

Gruppo El.En.

COMMENTS OF THE MANAGEMENT ON THE CONSOLIDATED DATA FOR THE QUARTER ENDING SEPTEMBER 30th 2008

(Approved by the Board of Directors of the company on November 14th 2008)

Report for the quarter ending on September 30th 2008

Introduction

This report for the quarter ending September 30th 2008 on the consolidated economic and financial data of El.En. SpA was drawn up in compliance with Art. 82 of the CONSOB regulations adopted after vote no. 11971 and later modifications. The task of examining the data and the information provided in this report has not been assigned to an auditing firm, because, as of this writing, it is not compulsory.

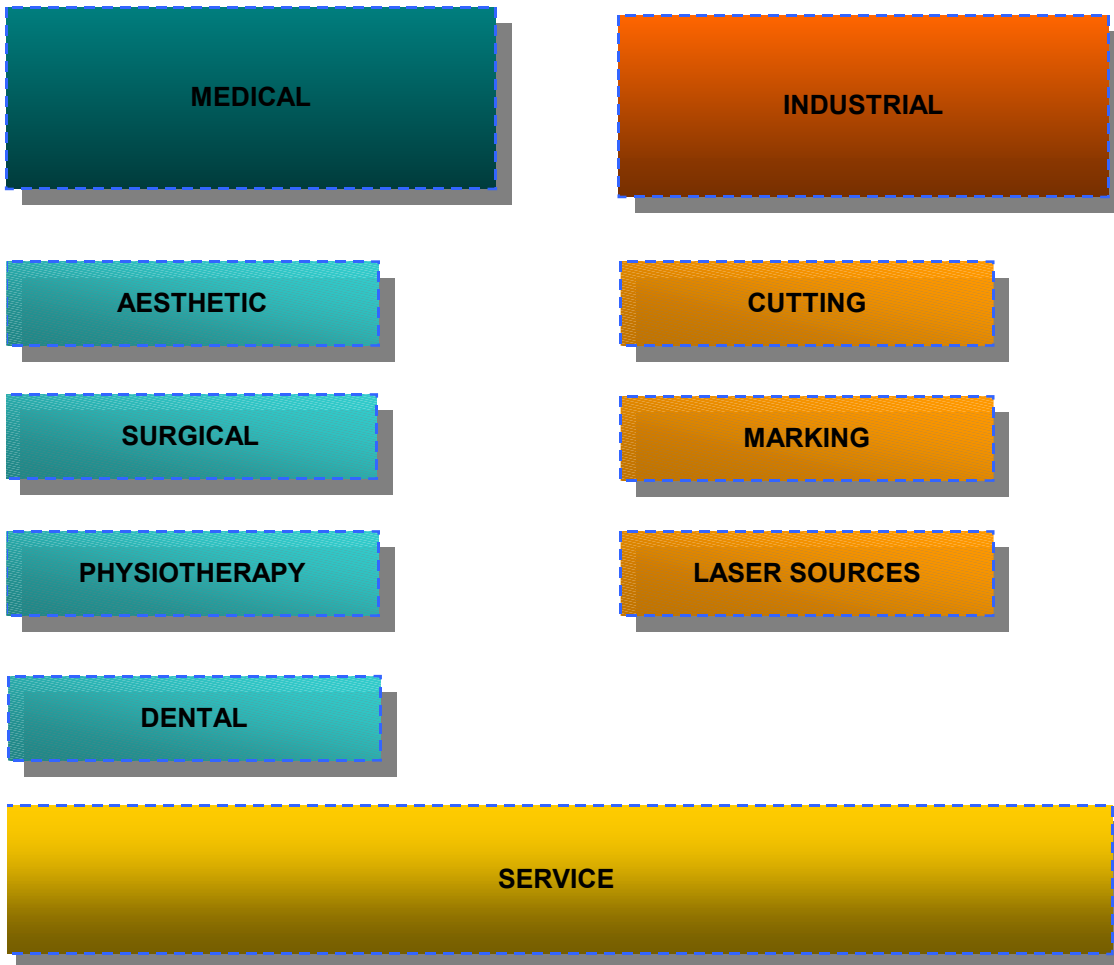
The information which is shown below was drawn up in conformity with the international accounting principles, IAS/IFRS, which have been obligatory since 2005 for drawing up the consolidated statements of companies which are listed on the regulated stock markets.

The results for the quarter ending September 30th 2008 are shown in comparative form with the corresponding data for the same quarter last year. All of the amounts are expressed in thousands of Euros unless otherwise stated.

El.En. SpA controls a group of companies which operate 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 through the founding of new companies and the acquisition of the control of others. Each company has a specific role within the Group which depends on the geographical location of its market, its technological speciality, and its particular position in the merchandise market served by the Group.

Besides the division of the roles among the various companies, the activities of the Group are conducted in two main sectors: the sector of laser systems for medicine and aesthetic purposes, and that of laser systems for industry. In each of these two sectors there are several segments of activity which are heterogeneous on account of the applications required and therefore also for the underlying technology and the type of user. For this reason, the activity of the Group which is generically defined as the manufacture of laser sources and systems, includes a vast range of different types of clients, especially if one considers the global presence of the Group and consequently the need to adapt to the particular characteristics that every area in the world has in the application of our technology.

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 remains substantially based on the simple division of the activities into specific categories which have been defined not only for reporting purposes but, above all, as the basis for a strategic policy, as follows:



Along with the main activity of selling laser systems, the company also operates in the field of after-sales service, an indispensable support for the installation and maintenance on our laser systems, and for which they receive earnings from the sale of spare parts, consumer items, and technical assistance.

From a purely financial point of view and considering the attribution of the amounts of consolidated income to the parent company, it should be noted that, in relation to the area of consolidation and the income which excludes Cynosure (for which in these years both the amount of the equity held by El.En. and the amount of the income have changed materially), in the last few years the amount of the EBIT of the parent company has always been registered on an average between 75% - 85% of the EBIT of the sub-consolidated.

Significant events which occurred during this quarter

On the 4th of July the subsidiary Quanta System SpA sold to the minority shareholder its controlling share (51%) in Quanta Laser System India, at the price of 950 Euros. As a consequence of this sale, the subsidiary Quanta Laser System India is no longer within the area of consolidation.

On July 15th 2008, the Board of Directors of El.En. SpA, implemented the decision of the shareholders' assembly held on May 15th 2008, which voted for the increase in capital stock by 83.200,00 Euros for use in the stock-option plan of 2008-2013 and approved the relative regulations. The option rights were assigned by a vote held at the same meeting, exclusively in favour of the employees of El.En. SpA and other companies in the Group, who at the time of the assignment held a subordinate position in the company. This plan is set up in two sections of equal amounts and the options may be picked up in conformity with the following conditions:

a) limited to the maximum amount of 41.600,00 starting on July 15th 2011 up until the date of approval of the annual report of the company for the financial year 2011 by the Board of Directors.

Afterwards, the options must be picked up as follows:

- if the shareholders' assembly, during the meeting for the approval of the annual report for 2011, votes for the distribution of the profits, from the date of payment of the dividends for 2011 up until the date of the approval of the annual report of the company for the financial year 2012 by the Board of Directors.

- otherwise, if no profits are distributed for the financial year 2011, from May 15th 2012 until the date of approval of the annual report of the company for the financial year 2012 by the Board of Directors.

- if the shareholders' assembly, during the meeting for the approval of the annual report for the financial year 2012, votes for the distribution of the profits, from the date, if before May 15th 2013, of the payment of the dividend for the financial year 2012, up until May 15th 2013;

- otherwise, if no profits are distributed for the financial year 2012, the pick-up period will end on the date, when it is before May 15th 2013, of the approval of the annual report of the company for the financial year 2012 by the Board of Directors, and otherwise on May 15th 2013.

Therefore, limited to the nominal amount of 41.600,00 Euros, the underwriting of the increase in capital voted for by the Board of Directors can occur only in the time intervals indicated above for the pick-up of the options.

b) in relation to the residual amount of the increase, which is for a nominal amount of 41.600,00 Euros, starting on July 15th 2012 and up to the approval of the annual report for the financial year 2012 by the Board of Directors.

Afterwards, the options must be picked up as follows:

- if the shareholders assembly, during the meeting for the approval of the annual report for the financial year 2012, votes for the distribution of the profits, from the date of payment of the dividends for the year 2012 by the Board of Directors, up until May 15th 2013;

- otherwise, if no profits are distributed for the financial year 2012, the pick-up period will expire on the date, when before May 15th 2013, of the approval of the annual report for the financial year 2012 by the Board of Directors, and otherwise, on May 15th 2013.

Therefore, the underwriting of the increase in capital voted for by the Board of Directors for the residual amount of nominal 41.600,00 Euros can occur only in the time intervals indicated above for the pick-up of the options.

On July 22nd a paid increase in the capital stock of the subsidiary Lasit SpA was approved for an amount of 154.000 Euros. This increase was underwritten by the minority shareholders and by the parent company, El.En., and by this latter also for the quota pertaining to one of the other partners of Lasit SpA, the subsidiary Ot-las Srl. As a result of this increase, the percentages of ownership of the equity in Lasit SpA held by the parent company and by Ot-las are, respectively, 52,67% and 17,33%.

Economic and financial results of the Group

In the first nine months of 2008, in a period which is upset by a world financial crisis and the threat of a recession, which is by now an objective reality for many markets, the El.En. Group has again been able to register a significant growth in their sales volume (20,7% in comparison to the same period last year) and in their EBIT.

The sub-consolidated which excludes Cynosure, the only one for which predictions were published, registered positive results, with a growth of 28,2% in their sales volume and an EBIT of 8,5 million Euros.

In the industrial sector significant growth has continued thanks mainly to orders filled in the laser source sector, but also thanks to the concrete results of the operations started up in China and Brazil.

In the medical and aesthetic sector, we are still showing a growth rate which is higher than that of our chief global competitors and we have re-enforced our position of leadership on the market.

The crisis, in any case, has made itself felt and has had an impact of the activities of the Group; it has prevented some of the companies on some markets from reaching the goals set in the budget and has slowed down the results of the consolidated revenue. The companies belonging to the Group have a leading presence on the markets because of their vast range of high quality, innovative products; this fact however did not prevent them from encountering difficulties in maintaining the growth rate of the annual sales volume on some markets, like Spain, to name one of the hardest hit. Notwithstanding these limited problems, the results are considerably improved with respect to last year.

The American company Cynosure represents the single most important entity for sales volume among manufacturers of light-based technologies for medical and aesthetic applications. The growth rate registered for the third quarter is again very significant as well as the level of revenue achieved. The severely penalized trend of the company's stock on the Nasdaq market is evidently a result of a general mistrust on behalf of the financial market rather than a reflection of the actual results of the company. The efficacy of the powerful national and international distribution network of Cynosure has been utilized to market certain products which are aimed to meet specific needs of the clientele which are often designed and manufactured jointly with other companies of the Group. Chiefly, the Smartlipo family of products, with the latest arrival Smartlipo MPX, which combines the original, patented Smartlipo method developed by El.En with the Multiplex technology patented by Cynosure, to create a high-technology product which has been extremely successful in applications of laser-lipolysis.

Several other companies and market segments of the Group are going through a phase of rapid expansion and contributed significantly to the results for this period.

Activities aimed at re-enforcing the operating structures of the various companies have continued in order to satisfy the new requirements made necessary by the significant and continued growth: Lasit SpA was able to move its operating headquarters, El.En SpA and Quanta System SpA headquarters are now being enlarged. In the month of May the new headquarters of Asclepion GmbH at Jena was inaugurated.

Considering the importance of the subsidiary Cynosure in relation to the consolidated results and the substantial quota which is held in the company by third parties (the controlling interest held by El.En SpA as of September 30th 2008 was 23,08%), we will complete the information sheet by showing the consolidated data for the whole Group as well as the results for the Group excluding Cynosure from the area of consolidation.

The chart below shows the results of the Profit and Loss Account for the third quarter 2008 displayed in comparative form with those for the same quarter last year.

Profit and loss account - 3 months	30/09/08	Inc.%	30/09/07	Inc.%	Var.%
Revenues	51.403	100,0%	46.655	100,0%	10,2%
Change in inventory of finished goods and WIP	143	0,3%	1.333	2,9%	-89,3%
Other revenues and income	453	0,9%	479	1,0%	-5,3%
Value of production	51.999	101,2%	48.467	103,9%	7,3%
Purchase of raw materials	17.952	34,9%	18.065	38,7%	-0,6%
Change in inventory of raw material	(389)	-0,8%	(605)	-1,3%	-35,6%
Other direct services	5.649	11,0%	4.706	10,1%	20,0%
Gross margin	28.788	56,0%	26.300	56,4%	9,5%
Other operating services and charges	11.729	22,8%	9.700	20,8%	20,9%
Added value	17.059	33,2%	16.600	35,6%	2,8%
For staff costs	11.019	21,4%	10.603	22,7%	3,9%
EBITDA	6.041	11,8%	5.997	12,9%	0,7%
Depreciation, amortization and other accruals	1.590	3,1%	872	1,9%	82,4%
EBIT	4.451	8,7%	5.126	11,0%	-13,2%
Net financial income (charges)	678	1,3%	307	0,7%	120,4%
Share of profit of associated companies	(102)	-0,2%	(14)	-0,0%	611,8%
Other Income (expense) net	(124)	-0,2%	(189)	-0,4%	-34,6%
Income before taxes	4.902	9,5%	5.229	11,2%	-6,3%

The chart below shows the Profit and Loss Account for the first nine months of 2008, shown in comparative form with the results for the same period last year.

Profit and loss account	30/09/08	Inc.%	30/09/07	Inc.%	Var.%
Revenues	165.050	100,0%	136.732	100,0%	20,7%
Change in inventory of finished goods and WIP	4.590	2,8%	7.870	5,8%	-41,7%
Other revenues and income	1.005	0,6%	1.162	0,8%	-13,5%
Value of production	170.645	103,4%	145.764	106,6%	17,1%
Purchase of raw materials	65.345	39,6%	57.320	41,9%	14,0%
Change in inventory of raw material	(5.077)	-3,1%	(2.502)	-1,8%	102,9%
Other direct services	17.441	10,6%	13.959	10,2%	24,9%
Gross margin	92.935	56,3%	76.987	56,3%	20,7%
Other operating services and charges	35.074	21,3%	28.102	20,6%	24,8%
Added value	57.861	35,1%	48.885	35,8%	18,4%
For staff costs	33.897	20,5%	31.800	23,3%	6,6%
EBITDA	23.963	14,5%	17.084	12,5%	40,3%
Depreciation, amortization and other accruals	4.416	2,7%	3.585	2,6%	23,2%
EBIT	19.548	11,8%	13.500	9,9%	44,8%
Net financial income (charges)	1.564	0,9%	813	0,6%	92,3%
Share of profit of associated companies	(121)	-0,1%	(41)	-0,0%	199,4%
Other net income (expense)	(228)	-0,1%	(1.419)	-1,0%	-83,9%
Income before taxes	20.763	12,6%	12.854	9,4%	61,5%

A break-down of the net financial position of the Group is shown on the chart below:

Net financial position	30/09/2008	30/06/2008	31/12/2007
Cash and bank	57.796	56.490	61.512
Financial instruments held for sale	15.493	12.424	32.044
Cash and cash equivalents	73.289	68.914	93.556
Short term financial receivables	28	0	0
Bank short term loan	(10.947)	(9.149)	(2.127)
Part of financial long term liabilities due within 12 months	(3.964)	(3.511)	(679)
Financial short term liabilities	(14.912)	(12.660)	(2.807)
Net current financial position	58.405	56.254	90.749
Bank long term loan	(2.001)	(2.075)	(1.530)
Other long term financial liabilities	(2.276)	(2.248)	(1.911)
Financial long term liabilities	(4.277)	(4.323)	(3.441)
Net financial position	54.128	51.931	87.308

The chart below shows the Profit and Loss Account for the third quarter of 2008, the Profit and Loss Account for the first nine months of 2008, and the net financial position of the Group, excluding the subsidiary Cynosure from area of consolidation.

Profit and loss account - 3 months	30/09/08	Inc.%	30/09/07	Inc.%	Var.%
Revenues	29.222	100,0%	25.264	100,0%	15,7%
Change in inventory of finished goods and WIP	493	1,7%	330	1,3%	49,4%
Other revenues and income	331	1,1%	387	1,5%	-14,5%
Value of production	30.046	102,8%	25.981	102,8%	15,6%
Purchase of raw materials	12.674	43,4%	12.582	49,8%	0,7%
Change in inventory of raw material	460	1,6%	(924)	-3,7%	
Other direct services	3.035	10,4%	2.413	9,5%	25,8%
Gross margin	13.878	47,5%	11.911	47,1%	16,5%
Other operating services and charges	5.681	19,4%	4.699	18,6%	20,9%
Added value	8.197	28,1%	7.212	28,5%	13,7%
For staff costs	5.777	19,8%	4.780	18,9%	20,8%
EBITDA	2.420	8,3%	2.431	9,6%	-0,5%
Depreciation, amortization and other accruals	821	2,8%	481	1,9%	70,7%
EBIT	1.600	5,5%	1.951	7,7%	-18,0%
Net financial income (charges)	577	2,0%	(380)	-1,5%	
Share of profit of associated companies	(102)	-0,4%	(14)	-0,1%	611,8%
Other Income (expense) net	(5)	0,0%	0	0,0%	
Income before taxes	2.069	7,1%	1.556	6,2%	33,0%

Profit and loss account	30/09/08	Inc.%	30/09/07	Inc.%	Var.%
Revenues	98.534	100,0%	76.856	100,0%	28,2%
Change in inventory of finished goods and WIP	3.823	3,9%	3.785	4,9%	1,0%
Other revenues and income	659	0,7%	883	1,1%	-25,4%
Value of production	103.015	104,5%	81.525	106,1%	26,4%
Purchase of raw materials	49.815	50,6%	40.044	52,1%	24,4%
Change in inventory of raw material	(3.588)	-3,6%	(2.732)	-3,6%	31,3%
Other direct services	9.906	10,1%	7.646	9,9%	29,5%
Gross margin	46.883	47,6%	36.566	47,6%	28,2%
Other operating services and charges	17.147	17,4%	13.087	17,0%	31,0%
Added value	29.735	30,2%	23.479	30,5%	26,6%
For staff costs	18.882	19,2%	15.572	20,3%	21,3%
EBITDA	10.853	11,0%	7.907	10,3%	37,3%
Depreciation, amortization and other accruals	2.337	2,4%	1.956	2,5%	19,5%
EBIT	8.516	8,6%	5.951	7,7%	43,1%
Net financial income (charges)	256	0,3%	(526)	-0,7%	
Share of profit of associated companies	(121)	-0,1%	(41)	-0,1%	199,4%
Other net income (expense)	(5)	0,0%	(125)	-0,2%	-95,7%
Income before taxes	8.645	8,8%	5.259	6,8%	64,4%

Net financial position	30/09/2008	30/06/2008	31/12/2007
Cash and bank	22.325	24.384	35.012
Financial instruments held for sale	0	59	58
Cash and cash equivalents	22.325	24.443	35.070
Short term financial receivables	28	0	0
Bank short term loan	(10.942)	(9.142)	(2.116)
Part of financial long term liabilities due within 12 months	(3.674)	(3.233)	(361)
Financial short term liabilities	(14.616)	(12.375)	(2.478)
Net current financial position	7.737	12.068	32.592
Bank long term loan	(2.001)	(2.075)	(1.530)
Other long term financial liabilities	(1.928)	(1.871)	(1.372)
Financial long term liabilities	(3.929)	(3.947)	(2.902)
Net financial position	3.808	8.121	29.690

Comments on the management results

As mentioned in the introduction, the increase in consolidated sales volume is registered at 20,7%, a growth rate which is slightly below the average rate predicted for this year. The trend of the EBIT after the third quarter is registered for an amount which is slightly below the amount of the annual distribution hypothesis, formulated as part of the predictions.

The table below shows the subdivision of the sales volume according to sectors of activity of the Group for the first nine months of 2008 in comparison with the same subdivision for the same period last year.

	30/09/2008	Inc%	30/09/2007	Inc%	Var%
Industrial systems and lasers	21.558	13,06%	15.166	11,09%	42,15%
Medical and aesthetic lasers	122.598	74,28%	102.884	75,24%	19,16%
Service	20.894	12,66%	18.683	13,66%	11,84%
Total	165.050	100,00%	136.732	100,00%	20,71%

The industrial sector continues to show the most rapid growth, a significant +42%; thanks to the major increase in sales volume some critical thresholds have been overcome, in particular in relation to research and development expenses, so that the sector was able to show a decisive increase in revenue.

With a sales volume of over 120 million Euros, as of September 30th 2008 the Group is now the largest manufacturer of medical and aesthetic lasers in the world and it is the only company in the sector that has maintained a consistent growth rate in a situation in which all of the chief competitors have registered a drop in sales. The management of the Group is making an extreme effort and working with great determination in every aspect and activity that determines the success of our business (research and development, marketing, organization of the sales network, financial and organizational coordination of the various entities which form the Group) to maintain and re-enforce this position.

The after-sales service and sale of spare parts registered an increase of about 12%, which is a result that corresponds with the natural development of the activity in proportion to the increase in the amount of equipment installed.

Results for this period in relation to geographic distribution of the sales volume are shown on the chart below.

	30/09/2008	Inc%	30/09/2007	Inc%	Var%
Italy	22.598	13,69%	20.221	14,79%	11,76%
Europe	48.621	29,46%	39.346	28,78%	23,57%
Rest of the world	93.831	56,85%	77.166	56,44%	21,60%
Total	165.050	100,00%	136.732	100,00%	20,71%

Once again, results show the increasingly international characteristics of the Group. Notwithstanding the fact that the positions in Italy improved by 11%, the international sales volume is still much higher, thanks to the acquisition of GLI which, with a business which is conducted entirely in Spain, allows the European sales volume to show the best growth rate of near 24%.

The chart below shows the sales, divided according to the various segments, for the medical/aesthetic sector which represents almost 74% of the sales of the Group.

	30/09/2008	Inc%	30/09/2007	Inc%	Var%
Surgical CO2	5.660	4,62%	2.250	2,19%	151,56%
Physiotherapy	2.984	2,43%	2.821	2,74%	5,80%
Aesthetic	97.929	79,88%	83.229	80,90%	17,66%
Dental	5.162	4,21%	5.794	5,63%	-10,90%
Other medical lasers	8.823	7,20%	8.183	7,95%	7,82%
Accessories	2.040	1,66%	607	0,59%	235,79%
Total	122.598	100,00%	102.884	100,00%	19,16%

The aesthetic sector still prevails in the medical sector and represents approx. 80% of the sales volume. The extraordinary growth of the CO₂ sector and that of accessories is mostly due to the aesthetic applications which, with the deflection of the laser ray using a special scanner (revenue from which is included among the accessories), can be used very effectively with the most classic of laser technologies for medicine, the above mentioned CO₂ laser. The Smartxide system and the so-called "Dot therapy" in this sector represent a point of reference of absolute quality, together with the Affirm CO₂ which was launched by Cynosure at the end of the third quarter, and the Multistar by Asclepion which was recently up-dated with the most advanced applicative technologies.

Growth in other segments was of a lesser entity, or, in the dental segment showed a decrease, however all results can be considered positive considering that we are in a market phase which is not particularly brilliant.

It should be recalled at this time that the Group operates on the market with different distribution networks which represent different brand names. The Deka, Cynosure, Asclepion, Quanta System, ASA products reach the domestic and international markets through networks that are independently managed as part of an overall system of general coordination which both minimizes the superimposing of the various brands so that they do not compete with each other while promoting the increasingly wide range of products offered thanks to significant "cross-fertilizations" which occur at the level of research and development and production. This strategy has turned out to be successful in maximizing the overall penetration of the markets, as is demonstrated by the position of leadership held by the Group.

Each of the above mentioned units is able to offer the market a series of specific products for the most popular applications of lasers in medicine and in aesthetics.

In the field of aesthetics the most important application in terms of procedures performed, and, consequently, the best selling laser systems, remain those for hair removal; at this time the application which is showing the greatest increase is that for fat removal, thanks to the spread of the patented Smartlipo technology which was the first mover and absolute leader in the field of laser lipolysis. A strong growth trend is also shown by ablative photo-rejuvenation which, after a long period of success of the non-invasive techniques, is now showing a major return to the traditional CO₂ technologies. Other very important applications are those for the non-invasive removal of fat and treatments for cellulitis.

The same CO₂ lasers are employed for various types of surgical applications, in the fields of dermatology, gynaecology, and otorhinolaryngology.

In the dental sector, different laser technologies are used for oral surgery and for decontamination and aesthetic applications (tooth-whitening).

In physical therapy lasers are used for rehabilitation and for pain therapy.

Besides those already mentioned there are numerous other surgical applications; the Group is able to supply products in many different disciplines, including oncological therapy of the liver and thyroid, and is working toward increasing the range of applications which can be performed with our technologies.

In the sector of industrial applications, the chart below shows the sales volume according to the different market segments in which the Group operates.

	30/09/2008	Inc%	30/09/2007	Inc%	Var%
Cutting	8.805	40,84%	6.398	42,19%	37,62%
Marking	6.072	28,16%	5.811	38,32%	4,48%
Laser sources	6.419	29,78%	2.805	18,49%	128,87%
Welding, other industrial systems	262	1,22%	152	1,00%	72,44%
Total	21.558	100,00%	15.166	100,00%	42,15%

The core segment of laser power sources more than doubled in sales volume, thus demonstrating the solidity of the Group in the activities related to the innovation of the basic technologies in their business; stable commercial relations have made it possible to register a record production and sales volume for this segment.

Growth in the cutting segment was also important, 37%; that in the marking segment was less but still significant. The new distribution and manufacturing activities in newly developing countries, China and Brazil, have begun to sustain the growth of the Group in these segments, as planned at the time of the investments made during 2007.

The trend in the restoration sector has improved, though the sales volume is hardly significant.

The tables below show the composition of the sales volume of the sub-consolidated which excludes Cynosure; the break-down chart for the industrial sector, in which Cynosure does not operate, is not shown.

	30/09/2008	Inc%	30/09/2007	Inc%	Var%
Industrial systems and lasers	21.558	21,88%	15.166	19,73%	42,15%
Medical and aesthetic lasers	63.830	64,78%	49.943	64,98%	27,81%
Service	13.145	13,34%	11.748	15,29%	11,90%
Total	98.534	100,00%	76.856	100,00%	28,20%

	30/09/2008	Inc%	30/09/2007	Inc%	Var%
Italy	22.268	22,60%	20.142	26,21%	10,56%
Europe	36.766	37,31%	27.062	35,21%	35,86%
Rest of the world	39.500	40,09%	29.653	38,58%	33,21%
Total	98.534	100,00%	76.856	100,00%	28,20%

	30/09/2008	Inc%	30/09/2007	Inc%	Var%
Surgical CO2	5.555	8,70%	2.250	4,51%	146,90%
Physiotherapy	2.984	4,68%	2.821	5,65%	5,80%
Aesthetic	43.146	67,59%	35.223	70,53%	22,49%
Dental	5.162	8,09%	5.793	11,60%	-10,89%
Other medical lasers	5.021	7,87%	3.249	6,50%	54,54%
Accessories	1.962	3,07%	607	1,22%	223,05%
Total	63.830	100,00%	49.943	100,00%	27,81%

In the medical sector the group without Cynosure showed a growth that was greater than that of Cynosure itself, partly on account of the acquisition of the Spanish company GLI.

Growth was shown in all segments, although in different amounts. The CO₂ DOT, technology which is held by El.En. and DEKA, launched the segment at three figure growth rates and created, after Smartlipo™, another area of absolute excellence and brand recognition for our products on the medical and aesthetic-medical market.

From the point of view of geographic distribution of the sales volume, there is a tendency which is similar to that of the consolidated sales volume.

The gross margin was registered for an amount of 92.935 thousand Euros, an increase of 20,7% with respect to the 76.987 for the same period last year, with an incidence on the sales volume which remained unchanged with respect to September 30th of 2007.

The sub-consolidated without Cynosure also showed an incidence on the sales volume which was unchanged with respect to September 30th 2007.

It should be pointed out that, in relation to some sales which were financed by the clientele by means of so-called operative leasing, although the Group received in payment the price of the goods, in conformity with IAS/IFRS principles, they have been considered as revenue from multi-year rentals, which comported, for this nine month period, a reduction in sales for an amount of 520 thousand Euros and a consolidated gross margin of 390 thousand Euros. This type of financing has found particular favour with our clients purchasing medical systems, so for the future we expect an increase in the amounts for the adjustments of this type of revenue.

The cost for operating services and charges was 35.074 thousand Euros, an increase of 24,8% with respect to September 30th 2007, with an incidence on the sales volume which rose from 20,6% for the same period last year to 21,3% on September 30th 2008. The increase in the incidence on the sales volume is mainly due to the intensification of the selling and marketing activities and the related costs, and, to a lesser degree, some legal expenses which were not present last year.

The cost for personnel was 33.897 thousand Euros, which, with respect to the 31.800 thousand Euros for the same period last year, shows an increase of 6,6%, with an increase in the productivity of this cost aggregate which fell, in the incidence on the sales volume, from 23,3% to 20,5% for September 30th 2008. The figurative costs for the stock options assigned to the employees are part of the personnel costs. On September 30th 2007 these costs were 4.992 thousand Euros, while they have decreased to 3.991 thousand Euros as of September 30th 2008. These costs are mainly referred to the stock options issued by the subsidiary Cynosure Inc.

In conformity with IAS/IFRS principles, the criteria for an accelerated distribution of the charges for the Cynosure stock options has been applied, consequently, there is an increase of 1.556 thousand Euros in the costs for personnel with respect to the amount shown in the quarterly report dated September 30th 2007.

As of September 30th 2008, there were 957 employees in the Group, 56 of which were brought in with the newly acquired Grupo Laser Idoseme; the tendency to increase the personnel continues therefore, when compared with the 796 employees registered for the end of 2007 and the 775 registered for September 30th 2007.

A considerable portion of the personnel expenses is directed towards research and development costs, for which the Group also receives grants and reimbursements on the basis of specific contracts undersigned by the institutions created for this purpose. These grants make it possible to broaden the range of research by limiting the economic impact; however, in the past few years the issuing of this type of grant has been gradually reduced due to the national and EU policies which have identified other means, in particular tax benefits, as one of the best means for supporting research. As of September 30th 2008 the amount of the grants received was 199 thousand Euros with respect to the 449 thousand Euros as of September 30th 2007.

The EBITDA was registered for the amount of 23.963 thousand Euros and, with respect to the 17.084 thousand Euros registered for September 30th 2007, shows an increase of 40,3% with an incidence on the sales volume which rises from 12,5% to 14,5%.

The costs for depreciations, amortizations and accruals were 4.416 thousand Euros, an increase of 23,2% with respect to the same period last year, and with an increase on the incidence on the sales volume which rose from 2,6% to 2,7%. Under this heading, among other things, we have entered the accruals for product guarantees and for credit devaluation.

The EBIT was 19.548 thousand Euros compared to the 13.500 thousand Euros shown on September 30th 2007, with an increase of approx. 45% and an incidence on the sales volume which rose from the 9,9% registered for September 30th 2007 to 11,8% for this period.

The result of the financial management, which was 1.564 thousand Euros, (813 thousand Euros for the same period last year) improved due to the higher interests received on bank deposits and the positive difference in the exchange rates that were registered for this period.

Other net income and charges, registered for a negative amount of 228 thousand Euros, were influenced by the charges related to the rectification of consolidation deriving from the increases in capital of Cynosure for picking up the stock options at a price which was lower than the charged amount for the stock in the consolidated statement (about 7,5 Euros): most of these options, in fact, were assigned before the IPO of 2005, with a pick-up price which was less than five US dollars per share.

The earnings before taxes therefore were 20.763 thousand Euros, a significant increase with respect to the 12.854 thousand Euros registered for September 30th 2007.

Concerning the results of the Group excluding Cynosure, the sales volume grew 28% during the first nine months of the year, which represents a very good result and was obtained without penalizing the gross margin which remain substantially unchanged with respect to 2007.

The incidence of the overhead costs increased slightly, while the decrease in the incidence of the costs for personnel and for amortizations and accruals also determined an improvement percentage-wide in the EBIT; thanks also to the effects of the increase in the sale volume, the EBIT reached 8,5 million Euros with an incidence of 8,6% on the sales volume.

The EBIT for the third quarter of 2008 showed a decrease with respect to the third quarter of 2007, both at the consolidated level and without Cynosure, although there was still a significant increase in the sales volume. This decrease was due mostly to the difficulties encountered in the commercialization in some countries, for which the major sales and marketing expenses did not bring about the expected amount of sales, thus penalising the revenue. We are already taking the opportune steps to adjust these costs in those cases where they were revealed to be excessive, so as to obtain a revenue which is in keeping with the activity.

Comments on the net financial position of the Group

The amount of cash held by the Group is still sizeable and is registered for an amount of 54 million Euros.

Of this amount, the majority is held by the parent company and by the subsidiary Cynosure Inc., as a result of the IPO of December 2005 and augmented by the cash it subsequently generated.

The decrease registered in the financial position with respect to December 31st 2007 was influenced among other things, by the reclassification made by the subsidiary Cynosure which entered into the category of non current assets about 14 million Euros in stocks which up until last year had been classified as “Financial assets available for sale”. This evaluation became necessary due to the so-called “Auction rate securities”, which are long-term stocks with a certain cashing in value but for which the financial crisis comported the loss of the secondary market which up until last April guaranteed their negotiation.

Cynosure has not made any investments of particular importance but has used the cash available to finance its own company operations.

The increase in the net circulating capital represented the main use of cash, with an increase of this aggregate which was greater than the growth of the sales volume. There were also significant investments in tangible assets, especially in real estate, which particularly involved the Parent Company El.En. and Asclepion. The financial investments were also very significant and include the purchase of treasury stock by El.En. SpA for an amount of approx. 2.576 thousand Euros, the purchase from minority shareholders of 8% of Cutlite Penta Srl by El.En. SpA for 224 thousand Euros, and above all, the purchase of 51% of the GLI company by Quanta System S.p.A. with the payment of 765 thousand Euros upon closure of the sale and the entering into accounts of a financial debt of 3,1 million Euros for the remainder still to be paid. Dividends were paid to third parties for an amount of approx. 5.433 thousand Euros.

The effects on the net financial position of the position of GLI are most evident in the sub-consolidated without Cynosure, and comport a financial debt for the payment of the company in instalments and the bank debt of the company itself.

Gross investments made during this quarter

The chart below shows the gross investments made during this period.

<i>Progressive</i>	30/09/08	30/09/07
Intangible assets	338	496
Tangible assets	10.385	6.526
Equity investments	235	55
<i>Total</i>	10.959	7.078

<i>3 Months</i>	30/09/08	30/09/07
Intangible assets	72	323
Tangible assets	3.225	3.176
Equity investments	10	3
<i>Total</i>	3.307	3.502

The investments made during the quarter being described in this report were particularly substantial, and for the first nine months comport a significant increase with respect to last year.

As mentioned earlier, the real estate activity has played a major role in the investments, with an amount of over 5 million spent on buildings and service plants. This amount includes the completion of the construction in Jena of a new 3500 sq. metre building for Asclepion (an investment which will benefit from a grant from the Turingia region), the expenses for the remodelling of the building in Torre Annunziata where Lasit operates, and the expansion of the factory in Calenzano.

There have also been significant investments in equipment, in particular by Cynosure, which continues its policy of investing in demonstration equipment.

Comments on Research and Development activities

During the first nine months of 2008 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.

For highly technological products in particular, the global market requires that the competition be met by continually placing on the market completely new products and innovative versions of old products which use the most recent technologies and components. For this reason extensive and intense research and development programs must be conducted and organized according to brief and mid- to long-term schedules.

Essentially, the results consist in the development of new applications for lasers and the creation of suitable equipment. 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 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. 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.

A brief summary of the main research projects conducted by the Group during this period is shown below.

Systems and applications for lasers in medicine.

We have continued the activity aimed at developing equipment and laser devices for the cure of skin ulcers. As part of this activity, we have continued the development of a compact CO₂ source for surgical applications and we have completed a proto-type device with increased power characteristics with respect to the earlier products and with improved time adjustability of the power distributed.

We have begun work on the development of a new integrated instrument for the diagnosis and treatment of skin ulcers which includes the laser, visible and infra-red systems for the diagnosis and robotized systems for the treatment. A patent for this instrument has been applied for.

Optical-acoustic and acoustical-optical micro-probes for minimally invasive diagnostics. The probes will be used for the early diagnosis of the presence of malignancies in small sized lesions; collaboration is planned with the Ultrasound and Non-destructive testing Department of the University of Florence for the creation of proto-types of optical-acoustic transmitters and acoustic-optical receivers with different technologies derived from those used to make electronic semiconductor devices.

We are also conducting trials for the purpose of obtaining FDA approval at a prestigious eye clinic in the USA (Bascon Palmer of Miami) for performing operations first on animals and subsequently on human patients, using lasers to glue the cornea to the eye without the use of stitches. This activity is a result of the research projects conducted with IFAC of the CNR by the associated company, Actis Active Sensors.

In collaboration with the IFAC institute of the CNR we are now conducting an important research project involving the creation of a technique and the related equipment for the laser assisted anastomosis of blood vessels.

In collaboration with the CSO we have conducted research on a new instrument for retinal coagulation associated with a fissure light and clinical trials will begin soon.

We have continued the development of instruments and the clinical experiments of innovative laser equipment for uses in physical therapy and orthopaedics and experiments have also been stated in the USA, in collaboration with Washington State University on animal subjects (horses) and the collaboration has continued with the Istituti Rizzoli of Bologna, our partners for several years, for use on patients with pathologies involving the articulation of the knee. As part of this project, but with uses also for laser applications in other fields of medicine, we have created a laboratory for

histological studies and other laboratory analyses on the results of the interaction between the laser light and biological tissues.

With the University of Aquila, we are now conducting research on some laser biological tissue interactions in the dermatological and in the future, cardiologic, field.

A research project is now in progress to find new methods for the characterisation of cellulitis by means of ultrasound.

The first results have been obtained on research related to new devices for aesthetic medicine, in particular for the stimulation of the regeneration of collagen in the derma layers of the face.

Research has also continued on a new micro-manipulator for uses in otorhinolaryngology of the CO₂ laser and clinical effectiveness tests have begun. The first results were considered excellent by the doctors involved.

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 Srl created by El.En. and Esaote. As part of this project, they developed a new multiple source for the simultaneous ablative treatment with four fibres, each with independently adjustable power. They have created a new instrument which has an echograph integrated with a multi-source laser, called Echolaser.

A project financed by the European Union on new methods of diagnosis using nano-particles and laser systems with ultrasound inter-agents has continued. For this project we are collaborating with prestigious European institutions like Fraunhofer IBMT.

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.

The research activity aimed at developing a diode laser for neurosurgery applications with minimally invasive techniques was continued.

We have continued tests to determine the effects of photo-mechanic stimulation of Chondrocytes.

At Cynosure they have concluded the development of diffractive lenses for laser rejuvenation of the skin have been developed and a patent has been deposited for the device.

At Cynosure they have continued activities for the completion of experiments on laser-lipolysis with a new instrument which has innovative characteristics in terms of the power levels, control of power distribution with retro-activated systems and use of different wave lengths.

At Cynosure they have just completed research on a new compact system for cooling generation for dermatological laser treatments.

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

We continued operations to extend the intellectual property of the Group by formulating international patents and assistance in granting them on an international basis. In particular, we have submitted a patent for the stimulation of the re-growth of cartilage, one for a multi-fibre device for cannulas and needles, one for the trans-cutaneous treatment of thyroid lumps with lasers guided by ultra-sound images, and a patent for the use of physiological liquid combined with the use of laser light conducted by fibres inside soft biological tissues.

We have completed the installation of a research laboratory at El.En. which will be made available for conducting coordinated activities with the other companies of the Group on the interaction between laser light and biological tissues.

Laser systems and applications for industry

The project related to excimer laser systems for use in the nano-manufacture of electronic and optical-electronic devices is about to be concluded.

Experimental trials on the electronics based on a "Digital Signal Processor" for on-line setting and numerical control of the galvanometers for scanning heads have been concluded, and field studies are underway.

Feasibility studies were continued for the adaptation of galvanometers to the characteristics necessary for mounting on satellites in space.

We have continued the study of the algorithms, calculus programs and "hardware" structure for artificial vision systems to be used for the automation of surface decorations, using laser marking, for leather and other materials, and for the cutting and marking of objects that are spread out on flat working surfaces.

We are about to complete experimental trials on a new ultra-compact radio-frequency pumped CO₂ laser source with intermediate power.

Research activity as part of a project for a solid state high power laser source with active material in an amorphous ceramic support is now in progress.

A research project on a new generation machine for decorating large areas of textiles is now in progress.

We are now elaborating the data from experiments involving 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.

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.

At OTLAS they have completed the development and production of a system with a pyro-electric matrix for centering the laser ray on the basis of the recording of the shape of the ray in various portions of the cross-section.

A combined laboratory with the Department of Architecture of the University of Florence has been created for the development of applications for cutting and superficial laser treatments for interior decoration.

At OTLAS they have conducted research on a means of perfecting the laser cutting process of tiles of composite materials as a light-weight support for marble slabs.

At Cutlite Penta they continued work on the development of an electronic system for tele-diagnosis and tele-assistance of industrial machines. In the future it may be possible to develop applications of them for uses in medicine.

We have completed verification trials on the structural and functional innovations developed on sealed CO₂ sources produced by El.En.

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

<i>thousands of euros</i>	30/09/2008	30/09/2007
Costs for staff and general expenses	6.715	6.500
Equipment	121	109
Costs for testing and prototypes	1.281	1.044
Consultancy fees	225	231
Other services	370	262
Intangible assets	0	2
<i>Total</i>	8.712	8.148

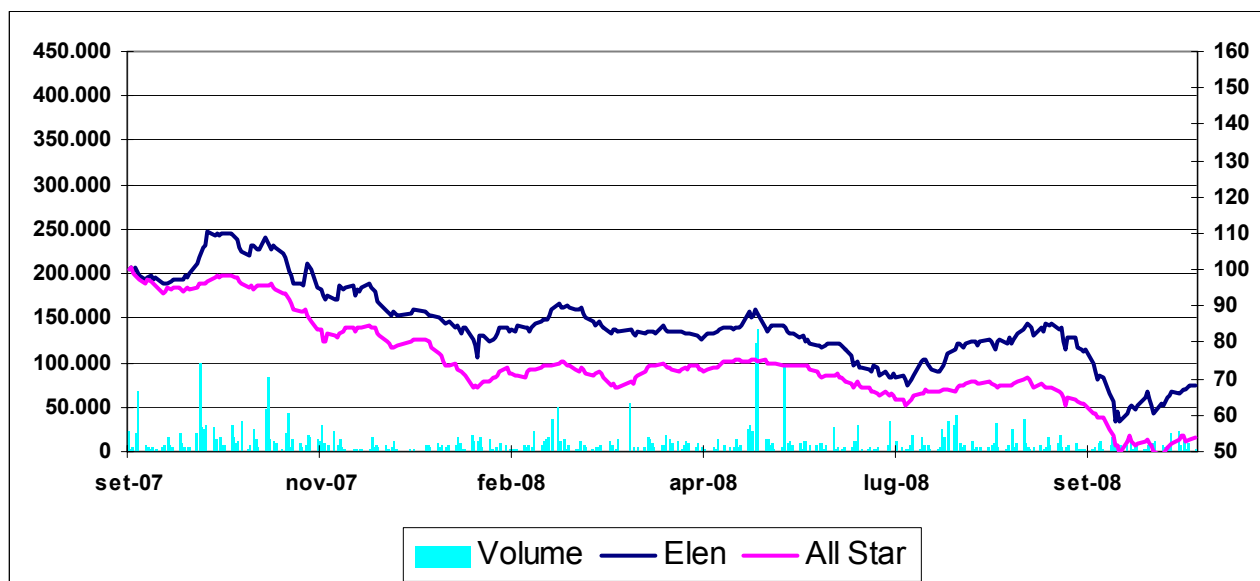
As was the case for both the sales volume and profits, the contribution of Cynosure is highly significant also for the research and development expenses considering the intense activity the company conducts in this sector. The amount of expenses sustained by Cynosure during this period for research and development was approx. 5,6 million dollars.

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 5% of the consolidated sales volume of the Group. The amount related to Cynosure, as stated above, is 5,6 million dollars which represents about 5% of its sales volume; the rest of the expenses were sustained mostly by El.En. SpA and represents 7% of its sales volume.

Trend of the El.En stock

The trend of the El.En. stock is shown in the graph below starting with the quotation on September 3rd 2007, 30,06 Euros.



Other significant events which occurred during this quarter

No significant events occurred during this quarter.

Other events which took place after the quarter was closed

No other significant events took place after the end of the quarter.

Short term evolution foreseen for the financial period now in progress

Though facing an unfavorable economic and financial environment and the spreading perception of an incumbent recession, our positioning on the market is confirming our ability to achieve valuable results in terms of revenue growth and profitability.

The 2008 full year guidance (27% revenue growth up to 140 millions of euro and 14 millions of euro of EBIT, excluding Cynosure from consolidation), in light of the worsening of the global economic and financial crisis markedly during and after the month of September, and its impact on the potential of further rapid and sustained growth, as of today needs to be considered an ambitious target.

Conformity with art. 36 and following of the CONSOB regulations related to the markets

From a procedural point of view, El.En. SpA is in conformity with art. 36 of the market regulations, *Regolamento Mercati* CONSOB (n. 16191\2007). The availability of information as per *art. 36, comma 1, lettera a)* will start with the deposit of the documentation for the next assembly for the financial statement.

For the Board of Directors
Managing Director
Ing. Andrea Cangilioli

Enclosure A:

DECLARATION IN CONFORMITY WITH ART. 154 BIS, COMMA 2, D.LGS. N.58 / 1998

The undersigned, Enrico Romagnoli, acting as executive responsible for drawing up the corporate accounting documents of El.En. S.p.A. declares, that in conformity with comma 2° of art. 154-bis of the Legislative Decree n. 58 February 24th 1998, that this Quarterly Report corresponds to the information reported in the documents, accounting books and accounting entries.

Calenzano, November 14th 2008.

Executive in charge of the financial reports

Enrico Romagnoli