



Quarterly Financial
Report at
December 31st 2009

EN

Eni Group



EL.EN. S.P.A.

Headquarters in Calenzano (FI), Via Baldanzese, 17

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

Registry of Companies in Florence – C.F. 03137680488

CORPORATE BOARDS OF THE PARENT COMPANY

Board of Directors

PRESIDENT

Gabriele Clementi

MANAGING DIRECTORS

Barbara Bazzocchi

Andrea Cangioli

BOARD MEMBERS

Paolo Blasi

Angelo Ercole Ferrario

Michele Legnaioli

Stefano Modi

Alberto Pecci

Board of statutory auditors

PRESIDENT

Vincenzo Pilla

STATUTORY AUDITORS

Paolo Caselli

Giovanni Pacini

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

Enrico Romagnoli

Independent auditors

Reconta Ernst & Young S.p.A.

ELEN. GROUP

**INTERMEDIATE
MANAGEMENT REPORT**

AS OF DECEMBER 31st 2009

Intermediate management report

Introduction

This intermediate management report for the quarter ending December 31st 2009 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 December 31st 2009 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.

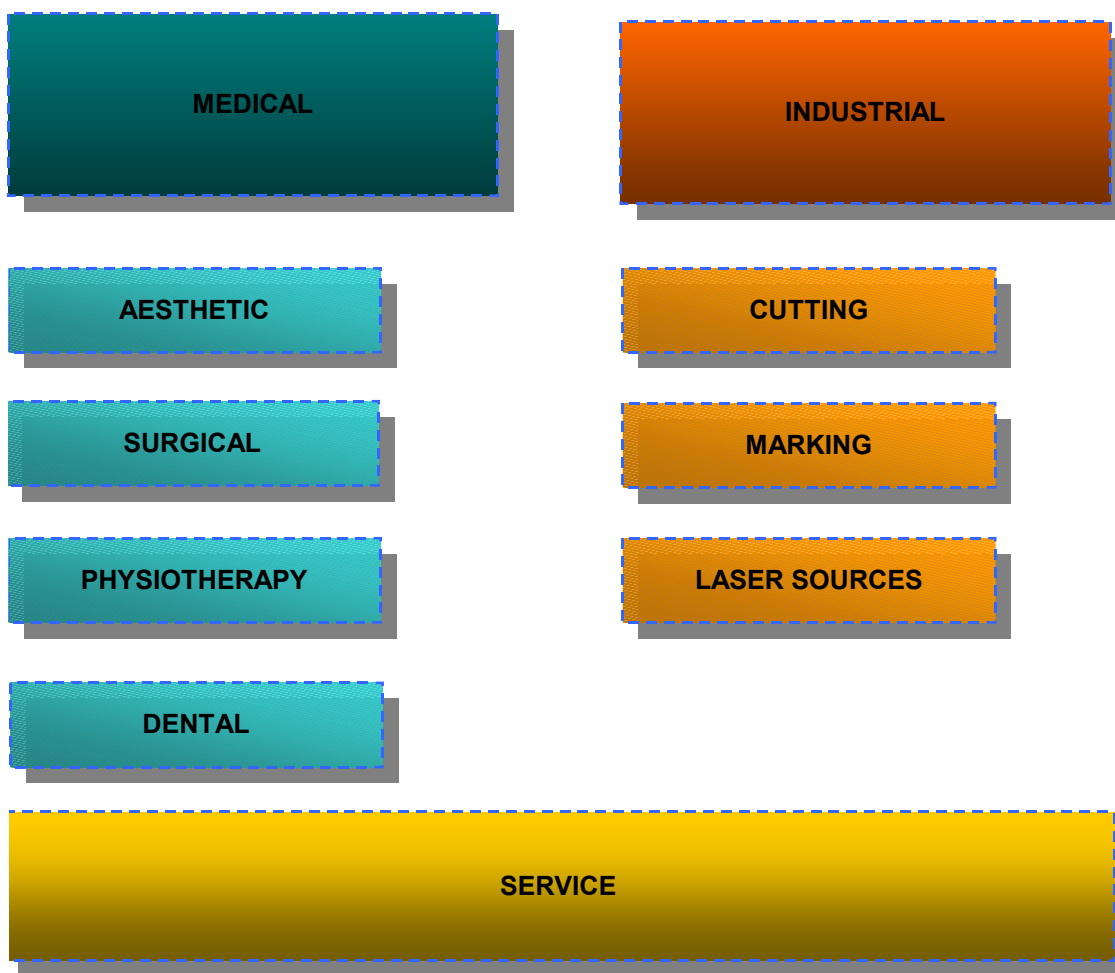
These indicators are illustrated in Profit and Loss Account charts shown and commented further on.

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.

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

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



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

Significant events which occurred during this quarter

During the quarter which ended on December 31st 2009 we concluded several operations which involved companies that are included in the area of consolidation, details of which are described below:

Subsidiary companies

- Cutlite Penta Srl and the minority partner Wuhan Chutian Industry Laser Equipment Co.,Ltd , through the payment of a total amount of one million Euros (550 thousand of which were paid by Penta) concluded the operations aimed at increasing the capital of Wuhan Penta Chutian. The company is located in Wuhan, in the central region of Hubei in China, and produces laser cutting systems the high powered sources manufactured by the El.En Group. The capital is being increased for the purpose of meeting the need for greater working capital which is a result of the growth of the company.
- Deka Japan Co. Ltd (of which the parent company El.En. Spa holds 55% of the capital) was founded with the objective of better representing medical applications on the Japanese market while, at the same time, focusing the activity of the other Japanese branch, With Us, on the aesthetic market.

The list of the companies included in the area of consolidation as of December 31st 2009 is attached as Annex A.

Economic and financial results of the Group

The results shown by the Group during the fourth quarter of the year confirm the presence of the difficulties encountered during the entire financial period as a result of the international financial crisis which directly involved our main selling markets.

Even during the fourth quarter, the main market of the Group, the United States, failed to give any satisfaction, with the subsidiary Cynosure showing an operating loss which determined a loss in earnings at the overall consolidated level even during the quarter which has traditionally represented the strongest selling season. As far as the consolidated results excluding Cynosure are concerned, they were in the black for the first time this year, but the amount of earnings was below expectations and did not allow for the overall recovery of the operating losses which had been accumulated since the beginning of the quarter as had been hoped.

We are facing a drop in demand which at this point is of a structural nature, considering that the signs of improvement which have gradually appeared have still not been able to delineate a trend which would make us confident of the actual possibility of returning to a level of activity close to that registered for the year 2008. Consequently, the companies belonging to the Group have operated with an aim to reducing costs in order to lower the break-even level and allow us to make a profit even with the sales volume which we now have.

It should be recalled that even during the fourth quarter the Group has continued to dedicate a large amount of their resources to Research and Development in keeping with the company policy of product innovation, and they have even accelerated some of their investments in distribution structures in strategically important markets like that of the distribution of laser systems for dental applications in the United States and the aesthetic sector in Italy, both of which are in a turnaround phase, with current costs, especially for sales and marketing, which, at this time have not been off set by the volume of earnings.

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 23,05% as of December 31st 2009), 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 fourth quarter of 2009 displayed in comparative form with the results for the same period last year.

Profit and loss account - 3 months	31/12/09	Inc.%	31/12/08	Inc.%	Var.%
Revenues	43.515	100,0%	56.621	100,0%	-23,1%
Change in inventory of finished goods and WIP	(1.157)	-2,7%	768	1,4%	
Other revenues and income	294	0,7%	817	1,4%	-64,0%
Value of production	42.652	98,0%	58.206	102,8%	-26,7%
Purchase of raw materials	15.807	36,3%	20.335	35,9%	-22,3%
Change in inventory of raw material	1.738	4,0%	(953)	-1,7%	
Other direct services	4.292	9,9%	5.425	9,6%	-20,9%
Gross margin	20.815	47,8%	33.398	59,0%	-37,7%
Other operating services and charges	10.265	23,6%	16.304	28,8%	-37,0%
Added value	10.549	24,2%	17.094	30,2%	-38,3%
For staff costs	10.326	23,7%	12.242	21,6%	-15,7%
EBITDA	223	0,5%	4.852	8,6%	-95,4%
Depreciation, amortization and other accruals	2.250	5,2%	3.848	6,8%	-41,5%
EBIT	(2.026)	-4,7%	1.004	1,8%	
Net financial income (charges)	136	0,3%	65	0,1%	108,6%
Share of profit of associated companies	419	1,0%	(8)	-0,0%	
Other Income (expense) net	(382)	-0,9%	264	0,5%	
Income before taxes	(1.854)	-4,3%	1.324	2,3%	

The chart below shows the results of the Profit and Loss Account for 2009 displayed in comparative form with the results for the same period last year.

Profit and loss account	31/12/09	Inc.%	31/12/08	Inc.%	Var.%
Revenues	150.361	100,0%	221.670	100,0%	-32,2%
Change in inventory of finished goods and WIP	(2.215)	-1,5%	5.358	2,4%	
Other revenues and income	1.936	1,3%	1.818	0,8%	6,4%
Value of production	150.081	99,8%	228.847	103,2%	-34,4%
Purchase of raw materials	51.885	34,5%	85.679	38,7%	-39,4%
Change in inventory of raw material	3.795	2,5%	(6.029)	-2,7%	
Other direct services	14.966	10,0%	22.866	10,3%	-34,6%
Gross margin	79.436	52,8%	126.330	57,0%	-37,1%
Other operating services and charges	41.214	27,4%	51.379	23,2%	-19,8%
Added value	38.222	25,4%	74.951	33,8%	-49,0%
For staff costs	42.021	27,9%	46.140	20,8%	-8,9%
EBITDA	(3.799)	-2,5%	28.812	13,0%	
Depreciation, amortization and other accruals	8.760	5,8%	8.260	3,7%	6,0%
EBIT	(12.559)	-8,4%	20.551	9,3%	
Net financial income (charges)	947	0,6%	1.629	0,7%	-41,9%
Share of profit of associated companies	(274)	-0,2%	(130)	-0,1%	111,0%
Other net income (expense)	(402)	-0,3%	36	0,0%	
Income before taxes	(12.288)	-8,2%	22.087	10,0%	

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

Net financial position	31/12/2009	30/09/2009	31/12/2008
Cash and bank	49.573	47.071	59.114
Financial instruments	29.803	28.263	18.044
Cash and cash equivalents	79.376	75.333	77.158
Short term financial receivables	5	8	42
Bank short term loan	(4.450)	(4.862)	(4.461)
Part of financial long term liabilities due within 12 months	(1.163)	(1.277)	(1.087)
Other short term financial liabilities	0	0	0
Financial short term liabilities	(5.613)	(6.140)	(5.548)
Net current financial position	73.768	69.202	71.652
Bank long term loan	(2.044)	(2.226)	(1.920)
Bonds	0	0	0
Other long term financial liabilities	(2.883)	(2.227)	(1.815)
Financial long term liabilities	(4.927)	(4.454)	(3.735)
Net financial position	68.841	64.748	67.918

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

Profit and loss account - 3 months	31/12/09	Inc.%	31/12/08	Inc.%	Var.%
Revenues	31.409	100,0%	41.455	100,0%	-24,2%
Change in inventory of finished goods and WIP	(993)	-3,2%	(623)	-1,5%	59,5%
Other revenues and income	251	0,8%	726	1,8%	-65,4%
Value of production	30.667	97,6%	41.557	100,2%	-26,2%
Purchase of raw materials	12.772	40,7%	15.460	37,3%	-17,4%
Change in inventory of raw material	203	0,6%	(888)	-2,1%	
Other direct services	2.878	9,2%	3.702	8,9%	-22,3%
Gross margin	14.814	47,2%	23.284	56,2%	-36,4%
Other operating services and charges	6.327	20,1%	8.283	20,0%	-23,6%
Added value	8.487	27,0%	15.001	36,2%	-43,4%
For staff costs	6.922	22,0%	7.400	17,8%	-6,5%
EBITDA	1.565	5,0%	7.602	18,3%	-79,4%
Depreciation, amortization and other accruals	919	2,9%	2.282	5,5%	-59,7%
EBIT	646	2,1%	5.320	12,8%	-87,9%
Net financial income (charges)	89	0,3%	(432)	-1,0%	
Share of profit of associated companies	419	1,3%	(8)	0,0%	
Other Income (expense) net	(374)	-1,2%	259	0,6%	
Income before taxes	780	2,5%	5.139	12,4%	-84,8%

Profit and loss account	31/12/09	Inc.%	31/12/08	Inc.%	Var.%
Revenues	103.014	100,0%	139.988	100,0%	-26,4%
Change in inventory of finished goods and WIP	(61)	-0,1%	3.200	2,3%	
Other revenues and income	1.737	1,7%	1.381	1,0%	25,8%
Value of production	104.690	101,6%	144.569	103,3%	-27,6%
Purchase of raw materials	42.677	41,4%	65.275	46,6%	-34,6%
Change in inventory of raw material	1.814	1,8%	(4.476)	-3,2%	
Other direct services	9.726	9,4%	13.608	9,7%	-28,5%
Gross margin	50.473	49,0%	70.163	50,1%	-28,1%
Other operating services and charges	22.866	22,2%	25.430	18,2%	-10,1%
Added value	27.607	26,8%	44.733	32,0%	-38,3%
For staff costs	25.098	24,4%	26.282	18,8%	-4,5%
EBITDA	2.509	2,4%	18.452	13,2%	-86,4%
Depreciation, amortization and other accruals	3.924	3,8%	4.615	3,3%	-15,0%
EBIT	(1.415)	-1,4%	13.836	9,9%	
Net financial income (charges)	90	0,1%	(176)	-0,1%	
Share of profit of associated companies	(274)	-0,3%	(130)	-0,1%	111,0%
Other net income (expense)	(374)	-0,4%	253	0,2%	
Income before taxes	(1.973)	-1,9%	13.783	9,8%	

Net financial position	31/12/2009	30/09/2009	31/12/2008
Cash and bank	18.477	14.638	23.617
Financial instruments	537	230	0
Cash and cash equivalents	19.013	14.868	23.617
Short term financial receivables	5	8	42
Bank short term loan	(4.445)	(4.861)	(4.453)
Part of financial long term liabilities due within 12 months	(985)	(1.074)	(809)
Other short term financial liabilities	0	0	0
Financial short term liabilities	(5.430)	(5.935)	(5.262)
Net current financial position	13.589	8.940	18.397
Bank long term loan	(2.028)	(2.202)	(1.920)
Bonds	0	0	0
Other long term financial liabilities	(2.780)	(2.094)	(1.502)
Financial long term liabilities	(4.809)	(4.296)	(3.422)
Net financial position	8.780	4.645	14.976

Comments on the management results

The table below shows the subdivision of the sales volume according to sectors of activity of the Group for 2009 in comparison with the same subdivision for the same period last year.

	31/12/2009	Inc%	31/12/2008	Inc%	Var%
Industrial systems and lasers	19.182	12,76%	28.180	12,71%	-31,93%
Medical and aesthetic lasers	101.161	67,28%	164.568	74,24%	-38,53%
Service	30.017	19,96%	28.922	13,05%	3,79%
Total	150.361	100,00%	221.670	100,00%	-32,17%

Medical and industrial systems showed decreases above 30%; losses were particularly heavy in the medical sector as a result of the drop in sales in the United States which penalised Cynosure Inc. in particular. In consideration of the context, the trend for earnings from customer service and assistance was good and continued to show a slight increase thus demonstrating the importance of the vast network of installations in terms of the flow of earnings from spare parts and consumable materials. This also confirms the fact that, although our clientele is less inclined than in the past to renew their investment in laser technologies, they still continue to use them.

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

	31/12/2009	Inc%	31/12/2008	Inc%	Var%
Italy	24.437	16,25%	31.496	14,21%	-22,41%
Europe	43.998	29,26%	68.015	30,68%	-35,31%
Rest of the world	81.925	54,49%	122.159	55,11%	-32,94%
Total	150.361	100,00%	221.670	100,00%	-32,17%

As shown during the first three quarters, the Italian market was the one that best resisted the impact of the financial crisis and registered numbers which were relatively better, particularly in comparison to the North American market.

For the medical and aesthetic sector, which represents almost 67% of the sales of the Group, the chart below shows the results for the various segments.

	31/12/2009	Inc%	31/12/2008	Inc%	Var%
Surgical CO2	10.112	10,00%	9.048	5,50%	11,76%
Physiotherapy	4.447	4,40%	4.340	2,64%	2,47%
Aesthetic	65.200	64,45%	127.736	77,62%	-48,96%
Dental	3.866	3,82%	7.767	4,72%	-50,23%
Other medical lasers	13.838	13,68%	12.281	7,46%	12,68%
Accessories	3.698	3,66%	3.396	2,06%	8,87%
Total	101.161	100,00%	164.568	100,00%	-38,53%

This table shows how the dental and aesthetic sectors were the hardest hit by the impact of the crisis. Although a good volume of business was registered by our clients, which is to say the volume of aesthetic treatments performed on the end-user with our equipment (as demonstrated by the level of sales for service), it is clear that there has been a decreased inclination to invest on the part of those operating in the sector, whether it be for fear of a major impact on the final consumption or for the increased difficulty in finding financing because of the fact that the financial institutions have less confidence in the operators in this sector as far as the real sustainability of the investments are concerned. In practice, our potential clients have difficulty in obtaining the right kind of financing for their investments in laser technologies. The trend for the other segments was good, in particular in the CO₂ segment, the applications for which are closely related to the aesthetic applications, the therapy segment which has always shown growth in the last few years, and the residual sector which includes solid-state laser surgery applications, an area which is less vulnerable to the market variations registered for the aesthetic sector and in relation to which the Group is making significant moves.

During this quarter some new types of equipment of major importance for the Group were introduced on the market, like Cynosure's Elite MPX for hair removal and DEKA's multifunctional Synchro FT platform, which will contribute

to the sales volume during the next financial period by integrating and improving the vast range which characterizes the products offered by the Group in this sector.

It should be recalled that the El.En. Group operates in the medical sector with a dense distribution network which includes several important brands like DEKA, Cynosure, Asclepion, Quanta System and Asa, each one characterized by a personalized and technologically specific range, the activities of which are coordinated in such a way as to best exploit the R&D resources and the competitive leadership position held by each brand in the various geographical and merchandise markets.

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.

	31/12/2009	Inc%	31/12/2008	Inc%	Var%
Cutting	11.460	59,74%	11.629	41,27%	-1,45%
Marking	5.846	30,48%	8.471	30,06%	-30,99%
Laser sources	1.571	8,19%	7.719	27,39%	-79,65%
Welding, other industrial systems	305	1,59%	362	1,28%	-15,65%
Total	19.182	100,00%	28.180	100,00%	-31,93%

The effects of the crisis are also evident in the industrial sector as shown by the drop in sales volume which is over 30%.

The laser source segment, which had shown the greatest success last year, showed a considerable reduction. The failure to confirm an important order which had characterized 2008 combined with the general crisis in the machine tool sector and the consequent drop in demand for integrated systems which constitute our clientele in this sector.

The substantial drop registered also in the marking segment had an impact on the sales both for working systems for large surfaces as well as those for small surfaces.

The decrease in sales volume for the other sectors was not so drastic, in particular in the cutting segment which benefited from the good production and sales rates achieved by the Chinese and Brazilian branches of the company which have now reached a level of equilibrium which makes us confident that they will be able even to contribute income during the next financial period.

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.

	31/12/2009	Inc%	31/12/2008	Inc%	Var%
Industrial systems and lasers	19.182	18,62%	28.180	20,13%	-31,93%
Medical and aesthetic lasers	65.692	63,77%	93.809	67,01%	-29,97%
Service	18.140	17,61%	17.999	12,86%	0,78%
Total	103.014	100,00%	139.988	100,00%	-26,41%

	31/12/2009	Inc%	31/12/2008	Inc%	Var%
Italy	24.189	23,48%	31.155	22,26%	-22,36%
Europe	31.356	30,44%	52.115	37,23%	-39,83%
Rest of the world	47.469	46,08%	56.718	40,52%	-16,31%
Total	103.014	100,00%	139.988	100,00%	-26,41%

	31/12/2009	Inc%	31/12/2008	Inc%	Var%
Surgical CO2	8.593	13,08%	8.669	9,24%	-0,87%
Physiotherapy	4.447	6,77%	4.340	4,63%	2,47%
Aesthetic	36.391	55,40%	62.415	66,53%	-41,70%
Dental	3.866	5,88%	7.767	8,28%	-50,23%
Other medical lasers	8.743	13,31%	7.460	7,95%	17,20%
Accessories	3.651	5,56%	3.158	3,37%	15,63%
Total	65.692	100,00%	93.809	100,00%	-29,97%

As shown on the chart, the drop in the medical sector is less than that registered at the overall consolidated level; this is due to the sharper decrease in the sales of Cynosure with respect to the rest of the Group. In relation to the single segments, it should be noted that the greatest drop was in the dental sector, which is the result of the difficulties being faced by an important international distributor and the phase of transition that the American branch in this segment is going through.

It should be recalled that also during 2009 some sales financed by operative leasing, in conformity with IAS/IFRS principles, were considered revenue from multi-year rentals with a limited impact on the results for the period, although the price for the sale had already been cashed in.

The trend in sales volume on an annual basis can therefore be summarized as follows: a decrease of 32,2% and of 26,4% respectively for the consolidated and the consolidated without Cynosure; comments on the other items in the budget follow below.

The margin of contribution was registered for an amount of 79.436 thousand Euros, showing a drop of 37,1% with respect to the 126.330 thousand Euros registered on December 31st 2008 with an incidence on the sales volume which fell from 57% for last year to 52,8% for this period. This decrease is the effect of the competitive pressure, aggravated by the market crisis and, at the same time, is limited in its extent and in its consequences because of the effects that the crisis itself has had on the sales volume. During the fourth quarter, moreover, the Group entered reserves on some inventory amounts, which had an incidence on the margin of contribution for an amount of about 1 % .

The costs for operating services and charges were 41.214 thousand Euros, showing a decrease of 19,8% with respect to December 31st 2008; notwithstanding this significant reduction, due to the greater drop in sales volume their incidence rose from 23,2% in 2008 to 27,4% on December 31st 2009.

The impossibility of reducing the overhead costs in proportion to the reduction in sales volume continues to have a decisive effect on the loss in revenue for the Group during this quarter. It should be recalled that the overhead costs have been drastically reduced and carefully monitored, but the starting point, which was too high in relation to the present level of activity, made it impossible to reduce them enough to avoid operating losses. Moreover, certain expense categories, like Research and Development, the reorganization and start up of certain activities were not subjected to aggressive reductions because we felt it opportune to continue to invest in areas with high growth potential. Exclusively for the consolidated statement drawn up with the exclusion of Cynosure, during the fourth quarter the amount of the structural costs (overhead) was brought down to a level which made it possible to achieve an operating revenue.

One should also recall the considerable sum, about 2 million dollars, spent by Cynosure Inc. in their legal suit for the protection of their intellectual property rights for the laser lipolysis applications for which they detain the exclusive license from El.En. SpA in the United States. The suit which was successfully concluded in our favour in February 2010 is described in detail in the paragraph below entitled "Other events which occurred after the closing of the quarter".

The cost for personnel was 42.021 thousand Euros, a drop of 8,9%, with respect to the 46.140 thousand Euros for the same period last year, showing a decrease in productivity for this cost aggregate which, for the incidence on the sales volume, rose from 20,8% on December 31st 2008 to 27,9% on December 31st 2009. The calculated costs entered into accounts in relation to the stock options assigned to employees are part of the personnel costs. On December 31st 2008 these costs were 5.009 thousand Euros, while by December 31st 2009 they had fallen to 3.007 thousand Euros; these costs are mostly related to the stock option issued by the subsidiary Cynosure Inc.

For the personnel costs the same considerations are valid as those referring to the costs for operating services and charges.

On December 31st 2009 the number of employees in the Group was 874 with respect to the 876 on December 31st 2008 and the 957 on September 30th 2008.

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. The grants issued and entered into accounts as of December 31st 2009 were for an amount of 1.138 thousand Euros, while the amount for the same period in 2008 was 785 thousand Euros, representing a beneficial support of an activity which is vital for the development of the Group.

On account of the trends in the entries described above, the EBITDA registered a negative result of 3.799 thousand Euros with respect to the positive result of 28.812 thousand Euros registered on December 31st 2008.

The costs for depreciations, amortizations and accruals were 8.760 thousand Euros, showing an increase of 6% with respect December 31st 2008, and an increase on the incidence on the sales volume which rose from 3,7% to 5,8%. Under this heading, among other things, we have entered the accruals for product guarantees and for credit devaluation; these latter include some accruals of an extraordinary nature created to represent the doubtful likelihood of cashing in on some of the receivables, an effect of the economic crisis which not only has diminished the purchasing power of the clientele, but has also reduced their solvency.

The EBIT therefore registered a negative amount of 12.559 thousand Euros, with respect to the positive result of 20.551 thousand Euros registered for December 31st 2008.

The financial income is 947 thousand Euros as opposed to the 1.629 thousand Euros for the same period last year, which is due mainly to the lower interest rates on bank deposits.

The negative results of the associated companies are mainly due to Elesta Srl, which is continuing in its phase of initial investment for the creation of highly sophisticated surgical instruments, and to the Spanish company GLI, whose situation remains very difficult due to the acuteness of the crisis which, in fact, has been more severe in Spain than in the rest of Europe.

The other net income and charges (-402) were influenced by the devaluation effected on the amount of the equity of the associated company GLI, which was consolidated using the stockholders' equity method.

The earnings before taxes therefore show a negative amount of 12.288 thousand Euros with respect to the positive result of 22.087 thousand Euros on December 31st 2009.

For the sub-consolidated statement without Cynosure, there is a smaller reduction in sales volume (-26,4%), and less incidence of the overhead costs, with a consequent operating loss limited to 1,4% of the sales volume with respect to the 8,4% shown for the consolidated statement.

The margin of contribution was registered for an amount of 50.473 thousand Euros, a decrease of 28,1% with respect to the 70.163 thousand Euros for December 31st 2008 and with an incidence on the sales volume which fell from 50,1% for last year to 49% for this period. This decrease, as mentioned, was more significant during the fourth quarter.

The other cost entries also show an increase in the incidence on the sales volume, since it was not possible to adjust them rapidly to the new situation, in particular the expenses for personnel. For this reason a negative EBITDA of about 2,5 million Euros has been registered which, in turn has resulted in a negative EBIT of about 1,4 million Euros, also due to the effect of some extraordinary accruals made for the devaluation of receivables which was particularly significant this quarter

The associated companies which showed a negative result involve only the sub-consolidated without Cynosure, for which losses equal to about 0,3% of the sales volume have been registered.

In conclusion, the quarterly operating result of the consolidated statement without Cynosure shows a major improvement with respect to the earlier quarters this year, although they were not completely able to offset the losses which had been accumulated in the preceding quarters of 2009. This result demonstrates that, without drastically reducing its critical mass in terms of capacity for technological development and presence on the various markets, and in the presence of a crisis which is more intense and more pervasive than any ever recorded in the history of the Group, the company is still positioned in a manner to start producing revenue again.

Financial and economic situation

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

With respect to December 31st 2008, the net financial position has benefited from the reclassification effected by the subsidiary Cynosure which entered among the “financial activities available for sale” a total of 18 million dollars (about 21 million dollars on December 31st 2008) in Auction Rate Securities, stocks which up until the end of last year were entered as tangible assets, as already described in the half-yearly financial report dated June 30th 2009. Net of this reclassification, net the financial position would have been less by about 12 million Euros.

Among the uses of cash during this period, we wish to call attention to the investment activity which involved, in particular, the Parent Company El.En. Spa and Cynosure Inc. for about 9,6 million Euros, the payment of dividends to third parties for about 1,5 million Euros, as well as the payment of direct taxes which for the Italian companies amounted to about 4 million Euros. Moreover, during the second quarter, Cynosure invested about 5 million dollars (3,4 million Euros) in mid-term government bonds and as such they were entered among the non-current assets.

Gross investments made during this quarter

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

<i>Progressive</i>	31/12/09	31/12/08
Intangible assets	148	397
Tangible assets	10.536	12.221
Equity investments	3.649	1.616
<i>Total</i>	14.333	14.234

<i>3 Months</i>	31/12/09	31/12/08
Intangible assets	42	59
Tangible assets	2.105	1.835
Equity investments	3.460	1.380
<i>Total</i>	5.606	3.275

Real estate activity has represented a particularly important investment, for an amount of 4 million Euros spent on construction and service plants. This amount refers mostly to the enlargement of the factory in Calenzano, headquarters of the parent company El.En.

Substantial investments were also made in equipment, especially by Cynosure, which continues their policy of investing in equipment for demonstrations for use by most of their agents in the U.S., as well as the investments in equipment made by the subsidiary Deka Mela Srl.

The increase in financial fixed assets during this quarter refers mainly to the purchase of mid-term government bonds by Cynosure Inc. as described above.

Comments on Research and Development activities

During 2009 the Group conducted an intense research and development activity for the purpose of discovering new laser applications both in the medical and the industrial sectors and to place innovative products on the market. This activity was 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 Instruction and Research (MIUR) and the European Union, as well as directly with the Research Institutions or Regional structures

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

Systems and applications for lasers in medicine

Through a major effort involving massive use of both personnel and resources, the parent company, El.En. is developing new equipment and sub-systems for uses in surgery, dentistry, gynaecology and aesthetic medicine.

Development of the new "platform"(Alex+ Nd:YAG+IPL), has continued; this is a matrix device able to sustain the management and interface with the doctor, feeding of electricity and conditioning fluids, ergonomic mechanical support. Moreover, we have developed the TRIACTIVE PLUS system 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 following devices are in the category of the new active peripherals: the FT hand piece, the LIPOSHOCK, the laser head NdYAG 7x15, the multi-phase RF hand piece, Krypton.

Research has been completed on the development of specialized equipment like the Smartlipo MPX , the Nd YAG for veterinary use, the DOT 1540, and specialized peripherals like the micro-manipulator "Finespot" ("Easyspot"). Clinical tests have been completed on the New Triactive.

We have also completed development of the new CO₂ device, the Smartxide 2, which can also house the radio-frequency laser source and interface management using the Personal Computer installed on it, with radio-frequency heads integrated in the scansion system for DOT treatments. We are also completing the new Synchro FT with increased impulse energy in the cooling systems for the skin and with a screen which is sensitive to contact with the visual interface on the new dimensions and with new graphics.

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 Chondrocytes have also continued.

The activity for the development of laser devices and equipment for the treatment of cutaneous ulcers (ABOVE and OMNIA projects) continued with grants of EU funds received through the council for economic development of the

Region of Tuscany. As part of this program, we are about to conclude the development of a compact radio-frequency CO₂ source for surgical applications.

Research continued on a new micro-manipulator for uses in otorhinolaryngology of the CO₂ laser and clinical trials for validating its application in otorhinolaryngology were begun; results on patients were considered excellent by doctors who are assisting us in the clinical tests.

Research and experimentation have continued *in vitro* and *in vivo* on animal subjects for new devices and methods for the percutaneous laser ablation of the liver and thyroid, as part of the activity conducted by the associated company Elesta created by El.En. and Esaote. As part of this project, we have developed a new multiple source for the simultaneous ablative treatment with four fibres each with adjustable independent power. For this purpose a public/private laboratory in Naples for the development of innovative technologies for minimally invasive medicine was opened. As part of this program, in collaboration with the University of Lecce we are now conducting research on the use of nano-particles with interaction with laser light in order to create images which will be useful for identifying tumours.

A project financed by the European Union for the creation of prototypes of equipment for new methods of diagnosis using nano-particles and laser systems with ultrasound inter-agents for the diagnosis of tumours of the prostate has been completed. For this project we are collaborating with prestigious European institutions like Fraunhofer IBMT, project leader.

At the same time, active clinical experimentation has continued in Italy and in qualified European and American centres in order to confirm and document the effectiveness of innovative therapeutic laser treatments in various fields of medicine: odonto-stomatology and aesthetics.

We continued operations to extend the intellectual property of the Group by formulating international patents and assistance in granting them on an international basis.

A research laboratory has been set up at the El.En headquarters and is available also for the coordinated activity conducted by other companies in the Group, studying the interaction between the laser light and biological tissue. The laboratory is presently able to execute preparations and conduct analysis of histological samples and the activation of exams in the field of molecular biology are also planned.

Two important research projects financed by European funds managed by the Region of Tuscany have been approved: one for minimally-invasive surgery and the other related to regenerative medicine in the orthopaedic field and in the dermatological field for the therapy of cutaneous ulcers.

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 we have continued activities for the development of two lasers, one with green emissions and the other with Tullio infrared emissions for the therapy of prostate hypertrophy and of a fibre laser with augmented performance. They have completed the development of a diode laser device for use in odontostomatology with innovative interface and design characteristics.

At DEKA M.E.L.A. they are conducting intense research activity with the objective of identifying new applications and the experimentation of new methods to be used by laser equipment in various medical sectors: aesthetic, surgical, gynecological and otorhinolaryngological. This activity is conducted by involving highly specialized personnel working for the company and the Group to which the company belongs, as well as for both academic and professional medical centres in Italy and abroad.

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

Considerable interest has recently been expressed in galvanometers with a small scan angle (1.5° mecc. total) but with high resolution and precision (<20-30 μrad) and speed (< 100 μsec on step of 20 μrad), with a typical beam of about 10mm in diameter.

The applications are in ophthalmology (systems for random laser ablation) and in scanning microscopes, to which one can add the Frap, systems and photo-activation, etc. In some of these applications it would be necessary to generate regular high definition scans with a speed of over 50fps (galvanometers with more than 30kHz of BW) and this can be done only by using hybrid scansions (piezoelectric + galvo).

For the applications in ophthalmology instead, the device is required to ablate a zone of the cornea with a random pattern in order to reduce to a minimum diffractive phenomenon or a moiré effect which could be generated with regular patterns. The use of this pattern makes it possible to perform this application even with galvanometers with a high BW

which is still less than 10kHz. For this reason we have been studying galvanometric systems capable of reaching this type of performance.

Using a DSP control driver, control algorithms have been developed, particularly for the acceleration and deceleration phases of the galvanometer, in order to reach speed limit performance and positioning related to the intrinsic torsion rigidity of the shaft. We also have implemented on the driver a 10Mbit serial synchronous entry differential with 485 standard levels to reduce as much as possible the communication time with the pattern generator.

At the same time we have been working on the stability of the galvanometers (achieving drifts of around 3-4 $\mu\text{rad}/^\circ\text{K}$ e 20ppm/ $^\circ\text{K}$) and on the immunity from disturbances caused by diffused or scattered radiation in the ultraviolet region.

We are now conducting experimental trials on new compact radio-frequency CO₂ laser sources with increased power with respect to the ones already developed; some prototypes have already been made and are now installed at the clients.

We are now concluding the research activity which was part of a project for a solid state high power laser source with active material in an amorphous ceramic support which was supported by a grant from the Ministry for Research and the University.

We are now concluding the project related to excimer laser systems for use in the nano-manufacture of electronic and optical-electronic devices.

Experimental trials on the electronics based on a "Digital Signal Processor" recently created for on-line setting and numerical control of the galvanometers for recently developed scansion heads have been completed.

The data from the development of new laser equipment for use in diagnosing and documenting the condition of important art objects (*St Jerome* and the *Annunciation* by Leonardo da Vinci) was elaborated. This documentation is obtained by the insertion, into the special crates used for transporting important works of art, of equipment for the referenced acquisition and memorisation over time and space of the data of three-dimensional sensors of acceleration, temperature, pressure, humidity and light exposure on the various bands from infra-red to ultra-violet. Research strategy activity has been conducted with an aim to sustaining the restoration system in Tuscany and as part of this program approval has been given for a project in which El.En would be commissioned to develop specialized laser equipment for particular types of conservation work.

A new system for representing thermal transistors for the study of the state of conservation of works of art and of industrial products in the start-up in the manufacturing process is now in the experimentation phase.

Work on the development of a new diagnostic system using lasers on the paper of antique books has continued and recently been granted a patent.

For applications related to the cutting of metal materials, we are now completing the development of a capacitive sensor for the control of the position of the focal zone of the laser beam with respect to the material.

We have developed new methods for testing mirrors for markers of different dimensions on the basis of the uses of high speed scansion in machines for laser decoration on large areas.

We have developed new catalyser systems for Compact power lasers.

At Ot-las they have developed a new generation machine for decorating continuous rolls of fabric over large areas and they have developed specific software programs for use with Voyager boards. Moreover, the MX machine has been developed so that it was possible to plan new systems for unrolling and pulling of fabrics to be treated with new SW for the execution of lists. For this same machine, a preliminary study was completed on the 2800 mm version. Following the short and mid-term plan, a software was developed for remote control of the new RF333 radio frequency sources monitoring, now in progress at El.En.

We have continued to work at perfecting the algorithms, calculus programs and hardware structures for artificial vision systems to be used in the automation of surface decoration using laser markers, on leather and other materials and for the cutting and marking of other objects which are laid out flat on the work surface; moreover, we have completed the development of the software to apply offset algorithms to closed edges and to reorganize execution files. The WAY machine, following these developments, is now in the version equipped with RF333 laser and 1000W laser.

The verification phase of a pyroelectric matrix system for centring the laser beam on the basis of the recording of the form of the beam in various portions of a cross section was completed. We have conducted research on a means of perfecting the laser cutting process of tiles of composite materials as a light-weight support for thin marble slabs. The development of a robot machine for laser cutting is now in progress.

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 CO₂ sources produced by El.En. Work has continued on the development of an electronic system for tele-diagnosis and tele-assistance of industrial machines.

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

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

<i>thousands of euros</i>	31/12/2009	31/12/2008
Costs for staff and general expenses	8.673	9.012
Equipment	168	269
Costs for testing and prototypes	1.464	1.651
Consultancy fees	656	1.239
Other services	420	279
Intangible assets	0	0
Total	11.381	12.450

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. 6,6 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 8% of the consolidated sales volume of the Group. The amount related to Cynosure, as stated above, is 6,6 million dollars which represents about 9% of its sales volume; the rest of the expenses were sustained mostly by El.En. SpA and represents 10% 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

No other significant events took place during this quarter.

Other events which took place after the closure of the quarter

On January 28th 2010 the shareholders' assembly of Elesta Srl, a company in which the Parent Company El.En. holds a 50% equity, voted to make up the losses shown in the statement for December 31st 2009 by reducing the capital stock to zero and adding a further payment made by the partners for the residual amount. They also voted to reconstitute the capital stock in the original amount of 110 thousand Euros and the increase was totally underwritten by the partners.

On February 9th 2010, El.En. spa, owner of US patent no. 6.206.873 (also called patent 873) which has as its subject the laser-lipolysis technique, or removal of sub-cutaneous fat by laser, which constitutes the fundamental point of reference for the application which is sold under the name of Smartlipo™, announced, together with its subsidiary and licensee for the patent, Cynosure Inc., the completed transaction of the suit for patent violation which had been filed against the CoolTouch company on account of the patent violation related to the intellectual property belonging to El.En. which CoolTouch had violated by selling their 1320 nm CoolLipo device.

According to the agreements which have been reached, CoolTouch will pay a royalty of 9% on the CoolLipo systems sold before the agreement and will reimburse Cynosure Inc. a part of the legal expenses. CoolTouch, moreover, will be obliged to pay a royalty of 10% on all the systems which can be used exclusively for lipolysis and 7,5% for those which are also used for lipolysis and at least one other aesthetic application. CoolTouch also accepted that they would recognize in front of a judge the violation that had occurred against patent 873 and that the patent is completely valid. CoolTouch also conceded to El.En. and to Cynosure free license for all of the patents already obtained and the patent applications belonging to CoolTouch that had been deposited which had as their subject the treatment of fat or cellulitis. On the basis of the agreement which regulates the patent licensed to Cynosure by El.En. accessory to the existing distribution contracts for Smartlipo™, when Cynosure has received the complete reimbursement of the legal expenses they sustained for this suit, the sums received for the royalties paid by CoolTouch will be split between El.En. and Cynosure in the measure of 40% to the former and 60% to the latter.

With the success of this transaction, the El.En. Group confirms their position of technological leadership in the market segment of laser lipolysis, in which the standard point of reference is represented by the Smartlipo™ system distributed in Italy by DEKA M.E.L.A. and in the U.S.A. by Cynosure.

Outlook for the financial year now in progress

As discussed in the previous sections, the situation on our selling markets remains stagnant and has not shown any signs of a stable turn-around. As far as the consolidated statement with the exclusion of Cynosure is concerned, the phase of market instability is such that we cannot make reliable predictions concerning the evolution of the revenue and sales volume, and consequently for 2010 our objective is simply to return to a condition of profitability thanks to a slight increase in sales volume and an effective control of costs.

While focusing on containing the overhead costs, the company will continue to invest in the research and development which are fundamental for the innovation and success in competition on the markets.

For the Board of Directors

Executive Director

Ing. Andrea Cangioli

Annex “A”: List of consolidated companies as of December 31st 2009
Subsidiary companies

Company name:	Headquarters	Percentage held:			Consolidated
		Direct	Indirect	Total	Percentage
<u>Parent company:</u>					
El.En. SpA	Calenzano (ITA)				
<u>Subsidiary companies:</u>					
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	Lione (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 (NA)	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	Corsico (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)	23,05%		23,05%	23,05%
Cynosure GmbH	Langen (GER)		100,00%	100,00%	23,05%
Cynosure Sarl	Paris (FRA)		100,00%	100,00%	23,05%
Cynosure KK	Tokyo (JAP)		100,00%	100,00%	23,05%
Cynosure UK	London (UK)		100,00%	100,00%	23,05%
Suzhou Cynosure Medical Devices Co.	Suzhou (CHINA)		100,00%	100,00%	23,05%
Cynosure Spain	Madrid (SPAIN)		100,00%	100,00%	23,05%
Cynosure Mexico	S. Geronimo Ladice (MEXICO)		100,00%	100,00%	23,05%
Cynosure Korea	Seul (SOUTH KOREA)		100,00%	100,00%	23,05%
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 (CINA)		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:			Consolidated
		Direct	Indirect	Total	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	Torino (ITA)		33,33%	33,33%	20,00%

Annex “B”: DECLARATION IN CONFORMITY WITH ART. 154BIS, COMMA 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, February 12th 2010

Executive in charge of the financial reports
Enrico Romagnoli