.435	59.114
Financial instruments	28.651	18.044
Cash and cash equivalents	**78.086**	**77.158**
Short term financial receivables	**4**	**42**
Bank short term loan	(4.543)	(4.461)
Part of financial long term liabilities due within 12 months	(1.025)	(1.087)
Financial short term liabilities	**(5.567)**	**(5.548)**
Net current financial position	**72.523**	**71.652**
Bank long term loan	(2.369)	(1.920)
Other long term financial liabilities	(2.276)	(1.815)
Financial long term liabilities	**(4.645)**	**(3.735)**
Net financial position	**67.878**	**67.918**

The net financial position of the Group remains substantially unchanged at around 68 million Euros.

Most of this amount is held by the parent company El.En. SpA,, and by the subsidiary Cynosure Inc. as a consequence of the IPO of December 2005, and the increase in cash which this generated.
The net financial position benefits from the reclassification made by the subsidiary Cynosure which, under the heading of "financial assets available for sale" entered a total of 19 million dollars (21 million dollars on December 31st 2008) in Auction Rate Securities, securities which on December 31st 2008 were entered among the tangible assets as shown in note (4). The effects of the evaluation at fair value of the "financial assets available for sale" are shown in the chart of the Overall Profit and Loss Account.

Net of this reclassification, the net financial position would have registered a decrease of about 13,5 million Euros.

The negative result made it impossible to generate cash flow this half, notwithstanding the control of circulating capital, which was a consequence also of the reduction in volume. Among the uses of cash made during this period, were the investment activity which involved in particular the parent company El.En. SpA and Cynosure Inc. for about 5 million Euros, the payment of dividends to third parties for an amount of about 1,5 million Euros and the payment of taxes during the month of June which, just for the Italian companies, was for an amount of about 4 million Euros.

The financial receivables from associated companies and other minor equities for an amount of 163 thousand Euros are excluded from the net financial position since they are connected to the Group's policies of financial support of the companies in the Group. In continuation of past policy, we felt it opportune not to include this type of financing in the net financial position displayed above.

Comments on the main liabilities

Capital and Reserves

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

Capital stock (note 10)

On June 30th 2009 the capital stock of the El.En. Group, which coincides with that of the parent company, was as follows:

Authorised	Euros	2.591.871
Underwritten and deposited	Euros	2.508.671

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

Categories	**31/12/2008**	**Increase.**	**(Decrease.)**	**30/06/2009**
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 company bylaws. 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 company bylaws 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.

Increase 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, equal to the greater of the following: a) the value of each share determined on the basis of the consolidated shareholders' 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, organised 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, organised and managed by the Borsa Italiana SpA in the 30 days prior to the assigning of the options.

On July 15th 2008 the Board of Directors of El.En. SpA voted to implement in full the decision of the Shareholders' meeting of May 15th 2008 to increase the share capital by 83.200,00 Euros for use in the 2008/2013 stock-option plan and approved the relative regulations. The option rights were assigned exclusively to the employees of El.En. SpA and the other companies of the Group who at the time of the assignment were employed by the Group in a subordinate position; this plan is divided into two equal phases, each of which can be implemented in accordance with the following rules:
a) up to a maximum amount of 41.600,00 Euros starting on July 15th 2011 until the date of approval of the annual budget for 2011 by the Board of Directors.
Subsequently, the rights on the options can be exercised as follows:

- if the shareholders' meeting, during the approval of the budget for 2011, votes to distribute the profits, from the day that the relative dividends for 2011 become payable up until the date of approval of the company budget for 2012 by the Board of Directors;
- otherwise, if the profits are not distributed for the year 2011, from the 15th of May 2012 up until the date of the approval of the company budget for 2012 by the Board of Directors;
- if, during the approval of the budget for 2012, the shareholders' meeting votes in favour of the distribution of the profits, from the date, if earlier than the 15th of May 2013, of the maturity of the payments of the dividends for 2012 up until May 15th 2013;
- otherwise, if it is decided to not distribute the profits for the year 2012, the period in which the rights can be exercised will terminate on the date, if earlier than May 15th 2013, of the approval of the company budget for the year 2012 by the Board of Directors, and otherwise on the 15th 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 can 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 15th 2012 up until the date of approval of the company budget for the year 2012 by the Board of Directors.

Subsequently, the rights to the options may be exercised as follows:
- if the shareholders' meeting, during the approval of the budget for 2012, votes to distribute the profits, from the day that the relative dividends for 2012 become payable up until the 15th of May 2013;
- otherwise, if it is decided not to distribute the profits for the year 2012, the period for exercising the rights will terminate on the date, if before May 15th 2013, of the approval of the company budget for 2012, and otherwise, on May 15th 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 can take place only during the time intervals indicated above for the exercising of the rights to pick up the options.

Share premium reserve (note 11)

On June 30th 2009 the share premium reserve, coinciding with that one of the parent company, amounted to 38.594 thousand Euros, unchanged with respect to December 31st 2008.

Other reserves (note 12)

Other reserves	30/06/2009	31/12/2008	Variation	Var. %
Legal reserve	537.302	537.302		0,00%
Extraordinary reserve	33.302.687	27.689.294	5.613.393	20,27%
Reserve for translation adjustments	-2.750.507	-2.417.736	-332.771	13,76%
Stock options reserve fund	1.216.159	1.124.452	91.707	8,16%
DIFF3 contribution on capital account	150.659	150.659		0,00%
CESVIT contribution on capital account	3.099	3.099		0,00%
CCIAA contribution on capital account	3.892	3.892		0,00%
EU contribution on capital account	269.007	269.007		0,00%
Other reserves	13.392	13.392		0,00%
Total	32.745.690	27.373.361	5.372.329	19,63%

On June 30th 2009 the extraordinary reserve amounted to 33.303 thousand Euros; the increase which has taken place in comparison with December 31st 2008 is related to the allocation of part of the 2008 result, in accordance with the vote of the shareholders' meeting on April 30th 2009.

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

The translation reserve summarizes the effects of the variations in the exchange rate on the investments in foreign currency. As of June 30th 2009 the value can be attributed essentially to the devaluation of the US dollar. The effects for the first half of 2009 are shown in the column "Overall result" in the stockholders' equity chart.

In conformity with fiscal regulations, in the past the parent company has taken advantage of the possibility of suspending contributions on capital account, either entirely or for 50%, in a reserve of the stockholders' equity. Since

1998 these have been entirely entered into the Profit and Loss Account. The relative reserves can be considered reserves of profits.

Treasury Stock (note 13)

As described in detail in the paragraph related to the area of consolidation, at the date of closing of this document, the treasury stock purchased by the company amounted to a total of 103.148 shares at the average price of 24,97 Euros for an overall value of 2.575.611 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 the first half of this year, the variation is due to the clearance account of the profits from last year, the payment of dividends and the entering into accounts of the Cynosure stock options according to IFRS 2 regulations as shown in the "Other operations" column of the Shareholders' Equity chart.

Non-current liabilities

Severance indemnity fund (note 15)

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

Balance 31/12/2008	Provision	(Utilization)	Other	Balance 30/06/2009
2.469.118	447.619	-157.796	-271.277	2.487.664

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.
After the modifications to the severance indemnity in conformity with the Law of December 27th 2006 (and later modifications), for IAS purposes, only the liability relative to the matured severance fund 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 fund in the company, the indemnity matured on January 1st 2007 has been paid into the treasury Fund managed by INPS. This fund, 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 by the latter.

It should be recalled that the company uses the so-called "corridor method" in which the net cumulative value of the actuarial surplus and deficit is not registered until it exceeds in absolute terms 10% of the current value of the liabilities. On June 30th 2009 the net accumulated value of the actuarial profits not registered was equal to about 9,5 thousand Euros. The present value of the liabilities as of June 30th 2009 was 2.364 thousand Euros.

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

Financial hypotheses	Year 2008	Year 2009
Annual implementation rate	4,75%	4,50%
Annual inflation rate	2,50%	2,00%
Annual growth rate of severance indemnity	3,00%	3,00%
Annual increase rate of salaries (including inflation)	Executives 5% White collar workers 3,50% Blue collar workers 3,50%	Executives 5% White collar workers 3,50% Blue collar workers 3,50%

The amount entered in the column "Other" of the chart showing the activity in the severance indemnity fund mostly represents the severance indemnity paid in the form of additional pensions or to the treasury fund managed by INPS in accordance with the choices made by the employees during the financial year, with particular reference to the parent company El.En and the subsidiary Quanta System

Other accruals (note 16)

The chart below shows the operations made with other accruals:

	Balance 31/12/2008	Provision	(Utilisation)	Other	Translation Adjustments	Balance 30/06/2009
Reserve for pension costs and similar	351.538	54.959				406.497
Others:						
Reserve for guarantee on the products	3.106.954	-106.044	-15.562	1	-41.936	2.943.413
Reserve for risks and charges	1.887.674	115.737	-64.038			1.939.373
Other minor reserves	82.000	6.000	-25.966			62.034
Total other reserves	5.076.628	15.693	-105.566	1	-41.936	4.944.820
Total	5.428.166	70.652	-105.566	1	-41.936	5.351.317

The clients' agents' indemnity fund included in the entry "Reserve for pension costs and similar" on June 30th 2009, amounted to 358 thousand Euros as opposed to 315 thousand Euros on December 31st 2008.
According to IAS 37, the amount owed must be calculated using the actualisation 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 2008	Year 2009
Annual rate of implementation	4,25%	4,25%
Annual rate of inflation	2,50%	2,50%

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. The amount shown in the column "Provision" shows the effects of the partial reversal of the accruals made in previous years.

On February 28th 2008, after the conclusion of a general audit conducted in relation to the year 2005 by the regional branch of the internal revenue service (Direzione Regionale delle Entrate per la Toscana), an offence report (Processo Verbale di Constatazione) was formulated against El.En. SpA. In this report the Agency, besides listing some minor violations in the reporting of income and Value Added Tax (IVA), refused to recognize the tax exempt status on some capital gains derived from a sale of shares made by El.En SpA in 2005. The company, on the other hand, is convinced that in this case they had acted in complete compliance with the tax regulations in force at that time, and considers the offence report illegal and unsubstantiated. Consequently, in 2007 the company, as a cautionary measure and with the support of its consultants, created an accrual under the heading of "Other minor funds" to provide for any charges that might derive from the issuance of assessments, only in relation to the minor violations, for an amount of 26.000 Euros, including fines. At the time that this document was issued the situation was substantially unchanged.

Other debts and potential liabilities

All of the companies belonging to the Group are subject to the risk of disputes and legal actions which may emerge during their normal operations. The subsidiary Cynosure, as part of their own 10-Q related to the first half of 2009, has provided information concerning some of the disputes now in progress, in particular, a lawsuit related to the unsolicited use of faxes without the prior permission of the receiving party. The American company has firmly opposed the requests of the opposing party; in 2009 they initiated a suit against their own insurance company because they considered that this type of risk was covered by a policy which had been stipulated with the company. During the first half of 2009 the first sentence of the Court of Massachusetts determined that the insurance company must supply assistance and, if necessary, reimburse damages should Cynosure lose the suit.

On January 10th 2008, moreover, Cynosure, with the support of El.En. for which it has exclusively patent rights in the United States, initiated a legal suit against Cool Touch Inc, in defence of its rights to the intellectual property on an application of laser-lipolysis made possible by the Smartlipo technique and system. This suit was initiated after Cool Touch started marketing a product which uses the technology that the Group had protected with specific patents with an aim to safeguarding the unique characteristics of the product. Cool Touch, on the other hand, has denied the accusation, denied any responsibility in this regard, and has, in turn, initiated a suit against Cynosure for violation of some of their own patents. Since the suit is still in the initial phases, the company has declared that at this time they are unable to determine the entity, if any, of the costs which might emerge should they lose the suit.

Amounts owed and financial liabilities (note 17)

Financial m/l term debts	30/06/2009	31/12/2008	Variation	Var. %
Amounts owed to banks	2.368.738	1.920.028	448.710	23,37%
Amounts owed for leasing	366.413	559.526	-193.113	-34,51%
Amounts owed to other financiers	1.910.008	1.254.977	655.031	52,19%
Total	4.645.159	3.734.531	910.628	24,38%

The medium/ long term debts owed to banks as of June 30th 2009 represent the quotas which are not payable within the year of the bank financing which was granted to Asclepion Gmbh for the construction of a new building (information related to this in the Notes of the report closed on December 31st 2008), and of the bank financing granted for the amount of 200 thousand Euros to ASA Srl for a temporary need of cash, due date 2011.

The non-current “Amounts owed and financial liabilities” includes amounts owed to other financers consisting, among other things, in the quotas which are not payable within the year for:

a) Facilitated financing MPS for applied research, reference TRL01granted to the parent company El.En. S.p.A. for an amount of 681.103 Euros at a fixed annual rate of' 2%, last instalment July 1st 2012.

b) Facilitated financing IMI for applied research granted to the subsidiary company Quanta System SpA. for an amount of 929.157 Euros at a fixed annual rate of' 2%, payable in 16 semi-annual deferred instalments starting on July 1st 2003.

c) Facilitated financing for applied research, issued by MIUR to the subsidiary Quanta System SpA, granted in several instalments, for an amount of 552.171 Euros at the annual interest rate of 0,50%, payable in 14 semi-annual deferred instalments, starting on January 1st 2009.

d) Financing issued by Banca Nazionale di Lavoro to the subsidiary Quanta System SpA granted for a total amount of 500 thousand Euros at an interest rate of 2,56%, with a duration of five years from the date of issue including a period of pre-amortization of 6 months, to be reimbursed in post-dated quarterly instalments including capital and interest starting on January 15th 2010.

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 instalment August 5th 2014.

Debts guaranteed by real estate property

The property located in Via Baldanzese, 17 at Calenzano was bound by a mortgage, now being cancelled, which was used as a guarantee for the ten-year loan issued by the Cassa di Risparmio di Firenze and extinguished on December 31st 2006.

Current liabilities

Financial debts (note 18)

Below, a breakdown of the financial debts is given:

Financial short term debts	30/06/2009	31/12/2008	Variation	Var. %
Amounts owed to banks	4.542.546	4.460.889	81.657	1,83%
Amount owed for leasing	355.678	399.170	-43.492	-10,90%
Liabilities (forward exchange contracts)	259.931	467.221	-207.290	-44,37%
Amounts owed to other financiers	409.273	220.309	188.964	85,77%
Total	5.567.428	5.547.589	19.839	0,36%

The entry "Amounts owed to banks" is related to the short-term financing contracted by Asclepion and described in the preceding note (17), as well as to overdrafts on the current account which were granted by credit institutions to subsidiary companies, in particular, Quanta System SpA and With Us Co..
The liabilities for forward exchange contracts refer to the subsidiaries Cutlite do Brasil and With Us. The evaluation was made at fair value and the effects have been entered in the profit and loss account
The heading "Amounts owed to other financers" includes the short-term quotas for the financing described in the previous paragraph.
The Group presents a positive net financial position. Financial debts are subject to the changes in interest rates since no coverage operations have been effected.

Amounts owed for supplies (note 19)

Trade debts:	30/06/2009	31/12/2008	Variation	Var. %
Amounts owed to suppliers	20.905.315	30.475.082	-9.569.767	-31,40%
Amounts owed to associated companies	170.850	642.554	-471.704	-73,41%
Total	21.076.165	31.117.636	-10.041.471	-32,27%

The drop in the sales volume determined a decrease in the purchases and consequently also in the amounts owed for supplies.

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

The "Debts for income taxes" which have matured on some of the companies of the Group as of June 30th 2009 amount to 1.292.958 Euros and are entered net of any down payments or deductions.

The break-down of "Other debts" is as follows:

	30/06/2009	31/12/2008	Variation	Variation %
Social security debts				
Debts owed to INPS	1.074.352	1.193.503	-119.151	-9,98%
Debts owed to INAIL	118.615	192.688	-74.073	-38,44%
Debts owed to other Social Security Institutions	106.684	134.518	-27.834	-20,69%
Total	1.299.651	1.520.709	-221.058	-14,54%
Other debts				
Debts owed to tax administration for VAT	840.100	421.290	418.810	99,41%
Debts owed to tax administration for deductions	589.845	983.446	-393.601	-40,02%
Other tax debts	43.582	9.952	33.630	337,92%
Owed to staff for wages and salaries	4.935.797	5.599.789	-663.992	-11,86%
Down payments	1.980.048	1.955.883	24.165	1,24%
Other debts	8.488.189	9.098.069	-609.880	-6,70%
Total	16.877.561	18.068.429	-1.190.868	-6,59%
Total Social security debts and other debts	18.177.212	19.589.138	-1.411.926	-7,21%

The “Debts owed to staff for wages and salaries” includes, among other things, the debts for deferred salaries matured by employees as of June 30^{th} 2009.
The entry “Down payments” represents down payments received from customers.
The entry “Other debts” includes, among other things, the anticipated revenue related to the subsidiary Cynosure for customer assistance contracts entered with the revenue in proportion to the duration of the contracts.

SECTORIAL INFORMATION IN CONFORMITY WITH IFRS 8

Starting in 2009, the El.En. SpA Group will show sectorial information in conformity with the requirements of IFRS 8. The application of this principle has not had any effect on the amounts entered in this report.

Within the El.En Group the sectors which have been identified as pertinent for IFRS 8 purposes are unchanged with respect to those analysed in conformity with IAS 14.

30/06/09	Total	Medical	Industrial	Other
Revenues	72.919	62.308	10.077	535
Intersectorial revenues	(368)	0	0	(368)
Net Revenues	72.551	62.308	10.077	167
Other revenues and income	1.307	437	(65)	936
Gross Margin	40.052	34.182	4.929	941
Inc.%	*54%*	*54%*	*49%*	*85%*
Margin	(2.833)	(2.467)	(1.307)	941
Inc.%	*-4%*	*-4%*	*-13%*	*85%*
Not assigned charges	6.200			
EBIT	(9.033)			
Net financial income (charges)	826			
Share of profit of associated companies	(556)	(579)	7	16
Other Income (expense) net	(18)			
Income before taxes	(8.781)			
Income taxes	(2.805)			
Income for the financial period	(5.977)			
Minority interest	(3.319)			
Net income	(2.657)			

30/06/08		Total	Medical	Industrial	Other
Revenues		113.972	96.311	17.237	424
Intersectorial revenues		(326)	0	0	(326)
Net Revenues		113.646	96.311	17.237	98
Other revenues and income		548	324	13	211
Gross Margin		64.143	56.345	7.556	243
	Inc.%	*56%*	*58%*	*44%*	*78%*
Margin		20.988	18.900	1.845	243
	Inc.%	*18%*	*20%*	*11%*	*78%*
Not assigned charges		5.891			
EBIT		15.097			
Net financial income (charges)		887			
Share of profit of associated companies		(19)	(55)	37	(1)
Other Income (expense) net		(104)			
Income before taxes		15.860			
Income taxes		5.551			
Income for the financial period		10.309			
Minority interest		4.999			
Net income		5.311			

30/06/2009	Total	Medical	Industrial	Other
Assets assigned	206.483	176.118	30.365	
Equity investments	995	785	210	
Assets not assigned	25.385			
Total assets	232.863	176.903	30.575	0
Liabilities assigned	40.756	33.446	7.310	
Liabilities not assigned	18.168			
Total liabilities	58.924	33.446	7.310	0

31/12/2008	Total	Medical	Industrial	Other
Assets assigned	224.138	192.454	31.684	
Equity investments	1.466	1.274	192	
Assets not assigned	26.587			
Total assets	252.191	193.728	31.876	0
Liabilities assigned	46.941	39.660	7.281	
Liabilities not assigned	24.253			
Total liabilities	71.194	39.660	7.281	0

30/06/2009	Total	Medical	Industrial	Other
Changes in fixed assets:				
- assigned	1.433	1.889	(456)	0
- not assigned	2.073			
Total	3.506	1.889	(456)	0

31/12/2008	Total	Medical	Industrial	Other
Changes in fixed assets:				
- assigned	5.584	4.156	1.428	0
- not assigned	734			
Total	6.319	4.156	1.428	0

COMMENTS ON THE MAIN ENTRIES IN THE PROFIT AND LOSS ACCOUNT

Revenue (note 21)

During the first half of 2009 all the activities of the Group were affected by the economic and financial crisis which up to now had been felt only by some of the companies and some of the markets, particularly USA and Spain. Due to the sudden drop in demand in our main markets and in particular in the United Sates, which is our most important market, the business volume decreased significantly with an overall effect which determined a reduction in sales volume of about 36%. For a detailed analysis of the revenues, see the Management Report.

	30/06/2009	30/06/2008	Variation	Var. %
Sales of industrial laser systems	8.197.854	14.840.814	-6.642.960	-44,76%
Sales of medical laser systems	49.053.237	84.503.753	-35.450.516	-41,95%
Service and sales of spare parts	15.299.704	14.301.907	997.797	6,98%
Total	72.550.795	113.646.474	-41.095.679	-36,16%

Other revenue and income (note 22)

The analysis of the other income is as follows:

	30/06/2009	30/06/2008	Variation	Var. %
Recovery for accidents and insurance reimbursements	11.943	1.278	10.665	834,51%
Expense recovery	266.397	403.369	-136.972	-33,96%
Capital gains on disposal of fixed assets	6.138	1.532	4.606	300,65%
Other income	1.022.779	145.527	877.252	602,81%
Total	1.307.257	551.706	755.551	136,95%

The entry "Expense recovery" refers mostly to expenses for shipment.
Under the heading of "Other income" we have entered mostly grants which were issued for financing research projects; in particular these grants have been entered by the parent company El.En. SpA for the amount of 709 thousand Euros and by the subsidiary Asclepion GmbH for about 196 thousand Euros.

Costs for the purchase of goods (note 23)

The analysis is shown on the following table:

	30/06/2009	30/06/2008	Variation	Var. %
Purchase of raw materials and finished products	23.133.596	46.211.705	-23.078.109	-49,94%
Purchase of packaging	203.027	331.498	-128.471	-38,75%
Shipment of purchases	267.708	539.061	-271.353	-50,34%
Other purchase expenses	107.971	134.033	-26.062	-19,44%
Other purchases	171.161	176.976	-5.815	-3,29%
Total	23.883.463	47.393.273	-23.509.810	-49,61%

The decrease in purchases is a direct consequence of the decrease in the sales volume and is reflected, among other things, in the final inventory of the period.

Other direct services/ operating services and charges (note 24)

Breakdown of this category is shown on the chart below:

	30/06/2009	30/06/2008	Variation	Var. %
Direct services				
Assemblies outsourcing to third parties	1.354.643	3.185.817	-1.831.174	-57,48%
Technical services	728.957	887.325	-158.368	-17,85%
Shipment on sales	662.043	800.887	-138.844	-17,34%
Commissions	3.588.733	5.616.124	-2.027.391	-36,10%
Royalties	12.569	44.186	-31.617	-71,55%
Travel expenses	829.026	856.047	-27.021	-3,16%
Other direct services	152.480	401.560	-249.080	-62,03%
Total	*7.328.451*	*11.791.946*	*-4.463.495*	*-37,85%*
Operating services and charges				
Maintenance and technical assistance on equipments	680.215	632.753	47.462	7,50%
Services and commercial consulting	1.972.568	1.689.818	282.750	16,73%
Legal and administrative services	1.870.777	1.165.579	705.198	60,50%
Auditing charges	489.408	330.390	159.018	48,13%
Insurances	757.341	927.695	-170.354	-18,36%
Travel and overnight expenses	1.639.418	2.202.613	-563.195	-25,57%
Promotional and advertising expenses	4.900.106	5.679.282	-779.176	-13,72%
Building charges	1.034.926	1.060.485	-25.559	-2,41%
Other taxes	202.986	160.863	42.123	26,19%
Expenses for vehicles	486.097	463.207	22.890	4,94%
Office supplies	226.503	269.075	-42.572	-15,82%
Hardware and Software assistance	163.177	264.807	-101.630	-38,38%
Bank charges	294.399	322.255	-27.856	-8,64%
Rent	2.343.290	2.036.659	306.631	15,06%
Other operating services and charges	6.012.046	6.139.790	-127.744	-2,08%
Total	*23.073.257*	*23.345.271*	*-272.014*	*-1,17%*

The most significant changes in the heading “Direct services” is related to “Assemblies outsourcing to third parties” and “Commissions” which have decreased on account of the drop in the sales volume.

The most significant amounts under the heading of “Other operating services and charges” are represented by the loss on receivables registered as a consequence of the opening of the preventive contractual procedure on behalf of a distributor for the Group for about 1 million Euros, by the honorariums paid to the members of the Board of Directors and of the Board of Statutory Auditors for an amount of about 1.003 thousand Euros, by costs of technical consultations, studies and research for about 1.218 thousand Euros. For the costs of research and development, please refer to the Management Report.

Personnel costs (note 25)

The chart below shows the costs for staff:

For staff costs	30/06/2009	30/06/2008	Variation	Var. %
Wages and salaries	15.821.457	16.773.455	-951.998	-5,68%
Social security costs	3.251.543	3.273.645	-22.102	-0,68%
Accruals for severance indemnity	391.865	280.370	111.495	39,77%
Stock options	2.027.342	2.544.327	-516.985	-20,32%
Other costs	11.803	6.993	4.810	68,78%
Total	21.504.010	22.878.790	-1.374.780	-6,01%

The costs for staff was 21.504 thousand Euros which, with respect to the 22.879 thousand Euros for the first half of 2008, shows a decrease of 6% with a reduction in the productivity of this cost aggregate which rose from 20,1% to

29,6% in its incidence on the sales volume during the first half of 2009. The figurative costs for the stock options assigned to employees are part of staff costs. During the first half of 2008 these costs were 2.544 thousand Euros; on June 30th 2009 they had fallen to 2.027 thousand Euros. These costs refer mainly to the stock options issued by the subsidiary Cynosure Inc.

Depreciation, amortization and other accruals (note 26)

The table below shows the breakdown for this category:

Depreciations, amortizations, and other accruals	30/06/2009	30/06/2008	Variation	Var. %
Amortization of intangible assets	230.396	183.639	46.757	25,46%
Depreciation of tangible assets	2.731.859	2.028.051	703.808	34,70%
Devaluations of fixed assets	18.758		18.758	0,00%
Accrual for risk on receivables	1.561.417	273.703	1.287.714	470,48%
Other accruals for risks and charges	-34.307	337.053	-371.360	-110,18%
Total	4.508.123	2.822.446	1.685.677	59,72%

The heading amortizations and accruals includes, among other things, some devaluations made for cautionary reasons on some of the receivables, payment of which has been very slow on account of the financial crisis which has limited the amount of cash available to companies in general and to some of our commercial partners in particular.
The accruals for risks and charges shows, among other things, the effects of the reversal of part of the accruals made in preceding financial periods for product guarantees.

Financial income and charges (note 27)

The breakdown of the category is as follows:

	30/06/2009	30/06/2008	Variation	Var.%
Financial incomes:				
Interests from banks	397.140	1.425.001	-1.027.861	-72,13%
Interests from associated company	911	2.493	-1.582	-63,46%
Income from negotiations		1.399	-1.399	-100,00%
Foreign exchange gain	1.105.364	416.906	688.458	165,14%
Other financial incomes	38.007	137.380	-99.373	-72,33%
Total	1.541.422	1.983.179	-441.757	-22,28%
Financial charges:				
Interest on bank debts for account overdraft	-206.262	-388.476	182.214	-46,90%
Interest on bank debts for medium and long - term loans	-12.386	-12.471	85	-0,68%
Foreign exchange loss	-415.227	-628.409	213.182	-33,92%
other financial charges	-81.837	-67.301	-14.536	21,60%
Total	-715.712	-1.096.657	380.945	-34,74%

The entry “Interest from banks” although still benefiting from the cash held by Cynosure as a result of the IPO of 2005, has been affected by the reduction in interest rates.
“Interest on bank debts for account overdrafts” refers mainly to overdrafts allowed by credit institutions to subsidiary companies.
The entry “Other financial charges” includes about 56 thousand Euros for the entering into accounts of interest owed because of the application of accounting principle IAS 19 for severance indemnity.

Other net income and charges (note 28)

	30/06/2009	30/06/2008	Variation	Var. %
Other charges				
Loss on equity investments	-18.061	-103.980	85.919	-82,63%
Total	**-18.061**	**-103.980**	**85.919**	**-82,63%**

The entry "Loss on equity investments" quantifies the effects of the dilution of the value of the equity in Cynosure Inc. following the increase in capital for use in the stock option plans in favour of third parties.

Income taxes (note 29)

Description:	30/06/2009	30/06/2008	Variation	Var. %
Total income taxes	-2.804.630	5.551.007	-8.355.637	-150,52%

During this period we have registered a tax benefit for about 2,8 million Euros which is due mainly to the entering into accounts of 3,7 million Euros in deferred fiscal assest on the losses shown by some of the companies in the Group, which we believe may instead generate profits and taxable income in the near future.

Dividends distributed (note 30)

The shareholders' meeting held on May 15th 2008, voted to distribute a dividend of 1,1 Euro per share for each of the shares in circulation on the date of payment. The dividend paid was 5.193.342 Euro.

The shareholders' meeting held on April 30th 2009, voted to distribute a dividend of 0,30 Euro per share for each of the shares in circulation on the date of payment. The dividend paid was 1.416.366 Euro.

Profits per share (note 31)

The chart below illustrates the method used to calculate the weighted average number of shares in circulation:

Shares	**31/12/08**	**31/1/09**	**28/2/09**	**31/3/09**	**30/4/09**	**31/5/09**	**30/6/09**
Shares	4.824.368	4.824.368	4.824.368	4.824.368	4.824.368	4.824.368	4.824.368
Treasury shares (-)	- 103.148	- 103.148	- 103.148	- 103.148	- 103.148	- 103.148	- 103.148
Net shares	4.721.220	4.721.220	4.721.220	4.721.220	4.721.220	4.721.220	4.721.220
Average weighted shares		**4.721.220**	**4.721.220**	**4.721.220**	**4.721.220**	**4.721.220**	**4.721.220**

Non-recurring significant events and operations (note 32)

During the first half of 2009 and for the corresponding period of last year there were no significant non-recurring events or operations.

Information about related parties

In accordance with the IAS 24 the following subjects are considered related parties:
- the subsidiary and associated companies as shown in this report;
- the members of the Board of Directors and Board of Statutory Auditors of the parent company and the other executive directors with strategic responsibilities;
- the individuals holding shares in the parent company El. En. S.p.A;
- the legal bodies of which a significant number of shares is owned by one of the main shareholders of the parent company, by one of the parent company shareholders belonging to the voting syndicate, by a member of the Board of Directors of the parent company, by a member of the Board of Statutory Auditors, by any other of the executives with strategic responsibilities.

Associated Companies:
All of the transactions involving payables and receivables, costs and revenue, and all financing and guarantees granted to the associated companies during 2009 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**
SBI SA			149	
Actis Srl		30	1	
Immobiliare Del.Co. Srl	14			
Elesta Srl			304	
Electro Optical Innovation Srl	70		26	
Grupo Laser Idoseme SL			1.491	
Total	**83**	**30**	**1.971**	

	Financial payables		**Commercial payables**	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Elesta Srl			47	
Immobiliare Del.Co. Srl			66	
Actis Srl			13	
SBI SA			6	
Electro Optical Innovation srl			12	
Grupo Laser Idoseme SL			8	
Laser International ltd.			19	
Total			**171**	

Associated companies:	**Sales**	**Service**	**Total**
SBI S.A.	87		87
Elesta Srl	85	45	130
Electro Optical Innovation Srl	6		6
Grupo Laser Idoseme SL	916	102	1.018
Total	1.094	147	1.241

Associated companies:	Other revenues
Elesta Srl	1
Actis Srl	1
Electro Optical Innovation Srl	4
Grupo Laser Idoseme SL	23
Total	29

Associated companies:	Purchase of raw materials	Services	Other	Total
Actis Srl		22		22
SBI S.A.	6			6
Elesta Srl	9			9
Immobiliare Delco Srl		37		37
JV Laser International Ltd	31			31
Electro Optical Innovation Srl	32			32
Grupo Laser Idoseme SL		16		16
Total	**79**	**75**		**154**

The amounts shown on the tables above refer to operations which are inherent to the normal management of the company.

We have also entered into accounts about 900 Euros in interest earned on financing granted to Actis Srl, which on the date that the chart was compiled amounted to about 30 thousand Euros.

The chart below shows the incidence that the operations with related parties has had on the balance sheet and on the profit and loss account of the Group:

Impact of related party transactions	Total	Amount	%
a) Impact of related party transactions on the balance sheet			
Equity investments	1.237.368		0,00%
Accounts receivables	38.046.440	1.970.768	5,18%
Other receivables	5.239.338	112.817	2,15%
Non current financial liabilities	4.645.159		0,00%
Current financial liabilities	5.567.428		0,00%
Accounts payables	21.076.165	170.850	0,81%
Other payables	18.177.212		0,00%
b) Impact of related party transactions on the profit and loss			
Revenues	72.550.795	1.241.003	1,71%
Other revenues and income	1.307.257	28.698	2,20%
Purchases of raw materials	23.883.463	78.819	0,33%
Other direct services	7.328.451	16.000	0,22%
Other operating services and charges	23.073.257	58.709	0,25%
Financial charges	-715.712		0,00%
Financial income	1.541.422	911	0,06%

Risk factors and procedures for the management of financial risk

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 and financial instruments. 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
Again in 2009, approx. 50% of consolidated sales were made in markets outside of the European Union; most of the transactions were conducted in US dollars. It should be pointed out that the presence of stable structures in the United States, in particular Cynosure, make it possible to have a partial coverage of these risks since both the costs and the revenue are in the same kind of currency.
Some of the companies in the Group (in particular Asa, With Us and Cutlite do Brasil) have activated hedging operations intended to cover currency risks, as already described above.

Credit risks
As far as the commercial transactions are concerned, the company 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 year represents about 11% of the total trade receivables from third parties.

As far as financial receivables are concerned, they refer mostly to financing granted to associated companies. For these financings no devaluation has been necessary.

As far as guarantees towards third parties are concerned, it should be noted that the parent company El.En. has underwritten, in partnership with a minority shareholder, a bank guarantee of 1 million Euros in favour of its subsidiary Quanta System for a facilitated financing issued by Banca Popolare di Milano for a total of 900 thousand Euros, payable in deferred instalments starting after 84 months from issuing date (which will take place in the next few weeks). The subsidiary ASA has issued a bank guarantee in favour of the renter of its headquarters for 10 thousand Euros which becomes due on August 31st 2009, and the subsidiary Quanta System issued a bank guarantee in favour of some credit institutions of the associated company Grupo Laser Idoseme for a total of 675 thousand euros which becomes due on February 28th 2010.

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 financial year 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 sufficiently covered.

Management of the capital

The primary objective of the management of the capital of the Group is to guarantee that a low level of indebtedness is maintained. Considering the substantial amount of cash held by the Group, the net financial position is extremely positive and is such as to guarantee a good ratio between capital and reserves and debts.

Financial Instruments

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	Book value	Fair value	Fair value
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
Financial assets				
Financial mid and long term receivables	29.576	100.000	29.576	100.000
Financial receivables within 12 months	167.605	430.810	167.605	430.810
Financial instruments	28.651.222	18.044.112	28.651.222	18.044.112
Cash and cash equivalents	49.434.752	59.113.513	49.434.752	59.113.513
Financial liabilities				
Financial mid and long term debts	4.645.159	3.734.531	4.645.159	3.734.531
Financial liabilities due within 12 months	5.567.428	5.547.589	5.567.428	5.547.589

Other information

Average number of employees divided by category

	Average 2009	30/06/2009	Average 2008	31/12/2008	Variation	Var. %
Total	873,5	871	835,5	876	-5	-0,57%

For the Board of Directors

Executive Director – Ing. Andrea Cangioli

Attestation of the Half-year condensed financial statements pursuant to Article 154-bis of Legislative Decree No. 58/98

1. The undersigned Andrea Cangioli in his capacity as the executive director of the Company, and Enrico Romagnoli as executive officer responsible for the preparation of the Company's financial statements of El.En. S.p.A., pursuant to the provisions of Article 154-bis, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest:

- the adequacy with respect to the Company structure and
- the effective application

of the administrative and accounting procedures applied in the preparation of the Company's Half Year condensed financial statements at 30 June 2009.

2. The undersigned moreover attest that:

2.1 the Half Year condensed financial statements at 30 June 2009:

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002;
- correspond to the amounts shown in the Company's accounts, books and records;
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

2.2 the related interim management report includes a reliable analysis of the significant events affecting the Company in the first six months of the current fiscal year and the impact of such events on the Company's condensed financial statements as well as a description of the main risks and uncertainties for the second half of the year in addition to a reliable analysis of the information on the significant related party transactions.

Calenzano, August 28th 2009

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