

Press release

## **El.En. SpA: The board releases the six months financials Revenue 51 millions of Euro, up 15% EBIT 3,2 millions of euro up 38%**

**Florence, September 29, 2005** – The Board of directors of El.En. Spa, leader on the laser market and listed on the Star segment of the Italian Stock Exchange, Borsa Italiana, met today and approved the consolidated six months report as of June 30, 2005, according to the international accounting standards IAS/IFRS, which shows **Revenues** over 51 millions of euro (up 15%) and **Gross Margin** of 28,5 millions of euro up 17% with respect to the first semester of 2004.

**EBITDA** for the six month is 4,9 millions of euro, with a 9,5% impact on revenues. EBITDA shows a small decrease with respect to the six months of 2004 (down 0,9%) as an effect of the higher impact of operating expense and employees expense, also due to the adoption of the new accounting standards. Without the accounting standards modification, EBITDA would have increased by 11,5%.

**EBIT** for the six months is 3,2 millions of euro, up 38% on the 2,3 millions of 2004. This excellent result would have been even more evident without the accounting standards change, it would have marked an EBIT of 3,1 millions, more than doubling the 1,5 millions of the first six months of 2004.

The group closes the semester with **Net Income** for 1,4 millions of euro, decreasing from last year's 2,5 millions, which included a gain on the sale of assets for almost 3 millions achieved with the sale by Cynosure of its 30% interest in Sona International Co. that took place in May 2004.

The **Net Financial Position** as of June 30, 2005 is positive for 7 millions of euro.

*El.En., an Italian company, is the parent of a high-tech industrial group operating in the optoelectronics sector. Based on proprietary technology and multidisciplinary know-how, the El.En Group manufactures laser sources (gas, semiconductor, solid-state and liquid) and innovative laser systems for medical and industrial applications.*

*The El.En. Group is the laser market leader in Italy and among the top operators in Europe. It designs, manufactures and sells worldwide:*

- Medical laser equipment used in dermatology, cosmetics, physiotherapy, dentistry and gynecology;
- Industrial laser systems for applications ranging from cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork;
- Laser systems for scientific research

*EL.EN has been listed on the Star segment of the Nuovo Mercato. Its market floatation is approximately 23% and its market capitalization amounts to €161 million.*



*Cod. ISIN: IT0001481867*  
*Sigla: ELN*  
*Negoziata su MTAX*  
*Mkt capt.: 161 mln/Euro*  
*Cod. Reuters: ELN.MI*  
*Cod. Bloomberg: ELN IM*

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**Tab.1 P&L as of June 30, 2005**

<b>Profit and loss account</b>	<b>30/06/2005</b>	<b>Inc. %</b>	<b>30/06/2004</b>	<b>Inc. %</b>	<b>Var. %</b>
Revenues	51.779	100,0%	45.018	100,0%	15,0%
Change in inventory of finished goods and WIP	2.464	4,8%	2.085	4,6%	18,2%
Other revenues and income	683	1,3%	665	1,5%	2,7%
<b>Value of production</b>	<b>54.926</b>	<b>106,1%</b>	<b>47.768</b>	<b>106,1%</b>	<b>15,0%</b>
Purchase of raw materials	22.967	44,4%	19.087	42,4%	20,3%
Change in inventory of raw material	(1.505)	-2,9%	(11)	0,0%	13499,1%
Other direct services	4.890	9,4%	4.241	9,4%	15,3%
<b>Gross margin</b>	<b>28.575</b>	<b>55,2%</b>	<b>24.451</b>	<b>54,3%</b>	<b>16,9%</b>
Other operating services and charges	11.151	21,5%	8.797	19,5%	26,7%
<b>Added value</b>	<b>17.424</b>	<b>33,7%</b>	<b>15.653</b>	<b>34,8%</b>	<b>11,3%</b>
For staff costs	12.522	24,2%	10.708	23,8%	16,9%
<b>EBITDA</b>	<b>4.902</b>	<b>9,5%</b>	<b>4.946</b>	<b>11,0%</b>	<b>-0,9%</b>
Depreciation, amortization and other accruals	1.680	3,2%	2.613	5,8%	-35,7%
<b>EBIT</b>	<b>3.222</b>	<b>6,2%</b>	<b>2.333</b>	<b>5,2%</b>	<b>38,1%</b>
Net financial income (charges)	247	0,5%	60	0,1%	314,7%
<b>Income from continuing operations</b>	<b>3.469</b>	<b>6,7%</b>	<b>2.393</b>	<b>5,3%</b>	<b>45,0%</b>
Value adjustments (Devaluations)	47	0,1%	145	0,3%	-67,7%
Other Income (expense) net	(233)	-0,4%	2.901	6,4%	
<b>Income before taxes</b>	<b>3.283</b>	<b>6,3%</b>	<b>5.439</b>	<b>12,1%</b>	<b>-39,6%</b>
Income taxes	1.709	3,3%	1.420	3,2%	20,4%
<b>Income for the financial period</b>	<b>1.575</b>	<b>3,0%</b>	<b>4.019</b>	<b>8,9%</b>	<b>-60,8%</b>
Minority interest	192	0,4%	1.560	3,5%	-87,7%
<b>Net income</b>	<b>1.382</b>	<b>2,7%</b>	<b>2.459</b>	<b>5,5%</b>	<b>-43,8%</b>

**Tab.2 Balance sheet as of June 30 ,2005**

	30/06/2005	31/12/2004	Var.
<b>Balance Sheet</b>			
Intangible assets	10.490	11.107	-617
Tangible assets	10.921	10.118	803
Equity investments	1.506	1.393	113
Other non current assets	1.677	1.565	112
<b>Total non current assets</b>	<b>24.593</b>	<b>24.182</b>	<b>411</b>
Inventories	30.535	25.462	5.073
Accounts receivable	23.045	21.912	1.133
Other receivables	4.664	4.866	-203
Financial instruments	277	268	9
Cash and cash equivalents	11.639	15.070	-3.431
<b>Total current assets</b>	<b>70.159</b>	<b>67.578</b>	<b>2.581</b>
<b>TOTAL ASSETS</b>	<b>94.753</b>	<b>91.761</b>	<b>2.992</b>
<b>Parent stockholders' equity</b>	<b>49.884</b>	<b>48.293</b>	<b>1.591</b>
Minority interest in consolidated subsidiaries	6.680	5.610	1.070
<b>Total equity</b>	<b>56.564</b>	<b>53.904</b>	<b>2.660</b>
Severance indemnity	1.862	1.720	142
Deferred tax liabilities	493	518	-25
Other accruals	3.260	2.800	460
Financial liabilities	2.766	2.580	187
<b>Non current liabilities</b>	<b>8.381</b>	<b>7.618</b>	<b>764</b>
Financial liabilities	2.013	4.044	-2.031
Accounts payable	18.526	15.915	2.611
Other payables	9.269	10.281	-1.012
<b>Current liabilities</b>	<b>29.807</b>	<b>30.239</b>	<b>-432</b>
<b>TOTAL LIABILITES</b>	<b>94.753</b>	<b>91.761</b>	<b>2.992</b>