EL.EN. GROUP – CONSOLIDATED FINANCIAL REPORTS AS OF JUNE 30th 2002

ASSETS	30/06/2002	31/12/2001	30/06/2001
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	930.153	1.111.579	1.298.442
3) Patents and rights to use patents of others	530.783		
4) Concessions, licenses, trade marks and similar rights	105.211	8.264	10.339
5) Goodwill	212.430	242.777	293.351
6) Intangible assets in progress and payments on account		83.638	
7) Other	72.843	34.115	31.581
8) Goodwill arising from consolidation	7.573.243	188.353	225.722
Total intangible assets	**9.424.663**	**1.668.726**	**1.859.435**
II) Tangible assets			
1) Land and buildings	2.500.406	2.544.112	2.588.420
2) Equipment and machinery	281.018	281.984	319.077
3) Industrial and commercial equipment	2.963.976	381.779	562.885
4) Other	476.861	469.158	492.423
5) Tangible assets under construction and payments on account	109.364	16.169	11.869
Total tangible assets	**6.331.625**	**3.693.202**	**3.974.674**
III) Financial fixed assets			
1) Equity investments in :			
b) associated companies	906.380	558.878	996.065
d) other companies	171.946	171.946	42.827
Total equity investments	*1.078.326*	*730.824*	*1.038.892*
3) Other investments	76.709	76.709	76.709
Total financial fixed assets	**1.155.035**	**807.533**	**1.115.601**
TOTAL FIXED ASSETS	**16.911.323**	**6.169.461**	**6.949.710**
C) CURRENT ASSETS			
I) Stocks:			
1) Raw materials and consumables	6.724.371	4.223.044	4.369.097
2) Work in progress and components	4.241.468	2.176.164	2.194.381
4) Finished goods	4.651.634	2.652.081	2.070.279
5) Payments on account	38.359	63.303	95.037
Total stocks	**15.655.832**	**9.114.592**	**8.728.794**
II) Debtors			
1) Trade debtors			
- due within 12 months	11.473.845	8.219.262	9.021.668
Total trade debtors	*11.473.845*	*8.219.262*	*9.021.668*
3) Amounts owed by non-consolidated associated companies			
- due within 12 months	173.459	139.203	76.131
Total amounts owed by associated companies	*173.459*	*139.203*	*76.131*
5) Other debtors			
- due within 12 months	2.361.779	2.730.145	2.006.271
- due after 12 months	981.937	704.510	362.718
Total amounts owed by other debtors	*3.343.716*	*3.434.655*	*2.368.989*
Total debtors	**14.991.020**	**11.793.120**	**11.466.788**
III) Investments which are not permanent			
5) Own shares	238.019		
6) Other investments	1.500.000	202.827	1.169.292
Total investments which are not permanent	**1.738.019**	**202.827**	**1.169.292**
IV) Cash at bank and in hand			
1) Bank and postal current accounts	24.138.460	32.261.260	32.233.019
3) Cash on hand	13.221	14.072	17.904
Total cash at bank and in hand	**24.151.681**	**32.275.332**	**32.250.923**
TOTAL CURRENT ASSETS	**56.536.552**	**53.385.871**	**53.615.797**
D) PREPAYMENTS AND ACCRUED INCOMES:			
1) Prepayments and accrued income assets	253.446	107.002	119.564
Total prepayments and accrued incomes	**253.446**	**107.002**	**119.564**
TOTAL ASSETS	**73.713.721**	**59.662.334**	**60.685.071**

LIABILITIES	30/06/2002	31/12/2001	30/06/2001
A) CAPITAL AND RESERVES			
Capital and reserves of the group			
I) Subscribed capital	2.392.000	2.392.000	2.375.702
II) Share premium reserve	34.101.287	34.210.711	34.227.009
IV) Legal reserve	406.893	267.626	267.626
V) Reserve for own shares	109.424		
VII) Other reserves:			
- Extraordinary reserve	4.153.183	2.427.109	2.427.109
- Reserve for contribution on capital account	426.657	426.657	426.657
- Profits from subsidiaries and associated in previous years	1.067.158	1.592.654	1.578.812
- Consolidation reserve	1.456.630	1.456.630	1.456.635
- Other reserves	-644.988	4	2
Total other reserves	*6.458.640*	*5.903.054*	*5.889.215*
IX) Profit (loss) for the financial period	848.997	2.275.369	1.213.028
Total capital and reserves of the group	**44.317.241**	**45.048.760**	**43.972.580**
Capital and reserves of third parties			
X) Capital and reserves of third parties	5.436.793	1.349.987	1.385.167
XI) Profit (loss) of third parties	215.738	358.721	116.356
Total capital and reserves of third parties	**5.652.531**	**1.708.708**	**1.501.523**
TOTAL CAPITAL AND RESERVES	**49.969.772**	**46.757.468**	**45.474.103**
B) PROVISIONS FOR RISKS AND CHARGES			
1) Provisions for pensions and similar obligations	281.205	255.046	250.981
2) Provisions for taxation	622.829	620.218	122.479
3) Other provisions	1.763.373	482.117	841.345
Total provisions for risks and charges	**2.667.407**	**1.357.381**	**1.214.805**
C) EMPLOYEE SEVERANCE INDEMNITY	**739.310**	**695.191**	**633.899**
D) CREDITORS			
1) Debenture loans			
- due after 12 months	619.748	619.748	619.748
Total debenture loans	*619.748*	*619.748*	*619.748*
3) Amounts owed to banks			
- due within 12 months	379.197	228.880	215.913
- due after 12 months	797.150	826.331	934.268
Total amounts owed to banks	*1.176.347*	*1.055.211*	*1.150.181*
4) Amounts owed to other financial institutions			
- due within 12 months	366.469	141.742	139.434
- due after 12 months	772.320	611.891	676.005
Total amounts owed to other financial institutions	*1.138.789*	*753.633*	*815.439*
5) Advances received			
- due within 12 months	626.297	223.508	246.799
Total advances received	*626.297*	*223.508*	*246.799*
6) Amounts owed to suppliers			
- due within 12 months	10.575.709	6.231.150	6.824.462
Total amounts owed to suppliers	*10.575.709*	*6.231.150*	*6.824.462*
9) Amounts owed to associated companies			
- due within 12 months	192.792	3.493	64.848
- due after 12 months		191.089	604.255
Total amounts owed to associated companies	*192.792*	*194.582*	*669.103*
11) Amounts owed to tax administration			
- due within 12 months	460.760	557.737	395.061
Total amounts owed to tax administration	*460.760*	*557.737*	*395.061*
12) Amounts owed to social security institutions			
- due within 12 months	383.973	358.535	306.706
Total amounts owed to social security institutions	*383.973*	*358.535*	*306.706*
13) Other creditors			
- due within 12 months	4.312.520	706.548	2.152.084
Total other creditors	*4.312.520*	*706.548*	*2.152.084*
TOTAL CREDITORS	**19.486.935**	**10.700.652**	**13.179.583**
E) ACCRUALS AND DEFERRED INCOME			
1) Accruals and deferred income-liabilities	850.297	151.642	182.681
Total accruals and deferred income	**850.297**	**151.642**	**182.681**
TOTAL LIABILITIES AND CAPITAL AND RESERVES	**73.713.721**	**59.662.334**	**60.685.071**

MEMORANDUM ACCOUNTS	30/06/2002	31/12/2001	30/06/2001
Our Guarantees			
Our Guarantees	695.864		
TOTAL MEMORANDUM ACCOUNT	**695.864**		

PROFIT AND LOSS ACCOUNT	30/06/2002	31/12/2001	30/06/2001
A) VALUE OF PRODUCTION			
1) Net turnover from sales and services	21.113.188	27.844.399	13.457.702
2) Variation in stocks of finished goods and in work in progress	1.002.885	1.323.271	759.686
4) Work performed for own purposes and capitalised	28.591	137.000	133.580
5) Other revenues and income			
a) Other revenues and income	46.587	171.613	66.139
b) Grants received pertaining to the current year	10.493	37.835	18.076
Total other revenues and income	*57.080*	*209.448*	*84.215*
TOTAL VALUE OF PRODUCTION	**22.201.743**	**29.514.118**	**14.435.183**
B) COSTS OF PRODUCTION			
6) For raw materials, consumables and goods for sale	-10.403.673	-14.268.989	-7.649.210
7) For services	-5.308.026	-7.531.127	-3.701.855
8) For use of assets owned by others	-175.324	-129.988	-70.277
9) For staff costs:			
a) wages and salaries	-3.417.482	-3.169.231	-1.566.318
b) social security costs	-708.580	-993.162	-492.155
c) provision for severance indemnity	-105.322	-185.932	-86.210
Total for staff costs	*-4.231.384*	*-4.348.325*	*-2.144.683*
10) Value adjustments			
a) amortisation of intangible assets	-414.716	-510.968	-218.602
b) depreciation of tangible assets	-427.481	-584.442	-282.226
c) reduction in value of fixed assets		-6.723	
d) allowance for debtors in current assets and other acc.s incl. in cash	-82.312	-115.092	-71.461
Total value adjustments	*-924.509*	*-1.217.225*	*-572.289*
11) Variations in stock of raw materials, consumables and goods for resale	785.141	1.094.587	1.240.638
12) Amounts provided for risk provisions	-14.568	-86.256	-5.485
14) Other operating charges	-284.031	-434.229	-269.702
TOTAL COSTS OF PRODUCTION	**-20.556.374**	**-26.921.552**	**-13.172.863**
(A-B) DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	**1.645.369**	**2.592.566**	**1.262.320**
C) FINANCIAL INCOME AND CHARGES			
16) Other financial income:			
b) from other permanent investments other than equity investments	950	3.760	1.954
c) from other investments which are not permanent	10.369	236.755	17.970
d) other income not included above			
- to third parties	*519.580*	*1.271.511*	*792.169*
Total other income not included above	*519.580*	*1.271.511*	*792.169*
Total other financial income	*530.899*	*1.512.026*	*812.093*
17) Interest payable and similar charges			
b) to associated companies	*-4.241*	*-21.634*	*-15.818*
d) to third parties	*-351.648*	*-296.657*	*-158.108*
Total interest payable and similar charges	*-355.889*	*-318.291*	*-173.926*
TOTAL FINANCIAL INCOME AND CHARGES	**175.010**	**1.193.735**	**638.167**
D) VALUE ADJUSTMENTS IN RESPECT OF INVESTMENTS			
18) Revaluation:			
a) of equity investments	126.707	35.346	36.116
c) of non-permanent investments which are not equity investments			3.267
Total revaluation	*126.707*	*35.346*	*39.383*
19) Devaluation			
a) of equity investments	-87.299	-4.962	
Total devaluation	*-87.299*	*-4.962*	
TOTAL VALUE ADJUSTMENTS	**39.408**	**30.384**	**39.383**
E) EXTRAORDINARY INCOME AND CHARGES			
20) Extraordinary income			
a) income	*102.120*	*91.237*	*81.260*
b) capital gains from disposal of assets	*5.195*		
Total extraordinary income	*107.315*	*91.237*	*81.260*
21) Extraordinary charges			
a) charges	*-14.288*	*-65.211*	*-6.530*
c) other extraordinary c harges	*-21.980*		*-18.215*
Total extraordinary charges	*-36.268*	*-65.211*	*-24.745*
TOTAL EXTRAORDINARY INCOME AND CHARGES	**71.047**	**26.026**	**56.515**
PROFIT OR LOSS BEFORE INCOME TAXES	**1.930.834**	**3.842.711**	**1.996.385**
22) Income taxes on the income of the period:			
a) current	-1.093.803	-1.489.667	-687.298
b) deferred	227.704	281.046	20.299
23) NET TOTAL PROFIT (LOSS)	**1.064.735**	**2.634.090**	**1.329.386**
Profit (loss) of third parties	**-215.738**	**-358.721**	**-116.358**
24) PROFIT (LOSS) FOR THE FINANCIAL PERIOD	**848.997**	**2.275.369**	**1.213.028**

APPENDIX TO THE CONSOLIDATED REPORT

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.E. Group includes the financial and economic situations of the parent company and the Italian and foreign companies of which El.E. controls directly or indirectly the majority of the votes which can be exercised during an ordinary assembly.
During the first semester of 2002, the area of consolidation was modified due to the purchase of a direct investment in Cynosure Inc. which took place on May 6th 2002, and by the creation of an indirect investment made through Deka Lms GmbH and Deka Dls GmbH, which took place of January 30 2002.
The area of consolidation for this semi-annual report is as follows:

Company name:	Headquarters	Subscr.capital	Percentage held: Direct	Indirect	Total	Consolidated Percentage
Parent company:						
El.En. Spa	Calenzano (FI)	2.392.000				
Subsidiary companies:						
Deka M.E.L.A. Srl	Calenzano (FI)	40.560	70,00%		70,00%	70,00%
Cutlite Penta Srl	Calenzano (FI)	103.480	53,50%		53,50%	53,50%
Valfivre Italia Srl	Calenzano (FI)	47.840	99,00%		99,00%	99,00%
Deka Sarl	Vienne (F)	76.250	98,00%		98,00%	98,00%
Deka Lms GmbH	Freising (G)	51.600	51,55%		51,55%	51,55%
Deka Dls GmbH (*)	Freising (G)	50.000		50,40%	50,40%	25,98%
Ot-las Srl (**)	Calenzano (FI)	57.200		51,00%	51,00%	27,29%
Neuma Laser Srl (***)	Calenzano (FI)	46.800		100,00%	100,00%	40,39%
Cynosure Inc. (1)	Chelmsford (USA)	55.846	60,00%		60,00%	60,00%
Cynosure GmbH (1) (****)	Erlangen (G)	28.070		100,00%	100,00%	60,00%
Cynosure Sarl (1) (****)	Paris (F)	102.939		100,00%	100,00%	60,00%
Cynosure KK (1) (****)	Yokohama (J)	90.226		100,00%	100,00%	60,00%
Cynosure UK (1) (****)	London (UK)	1		100,00%	100,00%	60,00%
Suzhou Cynosure Medical Devices Co. (1) (****)	Suzhou (Cina)	179.289		52,00%	52,00%	31,20%

(*) held by Deka Lms GmbH
(**) held by Cutlite Penta Srl
(***) held by Cutlite Penta Srl (50%) and Ot-las Srl (50%)
(****) held by Cynosure Inc.
(1) Consolidated report for the months of May and June 2002

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:

			Percentage held:			Consolidated
Company name:	**Headquarters**	**Subscr.capital**	**Direct**	**Indirect**	**Total**	**percentage**
Lasit Srl	Vico Equense (NA)	234.000	50,00%		50,00%	50,00%
Quanta Fin Srl	Milan	10.400	30,00%		30,00%	30,00%
Quanta System Srl	Milan	364.000	30,00%		30,00%	30,00%
Actis Srl	Florence	10.200	12,00%		12,00%	12,00%
Immobiliare Del.Co.	Solbiate Olona (VA)	24.000	30,00%		30,00%	30,00%
M&E	Delaware (USA)	9.924	50,00%		50,00%	50,00%
Sona International Co. (****)	Chesapeake (USA)	1.505.674		40,00%	40,00%	24,00%

(****) held by Cynosure Inc.

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 investment in Immobiliare Del.Co. Srl acquired during the first semester, is maintained at the purchase price.

The subscribed capital of outside EC companies has been calculated on the basis of the June 30th, 2002 exchange rate.

Reference data

The semi-annual report refers to the financial position of all the companies belonging to the El.En group as of June 30th 2002, and the economic situation relative to the first semester of 2002, with the exception of the Cynosure Group which was consolidated starting on the date of purchase.

Analysis of the entries in the financial statement:

Assets

B) Fixed assets

I – Intangibile fixed assets

The changes which have taken place in the intangible assets during this financial period are as follows:

Categories	Balance 31/12/2001	Increments	Revaluation (Devaluation)	Other Operations	(Amortisations)	Translation Adjustemnts	Balance 30/06/2002
Formation and expansion expenses	1.111.579	2.584		-2	-184.008		930.153
Patents and rights to use patents of others		10.938		525.982	-6.546	409	530.783
Concessions, licences, trade marks and similar rights	8.264	107.417		11.257	-21.855	128	105.211
Goodwill	242.777				-30.347		212.430
Other	34.115	15.413		45.606	-22.977	686	72.843
Intangible assets in progress and payments on account	83.638			-83.638			
Difference from consolidation	188.353	7.533.873			-148.983		7.573.243
Total	**1.668.726**	**7.670.225**		**499.205**	**-414.716**	**1.223**	**9.424.663**

Description	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	923.703	926.746
Year 2001 - Formation and expansion expenses	1.634	488	1.146
Esercizio 2002 - Spese impianto e ampliamento	2.584	323	2.261
Total	**1.872.108**	**941.955**	**930.153**

The heading "other" includes the reclassification of the "intangible fixed assets in progress" for an amount of 83,638 Euros entered under the heading of "Concessions, licences, trade marks and similar rights" by the parent company El.En. The other changes are due to the variations in the area of consolidation of the Group.
The amount shown under the heading "formation and expansion expenses" consist almost entirely of the capitalisation of the expenses sustained by the parent company El.En Spa during the financial year 2002 for quotation on the New Stock Market.
The amount entered under the heading of "Patents and rights to use patents of others" are related to the capitalisation of the expenses sustained by the subsidiary, Cynosure Inc., for patents and license agreements, and have been amortised according to their legal constraints and their estimated future utility.

The amount entered under the heading of "Goodwill" refers to the price during the preceding financial period by the subsidiary Deka Lms GmbH for the purchase of the distribution activity of medical equipment in Germany net of the amortisation funds. The amount shown for December 31st 2001 under the heading of "difference in consolidation" is a consequence of the purchase by the parent company of 51.55% of the same Germany company, and represents the difference between the purchase price and the net financial worth at the time of purchase, net from the amortisation amount. The period of amortisation used for both entries is commensurate with the period of time (5 years) for which the company will receive benefits from the market position and know-how acquired from this operation.

The heading “difference in consolidation” also includes, as an increment for the period being discussed here, the amount which is a consequence of the purchase by the parent company of 60% of the Cynosure Group, which represents the difference between the presumed cost of purchase and the net consolidated capital and reserves rectified on the date of the operation. Considering that the actual cost of the operation will be determined on the basis of an overall evaluation of the group as represented by its consolidated annual revenue for the year 2002, which will be shown on the consolidated annual report for 2002, subject to revision, minus the consolidated operative loss reported for the financial year 2001, a presumed purchase price was calculated by formulating a hypothesis of the volume of business which Cynosure will develop in 2002, on the basis of the rectified budgets available, and bearing in mind the results of the first six-months of the present financial year.

Since the operation will comport, as stipulated in the contract, an increase in the share capital with premium on behalf of El.En. SpA, and a later purchase by Cynosure Inc. of its own stock by the selling partners, the consolidated net capital and shares of Cynosure has been rectified in order to register these operations on the basis of the assumed the business volume.
The relative difference in consolidation therefore has been determined on the basis of the same assumption. The period of amortisation used is commensurate with the period of time (10 years) in which the company will be able to benefit from the market position and the know-how acquired through this operation.

II - Tangibile fixed assets

The changes which have taken place in the tangible assets during this financial period are as follows:

Cost	Balance 31/12/2001	Increments	Revaluations and devaluations	Other operations	(Disposals)	Translation Adjustments	Balance 30/06/2002
Land and buildings	2.937.877						2.937.877
Plants and machinery	429.513	50.254		34.872	-51.646		462.993
Industrial and commercial equipment	1.188.528	576.221		5.465.295	-45.617		7.184.427
Other goods	1.758.489	167.510		706.939	-16.260	-1	2.616.677
Tangible assets under construction	16.169	93.195					109.364
Total	**6.330.576**	**887.180**		**6.207.106**	**-113.523**	**-1**	**13.311.338**

Amortisation provisions	Balance 31/12/2001	Amortisations amount	Devaluations	Other operations	(Disposals)	Translation Adjustments	Balance 30/06/2002
Land and buildings	393.765	43.706					437.471
Plants and machinery	147.529	17.263		34.872	-17.689		181.975
Industrial and commercial equipment	806.749	196.646	1	3.232.639	-8.154	-7.430	4.220.451
Other goods	1.289.331	169.866	1	696.398	-15.073	-707	2.139.816
Tangible assets under construction							
Total	**2.637.374**	**427.481**	**2**	**3.963.909**	**-40.916**	**-8.137**	**6.979.713**

Net value	Balance 31/12/2001	Increments	Revaluations and other operations	(Amortisations and devaluations)	(Disposals)	Translation Adjustments	Balance 30/06/2002
Land and buildings	2.544.112			-43.706			2.500.406
Plants and machinery	281.984	50.254		-17.263	-33.957		281.018
Industrial and commercial equipment	381.779	576.221	2.232.656	-196.647	-37.463	7.430	2.963.976
Other goods	469.158	167.510	10.541	-169.867	-1.187	706	476.861
Tangible assets under construction	16.169	93.195					109.364
Total	**3.693.202**	**887.180**	**2.243.197**	**-427.481**	**-72.607**	**8.136**	**6.331.625**

The heading “other goods” is related exclusively to other assets which were a consequence of the changes in the area of consolidation.

The single most valuable asset is the real estate complex in Via Baldanzese in Calenzano (FI) where the parent company and three of the subsidiaries operate. In this context, the equipment owned by the subsidiary Cynosure, which includes laser systems for sales demonstrations, is of a certain relevance.
The investments which were made during the semester were related to the purchase of new equipment for sales demonstrations and clinical experimentation for the medical-cosmetic escort, the replacement of equipment in the research laboratory and new computer hardware, in particular personal computers, required mainly because of the increase in personnel.
Under the heading “Tangible assets under construction” we have entered the expenses sustained by the parent company for the remodelling of the building located in the complex in Via Baldanzese, which, by the end of this financial period, was still in progress.

The aliquots used for the amortisation, which correspond to the ordinary and fiscal aliquots, are commensurate to the period being discussed.
As was done in the case of the “original costs”, for the funds for amortisation under the heading “other goods” we have entered the increases which have taken place after the change in the area of consolidation.

III - Equity investments

The analysis of equity investments is as follows:

	30/06/2002	31/12/2001	Variation	Var. %
Equity investments in:				
subsidiary not completely consolidated companies	906.380	558.878	347.502	62,18%
other companies	171.946	171.946		0,00%
other equity investments	76.709	76.709		0,00%
Total	1.155.035	807.533	347.502	43,03%

The heading “Subsidiary not completely consolidated companies” shows an increase during the semester of 274,200.00 Euros due to the effects of the purchase of Immobiliare Del.Co. Srl by the parent company El.En SpA, which took place on May 20th 2002. Immobiliare Del.Co. is owner of a building which will be rented to the associated company, Quanta Systems Srl. The company has decided to maintain this investment at the amount entered in consideration of the fact that this amount is not different from the amount of capital and reserves rectified by the greater value implicit in the land and buildings which are the property of Immobiliare Del.Co. Srl, as reported in the estimate which was drawn up for the evaluation of this real estate property.
As already mentioned, the investment in Actis Srl has been maintained at cost (1,240 Euros) since the company is still in the start up phase, and consequently, evaluation using the capital and reserves method would be irrelevant for representing the financial situation. The investment in M&E has been devaluated during 2001 for an amount of 4,962 Euros in consideration of the inactivity of the company.
The associated companies, Quanta System Srl, Quanta Fin Srl, and Lasit Srl have been consolidated with the net capital and reserves method; since they are not obliged to draw up semi-annual reports, these companies, have submitted a semi-annual situation only for the purposes of consolidation of the actual net worth as of June 30th 2002.

The following chart shows the changes in the companies consolidated with the net capital and reserves method:

	Past Cost	Amount C.R. on 31/12/2001	Variation during the year	Amount C.R. on 30/06/2002
Lasit Srl	110.814	358.736	1.938	360.674
Quanta Fin Srl	25.128	92.821	-29.844	62.977
Quanta System Srl	104.583	106.081	101.208	207.289
	240.525	557.638	73.302	630.940

Sona International Co. has been consolidated using the net capital and reserve method by Cynosure, which owns 40% of it. After the losses suffered, in the first semester of 2002 and for the preceding years, Cynosure decided to capitalise, under the heading “Provisions for risks and charges” 100% of the losses in excess of the amount of net capital and reserves of the company, in consideration of the guarantees offered by SONA on the payment of the rent on some of the buildings used for its activities.

The chart below shows the other investments currently held:

Company name:	Balance 31/12/2001	Financial year operations				Balance 30/06/2002
		Increments	(Disp. assets)	Revaluations (Devaluations)	Other	
Other companies:						
Conai	5					5
CALEF	10.955					10.955
R&S	516					516
RTM	155.970					155.970
EJTN	4.500					4.500
Total	171.946	0	0	0	0	171.946

	30/06/2002	31/12/2001	Variation	Var. %
Securities	76.709	76.709	0	0,00%
Total	76.709	76.709	0	0,00%

The other securities are CCTs which mature on April 1, 2004, guaranteed by a personal warranty in order to obtain the facilitated financing granted by MIUR (ex MURST) and issued by IMI.

Financial charges for this semester for amounts entered among the assets

No financial charges have been entered for the amounts listed among the assets.

C) Current assets

I - Inventory

Analysis of inventory is as follows:

Stocks:	30/06/2002	31/12/2001	Variation	Var. %
Raw materials and consumables	6.724.371	4.223.044	2.501.327	59,23%
Work in progress and semi finished products	4.241.468	2.176.164	2.065.304	94,91%
Finished products and goods for sale	4.651.634	2.652.081	1.999.553	75,40%
Payments on account	38.359	63.303	-24.944	-39,40%
Total	15.655.832	9.114.592	6.541.240	71,77%

As of June 30th 2002, following the changes in the area of consolidation, Cynosure contributed to the increase in final inventory, as shown on the chart which follows:

Inventory:	30/06/2002
Raw materials and consumbales	2.008.153
Work in progress and semi-finished products	1.680.315
Finished products and goods for sale	1.449.600
Total	5.138.068

The chart below shows the inventory of raw materials:

Raw material:	**30/06/2002**	**31/12/2001**	**Variation**	**Var. %**
Optical components	1.068.079	566.540	501.539	88,53%
Electrical and electronic components	2.986.650	1.596.742	1.389.908	87,05%
Mechanical components	2.439.187	1.496.417	942.770	63,00%
Hydraulic components	388.241	315.293	72.948	23,14%
Empty cases	113.129	127.852	-14.723	-11,52%
Various materials	395.780	55.157	340.623	617,55%
Fitting and fixtures	267.972	181.112	86.860	47,96%
Laser sources	4.000	7.098	-3.098	-43,65%
minus: devaluation provision	-938.667	-123.167	-815.500	662,11%
Total	6.724.371	4.223.044	2.501.327	59,23%

A comparison between the two final inventories of raw materials shows a remarkable increase, which is the result of the presence of Cynosure in the area of consolidation as well as the increased volume of business.
On 30/06/2002 the reserves for obsolescence of raw materials amounted to approx. 938 thousand Euros, with a change of 815 thousand Euros, which is the result of an increase of 836 thousand Euros due to the ch'ange in the area of consolidation and the use of about 20 thousand Euros.

The following chart shows the break-down fo the semi-finished products:

Semi finished products	**30/06/2002**	**31/12/2001**	**Variation**	**Var. %**
High voltage power supplies	409.146	428.782	-19.636	-4,58%
Assembled electronics boards	296.096	181.649	114.447	63,00%
Mechanical units	167.113	210.117	-43.004	-20,47%
Electrical units	240.022	60.085	179.937	299,47%
Hydraulic units	38.244	192.782	-154.538	-80,16%
Laser cavities and half-assembled sources	97.147	52.416	44.731	85,34%
Systems being assembled	3.022.765	1.083.868	1.938.897	178,89%
minus: devaluation provision	-29.065	-33.535	4.470	-13,33%
Total	4.241.468	2.176.164	2.065.304	94,91%

The sizeable increase shown in the quantity of semi-finished products is the result of the presence of Cynosure in the area of consolidation, as well as that of the policy of the company to job out the simplest parts of the production process of the Group, and the need to increase the number of assembly kits in circulation with jobbers, with whom, as of 30/06/2002, a large percentage of the semi-finished products listed were located.

The break-down of the semi-finished products is shown on the chart below:

Finished products:	**30/06/2002**	**31/12/2001**	**Variation**	**Var. %**
Medical lasers	1.630.178	1.154.068	476.110	41,25%
Industrial laser sources	183.144	243.301	-60.157	-24,73%
Medical fittings and accessories	1.433.792	343.913	1.089.879	316,91%
Other medical accessories	230.049	169.932	60.117	35,38%
Industrial laser systems	1.406.934	966.504	440.430	45,57%
minus: devaluation provision	-232.463	-225.637	-6.826	3,03%
Total	4.651.634	2.652.081	1.999.553	75,40%

The increase in the inventory of semi-finished products is due not only to the entry of Cynosure in the area of consolidation, but also to the policy of the Group to increase their inventory in order to better respond to the changing requirements of the market.

The LIFO reserve at the end of this financial period amounted to 128 thousand Euros.

II - Accounts receivable

Receivables can be broken down as follows

Debtors:	30/06/2002	31/12/2001	Variation	Var. %
Trade debtors	11.473.845	8.219.262	3.254.583	39,60%
Amounts owed by non-consolidated associated companies	173.459	139.203	34.256	24,61%
Other debtors	3.343.716	3.434.655	-90.939	-2,65%
Total	14.991.020	11.793.120	3.197.900	27,12%

	30/06/2002	31/12/2001	Variation	Var. %
Clients in Italy	5.534.828	5.219.404	315.424	6,04%
EC clients	2.356.981	2.180.226	176.755	8,11%
Clients outside of EC	5.310.832	1.094.622	4.216.210	385,17%
minus: devaluation provision for debtors	-1.728.796	-274.990	-1.453.806	528,68%
Total	11.473.845	8.219.262	3.254.583	39,60%

The total amount of trade receivables has risen along with the increased business volume of the Group; the change in the consolidation area produces an increase. As of 3.655 thousand Euros, the increse is due to change in the consolidation area.

The following chart shows the changes which occurred, during the last semester, in the devaluation provision for debtors:

Total on 31/12/2001	**274.990**
Used this semester	-1.145
Variations in the area of consolidation	1.372.639
Acrual at end of period	82.312
Total on 30/06/2002	**1.728.796**

Receivables from associate companies are related to non-interest bearing short term financing granted to Quanta System Srl for 6.973 Euros and Immobiliare Del.Co. Srl for 13.565; Euros; they also refer to sales receivables from Quanta System S.r.l. 136.988 Euros, from Lasit S.r.l. for 3.037 Euros and from M&E Co. for 12.896 Euros.

Break-down of other receivables

	30/06/2002	31/12/2001	Variation	Var. %
becoming payable within the next fiscal year				
IRPEG and IRAP credits	198.769	842.019	-643.250	-76,39%
VAT credits	1.511.313	1.582.732	-71.419	-4,51%
Security deposits	47.822	22.572	25.250	111,86%
Prepayments to suppliers	296.001	228.872	67.129	29,33%
Other credits	307.874	53.950	253.924	470,67%
total becoming payable within the next fiscal year	2.361.779	2.730.145	-368.366	-13,49%
becoming payable after the next fiscal year				
SP tax account	14.269	17.422	-3.153	-18,10%
Insurance policy TFM	161.478	161.478		0,00%
Credits for advanced taxes	746.145	515.830	230.315	44,65%
Other credits	60.045	9.780	50.265	513,96%
total becoming payable after the next fiscal year	981.937	704.510	277.427	39,38%
Total	3.343.716	3.434.655	-90.939	-2,65%

The semester ended with a VAT credit of 1.511.313 Euros, due to the intense exporting activity.

Among the receivables which can be collected within the next 5 years, the following have been included:14.269 Euros as a deposit on severance indemnity, 161.478 Euros receivable from Reale Mutua Insurance to cover the provision for end-of-term bonus for the administrators, and 746.145 Euros credit for advanced payment of taxes.

Receivables due after more than 5 years

No receivables entered in the statement are due after more than 5 years.

III - Investments which are not permanent

Investments which are not permanent are shown on the following chart.

Investments wich are not permanent:	**30/06/2002**	**31/12/2001**	**Variation**	**Var. %**
own shares	238.019		238.019	0,00%
other investments	1.500.000	202.827	1.297.173	639,55%
Total	1.738.019	202.827	1.535.192	756,90%

The heading "Own shares" includes company shares owned by the parent company El.En Spa worth 109,424 Euros, and company shares owned by Cynosure Inc. worth 128,595 Euros. In particular, the Board of Directors of the parent company, El.En Spa, acting on a vote taken by the Shareholders' Assembly on April 14th 2002, decided to purchase, up until June 30th , 9,439 of its own shares at an average price of 11,59 Euros.

The amount enterd under the heading "Other stocks" is made up of a temporary use of cash by the parent company El.En Spa for 1,000,000.00 in a Melior Sicav ABS fund and by the subsidiary company Ot-Las Srl for 500,000.00 Euros in a fund. The market value of these investments is higher than their charge amount.

IV - Cash at bank and on hand

Cash at bank and on hand can be broken down as follows:

Cash at Bank and in hand:	**30/06/2002**	**31/12/2001**	**Variation**	**Var. %**
bank and postal current accounts	24.138.460	32.261.260	-8.122.800	-25,18%
cash in hand	13.221	14.072	-851	-6,05%
Total	24.151.681	32.275.332	-8.123.651	-25,17%

The decrease in cash on hand is a direct result of the Cynosure operation which has already been described in detail, of the acquisition of 30% of Immobiliare Del.Co. Srl, for 274 thousand Euros, as well as ordinary business operations like the distribution of dividends by the parent company, El.En. SpA for 920 thousand Euros.

D) Accruals and deferred income

The breakdown of accruals and deferred income is as follows:

	30/06/2002	31/12/2001	Variation	Var. %
Assets of accruals:				
Interests	950	1.142	-192	-16,81%
Contributions	5.122		5.122	0,00%
Other assets of accruals	10.349	84	10.265	12220,24%
Total assets of accruals	16.421	1.226	15.195	1239,40%
Assets of deferred incomes:				
Premiums	63.243	35.460	27.783	78,35%
Prepaid expenses	29.937	42.579	-12.642	-29,69%
Other assets of deferred incomes	143.845	27.737	116.108	418,60%
Total assets of deferred incomes	237.025	105.776	131.249	124,08%
Total	253.446	107.002	146.444	136,86%

According to the accounting principles being used, the amounts entered under the heading of accruals and deferred income to do represent entries of particular note for the company activity.

LIABILITIES

A) Capital and reserves

Break down of capital and reserves

The following chart shows the main changes which have taken place in the capital and reserves during the last semester:

NET CAPITAL AND RESERVES:	**Balance 31/12/2000**	**Net income allocation**	**Dividends distributed**	**Other operations**	**Balance 31/12/2001**
Subscribed capital	2.375.702			16.298	2.392.000
Share premium account	34.227.009			-16.298	34.210.711
Legal reserve	156.393	111.233			267.626
Reserve for own shares					
Others reserves:					
Extraordinary reserves	1.233.680	1.193.429			2.427.109
Reserve for contribution on capital account	426.657				426.657
Profits of subsidiaries and associated in previous years	843.801	779.642		-30.789	1.592.654
Reserve of consolidation	1.456.630				1.456.630
Reserve for translation adjustments	1			3	4
Other reserves					
Profits (loss) brought forward		920.000	-920.000		
Profits (loss) of the year	3.004.304	-3.004.304		2.275.369	2.275.369
Net total Capital and reserves of the group	43.724.177	-	-920.000	2.244.583	45.048.760
Capital and reserves of third parties	787.195	525.372	-256.421	293.841	1.349.987
Profit (loss) of third parties	525.372	-525.372		358.721	358.721
Net total capital and reserves of third parties	1.312.567	-	-256.421	652.562	1.708.708
Net total capital and reserves	45.036.744	-	-1.176.421	2.897.145	46.757.468

NET CAPITAL AND RESERVES:	**Balance 31/12/2001**	**Net income allocation**	**Dividends distributed**	**Other operations**	**Balance 30/06/2002**
Subscribed capital	2.392.000	-	-	-	2.392.000
Share premium account	34.210.711	-	-	-109.424	34.101.287
Legal reserve	267.626	139.267	-	-	406.893
Reserve for own shares	-	-	-	109.424	109.424
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	-	-15.525	1.067.158
Reserve of consolidation	1.456.630	-	-	-	1.456.630
Reserve for translation adjustments	4	-	-	-644.992	-644.988
Other reserves	-	-	-	-	-
Profits (loss) brought forward	-	920.000	-920.000	-	-
Profits (loss) of the year	2.275.369	-2.275.369	-	848.997	848.997
Net total Capital and reserves of the group	45.048.760	-	-920.000	188.481	44.317.241
Capital and reserves of third parties	1.349.987	358.721	-123.000	3.851.085	5.436.793
Profit (loss) of third parties	358.721	-358.721		215.738	215.738
Net total capital and reserves of third parties	1.708.708	-	-123.000	4.066.823	5.652.531
Net total capital and reserves	46.757.468	-	-1.043.000	4.255.304	49.969.772

The difference in the exchange rate which originated from the conversion of the entries in the capital reserves statement on the date of acquisition of the subsidiary Cynosure Inc. with respect to the exchange rate current at the end of the semester, was 644,992.00 Euros, which has been entered directly in the consolidated net capital and reserves under the heading “Conversion fund”.

Composition of capital

On April 24th 2002, the Shareholders’ Assembly of the parent company, El.En. voted to allocate the revenue of the financial year 2001 as follows: 139,267.00 Euros as legal reserve, 1,726,073.00 as extraordinary reserve, and the remaining 920,000 Euros to be distributed as dividends.

The extraordinary assembly of July 7th 2000, voted to give the faculty to the Board of Directors, in accordance with article 2443 of the Civil Code, for a maximum period of 5 years after the date of the vote, to increase, in one or more payments, the share capital of the company for a nominal maximum amount of 124,800 Euros, by means of the issue of a maximum of 240,000 ordinary shares with a nominal value of 0.52 Euros each, to be released upon payment of a price which will be determined by the Board of Directors, in consideration of paragraph 6 of article 2441 of the Civil Code, and considering the capital and reserves and/or selling price to the public and/or the average of the official prices of the stock recorded on the market for the period of time before the issuance of the option rights which will be established in the regulations of the incentive plan.

On November 3rd, 2000, the Board of Directors voted to implement in part the proxy of the Shareholders’ Assembly of July 7th 2000 which approved the increase in share capital to 2,412,846 Euros for use in the 2001/2003 stock option plan, and the relative plan. The option rights are granted exclusively to the categories of executives and employees of the Group who at the time 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 the new ordinary shares, can be exercised by the recipients from September 1st to September 30th of each year, during the period involved and are not negotiable. According to the plan, 13,363 options will be attributed each year. During the financial year 2001, no one exercised their option rights.

Following the above mentioned assembly votes, the share capital of El.En. Spa on June 30th 2002, was as follows:

Authorised	euro	2.412.846
Underwritten and deposited	euro	2.392.000

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

Categories	**31/12/2001**	**Increase.**	**(Decrease.)**	**30/06/2002**
No. of Ordinary Shares	4.600.000			4.600.000
Total	**4.600.000**			**4.600.000**

The shares are personal and indivisible and each one comports the right to vote in all the ordinary and extraordinary assemblies as well as the other financial and administrative rights according to the law and to the Statutes. At least 5% of the net income of the financial year must be allocated, in accordance with article 2430 of the Civil Code. The remaining amount must be divided among the shareholders, unless the Assembly votes otherwise. The Statute does not contemplate the distribution of advances on the dividends. Dividends which have not been cashed within five years of the day in which they became payable will be deposited in favour of the Company. There are no particular clauses in the Statutes relating to the participation of the shareholders in the remaining assets in case the company is disposed of. There are also no clauses in the Statutes which grant particular privileges.

All the funds of the net capital and reserves are available for distribution by assembly vote except for those bound by specific restrictions in the Civil Code.

Other reserves

Reserves for payment on capital account are shown in the following chart.

	30/06/2002	31/12/2001	Variation	Var. %
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%
Total	426.657	426.657		0,00%

Chart for 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.	**833.106**	**42.422.553**
Elimination of investments in:		
Companies totally consolidated	119.008	1.594.653
Companies consolidated with the shareholders' equity method	105.820	390.415
Elimination of dividends for the financial period		287.000
Elimination of internal profits on warehouse stock	-186.298	-513.862
Elimination of internal profits from sales of material assets	-35.111	-45.872
Value adjustments on equity investments	853	28.148
Effect of early amortisations	22.046	185.487
Other	-10.427	-31.281
Balance as per consolidated statement – Group quota	**848.997**	**44.317.241**
Balance as per consolidated statement – Third party quota	**215.738**	**5.652.531**
Balance as per consolidated statement	**1.064.735**	**49.969.772**

B) Provisions for risks and charges

The following chart shows the changes which occurred during the last semester:

	Balance 31/12/2001	Provision	(Utilisation)	Other	Translation Adjustments	Balance 30/06/2002
Pension costs and similar	255.046	26.158		1		281.205
For taxation	620.218	17.019	-14.408			622.829
Others:						
Reserve for guarantee on the products	67.613	14.568	-124.851	905.471	7.789	870.590
Reserve for risks and charges	48.000	86.789	-48.000	444.904	-5.414	526.279
Other minor reserves	366.504					366.504
Total other reserves	482.117	101.357	-172.851	1.350.375	2.375	1.763.373
Total	1.357.381	144.534	-187.259	1.350.376	2.375	2.667.407

The change in the area of consolidation after the acquisition of Cynosure is shown under the heading "Others" in the chart shown above.

The pension costs and similar are related to the end-of-mandate bonus for executives (TFM) for 176.971 Euros and the agents' client indemnity fund for 104.234 Euros.
The tax fund includes a reserve set aside for the financial year 2000 for charges that could have derived from the issuance of a notification (PVC) in relation to an inspection conducted by the internal revenue authorities on May 8th 2001. During the last financial period, the Company made additions to this fund in consideration of the revision of the estimates which had been made of the tax charges assigned for the financial year 1997, which took place in the first few months of 2002. The tax fund also refers to the deferred taxes which are broken down in the chart which follows.
The product guarantee fund is calculated on the basis of the costs for spare parts and technical assistance under warranty sustained during the preceding financial period, adapted to the sales volume of the same period. The change in the consolidation area produces an increase of 905 thousand Euros in the product guarantee fund.

The fund for other risks and charges is related to the entry on the books made by the subsidiary Cynosure Inc. of 100% of the losses of SONA Internationa company (of which it owns 40%) in excess of the capital and reserves, for guarantees granted for the rental of equipment belonging to Cynosure Inc. which the subsidiary company guarantees on behalf of SONA International Co.

Breakdown of deferred and anticipated taxes

Deferred taxes are accrued on the temporary difference between assets and liabilities which is recognised for tax purposes and those that are entered in the financial statement.

Breakdown is as follows:

	Balance 30/06/2002	**Balance 31/12/2001**	**Variation**
Deferred tax assets on stock devaluations	139.365	140.307	-942
Deferred tax assets for provisions on guarantee products	31.434	27.214	4.220
Deferred tax assets on credit devaluation	34.216	21.817	12.399
Deferred tax assets on loss brought forward from the previous years	153.731	86.619	67.112
Other deferred tax assets	10.339	11.962	-1.623
Deferred tax assets on internal profits	377.060	227.911	149.149
Total deferred tax assets	746.145	515.830	230.315
Deferred tax liabilities on advanced amortisations	138.294	121.276	17.018
Deferred tax liabilities for contributions on capital account	40.994	54.635	-13.641
Other deferred tax liabilities	3.541	4.307	-766
Total deferred tax liabilities	182.829	180.218	2.611

During this semester, anticipated taxes on the accruals made during the financial period for the product guarantee fund and for the fund for devaluation of debts not subject to taxes have been entered. Moreover, the subsidiary Cutlite Penta Srl has entered a debt for anticipated taxes on the fiscal losses shown for the period because they are considered exceptional and can be recuperated in the next financial periods. Anticipated taxes on inter-group revenue have also been entered.

A use of funds for deferred taxes on the payments in capital account have taken place; also noteworthy are the deferred taxes on the anticipated amortisations which were combined during consolidation.

C) Employee severance indemnity

The following chart shows the changes which have taken place during this semester.

Balance 31/12/2001	**Provision**	**Utilization**	**Other**	**Balance 30/06/2002**
695.191	105.322	-61.176	-27	739.310

The accrual represents the actual debt of the company towards its employees at the dates shown, net of the advances which have been paid.

D) Amounts owed

Break-down of amounts owed

Breakdown is as follows:

	30/06/2002	31/12/2001	Variation	Var. %
debenture loans	619.748	619.748		0,00%
amounts owed to banks	1.176.347	1.055.211	121.136	11,48%
amounts owed to other financiers	1.138.789	753.633	385.156	51,11%
advances	626.297	223.508	402.789	180,21%
amounts owed to suppliers	10.575.709	6.231.150	4.344.559	69,72%
amounts owed to associated companies	192.792	194.582	-1.790	-0,92%
amounts owed to tax administration	460.760	557.737	-96.977	-17,39%
amounts owed to social security institutions	383.973	358.535	25.438	7,09%
other creditors	4.312.520	706.548	3.605.972	510,36%
Total	19.486.935	10.700.652	8.786.283	82,11%

The amounts owed in foreign currency, especially those expressed in American dollars and British pounds have been entered by converting the amount according to the exchange rate current on June 30th 2002.

The increase in the amounts entered under the heading of “amounts owed to suppliers” is due, for an amount of 2,614 thousand Euros, to the changes in the area of consolidation.

The “amounts owed to other financiers”, after the changes in the area of consolidation, show an increase of approx. 448 thousand Euros which are related to the debt of the subsidiary company, Cynosure Inc. to leasing companies for the purchase of plants and equipment used for manufacturing, or rented out under a “revenue sharing” formula.

Break-down of amounts owed by due date

The ordinary debenture loan for 619,748 Euros is to be reimbursed in a single payment by December 31st, 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, reimbursed in fixed six-month instalments of 103,291 Euros starting on March 31st, 1999, with an interest rate equivalent to the quarterly EURIBOR plus a spread of 0.95% with interest paid quarterly.

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 on July 1st, 2008
Reference TMR 4
Multi-year financing granted for 492,431Euros at the fixed annual rate of 3,70%, last instalment on July 1st, 2008.

The seven-year financing from associated companies for 191,089 Euros which was partially paid off during the preceding financial period, was issued for the associated company Quanta Fin S.r.l. at the following conditions:
To be reimbursed in a single payment on June 30th, 2003 with an option for reimbursement, even partial, in advance.
Annual payment of interest on June 30th of each year.
Interest rate equivalent to BCE + 1% as registered at the beginning of the annual period.

The chart below is a summary of the paragraphs above and also shows the dates when the capital amounts must be paid.

	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%	929.622	206.583	723.039	
Financing IMI DIFF3	01/07/2008	3,70%	359.226	54.521	239.216	65.489
Financing IMI TMR 4	01/07/2008	3,70%	316.779	74.894	241.885	
Seven- year Quanta Fin financing	30/06/2003	BCE+1%	191.089	191.089		
Other financing			251.251	177.141	74.110	
Leasing			448.106	222.377	225.729	
Total			3.115.821	926.605	2.123.727	65.489

Changes in long-term financing

During the financial period, the following changes occurred in relation to mid- and long-term financing. The amounts entered include the quota of short term capital but do not include amounts owed for interest.

	Balance 31/12/2001	Increase	Reimbursement	Other	Balance 30/06/2002
Debenture loans	619.748				619.748
CRF loan	1.032.914		-103.292		929.622
Financing IMI DIFF3	385.746		-26.520		359.226
Financing IMI TMR 4	353.209		-36.430		316.779
Seven- year Quanta Fin financing	191.089				191.089
Other financings	23.827	4.956	-4.503	226.971	251.251
Leasing			-39.892	487.998	448.106
Total	2.606.533	4.956	-210.637	714.969	3.115.821

During the semester 36,430 Euros were reimbursed for IMI TMR 4 financing, 26,520 Euros for IMI DIF3 financing and 103,292 Euros for the CRF bank mortgage.

Debts guaranteed by real estate property

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

Break down of amounts owed to tax authorities

	30/06/2002	31/12/2001	Variation	Var. %
Taxes on profit- IRPEG	106.340	162.458	-56.118	-34,54%
Taxes on profit- IRAP	3.540	27.234	-23.694	-87,00%
Debts owed to tax administration for VAT	134.732	105.522	29.210	27,68%
Debts owed to tax administration for deductions	206.173	224.269	-18.096	-8,07%
Other tax debts	9.975	38.254	-28.279	-73,92%
Total	460.760	557.737	-96.977	-17,39%

Tax debts for IRPEG and IRAP are entered in the relative accounts, net of advance payments and relative amounts withheld.

Break down of amounts owed to social security institutions and others

	30/06/2002	31/12/2001	Variation	Var. %
Debts owed to INPS	349.707	319.630	30.077	9,41%
Debts owed to INAIL	5.419	11.616	-6.197	-53,35%
Debts owed to other Social Security Institutions	28.847	27.289	1.558	5,71%
Total	383.973	358.535	25.438	7,09%

The other amounts owed consist of the following:

	30/06/2002	31/12/2001	Variation	Var. %
Owed to staff for holidays	982.775	204.657	778.118	380,21%
Owed to staff for wages and salaries	370.947	236.592	134.355	56,79%
Bondholders	26.436		26.436	0,00%
Other debts	2.932.362	265.299	2.667.063	1005,30%
Total	4.312.520	706.548	3.605.972	510,36%

The increase in the amount under the heading "owed to staff for holidays" refers to the costs for amounts accrued for payment of the annual bonus, as well as the vacation days earned but not taken as of June 30th 2002.

The increase in the amounts owed to employees for salaries and to social security institutions is the result of the increase in the number of staff members.

After the change in the area of consolidation, the entry under the heading "Other debts" has greatly increased on account of the debts of the subsidiary Cynosure Inc. towards some of their selling partners after the repurchase of their own stock which was concluded with the increase in share capital underwritten by El.En., as has been described in detail in the paragraphs on management.

E) Accruals and deferred income

Liabilities derived from accruals and deferred income are broken down on the chart below:

	30/06/2002	31/12/2001	Variation	Var. %
Accrual liabilities:				
Interests	5.816	5.816	0	0,00%
Other	446		446	0,00%
Total accrual liabilities	6.262	5.816	446	7,67%
Deferred income liabilities				
Taxation credits	139.493	143.863	-4.370	-3,04%
Other	704.542	1.963	702.579	35791,09%
Total deferred income liabilities	844.035	145.826	698.209	478,80%
Total	850.297	151.642	698.655	460,73%

The accrual liabilities refer to the interest owed for this financial year on the financing issued to Quanta Fin Srl.

The deferred income liabilities refer, among other things, to the amounts due in the form of tax credits in compliance with the Ministerial Decree of July 22nd 1998, and recognised as pertaining to Cynosure Inc., related to contracts for the rental of equipment through their associated company, SONA International, assigned proportionately for the period of duration of the contracts (approx. 472 thousand Euros).

Memorandum

Some rental contracts stipulated by the subsidiary company SONA International Co. were guaranteed by Cynosure Inc. which assumed to obligation of paying the rent in the case that SONA was not able to honour the debt that they had contracted. In particular, the overall amount guaranteed for the next five-year period amounts to approx. 695 thousand Euros.

Profit and loss account

A) Value of the production

Break down of sales and services

	30/06/2002	30/06/2001	Variation	Var. %
Sales of industrial laser systems	6.481.311	5.100.786	1.380.525	27,06%
Sales of medical laser systems	11.974.598	7.382.148	4.592.450	62,21%
Consulting and research	73.000	51.646	21.354	41,35%
Service and sales of spare parts	2.584.279	923.122	1.661.157	179,95%
Total	21.113.188	13.457.702	7.655.486	56,89%

The increases in the annual revenue demonstrate the great vitality and the growth trend of the Group, notwithstanding a generally unfavourable economic situation. In part due to the acquisition of Cynosure Inc., the medical sector became of increasing importance within the Group, and showed an rise of 62.21% for the semester (bear in mind that the contribution of Cynosure is related only to the last two months of the period, as has been described in detail in the preceding paragraphs). The other sectors are managing to keep up and contributed to a result which is even better than that originally forecast; this includes the increase in the industrial laser sector which is a good result in consideration of the generally stagnant condition of the particular market. Post-sales services show the growth which had been forecast, which is the result of the increase in the number of systems installed, which is even more evident because of the number of installations brought in by the purchase of Cynosure and the consequent revenue derived from customer service.
The revenue earned from research projects and the relative reimbursements derived from contracts stipulated with institutions financed by MIUR (ex MURST), though showing an increase, remain at extremely low levels for a Group where research is one of the strong points; this is due to the fact that reimbursements are made only after long delays with respect to the completion of the projects.

Break down of income by geographical area

	30/06/2002	30/06/2001	Variation	Var. %
Sales in Italy	8.695.527	8.184.163	511.364	6,25%
Sales other EC countries	4.577.588	2.006.993	2.570.595	128,08%
Sales outside EC	7.840.073	3.266.546	4.573.527	140,01%
Total	21.113.188	13.457.702	7.655.486	56,89%

The entry of Cynosure Inc. into the Group moves the area towards the United States and towards the international markets in general.

Increases in fixed assets for on site work

During this semester 28.591 Euro were capitalised for laser systems used for sales demonstrations and for technical tryouts. The amount capitalised is the same as the industrial cost sustained.

Other income and revenue

The break down of the other income and revenue is as follows:

	30/06/2002	30/06/2001	Variation	Var. %
Recovery for accidents and insurance reimbursements	7.391	2.278	5.113	224,45%
Expense recovery	10.231	6.618	3.613	54,59%
Capital gains on ordinary property conveyances	22.151	30.836	-8.686	-28,17%
Other income	6.814	26.407	-19.593	-74,20%
Contribution on fiscal year account and on capital account	10.493	18.076	-7.583	-41,95%
Total	57.080	84.215	-27.136	-32,22%

B) Production Costs

Purchase of raw and subsidiary materials, consumables and goods

Break down of the purchases is as follows:

	30/06/2002	30/06/2001	Variation	Var. %
Purchase of raw materials and finished products	10.003.772	7.361.181	2.642.591	35,90%
Purchase of packaging	53.124	38.019	15.105	39,73%
Purchase of stationery	48.711	18.984	29.727	156,59%
Purchase of fuels	37.946	34.669	3.277	9,45%
Purchase of advertising materials	79.994	17.665	62.329	352,84%
Shipment of purchases	78.414	82.357	-3.943	-4,79%
Other purchase expenses	28.701	24.586	4.115	16,74%
Other purchases	73.011	71.749	1.262	1,76%
Total	10.403.673	7.649.210	2.754.463	36,01%

One of the results of the increase in purchases of raw materials is that it is reflected in the increase of the final inventory of raw materials which is recorded for the end of the semester.

Break down of operating expenses

The following chart shows a break down according to the type of service involved:

	30/06/2002	30/06/2001	Variation	Var. %
Expenses for work in progress at third parties'	694.609	482.720	211.889	43,89%
User services	175.198	97.817	77.381	79,11%
Consulting and technical services	565.431	391.840	173.591	44,30%
Maintenance	57.230	61.830	-4.600	-7,44%
Services and commercial consulting	225.147	482.927	-257.780	-53,38%
Shipment	305.167	149.149	156.018	104,61%
Insurance	71.457	33.677	37.780	112,18%
Travel and overnight expenses	600.326	273.977	326.349	119,12%
Commissions	964.637	627.627	337.010	53,70%
Promotional and advertising expenses	527.278	208.356	318.922	153,07%
Royalties	68.311	104.150	-35.839	-34,41%
Other services	1.053.235	787.785	265.450	33,70%
Total	5.308.026	3.701.855	1.606.171	43,39%

Under the heading "Other services" , among other things, the salaries paid to the administrators and auditors as well as payments for legal advice have been entered.

Break down of various operating charges

Composition of various operating charges is shown in the following chart:

	30/06/2002	30/06/2001	Variation	Var. %
Other taxes	20.337	13.271	7.066	53,24%
Associating contributions	14.107	11.812	2.295	19,43%
Newspaper and magazine subscriptions	8.121	7.946	175	2,20%
Expenses for vehicles	72.383	46.591	25.792	55,36%
Capital losses on ordinary possession conveyances		41.625	-41.625	-100,00%
Purchase of consumables art. 67 T.U.	48.033	39.176	8.857	22,61%
Fines	7.805	604	7.201	1192,22%
Other minor charges	113.245	108.677	4.568	4,20%
Total	284.031	269.702	14.329	5,31%

C) Financial income and charges

Break down of financial income

Revenue from financial investments is shown in the chart below:

	30/06/2002	30/06/2001	Variation	Var.%
from investments which are not equity investments				
Interests	950	1.954	-1.004	-51,38%
Total	950	1.954	-1.004	-51,38%
from non-permanent investments which are not equity investments				
Interests	8.303		8.303	0,00%
Income from negotiations	2.066		2.066	0,00%
Other		17.970	-17.970	-100,00%
Total	10.369	17.970	-7.601	-42,30%
financial income different from the previous ones: to third party				
Interests - assets - to bank	408.326	637.359	-229.033	-35,93%
Profits on commercial exchanges	40.164	71.161	-30.997	-43,56%
Other financial incomes	71.090	83.649	-12.559	-15,01%
Total	519.580	792.169	-272.589	-34,41%
Total	530.899	812.093	-281.194	-34,63%

Earning on interest from banks amounted to 408.326 Euros, showing a decrease which was the result of a drop in interest rates and of the use, for the Cynosure operation, of a large amount of the cash on hand (approx. 10 million Euros). Interest and income from negotiations related to temporary cash investments have also been entered.

The other sources of financial income include interest earned on sales by Cutlite Penta Srl with financial facilitations for the client as per the Sabatini law which correspond exactly to the entry under the heading of "other financial charges".

Interests and other financial charges

Financial charges towards third parties	30/06/2002	30/06/2001	Variation	Var. %
debenture loans	30.213	30.213		0,00%
bank debts for account overdraft	800	1.120	-320	-28,57%
bank debts for medium and long - term loans	34.829	50.081	-15.252	-30,45%
losses on commercial exchanges	222.125	46.578	175.547	376,89%
other financial charges	63.681	30.116	33.565	111,45%
Total	351.648	158.108	193.540	122,41%
Financial charges towards associated companies				
debts to associated companies	4.241	15.818	-11.577	-73,19%
Total	4.241	15.818	-11.577	-73,19%
Total	355.889	173.926	181.963	104,62%

During this semester, 4.241 Euros were entered on the books for interest paid for the seven-year financing granted by Quanta Fin Srl to the parent company.

Interest owed to banks for loans and mid- and long-term financing refer respectively to the loan issued to the parent company El.En Spa by the Cassa di Risparmio of Florence, and to the facilitated financing granted by MIUR (ex MURST) and issued by IMI.

The increase in losses on the exchange rate is due to the drop in the value of the US dollar with respect to the currency of the European Union on the date of reference for this report. In particular, losses on the exchange rate of currency have been calculated both for amounts due from clients as well as on the accounts of currency which were deposited before the closing of the operations for the purchase of Cynosure Inc.; in relation to these latter, when the cost of this purchase was entered on the books, the loss for difference in the exchange rate amounted to 99 thousand Euros.

D) Rectification of values of financial activities

The rectification of value entered under the heading of D18 a) of the profit and loss account, for the amount of 126,707 Euros, is related to the application of the capital and reserves method to the evaluation of the investments in associated companies which are not totally consolidated.

The rectification of the amount entered under heading D19 a) of the profit and loss account for 87,299 Euros, is due for an amount of 86,789 Euros, to the devaluation effected by the subsidiary Cynosure Inc. for 100% of the losses exceeding the net capital and reserves of SONA International Co., as described earlier.

E) Exceptional income and charges

Break down of exceptional income and charges

The chart below lists the sources of exceptional income:

	30/06/2002	30/06/2001	Variation	Var. %
Extraordinary incomes:				
Miscellaneous income	102.120	30.680	71.440	232,86%
Corrections for mistakes made in previous years		44.158	-44.158	-100,00%
Other extraordinary incomes	5.195	6.422	-1.227	-19,11%
Total	107.315	81.260	26.055	32,06%

The chart below lists the sources of exceptional charges:

	30/06/2002	30/06/2001	Variation	Var. %
Extraordinary charges:				
Miscellaneous losses	14.272	6.530	7.742	118,56%
Other extraordinary charges	16		16	0,00%
Total	14.288	6.530	7.758	118,81%
Taxation related to the previous fiscal years				0,00%
Other taxes related to the previous years	21.980	18.215	3.765	20,67%
Total	21.980	18.215	3.765	20,67%
Total	**36.268**	**24.745**	**11.523**	**46,57%**

Miscellaneous income refers on the major income taxes write in the balance of the previous period.

Income taxes

Description:	30/06/2002	30/06/2001	Variation	Var. %
IRPEG	874.590	511.962	362.628	70,83%
IRAP	219.213	175.336	43.877	25,02%
IRPEG Deferred (Advanced)	-225.092	-18.156	-206.936	1139,77%
IRAP Deferred (Advanced)	-2.612	-2.143	-469	21,89%
Total direct taxes	866.099	666.999	199.100	29,85%

Income taxes paid this semester show a considerable increase with respect to the same period last year: this is due to the effects of the change introduced by D.L. 24.09.02 n. 209 regarding the method used for calculating the Dual Income Tax (DIT) for the parent company, El.En Spa and for the subsidiary companies Deka M.E.L.A. Srl and Valfivre Italia

Srl. In particular, for calculating the DIT, the change in the amount of of capital is no longer subject to an increase of 40% and the coefficient for ordinary remuneration (Cro) is reduced by an amount equal to the sample of legal interest which is presently set at 3% (as opposed to the 7% of the same period last year and 6% for the period ending December 31st 2001). Because of these changes, the average tax rate of the Group has risen from 33% for the first semester of 2001 to 41% for the first semester of 2002.

Other information

As required by law, the chart below shows the composition of the company personnel, divided by category

	Average 2002	**30/06/2002**	**Average 2001**	**31/12/2001**	**Variation**	**Var. %**
Executives	9,5	14	4,5	5	9	180,00%
Management	2,5	2	1,5	3	-1	-33,33%
White collar	141,0	194	81,0	88	106	120,45%
Blue collar	44,0	55	30,0	33	22	66,67%
Total	197,0	265	117,0	129	136	105,43%

The increase in the number of employees with respect to December 31st 2001 is related to the presence of the companies which have changed the area of consolidation, i.e., Cynosure with 119 staff members, and Deka Dls GmbH with one staff member, as well as to the increase in company staff required by the normal growth process.

For the Board of Directors

The President
Ing. Gabriele Clementi

Enclosure A – El.En. S.p.A. accounting charts

ASSETS	30/06/2002	31/12/2001	30/06/2001
A) SUBSCRIBED UNPAID CAPITAL			
Total subscribed unpaid capital			
B) FIXED ASSETS			
I) Intangible assets			
1) Formation and expansion expenses	926.746	1.110.271	1.296.971
4) Concessions, licenses, trade marks and similar rights	95.883	8.264	
6) Intangible assets in progress and payments on account		83.638	
7) Other	27.081	23.783	30.410
Total intangible assets	**1.049.710**	**1.225.956**	**1.327.381**
II) Tangible assets			
1) Land and buildings	2.456.460	2.500.166	2.544.474
2) Equipment and machinery	126.410	142.807	165.017
3) Industrial and commercial equipment	175.474	173.584	192.068
4) Other	241.173	263.240	251.614
5) Tangible assets under construction and payments on account	109.364	16.169	11.869
Total tangible assets	**3.108.881**	**3.095.966**	**3.165.042**
III) Financial fixed assets			
1) Equity investments in :			
a) subsidiary companies	14.153.908	704.793	781.500
b) associated companies	515.965	258.516	263.477
d) other companies	171.941	171.941	42.827
Total equity investments	*14.841.814*	*1.135.250*	*1.087.804*
3) Other investments	76.709	76.709	76.709
Total financial fixed assets	**14.918.523**	**1.211.959**	**1.164.513**
TOTAL FIXED ASSETS	**19.077.114**	**5.533.881**	**5.656.936**
C) CURRENT ASSETS			
I) Stocks:			
1) Raw materials and consumables	3.816.140	3.447.986	3.479.397
2) Work in progress and components	2.517.869	2.143.899	2.089.114
4) Finished goods	991.887	898.779	1.052.300
Total stocks	**7.325.896**	**6.490.664**	**6.620.811**
II) Debtors			
1) Trade debtors			
- due within 12 months	1.721.318	2.060.929	2.392.646
Total trade debtors	*1.721.318*	*2.060.929*	*2.392.646*
2) Amounts owed by subsidiary companies			
- due within 12 months	8.929.784	6.057.005	6.337.637
- due after 12 months	333.115	333.115	591.343
Total amounts owed by subsidiary companies	*9.262.899*	*6.390.120*	*6.928.980*
3) Amounts owed by associated companies			
- due within 12 months	172.691	138.435	75.363
Total amounts owed by associated companies	*172.691*	*138.435*	*75.363*
5) Other debtors			
- due within 12 months	1.182.990	1.144.149	876.826
- due after 12 months	347.051	353.185	213.785
Total amounts owed by other debtors	*1.530.041*	*1.497.334*	*1.090.611*
Total debtors	**12.686.949**	**10.086.818**	**10.487.600**
III) Investments which are not permanent			
5) Own shares	109.424		
6) Other investments	1.000.000		
Total investments which are not permanent	**1.109.424**		
IV) Cash at bank and in hand			
1) Bank and postal current accounts	14.829.446	28.996.643	29.548.198
3) Cash on hand	4.141	4.379	9.445
Total cash at bank and in hand	**14.833.587**	**29.001.022**	**29.557.643**
TOTAL CURRENT ASSETS	**35.955.856**	**45.578.504**	**46.666.054**
D) PREPAYMENTS AND ACCRUED INCOMES:			
1) Prepayments and accrued income assets	113.682	44.296	63.898
Total prepayments and accrued incomes	**113.682**	**44.296**	**63.898**
TOTAL ASSETS	**55.146.652**	**51.156.681**	**52.386.888**

LIABILITIES	30/06/2002	31/12/2001	30/06/2001
A) CAPITAL AND RESERVES			
I) Subscribed capital	2.392.000	2.392.000	2.375.702
II) Share premium reserve	34.101.287	34.210.711	34.227.009
IV) Legal reserve	406.893	267.626	267.626
V) Reserve for own shares	109.424		
VII) Other reserves:			
- Extraordinary reserve	4.153.183	2.427.109	2.427.109
- Reserve for contribution on capital account	426.657	426.657	426.657
- Other reserves	3	4	
Total other reserves	*4.579.843*	*2.853.770*	*2.853.766*
IX) Profit (loss) for the financial period	833.106	2.785.340	1.733.144
TOTAL CAPITAL AND RESERVES	**42.422.553**	**42.509.447**	**41.457.247**
B) PROVISIONS FOR RISKS AND CHARGES			
1) Provisions for pensions and similar obligations	169.224	161.477	155.773
2) Provisions for taxation	480.993	494.635	458.492
3) Other provisions	124.830	110.262	61.676
Total provisions for risks and charges	**775.047**	**766.374**	**675.941**
C) EMPLOYEE SEVERANCE INDEMNITY	**501.691**	**461.959**	**382.298**
D) CREDITORS			
1) Debenture loans			
- due after 12 months	619.748	619.748	619.748
Total debenture loans	*619.748*	*619.748*	*619.748*
3) Amounts owed to banks			
- due within 12 months	216.733	219.731	206.583
- due after 12 months	723.040	826.331	929.622
Total amounts owed to banks	*939.773*	*1.046.062*	*1.136.205*
4) Amounts owed to other financial institutions			
- due within 12 months	129.414	127.064	124.757
- due after 12 months	546.591	611.891	676.005
Total amounts owed to other financial institutions	*676.005*	*738.955*	*800.762*
5) Advances received			
- due within 12 months	197.495	125.686	15.277
Total advances received	*197.495*	*125.686*	*15.277*
6) Amounts owed to suppliers			
- due within 12 months	5.284.901	3.474.829	4.287.595
Total amounts owed to suppliers	*5.284.901*	*3.474.829*	*4.287.595*
8) Amounts owed to subsidiary companies			
- due within 12 months	2.022.853	223.737	351.337
Total amounts owed to subsidiary companies	*2.022.853*	*223.737*	*351.337*
9) Amounts owed to associated companies			
- due within 12 months	192.118	1.518	32.343
- due after 12 months		191.089	604.255
Total amounts owed to associated companies	*192.118*	*192.607*	*636.598*
11) Amounts owed to tax administration			
- due within 12 months	114.314	162.092	174.409
Total amounts owed to tax administration	*114.314*	*162.092*	*174.409*
12) Amounts owed to social security institutions			
- due within 12 months	239.164	223.920	170.759
Total amounts owed to social security institutions	*239.164*	*223.920*	*170.759*
13) Other creditors			
- due within 12 months	817.319	476.335	1.541.027
Total other creditors	*817.319*	*476.335*	*1.541.027*
TOTAL CREDITORS	**11.103.690**	**7.283.971**	**9.733.717**
E) ACCRUALS AND DEFERRED INCOME			
1) Accruals and deferred income-liabilities	343.671	134.930	137.685
Total accruals and deferred income	**343.671**	**134.930**	**137.685**
TOTAL LIABILITIES AND CAPITAL AND RESERVES	**55.146.652**	**51.156.681**	**52.386.888**

PROFIT AND LOSS ACCOUNT	30/06/2002	31/12/2001	30/06/2001
A) VALUE OF PRODUCTION			
1) Net turnover from sales and services	10.531.284	16.428.378	8.178.740
2) Variation in stocks of finished goods and in work in progress	467.078	423.278	522.013
4) Work performed for own purposes and capitalised	2.171	95.660	98.619
5) Other revenues and income			
a) Other revenues and income	91.593	187.499	61.720
b) Grants received pertaining to the current year	8.014	11.982	5.165
Total other revenues and income	*99.607*	*199.481*	*66.885*
TOTAL VALUE OF PRODUCTION	**11.100.140**	**17.146.797**	**8.866.257**
B) COSTS OF PRODUCTION			
6) For raw materials, consumables and goods for sale	-5.696.160	-9.090.813	-5.144.095
7) For services	-2.060.692	-3.622.580	-1.893.564
8) For use of assets owned by others	-8.817	-4.407	-1.567
9) For staff costs:			
a) wages and salaries	-1.377.432	-1.934.534	-922.028
b) social security costs	-434.211	-617.914	-291.886
c) provision for severance indemnity	-75.072	-123.197	-55.102
Total for staff costs	*-1.886.715*	*-2.675.645*	*-1.269.016*
10) Value adjustments			
a) amortisation of intangible assets	-211.752	-396.820	-193.814
b) depreciation of tangible assets	-245.702	-440.869	-200.603
d) allowance for debtors in current assets and other acc.s incl. in cash	-57.414	-71.950	-33.928
Total value adjustments	*-514.868*	*-909.639*	*-428.345*
11) Variations in stock of raw materials, consumables and goods for resale	368.154	710.610	742.021
12) Amounts provided for risk provisions	-14.568	-38.256	-5.485
14) Other operating charges	-135.175	-190.402	-93.349
TOTAL COSTS OF PRODUCTION	**-9.948.841**	**-15.821.132**	**-8.093.400**
(A-B) DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	**1.151.299**	**1.325.665**	**772.857**
C) FINANCIAL INCOME AND CHARGES			
15) Income from equity investments:			
a) in subsidiary companies		904.618	904.619
b) in associated companies		536.504	
Total income from equity investments		*1.441.122*	*904.619*
16) Other financial income:			
b) from other permanent investments other than equity investments	950	3.760	
c) from other investments which are not permanent	10.369	131.093	1.954
d) other income not included above			
- to subsidiary companies	*8.909*	*25.907*	*13.252*
- to third parties	*392.173*	*1.138.791*	*708.685*
Total other income not included above	*401.082*	*1.164.698*	*721.937*
Total other financial income	*412.401*	*1.299.551*	*723.891*
17) Interest payable and similar charges			
b) to associated companies	*-4.241*	*-21.634*	*-15.818*
d) to third parties	*-239.678*	*-231.731*	*-123.693*
Total interest payable and similar charges	*-243.919*	*-253.365*	*-139.511*
TOTAL FINANCIAL INCOME AND CHARGES	**168.482**	**2.487.308**	**1.488.999**
D) VALUE ADJUSTMENTS IN RESPECT OF INVESTMENTS			
19) Devaluation			
a) of equity investments		-147.931	-23.613
Total devaluation		*-147.931*	*-23.613*
TOTAL VALUE ADJUSTMENTS		**-147.931**	**-23.613**
E) EXTRAORDINARY INCOME AND CHARGES			
20) Extraordinary income			
a) income	*8.340*	*24.552*	*25.572*
b) capital gains from disposal of assets	*25.572*		
Total extraordinary income	*33.912*	*24.552*	*25.572*
21) Extraordinary charges			
a) charges	*-3.168*	*-13.442*	*-2.725*
c) other extraordinary charges	*-21.980*		
Total extraordinary charges	*-25.148*	*-13.442*	*-2.725*
TOTAL EXTRAORDINARY INCOME AND CHARGES	**8.764**	**11.110**	**22.847**
PROFIT OR LOSS BEFORE INCOME TAXES	**1.328.545**	**3.676.152**	**2.261.090**
22) Income taxes on the income of the period:			
a) current	-505.729	-1.009.865	-531.661
b) deferred	10.290	119.053	3.715
23) NET TOTAL PROFIT (LOSS)	**833.106**	**2.785.340**	**1.733.144**