El. En. Group

QUARTERLY FINANCIAL REPORT AT SEPTEMBER 30TH 2010

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

This document has been translated into English for the convenience of readers outside Italy.
The original Italian document should be considered the authoritative version.

CORPORATE BOARDS

(as of the date of approval of the Interim Management Report on September 30th 2010)

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

Gino Manfriani

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

INTERIM MANAGEMENT REPORT

AS OF SEPTEMBER 30th 2010

Interim management report

Introduction

This interim management report for the quarter ending September 30th 2010 for the El.En. Group was drawn up in compliance with to Art. 154-ter of Legislative Decree 58/1998 and later modifications as well as the regulations for issuing companies issued by Consob. This document contains the information usually included by the company in the preceding quarterly reports.

The information sheet shown below has been drawn up in compliance with IAS/IFRS international accounting principles which have been obligatory since 2005 for the display of the consolidated statements of companies quoted on the regulated stock markets.

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 quarterly results as of September 30th 2010 are shown in comparative form with those for the same quarter last year. All amounts are expressed in thousands of Euros unless otherwise indicated.

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.

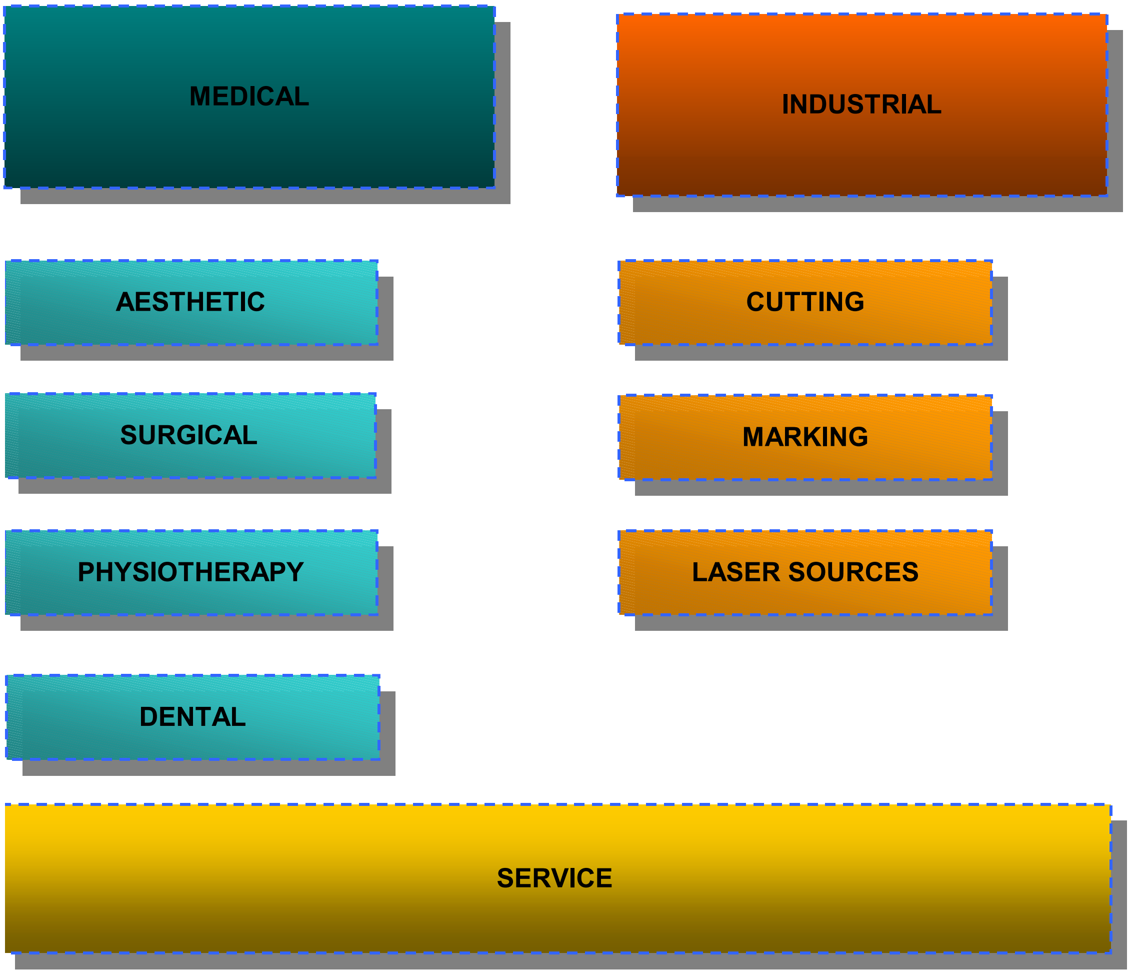
These indicators are illustrated in Profit and Loss Account charts shown and commented further on.

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.

In general, 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 centers 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.

Economic and financial results of the Group

The third quarter results confirmed the general trend of recovery which had already begun to appear in the first half of 2010.

As far as the consolidated results are concerned, the sales volume for this quarter showed a slight drop with respect to the preceding quarter due to the slow-down of activity typical of the summer period, but the figures showed an improvement of 25% in the results compared with the third quarter of 2009. The earnings benefitted from these results and the EBIT was positive for the second consecutive quarter and showed an overall improvement in the results which, after the heavy losses incurred in 2009 now is back in the black.
If we consider the consolidated earnings with the exclusion of Cynosure, the improvement is even more evident and for the first nine months of the year as well as for the quarter, there was a rebound of just under 30% with respect to last year , and an EBIT of close to 6% on the sales volume, which is better than expected.
Just by comparing the results with and without Cynosure, one of the most important keys to the interpretation of the data becomes evident, which is the better performance of the markets and of the Group in the rest of the world as opposed to the United States which continues to be afflicted by the financial crisis: Cynosure, which had made the American market the driving force of its growth in the years preceding the crisis and which showed a brilliant and dynamic performance in 2007/2008 has been stagnant and lifeless in the past 18 months and is no longer able to come up with the solutions which in the past had determined its rapid growth. The sales in foreign countries have not been enough to allow the company to offset the loss of sales volume on the domestic market and to break even.
On the other hand, the rest of the Group shows a substantial growth which involves all of the product and geographical markets in which it operates, so that it continues in its recovery of the positions and the performance levels reached in 2007/2008; this recovery in fact is occurring on a basis which is substantially different from the past due to the decrease in the incidence of the sales volume in the United States. Several different types of businesses have made up for the drop in the American Market: in the medical sector, there has been an expansion in the surgical market thank to the innovative DPSS (Diode pumped solid state) systems of Quanta Systems), but also to the success of Deka in international distribution and of Esthelogue in the aesthetic sector in Italy. In the industrial sector, the growth trend has continued for the Chinese and Brazilian branches which were founded about three years ago for the purpose of establishing production and direct distribution in the countries with the highest rate of growth in manufacturing activities; the sales volume developed by the two subsidiaries which has grown gradually over the last few quarters, has now started to reach the levels which had determined the decision to invest in these two countries. The good results obtained in China and Brazil have been a driving force also in the sales volume of Cutlite Penta, Otlas and the industrial division of El.En. Spa acting as suppliers for the two companies involved in the manufacture of laser systems for the manufacturing market.

The Group considers that the results obtained thus far in 2010 are satisfactory and as of this date they exceed forecasts both in the sales volume and EBIT. It should be remembered that the general context in which the Group has operated in the last few months is still far from being defined as favorable; although we are pleased to be able to register a growth and a return to profits, we are, in any case, aware of the fact that the microeconomic factors which determined the results, and that is to say the success of the innovation of the product and its being combined with a carefully positioned distribution network, are still facing the variable macroeconomic factors which are still substantially adverse, and chiefly the climate of great uncertainty related to the time and duration of the recovery of the world economy. The constantly alternating trends in the forecasts of the growth on the GIP of the most developed countries, the continued high rates of unemployment, the negative news from driving markets like the automobile companies, the fear of higher taxes, keep the outlook on global demand uncertain and consequently do not sustain the tendency to invest on the part of our clients and, to an even greater degree, those who are supposed to finance them. Even though there are geographic areas and business sectors in which both the uncertainties related to the amount of the demand and the availability of credit for investments in capital goods have been overcome during 2010, the general situation is fluctuating and non-homogeneous.

On the other hand, our faith in the position of the Group and its technological potential based on the long-term stratification of areas of expertise continually augmented by the most innovative research, is unchanged. The field of innovative technologies for aesthetics and for medicine is a market which, for social and demographic reasons , the analysts agree will show mid-term growth. In the same way, the innovative technologies for manufacturing operations will be subject to a continually growing demand, in particular in those countries which, thanks to the competitive costs of the production factors, excel in manufacturing. On the basis of this, the Group has not reduced important investments either in technology, by maintaining and re-enforcing a powerful and complex research and development structure, or in distribution with the creation of ad hoc structures able to deal with specific markets believed to have high growth potential; according to this plan, operating costs have not been drastically reduced and a reduction of current earnings with respect to the appropriate dimensions of the structures in relation to the current sales volume has been tolerated, but we will continue to cultivate, without dispersing it, the expertise of an organization able to produce revenue, and to reach and exceed the profit levels obtained in 2007 and 2008 just as soon as overall economic conditions make our markets more secure.

Considering the importance that the subsidiary Cynosure has on the consolidated results and the large portion of stock held in the company by third parties (the controlling majority held by El. En. Spa in fact is 23,32% as of September 30th 2010), in this information sheet we are showing both the consolidated statement for the Group as well as the data relative to the results of the Group excluding Cynosure.

The chart below shows the results of the Profit and Loss account for the third quarter of 2010 displayed in comparative form with the results for the same period last year.

Profit and loss account - 3 months	**30/09/10**	**Inc.%**	**30/09/09**	**Inc.%**	**Var.%**
Revenues	43.060	100,0%	34.295	100,0%	25,6%
Change in inventory of finished goods and WIP	1.426	3,3%	836	2,4%	70,6%
Other revenues and income	795	1,8%	335	1,0%	137,4%
Value of production	**45.281**	**105,2%**	**35.466**	**103,4%**	**27,7%**
Purchase of raw materials	19.017	44,2%	12.194	35,6%	56,0%
Change in inventory of raw material	(1.189)	-2,8%	1.358	4,0%	
Other direct services	3.727	8,7%	3.345	9,8%	11,4%
Gross margin	**23.726**	**55,1%**	**18.569**	**54,1%**	**27,8%**
Other operating services and charges	9.522	22,1%	7.875	23,0%	20,9%
Added value	**14.204**	**33,0%**	**10.694**	**31,2%**	**32,8%**
For staff costs	10.544	24,5%	10.191	29,7%	3,5%
EBITDA	**3.661**	**8,5%**	**503**	**1,5%**	**628,2%**
Depreciation, amortization and other accruals	2.200	5,1%	2.002	5,8%	9,9%
EBIT	**1.461**	**3,4%**	**(1.499)**	**-4,4%**	
Net financial income (charges)	(705)	-1,6%	(15)	-0,0%	4696,8%
Share of profit of associated companies	(147)	-0,3%	(137)	-0,4%	7,5%
Other Income (expense) net	(2)	-0,0%	(2)	-0,0%	5,6%
Income before taxes	**606**	**1,4%**	**(1.653)**	**-4,8%**	

The chart below shows the results of the Profit and Loss Account for the first nine months of 2010 displayed in comparative form with the results for the same period last year

Profit and loss account	**30/09/10**	**Inc.%**	**30/09/09**	**Inc.%**	**Var.%**
Revenues	134.916	100,0%	106.846	100,0%	26,3%
Change in inventory of finished goods and WIP	(1.392)	-1,0%	(1.059)	-1,0%	31,5%
Other revenues and income	1.671	1,2%	1.642	1,5%	1,8%
Value of production	**135.196**	**100,2%**	**107.429**	**100,5%**	**25,8%**
Purchase of raw materials	54.172	40,2%	36.077	33,8%	50,2%
Change in inventory of raw material	(3.706)	-2,7%	2.057	1,9%	
Other direct services	12.468	9,2%	10.674	10,0%	16,8%
Gross margin	**72.261**	**53,6%**	**58.621**	**54,9%**	**23,3%**
Other operating services and charges	30.029	22,3%	30.949	29,0%	-3,0%
Added value	**42.232**	**31,3%**	**27.673**	**25,9%**	**52,6%**
For staff costs	32.972	24,4%	31.695	29,7%	4,0%
EBITDA	**9.260**	**6,9%**	**(4.022)**	**-3,8%**	
Depreciation, amortization and other accruals	6.427	4,8%	6.510	6,1%	-1,3%
EBIT	**2.833**	**2,1%**	**(10.533)**	**-9,9%**	
Net financial income (charges)	(296)	-0,2%	811	0,8%	
Share of profit of associated companies	(392)	-0,3%	(693)	-0,6%	-43,5%
Other net income (expense)	(461)	-0,3%	(20)	-0,0%	2211,7%
Income before taxes	**1.685**	**1,2%**	**(10.434)**	**-9,8%**	

Details of the net financial position of the Group are shown on the chart below:

Net financial position			
	30/09/2010	**30/06/2010**	**31/12/2009**
Cash and bank	38.232	38.528	49.573
Financial instruments	43.205	56.431	29.803
Cash and cash equivalents	**81.437**	**94.959**	**79.376**
Short term financial receivables	**52**	**56**	**55**
Bank short term loan	(5.812)	(5.338)	(4.450)
Part of financial long term liabilities due within 12 months	(1.150)	(1.330)	(1.163)
Other short term financial liabilities	0	0	0
Financial short term liabilities	**(6.963)**	**(6.668)**	**(5.613)**
Net current financial position	**74.527**	**88.347**	**73.818**
Bank long term loan	(2.206)	(2.328)	(2.044)
Bonds	0	0	0
Other long term financial liabilities	(2.084)	(2.306)	(2.883)
Financial long term liabilities	**(4.290)**	**(4.633)**	**(4.927)**
Net financial position	**70.237**	**83.713**	**68.891**

The charts below show the Profit and Loss Account for the third quarter of 2009, the Profit and Loss Account for the first nine months of 2010 and the net financial position of the Group excluding the subsidiary Cynosure from the area of consolidation.

Profit and loss account - 3 months	**30/09/10**	**Inc.%**	**30/09/09**	**Inc.%**	**Var.%**
Revenues	29.144	100,0%	22.612	100,0%	28,9%
Change in inventory of finished goods and WIP	1.710	5,9%	1.224	5,4%	39,7%
Other revenues and income	720	2,5%	292	1,3%	146,6%
Value of production	**31.574**	**108,3%**	**24.128**	**106,7%**	**30,9%**
Purchase of raw materials	14.314	49,1%	9.413	41,6%	52,1%
Change in inventory of raw material	(471)	-1,6%	1.372	6,1%	
Other direct services	2.320	8,0%	2.349	10,4%	-1,2%
Gross margin	**15.411**	**52,9%**	**10.994**	**48,6%**	**40,2%**
Other operating services and charges	6.022	20,7%	4.648	20,6%	29,5%
Added value	**9.390**	**32,2%**	**6.345**	**28,1%**	**48,0%**
For staff costs	6.349	21,8%	5.566	24,6%	14,1%
EBITDA	**3.041**	**10,4%**	**779**	**3,4%**	**290,3%**
Depreciation, amortization and other accruals	1.196	4,1%	980	4,3%	22,1%
EBIT	**1.845**	**6,3%**	**(201)**	**-0,9%**	
Net financial income (charges)	(1.087)	-3,7%	(350)	-1,5%	210,5%
Share of profit of associated companies	(147)	-0,5%	(137)	-0,6%	7,5%
Other Income (expense) net	0	0,0%	0	0,0%	
Income before taxes	**611**	**2,1%**	**(688)**	**-3,0%**	

Profit and loss account	**30/09/10**	**Inc.%**	**30/09/09**	**Inc.%**	**Var.%**
Revenues	92.993	100,0%	71.605	100,0%	29,9%
Change in inventory of finished goods and WIP	2.508	2,7%	932	1,3%	169,2%
Other revenues and income	1.430	1,5%	1.486	2,1%	-3,8%
Value of production	**96.931**	**104,2%**	**74.023**	**103,4%**	**30,9%**
Purchase of raw materials	42.565	45,8%	29.905	41,8%	42,3%
Change in inventory of raw material	(1.148)	-1,2%	1.611	2,2%	
Other direct services	8.267	8,9%	6.848	9,6%	20,7%
Gross margin	**47.248**	**50,8%**	**35.659**	**49,8%**	**32,5%**
Other operating services and charges	18.240	19,6%	16.539	23,1%	10,3%
Added value	**29.008**	**31,2%**	**19.120**	**26,7%**	**51,7%**
For staff costs	20.342	21,9%	18.176	25,4%	11,9%
EBITDA	**8.666**	**9,3%**	**944**	**1,3%**	**818,0%**
Depreciation, amortization and other accruals	3.312	3,6%	3.005	4,2%	10,2%
EBIT	**5.354**	**5,8%**	**(2.061)**	**-2,9%**	
Net financial income (charges)	(243)	-0,3%	1	0,0%	
Share of profit of associated companies	(392)	-0,4%	(693)	-1,0%	-43,5%
Other net income (expense)	(457)	-0,5%	0	0,0%	
Income before taxes	**4.261**	**4,6%**	**(2.754)**	**-3,8%**	

Net financial position			
	30/09/2010	**30/06/2010**	**31/12/2009**
Cash and bank	14.871	17.762	18.477
Financial instruments	231	513	537
Cash and cash equivalents	**15.103**	**18.275**	**19.013**
Short term financial receivables	**52**	**56**	**55**
Bank short term loan	(5.811)	(5.335)	(4.445)
Part of financial long term liabilities due within 12 months	(1.031)	(1.168)	(985)
Other short term financial liabilities	0	0	0
Financial short term liabilities	**(6.842)**	**(6.504)**	**(5.430)**
Net current financial position	**8.312**	**11.827**	**13.639**
Bank long term loan	(2.188)	(2.308)	(2.028)
Bonds	0	0	0
Other long term financial liabilities	(2.056)	(2.256)	(2.780)
Financial long term liabilities	**(4.243)**	**(4.564)**	**(4.809)**
Net financial position	**4.069**	**7.262**	**8.830**

Comments on the management results

The table below shows the subdivision of the sales volume according to sectors of activity of the Group for the first nine months of 2010 in comparison with the same subdivision for the same period last year

	30/09/2010	Inc%	30/09/2009	Inc%	Var%
Industrial systems and lasers	21.058	15,61%	11.930	11,17%	76,51%
Medical and aesthetic lasers	87.295	64,70%	72.444	67,80%	20,50%
Service	26.563	19,69%	22.472	21,03%	18,21%
Total	**134.916**	**100,00%**	**106.846**	**100,00%**	**26,27%**

The overall increase of 26,7% in the sales volume is manifested in different ways in the three main segments.

The increase in sales was substantial in the industrial sector which, in 2009, had been particularly hard hit by the economic crisis and which, in the first few months of 2010, first began to show the benefits derived from the global expansion that had been begun by the Group a few years ago; the sector showed an increase of over 76%. There are multiple reasons for this trend which range from the globalization of the manufacturing process to the introduction of new technologies for laser sources and cutting systems, and the entry into a vast market which for a small player like the El.En. Group in the sector of industrial systems for metal cutting, offers considerable potential for growth even when detaining a modest portion of the market.

The 20% increase shown in the medical sector is also an excellent result, and was obtained by winning over portions of the market from our main competitors which, as far as the companies which publish their financial reports are concerned, obtained lower growth rate than the Group did. With its important brand names, the group plays a leadership role in this sector and the opportunity for achieving growth rates that are this significant is offered only by the growth of the specific market, a phenomenon which did not occur either during this period or the preceding one, or by taking portions of the market from the competitors, or by innovations which reshape the confines of the market and amplify it as occurred in 2007 with the introduction of the Smartlipo technology. As far as the year 20120 is concerned, the growth is due to a very small degree to the recovery of the market and above all to the acquisition of portions of the market.

The results from technical assistance and service were very satisfactory and above expectations. These depend, in general, on the amount of systems installed and on the intensity with which they are used, which determines the frequency of ordinary and extraordinary maintenance and the volume of materials consumed in those cases where they are required.

The chart below shows the results for this quarter in relation to the geographic distribution of the sales volume.

	30/09/2010	Inc%	30/09/2009	Inc%	Var%
Italy	20.569	15,25%	17.223	16,12%	19,43%
Europe	34.740	25,75%	29.827	27,92%	16,47%
Rest of the world	79.607	59,00%	59.796	55,96%	33,13%
Total	**134.916**	**100,00%**	**106.846**	**100,00%**	**26,27%**

The sales volume showed greater growth in the non-European countries which, for these 9 months, makes the international vocation of the Group evident.

For the medical sector, which represents almost 65% of the sales of the Group, the chart below shows the results for the various segments.

	30/09/2010	Inc%	30/09/2009	Inc%	Var%
Surgical CO2	7.315	8,38%	6.830	9,43%	7,10%
Physiotherapy	3.372	3,86%	3.315	4,58%	1,72%
Aesthetic	57.230	65,56%	46.999	64,88%	21,77%
Dental	3.179	3,64%	2.680	3,70%	18,59%
Other medical lasers	12.977	14,87%	10.083	13,92%	28,70%
Accessories	3.222	3,69%	2.537	3,50%	27,03%
Total	**87.295**	**100,00%**	**72.444**	**100,00%**	**20,50%**

The growth which, in some cases was substantial, characterized all of the segments and demonstrates the increasingly intense and incisive presence of the Group in each of the segments in which it is involved..

The overall strategy of the Group, which has never changed in the past few years, involves operation in the sector through a series of companies which are independent from each other but coordinated within the Group with an aim to optimizing penetration into the markets, area by area and segment by segment, by taking advantage of the specific technological and commercial attributes of each company. At the same time, each company benefits from the cross-fertilization which the advanced research teams residing in each of the operating headquarters can provide and share processes, products and technologies with the mutual exchange regulated by specific agreements..
The firms in question, which are companies or groups of companies, are the following: DEKA, the main selling branch for the products of El.En. SpA, and now a world leader in particular in the sector of aesthetic medicine; Cynosure Inc., the company located in Westford, Massachusetts quoted on the Nasdaq (CYNO) which covers the North American market with a network of direct distribution and the International markets with its subsidiaries and distributors; Quanta System, with Headquarters in Solbiate Olona (VA) a company specialized in highly innovative solid state laser systems which has focused on the medical market, after a long experience in the scientific market, along with its traditional range of products for aesthetic medicine, has recently added a revolutionary range of systems for surgical applications; Asclepion Laser Technologies Gmbh, with headquarters in Jena in Turingia, which operates in the sector of dermatology and aesthetic medicine with its own internationally recognized range thanks to the underlying German technology; ASA Srl of Vicenza which operates exclusively in the sector of physical therapy and rehabilitation; Esthelogue of Calenzano (FI) which operates in the aesthetic sector for the Italian market.

The main segment, the field of aesthetics, which represents 65% of the sales volume in this sector, has been setting the pace with a growth which is substantially the same as the overall rate. The aesthetic sector includes a series of disciplines related to specific applications: laser for hair removal, which is the most popular, non-invasive body-shaping for modeling the body without surgery, laser lipolysis for minimally invasive removal of body fat, photo-rejuvenation and resurfacing which improves the appearance of the skin and the face. The market requires a continual flow of innovative applications and the companies of the Group often propose innovative systems for the applications described above. Among others, in the last few months, DEKA has launched the Synchro FT platform for hair removal and the Triactive+ system for non-invasive body shaping. Cynosure has just released the Smartlipo Triplex, the latest of the successful line of Smartlipo devices which was started under the Deka brand and, thanks to the close collaboration with El.En., Deka and Cynosure, technologically completed and extended to the Triplex platform with a triple wave length, which is undoubtedly the gold standard for laser-lipolysis applications.

The most substantial growth, over 28%, was registered in the residual sector of “Other medical lasers” which includes the systems for the surgical market offered by Quanta System, in particular the Litho and Cyber Thulium for urologic applications which allowed the company in Solbiate to show a rapid growth in 2010.

The sector of accessories also showed good results and mainly involved sales made in conjunction with the CO_2 laser; the growth of this latter was lower than that for the rest of the segments because of the stabilization of the market for the most important applications like resurfacing, which is executed by means of an accessory scanner. At international meetings and fairs, Deka recently presented the innovative multi-functional system Smartxide^2 , a highly innovative and sophisticated system which is destined to relaunch the resurfacing sector and to represent a point of reference for the market also for elective surgical applications for CO_2, technology in gynaecology and otorhinolaryngology.

The dental sector also went well and the American branch which distributes dental systems on the North American markets , during this quarter was able to break even after a phase of turn-around which had started in the first quarter of 2009.

A minor growth was recorded for the sales volume in the physical therapy sector after a slight drop in the first semester. This sector, as we have said, is assigned to ASA which operates in close collaboration with El.En., in particular for the HILT applications which involve the use of high intensity lasers for the treatment of different pathologies in the field of physical therapy and rehabilitation.

For the industrial applications sector, the chart below shows the break-down of the sales volume according to the market segments in which the Group operates

	30/09/2010	Inc%	30/09/2009	Inc%	Var%
Cutting	13.478	64,00%	6.978	58,49%	93,16%
Marking	6.158	29,24%	3.472	29,11%	77,33%
Laser sources	1.273	6,04%	1.256	10,53%	1,37%
Welding, other industrial systems	150	0,71%	224	1,88%	-33,19%
Total	**21.058**	**100,00%**	**11.930**	**100,00%**	**76,51%**

The results for the third quarter in the industrial sector continue to show the sharp rise registered during the second quarter and begin to take on considerable importance within the context of the Group.
As mentioned above, it is the two manufacturing structures started up in China and Brazil that are driving this growth. The first of these, in China, has reached an excellent level of sales and production and also represents an important market outlet for the sales of laser sources by the Parent Company; the second, in Brazil, is now completing the phase of transition from a company mainly involved in sales to that of a manufacturing site and is benefitting from the favorable conditions now present in Brazil.. Both companies operate mainly in the cutting sector which, in fact, has nearly doubled in size. The marking sector has also done well, thanks to the positive trend in the segment of small surface marking (conducted by Lasit of Torre Annunziata) and to the recovery from the minimum amounts for the preceding year in the sector of marking of large surfaces in which Ot-las of Calenzano (FI) operates.

The sector of laser sources is stable but, in any case, shows the pressure on the manufacturing capacity induced by the sales of laser sources to the companies of the Group for cutting and marking applications.

The restauration sector showed a drop but the numbers in this case are always fairly insignificant as far as the total sales volume is concerned; the activity in this sector is far more important in terms of image and the involvement of the Group in the preservation of the Italian and International artistic heritage.

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.

	30/09/2010	Inc%	30/09/2009	Inc%	Var%
Industrial systems and lasers	21.058	22,65%	11.930	16,66%	76,51%
Medical and aesthetic lasers	56.294	60,54%	46.186	64,50%	21,89%
Service	15.640	16,82%	13.489	18,84%	15,95%
Total	**92.993**	**100,00%**	**71.605**	**100,00%**	**29,87%**

	30/09/2010	Inc%	30/09/2009	Inc%	Var%
Italy	20.248	21,77%	17.178	23,99%	17,87%
Europe	24.487	26,33%	21.326	29,78%	14,82%
Rest of the world	48.258	51,89%	33.100	46,23%	45,79%
Total	**92.993**	**100,00%**	**71.605**	**100,00%**	**29,87%**

	30/09/2010	Inc%	30/09/2009	Inc%	Var%
Surgical CO2	6.817	12,11%	5.684	12,31%	19,93%
Physiotherapy	3.372	5,99%	3.315	7,18%	1,72%
Aesthetic	31.901	56,67%	25.957	56,20%	22,90%
Dental	3.179	5,65%	2.680	5,80%	18,59%
Other medical lasers	7.883	14,00%	5.999	12,99%	31,41%
Accessories	3.144	5,59%	2.552	5,52%	23,22%
Total	**56.294**	**100,00%**	**46.186**	**100,00%**	**21,89%**

The exclusion of Cynosure from the area of consolidation shows a growth which percentage-wise is greater for sales and less for the service sector.
In fact, the growth shown for the companies of the Group that operate in the medical sector was greater than that of their main American rivals who traditionally compete for leadership on the market and are emerging more slowly from the crisis. The same tendency is true of Cynosure, whose growth on the International markets was literally sacked by the stagnation of the American market.
As far as after-sales service is concerned, the organizational and business model adopted by Cynosure in this phase turned out be extremely effective even for its economic returns and allowed the American company to obtain a growth in this sector which was greater than that of the rest of the Group.
In relation to the analysis of the single segments of the medical sector, the results substantially repeat those of the consolidated report with the exception of the CO_2 laser sector , where the growth is greater; this phenomenon was determined by the drop in the sales in the segment on behalf of Cynosure in the United States.

The margin of contribution was registered for 72.261 thousand Euros, an increase of 23,3% with respect to the 58.621 thousand Euros for the same period last year with an incidence on the sales volume which fell from 54,9% on September 30th 2009 to 53,6% for the period now being analyzed.
The fall in the sales margins is in fact reduced by 1,1 percentage points net of the reduction registered in the "Other revenue" (most of which are related to grants sustaining research projects).
Besides the effect which is mainly due to the pressure on the sales prices caused by the crisis and to the difficulties incurred by all the main competitors to break even, it should be emphasized that there was a specific effect on the margins which was derived from the different geographic mix of Cynosure's sales: in relative terms, in fact, the preponderance of sales in the United States was reduced with respect to those to international distributors. In the first case, the margin of contribution is higher because the sales are made to end users through a direct distribution network. In the second case, a discount is granted to the distributors to help them sustain the costs of both the direct and indirect commercial expenses (which, in the case of direct distribution, are sustained by the company and entered into accounts along with the operating costs), which reduces the margins.

On the other hand, with the increase in the preponderance of direct distribution in the medical sector, a phenomenon which is both equal and opposite contributes, within the context of the consolidated results without Cynosure, to the slight increase in the margins of contribution. In this sense, the contribution of the improved margins of the industrial also turns out to be decisive for maintaining high overall margins even in conditions where there is great pressure exerted on the prices.

It should be recalled that in the last three financial periods, even though the Group had cashed in the sales price, some of the sales which were financed by operative leasing were considered, in conformity with IAS/IFRS standards, as revenue from multi-year leases; in any case, the effect on the period being analyzed here was negligible.

The costs for operating services and charges was 30.029 thousand Euros, a reduction of 3% with respect to September 30th 2009, so that the incidence on the sales volume is reduced to 22,3% from the 29% registered for the same period last year.

The costs for personnel was 32.972 thousand Euros (an increase of 4% with respect to 31.695 thousand Euros for the same period last year) shows a considerable recovery in productivity with the incidence on the sales volume which decreases from 29,7% on September 30th 2009 to 24,4% on September 30th 2010. The figurative costs for the stock options also contribute to this saving. As of September 30th 2009 these costs amounted to 2.710 thousand Euros while they had dropped to 1.826 thousand Euros by September 30th 2010;These costs refer mainly to the stock options issued by the subsidiary Cynosure Inc.

The trend of the costs aggregates related to overhead and personnel were on the whole stable even in the presence of a considerable rise in the sales volume and this fact contributed to the recovery of profitability. As discussed earlier in this report, the impact of the crisis forced the Group to revise its cost structure and to reduce many of the cost items among the various companies of the Group. Cynosure Inc. was particularly incisive in this sense both on account of the greater impact of the crisis which the company felt and the greater ease with which they were able to reduce costs, in particular that for personnel. As mentioned above, it should be remembered that the Group did not reduce the costs related to the core activity of research and development, nor those related to new commercial initiatives, and preferred to take on losses during the preceding financial period and other added charges in order to assure that these activities, crucial for the future development of the company, were kept dynamic.

As of September 30th 2010, the employees of the Group were 954 with respect to the 874 registered on December 31st 2009 and the 861 on September 30th 2009. The increase with respect to the beginning of the year is almost entirely related to the increase in the number of employees hired by the Chinese subsidiary Wuhan Penta Chutian, which has been expanding rapidly during the last few quarters and on September 30th had 178 employees.

A large part of personnel expenses is directed to research and development for which the Group receives grants and refunds for expenses on the basis of specific contracts underwritten by institutions created for this purpose. The grants which were entered among the income as of September 30th 2010 were 903 thousand Euros, while the amount entered for the same period last year was 1.054 thousand Euros.

On account of the items described above, the EBITDA showed a positive result of 9.260 thousand Euros, with respect to the negative result of 4.022 thousand Euros registered on September 30th 2009.

The costs for depreciations, amortizations and accruals were 6.427 thousand Euros, a decrease of 1,3% with respect to the same period last year, and with a decrease in the incidence on the sales volume which went from 6,1% on September 30th 2009 to 4,8% on September 30th 2010.

The EBIT consequently showed a positive result of 2.833 thousand Euros, which represents a major improvement over the negative result of 10.533 thousand Euros registered for September 30th 2009.

The financial income showed a negative result of 296 thousand Euros with respect to the positive result of 811 thousand Euros for the same period last year; these results were affected by the lower amounts of interest earned on bank deposits and, above all, the negative difference on the exchange rate generated mostly during the last quarter by the strengthening of the Euro with respect to the dollar.

The negative results of the associated companies is chiefly due to Elesta Srl, whose activity is still in the initial investment phase for the creation of highly sophisticated surgical equipment, and the Spanish company GLI whose situation remains difficult because of the severity of the crisis which, in fact, in Spain was even more acute than in the rest of Europe.

The other net revenue and charges on September 30th 2010 are mostly related to the devaluation of the residual amount of goodwill included in the value of the equity in the associated company GLI.

The earnings before taxes therefore show a positive amount of 1.685 thousand Euros, with respect to the negative amount shown on September 30th 2009 for 10.434 thousand Euros.

For the sub-consolidated statement excluding Cynosure, a greater increase in sales volume (+29,9%) is registered and a lower incidence of overhead; consequently, the EBIT is 5,8% of the sales volume compared with the 2,1% registered for the consolidated statement.

The margin of contribution is 47.248 thousand Euros, showing an increase of 32,5% compared with the 35.659 thousand Euros shown on September 30th 2009 and with an incidence on the sales volume showing a slight increase from 49,8% to 50,8% for the period being analyzed, a trend which has already been noted above.

The other costs items on the other hand show a decrease in the incidence on the sales volume with the benefit of the EBITDA which is entered for an amount of 8,7 million Euros (equal to about 9,3% of the sales volume) and of an EBIT of about 5,3 million Euros, equal to 5,8% of the sales volume.
Although we have not been able to reach the levels of the most brilliant years, these substantial earnings are above expectations and represent, within the context in which they were achieved, a remarkable result.
The rapid rise of the Euro with respect to the other currencies used to display the International receivables of the Group, the US dollar, the Chinese Reminmbi and the Brazilian Real caused a reversal of trend in the financial management and a substantial loss on quarterly exchanges which meant that the annual result was also negative.

The associated companies which showed negative results involve only the sub-consolidated excluding Cynosure for which a loss of 0,4% on the sales volume is registered. The other net income and charges are also basically related to the above mentioned devaluation made on the equity held in the associated company GLI with a loss of 0,5% of the consolidated sales volume.

Financial and economic situation

Comments on the net financial position of the Group

The net financial position of the Group continues to be substantial and amounts to about 70 million Euros, showing a decrease with respect to last June and an increase with respect to the end of last year. Of this amount, the majority is held by the parent company and by the subsidiary Cynosure Inc.

In the first six months of this financial year the net financial position showed a decisive improvement thank in part to the reclassification made by Cynosure which entered "assets available for sale" approx. 5 million dollars in mid-term government bonds which, up to that time, had been entered among the fixed assets. The effects of the exchange rate contributed for an amount of over 11 million Euros to the increase in the net financial position due to the strengthening of the US currency with respect to the Euro, with the relative re-evaluation of the substantial amount of cash held by Cynosure.

In the third quarter the net financial position showed a decrease; among the main determining factors for this drop were, for an amount of 8 million Euros, the effects of the exchange rate due to the strengthening of the Euro to the US currency and, for an amount of about 3,5 million Euros, the net effects of the sale of bonds entered among the assets available for sale and the purchase of mid-term bonds entered among the fixed assets which was made by the subsidiary Cynosure.

Financial receivables from associated companies and other minority equities are excluded from the net financial position for an amount of 83 thousand Euros because they are related to the Group's policy of financial support of the Group companies. In continuation of past policy, we felt it opportune to not include these financings in the net financial position described above.

As far as the net financial position consolidated without Cynosure is concerned, during this quarter it decreased by approx. 3 million Euros, registering an amount of about 4 million Euros. No extraordinary significant financial transactions took place during this quarter, and therefore the reduction is due to the expansion of working cash which is a consequence of the increase in sales and the extension of payment terms which in many sectors forced the Group to accept market conditions which were worse than in the past.

Gross investments made during this quarter

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

Progressive	**30/09/10**	**30/09/09**
Intangible assets	120	107
Tangible assets	3.634	8.431
Equity investments	170	189
Total	3.924	8.727

3 Months	**30/09/10**	**30/09/09**
Intangible assets	45	13
Tangible assets	1.435	2.552
Equity investments	170	150
Total	1.650	2.716

Now that work on the enlargement of the headquarters in Calenzano has been completed the item related to investments in tangible assets is drastically reduced. The investments which have been made are related to the continued improvements in the technical equipment by Cynosure which assigns laser systems for sales demonstrations and automobiles to most of its sales agents working on the domestic market.

Comments on Research and Development activities

During the first three quarters of 2010 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 further motivated by the financial crisis which requires a stronger attraction to the market through new products and applications

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 and validation in the field.

The research which is conducted is mainly applied and is basic for some specific subjects, generally related to long and mid-term activities. Both the applied research and the development of the pre-prototypes and prototypes are sustained by our own financial resources and, in part, by grants which derive from research contracts stipulated with the managing institutions set up for this purpose by the Ministry of University and Research (MUR) and the European Union, as well as directly with 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 Parent company and some of the subsidiaries 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 subsystems for the SMARTXIDE2 family of CO2 laser products for surgical uses. The systems are equipped with laser sources supplied by radio frequency with medium power up to 80w and interface control using a personal computer installed on the equipment. They are multi-disciplinary systems which can be used in general surgery, otorhinolaryngology, dermatology, gynaecology, odontostomology, laparoscopic surgery and cosmetic surgery with scansion heads that are able to distribute radio frequency electro-magnetic energy on to the skin of the patient for the DOT treatment for skin rejuvenation especially on the face.

Research continued on a new micro-manipulator for uses in otorhinolaryngology of the CO_2 laser; initial results on patients were considered excellent by doctors who are assisting us in the clinical tests

A new (Alex+ Nd:YAG+IPL) platform is now being developed; this is a mother device able to sustain the management and interface with the doctor, feeding of electricity and conditioning fluids, ergonomic mechanical support and various peripherals .

We have concluded the clinical trials of TRIACTIVE PLUS which is equipped with various peripherals and active generators of radiofrequency, ultrasounds in two frequency bands and mechanical and laser energy, for treating patients in cosmetic surgery

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

Research and experimentation have continued *in vitro* and *in vivo* on animal subjects for new devices and methods for the percutaneous laser ablation of the liver, thyroid, breast, prostate and lungs as part of the activity conducted by the associated company Elesta created by El.En. and Esaote. Agreements were made for the collaboration with the university clinics in Florence and in Pisa as part of the TRAP project with the contribution of EU funds through the Ministry for economic development of the Region of Tuscany.
The activity for the development of laser devices and equipment for the treatment of cutaneous ulcers (TROPHOS project) continued with grants of EU funds received through the council for economic development of the Region of Tuscany.
The research activity in the public/private laboratory in Naples for the development of innovative technologies for minimally invasive medicine continued. 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.
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.
In the laboratories at El.En. research was conducted on new applications in medicine on the interaction between light and biological tissues.
The collaboration between the research and development department for medical lasers of El.En and Cynosure continued for the development of new laser devices for the treatment of adipose layers.
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 with temperature sensors and use of more than one wave length.
At Quanta System they have continued the activity for the development of two types of lasers, one with green emission and the other with Tullio infrared emissions, for the therapy of benign prostate hypertrophies and of a fibre laser with improved performance over the state of the art , also with grants derived from a project financed by the European Union.
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, gynaecological 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; research and clinical experimentation on equipment for applications in urology is now in progress.

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 have completed the experimental trials on the innovative electronic systems developed at El.En. and based on a system in digital electronics (VOYAGER), for the control and management of marking systems for machines recently created by OTLAS.
For applications related to metal cutting we have developed a capacitive sensor for the control of the focal zone of the laser ray with respect to the material; experimentation activity has now been concluded.
As part of the strategy for the development of restoration systems in Tuscany, a project (TEMART) was approved, in which El.En. is responsible for the development of specialized laser equipment for particular types of conservation.
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.
We are developing laser systems for cutting and welding plastic materials for use as containers for food and chemicals of various types.
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.

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. They have developed new compact cutting systems with superior performance and limited cost, and they have continued the study of new solutions for cutting, in particular for cutting sheet metal. They are developing methods for eliminating most of the optic portions of the CO_2 laser ray with solutions which include mounting the new sources with radio-frequency pumping directly on the portal of the machine.
They are about to conclude the development of the software for the execution with raster scansion of superficial marking of metals and other materials on cutting 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.

At OT-LAS they have completed the development of 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 following table shows the expenses for Research and Development during this period:

thousands of euros	30/09/2010	30/09/2009
Costs for staff and general expenses	7.103	6.538
Equipment	116	128
Costs for testing and prototypes	762	1.116
Consultancy fees	525	480
Other services	549	244
Intangible assets	0	0
Total	**9.055**	**8.507**

As for the entries of the sales and the revenues, 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. 5,4 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 7% of the consolidated sales volume of the Group. The amount related to Cynosure, as stated above, is 5,4 million dollars which represents about 9% of its sales volume; the rest of the expenses were sustained mostly by El.En. SpA and also represents 9% of its sales volume.

Trend of El.En. stock

The trend of the stock is shown in the chart below

Other significant events which took place during this quarter

On September 27th 2010 the assembly of Raylife Srl deliberated to cover the losses registered up to June 30th 2010 by reducing to zero the capital stock and paying out the residual amount. They also voted to reconstitute the capital stock to the original amount of 110 thousand Euros, and this increase was entirely underwritten by the sole partner, Asclepion GmbH.

Other events which took place after the closure of the quarter

On October 28th 2010 the assembly of El.En. SpA authorized the Board of Directors of the company to purchase treasury stock.
This purchase of treasury stock as proposed by the Board of Directors will be 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 15.000.000,00 (15 million) Euros in one or more instalments, for a quantity of ordinary shares, at this time is the only category of financial instruments issued by the company, which, in any case, should not be in excess of one-fifth of the capital stock. Presently, 20% of the capital underwritten and paid out by El.En. is equivalent to 964.873 shares and the company holds 103.148 shares which is equal to 2,138%.
The duration of the authorization is for the maximum period allowed by law, that is, 18 months from the date of approval by the shareholders' meeting.
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 Board is given the option within ten years of the date of purchase of putting back into circulation the shares held in their portfolio at this time and those which will be acquired, 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.

Outlook for the financial year now in progress

The third quarter confirmed the positive trend of the Group also in relation to the forecasts issued for the financial year 2010, in reference to the sub-consolidated drawn up with the exclusion of Cynosure: in fact, the growth and the earnings fully exceed the goals which had been set.
For the last quarter and the closure of the financial year we expect to be able to confirm the tendency shown for this period, i.e., the growth in sales volume should continue to be substantial although in the fourth quarter less than the 29% shown for the first nine months and, in its incidence on the sales volume, the EBIT should be slightly over the 5,8% registered for the first nine months of the year.

For the Board of Directors

Executive board member

Ing. Andrea Cangioli

Annex "A": List of consolidated companies as of September 30th 2010

Subsidiary companies

Company name:	Headquarters	Percentage held: Direct	Indirect	Total	Consolidated Percentage
Parent company:					
El.En. SpA	Calenzano (ITA)				
Subsidiary companies:					
Deka M.E.L.A. Srl	Calenzano (ITA)	70,00%		70,00%	70,00%
Cutlite Penta Srl	Calenzano (ITA)	90,67%		90,67%	90,67%
Esthelogue Srl	Calenzano (ITA)	100,00%		100,00%	100,00%
Deka Technologies Laser Sarl	Lyons (FRA)	100,00%		100,00%	100,00%
Deka Lasertechnologie GmbH	Berlin (GER)	100,00%		100,00%	100,00%
Deka Laser Technologies Inc.	Carlsbad (USA)	11,78%	80,71%	92,49%	92,49%
Ot-las Srl	Calenzano (ITA)	90,00%		90,00%	90,00%
Lasit SpA	Vico Equense (ITA)	52,67%	17,33%	70,00%	68,27%
BRCT Inc.	Branford (USA)	100,00%		100,00%	100,00%
Quanta System SpA	Solbiate Olona (ITA)	60,00%		60,00%	60,00%
Asclepion Laser Technologies GmbH	Jena (GER)	50,00%	50,00%	100,00%	80,00%
Arex Srl	Solbiate Olona (ITA)		51,22%	51,22%	30,73%
AQL Srl	Vimercate (ITA)		100,00%	100,00%	67,58%
ASA Srl	Arcugnano (ITA)		60,00%	60,00%	42,00%
Cynosure Inc.	Westford (USA)	23,32%		23,32%	23,32%
Cynosure GmbH	Langen (GER)		100,00%	100,00%	23,32%
Cynosure Sarl	Paris (FRA)		100,00%	100,00%	23,32%
Cynosure KK	Tokyo (JAP)		100,00%	100,00%	23,32%
Cynosure UK	London (UK)		100,00%	100,00%	23,32%
Suzhou Cynosure Medical Devices Co.	Suzhou (CHINA)		100,00%	100,00%	23,32%
Cynosure Spain	Madrid (SPAIN)		100,00%	100,00%	23,32%
Cynosure Mexico	S. Geronimo Ladice (MEXICO)		100,00%	100,00%	23,32%
Cynosure Korea	Seul (S. KOREA)		100,00%	100,00%	23,32%
With Us Co Ltd	Tokyo (JAP)		51,25%	51,25%	51,25%
Deka Japan Co. Ltd	Tokyo (JAP)	55,00%		55,00%	55,00%
Wuhan Penta Chutian Laser Equipment Co Ltd	Wuhan (CHINA)		55,00%	55,00%	49,87%
Lasit Usa Inc.	Branford (USA)		100,00%	100,00%	68,27%
Cutlite do Brasil Ltda	Blumenau (BRASIL)	78,00%		78,00%	78,00%
Lasercut Technologies Inc.	Branford (USA)		100,00%	100,00%	100,00%
Ratok Srl	Solbiate Olona (ITA)		70,00%	70,00%	42,00%
Raylife Srl	Calenzano (ITA)		100,00%	100,00%	80,00%
Deka Medical Inc	San Francisco (USA)		100,00%	100,00%	100,00%

Associated companies

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

Annex "B": DECLARATION IN CONFORMITY WITH ART. 154BIS, SUB-SECTION 2, D.LGS. N.58 / 1998

The manager in charge of preparing the corporate accounting records, Enrico Romagnoli, declares, pursuant to paragraph 2, article 154-bis of the Consolidated Finance Law, that the accounting disclosures provided in this document correspond to the accounting records, books and entries.

Calenzano, November 12th 2010

Executive in charge of the financial reports
Enrico Romagnoli