HALF-YEARLY REPORT
as of June 30th 2008
El.En. GROUP

1. OFFICERS OF THE PARENT COMPANY

(as of the date of approval of the Half Yearly Report on June 30th 2008)

Board of Directors

PRESIDENT

Gabriele Clementi

BOARD MEMBERS AND DIRECTORS

Barbara Bazzocchi

Andrea Cangioli

BOARD MEMBERS

Paolo Blasi

Angelo Ercole Ferrario

Michele Legnaioli

Stefano Modi

Alberto Pecci

Board of Auditors

PRESIDENT

Vincenzo Pilla

ACTING AUDITORS

Paolo Caselli

Giovanni Pacini

Executive designated for drawing up the accounting documents in compliance with Law 262/05

Enrico Romagnoli

Auditing company

Reconta Ernst & Young S.p.A.

2. EXPLANATORY NOTES

2.1. Adoption of international accounting principles

This consolidated half-yearly report, approved by the Board of Directors on August 29th 2008, has been drawn up in compliance with art. 154-ter D.Lgs. 24th February 1998 n. 58 (TUF) and subsequent modifications, in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and approved by the European Union.

By IFRS we also mean the International Accounting Standards (IAS) which are still in force as well as all the interpretive documents issued by the International Financial Reporting Interpretations Committee (IFRIC).
In this report, which is drawn up in accordance with the regulations of IAS 34 – Interim statements, we have used the same accounting principles used for the preparation of the consolidated statement dated December 31st 2007, and for this reason it was necessary to rectify the cost for staff also for the first half of 2007 in accordance with the criteria of accelerated distribution of the charges for the stock option of Cynosure Inc.

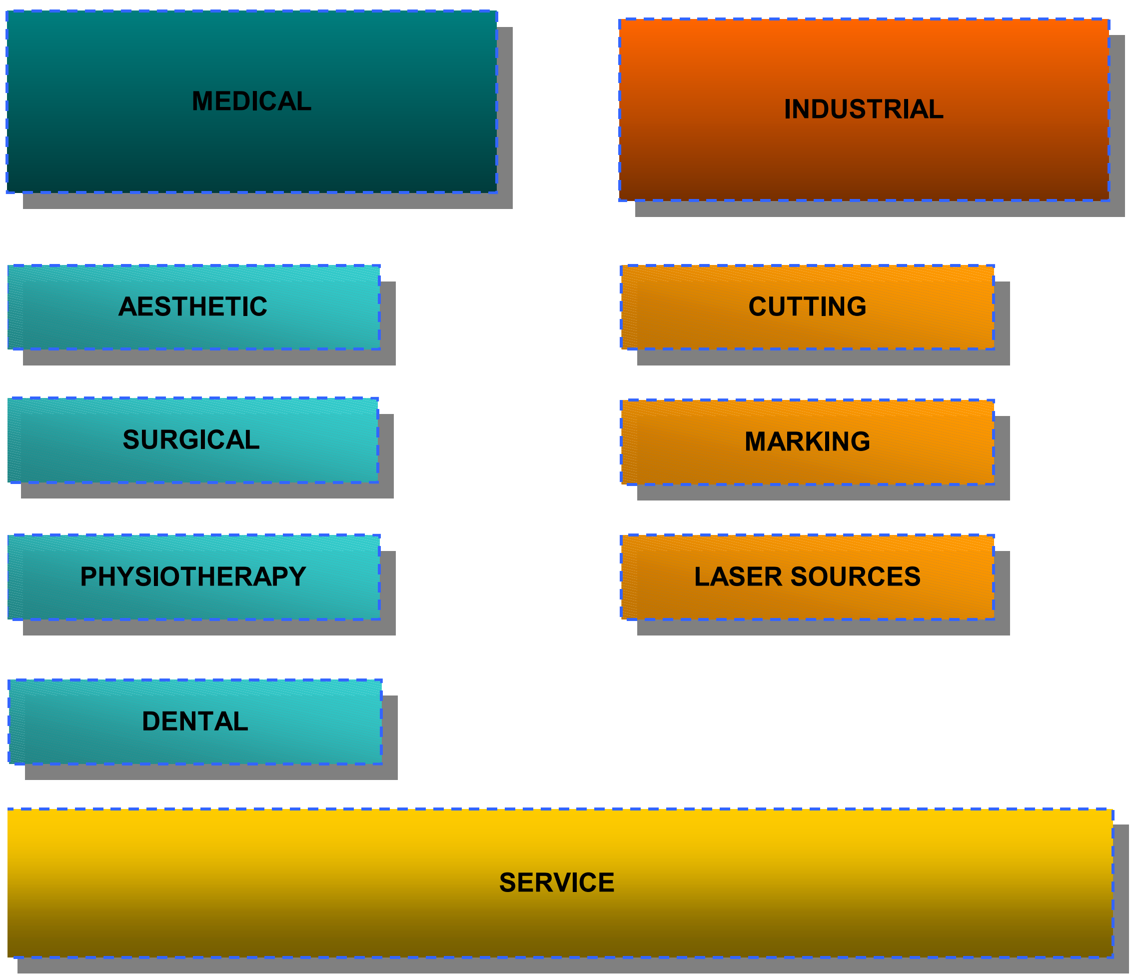
All amounts are expressed in thousands of Euros unless otherwise indicated.

2.2 Description of the activities of the Group

El.En. SpA controls a group of companies operating in the field of manufacture, research and development, distribution and sales of laser systems. The structure of the Group has been created over the years as a result of the founding of new companies and the acquisition of the control of others. Each company has a specific role in the general activities of the Group which is determined by the geographical area it covers, by its technological specialization or by the particular position within one of the merchandise markets served by the Group.

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

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

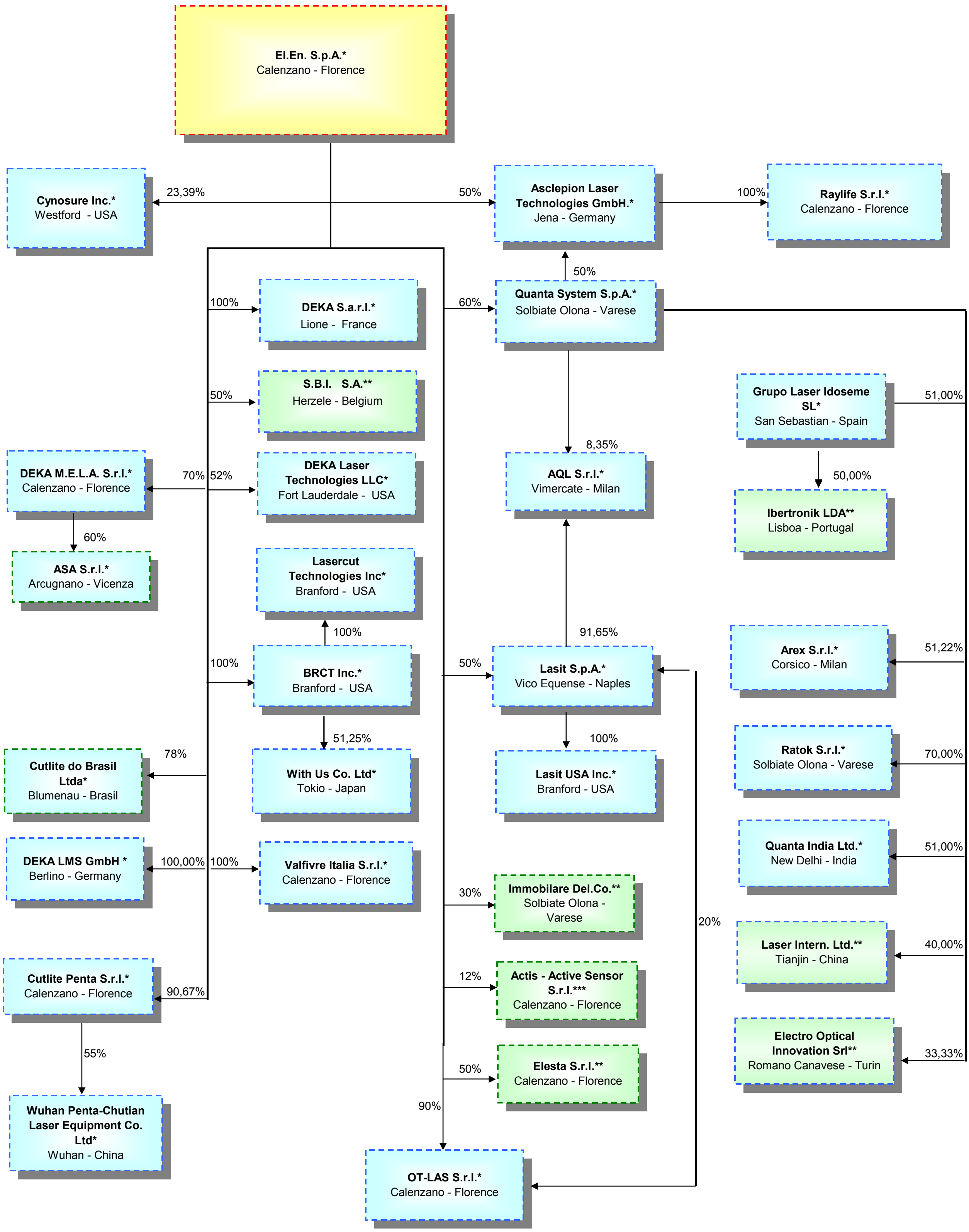


Besides the main company activity of selling laser systems, there is also a post-sales customer assistance service which is not only indispensable for the installation and maintenance of our laser systems but also a source of income from the sales of spare parts, consumer items and technical assistance.

In order to facilitate the financial interpretation of the charts shown below, as far as the attribution to the parent company of consolidated revenues is concerned, in reference to the perimeter of consolidation and to the revenues which exclude Cynosure (for which in the past few years both the amount of the equity held by El.En and the amount of revenues has materially changed), it should be recalled that in the last financial periods the amount of the EBIT pertaining to the Parent Company has been between 75 and 80% of the EBIT of this sub-consolidated.

2.3 Description of the Group

As of June 30th 2008 the structure of the Group was as follows:



* *Entirely consolidated*

** *Consolidated using the equity method*

*** *Kept at cost*

Cynosure Inc., a company quoted on the American stock market Nasdaq (NASDAQ:CYNO) in turn has 100% control of six companies which distribute their products in Germany, France, Great Britain, Japan, China and Spain.

2.4 Activities of the subsidiary companies

El.En. SpA controls a Group of companies active in the same overall field of laser technology, with each company occupying a different sector and having a particular role on the market.

The table below shows a summary of the results of the companies belonging to the Group which are included in the area of consolidation. The table is followed by brief descriptions explaining the activity of each company with a comment on the results for the first half of 2008.

	Net Turnover 30-giu-08	Net Turnover 30-giu-07	Var. %	Ebit 30-giu-08	Ebit 30-giu-07	Net income 30-giu-08	Net income 30-giu-07
Cynosure (*)	49.406	42.095	17,37%	8.056	4.819	5.996	2.909
Deka Mela Srl	12.375	9.159	35,11%	1.372	431	1.005	497
Cutlite Penta Srl	4.022	4.163	-3,40%	-38	39	-13	8
Valfivre Italia Srl	0	112	-100,00%	-5	4	4	2
Deka Sarl	1.119	487	129,58%	77	-262	77	-262
Deka Lms GmbH	671	317	111,59%	-71	-561	-82	-571
Deka Dls GmbH	0	0		0	0	0	0
Deka Laser Technologies LLC	1.608	1.017	58,02%	5	-69	2	-71
Quanta System SpA	8.141	8.144	-0,04%	539	647	329	314
Asclepion Laser Technologies GmbH	9.205	7.690	19,70%	614	507	368	320
Quanta India Ltd	20	6	207,06%	27	-18	24	-15
Asa Srl	2.202	2.319	-5,03%	255	351	171	200
Arex Srl	541	479	12,99%	93	91	53	52
AQL Srl	160	675	-76,29%	-18	-1	-19	-3
Ot-Las Srl	1.000	1.981	-49,51%	-207	133	-123	90
Lasit Spa	3.148	2.349	34,02%	87	65	-32	-28
CL Tech Inc	0	1.291	-100,00%	0	-211	0	-241
Lasercut Technologies Inc.	279	0		-18	0	-24	0
BRCT Inc.	0	0		6	11	6	13
With Us Co LTD (**)	5.585	5.204	7,32%	-26	419	4	144
Wuhan Penta Chutian Laser Equipment Co LTD	1.470	0	901551,53%	70	-36	66	-36
Lasit Usa INC	345	3	11181,35%	-71	-28	-72	-28
Cutlite do Brasil Ltda	2.020	0		126	-7	67	-7
Grupo Laser Idoseme SL (***)	5.873	0		-105	0	-223	0
Raylife Srl	696	0		85	0	58	0
Ratok Srl	5	0		-20	0	-20	0
Neuma Laser Srl	0	118	-100,00%	0	54	0	35

(*) consolidated data
(**) consolidated since February 2007
(***) consolidated since February 2008

Cynosure Inc.
This company operates in the field of design, manufacture and sales of laser systems for medical and aesthetic applications and in recent years has been concentrating on laser applications for the aesthetic sector. Cynosure is one of the world leaders in the sector of medical lasers and has reached its present size thanks to the superior performance and the high quality of its products, in particular the dye laser (DYE) for vascular applications, the alexandrite laser for hair removal, and, in the last twelve months, also the Smartlipo system for laser-lipolysis.
The studies conducted by the research and development team in Westford and the collaboration with the Group has made it possible to offer an innovative range of products which, besides the traditional laser systems for hair removal

and vascular treatments, now also include Smartlipo for fat removal and its evolution, Smartlipo MPX, the Affirm system for “skin tightening”, and firming of tissues, and the latest to be placed on the market, the Affirm CO_2 system for ablative “skin resurfacing”.
The company does its own sales and marketing for their products on the American and international markets by using their subsidiary companies in France, Great Britain, Germany, Spain, Japan and China and a network of distributors.
Strong point and driver of the rapid growth of the company is the highly efficient direct distribution network throughout the U.S. Manufacturing and research and development are conducted in Westford, Massachusetts.

The first few months of 2008 saw a continual growth of sales volume and revenue, at a rate which exceeded that of all the other of the main companies in this sector; Cynosure, in fact, in the second quarter of 2008, had the largest sales volume of any company in the field. Quoted on Nasdaq since 2005, during 2007 Cynosure saw its stock reach the highest quotation ever at about 45 dollars a share. The price later dropped as a consequence of the general condition of the financial markets and also the expectations for the specific segment, which was penalized above all by the poor performance of the peer group.

Deka M.E.L.A. Srl
This company is involved in the distribution in Italy and abroad of the medical laser equipment manufactured by El.En. SpA, in particular that related to dermatology, aesthetics, and surgery, and has established profitable relationships of collaboration with the dental sector in Italy (Anthos Impianti). For the physical therapy sector, DEKA has assigned management of the sector to ASA Srl of which it has 60% control, with satisfactory results both in terms of sales volume and profits.
Although there has been a general slowing of the growth rate in the sector, in the first few months of 2008 Deka was able to maintain a high growth rate thanks to the continuing popularity of its most traditional products, joined by the highly successful Smartlipo and Samrtxide DOT, all of which are still the points of reference for the market for laser-lipolysis and skin resurfacing.

ASA Srl
This company in Vicenza, is a subsidiary of Deka M.E.L.A. Srl, and operates in the physical therapy sector. Sales volume and revenue decreased with respect to the preceding financial period, in part due to a market which is no longer as favourable as it was. In any case, the increase in sales volume related to power lasers is interesting and it is expected that they will tend to contribute even more substantially to the revenue of ASA, thanks to the re-organization of the manufacturing process as part of a plan which envisions the company at the centre of the physical therapy sector of the Group.

Cutlite Penta Srl
This company is active in the manufacture of laser systems for industrial cutting applications and installs the laser power sources produced by El. En. SpA on movements controlled by CNC.
During the first half of 2008 the volume of production remained substantially the same as that recorded for the first half of 2007; along with the slight drop in sales volume there was also a natural rise in overhead so that a small loss was registered for this period.
The portfolio of orders, however, would appear to be sufficient to indicate that during the second half this slight decrease with respect to the annual budget which foresaw an increase in sales volume and a net income will be compensated for with a positive result. Moreover, from the economic improvement during the second half we also expect an improvement in the financial structure which during these six months has seen a sizeable increase in working capital.

Wuhan Penta Chutian
This Joint Venture was constituted by Cutlite Penta together with the Wuhan Chutian Group of Wuhan, in the Hubei region of central China.
The company produces laser cutting systems for the domestic market and organized its logistic and manufacturing structure during 2007, when it produced and sold the first systems. A loss was registered for this period which however, was not unexpected, since this is usual during the first start-up phase. The activity conducted during 2008 is already producing the expected increase in manufacturing volume and therefore also the sales volume, with the aim of consolidating the structure and the competitive position of the company on the market which has the highest growth rate in the world.

Valfivre Italia Srl
At the end of 2007 all operating activities ceased and at this time the company is inactive.

Deka Sarl
In France, Deka Sarl distributes the medical-aesthetic laser equipment and relative accessories manufactured by El.En. and provides after-sales service for medical and aesthetic lasers.

After a complete re-organization of the company and its management effected in 2006 and 2007, during the first half of 2008 the company obtained a positive result in terms of revenue, thanks to the level of sales volume it reached which is in line with the market that it manages and its cost structure.
The Deka brand products, therefore, now have an efficient means of distribution covering one of the most important and difficult of the European markets.

Deka Lms GmbH
In Germany Deka Lms GmbH distributes the medical and aesthetic laser equipment manufactured by El.En. SpA.
By maintaining a structure of very light proportions the company considerably reduced the losses incurred during the preceding periods, but was unable to reach a sales volume that was sufficient to break even. Considering the importance and the potential of the German market, we expect better results from this company and are taking appropriate steps towards a mid-term re-launching of the sales volume developed in Germany.

Deka Laser Technologies LLC
In the United States the company distributes laser systems produced by El.En. for the dental sector through a minimal but highly efficient distribution network which has grown increasingly strong in the past few years.
In the first months of 2008, the company had to face an economic situation which was anything but brilliant and a falling demand which it was able to overcome thanks to a diversifying of their products which allowed them to enter the market for skin resurfacing in the maxillofacial segment, which is to say, the extension of a very popular application to a segment of their own clientele. In this way they were able to register growth both in sales volume and earnings.

Quanta System SpA
This company became part of the Group in 2004 and represents a model of excellence at a global level for the innovative quality of its technological research in the laser field.
The medical/aesthetic sector is the main driver of its growth and has partly overshadowed the scientific sector on which the company was founded, and the industrial sector. The significant growth in this sector has allowed the company to show a increasing revenue over the years.
At the beginning of 2008 the company concluded an important operation for the acquisition of control of G.L.I., its main client and distributor in Spain (about 15 million Euros sales volume in 2007).
The market situation in the first half of 2008 was not so good as expected. Sales volume remained constant, while overhead and marketing expenses increased, so that the EBIT showed a drop with respect to the first six months of 2007. It should also be mentioned that an important marketing effort was sustained by Quanta in 2008, with a wide-range re-branding operation aimed at defining the market position of its products; this operation culminated in a presentation meeting held in Rome in April, during which a laser was donated to the Vatican Museums for the restoration of artistic artefacts.

Grupo Laser Idoseme SL
This company has just become part of the Group; it distributes in Spain the products made by Quanta System and other makers of medical and aesthetic laser equipment. The acquisition facilitated good relations with G.L.I. and procured an increase in sales volume of Quanta to the company. G.L.I., on the other hand, found some difficulty in maintaining the revenue and the sales volume of the preceding periods, and for the period showed a loss and a worsening of its financial position because it had had to contract a debt with the bank in order to finance the excessive amount of inventory as well as the amounts receivable from clients.

Quanta India Ltd
This company was founded in India by Quanta System and acts as an intermediary and supplier of technical assistance in order to facilitate the penetration of laser systems for some of the industrial applications manufactured by Quanta System for specific niches in the local market. The activity has not been a particular success.

Arex Srl
This company became part of the Group in the month of April 2004; it manages a medical centre in Milan and has obtained good results, as shown by the increase in earnings for the services it offers and by the considerable revenue developed.

Ratok Srl
This company was created during the first half of 2008 and will be involved in the planning, installation, organization and management even in franchising of specialised medical centres, with an aim to extending on a lager scale the business model represented by Arex.

Asclepion Laser Technologies GmbH
The company in Jena which was acquired from Carl Zeiss Meditec now represents one of the main operations of the Group and has successfully exploited its geographical position in one of the cradles of the electro-optical industry and

its capacity to associate its image with the high prestige that German high-tech products enjoy at a global level. In the last few years Asclepion has maintained an excellent growth rate.
In fact, in the first six months of 2008 the growth rate was 20% thanks in part to the launching of a new set of products called "Asclepion Effect" which was offered starting in 2007. The earnings remained on the same level as 2007, with a slight improvement.
The company is now creating a special division for the aesthetic market and has developed a brand called "Raylife" and a special range of products; for this activity, the first half of 2008 shows only the costs, while the sales volume, which is of major importance in the plans for the expansion of the company, will be registered only starting in the second half of 2008.

Raylife Srl
This company, created in the first half of the year by Asclepion Laser Technologies GmbH, which holds 100% of its capital will sell the aesthetic devices manufactured by Asclepion under the Raylife brand in Italy, as mentioned in the preceding paragraph, and will distribute other products for the same aesthetic market.

Lasit SpA
The company designs and manufactures systems for laser marking complete with controls and specific software to be used both for the marking of metals as well as wood, glass, leather, and fabrics.
The company has dedicated considerable resources to the development of new generation technologies and is now able to be present on the market with products which include high level technology optical sub-components and software developed by a research team with an efficient and versatile customizing structure of the product.
The first half of 2008, as expected, showed a major growth rate of +34%, and earnings to the extent that they broke even.
The operations of the company will be moved to the headquarters in Torre Annunziata upon completion of the work in progress there; these premises had been acquired by the parent company and the remodelling costs were paid for by Lasit so that they could organize their operations more efficiently. The company has also made important investments in production technologies which should help it improve its efficiency and its ability to provide services also at a Group level.

Lasit USA
The company was created in 2007 in order to act as a distributor for Lasit SpA in the U.S. In 2008 the company was able to show a substantial sales volume, although for now not sufficient to break-even.

AQL Srl
AQL Srl, is a subsidiary of Lasit SpA, and operates in the sector of industrial laser marking. Its activity was considerably reduced after the re-organization effected in 2007.

Ot-Las Srl
Ot-Las designs and manufactures special laser systems for CO_2 laser marking of large surfaces and is present on the market with state-of-the-art technological solutions, thanks in part to its close collaboration with the Parent Company El.En. for the development of strategic components.
The fall in sales volume registered for 2007 continued in 2008, and consequently a negative result is shown for the period. The continual efforts towards innovation and the technological position of Ot-las offer good prospects for a mid-term equilibrium of the company's revenues.

CL Tech (ex Lasercut Inc.)
In December of 2007 the company ceased all activity and its account books were brought to court for the initiation of legal procedures, which are still in progress.

BRCT Inc.
BRCT Inc. detains the real estate property located in Branford, Connecticut, which was formerly owned by El.En. SpA, and which houses the business activities of the subsidiary Lasercut Technologies Inc..
BRCT continues to act as a financial holding company for the equity assigned to it as part of the Group, and detains the equity in the Japanese company With US, acquired in January of 2007 and utilized for the distribution in Japan of medical and aesthetic system manufactured by El.En. SpA under the DEKA brand, and the equity in Lasercut Technologies Inc. which conducts the after-sales service on the equipment which was installed by Lasercut Inc.

With Us
With Us is the successor to DEKA M.E.L.A.'s former distributor in Japan and for the Group has created a stronghold in one of the most important markets.
The company reached a sales volume of 10 million in 2007 and continued its activity in 2008 maintaining the same level of sales volume notwithstanding a slight drop in demand, in part due to the increasingly restrictive legal situation

for the use of “light based” applications in aesthetics. With Us represents a company and an activity which is very important for the Group because, at a global level, Japan is one of the most interesting markets.

Lasercut Technologies Inc.
At the end of 2007 this American company acquired the residual business of CL Tech Inc. (ex Lasercut Inc.); it conducts after-sales service for industrial systems in the U.S.

Cutlite do Brasil Ltda
During the first half of 2007 the parent company El.En. created the Cutlite do Brasil Alta tecnologia a laser Ltda company for the distribution and manufacture in Brazil of laser systems for industrial applications, with headquarters in Blumenau in the state of Santa Catalina.
The start up phase was concluded at the end of 2007 and full production operations began in 2008, registering a sales volume of two million Euros, which is a good result for the Brazilian market. During 2008 the company will augment their activities in terms of local production of systems and will create a centre for the manufacture and development of systems located in an area which has a high potential for growth and favourable conditions in terms of operating costs.

2.5 Structure of the company administration

In compliance with Art. 19 of the company statutes, the company is administered by a Board of Directors with a number of members which may vary from a minimum of three to a maximum of fifteen. The Assembly which convened on May 9th 2006 to vote on the renewal of the Board of Directors, which will remain in office until the approval of the financial statement closing on December 31st 2008, voted that there should be eight members making up the administrative organ of the company.

As of June 30th 2008 the Board of Directors was composed as follows:

NAME	POSITION	PLACE AND DATE OF BIRTH
Gabriele Clementi	President and Deputy member	Incisa Valdarno (FI), 8th July 1951
Barbara Bazzocchi	Deputy member	Forlì, 17th June 1940
Andrea Cangioli	Deputy member	Firenze, 30th December 1965
Stefano Modi	Board Member	Borgo San Lorenzo, 16th January 1961
Paolo Blasi (*)	Board Member	Firenze, 11th February 1940
Michele Legnaioli (*)	Board Member	Firenze, 19th December 1964
Angelo Ercole Ferrario	Board Member	Busto Arsizio, 20th June 1941
Alberto Pecci	Board Member	Pistoia, 18th September 1943

(*) Independent administrators, in compliance with art. 3 of the Codice di Autodisciplina delle Società Quotate

The members of the Board of Directors, for the period in which they are in office, have their legal residence at company headquarters, El. En. S.p.A. in Calenzano (Florence), Via Baldanzese 17.

On May 15th, 2006, the Board of Directors assigned to the President of the Board, Gabriele Clementi and to the Deputy members, Andrea Cangioli and Barbara Bazzocchi, separately from each other and with free signature, all of the powers of ordinary and extraordinary administration for conducting the activities related to the company business, and excluding only, those powers which cannot be delegated in compliance with art. 2381 of the Civil Code and company statutes.

In order to act in conformity with the Self-disciplining Code for companies listed on the stock market:

a) On August 31st 2000 the Board of Directors presented two independent administrators among its members, in compliance with Art. 3 of the Self-disciplining code mentioned above. These independent administrators are now Prof. Paolo Blasi and Michele Legnaioli;

b) On September 5th 2000 the Board created the following committees composed mainly by non-executive administrators:
1. the “Nomination committee”, which has the task of proposing nominations, receiving them from the shareholders, and verifying that the procedures outlined in the company statutes for the selection of the candidates are followed;
2. the “Compensation committee” which has the task of supplying information and clarification regarding the fees paid to the members of the Board of Directors;
3. the “Internal controls committee” which has the task of acting as consultant and support for the Board in relation to the creation and monitoring of the internal controls system.

c) On September 5th 2000 the Board designated a provost for internal controls.

The Board of Directors meets at least every quarter in order to guarantee adequate information for the Board of Auditors concerning the activities and the most important operations conducted by the Company and its subsidiaries.
Internal auditing of the company is conducted by the parent company of the Group in collaboration with the personnel of the subsidiary companies. From an organizational point of view, the administrators of the parent company of the Group attend the board meetings of the subsidiary companies as board members or have the office of single administrator, or else, the administrative organ of the subsidiary supplies the fully detailed information required for establishing the organization of the activities of the Group.
As far as the accounting information is concerned, before the end of the month following the quarter being considered, the subsidiaries are required to supply to the parent company of the Group all the information necessary for drawing up the consolidated financial and economic reports.

2.6 Consolidated reclassified Profit and Loss Account as of June 30th 2008

The reclassified consolidated profit and loss account for the financial period ending June 30th 2008 compared with that for the same period last year is shown below.
Moreover, considering the importance of the results of the subsidiary Cynosure on the consolidated results and the entity of the amount detained in the company by third parties (the controlling quota held by El.En. SpA, in fact, as of June 30th 2008 was 23,39%), the information sheet also includes a chart displaying the results related to the Group excluding Cynosure from the area of consolidation, as well as the consolidated results of the entire Group.

Profit and loss account	**30/06/08**	**Inc.%**	**30/06/07**	**Inc.%**	**Var.%**
Revenues	113.646	100,0%	90.077	100,0%	26,2%
Change in inventory of finished goods and WIP	4.447	3,9%	6.537	7,3%	-32,0%
Other revenues and income	552	0,5%	683	0,8%	-19,2%
Value of production	**118.645**	**104,4%**	**97.297**	**108,0%**	**21,9%**
Purchase of raw materials	47.393	41,7%	39.255	43,6%	20,7%
Change in inventory of raw material	(4.687)	-4,1%	(1.898)	-2,1%	147,0%
Other direct services	11.792	10,4%	9.253	10,3%	27,4%
Gross margin	**64.147**	**56,4%**	**50.686**	**56,3%**	**26,6%**
Other operating services and charges	23.345	20,5%	18.402	20,4%	26,9%
Added value	**40.802**	**35,9%**	**32.285**	**35,8%**	**26,4%**
For staff costs	22.879	20,1%	21.198	23,5%	7,9%
EBITDA	**17.923**	**15,8%**	**11.087**	**12,3%**	**61,7%**
Depreciation, amortization and other accruals	2.826	2,5%	2.713	3,0%	4,2%
EBIT	**15.097**	**13,3%**	**8.374**	**9,3%**	**80,3%**
Net financial income (charges)	887	0,8%	506	0,6%	75,2%
Share of profit of associated companies	(19)	-0,0%	(26)	-0,0%	-27,2%
Other net income (expense)	(104)	-0,1%	(1.229)	-1,4%	-91,5%
Income before taxes	**15.860**	**14,0%**	**7.625**	**8,5%**	**108,0%**
Income taxes	5.551	4,9%	5.058	5,6%	9,7%
Income for the financial period	**10.309**	**9,1%**	**2.566**	**2,8%**	**301,7%**
Minority interest	4.999	4,4%	2.556	2,8%	95,6%
Net income	**5.311**	**4,7%**	**10**	**0,0%**	**51294,8%**

The chart below shows the reclassified Profit and Loss Account and the net financial position excluding the subsidiary Cynosure from the area of consolidation.

Profit and loss account	**30/06/08**	**Inc.%**	**30/06/07**	**Inc.%**	**Var.%**
Revenues	69.312	100,0%	51.592	100,0%	34,3%
Change in inventory of finished goods and WIP	3.330	4,8%	3.455	6,7%	-3,6%
Other revenues and income	328	0,5%	496	1,0%	-33,9%
Value of production	**72.969**	**105,3%**	**55.543**	**107,7%**	**31,4%**
Purchase of raw materials	37.142	53,6%	27.463	53,2%	35,2%
Change in inventory of raw material	(4.048)	-5,8%	(1.809)	-3,5%	123,8%
Other direct services	6.871	9,9%	5.234	10,1%	31,3%
Gross margin	**33.005**	**47,6%**	**24.655**	**47,8%**	**33,9%**
Other operating services and charges	11.466	16,5%	8.388	16,3%	36,7%
Added value	**21.538**	**31,1%**	**16.267**	**31,5%**	**32,4%**
For staff costs	13.105	18,9%	10.792	20,9%	21,4%
EBITDA	**8.433**	**12,2%**	**5.475**	**10,6%**	**54,0%**
Depreciation, amortization and other accruals	1.517	2,2%	1.475	2,9%	2,8%
EBIT	**6.916**	**10,0%**	**4.000**	**7,8%**	**72,9%**
Net financial income (charges)	(322)	-0,5%	(146)	-0,3%	120,7%
Share of profit of associated companies	(19)	0,0%	(26)	-0,1%	-27,2%
Other net income (expense)	0	0,0%	(125)	-0,2%	
Income before taxes	**6.575**	**9,5%**	**3.703**	**7,2%**	**77,6%**
Income taxes	2.221	3,2%	2.425	4,7%	-8,4%
Income for the financial period	**4.354**	**6,3%**	**1.278**	**2,5%**	**240,7%**
Minority interest	405	0,6%	571	1,1%	-29,0%
Net income	**3.949**	**5,7%**	**708**	**1,4%**	**458,1%**

Net financial position		
	30/06/2008	**31/12/2007**
Cash and bank	24.384	35.012
Financial instruments held for sale	59	58
Cash and cash equivalents	**24.443**	**35.070**
Bank short term loan	(9.142)	(2.116)
Part of financial long term liabilities due within 12 months	(3.233)	(361)
Financial short term liabilities	**(12.375)**	**(2.478)**
Net current financial position	**12.068**	**32.592**
Bank long term loan	(2.075)	(1.530)
Other long term financial liabilities	(1.871)	(1.372)
Financial long term liabilities	**(3.947)**	**(2.902)**
Net financial position	**8.121**	**29.690**

2.7 Comments on management results

During the first half of 2008 positive results were registered both in terms of the sales volume, which showed an increase of 26,2% for the consolidated sales volume, and in terms of earnings, with an increase of 80% of the consolidated EBIT, which was slightly over fifteen million Euros.
These figures represent important results and demonstrate that the Group is able to distinguish itself from the other companies in the sector by its capacity to maintain a high growth rate and significantly improved earnings.

Even the sub-consolidated chart which excludes Cynosure, the only one for which a forecast was published, shows positive results, with a growth in sales volume of 34,3% and EBIT of 6,9 million Euros, which means that the very ambitious annual goals, previously published, are being achieved earlier than expected.

An excellent bill of health can be shown for the Group and its companies; in particular, one should take note of the success of its strategies of coordination of the various activities both synergetic and parallel, with an aim to optimizing the penetration of the various markets and the creation of conditions for the most favourable reception of our products.

In the industrial sector, for which we had predicted a significant growth during the year 2008, we have obtained the first concrete results from the operations started up in China and Brazil, and we have benefited from the success of certain products, particularly those in the area of power sources.

In the medical and aesthetic sector we have been able to achieve an excellent growth rate, which is greater than that of any of our chief competitors at a global level and confirms our position of leadership on the market.

Within this sector, Cynosure stands out not only as the most dynamic American element, but as the single most important entity on the market, thanks to three consecutive years of continual acceleration of revenue and profits; this result was obtained thanks to the close collaboration with the other companies in the Group and in particular with El.En. Cynosure owes its success to the extraordinary capacity of the management to create value through its massive distribution network, and to fully exploit the products made available to them by their research and development teams, like Apogee Elite for hair removal and the vascular sector, and those which belonging to the Group has allowed them to move on the American market, like Smartlipo™ for laser-lipolysis. This latter is the most popular product of the day in the field of aesthetic laser treatments; it was developed by El.En. and distributed by DEKA, and exclusive distribution rights for North America were granted to Cynosure. Smartlipo opened up the important sector of fat removal, which up to that time had been done exclusively by traditional liposuction, to laser treatments, and offered an effective and minimally invasive alternative which has met with extraordinary success.
During the second quarter of 2008, the collaborative efforts between El.En. and Cynosure produced an innovative new laser system for laser-lipolysis, the Smartlipo MPX, for which world distribution rights were granted to Cynosure which, thanks in part to some technological solutions belonging to Cynosure combined with basic technology from El.En. contributed to the continuing high growth rate of Cynosure's revenues.

The other companies in the Group which operate in the medical and aesthetic sector also showed great vitality and registered an increase in sales volume which was beyond expectations, thus consolidating the position of market leadership held by the Group including Cynosure. The innovative products that the various research and development teams have been able to offer to our vast distribution network, which operates on a global level, have sustained our efforts to maintain our position as the most important Group in the sector. Besides the above mentioned Smartlipo™ and Elite, we also are able to offer about a dozen other technological solutions for hair removal, photo-rejuvenation, physical therapy, oral surgery, and dermatology. Among the most interesting of these products, one that was widely experimented in the 1990s and has recently again become popular with the clientele, involves collagen stimulation by means of a dotting treatment with a CO_2 laser; today, with a larger and more receptive market the "DOT" technique again offers this type of treatment on the aesthetic dermatological market and uses our CO_2 Smartxide laser, which is employed with a scanner manufactured by us, and has met with significant success on the market.

Up to now, therefore, the Group has successfully met the challenges of a weak US dollar and the common expectation of an imminent recession.

In 2008 work continued for the extension of the operating structures of the various companies made necessary by the continual and overwhelming growth: the headquarters of Lasit SpA, Cutlite Penta Srl, El.En. SpA and Quanta System SpA are now being enlarged. In the month of May, the new headquarters of Asclepion was inaugurated at Jena; the combination of German solidity and Italian design featured in this building represent a synthesis of the special characteristics of the production of this company located in the birthplace of the global electro-optical industry.

The chart which follows illustrates the subdivision of the sales volume among the sectors in which the Group operates for this half, compared with the same sub-division for the same period last year.

	30/06/2008	Inc%	30/06/2007	Inc%	Var%
Industrial systems and lasers	14.841	13,06%	10.505	11,66%	41,27%
Medical and aesthetic lasers	84.504	74,36%	67.266	74,68%	25,63%
Service	14.302	12,58%	12.306	13,66%	16,22%
Total	**113.646**	**100,00%**	**90.077**	**100,00%**	**26,17%**

The industrial sector shows the highest growth rate, a significant +41% which exceeds the result for the medical sector and reaches a level which is well over that registered for the last few years.

With over 84 million Euros in sales volume for this half, the Group is now confirmed as the leader in the medical sector, since the largest American company in this field, Candela, did not make more than 77 million dollars in sales volume, including customer service; the management of the Group, with great determination, is exerting every effort in all aspects and activities which determine the success of the business, from research and development, marketing, management of the sales network and organizational and financial coordination of the different entities composing the Group, with an aim to maintaining this position of pre-eminence.

Customer assistance services and sales of spare parts showed an increase of 16%; this figure corresponds to the expectation based on the natural development of the activities in proportion to the increase in the amount of equipment installed.

The table below shows the results for this period based on the geographic distribution of sales.

	30/06/2008	Inc%	30/06/2007	Inc%	Var%
Italy	15.981	14,06%	13.543	15,03%	18,01%
Europe	34.955	30,76%	26.963	29,93%	29,64%
Rest of the world	62.710	55,18%	49.571	55,03%	26,51%
Total	**113.646**	**100,00%**	**90.077**	**100,00%**	**26,17%**

Results again demonstrate that the Group is increasingly international in nature, notwithstanding the fact that the figures for Italy improved by 18%. In fact, the growth of the international sales volume is much higher, thanks in part to the acquisition of GLI, which operates exclusively in Spain, and thus influences the sales volume for Europe which shows the highest growth rate of almost 30%.

Within the medical/aesthetic sector, which represents almost 75% of the sales of the Group, the sales results for the various segments are shown on the table below.

	30/06/2008	Inc%	30/06/2007	Inc%	Var%
Surgical CO2	3.918	4,64%	1.375	2,04%	185,03%
Physiotherapy	2.087	2,47%	2.093	3,11%	-0,25%
Aesthetic	67.543	79,93%	54.174	80,54%	24,68%
Dental	3.778	4,47%	3.596	5,35%	5,07%
Other medical lasers	5.825	6,89%	5.659	8,41%	2,94%
Accessories	1.352	1,60%	370	0,55%	264,85%
Total	**84.504**	**100,00%**	**67.266**	**100,00%**	**25,63%**

The aesthetic segment continues to prevail in the medical sector and represents 80% of the sales volume. The extraordinary growth in the CO_2 sector and in that of accessories can be attributed for the most part to the aesthetic applications which the deflection of the laser ray employing a special scanner (revenue from which is included with the accessories) can now be done very effectively using the most classic laser technology for medicine, that is the CO_2. laser.

At this point we would like to give a brief description of the products and specific applications made available to our clients with the products offered by the companies of the Group: the excellent results for this period can be accounted for by the particular ability that some products have to answer the needs of the market, thanks to which, although we are now in a phase of reduced growth in the entire sector, the Group was able to register a growth rate of over 25%. The laser systems which have most attracted the attention of the clientele in the aesthetic sector are: the Smartlipo™, system, the innovative and original method of laser-lipolysis which is an alternative to traditional liposuction, the Smartxide DOT system, which is the above mentioned CO_2 with scanner which is highly effective for resurfacing; the Synchro, Synchro HP, Elite, Mediostar and Photosilk systems for hair removal, the Triactive for the removal of the effects of cellulitis, the Affirm, the Matisse and the DOT 1540, for skin tightening and for non ablative skin resurfacing which has just been recently introduced on the market.

Growth in other segments is of a minor entity or showing a slight drop in the case of therapy, all of which however should be considered positive results considering the negative phase of the market.

For the sector of industrial applications, the table below illustrates the sales volume divided according to the market segments in which the Group operates.

	30/06/2008	Inc%	30/06/2007	Inc%	Var%
Cutting	5.835	39,32%	4.481	42,66%	30,22%
Marking	4.258	28,69%	4.008	38,15%	6,25%
Laser sources	4.570	30,79%	1.942	18,49%	135,27%
Welding, other industrial systems	178	1,20%	74	0,71%	140,21%
Total	**14.841**	**100,00%**	**10.505**	**100,00%**	**41,27%**

The growth of 41% is in line with the annual forecasts.

The core segment of laser power sources has more than doubled in sales volume and demonstrates the solidity of the Group in the activities of innovation of the basic technologies underlying the business; stable trade relations have made it possible to register a record volume of production and sales in this segment.

The growth of 30% in the cutting segment is highly significant, while growth in the marking segment was less, however still interesting. The new activities of distribution and production in developing countries, China and Brazil, have begun to sustain the growth of the Group in these segments, as planned during the investments made in 2007.

Although they register a sales volume of little significance, the trend for the restoration sector has shown an improvement.

The following charts show the composition of the sales volume for the sub-consolidated which excludes Cynosure, with the exception of the chart showing details of the industrial sector, an area in which Cynosure does not operate.

	30/06/2008	Inc%	30/06/2007	Inc%	Var%
Industrial systems and lasers	14.841	21,41%	10.505	20,36%	41,27%
Medical and aesthetic lasers	45.276	65,32%	33.445	64,83%	35,37%
Service	9.195	13,27%	7.642	14,81%	20,32%
Total	**69.312**	**100,00%**	**51.592**	**100,00%**	**34,35%**

	30/06/2008	Inc%	30/06/2007	Inc%	Var%
Italy	15.728	22,69%	13.459	26,09%	16,86%
Europe	26.378	38,06%	18.335	35,54%	43,87%
Rest of the world	27.206	39,25%	19.799	38,38%	37,41%
Total	**69.312**	**100,00%**	**51.592**	**100,00%**	**34,35%**

	30/06/2008	Inc%	30/06/2007	Inc%	Var%
Surgical CO2	3.919	8,66%	1.375	4,11%	185,10%
Physiotherapy	2.087	4,61%	2.093	6,26%	-0,25%
Aesthetic	30.888	68,22%	23.869	71,37%	29,41%
Dental	3.778	8,34%	3.596	10,75%	5,07%
Other medical lasers	3.252	7,17%	2.143	6,41%	51,50%
Accessories	1.352	3,00%	370	1,11%	266,07%
Total	**45.276**	**100,00%**	**33.445**	**100,00%**	**35,37%**

In the medical sector, the Group without Cynosure has shown a development which is even greater than that of Cynosure, thanks in part to the acquisition of the Spanish company GLI, which, in any case, was not a determining factor for exceeding the 30% growth threshold.

Growth was registered in all segments in various degrees. The CO_2 DOT technology, which is owned by El.En. and DEKA, launches the segment with three figure growth rates and represents, after Smartlipo™, another level of excellence and a point of identification for our products in the area of medicine and aesthetic medicine.

From the point of view of geographical distribution of the sales, there is a tendency which is the same as that shown in the consolidated sales volume, with the most significant increase in growth in Europe on account of the importance of the sales of GLI with the exclusion of Cynosure from the consolidated figures.

The gross margin is registered at 64.147 thousand Euros, an increase of 26,6% with respect to the 50.686 for the same period last year; the incidence on the sales volume remains substantially the same as the first half of 2007. The sub-consolidated without Cynosure showed a slight drop in incidence, in part due to the effect of the dollar which, all other conditions being equal, reduced the margins of the exports from countries using the Euro. For the same reason, with a positive effect considering that its working currency is the US dollar, Cynosure further increased its percentage margins with an effect of equilibrium at a consolidated level.

The costs for operating services and charges were 23.345 thousand Euros, representing an increase of 26,9% with respect to June 30th 2007 and, also in this case, with an incidence on the sales volume which is substantially unchanged with respect to the same period last year (20,4% for the first half of 2007 compared with 20,5% for the first half of 2008).

The cost for personnel was 22.879 thousand Euros compared to the 21.198 thousand Euros for the first half of 2007, showing an increase of 7,9%; an increase in the productivity of this cost aggregate is registered, which decreased, in the incidence on the sales volume, from 23,5% to 20,1% during the first half of 2008. The figurative costs for the stock options assigned to employees are part of the personnel costs. During the first half of 2007 these costs amounted to

3.085 thousand euros, while they decreased to 2.544 thousand Euros during the first half of 2008; this latter figure refers only to Cynosure Inc. since the stock option plan of El.En. SpA has expired.

In conformity with the IAS/IFRS principles, a criteria for the accelerated distribution of the charges for the Cynosure Inc. stock option plan was applied, with the consequent increase of 722 thousand Euros in the personnel costs with respect to the amount shown in the half-yearly report of June 30^{th} 2007.

As of June 30^{th} 2008 there were 926 employees in the Group, 52 of which were brought in by the newly acquired Grupo Laser Idoseme. The number of employees continues to increase: at the end of 2007 there were 796 compared with the 734 registered on June 30^{th} of the same year. This tendency is in part due to the presence of employees hired for the newly created companies, especially in China.

A substantial portion of the personnel expenses is directed towards Research and Development for which the Group also receives grants and reimbursements in relation to specific contracts undersigned by the institutions created for this purpose. These grants make it possible to extend the range of research by limiting their economic impact; during the first half of 2008, grants for 28 thousand Euros were entered into accounts, while for the first half of 2007 they amounted to 223 thousand Euros.

The EBITDA was 17.923 thousand Euros and, in comparison to the 11.087 thousand Euros for the first half of 2007, shows an increase of 61,7% with an incidence on the sales volume which rises from 12,3% to 15,8%.

Costs for accruals, amortizations and depreciations were 2.826 thousand Euros, an increase of 4,2% over the same period last year, and a decrease in the incidence on the sales volume which fell from 3% to 2,5%. Under this heading we have also entered the accruals for product guarantees and for devaluation of receivables.

Results of the financial management were 887 thousand Euros, (506 thousand Euros for the same period last year) and showed an improvement, among other things due to the interest received on bank deposits.

Other net income and charges, registered for a negative amount of 104 thousand Euros, were the result of the consolidation rectification deriving from the increase in capital of Cynosure for the picking-up of the stock options at a price that was lower than the charging price of the shares in consolidation (this was, in fact, a pick-up of stock options which had been assigned mostly before the IPO of 2005 with a pick-up price of less than 5 American dollars per share) and the consequent dilution of the percentage El. En. possesses in Cynosure.

Earnings before taxes therefore amounted to 15.860 thousand euros, a significant increase with respect to the 7.625 thousand Euros shown on June 30^{th} 2007.

The tax load for the period is 5,5 million, with a tax rate del 35%.

Briefly considering the results of the Group excluding Cynosure, attention should be called to the growth in sales of about 34% with respect to the first half of 2007, with revenue from sales which are essentially unchanged with respect to last year.

A very slight increase was registered for overhead costs, while a decrease in the incidence of personnel costs and accruals, amortizations and depreciations determined an improvement in the EBIT in percentage terms. Thanks in part to the augmented sales volume, the EBIT comes close to 7 million Euros with an incidence of 10% on the sales volume, which is slightly better than the amount predicted for this half.

2.8 Consolidated Balance Sheet as of June 30th 2007

The reclassified balance sheet shown below makes it possible to compare the results for this half with those of last year.

	30/06/2008	31/12/2007	Var.
Balance Sheet			
Intangible assets	9.488	6.592	2.896
Tangible assets	24.781	19.755	5.027
Equity investments	728	519	210
Deferred tax assets	6.384	5.633	751
Other non current assets	13.783	158	13.624
Total non current assets	**55.164**	**32.657**	**22.508**
Inventories	59.607	46.568	13.039
Accounts receivables	51.460	42.313	9.147
Tax receivables	5.011	5.214	-203
Other receivables	6.745	5.248	1.497
Financial instruments	12.424	32.044	-19.620
Cash and cash equivalents	56.490	61.512	-5.022
Total current assets	**191.736**	**192.899**	**-1.163**
TOTAL ASSETS	**246.900**	**225.555**	**21.345**
Common stock	2.509	2.509	
Additional paid in capital	38.594	38.594	
Other reserves	24.443	11.023	13.420
Treasury stock	-2.576		-2.576
Retained earnings / (deficit)	21.732	23.803	-2.071
Net income / (loss)	5.311	17.653	-12.342
Parent stockholders' equity	**90.013**	**93.581**	**-3.568**
Minority interests in consolidated subsidiaries	72.281	68.986	3.295
Total equity	**162.294**	**162.567**	**-273**
Severance indemnity	2.378	2.485	-106
Deferred tax liabilities	260	321	-62
Other accruals	5.047	4.774	273
Financial liabilities	4.323	3.441	882
Non current liabilities	**12.009**	**11.021**	**988**
Financial liabilities	12.660	2.807	9.853
Accounts payables	33.274	28.610	4.664
Income tax payables	2.612	2.316	296
Other payables	24.051	18.235	5.816
Current liabilities	**72.597**	**51.967**	**20.630**
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY	**246.900**	**225.555**	**21.345**

2.9 Comments on Research and Development activities

During the first half of 2008 the Group conducted an intense Research and Development activity for the purpose of discovering new laser applications both in the medical and industrial sectors, in order to offer innovative products to the market.
The global market requires, especially for highly technological products, that the competition be met by continually placing on the market completely new products and innovative versions of old products which use state-of-the-art technologies and components. For this reason research and development programs must be conducted and organized according to short and mid-term schedules.
Essentially, the innovative results consist in the opening of new laser applications and the development of suitable equipment.
Research which is conducted in order to obtain results according to a mid-term schedule are characterized by the fact that they are oriented towards higher risk subjects inspired by intuitions which arise within the company and by prospects indicated by the scientific work in our laboratories and in advanced research centres around the world, with some of which we are collaborating.
On the other hand, research which is dedicated to achieving results according to a short-term schedule, is dedicated to subjects for which all the preliminary feasibility studies have been completed. For these subjects a choice has already been made regarding the main functional characteristic and specifications. The elements for this activity are determined on the basis of information obtained from the work of specialists employed by the company and also as a result of activities of the public and private structures which acted as consultants in the phase of preliminary study.
The research which is conducted is mainly applied and is basic for some specific subjects. Both the applied research and the development of the pre-prototypes and prototypes are sustained by our own financial resources and in part by grants which derive from research contracts stipulated with the managing institutions set up for this purpose by the Ministry of University Instruction and Research (MIUR) and the European Union, as well as directly with research institutes and regional structures.

A brief summary of the research activities of the Group conducted during this period follows.

<u>Systems and applications for lasers in medicine</u>

We have continued our research for the development of laser equipment and devices for the treatment of cutaneous ulcers. As part of this project, we have continued the development of a compact CO_2 laser source for surgical uses and we have completed a prototype with increased power characteristics with respect to our previous products and with better modular features over time for the power emitted.
We are continuing the research activity on optical-acoustic and acoustical-optical micro-probes for minimally invasive diagnostics. These probes will be used for early detection of the malignant nature of small lesions; collaboration agreements will be made with the Laboratories of Ultrasound and Non-destructive controls of the University of Florence for the realization of proto-types of optical-acoustic transmitters and acoustic-optical receivers employing technologies which are derived from those used for the realization of semi-conductor electronic devices.

Tests are now being conducted in order to obtain FDA approval with the prestigious American eye clinic, Bascon Palmer of Miami, for performing operations, first on animal subjects and subsequently on patients, using lasers to glue the cornea on without the use of stitches. This activity is a direct result of the research conducted in collaboration with IFAC of the CNR by the associated company Actis Active Sensors.

In collaboration with IFAC and the CNR, an important research project is now in progress for the development of a technique and for the relative devices for performing the anastomosis of blood vessels assisted by laser.

In collaboration with the CSO company research for a new instrument for retinal coagulation associated with a slot lamp is now in progress.
We have continued development of the instruments and the clinical experiments of innovative laser devices for uses in physical therapy and orthopaedics, and, in collaboration with the Washington State University experiments have been started in the USA on animal subjects, horses, and the collaboration with the Istituti Rizzoli of Bologna, our partners for many years, for validation on patients with pathologies on the articulation of the knee.
Research with the University of Aquila is now in progress for the study of interaction between laser and biological tissues in the field of dermatology, and in prospect, also, cardiology.
Research on new methods for the identification of cellulitis by means of ultrasound is now in progress.
The first results have been obtained on research related to new devices for aesthetic medicine, in particular for the stimulation of the regeneration of collagen in the derma layers of the face.

We are now conducting research on a new-micro-manipulator for use in otorhinolaryngology of the CO_2 laser and we have begun the clinical validation for applications in otorhinolaryngology; the first results obtained on patients were judged to be excellent by the medical operators.
We are continuing research and experimental activity both *in vitro* and on live animal subjects on new devices and methods for the percutaneous laser ablation of the liver and thyroid, as part of the activities of the associated company, Elesta Srl created by El.En. and Esaote. As part of this project, they have developed a new multiple source for the simultaneous ablative treatment with four fibres, each with independently adjustable power.

A project financed by the European Union on new prototypes of diagnosis using nano-particles and laser systems with ultrasound inter-agents has been continued. For this project we are collaborating with prestigious European institutions like Fraunhofer IBMT.

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

The research activity aimed at developing a diode laser for neurosurgery applications with minimally invasive techniques was continued.
We have continued trials on the photo-mechanical stimulation of Condrocites.
At Cynosure they have concluded the development of defractive lenses for laser skin rejuvenation treatments and a patent has been granted.
At Cynosure, they are completing the experiments on laser-lipolysis with a new instrument made with innovative features in terms of the power level, control of level with retro-activated systems and use of several wave lengths.
At Quanta, they continued research for the development of lasers for the therapy of prostate hypertrophy and a laser with higher performance fibre.
Activities have continued with an aim to augmenting the Intellectual Property of the Group by obtaining international patents and the granting of their rights at an international level.
At El.En. installation of a research laboratory has been completed. This laboratory will be used to study the inter-action of laser light on biological tissues and will be available also for activities coordinated with the other companies of the Group.

Laser systems and applications for industry

The project related to excimer laser systems for use in the nano-manufacture of electronic and optical-electronic devices was concluded.

Experimental trials on the electronics based on a “Digital Signal Processor” for transforming into hardware the results of the theoretical research conducted on the numerical control of the galvanometers for scansion heads have been completed.
The feasibility phase for the adaptation of galvanometers, with the characteristics necessary for installation on satellites in space, continued.
We have continued research for the development of algorithms, calculus studies and hardware structures for artificial vision systems to be used for the automation of the surface decoration, by means of laser marking, of leather and other materials and for the cutting and marking of objects laid out on a flat working surface.

We are now completing verification tests and modifications inspired by the results obtained on a new ultra compact radio frequency pumped CO_2 laser source with intermediate power.

Research activity as part of a project for a solid state high power laser source with active material in an amorphous ceramic support is now in progress.
The results of experiments conducted on a new generation machine for decoration of large areas of fabric were elaborated.
The data was elaborated from the experiments related to the transport of important works of art which involved the insertion into the special crates of equipment which received and recorded, with reference to time and space, the data from three-dimensional sensors for acceleration, pressure, temperature, humidity and illumination on the various bands from infrared to ultraviolet.

A new system for representing thermal transistors for the study of the state of conservation of works of art and of industrial products in the start-up in the manufacturing process is now in the experimentation phase.
Work on the development of a new diagnostic system using lasers on the paper of antique books has continued and recently been granted a patent.

At OTLAS, they have completed the verification phase of a pyro-electric matrix system for centring the laser ray based on the identification of the shape of the ray in various portions of the transversal section.
At OTLAS, they have conducted research for the creation of a laser cutting process for tiles of composite material like a light-weight sheet of marble.
At Cutlite Penta the development of an electronic system for tele-diagnosis and tele-assistance for industrial machines was continued. In this regard, applications of this type may also be used in medicine.
We have completed the verification tests on structural and functional innovations developed on sealed CO_2 sources manufactured by El.En.

The chart below shows the break-down of expenses for this financial period which can be attributed to Research and Development.

thousands of euros	**30/06/2008**	**30/06/2007**
Costs for staff and general expenses	6.409	4.540
Equipment	128	74
Costs for testing and prototypes	949	649
Consultancy fees	180	361
Other services	429	44
Intangible assets	0	2
Total	**8.094**	**5.670**

As was the case for both the sales volume and profits, the contribution of Cynosure is highly significant also for the research and development expenses considering the intense activity they conduct in this sector. The amount of expenses sustained by Cynosure for research and development during this period was approx. 7,2 million dollars.

As has been the regular company policy in the past, the expenses listed in the table have been entirely entered into accounts with the operating costs.

The amount of the expenses sustained represents 7% of the consolidated sales volume of the Group. The amount related to Cynosure, which, as indicated above, was 7,2 million dollars, represents 10% of its sales volume. The remaining portion of expenses was paid for almost entirely by El.En. S.p.A. and amounts to 7% of its sales volume.

2.10 Other significant events which took place after this half

On July 15th 2008, the Board of Directors of El.En. SpA, implemented the decision of the shareholders' assembly held on May 15th 2008, which voted for the increase in capital stock by 83.200,00 Euros for use in the stock-option plan of 2008-2013 and approved the relative regulations. The option rights were assigned by a vote held at the same meeting, exclusively in favour of the employees of El.En. SpA and other companies in the Group, who at the time of the assignment held a subordinate position in the company. This plan is set up in two sections of equal amounts and the options may be picked up in conformity with the following conditions:
a) limited to the maximum amount of 41.600,00 starting on July 15th 2011 up until the date of approval of the annual report of the company for the financial year 2011 by the Board of Directors.
Afterwards, the options must be picked up as follows:
- if the shareholders' assembly , during the meeting for the approval of the annual report for 2011, votes for the distribution of the profits, from the date of payment of the dividends for 2011 up until the date of the approval of the annual report of the company for the financial year 2012 by the Board of Directors.
- otherwise, if no profits are distributed for the financial year 2011, from May 15th 2012 until thee date of approval of the annual report of the company for the financial year 2012 by the Board of Directors.
- if the shareholders' assembly, during the meeting for the approval of the annual report for the financial year 2012, votes for the distribution of the profits, from the date, if before May 15th 2013, of the payment of the dividend for the financial year 2012, up until May 15th 2013;
- otherwise, if no profits are distributed for the financial year 2012, the pick-up period will end on the date, when it is before May 15th 2013, of the approval of the annual report of the company for the financial year 2012 by the Board of Directors, and otherwise on May 15th 2013.
Therefore, limited to the nominal amount of 41.600,00 Euros, the underwriting of the increase in capital voted for by the Board of Directors can occur only in the time intervals indicated above for the pick-up of the options.
b) in relation to the residual amount of the increase, which is for a nominal amount of 41.600,00 Euros, starting on July 15th 2012 and up to the approval of the annual report for the financial year 2012 by the Board of Directors.

Afterwards, the options must be picked up as follows:
- if the shareholders assembly, during the meeting for the approval of the annual report for the financial year 2012, votes for the distribution of the profits, from the date of payment of the dividends for the year 2012 by the Board of Directors, up until May 15th 2013;
- otherwise, if no profits are distributed for the financial year 2012, the pick-up period will expire on the date, when before May 15th 2013, of the approval of the annual report for the financial year 2012 by the Board of Directors, and otherwise, on May 15th 2013.
Therefore, the underwriting of the increase in capital voted for by the Board of Directors for the residual amount of nominal 41.600,00 Euros can occur only in the time intervals indicated above for the pick-up of the options.

2.11 Short term evolution foreseen for the financial period now in progress

The market situation during the first few months of 2008 showed several critical aspects of a general nature which were caused by the fear of a recession and the concerns related to the high cost of petroleum and the crisis of some financial institutions on account of the "subprime phenomenon". Demand, therefore, did not move with the same dynamics that had characterized the last few years. Overall, the Group was able to meet these challenges thanks to its capacity for innovation, and it was able to show growth rates which were in line with expectations.
In relation to the sub-consolidated which excludes Cynosure Inc., if, as would seem likely, the same conditions of uncertainty continue in the second half of the year, as well as those of the particular efficiency of the companies belonging to the Group, we believe that we can confirm the forecasts for the sales volume and the EBIT which were previously published, which is for an annual sales volume of 140 million Euros and an EBIT of 14 million Euros.

For the Board of Directors
Executive Board Member
Ing. Andrea Cangioli

El.En. GROUP
CONSOLIDATED FINANCIAL TABLES
AS OF JUNE 30th 2008
AND EXPLANATORY NOTES

Consolidated Balance Sheet

	Notes		30/06/2008		31/12/2007
Balance Sheet					
Intangible assets	1		9.488.420		6.592.138
Tangible assets	2		24.781.411		19.754.761
Equity investments:	3				
- in associates		615.083		405.581	
- other investments		113.017		113.017	
Total equity investments			728.100		518.598
Deferred tax assets			6.383.666		5.632.921
Other non current assets	4		13.782.602		158.242
Total non current assets			**55.164.199**		**32.656.660**
Inventories	5		59.606.672		46.567.687
Accounts receivables:	6				
- from third parties		50.526.853		42.072.252	
- from associates		933.248		241.068	
Total accounts receivables:			51.460.101		42.313.320
Tax receivables	7		5.011.006		5.213.943
Other receivables:	7				
- from third parties		6.348.921		4.941.883	
- from associates		395.667		305.991	
Total other receivables			6.744.588		5.247.874
Financial instruments	8		12.423.671		32.044.110
Cash and cash equivalents	9		56.489.953		61.511.786
Total current assets			**191.735.991**		**192.898.720**
TOTAL ASSETS			**246.900.190**		**225.555.380**
Common stock	10		2.508.671		2.508.671
Additional paid in capital	11		38.593.618		38.593.618
Other reserves	12		24.443.109		11.023.101
Treasury stock			-2.575.611		
Retained earnings / (deficit)	13		21.732.400		23.803.182
Net income / (loss)			5.310.623		17.652.550
Parent stockholders' equity			**90.012.810**		**93.581.122**
Minority interests in consolidated subsidiaries			72.281.199		68.985.905
Total equity			**162.294.009**		**162.567.027**
Severance indemnity	14		2.378.443		2.484.721
Deferred tax liabilities			259.787		321.467
Other accruals	15		5.047.465		4.774.034
Financial liabilities:	16				
- to third parties		4.323.137		3.440.763	
Total financial liabilities			4.323.137		3.440.763
Non current liabilities			**12.008.832**		**11.020.985**
Financial liabilities:	17				
- to third parties		12.659.980		2.806.657	
Total financial liabilities			12.659.980		2.806.657
Accounts payables:	18				
- to third parties		33.057.789		28.581.360	
- to associates		216.447		28.419	
Total accounts payables			33.274.236		28.609.779
Income Tax payables	19		2.612.173		2.316.225
Other payables:	19				
- to third parties		24.050.960		18.234.707	
Total other payables			24.050.960		18.234.707
Current liabilities			**72.597.349**		**51.967.368**
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY			**246.900.190**		**225.555.380**

Consolidated Profit and Loss Account

Profit and loss account	Note		30/6/2008		30/6/2007
Revenues:	20				
- from third parties		112.868.268		90.002.326	
- from associates		778.206		74.449	
Total revenues			113.646.474		90.076.775
Other revenues and income:	21				
- from third parties		550.626		680.493	
- from associates		1.080		2.680	
Total other revenues and income			551.706		683.173
Total revenues and income			**114.198.180**		**90.759.948**
Purchase of raw materials:	22				
- to third parties		47.356.053		39.173.883	
- to associates		37.220		81.495	
Total purchase of raw materials			47.393.273		39.255.379
Change in inventory of finished goods and WIP			(4.446.877)		(6.537.099)
Change in inventory of raw material			(4.687.119)		(1.897.716)
Other direct services:	23				
- to third parties		11.786.967		9.253.108	
- to associates		4.979			
Total other direct services			11.791.946		9.253.108
Other operating services and charges:	23				
- to third parties		23.146.926		18.312.177	
- to associates		198.345		89.448	
Total other operating services and charges (*)			23.345.271		18.401.625
For staff costs	24		22.878.790		21.197.538
Depreciation, amortization and other accruals	25		2.826.005		2.713.021
EBIT			**15.096.891**		**8.374.093**
Financial charges:	26				
- to third parties		(1.096.657)		(610.046)	
Total financial charges			(1.096.657)		(610.046)
Financial income	26				
- from third parties		1.980.686		1.114.736	
- from associates		2.493		1.349	
Total financial income			1.983.179		1.116.085
Share of profit of associated companies			(19.046)		(26.175)
Other net expenses	27		(103.980)		(1.229.263)
Other net income	27				
Income before taxes			**15.860.387**		**7.624.694**
Income taxes	28		5.551.007		5.058.316
Income for the financial period			**10.309.380**		**2.566.378**
Minority interest			4.998.757		2.556.045
Net income			**5.310.623**		**10.333**

Basic net (loss) income per share		1,11	0,00
Diluted net (loss) income per share		0,00	0,00
Basic weighted average common shares outstanding	30	4.768.022	4.739.549
Diluted weighted average common shares outstanding			86.919

It should be noted that the amount related to the personnel cost as of June 30th 2007 is greater than that shown in the half yearly report dated June 30th 2007, by 722 thousand Euros, on account of the effect of the use of the accelerated criteria of temporal subdivision of the charges for the stock options of Cynosure between US GAAP and IAS. Because of this rectification the profit per share has also been modified and has been changed from 0,05 to 0,002 Euros per share for the first half of 2007.

Consolidated Financial Statement (cash flow)

Financial statement (cash flow)	**30/06/2008**	**30/06/07**
Cash flow generated by operating activity:		
Profit (loss) for the financial period	10.309.380	2.566.378
Amortizations and depreciations (25)	2.211.690	1.852.534
Devaluations of equity investments		1.101
Stock Options	2.544.327	3.085.116
Change of employee severance indemnity (14)	-106.278	213
Change of provisions for risks and charges (15)	204.958	363.116
Change of provisions for deferred income taxes	-813.208	-373.041
Stocks (5)	-7.452.012	-7.429.585
Receivables (6)	-7.116.016	1.348.432
Tax receivables (7)	202.937	2.428.748
Other receivables	-999.865	-773.193
Payables (18)	1.512.148	-479.137
Income Tax payables (19)	261.708	1.133.730
Other payables (19)	4.346.237	3.908.690
	-5.203.374	5.066.724
Cash flow generated by operating activity	5.106.006	7.633.102
Cash flow generated by investment activity:		
(Increase) decrease in tangible assets	-6.317.017	-3.018.515
(Increase) decrease in intangible assets	-3.033.522	112.469
(Increase) decrease in equity investments and non current assets	-13.833.371	33.643
Increase (decrease) in financial receivables (7)	80.324	-80.000
(Increase) decrease investments which are not permanent (8)	19.620.439	-1.809.363
Cash flow from purchase of subsidiary companies	-1.180.942	
Cash flow generated by investment activity	-4.664.089	-4.761.766
Cash flow from financing activity:		
Increase (decrease) in non current financial liabilities (16)	871.732	363.434
Increase (decrease) in current financial liabilities (17)	6.791.243	1.012.842
Change in Capital and Reserves	-1.702.895	1.817.080
Change in Capital and Reserves of third parties	-3.654.877	5.162.683
Change in Treasury Stock	-2.575.611	
Dividends distributed (29)	-5.193.342	-1.421.030
Cash flow from financing activity	-5.463.750	6.935.009
Increase (decrease) in cash and cash equivalents	-5.021.833	9.806.345
Cash and cash equivalents at the beginning of the financial period	61.511.786	24.360.779
Cash and cash equivalents at the end of the financial period	56.489.953	34.167.124

The total amount of cash and cash equivalents consists of cash on hand and balance in bank checking accounts.

Interest earned from banks during this financial period amounts to 1.425 thousand Euros.

Current taxes for this financial period amount to approx. 6 million Euros.

The devaluation of the dollar during the first half of 2008 produced a negative effect on the amount of cash held by the Cynosure Group for an amount of 3,1 million Euros.

Table showing variations in the Stockholders' Equity

STOCKHOLDERS' EQUITY:	Balance 31/12/2006	Net income allocation	Dividends distributed	Adjustments	Other operations	Balance 30/06/2007
Common stock	2.443.170				43.307	2.486.477
Additional paid-in capital	35.607.012				1.974.640	37.581.652
Legal reserve	537.302					537.302
Own shares						
Others reserves:						
Extraordinary reserves	13.327.651		-796.747			12.530.904
Reserve for contribution on capital account	426.657					426.657
Reserve for conversion adjustments	-2.144.753				-286.866	-2.431.619
Other reserves	812.815				219.959	1.032.774
Retained earnings	19.834.669	1.207.484	-624.283		1.290.276	21.708.146
Profits (loss) of the year	1.207.484	-1.207.484			10.333	10.333
Parent company's stockholders' equity	72.052.007	0	-1.421.030	0	3.251.649	73.882.626
Capital and reserves of third parties	47.488.687	191.373	-388.171		7.013.360	54.305.249
Profit (loss) of third parties	191.373	-191.373			2.556.045	2.556.045
Minority interests	47.680.060	0	-388.171	0	9.569.405	56.861.294
Total Stockholders' equity	119.732.067	0	-1.809.201	0	12.821.054	130.743.920

STOCKHOLDERS' EQUITY:	Balance 31/12/2007	Net income allocation	Dividends distributed	Adjustments	Other operations	Balance 30/06/2008
Common stock	2.508.671					2.508.671
Additional paid-in capital	38.593.618					38.593.618
Legal reserve	537.302					537.302
Own shares					-2.575.611	-2.575.611
Others reserves:						
Extraordinary reserves	12.530.904	15.158.390				27.689.294
Reserve for contribution on capital account	426.657					426.657
Reserve for conversion adjustments	-3.523.979				-1.738.382	-5.262.361
Other reserves	1.052.217					1.052.217
Retained earnings	23.803.182	2.494.160	-5.193.342		628.400	21.732.400
Profits (loss) of the year	17.652.550	-17.652.550			5.310.623	5.310.623
Parent company's stockholders' equity	93.581.122	0	-5.193.342	0	1.625.030	90.012.810
Capital and reserves of third parties	61.700.213	7.285.692	-240.412		-1.463.051	67.282.442
Profit (loss) of third parties	7.285.692	-7.285.692			4.998.757	4.998.757
Minority interests	68.985.905	0	-240.412	0	3.535.706	72.281.199
Total Stockholders' equity	162.567.027	0	-5.433.754	0	5.160.736	162.294.009

The other movements in the shareholders' equity of the Group refer to:
the negative variation that involved the conversion reserve, in particular on account of the devaluation of the US dollar;
the purchase of treasury stock made by the parent company El.En.;
the variation in the undivided profits which synthesizes, among other things, the increase in the shareholders' equity registered in Cynosure after the implementation of the stock option plan.

EXPLANATORY NOTES

INFORMATION ON THE COMPANY

El.En. SpA is a corporation which was founded and is registered in Italy. Headquarters of the company are in Calenzano (Florence), Via Baldanzese 17.
Ordinary stock of the company is quoted on the MTAX which is managed by Borsa Italiana SpA.
This half-yearly consolidated abbreviated statement dated June 30th 2008 was examined and approved by the Board of Directors during the meeting held on August 29th 2008.
The amounts shown in the Report are in Euros which is the presentational and functional currency of the Parent Company and of many of its subsidiaries.

CRITERIA USED FOR DRAWING UP THE STATEMENTS

The half-yearly consolidated abbreviated statement for El. En. Group has been drawn up on the basis of the principle of historical cost with the exception of a few categories of financial instruments the evaluation of which has been conducted on the basis of the principle of *fair value*.
The half-yearly consolidated abbreviated statement dated June 30th 2008 is presented in consolidated form in conformity with article 154-ter D.Lgs. 24th February 1998 n. 58 (TUF) and later modifications and additions and has been drawn up in accordance with the International Accounting Principles (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.
By IFRS we also mean the International Accounting Standards (IAS) still in force, as well as all the interpretive documents issued by the International Financial Reporting Interpretations Committee (IFRIC).
In this document, which is drawn up in conformity with the IAS 34 regulations for interim statements, we have applied the same accounting principles as those used for the consolidated statement dated December 31st 2007, to which the reader may refer.

No exceptions to the application of the International Accounting principles have been applied in drawing up the present consolidated abbreviated half-yearly financial statement.
This document consists of:

- the Balance Sheet,
- the Profit and Loss Account,
- the Financial Statement (Cash Flow)
- the Table of Variations in the Stockholders' Equity,
- the following Explanatory Notes.

The economic information which is provided here is related to the first half of 2008 and the first half of 2007. The financial information, however, is supplied with reference to June 30th 2008 and December 31st 2007.

RECTIFICATION OF THE DATA SHOWN FOR JUNE 30th 2007

In conformity with the requirements of IAS 8 attention is drawn to the accounting effects on the data shown in the statement dated June 30th 2007 in relation to the rectification made on the statement of the subsidiary Cynosure Inc. for the correct entry into the profit and loss account of the stock options. This correction is based on the principle which regulated the distribution of the cost in the various financial periods with a linear criteria for each period of maturity of the stock option plans. It should be recalled, in any case, that the overall effects of this rectification during the period of maturation of the stock option plans are non-existent because the principle is simply related to a different temporal distribution of the total charges with an increased concentration in the first years of the life of the plan.

The effects on the profit and loss account refer mostly to the increase in personnel costs for the amount of 722 thousand Euros and the corresponding decrease in net income for the first half of 2007. The effect of this rectification on the net income for the first half of 2007 that pertain to the Group is approx. 229 thousand Euros. As shown on the charts below, the rectification did not produce any effect on the consolidated shareholders' equity or on the shareholders' equity pertaining to the Group as of June 30th 2007 on the basis of the accounting criteria of the stock options (IFRS 2). As a consequence of this rectification, the profit per share was modified and for the first half of 2007 was changed from 0,05 to 0,002 Euros per share.

		Rectified on 30/06/2007		30/06/07	Var.
Balance Sheet					
Intangible assets		6.934.397		6.934.397	
Tangible assets		15.275.879		15.275.879	
Equity investments:					
- in associates	419.503		419.503		
- other investments	111.916		111.916		
Total equity investments		531.419		531.419	
Deferred tax assets		4.530.478		4.530.478	
Other non current assets		177.833		177.833	
Total non current assets		**27.450.006**		**27.450.006**	
Inventories		46.723.260		46.723.260	
Accounts receivables:					
- from third parties	36.310.719		36.310.719		
- from associates	123.164		123.164		
Total accounts receivables:		36.433.883		36.433.883	
Tax receivables		4.154.851		4.154.851	
Other receivables:					
- from third parties	4.429.710		4.429.710		
- from associates	190.523		190.523		
Total other receivables		4.620.233		4.620.233	
Financial instruments		35.820.696		35.820.696	
Cash and cash equivalents		34.167.124		34.167.124	
Total current assets		**161.920.047**		**161.920.047**	
TOTAL ASSETS		**189.370.053**		**189.370.053**	

		Rectified on 30/06/2007		30/06/07	Var.
Common stock		2.486.477		2.486.477	
Additional paid in capital		37.581.652		37.581.652	
Other reserves		12.096.018		12.073.997	22.021
Retained earnings / (deficit)		21.708.146		21.500.857	207.289
Net income / (loss)		10.333		239.643	-229.310
Parent stockholders' equity		**73.882.626**		**73.882.626**	
Minority interests in consolidated subsidiaries		56.861.294		56.861.294	
Total equity		**130.743.920**		**130.743.920**	
Severance indemnity		2.582.439		2.582.439	
Deferred tax liabilities		633.805		633.805	
Other accruals		4.552.071		4.552.071	
Financial liabilities:					
- to third parties	2.293.829		2.293.829		
Total financial liabilities		2.293.829		2.293.829	
Non current liabilities		**10.062.144**		**10.062.144**	
Financial liabilities:					
- to third parties	2.313.637		2.313.637		
Total financial liabilities		2.313.637		2.313.637	
Accounts payables:					
- to third parties	24.659.095		24.659.095		
- to associates	141.625		141.625		
Total accounts payables		24.800.720		24.800.720	
Income Tax payables		3.264.827		3.264.827	
Other payables:					
- to third parties	18.184.805		18.184.805		
Total other payables		18.184.805		18.184.805	
Current liabilities		**48.563.989**		**48.563.989**	
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY		**189.370.053**		**189.370.053**	

Profit and loss account		**Rectified on 30/6/2007**		**30/6/2007**	**Var.**
Revenues:					
- from third parties	90.002.326		90.002.326		
- from associates	74.449		74.449		
Total revenues		90.076.775		90.076.775	
Other revenues and income:					
- from third parties	680.493		680.493		
- from associates	2.680		2.680		
Total other revenues and income		683.173		683.173	
Total revenues and income		**90.759.948**		**90.759.948**	
Purchase of raw materials:					
- to third parties	39.173.884		39.173.884		
- to associates	81.495		81.495		
Total purchase of raw materials		39.255.379		39.255.379	
Change in inventory of finished goods and WIP		(6.537.099)		(6.537.099)	
Change in inventory of raw material		(1.897.716)		(1.897.716)	
Other direct services:					
- to third parties	9.253.108		9.253.108		
Total other direct services		9.253.108		9.253.108	
Other operating services and charges:					
- to third parties	18.312.177		18.312.177		
- to associates	89.448		89.448		
Total other operating services and charges		18.401.625		18.401.625	
For staff costs		21.197.537		20.475.528	722.009
Depreciation, amortization and other accruals		2.713.021		2.713.021	
EBIT		**8.374.093**		**9.096.102**	**(722.009)**
Financial charges:					
- to third parties	(610.046)		(610.046)		
Total financial charges		(610.046)		(610.046)	
Financial income					
- from third parties	1.114.736		1.114.736		
- from associates	1.349		1.349		
Total financial income		1.116.085		1.116.085	
Share of profit of associated companies		(26.175)		(26.175)	
Other net expenses		(1.229.263)		(1.229.263)	
Income before taxes		**7.624.694**		**8.346.703**	**(722.009)**
Income taxes		5.058.316		5.058.316	
Income for the financial period		**2.566.378**		**3.288.387**	**(722.009)**
Minority interest		2.556.045		3.048.744	(492.699)
Net income		**10.333**		**239.643**	**(229.310)**

AREA OF CONSOLIDATION

SUBSIDIARY COMPANIES

The consolidated statement of the El.En Group includes the statements of the Parent Company and of the Italian and foreign companies that El.En. controls directly or indirectly through a majority of votes in the ordinary assembly, or, in the case of Cynosure Inc., where they have the power to appoint and to remove the majority of members of the Board of Directors. The companies that are currently included in the area of consolidation are shown on the chart below.

Company name:	Notes	Headquarters	Currency	Subscr. capital	Percentage held: Direct	Indirect	Total	Consolidated Percentage
Parent company:								
El.En. SpA		Calenzano (I)	EURO	2.508.671				
Subsidiary companies:								
Deka M.E.L.A. Srl		Calenzano (I)	EURO	40.560	70,00%		70,00%	70,00%
Cutlite Penta Srl	1	Calenzano (I)	EURO	103.480	90,67%		90,67%	90,67%
Valfivre Italia Srl		Calenzano (I)	EURO	47.840	100,00%		100,00%	100,00%
Deka Sarl		Vienne (F)	EURO	76.250	100,00%		100,00%	100,00%
Deka Lms GmbH		Berlino (D)	EURO	51.129	100,00%		100,00%	100,00%
Quanta India Ltd	2	New Delhi (INDIA)	INR	100.000		51,00%	51,00%	30,60%
Deka Laser Technologies LLC		Fort Lauderdale (USA)	USD	1.000	52,00%		52,00%	52,00%
Ot-las Srl	3	Calenzano (I)	EURO	57.200	90,00%		90,00%	90,00%
Lasit SpA	4	Vico Equense (I)	EURO	1.000.000	50,00%	20,00%	70,00%	68,00%
CL Tech Inc.		Branford (USA)	USD	1.000	100,00%		100,00%	100,00%
BRCT Inc.		Branford (USA)	USD	no par value	100,00%		100,00%	100,00%
Quanta System SpA		Solbiate Olona (I)	EURO	1.500.000	60,00%		60,00%	60,00%
Asclepion Laser Technologies GmbH	5	Jena (D)	EURO	1.025.000	50,00%	50,00%	100,00%	80,00%
Arex Srl	6	Corsico (I)	EURO	20.500		51,22%	51,22%	30,73%
AQL Srl	7	Solbiate Olona (I)	EURO	50.000		100,00%	100,00%	67,33%
ASA Srl	8	Arcugnano (I)	EURO	46.800		60,00%	60,00%	42,00%
Cynosure Inc.		Westford (USA)	USD	12.565	23,39%		23,39%	23,39%
Cynosure GmbH	9	Langen (D)	EURO	25.565		100,00%	100,00%	23,39%
Cynosure Sarl	9	Parigi (F)	EURO	970.000		100,00%	100,00%	23,39%
Cynosure KK	9	Tokyo (JAP)	YEN	10.000.000		100,00%	100,00%	23,39%
Cynosure UK	9	Londra (UK)	GBP	1		100,00%	100,00%	23,39%
Suzhou Cynosure Medical Devices Co.	9	Suzhou (CHINA)	YUAN	no par value		100,00%	100,00%	23,39%
Cynosure Spain	9	Madrid (Spain)	EURO	864.952		100,00%	100,00%	23,39%
With Us Co Ltd	10	Tokyo (Jap)	YEN	100.000.000		51,25%	51,25%	51,25%
Wuhan Penta Chutian Laser Equipment Co Ltd	11	Wuhan (CHINA)	YUAN	10.311.957		55,00%	55,00%	49,87%
Lasit Usa Inc.	12	Branford (USA)	USD	30.000		100,00%	100,00%	68,00%
Cutlite do Brasil Ltda	13	Blumenau (BRASIL)	REAL	1.404.000	78,00%		78,00%	78,00%
Lasercut Technologies Inc.	14	Branford (USA)	USD	no par value		100,00%	100,00%	100,00%
Grupo Laser Idoseme SL	15	San Sebastian (Spain)	EURO	313.000		51,00%	51,00%	30,60%
Ratok Srl	16	Solbiate Olona (I)	EURO	20.000		70,00%	70,00%	42,00%
Raylife Srl	17	Calenzano (I)	EURO	110.000		100,00%	100,00%	80,00%

(1) owned by Elen SpA (90,67%)
(2) owned by Quanta System SpA
(3) owned by Elen SpA (90%)
(4) owned by Elen Spa (50%) and Ot-las (20%)
(5) owned by Elen SpA (50%) and Quanta System SpA (50%)
(6) owned by Quanta System SpA

(7) owned by Quanta System SpA (8,35%) and Lasit Srl (91,65%)
(8) owned by Deka Mela Srl
(9) owned by Cynosure Inc.
(10) owned by BRCT (51,25%)
(11) owned by Cutlite Penta Srl (55%)
(12) owned by Lasit SpA (100%)
(13) owned by Elen SpA (78%)
(14) owned by BRCT (100%)
(15) owned by Quanta System Spa (51%)
(16) owned by Quanta System Spa (70%)
(17) owned by Asclepion (100%)

PURCHASE OF GRUPO LASER IDOSEME SL

On February 8th 2008 the subsidiary Quanta System SpA closed the deal for the purchase of 51% of Grupo Laser Idoseme SL, its distributor in Spain in the aesthetic sector. This company has its headquarters in Donostìa - San Sebastian and distributes in Spain laser equipment manufactured by Quanta System as well as other high technology devices for medical and aesthetic applications. In 2007, the sales volume of the company was 15 million Euros. The minority shares still belong to the founders of the company, who, as far as the governance of the Group is concerned, will remain the operating managers of the company. According to the contract, an amount of 3,8 million Euros will be paid in several instalments which are subject in part to earn-out clauses. Upon closure of the deal the first instalment of 765 thousand Euros was paid.

The balance sheet of the Spanish company at the date of purchase is shown on the chart below:

	31/01/2008
BALANCE SHEET	
Non current assets	784.574
Inventory	5.586.973
Receivables	2.607.938
Cash and cash equivalents	101.388
Total current assets	8.296.299
TOTAL ASSETS	**9.080.873**
Shareholders' equity	1.282.332
Non current liabilities	79.898
Financial debts	3.062.080
Other Debts	4.656.563
Current liabilities	7.718.645
TOTAL LIABILITIES and SHAREHOLDERS' EQUITY	**9.080.873**

The amounts entered into accounts on the date of acquisition are close to "fair value". If the company had been consolidated starting on January 1st 2008 greater consolidated revenues for the amount of approx. 700 thousand euros would have been registered, while the impact on the profit and loss account would have been limited.

TREASURY STOCK

On March 3rd 2008 the shareholders' assembly of El.En. SpA voted to authorize the Board of Directors to purchase treasury stock. This purchase is being made for the following alternative or complementary purposes: to stabilize the stock, to assign it to employees and/or collaborators, to exchange it for equities during company acquisitions.
Authorization was given for the purchase, upon payment of a maximum amount of 15.000.000,00 (fifteen million) Euros, in one or more instalments, of a quantity of ordinary shares in the company which, in any case, may not exceed a tenth of the capital stock. At this time 10% of the capital underwritten and paid in by El.En. is equal to 482.436 shares The duration of the authorization granted will be for the maximum period permitted by law, which is 18 months from the date of the assembly vote.
The purchase must be made on the regulated markets for a price that is not less than 20% below or 10% above the official price recorded for trading on the day preceding the purchase. The sale of the shares purchased must take place at

a price which is not less than 95% of the average of the official prices recorded for trading during the five days preceding the sale.
On the date of closure of this document it should be noted that the amount of treasury stock acquired by the company was 103.148 shares at the average price of 24,97 Euros for a total amount of 2.575.611 Euros.

OTHER ACQUISITIONS

On March 13th 2008 El.En. further increased their equity in Cutlite Penta Srl, by buying 8% of the quota of one of the minority partners at the price of 224.000 Euros, thus bringing its equity in the company to 90,67%.

Moreover, the subsidiary Quanta System created the Ratok Srl company of which it holds 70% of the capital stock. Ratok Srl will be involved in the design, installation, organization and management, even in franchising, of medical centres for specialist treatments, and of the manufacture and distribution of medical equipment. The company is not active yet.

On April 15th 2008, the subsidiary Asclepion created the Raylife Srl company, in which it holds 100% of the capital stock. This company will be involved in the marketing of medical and aesthetic equipment in Italy and in the relative technical assistance.

ASSOCIATED COMPANIES

On March 13th 2008 the assembly of the associated company IALT S.c.a.r.l. (consortium company) voted, among other things, to transform the company into a company of limited responsibility (srl) and to change the company name to ELESTA srl. This vote became effective during the month of May 2008, i.e. 60 days after the fulfilment of the public notifications required by art. 2500 c.c.

PRINCIPLES OF CONSOLIDATION

The intermediate statements of each company used for the consolidation are the intermediate statements as of June 30th 2008 of the individual companies. These statements are opportunely reclassified and rectified in such a way as to make them uniform with the accounting principles and IFRS evaluation criteria selected by the Parent Company.
In drawing up the consolidated financial statement the assets and liabilities, the income and charges of the companies included in the area of consolidation have all been included. We have not included the payables and receivables, income and charges, profits and losses which have been generated by transactions made between the consolidated companies.

The book value of the equity in each of the subsidiaries is eliminated in the place of the corresponding portion of the stockholders' equity of each of the subsidiaries including the final adaptation at fair value on the date of purchase; the difference which emerges, if it is in the black (positive), is treated as goodwill, and as such is entered into accounts, in accordance with IFRS 3, as illustrated below. If it is in the red (negative) it is entered directly into the Profit and Loss Account.
The amount of capital and reserves of subsidiary companies corresponding to equities of third parties is entered under a heading of the stockholders' equity titled "Capital and Reserves of third parties"; the portion of the consolidated economic result which corresponds to the equities of third parties is entered into accounts under the heading "Profit (loss) this year pertaining to third parties".

CONVERSION OF AMOUNTS IN FOREIGN CURRENCY

The intermediate accounting situation of each consolidated company is drawn up in the working currency of the particular economic context in which each company operates. In these accounting situations, all of the transactions which take place using a currency that is different from the working currency are recorded applying the exchange rate that is current at the time of the transaction. The monetary assets and liabilities listed in a currency which is different from the working currency are subsequently adapted to the exchange rate current on the date of closure of the period being presented.

CONVERSION OF FINANCIAL STATEMENTS IN FOREIGN CURRENCY

For the purposes of the Consolidated Statement, results, assets, and liabilities are expressed in Euros, the working currency of the Parent Company, El.En. SpA. For drawing up the Consolidated Statement, the accounting situations with a working currency which is different from the Euro are converted into Euros using, for the assets and liabilities, including goodwill and the adjustments made at the time of consolidation, the exchange rate in force on the date of closure of the financial period being presented and, for the Profit and Loss Account, the average exchange rates for the period which approximate the exchange rates in force on the date of the respective transactions. The relative differences in exchange rates are shown directly in the stockholders' equity and are displayed separately in a special reserve of the same. The differences in the exchange rate are shown in the Profit and Loss Account at the time that the subsidiary is sold.
The first time that the IFRS were applied, the cumulative differences generated by the consolidation of the foreign companies with a working currency different from the Euro were reclassified into retained earnings, as is allowed by the IFRS 1; consequently, only the differences in conversion accumulated and entered into accounts after January 1st 2004 are involved in the determination of the capital gains and losses deriving from their possible sale.
The exchange rates used for the conversion of the statements of the subsidiary and associated companies using a currency different from the Euro are as follows:

Currency	Final rate 31/12/2007	Average rate 30/06/2008	Final rate 30/06/2008
US Dollar	1,4721	1,5304	1,5764
Rupee(India)	58,02	62,39	67,80
Yen (Japan)	164,93	160,62	166,44
Yuan (China)	10,75	10,80	10,81
Real (Brazil)	2,61	2,59	2,51

SECTORIAL INFORMATION

A sector is a distinctly identifiable part of the Group which supplies a set of products and services of the same type (activity sector) or supplies products and services in a specific economic area (geographic sector). In the El.En. Group two primary areas of activity can be identified i) medical and ii) industrial and a third residual area iii) others.

USE OF ESTIMATES

In applying the IFRS, the drawing up of the half yearly consolidated abbreviated statement requires estimates and assumptions to be made which affect the assets and liability figures of the financial statement and relative information and potential assets and liabilities at the date of reference. The definitive results could differ from such estimates. The estimates are used to enter the provisions for risks on receivables, for obsolescence of stocks, amortization, devaluation of assets, stock options, employee benefits, taxes and other provisions in funds. The estimates and assumptions are periodically reviewed and the effects of any variation are reflected in the Profit and Loss Account. Goodwill is subjected to impairment tests in order to determine any loss in value.

SEASONAL VARIATIONS

In general, the type of business in which the Group is involved is not subject to any particular seasonal variations. With reference to the first half of the year it should be noted that there is usually a slight drop in sales in the month of January which is a result of the increase in sales in the month of December of the preceding year. Moreover, as far as the second half of the year is concerned, there is usually a drop in sales in the month of August, particularly in Italy and the rest of Europe.

EVALUATION CRITERIA

A) INTANGIBLE FIXED ASSETS WITH A FINITE AND INDEFINITE LIFE

Intangible assets are those assets lacking an identifiable physical consistency able to produce future economic benefits. They are entered at the historical purchase cost, shown net of the amortization applied in the course of the financial years and directly ascribed to the single headings. The Group has chosen to maintain historical cost, rather than fair value, as the measurement criteria for intangible fixed assets. In the case in which, independently of the amortization already entered, there should be a loss of value, the fixed asset is correspondingly devalued; if, in subsequent financial years the reasons for the devaluation should cease to exist, the value is restored to a maximum limit of its original value, adjusted only by the amortization

The costs incurred internally for the development of new products and services constitute, depending on the individual case, tangible or intangible assets generated internally and are entered in the assets only where all the following conditions are satisfied: 1) where the technical possibility or intention to complete the asset so as to make it available for use or sale exists; 2) where there is a capacity for the Group to use or sell the asset; 3) the existence of a market for the products and services deriving from the asset, or of utility for internal purposes; 4) the ability of the asset to generate future economic benefits; 5) the availability of sufficient technical and financial resources to complete the development and sale or internal use of the products and services deriving from it; 6) reliable assessment of the costs attributable to the asset during its development. The capitalization of development costs includes only the expenses incurred which may be directly attributed to the development process. Research costs are entered in the Profit and Loss Account in the financial year in which they are incurred. The Other Intangible Fixed Assets with a finite useful life are assessed at purchase or production cost and amortized at a constant rate during their estimated useful life.

Goodwill and other activities which have an indefinite life are not subject to systematic amortization but to an impairment test.

Goodwill

All acquisitions are entered into accounts applying the "*purchase method*".

Goodwill derived from the acquisition of subsidiary or associated companies or *joint ventures,* represents the excess in the purchase price with respect to the *fair value* of the activities acquired, net of the current and potential liabilities taken on and it is placed in each of the *"cash generating units"* (CGU) which has been identified. The identification of the CGU coincides with each juridical subject. After the first entry, the goodwill is not amortized and is reduced in anticipation of possible reductions in value, which are determined according to the methods described below. Goodwill which is related to equities in associated companies is included in the charge value of each company. Should a negative goodwill arise, this is immediately entered in the Profit and Loss Account.

Goodwill which derives from the acquisitions made before January 1st 2004, is entered at the value registered under this heading in the last consolidated statement drawn up using the earlier accounting principles (December 31st 2003).

B) TANGIBLE FIXED ASSETS

The assets have been entered at the purchase cost or production cost, inclusive of accessory charges, net of amortization. Ordinary maintenance expenses have been entirely entered in the Profit and Loss Account. Maintenance costs of an incremental nature have been attributed to the asset item they refer to and amortized according to the residual possibility of use of the said item.

The Group uses the method of original cost as opposed to fair value as the assessment criteria for tangible fixed assets. Specifically, in accordance with such principles, the value of land and of the buildings constructed on it is separated and only the building is amortized.

The aliquots used for amortization are shown on the chart below:

Description	*Amortization percentage*
Buildings	
- buildings	3.00%
Plants and machinery	
- generic plants and machinery	10.00%
- specific plants and machinery	10.00%
- other plants and machinery	15.50%
Industrial and commercial equipment	
- miscellaneous and minute equipment	25.00%
- kitchen equipment	25.00%
Other goods	
- motor vehicles	25.00%
- forklift	20.00%
- lightweight constructions	10.00%
- electronic office equipment	20.00%
- furniture	12.00%

C) FINANCIAL CHARGES

Financial charges are registered in the Profit and Loss Account at the time in which they are sustained.

D) LOSSES IN VALUE OF ASSETS

At each date referred to in the financial period shown, the tangible and intangible assets with a finite life have been assessed for the purposes of identifying any indicators of loss in value. The recoverable value of the goodwill and intangible assets with an indefinite life, where present, have been estimated at each date of reference. If there is any indication of a reduction in value, the presumed cashing-in value is estimated.

The presumed cashing-in value is the higher of the two variables, net sales price and utility value. In determining the utility value, expected future flows of funds are discounted using a pre-tax discount rate which reflects the current market value of the money rate referred to the investment period and specific risks of the business. For a business not generating highly independent flows of funds, the cashing-in value is determined in relation to the cash-generating unit which the said business belongs to. A loss of value is entered in the Profit and Loss Account wherever the value entered for the asset or the relative cash generating unit which it is allocated to, is higher than the presumed cashing-in value. With the exception of goodwill, value losses are readjusted wherever the causes which have generated them cease to exist.

E) FINANCIAL ASSETS: EQUITIES

Financial assets which consist of equities in associated companies are evaluated according to the stockholders' equity method, that is to say, for an amount equal to the corresponding fraction of the stockholders' equity shown in the last financial statement of the companies, after having subtracted the dividends and after having made the rectifications required by the accounting principles used for drawing up the consolidated statement in conformity with the IFRS to make them compatible with the accounting principles used by the Parent Company.

Joint-venture companies are evaluated in the consolidated statement with the stockholders' equity method, starting on the date in which the joint-venture is initiated up to the date on which it ceases to exist.

F) FINANCIAL INSTRUMENTS

Equities in other companies

The equities in other companies which are not subsidiaries or associated (usually with an ownership of less than 20%) are classified at the time of purchase, among the financial assets "available for sale" or among the assets "evaluated at fair value" through the Profit and Loss Account with the current or non-current assets. Changes in the value of equities that are classified as available for sale are entered into a reserve of the stockholders' equity which will be entered into the Profit and Loss Account at the time of sale. Changes in the value of the equities classified as assets evaluated at fair value through the Profit and Loss Account are entered directly into the Profit and Loss Account. These equities are evaluated at cost according to IAS 39.

Financial instruments

The financial assets other than equity investments classified among the current assets are included in the category "financial assets at fair value " by means of the Profit and Loss Account and in the category "financial assets available for sale".

Commercial receivables

The receivables are entered at cost (identified using the nominal value) net of any value losses, corresponding to their presumed cashing-in value.

Other financial assets

Financial assets are added and removed from the financial statement according to the date of negotiation and are initially evaluated at cost, inclusive of the charges directly connected with the acquisition. At the subsequent dates of the financial statement, the financial assets to be held until expiry date are shown at cost amortized according to the effective interest rate method, net of any devaluation applied to reflect value losses.

Financial assets other than those held until expiration are classified as held for negotiation or available for sale and are estimated at fair value each financial period with attribution respectively in the Profit and Loss Account under the heading "Financial Revenue (Charges)" or in a special reserve of the Stockholders' equity, in the latter case until such time as they are cashed-in or until they have suffered a loss in value.

Cash and cash equivalents

This heading includes cash reserves and bank accounts and other short-term financial investments with a high level of availability which can be easily converted into cash at a negligible risk of varying in value.

Treasury stock

Treasury stock is entered against stockholders' equity. No profit/loss is shown in the Profit and Loss Account for the purchase, sale, issue or cancellation of treasury stock.

Commercial payables

Commercial payables, the due date of which falls within the normal commercial terms, are not discounted and are entered at cost (identified as their nominal value).

Financial liabilities

Financial liabilities are initially entered at fair value net of the transaction costs directly attributable to them. Subsequently, financial liabilities are estimated with the criteria of amortized cost, using the actual original interest rate method.

G) INVENTORY

Stocks of raw materials and finished products are evaluated at the cost or market value, whichever is less; the cost is determined using the method of average weighted cost. The evaluation of inventories is based on the direct costs of the raw materials and the labour and the indirect costs of production (variable and fixed). Devaluation funds are also set aside for materials, finished products, spare parts and other supplies considered obsolete or with a slow turnover bearing in mind the possibilities of reuse and sale.

Inventory stocks of works in progress are evaluated on the basis of production costs, with reference to the average weighted cost.

H) EMPLOYEE BENEFITS

SEVERANCE INDEMNITY.

Severance indemnity may be classified as a "post-employment benefit" of the "defined benefit plan" type, the amount of which already matured is projected to estimate the amount to be paid at the moment of termination of the employment contract and subsequently analysed, using the "Projected unit credit method". This kind of accounting

methodology is based on theories of a demographic and financial nature so as to make a reasonable estimate of the amount of benefits which each employee has already matured on the basis of the work done.
By means of the actuarial estimate the current service cost which defines the amount of rights matured during the financial period by employees is entered under the "labour costs" heading of the Profit and Loss Account and the interest cost, which constitutes the figurative charge which the company would have to pay if it took out a loan equal to the severance indemnity on the market, is entered among the "Financial Revenue (Charges)".
The actuarial profits and losses accumulated up until last year, which reflect the effects of changes in the actuarial hypotheses used, are entered pro-quota in the Profit and Loss Account for the rest of the average working life of the employees when their net value not entered at the end of the preceding year exceeds the value of the liability by 10% (so-called corridor method).

STOCK OPTION PLANS

The costs of staff labour remunerated by means of a *stock option plan* is determined on the basis of the fair value of the options granted to the employees at the date of assignment.
The calculation method for the determination of *fair value* bears in mind all the characteristics of the options (duration of the option, price and conditions for exercising the options etc), as well as the value of the stock at the date of assignment, of the volatility of the stock and of the interest rate curve again at the date of assignment consistently with the duration of the plan. The Black & Scholes pricing model is used.
The cost is shown in the Profit and Loss Account during the period in which the rights granted mature, considering the best possible estimate of the number of options becoming exercisable.
In keeping with the provisions of IFRS 1, the said principle has been applied to all the assignments subsequent to November 7th 2002 which had still not matured by January 1st 2005.

I) PROVISIONS FOR LIABILITIES AND CONTINGENCIES

The Group has shown the funds for future contingencies wherever, in the face of a legal or implicit obligation to third parties, it is probable that the Group will have to use its resources to honour such an obligation and when a reliable estimate of the amount of the obligation itself can be made. Variations in such estimates are reflected in the Profit and Loss Account for the financial year in which the variation takes place.

L) RECOGNITION OF REVENUE

The revenue from the sale of goods is shown when the significant risks and benefits of the ownership of the goods are transferred to the purchaser, which is normally the time when they are delivered or shipped. Financial revenue and charges are entered on the basis of interest matured on the net value of the relative financial asset or liability using the actual interest rate.

M) GRANTS IN CAPITAL ACCOUNT AND IN OPERATING ACCOUNT

Contributions, from both public and third party private bodies are entered when there is reasonable certainty of receiving them and of satisfying the conditions for obtaining them. Contributions received for specific expenses are shown among the other liabilities and credited to the Profit and Loss Account at the moment in which the conditions for entering them are satisfied. Contributions received for specific assets, the value of which is entered among the tangible or intangible assets, are shown as direct reduction of the assets themselves or among the other liabilities and are credited to the Profit and Loss Account in relation to the period of amortization of the assets they refer to.
Contributions in operating account are shown entirely in the Profit and Loss Account at the moment in which the conditions for entering them are satisfied.

N) FINANCIAL LEASING

Financial leasing operations are entered into accounts using the financial methodology which stipulates that the fixed asset acquired and its relative financing be entered into accounts. The relative amounts of depreciation and financial charges are entered in the Profit and Loss Account.

O) TAXES

Current taxes on income for the financial period have been entered according to the regulations currently in force on the basis of a realistic estimate of taxable income.
Deferred income tax assets and liabilities have been calculated on the basis of differences of a temporary nature between assets and liabilities recognized for tax purposes and the corresponding figures on the financial statements applying the current tax rate in force or essentially in force at the date of reference.
Deferred tax assets have been entered as assets when it is probable that they will be recovered, in other words when it appears likely that the entity of the taxable amount in the future will be sufficient to recover the assets.
The possibility of recuperating assets for deferred tax assets is re-examined at the closing of each financial period.

P) EARNINGS PER SHARE

The basic earnings per ordinary share are calculated by dividing the portion of the Group's net profit attributable to ordinary shares by the weighted average of the ordinary shares in circulation during the financial period, excluding treasury stock. For the purposes of calculating the diluted earnings per share, the weighted average of the shares in circulation is modified by assuming the subscription of all the potential shares deriving from the conversion of stock options with a diluting effect. The net result of the Group is also adjusted to take into account the effect of such operations net of tax.

STOCK OPTION PLANS

Cynosure Inc.

The chart below summarizes the essential elements of the stock option plan of Cynosure Inc. in existence during the first half of 2008

Existing options 01.01.08	Options issued 01.01.08 - 30.06.08	Options cancelled 01.01.08 -30.06.08	Options picked up 01.01.08 -30.06.08	Expired options which were not picked up 01.01.08 - 30.06.08	Existing options 30.06.08	Options which can be picked up 30.06.08
1.355.797	251.750	14.817	117.235	951	1.474.544	502.518

The chart below shows the average pick-up prices and the average lifespan of the options in circulation on June 30th 2008

Average pick-up price	Existing Options 30.06.08	Options which can be picked up 30.06.08	Average life
$19,23	1.474.544		8,21
$16,43		502.518	7,76
	1.474.544	502.518	

Comments on the Main Assets

Non-current assets

Intangible fixed assets (note 1)

Breakdown of changes occurring in intangible fixed assets during the period is shown on the chart below:

Categories	Balance 31/12/07	Variation	Revaluation (Devaluation)	Other Operations	(Amortizations)	Conversion Adjustments	Balance 30/06/08
Goodwill	5.238.797	3.255.980				-433.435	8.061.342
Patents and rights to use patents of others	131.154			4.512	-20.708	-8.072	106.886
Concessions, licences, trade marks and similar rights	682.203	165.368		343.067	-150.270	-23.081	1.017.287
Other	11.013	67.300		11.690	-12.661	-237	77.105
Intangible assets in progress and payments on account	528.971	34.070		-314.491		-22.750	225.800
Total	**6.592.138**	**3.522.718**		**44.778**	**-183.639**	**-487.575**	**9.488.420**

The amount entered under the heading of "goodwill" includes:
a) the amount which resulted from the purchase during the financial year 2002, by the Parent Company, of 60% of Cynosure Inc.. This amount was later rectified for the sale of 2,5% of the capital stock of Cynosure made by El.En SpA as part of the operations for the purchase of Quanta System SpA; it also includes the effects of the increase in the equity which was a consequence of the operations on the capital conducted at the end of 2004, and the effects of the later sale of part of the shares to the management of the company and to subjects close to the management and the subsequent sale of 1.000.000 shares; these operations were described in detail in the explanatory comments which accompanied the financial statement closed on December 31st 2005. During 2007 this amount was rectified after the sale of 950.000 shares. During the first half of 2008 the amount was rectified again as a consequence of the diluted value of the equity in Cynosure Inc. after the increase in capital for use in the stock option plans in favour of third parties. The value of the goodwill as of June 30th 2008 is therefore approx. 1.728 thousand Euros.
b) the amount which was the result of the acquisition of 30% of the shares of Quanta System SpA made during 2004 by the Parent Company. The amount entered into accounts on June 30th 2008 was approx. 2.079 thousand Euros;
c) the amount paid as goodwill by the subsidiary Asclepion Laser Technologies GmbH for the purchase of the activities related to the dermatological and odontological business owned by Carl Zeiss Meditec. The amount entered on June 30th 2008 was about 73 thousand Euros;
d) the amount which was the result of the purchase of two branches of the company operating in the same sector of the Arex Srl company made during 2005. The amount entered on June 30th 2008 was 55 thousand Euros.
e) the amount which was the result of the purchase made by the Parent company, El.En. SpA during 2005 of 15% of Ot-Las Srl. The amount entered on June 30th 2008 was about 7 thousand Euros;
f) the amount which was the result of the purchase of ASA Srl by the subsidiary Deka MELA Srl. The amount entered on June 30th 2008 was about 439 thousand Euros.
g) the amount which was the result of the purchases made by the Parent company El.En. SpA respectively from third parties in 2006 of 19,17% , from Valfivre Italia SpA in 2007 of 10%, and from third parties in 2008 of 8% of the subsidiary Cutlite Penta Srl. The amount entered into accounts on June 30th 2008 was about 408 thousand Euros.
h) the amount which was a result of the acquisition by the Parent Company El.En. SpA during 2007 of 10% of Deka MELA Srl from third partners. The amount entered into accounts on June 30th 2008 was about 32 thousand Euros.
i) the amount which was the result of the purchase made during the fist half of 2008 by the subsidiary Quanta System SpA of 51% of Grupo Laser Idoseme SL. The amount entered into accounts on June 30th 2008 was about 3.240 thousand Euros.

At least once a year the estimate of the recoverable value of the goodwill entered into accounts is made on the basis of the Discounted Cash Flow model which, in determining the utility value of an asset, is calculated on an estimate of the future cash flow and the application of an appropriate actualization rate. For this half no impairment indicators were registered.

The "Industrial patents and the rights to use patents of others" are related to the capitalization of the costs sustained over the last years by Cynosure Inc., Deka Laser Technologies, ASA Srl, and Arex Srl for patents and licence agreements.

The heading of "concessions, licence, trade marks and similar rights" includes, among other things, the overall costs sustained by the subsidiary Cynosure for new management software, classified on December 31st 2007 among the assets in progress. Trade marks for a residual amount of approx. 120 thousand euros were also entered into accounts by the subsidiary ASA Srl.
The heading "Other operations" includes the amounts entered as a consequence of the inclusion of Grupo Laser Idoseme into the area of consolidation.

The residual heading "Other" includes the entry of the costs sustained by the subsidiary Quanta System for the creation of a new web site.

Tangible fixed assets (note 2)

Breakdown of changes occurring in the tangible fixed assets during the period is shown on the chart below:

Cost	Balance 31/12/07	Increments	Revaluations and devaluations	Other operations	(Disposals)	Conversion Adjustments	Balance 30/06/08
Lands	2.177.139	746				-10.087	2.167.798
Buildings	4.013.220	1.642.340		2.011.738		-28.116	7.639.182
Plants and machinery	2.295.998	660.195		41.651	-63.727	-3.403	2.930.714
Industrial and commercial equipment	13.891.707	2.177.368		523.372	-245.638	-553.251	15.793.558
Other goods	8.311.608	955.080		472.664	-52.181	-200.017	9.487.154
Tangible assets under construction	4.528.119	1.724.391		-2.327.440		-767	3.924.303
Total	**35.217.791**	**7.160.120**		**721.985**	**-361.546**	**-795.641**	**41.942.709**

Amortisation provisions	Balance 31/12/07	Amortizations amount	Devaluations	Other operations	(Disposals)	Conversion Adjustments	Balance 30/06/08
Lands							
Buildings	675.325	68.726		1.081		-2.314	742.818
Plants and machinery	865.153	117.629		8.240	-28.086	-3.274	959.662
Industrial and commercial equipment	8.563.066	1.248.116		128.305	-49.181	-365.488	9.524.818
Other goods	5.359.486	593.580		165.642	-51.722	-132.986	5.934.000
Tangible assets under construction							
Total	**15.463.030**	**2.028.051**		**303.268**	**-128.989**	**-504.062**	**17.161.298**

Net value	Balance 31/12/07	Increments	Revaluations and other operations	(Amortizations and devaluations)	(Disposals)	Conversion Adjustments	Balance 30/06/08
Lands	2.177.139	746				-10.087	2.167.798
Buildings	3.337.895	1.642.340	2.010.657	-68.726		-25.802	6.896.364
Plants and machinery	1.430.845	660.195	33.411	-117.629	-35.641	-129	1.971.052
Industrial and commercial equipment	5.328.641	2.177.368	395.067	-1.248.116	-196.457	-187.763	6.268.740
Other goods	2.952.122	955.080	307.022	-593.580	-459	-67.031	3.553.154
Tangible assets under construction	4.528.119	1.724.391	-2.327.440			-767	3.924.303
Total	**19.754.761**	**7.160.120**	**418.717**	**-2.028.051**	**-232.557**	**-291.579**	**24.781.411**

In accordance with the current accounting principles, the value of the land has been separated from the value of the buildings located upon it and the lands have not been amortized since they constitute an element having an unlimited useful life. The value of the lands as of June 30th 2008 was 2.168 thousand Euros.
The heading of "Buildings" includes the building complex in Via Baldanzese a Calenzano (Florence), where the company operates along with the three subsidiaries Deka M.E.L.A., Cutlite Penta and Valfivre Italia and the buildings located in Branford, Connecticut, which the subsidiary BRCT possesses and where Lasercut Technologies Inc. operates and the new property located in the city of Torre Annunziata, purchased in 2006 and intended for use as a research, development and production facility for the subsidiary Lasit SpA, whose encouraging outlook for growth is in this way sustained by El.En.

The amount entered under the heading of "Increments" is related mostly to the costs sustained by Asclepion for the construction of the new building which, since May of 2008 has been used for the activities of this subsidiary; the initial costs were classified in 2007 under the heading of "Assets under construction".

The increments shown under the category of Plants and Machinery refer in particular to the investments made by the Parent company El.En. SpA and by Asclepion.
The equipment belonging to the subsidiary Cynosure which is assigned to most of its sales agents throughout the nation for sales demonstrations, as well as the transportation vehicles used by Cynosure's sales network continue to have a major importance.

The heading "Other operations" of the "Plants and machinery", "Industrial and commercial equipment" and "Other goods" categories includes, among other things, the amounts entered as a consequence of the inclusion in the area of consolidation of the Grupo Laser Idoseme for amounts respectively, of 42 thousand Euros for the plants, 475 thousand Euros for the equipment and 454 thousand Euros for other goods.
Under the heading of "tangible assets under construction" we have entered, among other things, the costs sustained by the Parent company El.En. SpA pertaining to the architectural and structural design, the construction license fees, and the other charges related to the work now in progress for the enlargement of the factory in Calenzano; the entry also includes the down payments made by the Parent company for the purchase of a piece of real estate also located in the city of Calenzano and the expenses sustained for the remodelling of the building which is still in progress.

The tangible assets which are held under leasing agreements amount to approx. 1,3 million Euros and are mostly entered among the industrial and commercial equipment and other goods.

Equity investments (note 3)

The chart below provides information on the equity investments:

	30-giu-08	31-dic-07	Variation	Var. %
Equity investments in:				
associated companies	615.083	405.581	209.502	51,65%
other companies	113.017	113.017	0	0,00%
Total	728.100	518.598	209.502	40,40%

The changes in the total of the equities in associated companies is due mostly to the inclusion in the area of consolidation of the amount of the equity in Ibertronic Lda, associated company of Grupo Laser Idoseme, which entered in the area of consolidation in 2008.

The associated companies Immobiliare Del.Co. Srl, SBI SA, Elesta Srl (ex IALT), JV Laser International LTD, Electro Optical Innovation Srl and Ibertronic Lda are consolidated using the shareholders' equity method.

Deferred tax assets /Other non-current assets (note 4)

Other non current assets	30/06/2008	31/12/2007	Variation	Var. %
Securities	13.642.522		13.642.522	100,00%
Deferred tax assets	6.383.666	5.632.921	750.745	13,33%
Other non current assets	140.080	158.242	-18.162	-11,48%
Total	20.166.268	5.791.163	14.375.105	248,22%

For the increase in the entry "Securities", see the explanation in note 8.

Current Assets

Inventory (note 5)

The chart below shows a breakdown of the inventory:

Stocks:	30-giu-08	31-dic-07	Variation	Var. %
Raw materials and consumables	22.843.157	17.488.077	5.355.080	30,62%
Work in progress and semi finished products	9.686.587	8.396.886	1.289.701	15,36%
Finished products and goods for sale	27.076.928	20.682.724	6.394.204	30,92%
Total	59.606.672	46.567.687	13.038.985	28,00%

A comparison between the final inventories shows the increase in their amount which is an effect of the considerable increase in the manufacturing volume and of the inclusion in the area of consolidation of Grupo Laser Idoseme which brings in an inventory worth about 6,3 million Euros. The increase in finished products in particular, confirms the tendency to augment the quantity of merchandise made available to the sales networks for sales demonstrations.

Commercial receivables (note 6)

Receivables are composed as follows:

Debtors:	30-giu-08	31-dic-07	Variation	Var. %
Trade debtors	50.526.853	42.072.252	8.454.601	20,10%
Associated debtors	933.248	241.068	692.180	287,13%
Total	51.460.101	42.313.320	9.146.781	21,62%

Trade debtors:	30/06/2008	31/12/2007	Variation	Var. %
Italy	12.703.178	14.149.558	-1.446.380	-10,22%
European Community	15.746.727	13.809.068	1.937.659	14,03%
Outside of European Community	24.935.124	16.281.637	8.653.487	53,15%
minus: devaluation provision for debtors	-2.858.176	-2.168.011	-690.165	31,83%
Total	50.526.853	42.072.252	8.454.601	20,10%

The growth in the sales volume of the Group determined the expansion of the commercial receivables as shown in the chart above. The inclusion of Grupo Laser Idoseme in the area of consolidation produced an increase in the receivables for an amount of about 3 million Euros.

For a detailed analysis of the commercial receivables and financial credits towards associated companies (shown in Note 7), see the chapter titled “Related Parties”.

Tax receivables/Other receivables (note 7)

The chart below shows a breakdown of tax receivables and other receivables

	30/06/2008	31/12/2007	Variation	Variation %
Tax debtors				
VAT credits	3.606.277	2.910.525	695.752	23,90%
Income tax credits	1.404.729	2.303.418	-898.689	-39,02%
Total tax debtors	5.011.006	5.213.943	-202.937	-3,89%

Financial credits				
Financial credits v. third parts	50.000	50.000	-	0,00%
Financial credits v. associated companies	395.667	305.991	89.676	29,31%
Total	445.667	355.991	89.676	25,19%
Other credits				
Security deposits	724.642	382.821	341.821	89,29%
Down payments	1.291.153	1.401.841	-110.688	-7,90%
Other credits	4.283.126	3.107.221	1.175.905	37,84%
Total	6.298.921	4.891.883	1.407.038	28,76%
Total financial and other credits	6.744.588	5.247.874	1.496.714	28,52%

For a detailed analysis of the financial credits from associated companies, see the following chapter concerning "Related parties".

The first half of 2008 closes with an IVA (value added tax) credit of more than 3,6 million Euros which is due to the intense export activity. Income tax credits are derived mainly from the difference between the credit for the pre-existing tax / prepayments made and the debts for taxes which have matured by the date of this report.

Financial instruments (note 8)

Investments which are not permanent:	30/06/2008	31/12/2007	Variation	Var. %
Other investments	12.423.671	32.044.110	-19.620.439	-61,23%
Total	12.423.671	32.044.110	-19.620.439	-61,23%

The amount entered under the heading of "Other investments" consists of temporary uses of cash. This category includes:

a) financial instruments belonging to the category of "financial assets available for sale" which refer to the securities held by the subsidiary Cynosure and which consists mainly of investments in treasury bonds or similar, for a value of about 12 million Euros (equal to about 19 million dollars), made using part of the cash held after the IPO of 2005. As of December 31st 2007, among these securities there were 29,3 million dollars in Auction Rate Securities (ARS), which are bonds with a long term maturity date and periodic auctions for negotiation. During the auctions held in the first half of this year, Cynosure was unable to sell some of these securities and, considering the present condition of the market, it is probable that the situation will be repeated at the next auction, with the consequent possibility of impairment of these securities. The American company however wishes to hold the securities until an auction with positive outcome allows them to sell them at least at their nominal value. Since this situation may not occur within a brief period of time, the company decided to make a reclassification of the securities among non-current assets (as explained in Note 4), for an amount of about 21 million dollars net of the devaluation of about 1,3 million dollars. This cautionary devaluation, considering the reduced cashing-in value of the securities, is considered temporary and therefore has been entered in the shareholders' equity net of deferred income taxes for an amount of about 500 thousand dollars.
b) financial instruments belonging to the category of "financial assets at fair value" related to investments in monetary funds made by the subsidiary Lasit SpA for an amount of approx. 58 thousand Euros. According to IAS principle 39,

these latter are evaluated at "fair value". The "fair value" is the market value. The effects of the evaluation at fair value are not very significant

Cash at Bank and on Hand (note 9)

Cash at bank and on hand is composed as follows:

Cash at Bank and in hand:	30/06/2008	31/12/2007	Variation	Var. %
bank and postal current accounts	56.394.471	61.459.147	-5.064.676	-8,24%
cash in hand	95.482	52.639	42.843	81,39%
Total	56.489.953	61.511.786	-5.021.833	-8,16%

For an analysis of the variations in cash at bank and on hand, please refer to the table of the financial statement (cash flow) chart.

Net financial position as of June 30th 2008

The net financial position of the Group as of June 30th 2008 was as follows:

Net financial position		
	30/06/2008	**31/12/2007**
Cash and bank	56.490	61.512
Financial instruments held for sale	12.424	32.044
Cash and cash equivalents	**68.914**	**93.556**
Bank short term loan	(9.149)	(2.127)
Part of financial long term liabilities due within 12 months	(3.511)	(679)
Financial short term liabilities	**(12.660)**	**(2.807)**
Net current financial position	**56.254**	**90.749**
Bank long term loan	(2.075)	(1.530)
Other long term financial liabilities	(2.248)	(1.911)
Financial long term liabilities	**(4.323)**	**(3.441)**
Net financial position	**51.931**	**87.308**

The net financial position of the Group remains considerable and during this period amounted to about 52 million Euros.
Most of the cash is held by the Parent Company, El.En. SpA, as a result of the sale of the Cynosure shares at the end of the financial year 2007, and by the subsidiary Cynosure Inc., procured from the IPO of December 2005, this latter in US dollars.
The decrease recorded in the financial position with respect to December 31st 2007 is due to the reclassification made by the subsidiary Cynosure, which entered into the non current assets about 14 million Euros of securities which had up to last year been entered among the "financial assets available for sale".

During the last six months, besides the increase in net working capital described in the financial statement (cash flow), the operations which have absorbed the most cash are: the real estate activity which has involved mainly the parent company El.En. and Asclepion, and the purchase of treasury stock by El.En. SpA for an amount of about 2.576 thousand euros. Further expenses involved the acquisition from minority partners of 8% of Cutlite Penta Srl by El.En. SpA for 224 thousand Euros and the purchase of 51% of GLI by Quanta System S.p.A. with a payment of 765 thousand euros upon closure of the deal and entry of a financial debt of 3,1 million Euros for the remaining amount. Moreover, dividends for an amount of about 5.433 thousand euros were paid to third parties.

Cynosure did make any particularly significant investments and used their cash to finance the growth of their own activities.

Comments on the main liabilities

Capital and Reserves

The main components of the stockholders' equity are shown below:

Capital stock (note 10)

On June 30th 2008 the capital stock of the El.En. Group, which coincides with that of the Parent company, was as follows:

Authorised	Euros	
Underwritten and deposited	Euros	2.508.671

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

Categories	**31/12/2007**	**Increase.**	**(Decrease)**	**30/06/2008**
No. of Ordinary Shares	4.824.368			4.824.368
Total	**4.824.368**			**4.824.368**

Shares are nominal and indivisible and each of them gives the holder the right to one vote in all the ordinary and extraordinary assemblies as well as the other financial and administrative rights granted in accordance with the law and the Statute. At least 5% of the net profits of the financial year 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 Statute does not allow advance payments on the dividends. Dividends not cashed within five years from the date of emission are returned to the Company. No special statutory clauses exist with regard to the participation of shareholders in the remaining assets in the event of liquidation. No statutory clauses exist granting special privileges.

Increase in capital for use in the stock option plan
The special assembly of El.En. SpA held on May 15th 2008 voted to authorize the Board of Directors, in accordance with and by effect of art. 2443 of the Civil Code, for a period of up to five years from the date of the deliberation, to increase the share capital of the Company once or several times upon payment, by a nominal maximum amount of 83.200,00 Euros through the issue of a maximum of 160,000 ordinary shares with a nominal value of euro 0.52 each, with entitlement equal to those of the ordinary company shares at the date of subscription, to be liberated by payment of a price to be determined by the Board of Directors in the respect of the dictates of art. 2441, sub-paragraph VI, civil code – that is considering the stockholders' equity, also bearing in mind the official prices registered by the shares on the stock market over the last six months – and as a unitary value inclusive of the premium, equal to the greater of the following: a) the value of each share determined on the basis of the consolidated shareholders' equity of the El.En. Group as of December 31st of the year previous to the issue of the options; b) the arithmetical average of the recorded official prices of the company's ordinary shares on the New Market, organised and managed by the Borsa Italiana SpA in the 6 months prior to the assigning of the options; c) the arithmetical mean of the recorded official prices of the company's ordinary shares on the New Market, organised and managed by the Borsa Italiana SpA in the 30 days prior to the assigning of the options.

Additional paid in capital (note 11)

As of June 30th 2008 the share premium reserve, which coincides with that of the parent company, amounted to 38.594 thousand Euros, unchanged with respect to December 31st 2007.

Other reserves (note 12)

Other reserves	30/06/2008	31/12/2007	Variation	Var. %
Legal reserve	537.302	537.302		0,00%
Extraordinary reserve	27.689.294	12.530.904	15.158.390	120,97%
Reserve for Conversion adjustments	-5.262.361	-3.523.979	-1.738.382	49,33%
Stock options reserve fund	1.038.825	1.038.825		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%
Other reserves	13.392	13.392		0,00%
Total	24.443.109	11.023.101	13.420.008	121,74%

As of June 30th 2008 the Extraordinary Reserve contained 27.689 thousand Euros; the increase with respect to December 31st 2007 is related to the distribution of part of the net income of 2007, as voted by the shareholders' assembly on May 15th 2008.

The reserve "for stock options" includes the counterpart of the costs determined in accordance with IFRS 2 of the Stock Option Plans assigned by El.En. SpA, which expired during 2007.

The conversion reserve summarizes the effects of the variations in the exchange rate on the investments in foreign currency. As of June 30th 2008 the value can be attributed essentially to the devaluation of the dollar. The effects for the first half of 2008 are shown in the column "Other operations" in the stockholders' equity chart.

In conformity with fiscal regulations, in the past the Parent Company has taken advantage of the possibility of suspending contributions on capital account, either entirely or for 50%, in a reserve of the stockholders' equity. Since 1998 these have been entirely entered into the Profit and Loss Account. The relative reserves can be considered reserves of profits.

Profits/losses brought forward (note 13)

This category includes a synthesis of the contribution to the Group stockholders' equity of all the consolidated companies. During this financial period, the variation is related to the clearance account of the profits from last year, the payment of dividends and the entering into accounts of the Cynosure stock option in conformity with IFRS 2 as shown under the heading of "Other operations" in the chart showing the shareholders' equity.

Non-current liabilities

Severance indemnity fund (note 14)

The chart below shows the operations which have taken place during this financial period.

Balance 31/12/2007	Provision	Utilization	Other	Balance 30/06/2008
2.484.721	334.630	-266.852	-174.056	2.378.443

For IAS purposes the payment of a severance indemnity represents a "long term benefit subsequent to the termination of employment"; this is an obligation of the "defined benefit" type which entails entering a liability similar to that entered for defined benefit pension plans.
It should be remembered that the company uses the so-called "corridor method" in which the net cumulative value of the actuarial surplus and deficit is not shown until it exceeds in absolute terms 10% of the current value of the liabilities. As of June 30th 2008 the net cumulative value of the actuarial profits and losses which were not registered was approx. 145 thousand Euros. The current value of the liabilities as of June 30th 2008 is 2.211 thousand Euros.

The hypotheses used to establish the indemnity plan are summarized in the chart below.

Financial hypotheses	**Year 2007**	**Year 2008**
Annual implementation rate	4,85%	5,25%
Annual inflation rate	2,00%	2,50%
Annual growth rate of severance indemnity	3,00%	3,00%
Annual increase rate of salaries (including inflation)	Executives 4,50% White collar workers 3,00% Blue collar workers 3,00%	Executives 5% White collar workers 3,50% Blue collar workers 3,50%

The amount entered in the column "Other" in the severance indemnity chart represents mostly the quota of the severance indemnity subtracted from the fund because it was destined to other additional non-company funds chosen by the employees, with particular reference to the Parent company El.En. and to the subsidiary Quanta System.

Other accruals (note 15)

The chart below shows the operations which occurred during this period.

	Balance 31/12/2007	Provision	(Utilisation)	Other	Conversion Adjustments	Balance 30/06/2008
Reserve for pension costs and similar	302.595	27.723		-2		330.316
Others:						
Reserve for guarantee on the products	2.754.233	220.309	-6.504	68.473	-143.452	2.893.059
Reserve for risks and charges	1.675.606	126.744	-19.860			1.782.490
Other minor reserves	41.600					41.600
Total other reserves	4.471.439	347.053	-26.364	68.473	-143.452	4.717.149
Total	4.774.034	374.776	-26.364	68.471	-143.452	5.047.465

The clients' agents' indemnity fund included in the entry "Reserve for pension costs and similar" on June 30th 2008 amounted to 287 thousand Euros, as opposed to the 271 thousand Euros for December 31st 2007.
According to IAS 37, the amount owed must be calculated using the actualization techniques to estimate, as precisely as possible, the overall cost to be sustained for the payment of benefits to the agents after the termination of employment.

The technical evaluations were made on the basis of the hypotheses described below.

Financial hypotheses	Year 2007	Year 2008
Annual rate of implementation	4,50%	5,00%
Annual rate of inflation	2,00%	2,50%

The reserve for product guarantees is calculated on the basis of the costs for spare parts and servicing under warranty incurred in the previous financial year, adjusted to the volume of sales of the current financial year.

On February 28th 2008, after a general verification conducted for the year 2005, by the Regional tax authority, Direzione Regionale delle Entrate per la Toscana, an offence report (Processo Verbale di Constatazione) was drawn up against El.En. SpA. In this document the Agency, besides a few minor infractions related to income taxes and on Value Added Tax, refused to recognize the tax exemption being applied on the capital gains derived from the sale of shares made by El.En. SpA in 2005; the company, to the contrary, is convinced that on this occasion they acted in complete respect of the tax regulations which were in force at the time and considers the accusation completely illegitimate and unfounded. For this reason, during the financial year 2007, the company under the heading of "Other minor funds" as a purely precautionary measure, and with the support of its consultants, created an accrual for an amount of 26.000 Euros including any fines, to cover the charges which might derive from assessments in relation only to the minor infractions. At the date of this document the situation remains substantially unchanged.

Other potential debts and liabilities

All of the companies in the Group are subject to the risks of disputes and contentious procedures which may arise during normal business activity. The subsidiary company Cynosure Inc., as part of its 10-Q related to the first six months of 2008, supplied information on some of the contentious situations now in progress, in particular a lawsuit involving the use of the fax without the permission of the receiving party, a series of disputes with managers of centres held in franchising from Sona International, which had once been a subsidiary and later became a client, and which is now also involved in a lawsuit with Cynosure after a cash crisis in March of 2006. In all of these cases the company is firmly opposed to the requests advanced by the counterparts and has declared, in any case, that they are unable to determine the eventuality or the entity of the amounts that they would have to pay should they lose the suit.

Moreover, on January 10th 2008 Cynosure, with the support of El.En. for whom they have exclusive patent rights in the United States, initiated a legal suit against Cool Touch Inc, to defend its rights to the intellectual property related to the application of laser-lipolysis made possible by the Smartlipo technique and system. This legal suit was undertaken after Cool Touch started to commercialize a product which uses some of the techniques which the Group had protected with opportune patents for the purpose of defending the uniqueness of the product. Cool Touch, on the other hand, has denied any such responsibility and, moreover, has initiated a legal suit against Cynosure for violating some of the patent rights held by Cool Touch.

Amounts owed and financial liabilities (note 16)

Financial m/l term debts	30/06/2008	31/12/2007	Variation	Var. %
Amounts owed to banks	2.075.398	1.530.014	545.384	35,65%
Amounts owed to other financiers	2.247.739	1.910.749	336.990	17,64%
Total	4.323.137	3.440.763	882.374	25,64%

The medium/ long term debts owed to banks as of June 30th 2008 represent the quotas which are not payable within the year of the bank financing which was granted to Asclepion Gmbh for the construction of a new building; this financing was paid in several instalments starting in 2007 and in the first half of 2008.

The amounts owed to other financiers includes, among other things, the quotas which are not payable within the year for:

a) Facilitated financing MPS for applied research, reference TRL01 granted to the Parent company El.En. S.p.A. for an amount of 681.103 Euros at a fixed annual rate of' 2% , last instalment July 1st 2012

b) Facilitated financing IMI for applied research granted to the subsidiary company Quanta System SpA. for an amount of 929.157 Euros at a fixed annual rate of' 2% ,payable in 16 semi-annual deferred instalments starting on July 1st 2003.

c) Facilitated financing for applied research, issued by MIUR, also to Quanta System SpA, for an amount of 260.380 Euros at the annual interest rate of 0,25%, payable in 14 semi-annual deferred instalments, starting on January 1st 2009

d) Centrobanca facilitated financing for applied research, granted to the subsidiary Lasit for 231.060 Euros at the annual interest rate of 0,96% last instalment August 5th 2014

e) Debts toward leasing companies for 664 thousand Euros (713 thousand Euros as of December 31st 2007).

f) No-interest financing granted by partners to the subsidiary Grupo Laser Idoseme for 500 thousand Euros.

Debts guaranteed by real estate property

The property located in Via Baldanzese, 17 at Calenzano was bound by a mortgage, now being cancelled, which was used as a guarantee for the ten-year loan issued by the Cassa di Risparmio di Firenze and extinguished on December 31st 2006.

Current liabilities

Financial debts (note 18)

Below, a breakdown of the financial debts is given:

Financial short term debts	**30/06/2008**	**31/12/2007**	**Variation**	**Var. %**
Amounts owed to banks	9.148.717	2.127.217	7.021.500	330,08%
Amounts owed to other financiers	3.470.079	679.440	2.790.639	410,73%
Liabilities for forward exchange contracts	41.184		41.184	100,00%
Total	12.659.980	2.806.657	9.853.323	351,07%

The entry in the category "Amounts owed to banks" is related to the short-term quota for the financing contracted by Asclepion and described in the preceding note, and to the overdraft on checking accounts granted by Credit institutions to subsidiary companies. The increase with respect to 2007 is due mostly to the amounts owed to banks by the newly acquired company, Grupo Laser Idoseme.

The category "Amounts owed to other financiers" includes the short-term amounts of the financing described in the preceding note, the short term debts towards leasing companies for the amount of 448 thousand Euros (396 thousand Euros on December 31st 2007), and the residual debt to be paid to the partners of Grupo Laser Idoseme entered by the subsidiary Quanta System for approx. 2.736 thousand Euros.

The liabilities for forward exchange contracts refer to the subsidiaries Cutlite do Brasil and With Us.

The Group presents a positive net financial position. Financial debts are subject to the changes in interest rates since no coverage operations have been effected.

Amounts owed for supplies (note 18)

Trade debts:	**30/06/2008**	**31/12/2007**	**Variation**	**Var. %**
Amounts owed to suppliers	33.057.789	28.581.360	4.476.429	15,66%
Amounts owed to associated companies	216.447	28.419	188.028	661,63%
Total	33.274.236	28.609.779	4.664.457	16,30%

A growth in amounts owed to suppliers which is lower than that shown for amounts receivable from clients is registered, with the relative effect of the increase in net working capital and of the financial needs related to the working capital.

Income tax debts /Other short term debts (note 19)

The "income tax debts" which have matured on some of the companies of the Group as of June 30th 2008 amount to 2.612.173 Euros and are entered net of any down payments or deductions.

The break-down of "Other debts" is as follows:

	30/06/2008	31/12/2007	Variation	Variation %
Social security debts				
Debts owed to INPS	1.136.363	1.098.021	38.342	3,49%
Debts owed to INAIL	105.180	138.766	-33.586	-24,20%
Debts owed to other Social Security Institutions	97.193	116.095	-18.902	-16,28%
Total	1.338.736	1.352.882	-14.146	-1,05%
Other debts				
Debts owed to tax administration for VAT	1.372.005	593.261	778.744	131,26%
Debts owed to tax administration for deductions	583.716	948.066	-364.350	-38,43%
Other tax debts	41.323	6.993	34.330	490,92%
Owed to staff for wages and salaries	6.739.963	5.322.998	1.416.965	26,62%
Down payments	4.736.360	2.676.749	2.059.611	76,94%
Other debts	9.238.857	7.333.758	1.905.099	25,98%
Total	22.712.224	16.881.825	5.830.399	34,54%
Total Social security debts and other debts	24.050.960	18.234.707	5.816.253	31,90%

The "Debts owed to staff for wages and salaries" includes, among other things, the debts for deferred salaries matured by employees as of June 30th 2008.
The entry "Down payments" represents down payments received from clients.
The entry "Other debts" includes, among other things, the anticipated revenue related to the subsidiary Cynosure for customer assistance contracts entered with the revenue in proportion to the duration of the contracts.

SECTORIAL INFORMATION

Primary information

30/06/08		Total	Medical	Industrial	Other
Revenues		113.646	96.311	17.237	98
Other revenues and income		552	324	16	211
Gross Margin		64.147	56.345	7.560	243
	Inc.%	*56%*	*58%*	*44%*	*78%*
Margin		23.191	21.103	1.845	243
	Inc.%	*20%*	*22%*	*11%*	*78%*
Not assigned charges		8.094			
EBIT		15.097			
Net financial income (charges)		887			
Share of profit of associated companies		(19)	(55)	37	(1)
Other Income (expense) net		(104)			
Income before taxes		15.860			
Income taxes		5.551			
Income for the financial period		10.309			
Minority interest		4.999			
Net income		5.311			

30/06/07		Total	Medical	Industrial	Other
Revenues		90.077	77.546	12.480	50
Other revenues and income		683	357	73	252
Gross Margin		50.686	45.050	5.439	197
	Inc.%	*56%*	*58%*	*43%*	*65%*
Margin		14.044	13.530	317	197
	Inc.%	*15%*	*17%*	*3%*	*65%*
Not assigned charges		5.670			
EBIT		8.374			
Net financial income (charges)		506			
Share of profit of associated companies		(26)	(25)	(2)	1
Other Income (expense) net		(1.229)			
Income before taxes		7.625			
Income taxes		5.058			
Income for the financial period		2.566			
Minority interest		2.556			
Net income		10			

The margin of contribution is calculated as follows: [Revenue + Income] – [Purchases ± Variations in inventory + Direct costs of manufacture and sale].

COMMENTS ON THE MAIN ENTRIES IN THE PROFIT AND LOSS ACCOUNT

Revenue (note 20)

Growth in the sales volume of the Group continues at an intense rate with an increase of 26% with respect to last year, an important result which demonstrates the ability of the Group to reach the growth objectives which they had set.

	30/06/2008	30/06/2007	Variation	Var. %
Sales of industrial laser systems	14.840.814	10.505.060	4.335.754	41,27%
Sales of medical laser systems	84.503.753	67.265.920	17.237.833	25,63%
Service and sales of spare parts	14.301.907	12.305.795	1.996.112	16,22%
Total	113.646.474	90.076.775	23.569.699	26,17%

The industrial sector showed the most rapid rate of growth, at +41%, exceeding even that of the medical sector and reaching expansion levels that it had not even come close to in preceding years.
In the medical sector, the growth of 25% is greater than that of any of the main competitors on this market.
The customer assistance services and spare parts sales show an increase of 16%, which represents a result that is expected as a natural consequence of the growth in the number of installations.

With regard to the seasonal nature of our activities, generally speaking the business is not subject to particular oscillations during the year. In any case, it should be remembered that, as far as the first half is concerned, there is usually a drop in sales in the month of January since in this month there is a negative response to the increase in sales which usually takes place during the month of December of the preceding year. Moreover, during the second half of the year, there is usually a drop in sales during the month of August, especially in Italy and the rest of Europe.

Other revenue and income (note 21)

The analysis of the other income is as follows:

	30/06/2008	30/06/2007	Variation	Var. %
Recovery for accidents and insurance reimbursements	1.278	4.092	-2.814	-68,77%
Expense recovery	403.369	368.114	35.255	9,58%
Capital gains on disposal of fixed assets	1.532	45.502	-43.970	-96,63%
Other income	145.527	258.343	-112.816	-43,67%
Contribution on fiscal year account and on capital account		7.122	-7.122	-100,00%
Total	551.706	683.173	-131.467	-19,24%

The entry “Expense recovery” refers mostly to expenses for shipment.

Costs for the purchase of goods (note 22)

The analysis is shown on the following table:

	30/06/2008	30/06/2007	Variation	Var. %
Purchase of raw materials and finished products	46.211.705	38.401.602	7.810.103	20,34%
Purchase of packaging	331.498	273.055	58.443	21,40%
Shipment of purchases	539.061	301.037	238.024	79,07%
Other purchase expenses	134.033	83.690	50.343	60,15%
Other purchases	176.976	195.995	-19.019	-9,70%
Total	47.393.273	39.255.379	8.137.894	20,73%

The increase in purchases is a direct consequence of the increase in the business volume and is also reflected in the increase in final inventory registered at the end of the half year.

Other direct services/ operating services and charges (note 23)

Breakdown of this category is shown on the chart below:

	30/06/2008	30/06/2007	Variation	Var. %
Direct services				
Expenses for work in progress at third parties'	3.185.817	2.210.938	974.879	44,09%
Technical services	887.325	538.565	348.760	64,76%
Shipment on sales	800.887	642.826	158.061	24,59%
Commissions	5.616.124	4.707.140	908.984	19,31%
Royalties	44.186	45.898	-1.712	-3,73%
Travel expenses	856.047	837.401	18.646	2,23%
Other direct services	401.560	270.340	131.220	48,54%
Total	*11.791.946*	*9.253.108*	*2.538.838*	*27,44%*
Operating services and charges				
Maintenance and technical assistance on equipments	632.753	453.125	179.628	39,64%
Services and commercial consulting	1.689.818	582.665	1.107.153	190,02%
Legal and administrative services	1.165.579	681.333	484.246	71,07%
Auditing charges	330.390	446.510	-116.120	-26,01%
Insurances	927.695	706.996	220.699	31,22%
Travel and overnight expenses	2.202.613	1.799.470	403.143	22,40%
Promotional and advertising expenses	5.679.282	4.779.731	899.551	18,82%
Building charges	1.060.485	853.518	206.967	24,25%
Other taxes	160.863	158.058	2.805	1,77%
Expenses for vehicles	463.207	380.682	82.525	21,68%
Office supplies	269.075	271.903	-2.828	-1,04%
Hardware and Software assistance	264.807	242.209	22.598	9,33%
Bank charges	322.255	281.116	41.139	14,63%
Rent	2.036.659	1.618.317	418.342	25,85%
Other operating services and charges	6.139.790	5.145.992	993.799	19,31%
Total	*23.345.271*	*18.401.625*	*4.943.647*	*26,87%*

The most significant amounts entered under the heading of "Other operating services and charges" is represented by the salaries paid to members of the Board of Directors and the Board of Auditors, for an amount of approx 1.132 thousand Euros; costs for technical and scientific consultations, studies and research for an amount of approx. 895 thousand Euros. For the activities and the costs related to Research and Development, please refer to the management report.

Personnel costs (note 24)

The chart below shows the costs for staff.

For staff costs	30/06/2008	30/06/2007	Variation	Var. %
Wages and salaries	16.773.455	15.182.381	1.591.074	10,48%
Social security costs	3.273.645	2.799.040	474.605	16,96%
Accruals for severance indemnity	280.370	131.001	149.369	114,02%
Stock options	2.544.327	3.085.116	-540.789	-17,53%
Other costs	6.993		6.993	100,00%
Total	22.878.790	21.197.538	1.681.252	7,93%

The costs for personnel was 22.878 thousand Euros, compared with 21.198 thousand Euros for the first half of 2007, showing an increase of 7,93% and with an incidence on the sales volume which was slightly lower. The figurative costs entered into accounts in relation to the stock options assigned to employees are part of the personnel costs. As of June 30th 2008 these costs were 2.544 thousand Euros, and refer just to Cynosure Inc.

Depreciation, amortization and other accruals (note 25)

The table below shows the breakdown for this category:

Depreciations, amortizations, and other accruals	30/06/2008	30/06/2007	Variation	Var. %
Amortization of intangible assets	183.639	153.584	30.055	19,57%
Depreciation of tangible assets	2.028.051	1.698.950	329.101	19,37%
Accrual for risk on receivables	277.262	418.933	-141.671	-33,82%
Other accruals for risks and charges	337.053	441.554	-104.501	-23,67%
Total	2.826.005	2.713.021	112.984	4,16%

The accruals for risks and charges is also related to product guarantees.

Financial income and charges (note 26)

The breakdown of the category is as follows:

	30/06/2008	30/06/2007	Variation	Var.%
Financial incomes:				
Interests from banks	1.425.001	923.732	501.269	54,27%
Interests from associated company	2.493	1.349	1.144	84,80%
Interests on investments		7.872	-7.872	-100,00%
Income from negotiations	1.399	1.498	-99	-6,61%
Foreign exchange gain	416.906	48.740	368.166	755,37%
Other financial incomes	137.380	132.894	4.486	3,38%
Total	1.983.179	1.116.085	867.094	77,69%
Financial charges:				
Interest on bank debts for account overdraft	-388.476	-69.815	-318.661	456,44%
Interest on bank debts for medium and long - term loans	-12.471	-15.514	3.043	-19,61%
losses from negotiation-investments		-1.198	1.198	-100,00%
Foreign exchange loss	-628.409	-459.099	-169.310	36,88%
other financial charges	-67.301	-64.420	-2.881	4,47%
Total	-1.096.657	-610.046	-486.611	79,77%

The entry “Interest from banks” is still benefiting from the cash held by Cynosure as a result of the IPO of 2005 and by the parent company El.En after the sale of the Cynosure shares during 2007.
Interest and profits from the negotiations related to temporary investments of the cash on hand are entered.

"Interest on bank debts for account overdrafts" refers mainly to overdrafts allowed by Credit Institutions to subsidiary companies.

The entry "Other financial charges" includes, for an amount of approx. 54 thousand Euros, the financial charges which are derived from the application of the IAS 19 accounting principle to the severance indemnity.

Other net income and charges (note 27)

	30/06/2008	30/06/2007	Variation	Var. %
Other charges				
Loss on equity investments	-103.980	-1.228.162	1.124.182	-91,53%
Devaluation of equity investments		-1.101	1.101	-100,00%
Total	**-103.980**	**-1.229.263**	**1.125.283**	**-91,54%**

The entry under "Loss on equity investments" quantifies the effects of the dilution of the value of the equity in Cynosure Inc. following the increase in capital for use in the stock option plans in favour of third parties.

Income taxes (note 28)

On the basis of the modifications made on the Financial Law 2008, the Italian companies of the Group starting this year, must apply an aliquot IRES of 27,5% and an aliquot IRAP of 3,9% compared with the 33% and 4,25% for 2007. The accruals for deferred tax assets and liabilities had already been adjusted for the change in aliquots on December 31st of 2007.

Description:	30/06/2008	30/06/2007	Variazione	Variazione %
IRES and other foreign income taxes	5.708.486	4.808.578	899.908	18,71%
IRAP	525.862	491.357	34.505	7,02%
IRES and other foreign income taxes – Deferred (Advanced)	-468.597	-289.493	-179.104	61,87%
IRAP - Deferred (Advanced)	-23.750	1.761	-25.511	-1448,67%
Receivable for income tax	-164.477	-	-164.477	100,00%
Taxes related to the previous years	-26.517	46.113	-72.630	-157,50%
Total income taxes	5.551.007	5.058.316	492.691	9,74%

Italian companies which conduct research and development activities have tax credits entered for these costs on the basis of the fiscal facilitations in force at the time.

The chart below shows the reconciliation between the theoretical fiscal aliquots and the actual aliquot limited to the income tax of the companies (IRES) and similar.

	2008	2007
Profit/loss before taxes	15.860.387	7.624.694
Theoretical IRES Aliquot	27,5%	33%
Theoretical IRES	4.361.606	2.516.149
Higher (lower) fiscal incidence of the foreign companies with respect to the theoretical aliquot	793.960	1.370.112
Higher (lower) fiscal incidence of Italian companies with respect to the theoretical 'aliquot	36.731	365.051
Higher (lower) fiscal incidence due to the effects of consolidation	47.593	267.773
Actual IRES	5.239.889	4.519.085
Actual IRES aliquot	33%	59%

Dividends distributed (note 29)

The shareholders' assembly held on May 15th 2007 voted to distribute 1.421.030,40 Euros as dividends to the shareholders, paying 0,30 Euros for each of the 4.736.768 ordinary shares.

The shareholders' assembly held on May 15th 2008, voted to distribute a dividend of 1,1 Euro per share for each of the shares in circulation on the date of payment. The dividend paid was 5.193.342 Euro.

Profits per share (note 30)

The chart below illustrates the method used to calculate the weighted average number of shares in circulation.

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	31/12/07	31/1/08	28/2/08	31/3/08	30/4/08	31/5/08	30/6/08
Shares	4.824.368	4.824.368	4.824.368	4.824.368	4.824.368	4.824.368	4.824.368
Treasury stock (-)	-	-	-	- 28.630	- 103.148	- 103.148	- 103.148
Average weighted shares		**4.824.368**	**4.824.368**	**4.814.825**	**4.791.424**	**4.777.383**	**4.768.022**

In order to establish the diluted profit for each share, the value of the diluting effect of the options in circulation was added to the average weighted number of shares in circulation.

Non-recurring significant events and operations (note 31)

During the first half of 2008 and for the corresponding period last year there were non significant non- recurring events or operations.

Information about related parties

In accordance with the IAS 24 the following subjects are considered related parties:
- the subsidiary and associated companies as shown in this document;
- the members of the Board of Directors and Board of Auditors of the Parent company and the other executive directors with strategic responsibilities;
- the individuals holding shares in the Parent company El. En. S.p.A;
- the legal bodies of which a significant number of shares is owned by one of the main shareholders of the Parent company, by one of the Parent company shareholders belonging to the voting syndicate, by a member of the Board of Directors of the Parent company, by a member of the Board of Auditors, by any other of the executives with strategic responsibilities.

The tables below show an analysis of the transactions which occurred between the associate companies both at the level of commercial trade as well as for receivables and amounts owed.

	Financial receivables		Commercial receivables	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
SBI SA			55	
Actis Srl	100		2	
Immobiliare Del.Co. Srl	14			
Elesta Srl	255		235	
Electro Optical Innovation Srl	27		7	
Ibertronic Lda			634	
Total	**396**		**933**	

	Debiti finanziari		Debiti Commerciali	
Imprese collegate:	**< 1 anno**	**> 1 anno**	**< 1 anno**	**> 1 anno**
Elesta Srl			198	
Actis Srl			12	
SBI SA			6	
Totale			**216**	

Imprese collegate:	**Vendite**	**Prestazioni di servizi**	**Totale**
Actis Srl	8		8
SBI S.A.	72		72
Elesta Srl	199		199
Electro Optical Innovation Srl	6		6
Ibertronic Lda	493		493
Totale	**778**	**-**	**778**

Associated companies:	**Other revenues**
Elesta Srl	1
Total	1

Associated companies:	**Purchase of raw materials**	**Services**	**Other**	**Total**
Actis Srl	1	25		26
SBI S.A.	6			6
Elesta Srl	18	149		167
Immobiliare Delco Srl		29		29
JV Laser International Ltd	12			12
Total	**37**	**203**		**241**

The amounts shown in the tables above refer to operations which are inherent to the characteristic management of the company.

The table below shows the incidence which transactions with related parties has had on the economic and financial situation of the Group.

Impact of related party transactions	**Total**	**Amount**	**%**
a) Impact of related party transactions on the balance sheet			
Equity investments	728.100		0,00%
Accounts receivables	51.460.101	933.248	1,81%
Other receivables	6.744.588	395.667	5,87%
Non current financial liabilities	4.323.137		0,00%
Current financial liabilities	12.659.980		0,00%
Accounts payables	33.274.236	216.447	0,65%
Other payables	24.050.960		0,00%
b) Impact of related party transactions on the profit and loss			
Revenues	113.646.474	778.206	0,68%
Other revenues and income	551.706	1.080	0,20%
Purchases of raw materials	47.393.273	37.220	0,08%
Other direct services	11.791.946	4.979	0,04%
Other operating services and charges	23.345.271	198.345	0,85%
Financial charges	-1.096.657		0,00%
Financial incombe	1.983.179	2.493	0,13%

Procedures for the management of financial risks

The main financial instruments of the Group include checking accounts and short-term deposits, short and long-term financial liabilities, leasing and financial instruments. Besides these, the Group also has payables and receivables derived from its activity.
The main financial risks to which the Group is exposed are those related to currency exchange, credit, cash and interest rates.

Currency risks
Again in the first half of 2008, approx. 50% of consolidated sales were made in markets outside of the European Union; most of the transactions were conducted in US dollars. It should be pointed out that the presence of stable structures in the United States, in particular Cynosure, make it possible to have a partial coverage of these risks since both the costs and the revenue are in the same kind of currency.

Credit risks
As far as the commercial transactions are concerned, the company operates with clients on which credit checks are conducted in advance. Moreover, the amount of receivables is monitored during the year so that the amount of exposure to losses is not significant. Credit losses which have been registered in the past are therefore limited in relation to the sales volume and consequently do not require special coverage and/or insurance. There are no significant concentrations of credit risks within the Group.

Cash and interest rate risks
As far as the exposure of the Group to risks related to cash and interest rates is concerned, it should be pointed out that cash held by the Group has been maintained at a high level also during this half year in such a way as to cover existing debts and obtain a net financial position which is extremely positive. For this reason we believe that these risks are sufficiently covered.

Management of the capital

The primary objective of the management of the capital of the Group is to guarantee that a low level of indebtedness is maintained. Considering the substantial amount of cash held by the Group, the net financial position is extremely positive and is such as to guarantee a good ratio between capital and reserves and debts.

Financial Instruments

Fair value

The table below shows a comparison by category between book value and fair value of all the financial instruments of the Group.

	Book value 30/06/2008	Book value 31/12/2007	Fair value 30/06/2008	Fair value 31/12/2007
Financial assets				
Financial mid and long term receivables				
Financial receivables within 12 months	445.667	355.991	445.667	355.991
Financial instruments	12.423.671	32.044.110	12.423.671	32.044.110
Cash and cash equivalents	56.489.953	61.511.786	56.489.953	61.511.786
Financial liabilities				
Financial mid and long term debts	4.323.137	3.440.763	4.323.137	3.440.763
Financial liabilities due within 12 months	12.659.980	2.806.657	12.659.980	2.806.657

Other information

Average number of employees divided by category

	Average 2008	30/06/2008	Average 2007	31/12/2007	Variation	Var. %
Totale	860,5	926	715,0	796	130	16,33%

The increase in the number of employees in the Group reflects the increase in the volume of business.

For the Board of Directors

Managing Directors – Ing. Andrea Cangioli

Declaration of the half-yearly abbreviated financial statement in conformity with art.154-bis of the Legislative Decree of February 24th 1998, no. 58 (TUF) and subsequent modifications and additions

1. We the undersigned, Andrea Cangioli as managing director, and Enrico Romagnoli as executive in charge of financial reports of El.En. S.p.A., in conformity with art. 154-bis, comma 3 and 4, of Legislative Decree no. 58 of February 24th 1998, declare

- the conformity in relation to the characteristics of the company and
- the actual application of the administrative and accounting procedures used in drawing up the half-yearly abbreviated financial statement, during the first half of 2008.

2. We also declare herewith that:

2.1 the abbreviated half-yearly report:

- is drawn up in conformity with the international accounting principles recognized by the European union according to regulation (CE) n. 1606/2002 of the European Parliament and of the Board, on July 19th 2002, and in particular with IAS 34 – *Interim statements*, as well as the rules issued in implementation of Art. 9 of D.Lgs n. 38/2005;
- corresponds to the figures in the ledgers and accounting
- is suitable to supply a true and correct representation of the capital, economic and financial situation of the El.En. and of the other companies included in the area of consolidation.

2.2 the interim management report contains references to important events which occurred during the first half of this financial period and their impact on the abbreviated half-yearly report, together with a description of the main risks and uncertainties related to the remaining six moths of the year and the information on relevant operations with related parties.

Calenzano, August 29th 2008

Managing Director

Andrea Cangioli

Executive in charge of the company financial reports

Enrico Romagnoli