

EL.EN. GROUP CONSOLIDATED FINANCIAL STATEMENTS

CLOSED ON JUNE 30th, 2003

ASSETS	30/06/2003	31/12/2002	30/06/2002
A) SUBSCRIBED UNPAID CAPITAL			
- called party			12.400
Total subscribed unpaid capital			12.400
B) FIXED ASSETS			
I) Intangible assets			
1) Formation and expansion expenses	561.220	743.914	930.153
3) Patents and rights to use patents of others	374.020	425.085	530.783
4) Concessions, licenses, trade marks and similar rights	189.422	213.985	105.211
5) Goodwill	225.274	179.121	212.430
6) Intangible assets in progress and payments on account	50.000		
7) Other	84.916	107.018	72.843
8) Goodwill arising from consolidation	7.221.887	6.573.157	7.573.243
Total intangible assets	8.706.739	8.242.280	9.424.663
II) Tangible assets			
1) Land and buildings	2.417.793	2.457.768	2.500.406
2) Equipment and machinery	388.717	338.614	281.018
3) Industrial and commercial equipment	2.484.416	2.410.081	2.963.976
4) Other	648.126	754.410	476.861
5) Tangible assets under construction and payments on account	1.131.130	235.439	109.364
Total tangible assets	7.070.182	6.196.312	6.331.625
III) Financial fixed assets			
1) Equity investments in :			
a) subsidiary companies			360.674
b) associated companies	1.027.369	717.483	545.706
d) other companies	171.953	171.953	171.946
<i>Total equity investments</i>	<i>1.199.322</i>	<i>889.436</i>	<i>1.078.326</i>
3) Other investments	76.709	76.709	76.709
Total financial fixed assets	1.276.031	966.145	1.155.035
TOTAL FIXED ASSETS	17.052.952	15.404.737	16.911.323
C) CURRENT ASSETS			
I) Stocks:			
1) Raw materials and consumables	8.548.902	6.963.383	6.724.371
2) Work in progress and components	5.075.236	3.625.574	4.241.468
4) Finished goods	7.093.151	4.159.568	4.651.634
5) Payments on account	31.225	37.891	38.359
Total stocks	20.748.514	14.786.416	15.655.832
II) Debtors			
1) Trade debtors			
- due within 12 months	15.265.014	15.718.753	11.473.845
<i>Total trade debtors</i>	<i>15.265.014</i>	<i>15.718.753</i>	<i>11.473.845</i>
2) Amounts owed by non-consolidated subsidiary companies			
- due within 12 months			3.037
<i>Total amounts owed by subsidiary companies</i>			<i>3.037</i>
3) Amounts owed by non-consolidated associated companies			
- due within 12 months	166.301	62.157	170.422
<i>Total amounts owed by associated companies</i>	<i>166.301</i>	<i>62.157</i>	<i>170.422</i>
5) Other debtors			
- due within 12 months	3.068.650	2.143.326	2.361.779
- due after 12 months	1.258.520	900.658	981.937
<i>Total amounts owed by other debtors</i>	<i>4.327.170</i>	<i>3.043.984</i>	<i>3.343.716</i>
Total debtors	19.758.485	18.824.894	14.991.020
III) Investments which are not permanent			
5) Own shares	364.431	374.163	238.019
6) Other investments	2.707.384	78.004	1.500.000
Total investments which are not permanent	3.071.815	452.167	1.738.019
IV) Cash at bank and in hand			
1) Bank and postal current accounts	15.762.781	27.034.672	24.138.460
2) Bank cheques			
3) Cash on hand	39.850	15.895	13.221
Total cash at bank and in hand	15.802.631	27.050.567	24.151.681
TOTAL CURRENT ASSETS	59.381.445	61.114.044	56.536.552
D) PREPAYMENTS AND ACCRUED INCOMES:			
1) Prepayments and accrued income assets	567.135	155.709	253.446
Total prepayments and accrued incomes	567.135	155.709	253.446
TOTAL ASSETS	77.001.532	76.674.490	73.713.721

LIABILITIES	30/06/2003	31/12/2002	30/06/2002
A) CAPITAL AND RESERVES			
Capital and reserves of the group			
I) Subscribed capital	2.392.000	2.392.000	2.392.000
II) Share premium reserve	33.954.774	33.954.774	34.101.287
IV) Legal reserve	537.302	406.893	406.893
V) Reserve for own shares	255.937	255.937	109.424
VII) Other reserves:			
- Extraordinary reserve	5.486.618	4.153.183	4.153.183
- Reserve for contribution on capital account	426.657	426.657	426.657
- Profits from subsidiaries and associated in previous years	890.401	1.335.657	1.067.158
- Consolidation reserve	1.404.652	1.404.652	1.456.630
- Other reserves	-1.276.267	-906.856	-644.988
<i>Total other reserves</i>	<i>6.932.061</i>	<i>6.413.293</i>	<i>6.458.640</i>
VIII) Profits (loss) brought forward			
IX) Profit (loss) for the financial period	76.143	2.131.050	848.997
Total capital and reserves of the group	44.148.217	45.553.947	44.317.241
Capital and reserves of third parties			
X) Capital and reserves of third parties	5.608.708	5.481.140	5.436.793
XI) Profit (loss) of third parties	-5.543	732.483	215.738
Total capital and reserves of third parties	5.603.165	6.213.623	5.652.531
TOTAL CAPITAL AND RESERVES	49.751.382	51.767.570	49.969.772
B) PROVISIONS FOR RISKS AND CHARGES			
1) Provisions for pensions and similar obligations	334.093	301.136	281.205
2) Provisions for taxation	627.661	592.242	622.829
3) Other provisions	1.416.232	1.665.786	1.763.373
Total provisions for risks and charges	2.377.986	2.559.164	2.667.407
C) EMPLOYEE SEVERANCE INDEMNITY	983.920	948.794	739.310
D) CREDITORS			
1) Debenture loans			
- due after 12 months	619.748	619.748	619.748
<i>Total debenture loans</i>	<i>619.748</i>	<i>619.748</i>	<i>619.748</i>
3) Amounts owed to banks			
- due within 12 months	499.707	379.325	379.197
- due after 12 months	547.451	653.764	797.150
<i>Total amounts owed to banks</i>	<i>1.047.158</i>	<i>1.033.089</i>	<i>1.176.347</i>
4) Amounts owed to other financial institutions			
- due within 12 months	326.891	326.694	366.469
- due after 12 months	845.939	597.663	772.320
<i>Total amounts owed to other financial institutions</i>	<i>1.172.830</i>	<i>924.357</i>	<i>1.138.789</i>
5) Advances received			
- due within 12 months	1.031.980	351.523	626.297
<i>Total advances received</i>	<i>1.031.980</i>	<i>351.523</i>	<i>626.297</i>
6) Amounts owed to suppliers			
- due within 12 months	12.940.016	11.857.403	10.575.709
<i>Total amounts owed to suppliers</i>	<i>12.940.016</i>	<i>11.857.403</i>	<i>10.575.709</i>
8) Amounts owed to subsidiary companies			
- due within 12 months			674
<i>Total amounts owed to subsidiary companies</i>			<i>674</i>
9) Amounts owed to associated companies			
- due within 12 months	517.330	184.525	192.118
<i>Total amounts owed to associated companies</i>	<i>517.330</i>	<i>184.525</i>	<i>192.118</i>
11) Amounts owed to tax administration			
- due within 12 months	1.026.907	1.987.859	460.760
<i>Total amounts owed to tax administration</i>	<i>1.026.907</i>	<i>1.987.859</i>	<i>460.760</i>
12) Amounts owed to social security institutions			
- due within 12 months	551.490	472.494	383.973
<i>Total amounts owed to social security institutions</i>	<i>551.490</i>	<i>472.494</i>	<i>383.973</i>
13) Other creditors			
- due within 12 months	4.291.328	3.432.770	4.312.520
<i>Total other creditors</i>	<i>4.291.328</i>	<i>3.432.770</i>	<i>4.312.520</i>
TOTAL CREDITORS	23.198.787	20.863.768	19.486.935
E) ACCRUALS AND DEFERRED INCOME			
1) Accruals and deferred income-liabilities	689.457	535.194	850.297
Total accruals and deferred income	689.457	535.194	850.297
TOTAL LIABILITIES AND CAPITAL AND RESERVES	77.001.532	76.674.490	73.713.721

MEMORANDUM ACCOUNTS	30/06/2003	31/12/2002	30/06/2002
Our Guarantees			
Our Guarantees	356.943	740.478	695.864
TOTAL MEMORANDUM ACCOUNT	356.943	740.478	695.864

PROFIT AND LOSS ACCOUNT	30/06/2003	31/12/2002	30/06/2002
A) VALUE OF PRODUCTION			
1) Net turnover from sales and services	30.241.647	54.138.923	21.113.188
2) Variation in stocks of finished goods and in work in progress	4.488.395	-19.867	1.002.885
4) Work performed for own purposes and capitalised	2.085	428.186	28.591
5) Other revenues and income			
a) Other revenues and income	77.310	108.581	46.587
b) Grants received pertaining to the current year	299.257	352.074	10.493
<i>Total other revenues and income</i>	<i>376.567</i>	<i>460.655</i>	<i>57.080</i>
TOTAL VALUE OF PRODUCTION	35.108.694	55.007.896	22.201.743
B) COSTS OF PRODUCTION			
6) For raw materials, consumables and goods for sale	-16.755.963	-23.268.931	-10.403.673
7) For services	-8.668.445	-13.298.477	-5.308.026
8) For use of assets owned by others	-430.818	-589.978	-175.324
9) For staff costs:			
a) wages and salaries	-6.959.812	-9.201.871	-3.417.482
b) social security costs	-1.082.192	-1.577.200	-708.580
c) provision for severance indemnity	-141.740	-234.866	-105.322
e) other costs relating to staff		-165	
<i>Total for staff costs</i>	<i>-8.183.744</i>	<i>-11.014.102</i>	<i>-4.231.384</i>
10) Value adjustments			
a) amortisation of intangible assets	-721.778	-1.130.752	-414.716
b) depreciation of tangible assets	-917.040	-1.594.728	-427.481
d) allowance for debtors in current assets and other acc.s incl. in cash	-51.245	-159.235	-82.312
<i>Total value adjustments</i>	<i>-1.690.063</i>	<i>-2.884.715</i>	<i>-924.509</i>
11) Variations in stock of raw materials, consumables and goods for resale	1.114.140	1.054.922	785.141
12) Amounts provided for risk provisions	-183.596	-192.711	-14.568
14) Other operating charges	-483.243	-842.827	-284.031
TOTAL COSTS OF PRODUCTION	-35.281.732	-51.036.819	-20.556.374
(A-B) DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	-173.038	3.971.077	1.645.369
C) FINANCIAL INCOME AND CHARGES			
16) Other financial income:			
b) from other permanent investments other than equity investments		3.063	950
c) from other investments which are not permanent	4.424	156.810	10.369
d) other income not included above			
- to third parties	359.518	1.387.266	519.580
<i>Total other income not included above</i>	<i>359.518</i>	<i>1.387.266</i>	<i>519.580</i>
<i>Total other financial income</i>	<i>363.942</i>	<i>1.547.139</i>	<i>530.899</i>
17) Interest payable and similar charges			
b) to associated companies	-4.768	-7.594	-4.241
d) to third parties	-263.500	-522.001	-351.648
<i>Total interest payable and similar charges</i>	<i>-268.268</i>	<i>-529.595</i>	<i>-355.889</i>
TOTAL FINANCIAL INCOME AND CHARGES	95.674	1.017.544	175.010
D) VALUE ADJUSTMENTS IN RESPECT OF INVESTMENTS			
18) Revaluation:			
a) of equity investments	648.863	176.102	126.707
<i>Total revaluation</i>	<i>648.863</i>	<i>176.102</i>	<i>126.707</i>
19) Devaluation			
a) of equity investments	-3.804	-7.608	-87.299
<i>Total devaluation</i>	<i>-3.804</i>	<i>-7.608</i>	<i>-87.299</i>
TOTAL VALUE ADJUSTMENTS	645.059	168.494	39.408
E) EXTRAORDINARY INCOME AND CHARGES			
20) Extraordinary income			
a) income	213.952	474.616	102.120
b) capital gains from disposal of assets		5.195	5.195
<i>Total extraordinary income</i>	<i>213.952</i>	<i>479.811</i>	<i>107.315</i>
21) Extraordinary charges			
a) charges	-215.054	-33.902	-14.288
c) other extraordinary charges		-55.633	-21.980
<i>Total extraordinary charges</i>	<i>-215.054</i>	<i>-89.535</i>	<i>-36.268</i>
TOTAL EXTRAORDINARY INCOME AND CHARGES	-1.102	390.276	71.047
PROFIT OR LOSS BEFORE INCOME TAXES	566.593	5.547.391	1.930.834
22) Income taxes on the income of the period:			
a) current	-773.383	-2.791.968	-1.093.803
b) deferred	277.390	108.110	227.704
23) NET TOTAL PROFIT (LOSS)	70.600	2.863.533	1.064.735
<i>Profit (loss) of third parties</i>	<i>5.543</i>	<i>-732.483</i>	<i>-215.738</i>
24) PROFIT (LOSS) FOR THE FINANCIAL PERIOD	76.143	2.131.050	848.997

APPENDIX

ACCOUNTING PRINCIPLES AND METHODS

The semi-annual report has been drawn up in conformity with article 81 of CONSOB regulations n. 11.971 of May 14th 1999 and later modifications.

Consolidation Techniques, accounting principles, and evaluation criteria

The consolidation techniques, accounting principles and evaluation criteria are the same as those used for the annual consolidated financial report. Income taxes have been entered on the basis of a realistic estimate of the taxable income following a conservative interpretation of the tax laws. Data related to the preceding semester, when necessary for a better comprehension of the semi-annual report, have been reclassified.

The semi-annual situation of the individual subsidiary companies, used for the consolidation, have been opportunely reclassified and rectified in all those cases where it was necessary to adapt them to the accounting principles and the evaluation criteria used for the parent company, which are in conformity with those described in articles 2423 and following of the Civil Code.

The conversion into Euros of the financial statements expressed in foreign currency has been made using the “current exchange” method. Consequently, the rate which was current at the end of the financial period has been used for the entries in the balance sheet, and the average exchange rate has been used for the profit and loss account. The differences in rate which have been caused by the conversion of the entries in the initial capital and reserves into the current rates at the end of the period have been entered directly in the capital and reserves chart under the entry of “Reserves for conversion”.

Area of consolidation

The consolidated semi-annual report of El.En. Group includes the financial and economic situations of the parent company and the Italian and foreign companies of which El.En. controls directly or indirectly the majority of the votes which can be exercised during an ordinary assembly.

The intense M&A activity which was begun during the financial year 2002 has had, as one result, during the first semester of 2003, the insertion of new companies into the area of consolidation, two of which (Lasercut Inc., Asclepion Laser Technologies GmbH) were acquired and one of which was newly created (Deka Laser Technologies LLC). Moreover, the equity in Deka Lms GmbH was increased by the purchase from the minority shareholder of a quota equal to 24,61% of the capital.

The area of consolidation of this six-months report is shown on the following chart:

Company name:	Headquarters	Subscr.capital	Percentage held:			Consolidated Percentage
			Direct	Indirect	Total	
Parent company:						
El.En. SpA	Calenzano (I)	2.392.000				
Subsidiary companies:						
Deka M.E.L.A. Srl	Calenzano (I)	40.560	70,00%		70,00%	70,00%
Cutlite Penta Srl	Calenzano (I)	103.480	53,50%		53,50%	53,50%
Valfivire Italia Srl	Calenzano (I)	47.840	99,00%		99,00%	99,00%
Deka Sarl	Vienne (F)	76.250	98,00%		98,00%	98,00%
Deka Lms GmbH	Freising (D)	51.129	76,16%		76,16%	76,16%
Deka Dls GmbH (*)	Freising (D)	50.000		50,40%	50,40%	38,38%
Deka Laser Technologies LLC	Fort Lauderdale (USA)	875	51,00%		51,00%	51,00%
Ot-las Srl (**)	Calenzano (I)	57.200		54,00%	54,00%	28,89%
Lasit Srl (****)	Vico Equense (I)	234.000	50,00%	20,00%	70,00%	55,78%
Neuma Laser Srl (****)	Calenzano (I)	46.800		100,00%	100,00%	41,20%
Lasercut Inc. (2)	Branford (USA)	875	70,00%		70,00%	70,00%
Asclepion Laser Technologies GmbH (3)	Jena (D)	25.000	50,00%		50,00%	50,00%
Cynosure Inc. (1)	Chelmsford (USA)	53.118	60,00%		60,00%	60,00%
Cynosure GmbH (1) (****)	Langen (D)	51.130		100,00%	100,00%	60,00%
Cynosure Sarl (1) (****)	Paris (F)	228.672		100,00%	100,00%	60,00%
Cynosure KK (1) (****)	Tokyo (J)	171.642		100,00%	100,00%	60,00%
Cynosure UK (1) (****)	London (UK)	2		100,00%	100,00%	60,00%
Suzhou Cynosure Medical Devices Co. (1) (****)	Suzhou (China)	no par value		51,60%	51,60%	30,96%

(*) held by Deka Lms GmbH

(**) held by Cutlite Penta Srl

(***) held by Cutlite Penta Srl (50%) e Ot-las Srl (50%)

(****) held by Cynosure Inc.

(*****) held by El.En SpA (50%) e Ot-Las Srl (20%)

(1) Consolidated Profit and loss account for the months of May and June 2002

(2) Consolidated Profit and loss account for the month of April 2003

(3) Consolidated Profit and loss account for the month of May 2003

During the period to which the report refers, no variations occurred in the activity of the companies in the El.En Group. El.En. S.p.A. has investments in other companies which operate in the same sector, which however, it does not control; consequently, the results of these companies are not completely consolidated in the statement for the Group, but have been consolidated using the capital and reserves method.

Using the capital and reserves method, the investments which constitute assets in associated companies have been evaluated as follows:

Company name:	Headquarters	Subscr.capital	Percentage held:			Consolidated percentage
			Direct	Indirect	Total	
Quanta System SpA	Milan	364.000	30,00%		30,00%	30,00%
Immobiliare Del.Co. Srl	Solbiate Olona (I)	24.000	30,00%		30,00%	30,00%
Sona International Co. (*)	Chesapeake (USA)	no par value		40,00%	40,00%	24,00%
Sona Laser Centers Inc. (**)	Chesapeake (USA)	no par value		100,00%	100,00%	24,00%
Actis Active Sensors Srl	Florence	10.200	12,00%		12,00%	12,00%
M&E	Delaware (USA)	9.924	50,00%		50,00%	50,00%

(*) held by Cynosure Inc.

(**) held by Sona International Co.

The investment in Actis S.r.l. has been maintained at cost since the company is still in the start-up phase, and consequently an evaluation using the capital and reserves method would be irrelevant for purposes of representing the financial and economic situation of the company. The investment in M&E has been entirely devaluated during 2001 in consideration of the inactivity of the company.

The capital stock of the companies which do not use the euro as currency have been converted using the exchange rate in force at the end of the financial period, June 30th 2003, i.e., one dollar equal to 1,1427 euros.

Reference data

The six-months report has been drawn up on the basis of the financial situation on June 30th 2003, of all the companies belonging to the El.En Group, the economic situations relative to the first semester of 2003, except for the newly acquired companies in the Group, which were consolidated on their date of acquisition/founding.

Analysis of the different entries in the financial statement:

Assets

B) Fixed assets

I – Intangible assets

The balance of intangible assets at the beginning and at the end of the financial year was composed as follows

<i>Categories</i>	Balance 31/12/2002	Increments	Revaluation (Devaluation)	Other Operations	(Amortisations)	Translation Adjustment s	Balance 30/06/2003
Formation and expansion expenses	743.914	1.594		-1	-184.287		561.220
Patents and rights to use patents of others	425.085	1			-16.621	-34.445	374.020
Concessions, licences, trade marks and similar rights	213.985	18.217			-33.976	-8.804	189.422
Goodwill	179.121	80.101			-33.948		225.274
Other	107.018	11.378		1	-32.081	-1.400	84.916
Intangible assets in progress and payments on account		50.000					50.000
Difference from consolidation	6.573.157	1.069.595			-420.865		7.221.887
<i>Total</i>	8.242.280	1.230.886			-721.778	-44.649	8.706.739

<i>Categories</i>	30/06/2003			31/12/2002		
	Cost	(Amortisations)	Net value	Cost	(Amortisations)	Net value
Formation and expansion expenses	1.874.879	1.313.659	561.220	1.873.285	1.129.371	743.914
Patents and rights to use patents of others	460.100	86.080	374.020	481.094	56.009	425.085
Concessions, licences, trade marks and similar rights	300.749	111.327	189.422	292.606	78.621	213.985
Goodwill	379.803	154.529	225.274	299.702	120.581	179.121
Other	245.282	160.366	84.916	247.484	140.466	107.018
Intangible assets in progress and payments on account	50.000		50.000			
Difference from consolidation	8.196.595	974.708	7.221.887	7.127.000	553.843	6.573.157
<i>Total</i>	11.507.408	2.800.669	8.706.739	10.321.171	2.078.891	8.242.280

<i>Description</i>	Past cost	Accumulated amortisations	Residual value
Year 1995 - Formation and expansion expenses	1.653	1.653	
Year 1996 - Formation and expansion expenses	14.459	14.459	
Year 1997 - Formation and expansion expenses	1.329	1.329	
Year 2000 - Formation and expansion expenses	1.850.449	1.293.793	556.656
Year 2001 - Formation and expansion expenses	1.634	816	818
Year 2002 - Formation and expansion expenses	1.176	359	817
Year 2003 - Formation and expansion expenses	4.179	1.250	2.929
<i>Total</i>	1.874.879	1.313.659	561.220

The amount shown under the item “costs of formation and expansion” consists for the most part, of the capitalisation of the amounts paid by the Parent Company, El.En. S.p.A. during the financial period 2000, for quotation on the new stock market (*Nuovo Mercato*). These costs will be amortised over a period of 5 years.

The entry under “patents and rights to use patents of others” refers to the capitalisation of the costs sustained by the subsidiary Cynosure Inc. for patents and license agreements, and they have been amortised on the basis of their legal ties and their estimated future usefulness.

Under the heading of “Concessions, licenses, trade marks and other similar rights”, the entries refer, among other things, to the total costs sustained by the Parent Company for the purchase of new management / administrative software, the implementation of which was terminated during the financial year 2002.

The entry under the heading “Intangible assets in progress and payments on account” refers to a down payment made by the Parent Company for a contract which will allow them to make use of certain patents with payment of royalties.

The amount shown under the heading “Goodwill” refers, for an amount of 149 thousand euros, to the price paid during 2001 by the subsidiary Deka Lms GmbH for the purchase of the distributing activity of medical equipment in Germany, net of the amortisation fund, and for 76 thousand euros, to the price paid as goodwill for the start up during this semester of the subsidiary company, Asclepion Laser Technologies GmbH for the purchase of the activities pertinent to the dermatology and dentistry businesses belonging to Carl Zeiss Meditec.

The amount shown on 30/06/2003 under the heading of “difference in consolidation” is a consequence of the purchase operation made by the Parent Company for 51,55% of Deka Lms GmbH, which occurred during the financial year 2001 and to the operation which followed for the purchase of a further quota amounting to 24,61% which took place in April of 2003; this amount represents the difference between the purchase price and the net value of the assets in the quota at the time of each operation, net from the amount of amortisation. The period of amortization used both for the heading “Goodwill” and for the heading “difference in consolidation” is calculated for a period of five years.

The entry also includes the amount deriving from the purchase, which took place during the financial year 2002, by the Parent Company, for 60% of the Cynosure Group, and it represents the difference between the purchase price and the net value of the consolidated assets belonging to Cynosure which were in the quota at the time of the transaction. The period of amortization used is calculated at a period of time (10 years) during which it is expected that the Group will be able to benefit from the market position and the know-how acquired through the purchase.

Moreover, as an increase for the financial period, it includes, among other things, the amount which derived from the purchase made by the Parent Company of 70% of Lasercut Inc. and represents the difference between the purchase price and the net value of the assets in quota at the time of purchase. The period of amortization is calculated over a period of time (10 years) during which it is expected that the Group will be able to benefit from the market position and the know-how acquired through the purchase.

II – Fixed assets

The changes which took place in the fixed assets during the financial period are as follows :

<i>Cost</i>	Balance 31/12/2002	Revaluations and devaluations	Other operations	Translation Adjustment s	Balance 30/06/2003
	Increments		(Disposals)		
Land and buildings	2.939.697	3.786			2.943.483
Plants and machinery	688.964	83.852	14.152	-11.488	775.480
Industrial and commercial equipment	7.363.958	659.993	563.084	-438.834	7.801.890
Other goods	3.431.499	365.537	-148.949	-88.704	3.387.089
Tangible assets under construction	235.439	895.691			1.131.130
<i>Total</i>	14.659.557	2.008.859	428.287	-539.026	16.039.072

<i>Amortisation provisions</i>	Balance 31/12/2002	Amortisations amount	Devaluations	Other operations	Translation Adjustment s	Balance 30/06/2003
				(Disposals)		
Land and buildings	481.929	43.761				525.690
Plants and machinery	350.350	46.009		1.494	-11.090	386.763
Industrial and commercial equipment	4.953.877	622.350	1	196.060	-328.563	5.317.474
Other goods	2.677.089	204.920	1	93.982	-68.683	2.738.963
Tangible assets under construction						
<i>Total</i>	8.463.245	917.040	2	291.536	-408.336	8.968.890

<i>Net value</i>	Balance 31/12/2002	Revaluations and other operations	(Amortisations and devaluations)	Translation Adjustment s	Balance 30/06/2003
		Increments	(Disposals)		
Land and buildings	2.457.768	3.786	-43.761		2.417.793
Plants and machinery	338.614	83.852	-46.009	-398	388.717
Industrial and commercial equipment	2.410.081	659.993	-622.351	-110.271	2.484.416
Other goods	754.410	365.537	-204.921	-20.021	648.126
Tangible assets under construction	235.439	895.691			1.131.130
<i>Total</i>	6.196.312	2.008.859	-917.040	-130.690	7.070.182

The entry “Other goods” besides the assets which were acquired after the variations in the area of consolidation, a reclassification made by the subsidiary Cynosure Inc. related to some asset entries in the financial statement.

The most valuable item is the real estate property in Via Baldanzese in Calenzano where the parent company and three of the subsidiaries, are based. Of particular importance for this chart is the equipment belonging to the subsidiary Cynosure, which includes laser systems used for sales demonstrations and for revenue sharing.

The investments made during this semester involved new equipment for sales demonstrations and for clinical experimentation in the cosmetic and medical sector, the renewal of laboratory research equipment, new hardware including personal computers, as a consequence of the increase in personnel.

Under the heading of “Tangible assets under construction” we have entered the costs sustained by the Parent Company for the remodelling of the buildings in Via Baldanzese which, at the end of this semester, was still in progress. We have also entered, as an increase for this semester the deposit paid by the Parent Company for the purchase of the building where Lasercut Inc. has its headquarters, for approx. 747 thousand euros.

In the chart which shows the amortization funds, the amount entered under the heading “Other goods” also identifies the costs of the material goods as per article 67 TU, which are shown in the profit and loss account for the semester among the operating expenses, and therefore do not appear as part of the amortizations.

As is shown in the accounts with the original costs the increases which have taken place as a consequence of the variations in the area of consolidation, are included under the heading “Other goods”.

The aliquots used for the amortisations, which correspond to the ordinary and fiscal ones, are calculated for the financial period involved.

III – Equity investments

The following chart shows the analysis of the financial investments:

	30/06/2003	31/12/2002	Variation	Var. %
<i>Equity investments in:</i>				
associated companies	1.027.369	717.483	309.886	43,19%
other companies	171.953	171.953	0	0,00%
<i>other equity investments</i>	76.709	76.709	0	0,00%
<i>Total</i>	1.276.031	966.145	309.886	32,07%

The increase shown under the heading “associated companies” is due to the 241 thousand euros for the partial reconstituting of the equity in Sona International Co. (which had been eliminated during 2002) made by Cynosure Inc. after the positive results which had been obtained during the semester.

The associated companies, Quanta System SpA and Immobiliare Del.Co. Srl were consolidated using the shareholders’ equity method; these companies are not required to issue quarterly statements, and have drawn up a six-months report only to make it possible to issue a consolidated statement which corresponds to the actual financial position as of June 30th 2003.

As already mentioned, the equity in Actis S.r.l. has been maintained at cost (1.240 euros) since the company is still in the start-up phase and consequently evaluation using the shareholders’ equity method would be irrelevant as far as the financial statement is concerned. The equity in M&E was devaluated during 2001 per the amount of 4.962 euros, since the company is inactive.

For the associated companies which have been consolidated using the shareholders' equity method, the chart below shows details of the consolidation.

	Past Cost	Amount C.R. on 31/12/2002	Variation during the year	Amount C.R. on 30/06/2003
Quanta System SpA	129.710	447.988	75.075	523.063
Immobiliare Del.Co. Srl	274.200	268.255	-6.115	262.140
Sona International Co.	1.312.650	0	240.926	240.926
	1.716.560	716.243	309.886	1.026.129

	30/06/2003	31/12/2002	Variation	Var. %
Securities	76.709	76.709	0	0,00%
<i>Total</i>	76.709	76.709	0	0,00%

The other stocks are CCTs which mature 01/04/2004, bound by a guarantee with a fidejussion for obtaining the facilitated financing granted by MIUR (ex MURST) and paid by IMI.

No financial charges were entered under the assets for this financial period..

C) Current assets

I -Inventory

Analysis of the inventory is as follows:

<i>Stocks:</i>	30/06/2003	31/12/2002	Variation	Var. %
Raw materials and consumables	8.548.902	6.963.383	1.585.519	22,77%
Work in progress and semi finished products	5.075.236	3.625.574	1.449.662	39,98%
Finished products and goods for sale	7.093.151	4.159.568	2.933.583	70,53%
Payments on account	31.225	37.891	-6.666	-17,59%
<i>Total</i>	20.748.514	14.786.416	5.962.098	40,32%

Break-down of the inventory is shown on the following chart:

<i>Raw material:</i>	30/06/2003	31/12/2002	Variation	Var. %
Optical components	1.742.379	1.204.241	538.138	44,69%
Electrical and electronic components	3.449.221	3.139.501	309.720	9,87%
Mechanical components	2.733.338	2.367.507	365.831	15,45%
Hydraulic components	486.831	344.601	142.230	41,27%
Empty cases	206.871	122.558	84.313	68,79%
Various materials	551.338	493.710	57.628	11,67%
Fitting and fixtures	582.247	408.824	173.423	42,42%
Laser sources	0	34.606	-34.606	-100,00%
minus: devaluation provision	-1.203.323	-1.152.164	-51.159	4,44%
<i>Total</i>	8.548.902	6.963.383	1.585.519	22,77%

A comparison between the final inventories of raw materials for the two financial periods shows how much their quantity has increased due to the entry of Lasercut Inc. and Asclepion Laser Technologies GmbH, into the area of consolidation, to the increase in production volume of the parent company El.En. SpA and the restocking of warehouse supplies in general.

On 30/06/2003 the obsolescence fund for raw materials amounted to approx. 1.203 thousand euros.

The chart below shows the analysis of the inventory of semi-finished products.

<i>Semi finished products</i>	30/06/2003	31/12/2002	Variation	Var. %
High voltage power supplies	398.784	362.559	36.225	9,99%
Assembled electronics boards	380.812	302.535	78.277	25,87%
Mechanical units	337.485	261.635	75.850	28,99%
Electrical units	343.939	189.142	154.797	81,84%
Hydraulic units	46.257	35.539	10.718	30,16%
Laser cavities and half-assembled sources	81.022	48.968	32.054	65,46%
Systems being assembled	3.520.840	2.459.266	1.061.574	43,17%
minus: devaluation provision	-33.903	-34.070	167	-0,49%
<i>Total</i>	5.075.236	3.625.574	1.449.662	39,98%

The increase shown for semi-finished products is due, in the first place, to the effects of the entry of Lasercut Inc., Deka Laser Technologies GmbH and Asclepion Laser Technologies GmbH, as well as the decentering policy of the Group in which the simplest types of work are jobbed out, which creates an accumulation kits to be assembled at the jobbers, where a large part of the semi-finished products listed are to be found.

On 30/06/2003 the obsolescence fund for finished products amounted to approx. 34 thousand euros.

Break-down of the finished products is shown below.

<i>Finished products:</i>	30/06/2003	31/12/2002	Variation	Var. %
Medical lasers	3.625.944	2.417.226	1.208.718	50,00%
Industrial laser sources	196.325	138.405	57.920	41,85%
Medical fittings and accessories	494.759	224.166	270.593	120,71%
Other medical accessories	1.105.114	1.148.612	-43.498	-3,79%
Industrial laser systems	1.960.440	573.329	1.387.111	241,94%
minus: devaluation provision	-289.431	-342.170	52.739	-15,41%
<i>Total</i>	7.093.151	4.159.568	2.933.583	70,53%

The increase shown for semi-finished products is due, in the first place, to the effects of the entry of Lasercut Inc., Deka Laser Technologies GmbH and Asclepion Laser Technologies GmbH, as well as the Group policy of increasing inventory in order to be able to better satisfy the changing requirements of the market.

On 30/06/2003 the obsolescence fund for finished products amounted to approx. 289 mila euro circa.

LIFO reserves at the end of this semester amounted to approx. 163 thousand euros.

II – Accounts receivable

Break-down of accounts receivable

Debtors can be analysed as follows:

<i>Debtors:</i>	30/06/2003	31/12/2002	Variation	Var. %
Trade debtors	15.265.014	15.718.753	-453.739	-2,89%
Amounts owed by non-consolidated associated companies	166.301	62.157	104.144	167,55%
Other debtors	4.327.170	3.043.984	1.283.186	42,15%
<i>Total</i>	19.758.485	18.824.894	933.591	4,96%

	30/06/2003	31/12/2002	Variation	Var. %
Clients in Italy	6.345.758	9.611.513	-3.265.755	-33,98%
EC clients	5.684.237	2.012.610	3.671.627	182,43%
Clients outside of EC	4.286.805	5.384.755	-1.097.950	-20,39%
minus: devaluation provision for debtors	-1.051.786	-1.290.125	238.339	-18,47%
<i>Total</i>	15.265.014	15.718.753	-453.739	-2,89%

Accounts receivable from associated companies which are not consolidated are related to a no-interest financing loan granted to Quanta System S.r.l. for 6.973 euros, a short-term no-interest loan granted to Immobiliare Del.Co. Srl for 13.565 euros, commercial receivables from Quanta System S.r.l. for 24.678 euros, from Sona International Co. for 108.189 euros and from M&E Co. for 12.896 euros

Accounts receivable from clients belonging to the European Union increased sharply as a consequence of the growth of the sales volume in this area.

Analysis of other credits

Break-down of the other credits is shown on the chart below:

	30/06/2003	31/12/2002	Variation	Var. %
<i><u>becoming payable within the next fiscal year</u></i>				
IRPEG and IRAP credits	487.873	369.233	118.640	32,13%
VAT credits	2.053.252	1.164.072	889.180	76,39%
Security deposits	88.647	50.851	37.796	74,33%
Prepayments to suppliers	306.303	144.520	161.783	111,95%
Other credits	132.575	414.650	-282.075	-68,03%
<i>total becoming payable within the next fiscal year</i>	3.068.650	2.143.326	925.324	43,17%
<i><u>becoming payable after the next fiscal year</u></i>				
SP tax account	11.481	14.575	-3.094	-21,23%
Insurance policy TFM	182.136	182.136		0,00%
Credits for advanced taxes	1.004.650	643.642	361.008	56,09%
Other credits	60.253	60.305	-52	-0,09%
<i>total becoming payable after the next fiscal year</i>	1.258.520	900.658	357.862	39,73%
<i>Total</i>	4.327.170	3.043.984	1.283.186	42,15%

This six-months period ended with an IVA credit of 2.053.252 euros, which was a consequence of the intense export activity. Tax credits derive mainly from the difference between the down payments made and the tax debt matured by the date of this report.

Among the receivables which become due within 5 years, we have entered 11.481 euros as a deposit on the TFR taxes, 182.136 euros as a receivable from Reale Mutua insurance company to cover the TFM (end-of-term bonus) of executives and 1.004.650 euros as receivables for prepaid taxes.

Amounts receivable after more than five years

No amounts receivable after more than five years are entered on the balance sheet

III- Financial activities other than investments

Financial activities other than investments are shown on the chart below:

	30/06/2003	31/12/2002	Variation	Var. %
<i>Investments which are not permanent:</i>				
treasury stock	364.431	374.163	-9.732	-2,60%
other investments	2.707.384	78.004	2.629.380	3370,83%
<i>Total</i>	3.071.815	452.167	2.619.648	579,35%

The heading “Treasury stock” includes treasury stock possessed by the parent company, El.En. SpA for 255.937 euros and treasury stock owned by our subsidiary Cynosure Inc. for an amount equal to 108.494 euros. In particular, the Board of Directors of the parent company, El.En. SpA, following the vote of approval of the Assembly held on April 14th 2002, up until June 30st 2003, proceeded with the purchase of 24.714 shares at the average price of 11,268 euros. The shares, consequently, have been entered into accounting at this price, which represents a cautious evaluation since on September 30th 2003, their market price was approx. 16 euros.

The amount shown under the heading of “Other investments” refers to a temporary use of cash by our subsidiary, Lasit Srl, for 78,004 euros and by the Parent Company, El.En. S.p.A. 2.029.399 euros in a Melior Sicav fund, per euros 199.995 in a B7 Ducato fund, for euros 399.985 in a Citibank fund.

IV – Cash at bank and on hand

Cash at bank and on hand is composed as follows:

<i>Cash at Bank and in hand:</i>	30/06/2003	31/12/2002	Variation	Var. %
bank and postal current accounts	15.762.781	27.034.672	-11.271.891	-41,69%
cash in hand	39.850	15.895	23.955	150,71%
<i>Total</i>	15.802.631	27.050.567	-11.247.936	-41,58%

The decrease in the amount of cash on hand is due, for the most part, to operations of an extraordinary nature like the final payment for the Cynosure stock for the amount of approx. 1.346 thousand euros, the purchase Lasercut Inc. for approx. 467 thousand euros, as well as the down payment made for the purchase of the building, for the amount of approx. 747 thousand euros, the purchase of Asclepion Laser Technologies GmbH and payment of approx. 513 thousand euros as a down payment for the activities of the business unit (a total debt of approx. 1.263 thousand euros the remainder of which must be paid by the end of this year), besides the ordinary operations like the distribution of dividends by the Parent Company, El.En. SpA for 1.144 thousand euros.

D) Prepayments and accrued income assets

Composition of prepayments and accrued assets is as follows:

	30/06/2003	31/12/2002	Variation	Var. %
<u><i>Assets of accruals:</i></u>				
Interests	1.523	935	588	62,89%
Other assets of accruals	8.716	3.356	5.360	159,71%
<i>Total assets of accruals</i>	10.239	4.291	5.948	138,62%
<u><i>Assets of deferred incomes:</i></u>				
Premiums	74.801	8.626	66.175	767,16%
Prepaid expenses	55.161	26.881	28.280	105,20%
Other assets of deferred incomes	426.934	115.911	311.023	268,33%
<i>Total assets of deferred incomes</i>	556.896	151.418	405.478	267,79%
<i>Total</i>	567.135	155.709	411.426	264,23%

The amounts entered among the prepayments and accrued income assets according to the accounting principles being used, do not represent phenomenon of particular interest or importance for the activity of the company.

LIABILITIES

A) Shareholders' equity

Break-down of shareholders' equity

The chart below shows the main changes which have occurred in the shareholders' equity accounts during the past two financial periods.

<i>NET CAPITAL AND RESERVES:</i>	Balance 31/12/2001	Net income allocation	Dividends distributed	Other operations	Balance 31/12/2002
Subscribed capital	2.392.000				2.392.000
Share premium account	34.210.711			-255.937	33.954.774
Legal reserve	267.626	139.267			406.893
Reserve for own shares				255.937	255.937
Others reserves:					
Extraordinary reserves	2.427.109	1.726.073		1	4.153.183
Reserve for contribution on capital account	426.657				426.657
Profits of subsidiaries and associated in previous years	1.592.654	-509.971		252.974	1.335.657
Reserve of consolidation	1.456.630			-51.978	1.404.652
Reserve for translation adjustments	4			-906.860	-906.856
Profits (loss) brought forward		920.000	-920.000		
Profits (loss) of the year	2.275.369	-2.275.369		2.131.050	2.131.050
<i>Net total Capital and reserves of the group</i>	<i>45.048.760</i>	<i>-</i>	<i>-920.000</i>	<i>1.425.187</i>	<i>45.553.947</i>
Capital and reserves of third parties	1.349.987	358.721	-123.000	3.895.432	5.481.140
Profit (loss) of third parties	358.721	-358.721		732.483	732.483
<i>Net total capital and reserves of third parties</i>	<i>1.708.708</i>	<i>-</i>	<i>-123.000</i>	<i>4.627.915</i>	<i>6.213.623</i>
<i>Net total capital and reserves</i>	<i>46.757.468</i>	<i>-</i>	<i>-1.043.000</i>	<i>6.053.102</i>	<i>51.767.570</i>

<i>NET CAPITAL AND RESERVES:</i>	Balance 31/12/2002	Net income allocation	Dividends distributed	Other operations	Balance 30/06/2003
Subscribed capital	2.392.000	-	-	-	2.392.000
Share premium account	33.954.774	-	-	-	33.954.774
Legal reserve	406.893	130.409	-	-	537.302
Reserve for own shares	255.937	-	-	-	255.937
Others reserves:					
Extraordinary reserves	4.153.183	1.333.435	-	-	5.486.618
Reserve for contribution on capital account	426.657	-	-	-	426.657
Profits of subsidiaries and associated in previous years	1.335.657	-477.115	-	31.859	890.401
Reserve of consolidation	1.404.652	-	-	-	1.404.652
Reserve for translation adjustments	-906.856	-	-3	-369.408	-1.276.267
Profits (loss) brought forward	-	1.144.321	-1.144.321	-	-
Profits (loss) of the year	2.131.050	-2.131.050	-	76.143	76.143
<i>Net total Capital and reserves of the group</i>	<i>45.553.947</i>	<i>-</i>	<i>-1.144.324</i>	<i>-261.406</i>	<i>44.148.217</i>
Capital and reserves of third parties	5.481.140	732.483	-123.000	-481.915	5.608.708
Profit (loss) of third parties	732.483	-732.483	-	-5.543	-5.543
<i>Net total capital and reserves of third parties</i>	<i>6.213.623</i>	<i>-</i>	<i>-123.000</i>	<i>-487.458</i>	<i>5.603.165</i>
<i>Net total capital and reserves</i>	<i>51.767.570</i>	<i>-</i>	<i>-1.267.324</i>	<i>-748.864</i>	<i>49.751.382</i>

The difference in the exchange rate derived from the conversion of the amounts entered in the financial statement on the date of purchase (Lasercut Inc), on the date of founding (Deka Laser Technologies LLC), and on December 31st, 2002 (Cynosure Inc.) with respect to the exchange rate in force at the end of this semester, has been entered directly into the consolidated financial statement under the heading of “Reserve for conversion adjustments”; this entry also includes the conversion of the result of the profit and loss account for the same companies (evaluated using the average exchange rate) at the rate for the end of the period, and shows an increase of 389 thousand euros due to Cynosure Inc., and a decrease of 1,3 thousand euros due to Deka Laser Technologies LLC and of 18 thousand euros from Lasercut Inc.

Composition of capital

The shareholders' assembly of the Parent company, El.En. SpA convened May 15th, 2003, deliberated to distribute the profits of the financial period as follows: 130.408,25 euros as legal reserve, 1.144.321,50 euros for dividends (equivalent to 0,25 euros for the stock in circulation) and the remainder of 1.333.435,25 euros as an extraordinary reserve.

The extraordinary assembly of July 7th 2000, in accordance with article 2443 of the Civil Code, voted to allow the Board of Directors, for a period of a maximum of five years from the date of approval, to increase, in one or more payments, the Capital Stock by the nominal maximum sum of 124,800 euros by issuing a maximum of 240.000 ordinary shares for the nominal value of 0,52 euros each, to be issued upon payment of the price which will be determined by the Board of Directors, and in consideration of Comma 6 of art. 2441 of the Civil Code and the net assets and/or price to the public and/or average of the official prices recorded for the share on the stock market for the period of time preceding the assigning of the option rights which will be specified in the rules for the incentive plan.

On November 3rd 2000 the Board of Directors voted to partially implement the motion approved by the Assembly of Shareholders on July 7th 2000 to increase Capital Stock to 2.412.846 euros for use in the stock option plan for 2001/2003 and approving the regulations proposed in this regard. The option rights are granted exclusively to the executives, employees and workers within the Group who, at the moment of the grant are working for the company in a subordinate position. The above mentioned plan is divided into three sections, one for each year, and the option rights for underwriting new ordinary shares can be exercised by the grantees from September 1st to September 30th of each year for the period under consideration, and they are not negotiable. According to the plan 13,363 options will be available each year. During the years 2001 and 2002 no option rights were exercised.

The next extraordinary assembly, held on July 16th 2002, voted to revoke, for the part of the proxy of the assembly vote of July 7th, 2000 which had not been exercised, and which amounted to 199.911 options, the faculty granted by the Board of Directors to proceed with the increase of the Capital Stock, according to the procedure just described.

The same extraordinary assembly of July 16th 2002, also voted, in accordance with art. 2443 of the Civil Code, to allow the Board of Directors, for a period of five years maximum from the date of the vote, to increase in one or two payments, the Capital Stock of the company for the nominal sum of 124.800 euros, by issuing a maximum of 240.000 ordinary shares with a nominal value of 0,52 euros each, with usufruct equal to that of the ordinary shares of the company on the date of underwriting, to be acquired through payment of a price which will be determined by the Board of Directors, in accordance with art. 2441, comma VI, of the Civil Code, - i.e., on the basis of the value of the shareholders' equity, bearing in mind the performance of the stock quoted in the stock market during the preceding six months - and a unit value, including additional paid-in capital in excess of par value, equal to the amount of whichever of the following is the greatest : a) the value of each share determined on the basis of the consolidated shareholders' equity of the El.En. Group on December 31st of the year preceding the issuing of the options; b) the mathematical average of the official prices registered by the ordinary shares of the company on the New Stock Market organised and managed by Borsa Italiana SpA during the six months preceding the assignment of the options; c) the mathematical average of the official prices registered by the ordinary shares of the company on the New Stock Market organised and managed by Borsa Italiana SpA during the 30 days preceding the assignment of the options; d) the mathematical average of the official prices registered by the ordinary shares of the company on the New Stock Market organised and managed by Borsa Italiana SpA during the period of time

On September 6th 2002, the Board of Directors voted to implement in part the proxy approved by the stock holders' assembly on July 16th 2002, voting to increase the Capital Stock to 31.817,76 euros for use in the 2003/2004 stock options plan and approving the relative regulations. The option rights are assigned exclusively to the executives, managers and office employees who at the time of the assignment are working in a subordinate position for the Group. This plan is organised in two sections, one for each year; the first section, for a maximum of 30.600 shares, can be opted by the assignees from November 18th to December 31st, 2003, from August 15th to September 30th, 2004 and from November 18th to December 31st, 2004; the second section, for a maximum of 30.588 shares can be opted by the assignees from August 15th to September 30th 2004, and from November 18th until December 31st 2004.

As a consequence of these votes, the capital stock of El.En. S.p.A. on June 30th 2003 was as follows:

Authorised	euro	2.430.767
Underwritten and deposited	euro	2.392.000

<i>Nominal value of each share</i>	0,52
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<i>Categories</i>	31/12/2002	Increase.	(Decrease.)	30/06/2003
No. of Ordinary Shares	4.600.000			4.600.000
<i>Total</i>	4.600.000			4.600.000

The shares are nominal and indivisible, and each of them gives the holder the right to one vote in the ordinary and extraordinary assemblies, as well as the financial and administrative rights granted in accordance to the law and company statutes. At least 5% of the net operating profits must be set aside for the legal reserve in accordance with art. 2430 of the Civil Code. The remainder is distributed to the shareholders, unless the assembly votes otherwise. The company statutes do not permit advance payments on the dividends. Dividends which have not been cashed in within fifteen years of the date of emission will be returned to the company. There are no special clauses in the statutes related to the participation of the shareholders in the remaining assets in case the company is dissolved. No clauses in the statutes grant particular privileges.

All reserves which are part of the shareholders' equity are freely available for assembly votes for distribution except for those with specific limitations in accordance with the civil code.

Other reserves

Reserves for payments on capital account are broken down as follows:

	30/06/2003	31/12/2002	Variation	Var. %
EME contribution on capital account				0,00%
DIFF3 contribution on capital account	150.659	150.659		0,00%
CESVIT contribution on capital account	3.099	3.099		0,00%
CCIAA contribution on capital account	3.892	3.892		0,00%
EU contribution on capital account	269.007	269.007		0,00%
<i>Total</i>	426.657	426.657		0,00%

Chart comparing the financial statement of the parent company with the consolidated financial statement

	Profit and loss account	Capital and reserves
Balance as per statement of the parent company El.En.	655.298	43.708.587
Elimination of investments in:		
Companies totally consolidated	82.701	7.643.069
Companies consolidated with the shareholders' equity method	76.568	381.293
Goodwill arising from consolidation	-420.865	-7.299.320
Elimination of dividends for the financial period		287.000
Elimination of internal profits on warehouse stock	-366.876	-877.258
Elimination of internal profits from sales of material assets	12.627	-70.264
Value adjustments on equity investments	2.444	163.730
Effect of early amortisations	50.778	289.120
Other	-16.532	-77.740
Balance as per consolidated statement – Group quota	76.143	44.148.217
Balance as per consolidated statement – Third party quota	-5.543	5.603.165
Balance as per consolidated statement	70.600	49.751.382

B) Provisions for contingencies and other liabilities

The following chart shows the changes that occurred in these funds during the last financial period:

	Balance 31/12/2002	Provision	(Utilisation)	Other	Translation Adjustments	Balance 30/06/2003
Pension costs and similar	301.136	32.957				334.093
For taxation	592.242	41.311	-11.900	6.008		627.661
<i>Others:</i>						
Reserve for guarantee on the products	918.921	183.596	1	21.003	-73.793	1.049.728
Reserve for risks and charges	380.361		-352.661		-27.700	
Other minor reserves	366.504					366.504
<i>Total other reserves</i>	1.665.786	183.596	-352.660	21.003	-101.493	1.416.232
<i>Total</i>	2.559.164	257.864	-364.560	27.011	-101.493	2.377.986

Under the heading of “Others” we have shown the increase in the funds which are a consequence of the changes in the area of consolidation.

The fund for Pension costs and similar refers to the TFM (end-of-term bonus) for the executives for the amount of 200.300 euros and the client and agents’ indemnity fund for 133.793 euros.

Provisions for taxes include the deferred taxes (described in the next paragraph) and the residual of the funds set aside during the financial year 2000, and to which additions were made in 2001 for payment of charges which might arise from the issuance of inspection documents after the PVC notification given on May 8th 2001. The tax fund entries also refer to the deferred taxes analyzed in the following paragraph.

The reserve for product guarantees is calculated on the basis of costs for spare parts and assistance under warranty which were sustained in the preceding financial period, adapted to the sales volume for this financial period. The increase shown under the heading of “Others” , is derived from changes in the area of consolidation, and in particular from the inclusion of Lasercut Inc.

The reserves for risks and charges, among other things, after 100% of the losses of SONA International Co were entered into the accounts of the subsidiary Cynosure Inc. on December 31st 2002, has now broken even thanks to the excellent results obtained by the subsidiary during the first six months of 2003; this result has made it possible for Cynosure Inc. to reconstitute, at least in part, the value of the equity, which was originally 1,4 million di dollars.

Analysis of deferred and advance taxes

Deferred taxes have been registered with the temporary differences between assets and liabilities recognised for fiscal purposes and those registered in the balance sheet.

The break down is as follows:

	Balance 30/06/2003	Balance 31/12/2002	Variation
Deferred tax assets on stock devaluations	165.571	189.724	-24.153
Deferred tax assets for provisions on guarantee products	35.835	36.797	-962
Deferred tax assets on credit devaluation	36.355	37.816	-1.461
Deferred tax assets on loss brought forward from the previous years	117.353		117.353
Other deferred tax assets	62.609	11.811	50.798
Deferred tax assets on internal profits	586.927	367.494	219.433
<i>Total deferred tax assets</i>	1.004.650	643.642	361.008
Deferred tax liabilities on advanced amortisations	209.266	169.791	39.475
Deferred tax liabilities for contributions on capital account	17.428	27.354	-9.926
Other deferred tax liabilities	9.907	2.775	7.132
<i>Total deferred tax liabilities</i>	236.601	199.920	36.681

Credits for advance taxes amount to approx. 1.004 thousand euros and refer to the advance taxes calculated during the previous financial periods and that in progress related to the warehouse obsolescence fund, on the product guarantee fund, and on the fund for accounts receivable which are not tax deductible and on the fiscal loss shown by the subsidiary Cutlite Penta Srl. We have also entered anticipated taxes on the elimination of inter-Group profits effected on consolidation.

Use has also been made of the fund for deferred taxes, which on June 30th amounted to approx. 237 thousand euros, and on the contributions in capital account, while deferred taxes on the anticipated amortisations were excluded on consolidation.

C) Severance pay for employees

The following chart shows the changes that have occurred during this financial period:

Balance 31/12/2002	Provision	Utilization	Other	Balance 30/06/2003
948.794	141.740	-106.615	1	983.920

The reserve fund represents the actual debt of the company to the employees at the date indicated, net of all advance payments.

D) Amounts owed

Analysis of amounts owed

Break down of debts is shown in the chart that follows:

	30/06/2003	31/12/2002	Variation	Var. %
debenture loans	619.748	619.748		0,00%
amounts owed to banks	1.047.158	1.033.089	14.069	1,36%
amounts owed for the other financing	1.172.830	924.357	248.473	26,88%
down payments	1.031.980	351.523	680.457	193,57%
amounts owed to suppliers	12.940.016	11.857.403	1.082.613	9,13%
amounts owed to associated companies	517.330	184.525	332.805	180,36%
amounts owed to tax administration	1.026.907	1.987.859	-960.952	-48,34%
amounts owed to social security institutions	551.490	472.494	78.996	16,72%
other creditors	4.291.328	3.432.770	858.558	25,01%
<i>Total</i>	23.198.787	20.863.768	2.335.019	11,19%

Amounts owed in foreign currency, particularly those expressed in American dollars and British pounds, have been converted at the exchange rate valid on the June 30th 2003.

The increase in “amounts owed to suppliers” is due to variations in the area of consolidation mainly, the entry of Lasercut, Inc. and Asclepion Laser Technologies GmbH; the entry “down payments” shows an increase of 214 thousand euros due to the change in the area of consolidation, and approx. 435 thousand euros for the entering into accounts of down payments on NIM02, EUV02, NMED02 projects which will become revenue only upon final approval, by the institutions effecting payment, of the expenses sustained and the results obtained.

The increase shown under the heading of “debts owed to associated companies” is related to the financing issued to Asclepion Laser Technologies GmbH by the associated company Quanta System SpA for 500 thousand euros for the first portion of the amount owed for the transfer of the activities owned by Carl Zeiss Meditec to Asclepion Laser Technologies GmbH.

Break down of amounts owed by due dates

The ordinary debenture loan of. 619,748 euros is to be reimbursed in a single payment on 31/12/2006, and pays a fixed interest rate of 9,75% which is adjusted annually on December 31st.

Mid-term debts to banks are made up of a ten-year mortgage loan issued by the Cassa di Risparmio of Florence, contracted for 1,652,662 euros, to be reimbursed in fixed six-month instalments of 103,291 euros starting on 31/3/1999, with an interest rate equivalent to the quarterly EURIBOR plus a spread of 0,95%, with interest paid quarterly.

a) mid-term debts to other financiers consist of IMI facilitated financing for applied research and can be broken down as follows:

Reference DIFF 3

Multi-year financing granted for 487,095 euros at the fixed annual rate of 3,70%, last instalment July 1st, 2008

Reference TMR 4

Multi-year financing granted for 492,431 euros at the fixed annual rate of 3,70%, last instalment July 1st, 2008

b) Facilitated MPS financing for applied research, reference TRL01, granted for 681.103 euros of which 351.592 euros at annual rate of a 2% , to be reimbursed in 16 semi-annual payments, delayed until the second semi-annual due date after the conclusion of the research, which is expected to be in February, 2005.

The “Other financing” entries refer mainly to financial debts of the subsidiary Cynosure Inc. for the amount of approx. 155 thousand euros, and a financial debt by Lasercut Inc. for approx. 131 thousand euros

The chart below shows the debts described above and the date when they are due:

	Expiration	Rate	Remain	Amount within 1 year	Amount within 5 years	Amount beyond 5 years
Ten-year debenture loans	31/12/2006	9,75%	619.748		619.748	
CRF ten-year loan	07/03/2006	Euribor+,95%	723.040	206.583	516.457	
Financing IMI DIFF3	01/07/2008	3,70%	304.706	56.557	248.149	
Financing IMI TMR 4	01/07/2008	3,70%	241.885	77.691	164.194	
Financing MPS TRL 01	01/07/2013	2,00%	351.591		131.847	219.744
Other financing			317.782	286.788	30.994	
Leasing			274.648	192.643	82.005	
<i>Total</i>			2.833.400	820.262	1.793.394	219.744

Changes in long term financing

During the financial period the following changes have taken place in relation to mid- and long-term financing. The amounts shown include the quota of short term capital and do not include amounts owed for interest.

	Balance 31/12/2002	Increase	Reimbursement	Other	Translation Adjustments	Balance 30/06/2003
Debtenture loans	619.748					619.748
CRF loan	826.331		-103.291			723.040
Financing IMI DIFF3	332.216		-27.510			304.706
Financing IMI TMR 4	279.675		-37.790			241.885
Financing MPS TRL 01		351.591				351.591
Seven- year Quanta Fin financing	191.089		-191.089			
Other financings	197.693	5.320	-3.022	131.265	-13.474	317.782
Leasing	312.466	38.521	-50.617		-25.722	274.648
<i>Total</i>	2.759.218	395.432	-413.319	131.265	-39.196	2.833.400

The increase which is shown under the heading of “Other financing” is related to the variation in the area of consolidation, and involves a credit line granted to Lasercut Inc. for 150 thousand dollars, equal to approx. 131 thousand euros.

During this six-month period, 37.790 euros have been reimbursed for the IMI TMR 4 financing, 27.510 euros for the IMI DIF3 financing, and 103.291 euros on the CRF loan. The seven-year financing which fell due on June 30th 2003 has also been reimbursed by Quanta System SpA .

Debts guaranteed by real estate property

The factory in Via Baldanzese, 17 has a ten year mortgage on it, which was issued by the Cassa di Risparmio of Florence and is described in the preceding paragraphs.

Break-down of tax debts

	30/06/2003	31/12/2002	Variation	Var. %
Taxes on profit	352.044	1.279.993	-927.949	-72,50%
Debts owed to tax administration for VAT	382.099	326.811	55.288	16,92%
Debts owed to tax administration for deductions	292.764	381.055	-88.291	-23,17%
<i>Total</i>	1.026.907	1.987.859	-960.952	-48,34%

Amounts owed for income taxes are shown net of advance payments, of amounts withheld, and of tax credits on dividends cashed by the parent company, but not the Value Added Tax (IVA) credit which is maturing.

Break down of amounts owed to social security institutions and other debts

	30/06/2003	31/12/2002	Variation	Var. %
Debts owed to INPS	506.495	418.563	87.932	21,01%
Debts owed to INAIL	11.602	19.679	-8.077	-41,04%
Debts owed to other Social Security Institutions	33.393	34.252	-859	-2,51%
<i>Total</i>	551.490	472.494	78.996	16,72%

Other amounts due can be broken down as follows:

	30/06/2003	31/12/2002	Variation	Var. %
Owed to staff for holidays	1.213.220	905.237	307.983	34,02%
Owed to staff for wages and salaries	591.181	385.921	205.260	53,19%
Bondholders	29.964		29.964	0,00%
Other debts	2.456.963	2.141.612	315.351	14,72%
<i>Total</i>	4.291.328	3.432.770	858.558	25,01%

The increase under the heading of “amounts owed to staff for holidays” refers to the funds set aside for payment of the Christmas bonus as well as for vacations earned but not taken as of June 30th 2003.

The growth of debts towards staff for salaries and towards social security institutions is a consequence of the variation in the area of consolidation, as well as the increase in the number of staff members registered for this six-month period.

The heading “Other debts” shows an increase due to the effects of the debt contracted by the subsidiary Asclepion Laser Technologies GmbH for the purchase from Carl Zeiss Meditec of the activities pertaining to their dermatological and dentistry businesses, like the warehouse, equipment, brand names and patents, as already described in this report.

E) Accruals and deferred income

Composition of accruals and deferred income is as follows:

	30/06/2003	31/12/2002	Variation	Var. %
<u>Accrual liabilities:</u>				
Interests		3.353	-3.353	-100,00%
Other	242		242	0,00%
<i>Total accrual liabilities</i>	242	3.353	-3.111	-92,78%
<u>Deferred income liabilities</u>				
Taxation credits		6.466	-6.466	-100,00%
Other	689.215	525.375	163.840	31,19%
<i>Total deferred income liabilities</i>	689.215	531.841	157.374	29,59%
<i>Total</i>	689.457	535.194	154.263	28,82%

The deferred income refers in particular to the revenue from Cynosure for equipment leasing contracts through the associated company SONA which have been entered into accounts proportionately to the duration period of the contracts.

Memorandum Accounts

Some leading contracts stipulated by the associated company SONA International Co. were guaranteed by Cynosure Inc. which must pay the amounts due for the rental in the case that SONA was not able to honour the contract. In particular, the total amount guaranteed over a period of the next five years is approx. 408 thousand dollars.

Profit and loss account

A) Value of the production

Analysis of sales and services

	30/06/2003	30/06/2002	Variation	Var. %
Sales of industrial laser systems	6.337.900	6.481.311	-143.411	-2,21%
Sales of medical laser systems	18.523.822	11.974.598	6.549.224	54,69%
Consulting and research	76.439	73.000	3.439	4,71%
Service and sales of spare parts	5.303.486	2.584.279	2.719.208	105,22%
<i>Total</i>	30.241.647	21.113.188	9.128.460	43,24%

The increase of approx. 43% in the sales volume is an indication of the constant and rapid growth rate of the Group which continues notwithstanding a generally negative economic climate.

The medical sector confirms its pre-eminence within the Group, and shows an increase of approx. 55% for this financial period, thanks in part to the contribution of Asclepion Laser Technologies GmbH, but mostly to Cynosure Inc. The industrial sector remains difficult, and notwithstanding the contribution of Lasit Srl and Lasercut Inc., no increase in sales was shown for this period with respect to the same period last year. After-sales services show the expected increase which is of course due to the increase in the number of installations, and this sector has become even more important because of the large number of installations belonging to Cynosure and consequently the revenues generated by “customer service”.

Revenue derived from research projects and the relative reimbursements to be paid according to contracts signed with the managing institutions financed by MIUR (ex MURST), showed a slight increase but still remain at an extremely low level with respect to those hoped for, since one of the strong points of the Group is its research department, which unfortunately continues to have to depend on payments which arrive with ever increasing delays with respect to the completion of the research projects.

Division of revenue by geographical area

	30/06/2003	30/06/2002	Variation	Var. %
Sales in Italy	7.819.694	8.695.527	-875.833	-10,07%
Sales other EC countries	9.313.688	4.577.588	4.736.100	103,46%
Sales outside EC	13.108.265	7.840.073	5.268.193	67,20%
<i>Total</i>	30.241.647	21.113.188	9.128.460	43,24%

The increase in sales volume shown for non-European countries is an indication of the internationalization of the Group thanks to the acquisition of Cynosure Inc. and Lasercut. Inc.; as far as the increase of sales in Europe is concerned, this is due mainly to the intense activity conducted by the European subsidiaries in the medical sector, besides the entry into the area of consolidation of Asclepion Laser Technologies GmbH.

Other income and revenues

The analysis of the other income and revenues is shown below

	30/06/2003	30/06/2002	Variation	Var. %
Recovery for accidents and insurance reimbursements	13.559	7.391	6.168	83,45%
Expense recovery	15.274	10.231	5.043	49,29%
Capital gains on ordinary property conveyances	22.114	22.151	-37	-0,16%
Other income	26.363	6.814	19.549	286,89%
Contribution on fiscal year account and on capital account	299.257	10.493	288.764	2751,97%
<i>Total</i>	376.567	57.080	319.488	559,72%

Under the heading of “contribution on fiscal account and on capital account” we have entered the amount paid for expenses granted as part of the CHOCLAB TRL01 projects.

B) Production costs

Purchase of raw and subsidiary materials, consumables and goods

The analysis of these costs is as follows:

	30/06/2003	30/06/2002	Variation	Var. %
Purchase of raw materials and finished products	16.176.136	10.003.772	6.172.364	61,70%
Purchase of packaging	74.710	53.124	21.586	40,63%
Purchase of stationery	62.626	48.711	13.915	28,57%
Purchase of fuels	46.829	37.946	8.883	23,41%
Purchase of advertising materials	50.956	84.029	-33.073	-39,36%
Shipment of purchases	143.911	78.414	65.497	83,53%
Other purchase expenses	45.756	28.701	17.055	59,42%
Other purchases	155.039	68.976	86.063	124,77%
<i>Total</i>	16.755.963	10.403.673	6.352.290	61,06%

The increase in purchases of raw materials is reflected, among other things, in the increase in final inventory which was registered at the end of the financial year.

Break down of expenses for services

The following chart shows the break down for the various services:

	30/06/2003	30/06/2002	Variation	Var. %
Expenses for work in progress at third parties'	939.144	694.609	244.535	35,20%
User services	332.654	175.198	157.456	89,87%
Consulting and technical services	745.753	565.431	180.322	31,89%
Maintenance	47.210	57.230	-10.020	-17,51%
Services and commercial consulting	416.859	225.147	191.712	85,15%
Shipment	559.996	305.167	254.829	83,50%
Insurance	289.059	71.457	217.602	304,52%
Travel and overnight expenses	975.951	600.326	375.625	62,57%
Commissions	1.421.606	964.637	456.969	47,37%
Promotional and advertising expenses	1.019.468	527.278	492.190	93,35%
Royalties	67.029	68.311	-1.282	-1,88%
Other services	1.853.716	1.053.235	800.481	76,00%
<i>Total</i>	8.668.445	5.308.026	3.360.419	63,31%

Under the heading of "Other services" the amounts due to administrators and auditors are included as well as the cost of legal services and charges related to quotation of the company on the stock market.

Break down of operating expenses

The following chart shows the break down for the various operating expenses:

	30/06/2003	30/06/2002	Variation	Var. %
Other taxes	75.253	20.337	54.916	270,03%
Associating contributions	17.691	14.107	3.584	25,41%
Newspaper and magazine subscriptions	8.833	8.121	712	8,77%
Expenses for vehicles	130.913	72.383	58.530	80,86%
Purchase of consumables art. 67 T.U.	55.261	48.033	7.228	15,05%
Fines	1.684	7.805	-6.121	-78,42%
Other minor charges	193.608	113.245	80.363	70,96%
<i>Total</i>	483.243	284.031	199.212	70,14%

C) Financial income and charges

Analysis of the financial income

Break down of financial income is shown in the following chart

	30/06/2003	30/06/2002	Variation	Var. %
<i>from investments which are not equity investments</i>				
Interests		950	-950	-100,00%
<i>Total</i>	-	950	-950	-100,00%
<i>from non-permanent investments which are not equity investments</i>				
Interests	1.284	8.303	-7.019	-84,54%
Income from negotiations	3.140	2.066	1.074	51,98%
<i>Total</i>	4.424	10.369	-5.945	-57,33%
<i>financial income different from the previous ones: to third party</i>				
Interests - assets - to bank	201.082	408.326	-207.244	-50,75%
Profits on commercial exchanges	155.803	40.164	115.639	287,92%
Other financial incomes	2.633	71.090	-68.457	-96,30%
<i>Total</i>	359.518	519.580	-160.062	-30,81%
<i>Total</i>	363.942	530.899	-166.957	-31,45%

Income from interest paid by banks amounted to 201.082 euros; this amount represents a decrease with respect to last year because a large portion of the cash on hand was used for the special operations which were described in the introduction of this six-months report. Interest and revenue derived from negotiations related to temporary cash investments have also been entered under this heading.

Interests and other financial charges

	30/06/2003	30/06/2002	Variation	Var. %
<i>Financial charges towards third parties</i>				
debenture loans	29.964	30.213	-249	-0,82%
bank debts for account overdraft	412	800	-388	-48,50%
bank debts for medium and long - term loans	26.180	34.829	-8.649	-24,83%
losses on commercial exchanges	198.964	222.125	-23.161	-10,43%
other financial charges	7.980	63.681	-55.701	-87,47%
<i>Total</i>	263.500	351.648	-88.148	-25,07%
<i>Financial charges towards associated companies</i>				
debts to associated companies	4.768	4.241	527	12,43%
<i>Total</i>	4.768	4.241	527	12,43%
<i>Total</i>	268.268	355.889	-87.621	-24,62%

During this semester 4.768 euros were entered into accounts for interests charges paid for the seven year financing issued by Quanta System Srl, which was entirely reimbursed on June 30th 2003.

Interest charges owed to banks for loans and for mid- and long-term financing refer to the loan issued by the Cassa di Risparmio of Florence and to the facilitated financing granted by MIUR (ex MURST) and paid by IMI and by MPS.

D) Value adjustments for financial activities

The value adjustment shown under the heading D18 a) of the profit and loss account for 648.863 euros, is related to the application of the shareholders' equity method for the evaluation of the equities in the associated companies which are not entirely consolidated.

The value adjustment entered under the heading of D19 a) of the profit and loss account on the other hand, shows the amortisation quota calculated on the difference in consolidation of Immobiliare Del.Co. Srl for an amount of 3.804 euros.

E) Exceptional income and charges

Break down of exceptional income

The chart below shows a break down of the sources of exceptional income:

	30/06/2003	30/06/2002	Variation	Var. %
<u>Extraordinary incomes:</u>				
Miscellaneous income	213.871	102.120	111.751	109,43%
Other extraordinary incomes	81	5.195	-5.114	-98,44%
<i>Total</i>	213.952	107.315	106.637	99,37%

Residual assets include, among other things, the adjustments on the fund for the devaluation of receivables made by the subsidiary Cynosure Inc. for the amount of approx.207 thousand euros.

Break-down of extraordinary charges is shown below:

	30/06/2003	30/06/2002	Variation	Var. %
<u>Extraordinary charges:</u>				
Miscellaneous losses	215.054	14.272	200.782	1406,82%
Other extraordinary charges		16	-16	-100,00%
<i>Total</i>	215.054	14.288	200.766	1405,14%
<u>Taxation related to the previous fiscal years</u>				
Other taxes related to the previous years		21.980	-21.980	-100,00%
<i>Total</i>		21.980	-21.980	-100,00%
<i>Total</i>	215.054	36.268	178.786	492,96%

Taxes on income for the financial period

<i>Description:</i>	30/06/2003	30/06/2002	Variation	Var. %
IRPEG	553.569	874.590	-321.021	-36,71%
IRAP	219.814	219.213	601	0,27%
IRPEG Deferred (Advanced)	-279.056	-225.092	-53.964	23,97%
IRAP Deferred (Advanced)	1.666	-2.612	4.278	-163,78%
<i>Total direct taxes</i>	495.993	866.099	-370.106	-42,73%

Fiscal expenses for this financial period show an increase over the same period last year. In this regard it should be noted that, except for the subsidiary Cutlite Penta Srl, advance taxes on the losses registered by the subsidiaries have not been entered, nor did the amortization costs paid for the newly acquired companies (and in particular, Cynosure Inc.) comport the registering of advance taxes. Consequently, the tax rate rises from the 44% for the first semester of 2002 to the 88% for the semester described in this report.

Other information

In accordance with the law, the following chart contains a breakdown of the dependent workers by category .

Average number of employees divided by category

	Average 2003	30/06/2003	Average 2002	31/12/2002	Variation	Var. %
Executives	17,5	20	10,0	15	5	33,33%
Management	2,0	2	2,5	2	0	0,00%
White collar	234,0	260	148,0	208	52	25,00%
Blue collar	80,0	90	51,5	70	20	28,57%
<i>Total</i>	333,5	372	212,0	295	77	26,10%

The increase in the number of employees with respect to December 31st 2002 is due to the entry of new companies into the area of consolidation, in particular Asclepion Laser Technologies GmbH, with 43 persons, and Lasercut Inc. for 12 persons, as well as to the hiring of new personnel to meet the needs of the internal growth of the company.

For the Board of Directors

The President
Ing. Gabriele Clementi

Appendix A – El.En. S.p.A. financial statements

ASSETS	30/06/2003	31/12/2002	30/06/2002
A) SUBSCRIBED UNPAID CAPITAL			
Total subscribed unpaid capital			
B) FIXED ASSETS			
I) Intangible assets			
1) Formation and expansion expenses	556.656	740.180	926.746
4) Concessions, licenses, trade marks and similar rights	80.886	104.483	95.883
6) Intangible assets in progress and payments on account	50.000		
7) Other	24.228	25.841	27.081
Total intangible assets	711.770	870.504	1.049.710
II) Tangible assets			
1) Land and buildings	2.373.847	2.413.822	2.456.460
2) Equipment and machinery	177.054	144.100	126.410
3) Industrial and commercial equipment	298.509	418.832	175.474
4) Other	280.039	216.030	241.173
5) Tangible assets under construction and payments on account	1.131.130	235.439	109.364
Total tangible assets	4.260.579	3.428.223	3.108.881
III) Financial fixed assets			
1) Equity investments in :			
a) subsidiary companies	14.800.120	13.810.297	14.264.722
b) associated companies	431.029	405.150	405.151
d) other companies	171.941	171.941	171.941
<i>Total equity investments</i>	<i>15.403.090</i>	<i>14.387.388</i>	<i>14.841.814</i>
3) Other investments	76.709	76.709	76.709
Total financial fixed assets	15.479.799	14.464.097	14.918.523
TOTAL FIXED ASSETS	20.452.148	18.762.824	19.077.114
C) CURRENT ASSETS			
I) Stocks:			
1) Raw materials and consumables	4.851.415	4.380.431	3.816.140
2) Work in progress and components	2.884.873	2.395.862	2.517.869
4) Finished goods	1.127.159	913.532	991.887
Total stocks	8.863.447	7.689.825	7.325.896
II) Debtors			
1) Trade debtors			
- due within 12 months	1.989.774	1.757.632	1.721.318
<i>Total trade debtors</i>	<i>1.989.774</i>	<i>1.757.632</i>	<i>1.721.318</i>
2) Amounts owed by subsidiary companies			
- due within 12 months	9.728.214	9.613.301	8.932.821
- due after 12 months	914.441	333.115	333.115
<i>Total amounts owed by subsidiary companies</i>	<i>10.642.655</i>	<i>9.946.416</i>	<i>9.265.936</i>
3) Amounts owed by associated companies			
- due within 12 months	557.344	61.389	169.654
<i>Total amounts owed by associated companies</i>	<i>557.344</i>	<i>61.389</i>	<i>169.654</i>
5) Other debtors			
- due within 12 months	801.283	841.257	1.182.990
- due after 12 months	432.904	453.636	347.051
<i>Total amounts owed by other debtors</i>	<i>1.234.187</i>	<i>1.294.893</i>	<i>1.530.041</i>
Total debtors	14.423.960	13.060.330	12.686.949
III) Investments which are not permanent			
5) Own shares	255.937	255.937	109.424
6) Other investments	2.629.380		1.000.000
Total investments which are not permanent	2.885.317	255.937	1.109.424
IV) Cash at bank and in hand			
1) Bank and postal current accounts	8.570.670	16.938.239	14.829.446
3) Cash on hand	5.063	4.717	4.141
Total cash at bank and in hand	8.575.733	16.942.956	14.833.587
TOTAL CURRENT ASSETS	34.748.457	37.949.048	35.955.856
D) PREPAYMENTS AND ACCRUED INCOMES:			
1) Prepayments and accrued income assets	109.543	18.331	113.682
Total prepayments and accrued incomes	109.543	18.331	113.682
TOTAL ASSETS	55.310.148	56.730.203	55.146.652

LIABILITIES	30/06/2003	31/12/2002	30/06/2002
A) CAPITAL AND RESERVES			
I) Subscribed capital	2.392.000	2.392.000	2.392.000
II) Share premium reserve	33.954.774	33.954.774	34.101.287
IV) Legal reserve	537.302	406.893	406.893
V) Reserve for own shares	255.937	255.937	109.424
VII) Other reserves:			
- Extraordinary reserve	5.486.618	4.153.183	4.153.183
- Reserve for contribution on capital account	426.657	426.657	426.657
- Other reserves	1	5	3
<i>Total other reserves</i>	<i>5.913.276</i>	<i>4.579.845</i>	<i>4.579.843</i>
IX) Profit (loss) for the financial period	655.298	2.608.165	833.106
TOTAL CAPITAL AND RESERVES	43.708.587	44.197.614	42.422.553
B) PROVISIONS FOR RISKS AND CHARGES			
1) Provisions for pensions and similar obligations	186.721	176.971	169.224
2) Provisions for taxation	408.487	419.675	480.993
3) Other provisions	340.574	340.574	124.830
Total provisions for risks and charges	935.782	937.220	775.047
C) EMPLOYEE SEVERANCE INDEMNITY	627.660	572.628	501.691
D) CREDITORS			
1) Debenture loans			
- due after 12 months	619.748	619.748	619.748
<i>Total debenture loans</i>	<i>619.748</i>	<i>619.748</i>	<i>619.748</i>
3) Amounts owed to banks			
- due within 12 months	212.919	215.564	216.733
- due after 12 months	516.457	619.748	723.040
<i>Total amounts owed to banks</i>	<i>729.376</i>	<i>835.312</i>	<i>939.773</i>
4) Amounts owed to other financial institutions			
- due within 12 months	134.248	131.809	129.414
- due after 12 months	763.934	480.082	546.591
<i>Total amounts owed to other financial institutions</i>	<i>898.182</i>	<i>611.891</i>	<i>676.005</i>
5) Advances received			
- due within 12 months	451.772	90.970	197.495
<i>Total advances received</i>	<i>451.772</i>	<i>90.970</i>	<i>197.495</i>
6) Amounts owed to suppliers			
- due within 12 months	5.608.914	5.359.432	5.284.901
<i>Total amounts owed to suppliers</i>	<i>5.608.914</i>	<i>5.359.432</i>	<i>5.284.901</i>
8) Amounts owed to subsidiary companies			
- due within 12 months	257.851	1.587.824	2.022.853
<i>Total amounts owed to subsidiary companies</i>	<i>257.851</i>	<i>1.587.824</i>	<i>2.022.853</i>
9) Amounts owed to associated companies			
- due within 12 months	14.436	183.889	192.118
<i>Total amounts owed to associated companies</i>	<i>14.436</i>	<i>183.889</i>	<i>192.118</i>
11) Amounts owed to tax administration			
- due within 12 months	129.307	809.302	114.314
<i>Total amounts owed to tax administration</i>	<i>129.307</i>	<i>809.302</i>	<i>114.314</i>
12) Amounts owed to social security institutions			
- due within 12 months	311.272	290.287	239.164
<i>Total amounts owed to social security institutions</i>	<i>311.272</i>	<i>290.287</i>	<i>239.164</i>
13) Other creditors			
- due within 12 months	1.016.994	629.994	817.319
<i>Total other creditors</i>	<i>1.016.994</i>	<i>629.994</i>	<i>817.319</i>
TOTAL CREDITORS	10.037.852	11.018.649	11.103.690
E) ACCRUALS AND DEFERRED INCOME			
1) Accruals and deferred income-liabilities	267	4.092	343.671
Total accruals and deferred income	267	4.092	343.671
TOTAL LIABILITIES AND CAPITAL AND RESERVES	55.310.148	56.730.203	55.146.652

PROFIT AND LOSS ACCOUNT	30/06/2003	31/12/2002	30/06/2002
A) VALUE OF PRODUCTION			
1) Net turnover from sales and services	12.128.690	22.690.274	10.531.284
2) Variation in stocks of finished goods and in work in progress	702.638	266.716	467.078
4) Work performed for own purposes and capitalised	2.085	230.697	2.171
5) Other revenues and income			
a) Other revenues and income	119.687	210.013	91.593
b) Grants received pertaining to the current year	296.778	347.116	8.014
<i>Total other revenues and income</i>	<i>416.465</i>	<i>557.129</i>	<i>99.607</i>
TOTAL VALUE OF PRODUCTION	13.249.878	23.744.816	11.100.140
B) COSTS OF PRODUCTION			
6) For raw materials, consumables and goods for sale	-7.027.894	-11.829.394	-5.696.160
7) For services	-2.765.593	-4.574.118	-2.060.692
8) For use of assets owned by others	-11.488	-20.739	-8.817
9) For staff costs:			
a) wages and salaries	-1.629.049	-2.764.537	-1.377.432
b) social security costs	-518.051	-871.291	-434.211
c) provision for severance indemnity	-103.341	-166.150	-75.072
<i>Total for staff costs</i>	<i>-2.250.441</i>	<i>-3.801.978</i>	<i>-1.886.715</i>
10) Value adjustments			
a) amortisation of intangible assets	-221.621	-444.933	-211.752
b) depreciation of tangible assets	-315.067	-542.762	-245.702
d) allowance for debtors in current assets and other acc.s incl. in cash	-28.905	-108.204	-57.414
<i>Total value adjustments</i>	<i>-565.593</i>	<i>-1.095.899</i>	<i>-514.868</i>
11) Variations in stock of raw materials, consumables and goods for resale	470.984	932.445	368.154
12) Amounts provided for risk provisions		-28.587	-14.568
14) Other operating charges	-111.255	-241.253	-135.175
TOTAL COSTS OF PRODUCTION	-12.261.280	-20.659.523	-9.948.841
(A-B) DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	988.598	3.085.293	1.151.299
C) FINANCIAL INCOME AND CHARGES			
15) Income from equity investments:			
a) in subsidiary companies		448.438	
<i>Total income from equity investments</i>		<i>448.438</i>	
16) Other financial income:			
b) from other permanent investments other than equity investments		3.063	950
c) from other investments which are not permanent	1.284	38.254	10.369
d) other income not included above			
- to subsidiary companies	24.214	17.934	8.909
- to third parties	283.346	871.800	392.173
<i>Total other income not included above</i>	<i>307.560</i>	<i>889.734</i>	<i>401.082</i>
<i>Total other financial income</i>	<i>308.844</i>	<i>931.051</i>	<i>412.401</i>
17) Interest payable and similar charges			
b) to associated companies	-4.768	-7.594	-4.241
d) to third parties	-206.663	-375.435	-239.678
<i>Total interest payable and similar charges</i>	<i>-211.431</i>	<i>-383.029</i>	<i>-243.919</i>
TOTAL FINANCIAL INCOME AND CHARGES	97.413	996.460	168.482
D) VALUE ADJUSTMENTS IN RESPECT OF INVESTMENTS			
19) Devaluation			
a) of equity investments		-201.725	
<i>Total devaluation</i>		<i>-201.725</i>	
TOTAL VALUE ADJUSTMENTS		-201.725	
E) EXTRAORDINARY INCOME AND CHARGES			
20) Extraordinary income			
a) income	1.028	9.511	8.340
b) capital gains from disposal of assets		25.572	25.572
<i>Total extraordinary income</i>	<i>1.028</i>	<i>35.083</i>	<i>33.912</i>
21) Extraordinary charges			
a) charges	-24.826	-17.440	-3.168
c) other extraordinary charges			-21.980
<i>Total extraordinary charges</i>	<i>-24.826</i>	<i>-17.440</i>	<i>-25.148</i>
TOTAL EXTRAORDINARY INCOME AND CHARGES	-23.798	17.643	8.764
PROFIT OR LOSS BEFORE INCOME TAXES	1.062.213	3.897.671	1.328.545
22) Income taxes on the income of the period:			
a) current	-399.165	-1.404.516	-505.729
b) deferred	-7.750	115.010	10.290
23) NET TOTAL PROFIT (LOSS)	655.298	2.608.165	833.106