

Quarterly Financial Report as of September 30th 2012

EL.EN. S.p.A.

Headquarters in Calenzano (Florence), Via Baldanzese, 17

Share Capital: Approved: €2.591.871,36
 Underwritten and paid : €2.508.671,36

Florence Register of Companies – C.F. 03137680488

This document has been translated into English for the convenience of readers who do not understand Italian.

The original Italian document should be considered the authoritative version.

CORPORATE BOARDS OF THE PARENT COMPANY

(as of the date of approval of the financials on September 30th 2012)

Board of Directors

CHAIRMAN

Gabriele Clementi

MANAGING DIRECTORS

Barbara Bazzocchi

Andrea Cangioli

BOARD MEMBERS

Paolo Blasi

Michele Legnaioli

Stefano Modi

Alberto Pecci

Board of statutory auditors

CHAIRMAN

Vincenzo Pilla

STATUTORY AUDITORS

Paolo Caselli

Gino Manfriani

Executive officer responsible for the preparation of the Company's financial statements

Enrico Romagnoli

Independent auditors

Deloitte & Touche S.p.A.

EL.EN. GROUP

QUARTERLY REPORT

AS OF SEPTEMBER 30th 2012

Quarterly report

Introduction

This quarterly report for the quarter ending September 30th 2012 for the El.En. Group was drawn up in compliance with to Art. 154-ter of Legislative Decree 58/1998 and later modifications as well as the regulations for listed companies issued by Consob. This document contains the information usually included by the company in the preceding quarterly reports.

The information shown below has been drawn up in compliance with IAS/IFRS international accounting principles which have been obligatory since 2005 for the preparation of the consolidated financial statements of companies quoted on the regulated stock markets.

The quarterly report has not been audited as such is not required by current regulations.

The quarterly results as of September 30th 2012 are shown in comparative form with those for the same quarter last year. All amounts are expressed in thousands of Euros unless otherwise indicated.

Alternative Non-GAAP measures

In compliance with the CESR/05-178b recommendations regarding alternative performance indicators, the Group presents, as part of the Director's report on operations, in addition to the financial measures required by the IFRS, some of the measures derived from these latter but not required by the IFRS (non – GAAP measures). These measures are defined here for the purpose of facilitating a better evaluation of the performance of the Group and should not be considered alternatives to those required by the IFRS.

As alternative performance indicators to evaluate the economic performance the Group uses:

- The EBIT which represents an indicator of the operative performance and is determined by adding to the profit/loss for the period: the income tax, the other net income and charges, the quota of the associated companies, the results of the financial items.
- The EBITDA which also represents an indicator of operative performance and is determined by adding to the EBIT the amount entered under the heading of “amortizations, accruals and depreciations”.
- The added value, which is determined by adding to the EBITDA the amount entered under the heading of “Staff costs”.
- The gross margin which represents an indicator of the sales margin and is determined by adding to the added value the “Operating services and charges”.
- the **incidence** that the various accounts in the Income Statement have on the sales volume.

As alternative performance indicators to evaluate its capacity to meet their financial obligations, the Group uses:

- the **net financial position** which is cash available + securities entered as current assets + current financial receivables – debts and non-current financial liabilities - current financial debts.

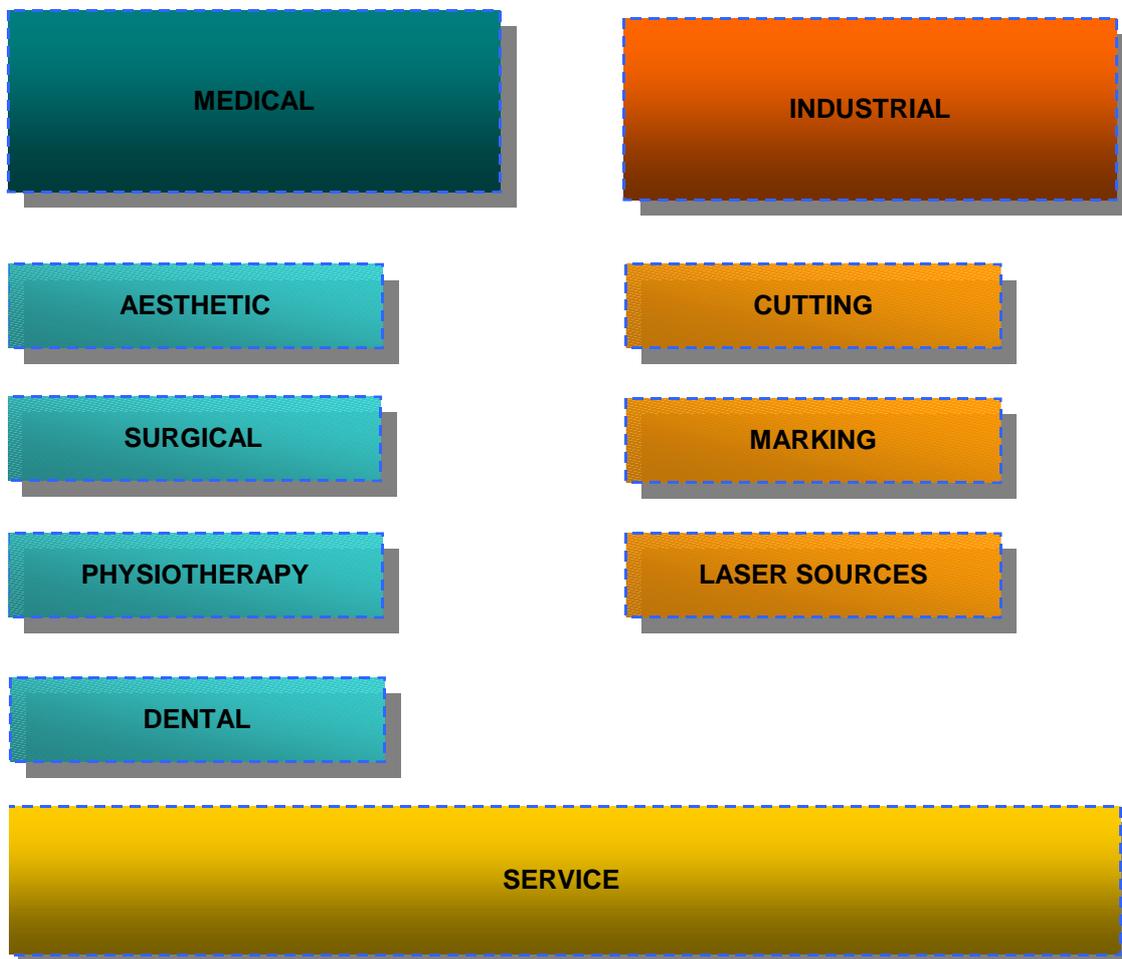
The alternative performance indicators are measures used by the company to monitor and evaluate the performance of the Group and they are not defined as accounting measures either in the Italian Accounting Standards or in the IAS/IFRS. Consequently, the determining criteria applied by the Group may not be the same as that adopted by other operators and/or groups and for this reason may not be comparable.

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.

The division of the Group into multiple companies also reflects the strategy for the distribution of their products and the coordinating of the various research and development and marketing activities. In fact, particularly in the medical sector, the various companies which through acquisitions have gradually become part of the Group (DEKA, Asclepion, Quanta System, Cynosure, Asa) have always maintained their own special characteristics as far as the product typology and segment and their own distribution network which is independent from those of the other companies in the Group. At the same time, each one has been able to benefit from the cross-fertilization which the research teams have had on each other, thus creating centres of excellence for certain specific technologies which were made available also to the other companies of the Group. Although this strategy makes management more complex, it is chiefly responsible for the growth of the Group which has become one of the most important companies in the field.

Group financial highlights

At the end of the third quarter of 2012 the group registered a pre-tax profit for an amount of 11.427 thousand Euros showing an improvement over the results for 2011 which showed a pre-tax loss for an amount of 768 thousand Euros; for the consolidated financial statements drawn up excluding Cynosure, the pre-tax profit was 4.615 thousand Euros, which also represented a considerable increase with respect to the 2.795 thousand Euros for last year.

The results were, on the whole, interesting, and very positive in some sectors and geographical areas of activity. The economic climate that we are dealing with every day both at company headquarters and on the European markets is not very encouraging and this fact is a constant that we have had to face for quite a while. It is almost redundant to have to recall the period of recession that we are going through, with the decrease in consumption, the cash that is increasingly less available for investments by individuals and companies, the majority of European companies that find themselves facing the crisis with budget and currency restrictions which limit the capacity to stimulate economic activities. The continued weakness of the US dollar places European manufacturers in a position of competitive disadvantage with respect to companies with costs in US dollars, a problem which is only partially mitigated by the re-enforcement of other important currencies like the Japanese Yen and the Chinese Renminbi.

The various phases manifested by the crisis, with its recoveries and mini-recoveries, placed Cynosure in a position of competitive advantage since they were operating on a domestic market which was quite lively and had a competitive edge in exportation. Cynosure was able to combine these macro-conditions with a highly effective strategy in the selection of the range of products being offered, and so during this year they were able to register a significant increase in sales volume, show a return to substantial profits, and gain the trust of the financial markets with the result that their stock rose from around 10 dollars a share to 25.

These conditions were at the basis of the decision, during the month of November, to further strengthen the company by capitalizing on these improved conditions with a public offering of newly issued shares and, on the part of El.En. to benefit from the situation by selling some of the Cynosure shares they possess, while being careful to not alter, except in the percentages of ownership, the fruitful commercial and technical relations which exists between El.En and Cynosure. For further information, please refer to the paragraph titled "Subsequent events".

For the other companies of the Group which, in general have had to deal with conditions that were less favorable and sometimes even hostile, a development strategy which was aimed at increasing the effectiveness of the activities of the commercial and manufacturing structures created in preceding year, was followed; along with an increased attention to reduction of costs, we focused on the activity which has traditionally been the pivotal element in the strategy of the Group, that is, research aimed at a continual innovation of products and applications that are able to attract customers, and impose better sales conditions on the basis of our recognized leadership in technology and innovation. In order to play the role of leader in this sector and to amplify one's clientele, the markets require a continual presentation of new products or innovations of products and applications at an increasingly fast pace.

Considering the importance that the subsidiary Cynosure has for the consolidated results and the substantial quota of the company that is held by third parties (the controlling quota held by El.En. as of September 30th 2012 was, in fact, 22,09%), in this report we are showing both the data related to the consolidated results of the Group and the results of the Group excluding Cynosure from the scope of consolidation.

The chart below shows the Income Statement for the third quarter of 2012 shown in comparison form with those for the same quarter last year.

Income Statement - 3 months	30/09/12	Inc.%	30/09/11	Inc.%	Var.%
Revenues	61.842	100,0%	49.079	100,0%	26,0%
Change in inventory of finished goods and WIP	(525)	-0,8%	1.551	3,2%	
Other revenues and income	1.080	1,7%	480	1,0%	124,8%
Value of production	62.397	100,9%	51.110	104,1%	22,1%
Purchase of raw materials	25.961	42,0%	21.608	44,0%	20,1%
Change in inventory of raw material	(1.716)	-2,8%	172	0,3%	
Other direct services	5.138	8,3%	4.547	9,3%	13,0%
Gross margin	33.013	53,4%	24.784	50,5%	33,2%
Other operating services and charges	11.666	18,9%	10.389	21,2%	12,3%
Added value	21.347	34,5%	14.396	29,3%	48,3%
For staff costs	13.981	22,6%	12.206	24,9%	14,5%
EBITDA	7.366	11,9%	2.189	4,5%	236,5%
Depreciation, amortization and other accruals	2.619	4,2%	2.770	5,6%	-5,5%
EBIT	4.747	7,7%	(581)	-1,2%	
Net financial income (charges)	(345)	-0,6%	407	0,8%	
Share of profit of associated companies	(33)	-0,1%	(130)	-0,3%	-74,7%
Other Income (expense) net	0	0,0%	68	0,1%	
Income (loss) before taxes	4.369	7,1%	(236)	-0,5%	

The chart below shows the income statement for the first nine months of 2012 in comparative form with the results for the same period last year.

Income Statement	30/09/12	Inc.%	30/09/11	Inc.%	Var.%
Revenues	191.112	100,0%	147.330	100,0%	29,7%
Change in inventory of finished goods and WIP	3.083	1,6%	8.347	5,7%	-63,1%
Other revenues and income	2.716	1,4%	2.033	1,4%	33,6%
Value of production	196.911	103,0%	157.710	107,0%	24,9%
Purchase of raw materials	82.223	43,0%	70.628	47,9%	16,4%
Change in inventory of raw material	(1.689)	-0,9%	(4.229)	-2,9%	-60,1%
Other direct services	16.467	8,6%	14.109	9,6%	16,7%
Gross margin	99.910	52,3%	77.202	52,4%	29,4%
Other operating services and charges	35.975	18,8%	32.986	22,4%	9,1%
Added value	63.934	33,5%	44.216	30,0%	44,6%
For staff costs	43.840	22,9%	36.363	24,7%	20,6%
EBITDA	20.094	10,5%	7.853	5,3%	155,9%
Depreciation, amortization and other accruals	7.940	4,2%	7.918	5,4%	0,3%
EBIT	12.155	6,4%	(65)	-0,0%	
Net financial income (charges)	(423)	-0,2%	(209)	-0,1%	102,7%
Share of profit of associated companies	(303)	-0,2%	(529)	-0,4%	-42,7%
Other net income (expense)	(1)	-0,0%	35	0,0%	
Income (loss) before taxes	11.427	6,0%	(768)	-0,5%	

The chart below shows the break-down of the net financial position of the Group.

Net financial position	30/09/2012	30/06/2012	31/12/2011
Cash and bank	62.875	57.313	48.365
Financial instruments	27.725	27.719	24.332
Cash and cash equivalents	90.600	85.031	72.697
Short term financial receivables	20	20	20
Bank short term loan	(9.881)	(10.585)	(11.265)
Part of financial long term liabilities due within 12 months	(1.892)	(2.183)	(1.732)
Financial short term liabilities	(11.773)	(12.768)	(12.997)
Net current financial position	78.847	72.284	59.720
Bank long term loan	(8.427)	(8.688)	(4.548)
Bonds	(212)	(212)	(425)
Other long term financial liabilities	(1.556)	(1.679)	(1.711)
Financial long term liabilities	(10.196)	(10.579)	(6.684)
Net financial position	68.651	61.705	53.035

The chart below shows the income statement for the third quarter of 2012, the income statement for the first nine months of 2012, and the net financial position of the Group excluding Cynosure from the scope of consolidation.

Income Statement - 3 months	30/09/12	Inc.%	30/09/11	Inc.%	Var.%
Revenues	33.496	100,0%	30.439	100,0%	10,0%
Change in inventory of finished goods and WIP	(1.569)	-4,7%	288	0,9%	
Other revenues and income	974	2,9%	378	1,2%	157,6%
Value of production	32.901	98,2%	31.105	102,2%	5,8%
Purchase of raw materials	14.691	43,9%	14.236	46,8%	3,2%
Change in inventory of raw material	(531)	-1,6%	80	0,3%	
Other direct services	2.109	6,3%	2.441	8,0%	-13,6%
Gross margin	16.632	49,7%	14.347	47,1%	15,9%
Other operating services and charges	5.994	17,9%	5.757	18,9%	4,1%
Added value	10.638	31,8%	8.590	28,2%	23,8%
For staff costs	7.638	22,8%	7.060	23,2%	8,2%
EBITDA	3.001	9,0%	1.530	5,0%	96,1%
Depreciation, amortization and other accruals	1.259	3,8%	1.266	4,2%	-0,5%
EBIT	1.742	5,2%	264	0,9%	559,2%
Net financial income (charges)	(656)	-2,0%	594	2,0%	
Share of profit of associated companies	(33)	-0,1%	(130)	-0,4%	-74,7%
Other Income (expense) net	0	0,0%	66	0,2%	
Income (loss) before taxes	1.052	3,1%	794	2,6%	32,6%

Income Statement	30/09/12	Inc.%	30/09/11	Inc.%	Var.%
Revenues	108.310	100,0%	97.718	100,0%	10,8%
Change in inventory of finished goods and WIP	(554)	-0,5%	5.696	5,8%	
Other revenues and income	2.407	2,2%	1.782	1,8%	35,1%
Value of production	110.162	101,7%	105.196	107,7%	4,7%
Purchase of raw materials	51.481	47,5%	50.483	51,7%	2,0%
Change in inventory of raw material	(1.005)	-0,9%	(2.250)	-2,3%	-55,3%
Other direct services	7.810	7,2%	8.401	8,6%	-7,0%
Gross margin	51.876	47,9%	48.561	49,7%	6,8%
Other operating services and charges	18.526	17,1%	18.516	18,9%	0,1%
Added value	33.350	30,8%	30.045	30,7%	11,0%
For staff costs	24.043	22,2%	22.446	23,0%	7,1%
EBITDA	9.307	8,6%	7.599	7,8%	22,5%
Depreciation, amortization and other accruals	3.736	3,4%	4.142	4,2%	-9,8%
EBIT	5.571	5,1%	3.457	3,5%	61,2%
Net financial income (charges)	(651)	-0,6%	(198)	-0,2%	228,7%
Share of profit of associated companies	(303)	-0,3%	(529)	-0,5%	-42,7%
Other net income (expense)	(1)	0,0%	66	0,1%	
Income (loss) before taxes	4.615	4,3%	2.795	2,9%	65,1%

Net financial position	30/09/2012	30/06/2012	31/12/2011
Cash and bank	29.019	27.834	20.778
Financial instruments	111	101	81
Cash and cash equivalents	29.130	27.935	20.859
Short term financial receivables	20	20	20
Bank short term loan	(9.849)	(10.550)	(11.230)
Part of financial long term liabilities due within 12 months	(1.699)	(1.983)	(1.582)
Financial short term liabilities	(11.548)	(12.534)	(12.813)
Net current financial position	17.602	15.421	8.066
Bank long term loan	(8.318)	(8.603)	(4.469)
Bonds	(212)	(212)	(425)
Other long term financial liabilities	(1.267)	(1.332)	(1.409)
Financial long term liabilities	(9.797)	(10.147)	(6.302)
Net financial position	7.805	5.274	1.764

Operational performance

The chart below shows the sales volume for the first nine months of 2012 divided according to the various sectors of activity of the Group, compared with the same results for the same period last year.

	30/09/2012	Inc%	30/09/2011	Inc%	Var%
Industrial systems and lasers	26.562	13,90%	25.959	17,62%	2,32%
Medical and aesthetic lasers	129.837	67,94%	91.548	62,14%	41,82%
Service	34.713	18,16%	29.823	20,24%	16,40%
Total	191.112	100,00%	147.330	100,00%	29,72%

Growth in the sales volume remains very significant, close to 30%, and involves all of the main sectors of activity. The medical sector came close to a growth of 42% thanks in part to the external growth of Cynosure, the industrial sector continues to grow notwithstanding the unfavorable conditions on the two main markets (Europe and China), while the after-sales service activity expanded due to the increase in the number of installations and the intense use of our systems by the clientele, as well as the increase in the range of accessory and after-sales goods and services offered to clients.

The sales volume for this period, divided by geographical area, is shown on the chart below.

	30/09/2012	Inc%	30/09/2011	Inc%	Var%
Italy	18.687	9,78%	17.765	12,06%	5,19%
Europe	37.928	19,85%	34.550	23,45%	9,78%
Rest of the world	134.497	70,38%	95.015	64,49%	41,55%
Total	191.112	100,00%	147.330	100,00%	29,72%

Sales volume showed a slight increase in Italy and Europe and a strong increase in the rest of the world, where the United States and the Far East represented the drivers in this expansion and showed an increase of about 42%.

In the medical-aesthetic sector, which represents about 68% of the sales of the Group, results of the sales volume in the various segments are shown in the chart below:

	30/09/2012	Inc%	30/09/2011	Inc%	Var%
Surgical CO2	6.638	5,11%	6.858	7,49%	-3,20%
Physiotherapy	8.477	6,53%	4.005	4,37%	111,68%
Aesthetic	97.165	74,84%	63.886	69,78%	52,09%
Dental	2.270	1,75%	2.484	2,71%	-8,64%
Other medical lasers	12.656	9,75%	11.235	12,27%	12,65%
Accessories	2.632	2,03%	3.080	3,36%	-14,55%
Total	129.837	100,00%	91.548	100,00%	41,82%

The growth was related to the aesthetic, physical therapy and surgical segments (included under the heading of "Others") and were significant enough to offset the slight drop in the other segments.

Sales volume for the physical therapy sector doubled thanks mainly to the inclusion in this segment of the treatment for onychomycosis which is sold by Cynosure on the basis of a contract with Pinpointe. Cynosure's distribution network is particularly effective in the US and was able to place this new technology on the market very rapidly and successfully.

The increase of 52% in the aesthetic segment is based on the outstanding performance of the companies of the Group that operate in this sector: Deka, Asclepion and Quanta besides excellent results at Cynosure which benefitted significantly from the effects of external growth, the foundations of which had already been laid last year with the acquisition of Hoya Conbio and Elémé. Moreover, Cynosure is now starting to reap the benefits of the success of the Cellulaze system which, with a unique effectiveness makes it possible to treat cellulitis using a patented technology created through a cooperative effort between El.En and Cynosure.

The main applications in the aesthetic sector are the following: hair removal, for which the Group offers, with its various brands, a complete range of technological solutions, from the Alexandrite systems which are a specialty of Cynosure but are now also distributed by Deka and Quanta System; the diode systems offered by Asclepion and Esthelogue; body shaping, for which Deka offers a Triactive+ platform and Cynosure's Smoothshapes Elémé systems; laserlipolysis, an application in which Deka was a pioneer with its Smartlipo systems, which, thanks to the collaboration with Cynosure, then evolved into the Smartlipo MPX and Smartlipo Triplex systems and, ultimately into the above mentioned Cellulaze; the sector for the removal of tattoos and pigmented lesions in which Cynosure is now the leader thanks to the acquisition of Hoya Conbio, but in which Quanta, Asclepion and Deka are also present with multiple wave-length systems. In this sector notice should be taken also of the good trend in sales obtained by the distribution network for professional aesthetics in Italy, represented by the Esthelogue brand.

In the residual sector "Others" the excellent results for solid state lasers for surgery was confirmed. In this segment Quanta System has perfected in its own line of high-power systems for the treatment of BPH (benign prostate hyperplasia), and has consolidated its traditional capacity for OEM production by developing a range of various different mid-power systems for lithotripsy.

The other segments showed a decrease in sales volume which was in some cases significant, like the dental sector, which were indicative of the critical phase which the economic recession has caused on the markets and the companies of the Group. In relation to the CO₂ laser sector which is closely connected to that of the accessories which are part of it and which determine the type of application for which it will be used, the relative phase of maturity of the driving application of skin resurfacing should be noted, while the interesting new applications which have been identified and experimented in order to maintain the high level of revenue from this historical laser technology for which El.En. is one of the few producers at a world level, are now just beginning to show the first tangible results in terms of sales volume. Among these, we should mention the "Mona Lisa touch", a gynecological application for the treatment of vaginal atrophy, recently launched by Deka, and made possible by the highly advanced performance of the new CO₂ Smartxide² (Smartxide Quadro) systems.

For the industrial applications sector, the chart below shows the break-down of the sales volume by the market segment in which the Group operates.

	30/09/2012	Inc%	30/09/2011	Inc%	Var%
Cutting	18.664	70,26%	18.082	69,66%	3,21%
Marking	6.765	25,47%	6.968	26,84%	-2,91%
Laser sources	877	3,30%	645	2,48%	35,90%
Welding, other industrial systems	257	0,97%	264	1,02%	-2,70%
Total	26.562	100,00%	25.959	100,00%	2,32%

Growth was slightly over 2% and was derived almost entirely from the main sector which is cutting.

The growth of the segment for cutting systems which has been continuous and strong in the past three years, slowed down this quarter mainly due to the less favorable conditions of the Chinese market, which showed growth of a lesser entity than the preceding quarters and, secondly, by the crisis which is faced by most of the traditional markets of the Group, i.e. Italy and the rest of Europe. The less brilliant phase of the Chinese economy which was also connected to the political and administrative transition of the country, influenced the short-term results. The outlook for mid-term growth remains solid for a structure that is technologically and managerially well equipped to compete with success on the local market.

The marking sector showed a slight drop notwithstanding the excellent performance of Lasit which operates in the sector of marking for small surfaces and special systems for industrial manufacturing applications. The situation for Ot-las, specialized in systems for the decoration of large surfaces, would appear to be more problematic although it is now in a phase of recovery.

Sales of laser sources to third parties have recovered nicely and the sector, in any case, remains highly significant for its entity since, besides the sales to third parties, most of the production is absorbed for use in the systems manufactured by the Group, sales of which are registered in the cutting and marking sectors.

The tiny segment which represents our activity in the sector of cultural heritage, usually with lasers specialized in the restoration of works of art (for example, the *David* by Verrocchio and by Donatello, the Doors of the Baptistery (*porte del Paradiso*) by Lorenzo Ghiberti, just to name a few of the most famous ones located in Florence) maintains a stable level of sales volume which economically justifies a segment which gives prestige to our company.

The charts below show the composition of the sales volume for the sub-consolidated excluding Cynosure; the breakdown of the industrial sector is not shown because Cynosure does not operate in this sector.

	30/09/2012	Inc%	30/09/2011	Inc%	Var%
Industrial systems and lasers	26.562	24,52%	25.959	26,57%	2,32%
Medical and aesthetic lasers	61.409	56,70%	53.452	54,70%	14,89%
Service	20.338	18,78%	18.307	18,73%	11,10%
Total	108.310	100,00%	97.718	100,00%	10,84%

	30/09/2012	Inc%	30/09/2011	Inc%	Var%
Italy	18.341	16,93%	17.372	17,78%	5,58%
Europe	22.743	21,00%	21.331	21,83%	6,62%
Rest of the world	67.226	62,07%	59.016	60,39%	13,91%
Total	108.310	100,00%	97.718	100,00%	10,84%

	30/09/2012	Inc%	30/09/2011	Inc%	Var%
Surgical CO2	5.990	9,75%	5.690	10,64%	5,27%
Physiotherapy	4.140	6,74%	4.005	7,49%	3,39%
Aesthetic	38.471	62,65%	30.984	57,97%	24,17%
Dental	2.270	3,70%	2.484	4,65%	-8,64%
Other medical lasers	7.988	13,01%	7.548	14,12%	5,83%
Accessories	2.550	4,15%	2.741	5,13%	-6,99%
Total	61.409	100,00%	53.452	100,00%	14,89%

Even without the contribution of Cynosure and its acquisitions, the Group shows a growth of about 11%, thanks to the +15% registered for the medical sector and the +11% registered for after-sales service.

In the medical sector the consistent growth of the aesthetic segment (+24%) has been the driver; within this sector, as mentioned above, the lasers for hair removal and for the removal of tattoos and vascular lesions were outstanding in terms of the brilliant sales results. A positive trend was also shown by the CO₂ laser systems thanks to the new applications mentioned above which do not involve the activities of Cynosure which are exclusively dedicated to skin resurfacing.

The physical therapy sector in which ASA of Vicenza operates, also showed a slight increase in sales volume. As mentioned above, the excellent results shown by the "Others" sector was mainly determined by the result of the activity of Quanta in the surgical sector.

The drop in sales volume in the dental sector reflects the reduction in revenue for CO₂ systems on the American market and the phase of redefinition of the range being offered through the development of new products.

For the first nine months of this year the consolidated gross margin was 99.910 thousand Euros, an increase of 29,4% with respect to the 77.202 thousand Euros for the same period last year and essentially unchanged in terms of incidence on the sales volume.

It should be noted that also in the first nine months of 2012 some sales financed by the clientele with operative leasing in conformity with the IAS/IFRS standards have been considered as revenue from multi-year rentals even though the group has already cashed in the sales price. In any case, the effect on this period was minimum.

The costs for operating services and charges was 35.975 thousand Euros, showing an increase of 9,1% with respect to September 30th 2011 while the incidence on the sales volume showed a sharp decrease, from 22,4% to 18,8%, with respect to the same period last year, thanks to the rigorous control of operating costs which has been implemented to reduce expenses in an economic phase which is not very favorable.

The costs for personnel were 43.840 thousand Euros which represents an increase of 20,6% with respect to the 36.363 thousand Euros for the same period last year and it also shows an improvement in productivity: the incidence on the sales volume in fact, fell from 24,7% on September 30th 2011 to 22,9% on September 30th 2012. The costs for personnel also include the figurative costs for the stock options assigned to employees: on September 30th 2012 these costs (mainly referred to the stock options issued by the subsidiary Cynosure) were 2.086 thousand Euros as opposed to the 1.554 thousand Euros on September 30th 2011.

On September 30th 2012 the number of employees in the Group was 1.146 as opposed to the 1.139 employed on December 31st 2011 and the 1.071 on September 30th 2011; this increase is due mainly to the new employees hired by Cynosure Inc. which, on September 30th had 372 employees.

A considerable portion of the personnel costs goes towards research and development, for which the Group receives grants and reimbursements on the basis of specific contracts underwritten by the institutions created for this purpose. The grants entered into account as of September 30th 2012 amounted to 1.523 thousand Euros, whereas last year the amount for this period was 1.009 thousand Euros.

Due to the effects of the amounts shown above, the EBITDA was 20.094 thousand Euros, while on September 30th 2011 it was 7.853 thousand Euros.

The costs for amortizations, depreciations and accruals were 7.940 thousand Euros, about the same as those registered on September 30th 2011 when they were 7.918 thousand Euros, while the incidence on the sales volume decreased from 5,4% on September 30th 2011 to 4,2% September 30th 2012.

The EBIT was 12.155 thousand Euros which was a considerable improvement over the loss of 65 thousand Euros registered on September 30th 2011. The incidence on the sales volume was 6,4%, which was still far from the potential of the Group, but represents a significant result if one considers the general conditions in which it was achieved.

Net financial charges amounted to 423 thousand Euros derived from the financial costs of the debts which was greater than the interest produced by the cash deposits, and it is worse with respect to the 209 thousand Euros for the same period last year, which benefitted from the positive differences in the exchange rates. The negative results of the associated companies is mainly due to Elesta Srl, Quanta Asia and the Spanish company GLI.

The pre-tax profit was 11.427 thousand Euros which reverses the pre-tax loss of 768 thousand Euros on September 30th 2011 and reaches a significant level of profitability.

For the sub-consolidated results excluding Cynosure, we have seen how the increase in sales volume is still significant (10,8%), although it is still less than the consolidated result for the Group.

The gross margin was 51.876 thousand Euros, and showed a growth of 6,8% with respect to the 48.561 thousand Euros on September 30th 2011 but registered a slight decrease in the incidence on the sales volume which fell from 49,7% for last year to 47,9% for this period. The decrease in the sales margin was mainly due to the different mix of sales, which was less favorable.

The costs for services and operating charges showed a decrease in the incidence on the sales volume, which fell from 18,9% on September 30th 2011 to 17,1% for this period; the incidence of the personnel costs also decreased from 23,0% last year to 22,2% on September 30th 2012.

The increase in the sales volume, even with slightly reduced margins, the decrease in the incidence in personnel costs and operating expenses resulted in an EBITDA of about 9,3 million Euros, an increase of about 23% with respect to the

first nine months of 2011 and with an incidence of 8,6% on the sales volume, as opposed to the 7,8% registered on September 30th 2011. During this quarter the EBITDA doubles with respect to last year.

The heading of “amortizations, depreciations and accruals” amounted to 3.736 thousand Euros and decreased with respect to September 30th 2011 when it was 4.124 thousand Euros; the incidence on the sales volume also decreased, from 4,2 to 3,4% during this period.

The EBIT amounted to 5,6 million Euros, an increase with respect to last year when it was 3,4 million Euros; the incidence on the sales volume also improved and rose to 5,1% from 3,5% on September 30th 2011.

Net financial charges amounted to 651 thousand Euros, (on September 30th 2011 they were 198 thousand Euros), due to the effects of indebtedness and the difference in exchange rates. The associated companies all belong to the Group without Cynosure, and for this reason the relative cost entry is unchanged with respect to the consolidated of the Group and shows a loss of 303 thousand Euros, equal to 0,3% of the sales volume.

The pre-tax profit was 4.615 thousand Euros, an improvement over the 2.795 thousand Euros registered on September 30th 2011.

Financial position and Investments

Comments on the net financial position

The net financial position of the Group showed an increase with respect to December 31st 2011, and amounts to about 68,6 million Euros; most of this amount is held by the subsidiary Cynosure Inc..

The net financial position of the Group excluding Cynosure amounts to 7,8 million Euros which represents an increase with respect to the 1,7 million Euros at the end of 2011, a considerable increase which reflects the recovery of profitability and the capacity to generate operative cash flows.

Gross investments made during this quarter

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

<i>Progressive</i>	30/09/12	30/09/11
Intangible assets	143	16.244
Tangible assets	4.907	5.296
Equity investments	1.693	566
<i>Total</i>	6.742	22.106

<i>3 Months</i>	30/09/12	30/09/11
Intangible assets	95	190
Tangible assets	861	2.573
Equity investments	245	250
<i>Total</i>	1.202	3.013

The main investments made during the first nine months of last year were related to the acquisitions made by Cynosure of the assets of Elémé Medical and Hoya ConBio®, which brought about the entry of the intangible assets for an amount of 14,6 million dollars in goodwill besides patents and brands. During 2012 no investments were made other than those required for the ordinary activity.

Comments on Research and Development activities

During first nine months of 2012 the Group conducted an intense research and development activity for the purpose of discovering new laser applications both in the medical and the industrial sectors and to place innovative products on the market. A further incentive to this activity has been the economic crisis which requires even more attractive items for the market through the presentation of new products and applications. Valid innovations, in fact, can convince clients in both the medical and industrial sectors to overcome their fears concerning the amount of the investment to be made.

In general, for highly technological products in particular, the global market requires that the competition be met by continually placing on the market completely new products and innovative versions of old products which use the most recent technologies and components. For this reason extensive and intense research and development programs must be conducted and organized according to brief and mid-term schedules.

The innovative results consist essentially in the creation of new laser applications and the development of suitable equipment for the new applications. In other words, we conduct research in order to understand unresolved or new problems in the fields of medicine and industry and we look for solutions on the basis of our experience and culture on the interaction of the laser light with biological and inert materials. In relation to the laser energy, we operate, on one hand, on the spectral content, the methods for generating it and the power level, and, on the other, we engineer its management in the domain of time as far as the laws of emission are concerned and in the domain of space as far as the shape and movement of the ray are concerned.

The research which is aimed at obtaining mid-long-term results is generally oriented towards subjects which represent major entrepreneurial risks, inspired by intuitions which have arisen within our companies or by prospects indicated by the scientific work conducted by advanced research centers throughout the world, some of which we collaborate with.

Research which is dedicated to achieving results according to a short-term schedule, above all for products developed for new laser applications, is concentrated on subjects for which all the preliminary feasibility studies have been completed. For these subjects a choice has already been made regarding the main functional characteristics and specifications. The elements for this activity are determined on the basis of information obtained from the work of specialists employed by the company and also as a result of activities of the public and private structures which acted as consultants in the phase of preliminary study and some in the phase of field verification.

The research which is conducted is mainly applied and is basic for some specific subjects, generally related to long and mid-term activities. Both the applied research and the development of the pre-prototypes and prototypes are sustained by our own financial resources and, in part, by grants which derive from research contracts stipulated with the managing institutions set up for this purpose by the Ministry of University and Research (MUR) and the European Union, as well as directly with Regional structures in Tuscany or the Research Institutions in Italy and other countries.

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

Systems and applications for lasers in medicine

The Parent Company, El.En. has developed a new family of equipment and sub-systems of the SMARTXIDE² family of CO₂ laser products for surgical uses and aesthetic medicine. The systems are equipped with a laser source fed by radio frequency with an average power of up to 80w and interface management from personal computer installed on the device. These are multi-disciplinary systems which can be used in general surgery, otorhinolaryngology, dermatology, gynecology, odontostomatology, neurology, laparoscopic surgery, aesthetic surgery, and in this field we have continued or started research on new clinical applications in paradontology and endodontics, in neurology and ophthalmology; for this purpose we are now working on further technological innovations that are contained in the scansion systems that are characterized by newly developed optical systems and electronic management which make it possible to perform surgical operations on various parts of the body with extreme precision. For some of the versions of this group of devices, there is the possibility of having a second semi-conductor laser source with a wave length that can be selected by the client when ordering; for semiconductor sources we are conducting research in collaboration with medical specialists for uses in new fields.

At numerous centers in Italy and other countries there is an intense activity in the collection of clinical results related to the innovative applicative possibilities created by the machines belonging to this group.

The research activities that are part of the MILORDS project have continued. This project was approved by the Region of Tuscany and co-financed by the European Union; the MILORDS project involves the development of new robot-controlled laser systems for surgical applications in ophthalmology, cutaneous ulcers, treatment of benign hypertrophy of the prostate, and, eventually, the percutaneous ablation of masses inside the human body. The project, of which El.En. is the leader, has as its partners the leading research centers in Tuscany in this sector and companies that are connected to multinationals in the field of robotics. The research of this type is part of the current involving development of systems for minimally invasive surgery which has a major impact both on the quality of life of the patient and on the reduction of expenses of the health care agencies.

We concluded the development phase of the new platform (Alex+Nd:YAG). This is a matrix device capable of sustaining various laser sources, integrated for: management and interface with the doctor, supply of electrical current and conditioning fluids, ergonomic mechanical support, management of the various integrated systems. We are also in the conclusive phase of the activity involving the collection of data from the experimentation in clinics in Italy and other countries.

We have continued the development of instruments and clinical experiments for innovative laser equipment belonging to the HILT family of equipment (High Intensity Laser Therapy) and RLT (Regenerative Laser Treatment) for uses in physical therapy, dermatology (cutaneous ulcers), with experiments also conducted in the USA in collaboration with various research centers, using animal models, like horses; we are now conducting the selection phase of the cases and are proceeding with the application of the treatments, besides the clinical verification through diagnostic instruments of the subjects treated at the beginning of the experimental phase.

We have concluded, the complex procedure for the validation of clinical trials as part of the collaboration for new experimental research on treatments of patients with cartilage diseases of the knee joint with the Istituti Rizzoli of Bologna which have been our partners now for several years, and with specialized orthopedic clinics in Germany. Procedures are now in progress in order to obtain authorization from the Ethics Committees of the various health institutions involved.

Research and experimentation have continued *in vitro* and *in vivo* on animal subjects for new devices and methods for the percutaneous laser ablation of the liver, thyroid, breast, prostate and lungs as part of the activity conducted by the associated company Elesta created by El.En. and Esaote.

We have continued research and experimentation in collaboration with the university clinics of Pisa and Florence and with the Department of Engineering and Telecommunications of the University of Florence; we are now concluding research for the creation of interaction laser tissue models for programming ablation operations.

Moreover, we are continuing research aimed at identifying methods for characterizing tissue treated with radio-frequency ultrasonic signals in order to improve the verification phase of the effects of the treatment received; we have completed the activities aimed at identifying the procedures for making cooled point applicators with forced circulation of liquid and we have begun experimental activity with these devices in the laboratory, *in vitro* and the planning of testing on animals. These activities were conducted as part of the technological phase which follows the research conducted as part of the TRAP project with grants from the European Union issued through the Department of Economic Development of the Region of Tuscany.

We have continued activities for the development of laser equipment and devices for the treatment of cutaneous ulcers (TROPHOS project). This project like the above mentioned TRAP, are conducted with grants from the European Union issued through the Department of Economic Development of the Region of Tuscany.

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

We continued operations to extend the intellectual property of the Group by formulating international patents and assistance in granting them on an international basis, while at the same time obtaining protection for the brand names and applications for the most important countries.

At El.En. we have conducted research for new medical applications in the recently created PHOTOBIO LAB laboratory for the study of the interaction between light and biological tissue. We have continued activities for autonomous research with the help of molecular biology methods. As part of this project we have a workroom for *in vitro* trials of pre-prototype equipment and for the education of the operators. The creation of laser devices for surgical operations in the venous vascular sector has been completed.

At Cynosure they have completed experiments on the treatment of cellulitis with new instruments which have innovative characteristics in terms of the power levels and control of their output with recto-activated systems using information from temperature sensors working on more than one wave length. Clinical studies were continued on new methods for eliminating tattoos and discolorations on the skin with a new alexandrite laser with impulses in picoseconds using a wide range of pigment colors.

Quanta System continued their activity for the development of two new laser types, a Holmium and a Tullium infrared, for the treatment of benign hypertrophy of the prostate and for a fiber laser with increased performance with respect to the state of the art; which was in part financed by funds from a European Union project. They are also actively conducting research on new laser equipment with multiple wave lengths with Q-switch technology

DEKA M.E.L.A. carried on an intense research activity with the objective of identifying new applications and the experimentation of new methods to be used by laser equipment in various medical sectors: aesthetic, surgical, gynecological and otorhinolaryngological. This activity is conducted by involving highly specialized personnel working for the company and the Group to which the company belongs, as well as for Italian and foreign academic and professional medical centers.

Asclepion received an important grant from the region in which it operates, Turginia, for the development and experimentation of lasers for surgery; the activity of research and development of equipment for applications in urology and the related clinical trials are now in progress.

Laser systems and applications for industry

We have conducted studies related to the use of turbines with magnetic bearings for CO₂ power lasers for the purpose of reducing pollution from gaseous mixtures of the active means and guarantee reliable functioning on high speed rotation. We are now developing methods for optimizing the emission wave length for CO₂ power lasers for applications in the field of cutting and sealing plastic materials.

We are now in the testing and experimentation phase for scansion and focalizing heads for fiber lasers for remote welding of metallic materials for the automotive sector and the manufacture of furniture. As part of this research we are developing a new dynamic system for the focalization with high speed response. We have concluded the experimentation activities related to cutting applications of metallic materials after developing a capacitive sensor for controlling the position of the focal zone of the laser ray with respect to the surface of the material.

As part of the program sustaining the development of methods and equipment for restoration of art works in Tuscany the regional project (TEMART) is now in its final phases; in this project El.En. is responsible for the development of the laser equipment for particular types of cleaning of various kinds of art works. An important result was obtained, among others, for the generation of programmable short-term impulses. We have scheduled the work phases and conducted feasibility studies on new diagnostic systems for paper in antique books using lasers; this system has recently been patented.

We are developing laser systems to be used for cutting and sealing plastic materials in equipment for packaging foods and chemicals for various uses. We have conducted tests and experiments on the new testing methods for mirrors for marking devices of different dimensions on the basis of the high speed scansion in machines performing laser decoration on large surfaces.

Cutlite Penta is a company that is active in the development of new systems and innovation of technical solutions in systems that are already being manufactured. They completed verification trials on structural and functional innovations developed on sealed CO₂ sources manufactured by El.En. and they started new developments in this family of sources with higher degree of compacting. They continued work on the development of an electronic system for remote diagnosis and remote assistance of industrial machines.

They have developed new compact cutting systems with higher performance and limited costs. They are now working on developing methods for eliminating most of the optical routes of the CO₂ laser ray with solutions that include the direct assembly of the new sources with radio-frequency pumping on the mobile portal of the machine. They have also completed the development of the software for the raster scanning used for superficial marking of metals and other materials on the cutting machines. They have initiated feasibility studies for new laser applications in the production cycle of glass objects.

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

At Ot-las the engineering and development activities have been concentrated on the integration of technological components supplied by the Parent Company El.En. S.p.A. in laser marking systems which are designed to identify and to satisfy the new needs for manufacturing production, in particular with high added value and creative content. They have continued the development of systems destined for the OEM market and the integration into production lines or cells for working on high speed 2D marking lines for 3D cutting of plastic components and heat perforated plastics.

The chart below shows the expenses sustained for Research and Development.

<i>thousands of euros</i>	30/09/2012	30/09/2011
Costs for staff and general expenses	10.416	8.406
Equipment	250	136
Costs for testing and prototypes	1.396	1.393
Consultancy fees	447	489
Other services	687	452
Intangible assets	0	0
Total	13.197	10.876

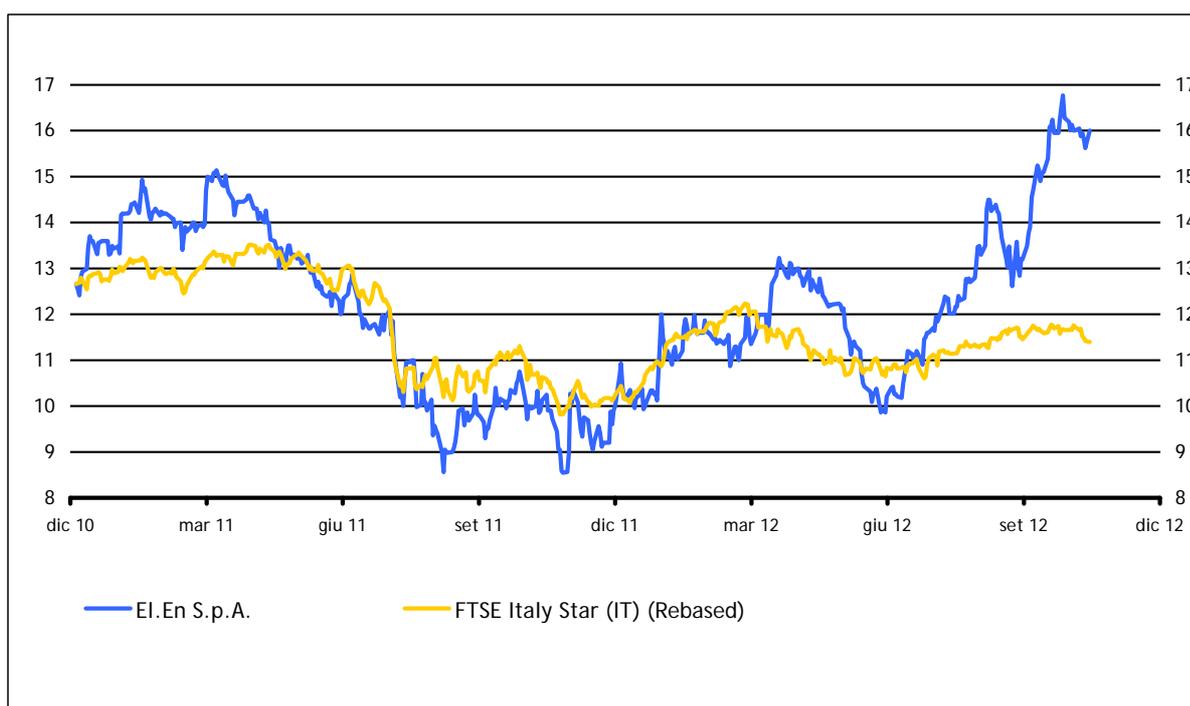
As was the case for both the sales volume and profits, the contribution of Cynosure is highly significant also for the research and development expenses considering the intense activity the company conducts in this sector. The amount of expenses sustained by Cynosure during this period for research and development was approx. 9,8 million dollars as opposed to the 7 million dollars spent during the same period last year.

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

The amount of the expenses sustained corresponds to 7% of the consolidated sales volume of the Group. The amount related to Cynosure, as stated above, is 9,8 million dollars which represents about 9% of its sales volume; the rest of the expenses were sustained mostly by El.En. SpA and represents 10% of its sales volume.

Trend of El.En. stock

The trend of the stock is shown on the chart below.



Significant events during this quarter

On August 3rd 2012 the subsidiary Ot-las Srl sold its quota of the equity in Lasit SpA for an amount of 17,33% to the Parent Company El.En. S.p.A., for the amount of 450 thousand Euros.

Also on August 3rd 2012, the Parent Company El.En. S.p.A. reached 100% of the equity in Ot-las by buying the remaining 10% from the minority shareholders for the amount of 150 thousand Euros.

On August 27th 2012 the company received the resignation of Dott. Angelo Ercole Ferrario from the position of board member.

Subsequent events

On October 3rd 2012 the Board of Directors of El.En. S.p.A. voted in favour of the opt-out option as described in art. 70, paragraphs 8 and 71, paragraph 1-bis of the *Regolamento Emittenti Consob* 11971/99, which permits the derogation from the obligations to publish the required information documents in the case of significant extraordinary operations of merger, split or increase of capital by goods in kind, acquisition or transfer..

On October 8th 2012 El.En. S.p.A. acquired from the minority shareholder of Laserfin Spa 40% of the shares of Quanta System Spa and 10% of the shares of DEKA M.E.L.A. Srl. Both of these companies were already subsidiaries and entirely consolidated in the financials of the Group. As a consequence of this operation, El.En. Spa now holds 100% of the shares of Quanta System and 85% of the quota of DEKA M.E.L.A. Srl. This operation was conducted for the purpose of rationalizing the equities within the Group and simplifying its structure. As compensation for the acquisition of the two equities, El.En. Spa transferred to the seller 82.000 ordinary shares of El.En. Spa which were held in their portfolio, as well as a payment in the amount of 3,4 million Euros to be paid out over a period of three years and, a possible payment of an “earn out” of 125 thousand Euros. Considering an evaluation of 25 Euros used for the El.En. shares, which is equivalent to the charge value of the shares, the operation amounted to 5,6 million Euros.

On November 12th 2012 the subsidiary Cynosure Inc. initiated the public offering of 2,6 million newly issued ordinary shares and, as part of the same offer, El.En. will offer 600.000 of its shares in Cynosure Inc..

Leerink Swann LLC, the bank responsible for placing the offer, has been guaranteed a “greenshoe” option for the acquisition during the thirty days after the closing of the offer of additional newly issued Cynosure shares up to a maximum of 240.000 shares and up to a maximum of another 240.000 shares of El.En.Spa, stock at the market price of the public offer of underwriting, less discounts and commissions included in the offer. The offer is subject to market conditions and there is no guarantee that it will, in effect, be concluded, or when, or what its final entity and price will be.

Cynosure intends to use the net profits from the shares issued as part of this offer for generic purposes related to the company activities, like the purchase of products, technologies, or complementary companies. The profits which are received from the sale of the shares owned by El.En. Spa will be used exclusively by El.En. Spa. El.En Spa also intends to use the profits from this operation for generic purposes related to the development of the company.

Upon the completion of the offering and as a consequence of the sale of the shares in accordance with the offering, the equity held by El.En. Spa in Cynosure Inc. will fall below the threshold of 20% and will amount to about 15%. Therefore, the paragraphs in the by-laws which give El.En the right to control the Board of Directors by appointing four of the seven board members will become void and the equity in Cynosure, also for drawing up the consolidated financial reports, will no longer be considered a controlling interest. Consequently, the financial statements of Cynosure Inc., starting from the date of closing, will no longer be entirely consolidated with the financial statements of the El.En. Group.

The custom that El.En. has always maintained of presenting the consolidated report also in a version that excludes Cynosure from the scope of consolidation facilitates the representation of the effects on the consolidated statement caused by the departure of Cynosure from the integral consolidation.

This operation will not have any effect on the outlook previously announced for the financial year 2012 because the Group has always published forecasts that were limited to the consolidated results drawn up excluding Cynosure.

The collaboration in the activities of development and marketing between El.En. and Cynosure will not be affected by the difference in company relations; the contract which is the basis for the commercial success of the Cellulaze system has been renewed and extended until 2019.

The success of the offering will comport the entry into the consolidated statement of the capital gains earned from the shares that were sold, the entity of which will depend on the price of the offering and the Euro-dollar exchange rate on the date of the closing: for example, if the sale took place at the price that was registered on closing on Friday, November 8th 2012 (26,06 US dollars) and at the exchange rate that was in force on the same day (1,2736), El.En.

would receive 12,3 million Euros. The underwriting commissions of 4,75% and the discount on the market price necessary for the underwriting of the shares, the amount of which cannot be determined at this time, would be applied to the gross amount. The charge value in the consolidated statement on June 30th 2012 for the Cynosure stock was about 8,60 Euros a share, which at today's exchange rate is equal to 11 US dollars. The capital gains earned from this operation will be subject to a tax of 1,3%.

The remaining equity (amounting to about 2,3 million shares) will be evaluated on the basis of fair value determined in conformity with the IAS/IFRS standards and the consolidated income statement will benefit from the consequent re-evaluation.

Today, the shareholders' meeting of the Parent Company El.En. S.p.A., which convened in ordinary assembly, voted to reduce the members of the Board of Directors from eight to seven and authorized the purchase of treasury stock of the company in conformity with the law.

Current outlook

The results for the third quarter confirm the trend for the year which remains satisfactory; results for Cynosure and for the overall consolidated were better than expected, while those for the consolidated without Cynosure were in line with forecasts.

For the consolidated statement drawn up excluding Cynosure, we can confirm for the closing of the year the objectives formulated at the beginning of the year: 10% increase in sales volume and EBIT of 5% on the sales volume, and these goals may even be exceeded.

If the public offering of the Cynosure shares is a success, the capital gains acquired from the sale of the shares held by El.En. Spa will be added to the revenue earned from the current operating activity and will represent a significant extraordinary contribution to the net income for the year.

For the Board of Directors
Managing Director
Ing. Andrea Cangioli

Annex “A”: List of the consolidated companies as of September 30th 2012

Subsidiary companies

Company name:	Headquarters	Currency	Percentage held:			Consolidated
			Direct	Indirect	Total	Percentage
Parent company:						
El.En. SpA	Calenzano (ITA)	EURO				
Subsidiary companies:						
Deka M.E.L.A. Srl	Calenzano (ITA)	EURO	75,00%		75,00%	75,00%
Cutlite Penta Srl	Calenzano (ITA)	EURO	90,67%		90,67%	90,67%
Esthelogue Srl	Calenzano (ITA)	EURO	50,00%	50,00%	100,00%	90,00%
Deka Technologies Laser Sarl	Lyons (FRA)	EURO	100,00%		100,00%	100,00%
Deka Lasertechnologie GmbH	Munchen (GER)	EURO	100,00%		100,00%	100,00%
Deka Laser Technologies Inc.	Carlsbad (USA)	USD	11,78%	80,71%	92,49%	92,49%
Ot-las Srl	Calenzano (ITA)	EURO	100,00%		100,00%	100,00%
Lasit SpA	Vico Equense (ITA)	EURO	70,00%		70,00%	70,00%
BRCT Inc.	Branford (USA)	USD	100,00%		100,00%	100,00%
Quanta System SpA	Solbiate Olona (ITA)	EURO	60,00%		60,00%	60,00%
Asclepion Laser Technologies GmbH	Jena (GER)	EURO	50,00%	50,00%	100,00%	80,00%
Arex Srl	Solbiate Olona (ITA)	EURO		51,22%	51,22%	30,73%
AQL Srl	Vimercate (ITA)	EURO		100,00%	100,00%	69,17%
ASA Srl	Arcugnano (ITA)	EURO		60,00%	60,00%	45,00%
Cynosure Inc.	Westford (USA)	USD	22,09%		22,09%	22,09%
Cynosure GmbH	Langen (GER)	EURO		100,00%	100,00%	22,09%
Cynosure Sarl	Courbevoie (FRA)	EURO		100,00%	100,00%	22,09%
Cynosure KK	Tokyo (JAP)	YEN		100,00%	100,00%	22,09%
Cynosure UK	Cookham (UK)	GBP		100,00%	100,00%	22,09%
Suzhou Cynosure Medical Devices Co.	Suzhou (CHINA)	YUAN		100,00%	100,00%	22,09%
Cynosure Spain	Madrid (SPAIN)	EURO		100,00%	100,00%	22,09%
Cynosure Mexico	S. Jeronimo Aculco (MEX)	MEX		100,00%	100,00%	22,09%
Cynosure Korea	Seul (S. KOREA)	KRW		100,00%	100,00%	22,09%
With Us Co Ltd	Tokyo (JAP)	YEN		78,85%	78,85%	78,85%
Deka Japan Co. Ltd	Tokyo (JAP)	YEN	55,00%		55,00%	55,00%
Wuhan Penta Chutian Laser Equipment Co Ltd	Wuhan (CHINA)	YUAN		55,00%	55,00%	49,87%
Lasit Usa Inc.	Branford (USA)	USD		100,00%	100,00%	70,00%
Cutlite do Brasil Ltda	Blumenau (BRASIL)	REAL	78,00%		78,00%	78,00%
Lasercut Technologies Inc.	Branford (USA)	USD		100,00%	100,00%	100,00%
Pharmonia Srl	Calenzano (ITA)	EURO		100,00%	100,00%	80,00%
Deka Medical Inc	San Francisco (USA)	USD		100,00%	100,00%	100,00%
Quanta France Sarl	Paris (FRA)	EURO		60,00%	60,00%	36,00%

Associated companies

Company name:	Headquarters	Percentage held:			Consolidated percentage
		Direct	Indirect	Total	
Immobiliare Del.Co. Srl	Solbiate Olona (ITA)	30,00%		30,00%	30,00%
Actis Srl	Calenzano (ITA)	12,00%		12,00%	12,00%
SBI S.A.	Herzele (BE)	50,00%		50,00%	50,00%
Elesta Srl	Calenzano (ITA)	50,00%		50,00%	50,00%
Grupo Laser Idoseme SL	Donostia (SPAIN)		30,00%	30,00%	18,00%
Quanta System Asia Pacific Co.LTD	Bangkok (Thailand)		49,00%	49,00%	29,40%

Annex “B”: DECLARATION IN CONFORMITY WITH ART. 154BIS, SUB-SECTION 2, D.LGS. N.58 / 1998

The executive officer responsible for the preparation of the company’s financial statements, Enrico Romagnoli, declares, pursuant to paragraph 2, article 154-bis of Legislative Decree 58 of February 24th 1998, that the accounting disclosures provided in this document correspond to the accounting records, books and entries.

Calenzano, November 14th 2012

Executive officer in charge of the financial statements
Enrico Romagnoli