HALF YEARLY REPORT 2007

El.En. GROUP

1. OFFICERS OF THE PARENT COMPANY

(as of the date of approval of the Consolidated Half Yearly Report on June 30th 2007)

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

Controlling auditors

Reconta Ernst & Young S.p.A.

2. EXPLANATORY NOTES

2.1. Adoption of international accounting principles

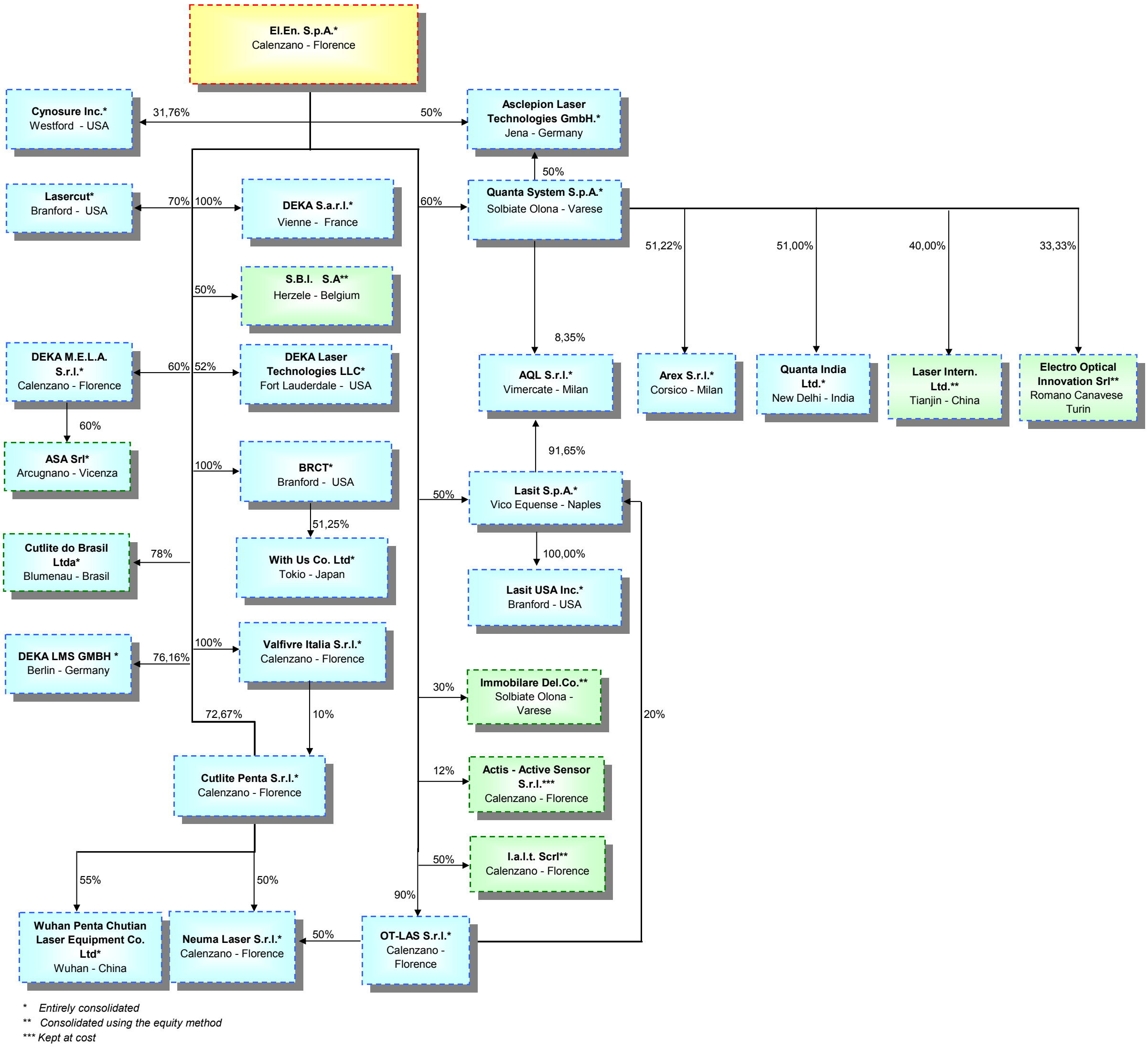
This consolidated half-yearly report, approved by the Board of Directors on September 28th 2007, has been drawn up in compliance with art. 81 of the issuing Regulations no. 11971/1999 and subsequent modifications, in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and in particular the IAS 34 relative to the mid-yearly reports.

The accounting principles and evaluation criteria used to draw up this report are no different from those used for the compilation of the consolidated report for the financial period ending on December 31st 2006 except for the different kind of methodology for the actuary calculations in compliance with the IAS 19 principle, as a result of the reform in severance pay (TFR) which is described in detail further on in this report.

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

2.2. Description of the Group

As of June 30th 2007 the structure of the Group was as follows:



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.

2.3. 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 2007.

	Net Turnover 30-giu-07	Net Turnover 30-giu-06	Var. %	Ebit 30-giu-07	Ebit 30-giu-06	Net income 30-giu-07	Net income 30-giu-06
Cynosure (*)	42.095	28.507	47,67%	5.541	1.354	3.631	1.674
Deka Mela Srl	9.159	9.097	0,67%	431	145	497	156
Cutlite Penta Srl	4.163	3.761	10,70%	39	37	8	11
Valfivre Italia Srl	112	214	-47,38%	4	-17	2	-12
Deka Sarl	487	567	-13,98%	-262	-160	-262	-161
Deka Lms GmbH	317	682	-53,54%	-561	-116	-571	-126
Deka Dls GmbH (**)	0	84	-100,00%	0	-83	0	-84
Deka Laser Technologies LLC	1.017	1.349	-24,59%	-69	161	-71	114
Quanta System SpA	8.144	7.242	12,45%	647	875	314	380
Asclepion Laser Technologies GmbH	7.690	7.138	7,73%	507	924	320	559
Quanta India Ltd	6	0		-18	0	-15	0
Asa Srl	2.319	2.368	-2,08%	351	546	200	310
Arex Srl	479	457	4,83%	91	94	52	53
AQL Srl	675	854	-21,02%	-1	57	-3	30
Ot-Las Srl	1.981	1.682	17,74%	133	233	90	142
Lasit Spa	2.349	2.018	16,39%	65	105	-28	17
Lasercut Inc.	1.291	1.413	-8,67%	-211	-339	-241	-421
BRCT Inc.	0	0		11	18	13	22
With Us Co LTD (***)	5.204	0		419	0	144	0
Wuhan Penta Chutian Laser Equipment Co LTD	0	0		-36	0	-36	0
Lasit Usa INC	3	0		-28	0	-28	0
Cutlite do Brasil Ltda	0	0		-7	0	-7	0
Neuma Laser Srl	118	120	-1,83%	54	29	35	26

(*) Consolidated data
(**) Incorporated into Deka Lms GmbH as of 01/01/2006
(***) Consolidated since February 2007

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, and the alexandrite laser for hair removal.
In the last few years the range of products has undergone a substantial reorganization and now, along with the traditional products mentioned above, the line includes rejuvenation devices and, above all, products for the removal of fat and cellulitis. For these last two types of applications, the products offered by Cynosure have been developed and are manufactured by El. En. SpA exclusively for Cynosure for the North American market.
The company does its own sales and marketing for their products on the American and international markets by using their subsidiary companies and a network of distributors. Manufacturing, research and development take place at Westford, Massachusetts.
Cynosure Inc. controls its own world distribution network through 100% controlled companies which were especially created in France, Great Britain, Germany, Spain, Japan and China. Of this latter company, during 2006 Cynosure acquired the minority share from the partner who had originally participated in the Joint Venture.
The first few months of 2007 confirmed the brilliant growth in sales volume and profits that the American company has shown in recent years, in particular after the IPO of December 2005 gave them the financial resources necessary to sustain this growth without having to seek financing even from the parent company.

The growth of the sales volume in dollars exceeded 50% with respect to the first six months of 2006, and the EBIT benefited as a result. The products which stimulated this growth were, first of all, the traditional devices for hair removal and vascular treatments (Elite), which, with a highly efficient presentation on the market, were joined by the rejuvenation products (Affirm) and above all, those for the removal of cellulitis (Smartlipo) which made the brilliant results for this first six-months period possible. The market for aesthetic applications, and in particular the American market, continues to show a high growth rate, and Cynosure has taken advantage of this situation.
The net financial position of the company is still very positive, and financial resources are available for the development plans that the management intends to implement so as to guarantee the company a constant growth rate on the market for aesthetic laser applications, which at this time offers considerable opportunities for development.

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.
The competitive arena in which Deka moved during the first months of 2007 confirms a general situation of growth in the aesthetic sector while, at the international level, it has shown a certain nervousness on the part of the European manufacturers, of which Deka of course is one, in facing the American competition which has the advantage of an exchange rate which is increasingly favourable for the American exporters.
In order to be able to manoeuver confidently in this situation, Deka's first move was to fortify the important position they had on the Japanese market, where they were able to re-establish a competitive status thanks to the With US company, sole distributor in Japan for the Deka brand products, whose activities were financed by the El.En Group, thus rapidly making it possible for Deka to be able again to count on a good sales volume in the region.

The EBIT therefore showed an increase with respect to the last financial period, and the net income even more so, especially due to the payment of a dividend by ASA Srl which occurred during the month of June and was greater than that paid during the preceding financial period.

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.
The first half of 2007 showed a satisfactory growth in activities, with an increase in sales volume of about 10%, obtained, however, with a slight decrease in the margins which, for the first six months, made it impossible to improve the results for the first half of 2006 when the company essentially broke even.
The investment represented by the Joint Venture in China is of considerable importance and has laid the foundations for an effective penetration of the Chinese market, also thanks to the local manufacture of systems for some of the cutting applications; the competitive pressure exerted by the local manufacturers and by those who locally integrate sources produced in Europe and in the USA make it necessary to maintain local manufacturing structures in order to be able to place on the market products which, although they combine the proprietary technology of the Cutlite Penta and El.En. Products, maintain cost parameters which are consistent with the requirements of the local market.

Valfivre Italia Srl
As last year, this company conducted manufacturing activity and provided technical assistance for special laser systems for industrial applications besides service activity for the companies of the Group. The integration activity has been considerably reduced, causing a reduction in the sales volume, without, however causing any negative effect on the results which actually show a slight improvement.

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. The change in company structure made in 2006, with the replacement of the sales manager, and, later on, of the administrator of the company (Gérant) has not yet brought about the planned results and the company showed heavy losses for the first six months of 2007.
During the summer of 2007 the company implemented a more aggressive reorganization which was aimed at removing the obstacles which were preventing the company from reaching the goals which had been set. The effects of this activity will not bring about any improvement in company results during 2007, however a marked improvement is expected for 2008.

Deka Lms GmbH
In Germany Deka Lms GmbH distributes the medical and aesthetic laser equipment manufactured by El.En. SpA. For the first few months of 2007 the company registered a negative result of considerable proportions, the main causes of which were the following: the replacement of the management, with the relative effects of direct costs related to

severance pay, and indirect costs due to the phase of transition to a new management; the resulting cancellation of some of the agency contracts which was particularly costly, and the devaluation of some of the warehouse stock and of some of the outstanding receivables.
The company that emerges from this situation is one that is now more effective in cost management, and which has identified a more limited market position so that it can efficiently cover some of the market areas in which it can rebuild their activities which have still not recovered the level lost when the founder of the company left in 2005.

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 six months of 2007 it showed a result which was below expectations, first of all in the sales volume and consequently in returns, so that the company registered a loss.
The management has attributed this result to contingent phenomenon and believes that the market conditions will offer a positive result by the end of the year, although there are acquisition costs from the parent company El.En. Spa which will necessarily increase as a consequence of the weakness of the American currency with respect to the Euro.

Quanta System SpA
The company became a consolidated member of the Group in 2004 and since then has continued to grow and to show good profits. Quanta System is one of the liveliest companies in the Group thanks to the innovative character of its technological research in the laser field. Its highly qualified research team participates in the most important development projects, often cooperating with other companies of the Group and with the most prestigious research centers in Italy and the rest of Europe.
Although the company has continued with determination to pursue the most advanced projects of laser high technology with its own scientific team, and has developed sources for specialized industrial laser applications within its own industrial division, Quanta has focused its business on medical and aesthetic applications of laser technology.
During the first six months of 2007, the company registered an increase in sales volume of 12,4% with a drop in the operating revenue, with EBIT which remain, in any case, equal to 7,9% of the sales volume, due to a slight decrease in the sales margins and to the intensification of the promotional expenses aimed at supporting the growth.

Asclepion Laser Technologies GmbH
This company located in Jena was purchased from Carl Zeiss Meditec and represents one of the jewels in the crown of the Group, thanks to its geographical position in one of the cradles of the world electro-optical industry and to its ability to associate its image with the excellent reputation which the German high-tech industry enjoys on the international market.
The first half of 2007 ended with a growth of 7,7%, but with returns decreasing especially as a result of the drop in sales in the United States. Asclepion reacted to this situation by re-enforcing its competitive positions, especially in the non-European markets and their intention to overcome it represents one of the main goals towards guaranteeing growth to the company in the next few months.

Quanta India Ltd
The company was founded in India by Quanta System, and conducts its activity acting as agents and offering technical assistance for the purpose of facilitating the penetration of some laser systems for industrial applications manufactured by Quanta System into specific niches in the local market.

ASA Srl
This company located in Vicenza and controlled by Deka M.E.L.A. Srl, operates in the physical therapy sector. The activity of ASA continues to give positive results and revenue has been maintained at the level of the preceding financial periods, notwithstanding the absence of several important orders of a non-repeatable nature which had characterized last year's results, so that, in any case, it has faced a reduction in EBIT which was around 350 thousand Euros, equal to 15,1% of the sales volume. Along with their traditional production of diode lasers and magneto-therapies for physical therapy, Asa, employing a large sector of their managerial staff, has also successfully operated in the distribution of HIRO and HILT products which constitute the driving force in the technological developments of El. En. in the physical therapy laser sector.

Arex Srl
Arex became a member of the Group in April of 2004; the company is involved in the management of a medical center in Milan which it conducts with good financial results as is demonstrated by the continuous increase in revenue from the services offered and by the good level of profits which they have developed.

AQL Srl
The AQL Srl, company has been in operation for three years and is particularly active in the sector of lasers for industrial marking. The company underwent a re-organization aimed at obtaining greater efficiency in its activities.

During this financial period the losses entered into accounts have been paid off by the intervention of just one of the two partners, Lasit SpA, which in this way acquired the absolute majority share of AQL and manages its activities after having appointed a sole administrator. The sales volume decreased during this half and the company essentially broke even, but removal to new headquarters and the possibility of focusing on its own business coordinated with that of Lasit SpA should allow for an improvement in the results of the company for the second half of 2007.

Ot-Las Srl
Ot-Las designs and manufactures special laser systems for CO_2 laser marking of large surfaces, a field where it operates by offering advanced technological solutions thanks to its close technical collaboration with the Parent Company, El.En. for the development of strategic components. The sales volume during the first six months of the year showed an interesting increase with respect to the first half of 2006. In fact, in 2006, it was the activity of the second half that contributed decisively to the excellent performance of the company both in terms of sales volume and EBIT, with an acceleration which, at this time, cannot be foreseen also for the final months of 2007. During the first six months of this financial period the research and development structure of the company was involved in perfecting some innovative systems which should put the company in a position to meet the specific requirements of some application sectors where they can count on a sizeable increase in sales.

Lasit SpA
The company designs and manufactures laser marking systems complete with controls and software which can be used for marking not only metals, but also wood, glass, leather, and fabrics.
The company has dedicated major resources to the development of technologies of the next generation, and is now able to be present on the market offering products which combine high level technology optical sub-components and software developed by a research and development team with an efficient and versatile structure for customizing the product.
The results of this work began to show tangible results in the balance sheets starting only in the second quarter of the year, thus making it possible to register a significant increase in the sales volume (+ 16%), but not yet able to improve the level of earnings in consideration of the above mentioned increase in expenses.
The acceleration of the revenue made it increasingly necessary to place the production in more adequate surroundings and, in fact, removal to the new headquarters in Torre Annunziata is planned for the end of the year. The property in Torre Annunziata in fact was acquired by El.En. SpA precisely for the purpose of housing the operations of Lasit SpA.
It should also be remembered that during 2007 the company concluded an important development and industrialization project which will involve non –reimbursable financing for partial repayment of the expenses sustained.
Another noteworthy initiative was the creation of a company, Lasit USA Inc., for the distribution of Lasit SpA products in the United States. With this company, the activity started originally through the Group company, Lasercut Inc. will continue.

Lasercut Inc.
Lasercut is an American company with headquarters in Branford (CT), acquired in the month of April 2003; it designs, manufactures and sells laser systems for flat cutting.
The company has continued to show negative results and early in 2007 was reorganized with an aim to reducing to a minimum operating costs while maintaining a base for the industrial activities of the Group in the United States, without running up excessive charges.
The purpose of the company was to act as a base for servicing the hundreds of systems installed by Lasercut in the last few years. The company was not expected to show a turnover for laser cutting systems since the local production is not promoted, while the distribution of systems manufactured in Europe has become prohibitive because of the exchange rates with the dollar.

BRCT Inc.
BRCT Inc. holds the real estate property located in Branford, Connecticut, which was previously owed by El.En. SpA, and house the activities of the subsidiary Lasercut Inc.. BRCT also holds an equity in the Japanese company With US, acquired in January of 2007 for the purpose of distributing in Japan the medical and aesthetic systems manufactured by El.En. SpA under the DEKA brand.

Neuma Laser Srl
In December of 2006 the company was liquidated because, in consideration of the development plans of the company and the Group in South America and in China, the two partners decided to conduct on their own the activities previously conducted by Neuma.

Cutlite do Brasil Ltda
During the first half of 2007 the parent company, El.En. founded Cutlite do Brasil Alta tecnologia a laser Ltda., a company created for the distribution and production of laser systems for industrial applications.

The company which is just now beginning operations, has its headquarters in the city of Blumenau in the state of Santa Catalina, in the center of the main area of industrial development in Brazil, and thanks to the high level technology which characterizes its activities can take advantage of facilitations offered by the local authorities.

2.4. 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 2007, 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.

On February 24th 2006 those adhering to the auditing pact stipulated in the year 2000 and renewed in 2003, and for which ample information was given in the report on the management in the half yearly report closed on June 30th 2005, agreed that the Pact should be dissolved in advance of the established date and with immediate effect.

2.5. Consolidated reclassified Profit and Loss Account as of June 30th 2007

The reclassified consolidated profit and loss account for the financial period ending June 30th 2007 compared with that for the same period last year is shown below:

Profit and loss account	**30/06/07**	**Inc.%**	**30/06/06**	**Inc.%**	**Var.%**
Revenues	90.077	100,0%	72.146	100,0%	24,9%
Change in inventory of finished goods and WIP	6.537	7,3%	4.650	6,4%	40,6%
Other revenues and income	683	0,8%	1.009	1,4%	-32,3%
Value of production	**97.297**	**108,0%**	**77.805**	**107,8%**	**25,1%**
Purchase of raw materials	39.255	43,6%	34.561	47,9%	13,6%
Change in inventory of raw material	(1.898)	-2,1%	(2.502)	-3,5%	-24,1%
Other direct services	9.253	10,3%	7.681	10,6%	20,5%
Gross margin	**50.686**	**56,3%**	**38.064**	**52,8%**	**33,2%**
Other operating services and charges	18.402	20,4%	14.851	20,6%	23,9%
Added value	**32.285**	**35,8%**	**23.212**	**32,2%**	**39,1%**
For staff costs	20.476	22,7%	16.088	22,3%	27,3%
EBITDA	**11.809**	**13,1%**	**7.124**	**9,9%**	**65,8%**
Depreciation, amortization and other accruals	2.713	3,0%	2.295	3,2%	18,2%
EBIT	**9.096**	**10,1%**	**4.829**	**6,7%**	**88,4%**
Net financial income (charges)	506	0,6%	1.005	1,4%	-49,7%
Share of profit of associated companies	(26)	-0,0%	(16)	-0,0%	61,3%
Other net income (expense)	(1.229)	-1,4%	(29)	-0,0%	4086,7%
Income before taxes	**8.347**	**9,3%**	**5.789**	**8,0%**	**44,2%**
Income taxes	5.058	5,6%	3.122	4,3%	62,0%
Income for the financial period	**3.288**	**3,7%**	**2.667**	**3,7%**	**23,3%**
Minority interest	3.049	3,4%	1.787	2,5%	70,6%
Net income	**240**	**0,3%**	**880**	**1,2%**	**-72,8%**

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	**30/06/07**	**Inc.%**	**30/06/06**	**Inc.%**	**Var.%**
Revenues	51.592	100,0%	45.600	100,0%	13,1%
Change in inventory of finished goods and WIP	3.455	6,7%	2.242	4,9%	54,1%
Other revenues and income	496	1,0%	833	1,8%	-40,4%
Value of production	**55.543**	**107,7%**	**48.674**	**106,7%**	**14,1%**
Purchase of raw materials	27.463	53,2%	24.911	54,6%	10,2%
Change in inventory of raw material	(1.809)	-3,5%	(3.085)	-6,8%	-41,4%
Other direct services	5.234	10,1%	5.112	11,2%	2,4%
Gross margin	**24.655**	**47,8%**	**21.736**	**47,7%**	**13,4%**
Other operating services and charges	8.388	16,3%	7.327	16,1%	14,5%
Added value	**16.267**	**31,5%**	**14.409**	**31,6%**	**12,9%**
For staff costs	10.792	20,9%	9.197	20,2%	17,3%
EBITDA	**5.475**	**10,6%**	**5.212**	**11,4%**	**5,0%**
Depreciation, amortization and other accruals	1.475	2,9%	1.260	2,8%	17,1%
EBIT	**4.000**	**7,8%**	**3.953**	**8,7%**	**1,2%**
Net financial income (charges)	(146)	-0,3%	(449)	-1,0%	-67,6%
Share of profit of associated companies	(26)	-0,1%	(16)	0,0%	61,3%
Other net income (expense)	(125)	-0,2%	58	0,1%	
Income before taxes	**3.703**	**7,2%**	**3.545**	**7,8%**	**4,4%**
Income taxes	2.425	4,7%	2.196	4,8%	10,4%
Income for the financial period	**1.278**	**2,5%**	**1.350**	**3,0%**	**-5,3%**
Minority interest	571	1,1%	670	1,5%	-14,8%
Net income	**708**	**1,4%**	**680**	**1,5%**	**4,0%**

Net financial position		
	30/06/2007	**31/12/2006**
Cash and bank	17.053	13.964
Financial instruments held for sale	57	939
Cash and cash equivalents	**17.111**	**14.903**
Short term financial receivables	**0**	**0**
Bank short term loan	(1.544)	(466)
Part of financial long term liabilities due within 12 months	(433)	(375)
Other short term financial liabilities	0	0
Financial short term liabilities	**(1.977)**	**(841)**
Net current financial position	**15.134**	**14.062**
Bank long term loan	0	(13)
Bonds	0	0
Other long term financial liabilities	(1.619)	(1.106)
Financial long term liabilities	**(1.619)**	**(1.118)**
Net financial position	**13.515**	**12.944**

2.6. Comments on management results

Through a complex company structure aimed at effectively covering all the geographic and commodity markets for the sector, the Group operates in the area of design, manufacture and distribution of laser sources and systems. The main selling markets are those of laser equipment for medical and aesthetic uses, and those for industrial laser systems. Besides these two main sectors, a third area which is significant also from the point of view of revenue, is that of after-sales technical assistance service and supplying of spare parts to the clientele. Research and development activities also contribute to the sales volume with revenue from research, and from grants which represent reimbursement of expenses, but above all, they represent the heart of the Group by guaranteeing the sales structures a continuous flow of innovative products to offer, the key to success in the High Tech Markets in which the companies belonging to the Group compete on an international level.

The growth of the consolidated sales volume during the first six months of 2007 was about 25% and it remains in excess of the average growth rate expected for this financial period, thus confirming the positive trend registered for the first quarter. The figures registered for the consolidated earnings are also positive and have been achieved in advance with respect to the annual distribution hypothesis which had been forecast. In considering these positive results, it should be recalled that the companies of the Group work with a portfolio of orders capable of covering not more than two months of activity, and therefore any extrapolation of the half-yearly results on an annual basis must be based exclusively on market forecasts and not on orders already received.

The following table shows the volume of business, subdivided into the various categories of activity of the Group, for the first half of this year, compared with the same data for the first half of last year.

	30/06/2007	Inc%	30/06/2006	Inc%	Var%
Industrial systems and lasers	10.505	11,66%	10.744	14,89%	-2,23%
Medical and aesthetic lasers	67.266	74,68%	52.488	72,75%	28,16%
Consulting and Research	-		-		
Service	12.306	13,66%	8.914	12,36%	38,05%
Total	**90.077**	**100,00%**	**72.146**	**100,00%**	**24,85%**

Customer assistance service and spare parts show an increase in revenue of over 38%, obtained not only thanks to the natural increase in the number of installations, but also to the sales of some consumer items which are required for some of the medical applications recently introduced on the market. Moreover, the With Us company directly conducts the activity of technical assistance service and sales of spare parts in Japanese territory and has brought into the area of consolidation of the Group the activity of customer assistance and spare parts sales for the hundreds of pieces of equipment installed in Japan.

The results in the medical sector remain brilliant and show a growth rate well above that of the market in general.
The industrial sector is not growing, although there are still good prospects in this area, thanks mostly to the activities which have been initiated by the Group in view of an internationalization of the activities through the creation of companies operating in China and Brazil.

No income was registered during this financial period under the residual heading of “Consulting and Research”, but we are keeping the category because this item should be considered with the amounts entered, under the heading of revenue from research activities, in the category “Other income”. During the first half of 2007 income from research activity was 223 thousand Euros as opposed to the 560 thousand Euros for the same period last year.

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

	30/06/2007	Inc%	30/06/2006	Inc%	Var%
Italy	13.543	15,03%	14.201	19,68%	-4,64%
Europe	26.963	29,93%	22.824	31,64%	18,13%
Rest of the world	49.571	55,03%	35.121	48,68%	41,14%
Total	**90.077**	**100,00%**	**72.146**	**100,00%**	**24,85%**

The importance of the non-European markets on the sales volume of the Group continues to increase. The recent operations initiated by the Group are aimed at the internationalization also of the industrial sector, which, even more than the medical sector, has its main point of reference in the Italian and European markets. The sales volume for Italy is 15%, which, in any case, is second only to that of the American market.

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.

	30/06/2007	Inc%	30/06/2006	Inc%	Var%
Surgical CO2	1.375	2,04%	1.340	2,55%	2,55%
Physiotherapy	2.093	3,11%	2.189	4,17%	-4,40%
Aesthetic	54.174	80,54%	39.215	74,71%	38,15%
Dental	3.596	5,35%	3.935	7,50%	-8,62%
Other medical lasers	5.659	8,41%	5.422	10,33%	4,36%
Accessories	370	0,55%	387	0,74%	-4,18%
Total	**67.266**	**100,00%**	**52.488**	**100,00%**	**28,16%**

The sales volume for the aesthetic sector was again confirmed as the most important and the most dynamic. At this time it represents 60% of the consolidated sales volume and it continues to expand rapidly thanks to the growing popularity of laser applications for aesthetic purposes and to the ability of the Group to continual renew their range of technologically advanced innovative products that are able to satisfy the continual demand for novelties on the part of the clientele.

During 2007 some of the most successful products were: the Smartlipo system manufactured by El.En. and distributed in the USA by Cynosure which set the standards for fat removal by means of laser-lypolisis, a minimally invasive alternative to lipo-suction; the Affirm system which Cynosure offers for the so-called “skin tightening” process which can be generically defined as a technique for cutaneous rejuvenation; the Synchro HP system proposed by Deka, a multi-functional platform capable of combining functions for hair removal, photo-rejuvenation, and vascular treatment, in a single system with a performance level which is unique in the world.
The physical therapy sector, for which the ASA company is responsible showed a slight drop with respect to 2006; which actually had been expected to be of a greater entity because of some extraordinary orders which had characterized the financial year 2006.
For the category of “Others”, of particular interest is the sales volume for the DYE equipment, of which Cynosure is one of the two main manufacturers in the world, and for which they have developed the innovative “Multiplex” technique, a technological tour de force of Cynosure’s that increases the effectiveness of some of the vascular treatments.
The dental sector showed a slight drop which is also due to the disappointing results registered by the American subsidiary Deka Laser Technologies, which operates exclusively in the dental sector in the USA.
The CO_2 surgical sector and that of the accessories registered, respectively, a slight growth and a slight drop. The outlook for development in these sectors is good, thanks mainly to the innovative accessories which have been recently introduced on the market and which extend the traditional field of application of CO_2 lasers to some very interesting aesthetic applications.

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

	30/06/2007	Inc%	30/06/2006	Inc%	Var%
Cutting	4.481	42,66%	4.466	41,57%	0,32%
Marking	4.008	38,15%	3.965	36,90%	1,08%
Laser sources	1.942	18,49%	2.045	19,03%	-5,00%
Welding, other industrial systems	74	0,71%	269	2,50%	-72,40%
Total	**10.505**	**100,00%**	**10.744**	**100,00%**	**-2,23%**

At the end of the half year the acceleration which had characterized the beginning of the year slowed down and the overall sector showed a slight drop in sales volume.
The overall market situation and the efforts made by the Group to consolidate its activities by creating manufacturing bases in Brazil and in China, in any case, make us optimistic about the possibility of reaching, also in this sector, a satisfactory growth rate. It should be pointed out that a certain percentage of the sales volume has been “cut” since it was not able to generate revenue, and therefore, if we consider that the turnovers are substantially the same, the sector has, in any case, improved its profitability.
The cutting sector, in fact, underwent the re-organization of Lasercut and the consequent delay in filling some of the orders and shows a flat trend in terms of sales volume; a similar result is shown for the marking sector, although the category of marking of small surfaces showed signs of growing vitality.
Sales volume for the core sector of laser sources showed a decrease, although the outlook in this area continues to be promising.
In the sector of welding and restoration, which is marginal in the overall picture, a significant decrease in revenue was registered.

The table below shows the composition of the sales volume for the sub-consolidated which excludes Cynosure, with the exclusion from the break-down table for the industrial sector, an area in which Cynosure does not operate.

	30/06/2007	Inc%	30/06/2006	Inc%	Var%
Industrial systems and lasers	10.505	20,36%	10.744	23,56%	-2,23%
Medical and aesthetic lasers	33.445	64,83%	29.994	65,78%	11,51%
Service	7.642	14,81%	4.862	10,66%	57,19%
Total	**51.592**	**100,00%**	**45.600**	**100,00%**	**13,14%**

	30/06/2007	Inc%	30/06/2006	Inc%	Var%
Surgical CO2	1.375	4,11%	1.340	4,47%	2,55%
Physiotherapy	2.093	6,26%	2.189	7,30%	-4,40%
Aesthetic	23.869	71,37%	19.896	66,33%	19,97%
Dental	3.596	10,75%	3.935	13,12%	-8,62%
Other medical lasers	2.143	6,41%	2.248	7,49%	-4,66%
Accessories	370	1,11%	387	1,29%	-4,18%
Total	**33.445**	**100,00%**	**29.994**	**100,00%**	**11,51%**

	30/06/2007	Inc%	30/06/2006	Inc%	Var%
Italy	13.459	26,09%	13.918	30,52%	-3,30%
Europe	18.335	35,54%	16.146	35,41%	13,56%
Rest of the world	19.799	38,38%	15.536	34,07%	27,44%
Total	**51.592**	**100,00%**	**45.600**	**100,00%**	**13,14%**

The growth of Cynosure in the medical sector is greater than the average for the rest of the Group, which in any case is over 10%, thanks mostly to the aesthetic sector which shows a growth of almost 20%. The considerations described above also apply to all the other sectors with the exception of the “Others” segment, the only one in which Cynosure operates with its DYE equipment; these products are responsible for the generation of growth at the Group level, which is not present in this sub-consolidation.
From the point of view of the geographical distribution of the sales volume, the tendency shown is the same as that for the consolidated sales volume.

The gross margin is registered at 50.686 thousand Euros, an increase of 33% with respect to the 38.064 for the same period last year, with an increase also in the incidence on the sales volume which rises to 56,3% from 52,8% for the same period last year. Cynosure, and to a lesser extent the other activities of the Group, contributed significantly to this excellent result and was able to improve its margins notwithstanding the payment of royalties to Palomar, in accordance the licensing contract undersigned in 2006.

The costs for operating services and charges was 18.402 thousand Euros, an increase of 23,9% with respect to the first half of 2006, and with an incidence on the sales volume which fell slightly, from 20,6% to 20,4%.

The cost for personnel was 20.476 thousand Euros, an increase of 27,3% over the 16.088 thousand Euros for the first half of 2006, with a slight increase in the incidence on the sales volume, which rose from 22,3% for the first half of 2006 to 22,7%. The costs entered into accounts related to the stock options assigned to employees are considered part of the costs for personnel. These costs, during the first half of 2006 were 863 thousand Euros and they rose to 2.363 thousand Euros during the first half of 2007; of these, 2.143thousand Euros refer to the stock options issued by the subsidiary Cynosure Inc.

After the reform of the TFR (severance pay policy) the method used for actuarial calculation for the purposes of conforming with IAS principle 19 was changed. The different evaluation of the severance pay fund maturing on December 31st 2006 with respect to the evaluation made according to the old rules must be treated as a curtailment, and consequently must be entered in the Profit and Loss Account including the actuarial profits and losses which were not entered into accounts when the “corridor method” was being applied. This new adaptation generated a liability that was 200 thousand Euros less, and this is reflected in a lower cost for personnel of the same entity.
As of June 30th 2007, there were 734 employees in the Group, 25 of which were brought in with the acquisition of With US, thus maintaining the tendency to increase with respect to the 635 employees at the end of the financial year 2006, and the 598 recorded for June 30th 2006.

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; grants for 223 thousand Euros were entered into accounts during this year.

The EBITDA was 11.809 thousand Euros as opposed to 7.124 thousand Euros for the same period last year, with an incidence on the sales volume which rose from 9,9% to 13,1%.

Costs for accruals, amortizations and depreciations were 2.713 thousand Euros, an increase of 18,2% with respect to the same period last year, but with a slight drop in the incidence on the sales volume which decreased from 3,2% to 3%. Under this heading we have also entered the accruals for product guarantees and for devaluation of receivables.

EBIT almost doubled: 9.096 thousand Euros with respect to the 4.829 thousand Euros for June 30th 2006 with an incidence on the sales volume which rises from the 6,7% for the same period last year to 10,1% for the first half of this year.

Results of the financial management were 506 thousand Euros (1.005 thousand Euros for the same period last year) felt the effects of a lower interest paid on bank deposits as well as the negative difference in the exchange rate which is a consequence of the increasing weakness of the US dollar with respect to the Euro.

Other net income and charges, registered for a negative amount of 1.229 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 8.347 thousand Euros, an increase of 44,2% with respect to the 5.789 thousand Euros shown on June 30th 2006.

The tax load for the period is affected by the entering into accounts by Cynosure of 702 thousand dollars (about 520 thousand Euros) for taxes calculated on the devaluation of receivables deducted in the preceding years and contested by the IRS after a tax audit by the Internal Revenue Service Audit.
The tax rate for this financial period was 60,60% with respect to the 53,92% for last year.

Briefly considering the results of the Group excluding Cynosure, attention should be called to the growth in sales of about 13%, with revenue from sales for this half which are essentially unchanged with respect to last year, and therefore recovering during the second quarter. Considering that production takes place inside of the Euro area, maintaining constant profit margins for a business with a high percentage of exports in a situation in which the Euro-Dollar exchange is so disadvantageous, still represents a good sign of the competitive edge that the Group has been able to keep on the market.
Notwithstanding a slight worsening of the incidence of overhead costs, in terms of both operating costs and costs for personnel, the increase in sales volume has, in any case, made it possible to register an increase in the overall value of the EBIT, which is consistent with forecasts.

The results of the financial management have improved, thanks mainly to the particular differences in the exchange rates with the dollar which are still negative, but with less of a difference than in 2006. An extraordinary net charge is registered for the creation of the Cutlite do Brasil company, for which El.En. has granted the possibility to the minority partners to enter into group of shareholders free of charge, thus recognizing a good will which will be entered into accounts during the six months period.

The net income therefore has improved with respect to last year and is consistent with forecasts.

2.7. 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.

	30/06/2007	31/12/2006	Var.
Balance Sheet			
Intangible assets	6.934	7.192	-257
Tangible assets	15.276	13.696	1.580
Equity investments	531	505	26
Deferred tax assets	4.530	4.140	390
Other non current assets	178	239	-61
Total non current assets	**27.450**	**25.773**	**1.677**
Inventories	46.723	38.573	8.150
Accounts receivables	36.434	36.711	-277
Tax receivables	4.155	6.566	-2.411
Other receivables	4.620	3.848	773
Financial instruments	35.821	34.011	1.809
Cash and cash equivalents	34.167	24.361	9.806
Total current assets	**161.920**	**144.069**	**17.851**
TOTAL ASSETS	**189.370**	**169.841**	**19.529**
Common stock	2.486	2.443	43
Additional paid in capital	37.582	35.607	1.975
Other reserves	12.074	12.940	-866
Retained earnings / (deficit)	21.501	19.424	2.077
Net income / (loss)	240	1.638	-1.399
Parent stockholders' equity	**73.883**	**72.052**	**1.831**
Minority interests in consolidated subsidiaries	56.861	47.680	9.181
Total equity	**130.744**	**119.732**	**11.012**
Severance indemnity	2.582	2.582	
Deferred tax liabilities	634	617	17
Other accruals	4.552	4.189	363
Financial liabilities	2.294	1.930	363
Non current liabilities	**10.062**	**9.318**	**744**
Financial liabilities	2.314	1.301	1.013
Accounts payables	24.801	23.606	1.195
Income tax payables	3.265	1.748	1.517
Other payables	18.185	14.136	4.049
Current liabilities	**48.564**	**40.791**	**7.773**
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY	**189.370**	**169.841**	**19.529**

Chart showing the reconciliation between the financial statement of the parent company and the consolidated financial statement

	Profit and loss account 30/6/2007	Capital and reserves 30/6/2007	Profit and loss account 31/12/2006	Capital and reserves 31/12/2006
Balance as per statement of the parent company El.En.	**608.907**	**54.170.666**	**624.283**	**52.744.882**
Elimination of investments in:				
- Companies entirely consolidated	509.339	21.602.689	1.425.836	20.505.547
- Companies consolidated with the shareholders' equity method	-25.294	-66.853	-25.407	-42.232
Elimination of dividends	-396.686		-238.404	
Elimination of intercompany profits on inventory (*)	-446.740	-1.804.541	-156.788	-1.146.739
Elimination of intercompany profits from sales of fixed assets (*)	-9.883	-19.335	8.947	-9.452
Effect of early amortisations (*)				
Other				
Balance as per consolidated statement – Group quota	**239.643**	**73.882.626**	**1.638.467**	**72.052.006**
Balance as per consolidated statement – Third party quota	**3.048.744**	**56.861.294**	**1.002.774**	**47.680.061**
Balance as per consolidated statement	**3.288.387**	**130.743.920**	**2.641.241**	**119.732.067**

(*) net of relative fiscal effects

2.8. Comments on Research and Development activities

During the first half of 2007 the Group conducted an intense research and development activity for the purpose of creating new laser applications in both the medical and industrial sectors and introducing innovative products on 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.
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, above all for new products for new laser applications, 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.

Systems and applications for lasers in medicine.

We are now concluding our activity for the development of equipment and devices for minimally invasive micro-surgery; this activity is developed as part of a project on the New Medical Engineering program of FIRB (Investment Fund for Basic Research) financed in part by MIUR (Ministero Istruzione Università e Ricerca).
The verification phases of the experimental studies on the determination of the doses for cutting and ablation processes on soft tissue and cauterization of small blood vessels have now been completed.

The specifications for a compact CO_2 source specifically for this application have now been compiled. The creation of a directable laser micro-tweezer is now in the final phases. We have continued research activity aimed at identifying the technologies to be used for new optical-acoustic and acoustic-optical micro-probes for minimally invasive diagnostics; these probes will be used for early diagnosis of the malignant nature for small sized lesions.
We are now in the process of verifying the results of prototypes of optical-acoustic transmitters and acoustic-optical receivers created using different kinds of technology. 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.

We have continued to work on the development of the instruments and clinical experiments of innovative laser apparatus, to be extended also to the USA, in collaboration with the Rizzoli Institutes of Bologna, who have been our partners for several years now. Research conducted with the University of Aquila is now in progress with the purpose of studying some inter-actions between laser and biological tissue in the dermatological field.
We have initiated further research for new methods aimed at identifying cellulitis using ultrasound. We have also begun a new series of experiments on new devices for aesthetic medicine, in particular for the stimulation of the regeneration of collagen in the dermal layers of the face. We are now conducting research on a new-micro-manipulator for use in otorhinolaryngology.
Research is now in progress on new devices and methods for the percutaneous laser ablation of the liver and thyroid, as part of the activity conducted in collaboration with the consortium company IALT (Image Aided Laser Therapy) created by El.En. and Esaote.
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.
With a grant from the European Union a research program on mecha-tronic and micro-technological applications for the biomedical industry is now in progress.
We have begun trials on the photo-mechanical stimulation of Condrocites.
At Cynosure we have developed defractive lenses for laser skin rejuvenation treatments and a patent has been applied for.
At Cynosure we have continued activities to compete the experiments on laser lipolysis.
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.

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 continued.
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.
Research has been conducted on the evolution of position sensors of galvanometers with characteristics of high stability over time.
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 running verification tests on a new ultra compact radio frequency pumped CO_2 laser source.
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 development of new laser equipment for use in diagnosing the condition of art objects has been completed.
As part of this project, a new series of experiments was conducted which involved the insertion into the crates used for moving important works of art 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.

An electronic system for tele-diagnosis and tele-assistance for industrial machinery is now being developed, with the prospect that it may also be used for medical purposes.

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

thousands of euros	30/06/2007	30/06/2006
Costs for staff and general expenses	4.540	3.833
Equipment	74	196
Costs for testing and prototypes	649	433
Consultancy fees	361	280
Other services	44	45
Intangible assets	2	1
Total	**5.670**	**4.788**

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. 3.5 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 6% of the consolidated sales volume of the Group. The amount related to Cynosure, which, as indicated above, was 3.5 million dollars, represents 6% of its sales volume. The remaining portion of expenses was paid for almost entirely by El.En. S.p.A. and amounts to 9% of its sales volume.

2.9. Other significant events which took place after this half

No significant events took place after the closure of this half.

2.10. Short term evolution foreseen for the financial period now in progress

The good start of the financial year 2007 was confirmed at the end of the first six months, with a level of sales volume and profits being registered slightly earlier than initially foreseen in the schedule for reaching our annual goals, which, it should be recalled, indicated 185 million Euros as the consolidated sales volume and 19 million Euros as the consolidated EBIT.
The management, in any case, does not believe it necessary to modify these forecasts, which are confirmed herewith.

For the Board of Directors
The President
Gabriele Clementi

EL.EN. GROUP
CONSOLIDATED FINANCIAL TABLES
AS OF JUNE 30th 2007
AND EXPLANATORY NOTES

Consolidated Balance Sheet

	Notes		30/06/2007		31/12/2006
Balance Sheet					
Intangible assets	1		6.934.397		7.191.856
Tangible assets	2		15.275.879		13.696.330
Equity investments:	3				
- in associates		419.503		443.779	
- other investments		111.916		61.714	
Total equity investments			531.419		505.493
Deferred tax assets	4		4.530.478		4.140.446
Other non current assets	4		177.833		238.503
Total non current assets			**27.450.006**		**25.772.628**
Inventories	5		46.723.260		38.572.805
Accounts receivables:	6				
- from third parties		36.310.719		36.513.198	
- from associates		123.164		197.432	
Total accounts receivables:			36.433.883		36.710.630
Tax receivables	7		4.154.851		6.565.631
Other receivables:	7				
- from third parties		4.429.710		3.737.007	
- from associates		190.523		110.523	
Total other receivables			4.620.233		3.847.530
Financial instruments	8		35.820.696		34.011.333
Cash and cash equivalents	9		34.167.124		24.360.779
Total current assets			**161.920.047**		**144.068.708**
TOTAL ASSETS			**189.370.053**		**169.841.336**
Common stock	10		2.486.477		2.443.170
Additional paid in capital	11		37.581.652		35.607.012
Other reserves	12		12.073.997		12.939.594
Retained earnings / (deficit)	13		21.500.857		19.423.763
Net income / (loss)			239.643		1.638.467
Parent stockholders' equity			**73.882.626**		**72.052.006**
Minority interests in consolidated subsidiaries			56.861.294		47.680.061
Total equity			**130.743.920**		**119.732.067**
Severance indemnity	14		2.582.439		2.582.226
Deferred tax liabilities	15		633.805		616.814
Other accruals	16		4.552.071		4.188.955
Financial liabilities:	17				
- to third parties		2.293.829		1.930.395	
Total financial liabilities			2.293.829		1.930.395
Non current liabilities			**10.062.144**		**9.318.390**
Financial liabilities:	18				
- to third parties		2.313.637		1.300.795	
Total financial liabilities			2.313.637		1.300.795
Accounts payables:	19				
- to third parties		24.659.095		23.473.550	
- to associates		141.625		132.552	
Total accounts payables			24.800.720		23.606.102
Income Tax payables	20		3.264.827		1.747.935
Other payables:	20				
- to third parties		18.184.805		14.136.047	
Total other payables			18.184.805		14.136.047
Current liabilities			**48.563.989**		**40.790.879**
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY			**189.370.053**		**169.841.336**

Consolidated Profit and Loss Account

Profit and loss account	Note		30/6/2007		30/6/2006
Revenues:	21				
- from third parties		90.002.326		72.143.579	
- from associates		74.449		2.500	
Total revenues			90.076.775		72.146.079
Other revenues and income:	22				
- from third parties		680.493		1.006.421	
- from associates		2.680		2.400	
Total other revenues and income			683.173		1.008.821
Total revenues and income			**90.759.948**		**73.154.900**
Purchase of raw materials:	23				
- to third parties		39.173.883		34.545.925	
- to associates		81.495		15.480	
Total purchase of raw materials			39.255.379		34.561.405
Change in inventory of finished goods and WIP			(6.537.099)		(4.649.711)
Change in inventory of raw material			(1.897.716)		(2.501.523)
Other direct services:	24				
- to third parties		9.253.108		7.681.062	
Total other direct services			9.253.108		7.681.062
Other operating services and charges:	24				
- to third parties		18.312.177		14.841.450	
- to associates		89.448		9.883	
Total other operating services and charges			18.401.625		14.851.333
For staff costs	25		20.475.528		16.088.414
Depreciation, amortization and other accruals	26		2.713.021		2.294.882
EBIT			**9.096.102**		**4.829.038**
Financial charges:	27				
- to third parties		(610.046)		(464.679)	
Total financial charges			(610.046)		(464.679)
Financial income	27				
- from third parties		1.114.736		1.469.171	
- from associates		1.349		992	
Total financial income			1.116.085		1.470.163
Share of profit of associated companies			(26.175)		(16.228)
Other net expenses	28		(1.229.263)		(102.573)
Other net income	28				73.212
Income before taxes			**8.346.703**		**5.788.933**
Income taxes	29		5.058.316		3.121.660
Income for the financial period			**3.288.387**		**2.667.273**
Minority interest			3.048.744		1.786.826
Net income			**239.643**		**880.447**

Basic net (loss) income per share		0,05	0,19
Diluted net (loss) income per share		0,05	0,18
Basic weighted average common shares outstanding	31	4.739.549	4.687.861
Diluted weighted average common shares outstanding		86.919	137.214

Consolidated Financial Statement (cash flow)

Financial statement (cash flow)	**30/06/2007**	**30/06/2006**
Cash flow generated by operating activity:		
Profit (loss) for the financial period	239.643	880.447
Amortizations and depreciations (26)	1.852.534	1.561.307
Devaluations of equity investments	1.101	14.790
Stock Options	2.363.106	863.461
Change of employee severance indemnity (14)	213	173.570
Change of provisions for risks and charges (16)	363.116	-404.174
Change of provisions for deferred income taxes	-373.041	-765.192
Stocks (5)	-7.429.585	-5.881.393
Receivables (6)	1.348.432	-1.208.678
Tax receivables (7)	2.428.748	-980.822
Other receivables	-773.193	-606.040
Payables (19)	-479.137	2.664.407
Income Tax payables (20)	1.133.730	-991.506
Other payables (20)	3.908.690	-17.601
	4.344.714	-5.577.871
Cash flow generated by operating activity	4.584.357	-4.697.424
Cash flow generated by investment activity:		
(Increase) decrease in tangible assets	-3.018.515	-1.486.631
(Increase) decrease in intangible assets	112.469	141.817
(Increase) decrease in equity investments and non current assets	33.643	56.548
Increase (decrease) in financial receivables (7)	-80.000	-90.000
(Increase) decrease investments which are not permanent (8)	-1.809.363	-46.364.626
Cash flow from purchase of subsidiary companies		
Cash flow generated by investment activity	-4.761.766	-47.742.892
Cash flow from financing activity:		
Increase (decrease) in non current financial liabilities (17)	363.434	120.318
Increase (decrease) in current financial liabilities (18)	1.012.842	-559.911
Change in Capital and Reserves	2.945.940	-1.721.407
Change in Capital and Reserves of third parties	7.082.568	-1.654.430
Dividends distributed (30)	-1.421.030	-2.577.558
Cash flow from financing activity	9.983.754	-6.392.988
Increase (decrease) in cash and cash equivalents	9.806.345	-58.833.304
Cash and cash equivalents at the beginning of the financial period	24.360.779	77.071.374
Cash and cash equivalents at the end of the financial period	34.167.124	18.238.070

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

Interest earned from banks during this financial period amounts to 924 thousand Euros.

Current taxes for this financial period amount to approx. 5,3 million Euros.

The devaluation of the dollar during 2007 produced a negative effect on the amount of cash held by the Cynosure Group for an amount of 1,3 million Euros.

Table showing variations in the Stockholders' Equity

STOCKHOLDERS' EQUITY:	**Balance 31/12/2005**	**Net income allocation**	**Dividends distributed**	**Adjustments**	**Other operations**	**Balance 30/06/2006**
Common stock	2.436.963				1.449	2.438.412
Additional paid-in capital	35.324.009				66.056	35.390.065
Legal reserve	537.302					537.302
Others reserves:						
Extraordinary reserves	6.339.051	6.988.600				13.327.651
Reserve for contribution on capital account	426.657					426.657
Reserve for conversion adjustments	339.471				-1.769.571	-1.430.100
Other reserves	355.861	13.392			219.959	589.212
Retained earnings	3.274.815	17.702.222	-2.577.558		246.248	18.645.727
Profits (loss) of the year	24.704.214	-24.704.214			880.447	880.447
Parent company's stockholders' equity	73.738.343		-2.577.558		-355.412	70.805.373
Capital and reserves of third parties	48.976.010	1.408.535	-301.441		-2.761.902	47.321.202
Profit (loss) of third parties	1.408.535	-1.408.535			1.786.826	1.786.826
Minority interests	50.384.545		-301.441		-975.076	49.108.028
Total Stockholders' equity	124.122.888		-2.878.999		-1.330.488	119.913.401

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
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	-2.164.831				-288.809	-2.453.640
Other reserves	812.815				219.959	1.032.774
Retained earnings	19.423.763	1.638.467	-624.283		1.062.910	21.500.857
Profits (loss) of the year	1.638.467	-1.638.467			239.643	239.643
Parent company's stockholders' equity	72.052.006		-1.421.030		3.251.650	73.882.626
Capital and reserves of third parties	46.677.287	1.002.774	-388.171		6.520.660	53.812.550
Profit (loss) of third parties	1.002.774	-1.002.774			3.048.744	3.048.744
Minority interests	47.680.061		-388.171		9.569.404	56.861.294
Total Stockholders' equity	119.732.067		-1.809.201		12.821.054	130.743.920

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 report was examined and approved by the Board of Directors during the meeting held on September 28th 2007.
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 consolidated half yearly 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 consolidated half-yearly statement of the El.En Group as of June 30th 2007 has been drawn up in conformity with Art. 81 of the Issuers Regulations (Consob vote n. 11971 of May 14th 1999 and later modifications and additions) in application of the International Accounting Principles approved by the European Union and in particular IAS 34 – Intermediate financial statements including among these all the International principles which are subject to interpretation (International Accounting Standards - IAS) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and of the preceding Standing Interpretations Committee (SIC), as well as the regulations issue in conformity with Art. 9 of D.lgs 38/2005.

In conformity with Art. 81 of the Issuers Regulations, we are attaching the financial charts as of June 30th 2007 for the Parent Company El.En. SpA drawn up according to the IFRS (Appendix 1).

As far as the consolidated financial charts are concerned, the Company has chosen to use the following types of charts:

Consolidated Balance Sheet
The consolidated balance sheet is presented in individual sections with separate indications of Assets, Liabilities and Stockholders' equity. The Assets and Liabilities are then shown in the accounting situation on the basis of their classification as current or non-current.

Consolidated Profit and Loss Account
The consolidated Profit and Loss Account is presented as a classification by type. It shows the EBIT, which includes all the components of the income and costs, independent of the number of times they are repeated or of their being or not being characteristic of the management, with the sole exception of the components of the financial management entered among the EBIT and Income before taxes. Moreover, the components of the income and expenses which are derived from activities which will soon be interrupted or cease, including any capital gains or capital losses net of fiscal effects, have all been entered under a specific heading which precedes the Income for the Financial Period which can be attributed to the stockholders of the Parent Company and the minority share holders.

Consolidated financial statement (Cash Flow)
The financial statement (cash flow) is presented in sections divided according to the area of formation of the cash flow. The type of table used by the El.En. Group for the financial statement has been drawn up applying the indirect method for the cash flow generated by operating activities. Cash in hand entered in the financial statement includes the financial balances for this item on this date. Income and expenses related to interests, dividends received and income taxes are included in the cash flow generated by the operating management.

Table of Variations in the consolidated Stockholders' Equity
This prospectus shows the variations in the consolidated stockholders' equity in accordance with international accounting principles, showing separately income for the financial period, all profits and earnings, charges and expenses which were not listed in the Profit and Loss Account, but directly involved in the consolidated stockholders' equity according to the specific IAS/IFRS accounting principles.

The parent company, El.En. SpA has engaged the auditing firm of Reconta Ernst & Young SpA to audit the consolidated half yearly statement dated June 30th 2007

AREA OF CONSOLIDATION

SUBSIDIARY COMPANIES

The half yearly 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:

					Percentage held:			Consolidated
Company name:	**Notes**	**Headquarters**	**Currency**	**Subscr. Capital**	**Direct**	**Indirect**	**Total**	**Percentage**
Parent company:								
El.En. SpA		Calenzano (ITA)	EURO	2.486.477				
Subsidiary companies:								
Deka M.E.L.A. Srl		Calenzano (ITA)	EURO	40.560	60,00%		60,00%	60,00%
Cutlite Penta Srl	1	Calenzano (ITA)	EURO	103.480	72,67%	10,00%	82,67%	82,67%
Valfivre Italia Srl		Calenzano (ITA)	EURO	47.840	100,00%		100,00%	100,00%
Deka Sarl		Vienne (FRA)	EURO	76.250	100,00%		100,00%	100,00%
Deka Lms GmbH		Berlin (GER)	EURO	51.129	76,16%		76,16%	76,16%
Quanta India Ltd	2	New Delhi (IND)	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 (ITA)	EURO	57.200	90,00%		90,00%	90,00%
Lasit SpA	4	Vico Equense (ITA)	EURO	1.000.000	50,00%	20,00%	70,00%	68,00%
Neuma Laser Srl	5	Calenzano (ITA)	EURO	46.800		100,00%	100,00%	86,34%
Lasercut Inc.		Branford (USA)	USD	1.000	70,00%		70,00%	70,00%
BRCT Inc.		Branford (USA)	USD	no par value	100,00%		100,00%	100,00%
Quanta System SpA		Solbiate Olona (ITA)	EURO	1.500.000	60,00%		60,00%	60,00%
Asclepion Laser Technologies GmbH	6	Jena (GER)	EURO	1.025.000	50,00%	50,00%	100,00%	80,00%
Arex Srl	7	Corsico (ITA)	EURO	20.500		51,22%	51,22%	30,73%
AQL Srl	8	Solbiate Olona (ITA)	EURO	50.000		100,00%	100,00%	67,33%
ASA Srl	9	Arcugnano (ITA)	EURO	46.800		60,00%	60,00%	36,00%
Cynosure Inc.		Westford (USA)	USD	12.241	31,76%		31,76%	31,76%
Cynosure GmbH	10	Langen (GER)	EURO	25.565		100,00%	100,00%	31,76%
Cynosure Sarl	10	Paris (F)	EURO	114.336		100,00%	100,00%	31,76%
Cynosure KK	10	Tokyo (JAP)	YEN	10.000.000		100,00%	100,00%	31,76%
Cynosure UK	10	London (UK)	GBP	1		100,00%	100,00%	31,76%
Suzhou Cynosure Medical Devices Co.	10	Suzhou (China)	YUAN	no par value		100,00%	100,00%	31,76%
Cynosure Spain	10	Madrid (Spain)	EURO	872.697		100,00%	100,00%	31,76%
With Us Co Ltd	11	Tokyo (JAP)	YEN	100.000.000		51,25%	51,25%	51,25%
Wuhan Penta Chutian Laser Equipment Co Ltd	12	Wuhan (China)	YUAN	5.153.132		55,00%	55,00%	45,47%
Lasit Usa Inc.	13	Branford (USA)	USD	no par value		100,00%	100,00%	68,00%
Cutlite do Brasil Ltda	14	Blumenau (Brasil)	REAL	1.404.000	78,00%		78,00%	78,00%

(1) owned by Elen SpA (72,67%) and Valfivre Italia Srl (10%)
(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 Cutlite Penta Srl (50%) and Ot-las Srl (50%)
(6) owned by Elen SpA (50%) and

Quanta System SpA (50%)
(7) owned by Quanta System SpA
(8) owned by Quanta System SpA
(8,35%) and Lasit Srl (91,65%)
(9) owned by Deka Mela Srl
(10) owned by Cynosure Inc.
(11) owned by BRCT (51,25%)
(12) owned by Cutlite Penta Srl (55%)
(13) owned by Lasit SpA (100%)
(14) owned by Elen SpA (78%)

On February 2nd 2007 the Group concluded the purchase, effected through the subsidiary BRCT, of a majority share (51,25%) of With Us Co., a Japanese company which distributes locally laser systems for medical and aesthetic applications and related accessories.

The balance sheet for the Japanese company at the time of purchase is shown on the following chart (the figures are in Yen – the Yen/Euro exchange rate at the time of purchase was 157,27):

	31/01/2007
Balance sheet	
Intangible assets	1.351.531
Tangible assets	40.887.669
Total non current assets	**42.239.200**
Inventories	113.371.002
Accounts receivables	168.543.704
Tax receivables	2.825.832
Other receivables	17.195.157
Cash and cash equivalents	201.403.346
Total current assets	**503.339.041**
TOTAL ASSETS	**545.578.241**
Common stock	100.000.000
Retained earnings / (deficit)	68.249.894
Net income / (loss)	1.955.135
Total equity	**170.205.029**
Non current liabilities	
Accounts payables	263.231.049
Tax payables	60.259.800
Other payables	51.882.362
Current liabilities	**375.373.211**
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY	**545.578.241**

The accounting figures at the time of purchase are approximately those of "fair value". If the company had been consolidated starting on January 1st 2007, approx. 500 thousand euros more revenue would have been registered, whereas the impact on the profit and loss account would have been limited.

On February 27th 2007 the group announced that they had founded in China, through the subsidiary Cutlite Penta Srl, the Wuhan Penta Chutian Laser Equipment Co Ltd., a company which will distribute and produce laser systems for industrial applications. The company obtained their business licence in Wuhan, in central China, the most important Chinese center for electro-optical technologies, and will be able to take advantage of the facilitations offered by their location in the "Optics Valley of China" as well as the Wuhan East Lake Hi-tech Development Zone.
The other partner is Wuhan Chutian Industrial Laser Equipment Co Ltd., a company belonging to the Wuhan Chutian group, the leading company on the Chinese market for the manufacture of laser marking and welding systems; they are also present on the market for medical laser systems and the production of outsourced laser systems. During the last 18 months the Chutian Group has been the distributor for the El.En. Group of laser systems for industrial applications, and will contribute to the company its particular competence in organizing an effective manufacturing structure and a dense distribution network over all of the Chinese territory. Cutlite Penta Srl holds 55% of the capital of the company which has been set at the amount of one million Euros. In the first phase of the deal, both partners deposited half of their portion of the capital, for an overall capitalization of 500,000 Euros for the company, that is to say, a payment of 275 thousand Euros by the El.En. Group. According to the contract capital can not be increased by payment in kind.

In the month of April 2007, during the assembly of the AQL company concerning the reduction of the capital stock in order to cover the losses which had emerged in the annual statement of December 31st 2006, the partner Lasit SpA reconstituted the capital stock of the associated company in order to reach the amount of 50 thousand Euros.

In the month of May, the parent company El.En. SpA founded, in Brazil, Cutlite do Brasil Alta Tecnologia a Laser Ltda, for the distribution and manufacture of laser systems for industrial applications. The company was established in the city of Blumenau in the state of Santa Catalina, in the main area of industrial development in Brazil. El.En. SpA possesses 78% of the company.

Moreover, during this last half year period, in the United States Lasit SpA established Lasit USA, Inc., for the purpose of directly managing the distribution activities in American territory. This company began operations a few months ago in collaboration with Lasercut Inc..

Lastly, during this six months period Cynosure acquired control of Cynosure Spain.

ASSOCIATED COMPANIES

El.En. SpA holds equities directly and indirectly in several companies, which, however it does not control. These companies are evaluated according to the stockholders' equity method. Equities in associated companies are shown in the chart below.

Company name:	Headquarters	Subscr.capital	Percentage held: Direct	Indirect	Total	Consolidated percentage
Immobiliare Del.Co. Srl	Solbiate Olona (ITA)	24.000	30,00%		30,00%	30,00%
Actis Srl	Calenzano (ITA)	10.200	12,00%		12,00%	12,00%
SBI S.A.	Herzele (BELG)	300.000	50,00%		50,00%	50,00%
Laser International Ltd	Tianjin (CHINA)	1.256.408		40,00%	40,00%	24,00%
IALT Scrl	Calenzano (ITA)	10.000	50,00%		50,00%	50,00%
Electro Optical Innovation Srl	Torino (ITA)	3.000		33,33%	33,33%	20,00%

Capital stock of the associated companies is expressed in Euros with the exception of Laser International Ltd which is expressed in Yuan.

During the month of May 2007 the subsidiary Quanta System SpA, founded the company Electro-Optical Innovation Srl, of which it possesses 33,33%; this company will be involved in aspects from the design to the sales of high technology goods.

The statement amounts of the equities in associated companies are as follows:
Immobiliare Del.Co. Srl: 259 thousand Euros.
Actis Srl: 2 thousand Euros
SBI S.A.: 107 thousand Euros
Laser International Ltd: 46 thousand Euros
IALT Scrl: 5 thousand Euros
Electro Optical Innovation Srl: 1.000 Euros.

PRINCIPLES OF CONSOLIDATION

The intermediate statements of each company used for the consolidation are the intermediate statements as of June 30th 2007 of the individual firms. 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 Euro/Dollar exchange rates used for converting the statements of Cynosure, Lasercut, Deka Laser Technologies, BRCT and Lasit Usa are: final exchange rate 1,3505; average exchange rate 1,3291.
The Rupee/Euro exchange rate used for converting the statements of Quanta India are: final exchange rate 55,02; average exchange rate: 56,72.
The Yen/Euro exchange rate used for converting the statements of With Us are: final exchange rate 166,63, average exchange rate: 159,61.
The Yuan/Euro exchange rate used for converting the statements of Wuhan Penta Chutian Laser Equipment Co Ltd and of Laser International are: final exchange rate 10,28, average exchange rate 10,26.
The Real/Euro exchange rate used for converting the statements of Cutlite do Brasil Ltda are: final exchange rate:2,60, average exchange rate 2,72.

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. On a secondary level, the division of the geographical area has constituted the basis on which the net sales revenue is divided according to the geographical location of the clients.

USE OF ESTIMATES

In applying the IFRS, the drawing up of the half yearly 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

The type of business in which the Group is involved is not subject to any particular seasonal variations.

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 indefinitive 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).
After the reform of the TFR (severance indemnity fund) the method used for the actuarial calculation in conformity with IAS principle 19 was changed. The different evaluation of the severance indemnity fund maturing on December 31st 2006 with respect to the evaluation made according to the old rules, is treated as a "curtailment" and consequently is entered into the Profit and Loss Accounts along with the actuarial earnings and losses which had previously not been entered when the so-called "corridor method" was being applied.

STOCK OPTIONS 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) CAPITAL ACCOUNT AND FISCAL YEAR CONTRIBUTIONS

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.
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 year.
On the labour costs shown with regard to the retribution plan in the form of equity in the capital of the Parent company El.En., no fiscal effects have been shown inasmuch as the shares which will be assigned to employees will derive from the increase of capital.

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

Stock option plans were implemented within the company with the aim of providing the Group with an instrument for encouraging employee loyalty.

El.En. SpA

The chart below shows the key elements of the Stock option plan for El.En shares which were in existence during the first half of 2007.

	Max. expiration date	Existing options 01.01.07	Options issued 01.01.07 - 30.06.07	Options cancelled 01.01.07 - 30.06.07	Options picked up 01.01.07 - 30.06.07	Expired option not picked up 01.01.07 - 30.06.07	Existing options 30.06.07	Options which can be picked up 30.06.07	Pick up price
Plan 2006/2007	July, 16 2007	128.064	0	0	83.283	0	44.781	44.781	€ 24,23
		128.064	0	0	83.283	0	44.781	44.781	

For the 2006/2007 stock option plan, in order to determine the fair value using the "Black & Scholes" pricing model the following hypotheses were formulated:

- Market interest rate for risk free investments: 2,5%
- Historic volatility: 26,20%
- Time interval used for calculating volatility: 1 year prior to the date of issue

The overall fair value of the stock option is 1.038 thousand Euros.

During the first half of 2007 the average price registered by El.En stock was approx. 32 Euros.

With regard to the characteristics of the individual stock option plans adopted by El.En. S.p.A, as well as the increases of capital decided on to implement it, please refer to the description contained in the chapter on the composition of the capital.

Cynosure Inc.

The chart below shows a summary of the main elements of the Cynosure stock option plan implemented during the first half of 2007.

Existing options 01.01.07	Options issued 01.01.07 - 30.06.07	Options cancelled 01.01.07 - 30.06.07	Options picked up 01.01.07 - 30.06.07	Expired option not picked up 01.01.07 - 30.06.07	Existing options 30.06.07	Options which can be picked up 30.06.07
2.154.662	295.750	61.096	1.033.248	164	1.355.904	167.525

The chart below shows the average pick-up price and the average lifespan of the options in circulation on June 30th 2007.

Average pick-up price	Existing options 30.06.07	Options which can be picked up 30.06.07	Average life
$11,30	1.355.904		7,78
$10,29		167.525	7,86
	1.355.904	167.525	

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 31/12/06	Variation	Revaluation (Devaluation)	Other Operations	(Amortizations)	Conversion Adjustments	Balance 30/06/07
Goodwill	6.237.313	-269.890				-1.953	5.965.470
Costs of research, development	8.400				-4.195		4.205
Patents and rights to use patents of others	205.119				-29.064	-4.269	171.786
Concessions, licences, trade marks and similar rights	615.352	246.984		8.110	-116.420	-6.434	747.592
Other	11.777	4.000		1	-3.905	-3	11.870
Intangible assets in progress and payments on account	113.895	-77.596				-2.825	33.474
Total	**7.191.856**	**-96.502**		**8.111**	**-153.584**	**-15.484**	**6.934.397**

The amount entered under the heading of "Goodwill" includes:
a) the amount which was a result of the purchase, by the Parent company, during the financial year 2002, of 60% of the Cynosure Group. This amount was later adjusted on account of the sale of 2,5% of the capital stock of Cynosure by El.En. SpA as part of the operation for the acquisition of Quanta System SpA; the entry was also effected by the increase in the equity as a consequence of the operations on the capital which were made at the end of 2004, and the effects of the sale of part of the stock to the management of the company and to subjects close to the management and the subsequent sale of 1.000.000 shares, as described in detail in the explanatory notes of the financial statement for the financial year closed on December 31st 2005. During the financial period 2007, moreover, the amount was further rectified as a result of the dilution of the value of the equity in Cynosure Inc. as a consequence of the increase in capital caused by the stock option plans in favour of third parties. The value of the goodwill as of June 30th 2007 is therefore entered for an amount of 2.928 thousand Euros approximately. Cynosure also entered, under the heading of goodwill, 77 thousand Euros (equal to 104 thousand dollars) after the purchase made during 2006 of a 100% interest in the Chinese subsidiary.
b) the amount which was a result of the purchase of 30% of the shares of Quanta System SpA made by the Parent Company during 2004. The amount entered on June 30th 2007 was approx. 2.079 thousand Euros.
c) the amount which was the result of the purchase made by the subsidiary Valfivre Italia Srl during the financial year 2004 of a quota of 6% of Cutlite Penta Srl. The amount entered on June 30th 2007 was approx. 211 thousand Euros.
d) the amount paid for goodwill by the subsidiary Asclepion Laser Technologies GmbH for the purchase of the dermatological and dental business belonging to Carl Zeiss Meditec. The amount entered on June 30th 2007 was approx. 73 thousand Euros.
e) 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 2007 was 55 thousand Euros.
f) 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 2007 was approx. 7 thousand Euros.
g) the amount which was the result of the purchase of ASA Srl by the subsidiary Deka MELA Srl. The amount entered on June 30th 2007 was approx. 439 thousand Euros.
h) the amount which was the result of the purchase made during 2006 by the Parent company El.En. SpA of 19,17% of Cutlite Penta Srl from third parties. The amount entered on June 30th 2007 was approx. 96 thousand Euros.

The estimate of the recoverable value of the goodwill entered into accounts, at least annually, has been 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 year period no indications of impairment have been registered.

The "Costs of research and development" are related to the capitalization of the costs sustained over the last years by the subsidiary companies ASA Srl, Quanta System SpA and by its subsidiary Arex Srl.

The "Industrial patent rights and rights to use patents of others" are related to the capitalization of the costs sustained by Cynosure Inc., Deka Laser Technologies, Asa Srl and Arex Srl for patents and license agreements.

The entry "Concessions, licenses, trademarks and similar rights" includes, among other things, the overall expenses sustained by the Parent Company for the implementation of new management and administrative software. The subsidiary ASA Srl entered brands for a residual value of approx. 197 thousand Euros. The heading "Other movements" includes the amounts entered as a consequence of the insertion of the With Us company into the area of consolidation. The residual heading of "Others" includes the entry of the costs sustained, particularly by the Parent Company, for the purchase of "generic software".

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 31/12/06	Increments	Revaluations and devaluations	Other operations	(Disposals)	Conversion Adjustments	Balance 30/06/07
Lands	1.797.168	377.667		20.269		-4.226	2.190.878
Buildings	4.061.629	17.500		-20.269		-11.782	4.047.078
Plants and machinery	1.444.808	124.585		9.261		-2.874	1.575.780
Industrial and commercial equipment	11.356.294	1.628.324		106.209	-169.862	-173.750	12.747.215
Other goods	7.817.867	409.767		110.570	-136.215	-77.504	8.124.485
Tangible assets under construction	501.367	792.383				-3.401	1.290.349
Total	**26.979.133**	**3.350.226**		**226.040**	**-306.077**	**-273.537**	**29.975.785**

Amortisation provisions	Balance 31/12/06	Amortizations amount	Devaluations	Other operations	(Disposals)	Conversion Adjustments	Balance 30/06/07
Lands							
Buildings	574.557	51.839				-699	625.697
Plants and machinery	687.741	95.892		8.268		-1.219	790.682
Industrial and commercial equipment	7.355.351	1.031.768		-3.831	-49.653	-122.145	8.211.490
Other goods	4.665.154	519.451		7.096	-74.150	-45.514	5.072.037
Tangible assets under construction							
Total	**13.282.803**	**1.698.950**		**11.533**	**-123.803**	**-169.577**	**14.699.906**

Net value	Balance 31/12/06	Increments	Revaluations and other operations	(Amortizations and devaluations)	(Disposals)	Conversion Adjustments	Balance 30/06/07
Lands	1.797.168	377.667	20.269			-4.226	2.190.878
Buildings	3.487.072	17.500	-20.269	-51.839		-11.083	3.421.381
Plants and machinery	757.067	124.585	993	-95.892		-1.655	785.098
Industrial and commercial equipment	4.000.943	1.628.324	110.040	-1.031.768	-120.209	-51.605	4.535.725
Other goods	3.152.713	409.767	103.474	-519.451	-62.065	-31.990	3.052.448
Tangible assets under construction	501.367	792.383				-3.401	1.290.349
Total	**13.696.330**	**3.350.226**	**214.507**	**-1.698.950**	**-182.274**	**-103.960**	**15.275.879**

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 2007 was 2.191 thousand Euros. Under the heading of "Increments", Asclepion has entered the purchase price of new property for an amount of approx. 370 thousand Euros to be used for the construction of a new manufacturing structure also situated in Jena.

The heading of "Buildings" also 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, the building located in Branford, Connecticut, which the subsidiary BRCT possesses after the transferral of title by the Parent Company in 2005 and where Lasercut Inc. operates and the new building purchased in 2006, located in the city of Torre Annunziata, where the subsidiary Lasit SpA will conduct research, development and manufacturing activities; El.En. in this way supports the encouraging outlook for growth of its subsidiary company.

The increments shown in the category "Plants and machinery" among other things, are related to the capitalization of the costs sustained as of June 30th 2007, by Lasit SpA for the development of a precision multi-material LASER

marking system for surfaces which are not flat , for an amount of approx. 62 thousand Euros. In relation to this project the company received a grant for a total of 95 thousand Euros, of which 28 thousand Euros related to the creation of the prototype were brought forward as a decrease in the capitalized value of the latter and 67 thousand were entered into the Profit and Loss Account under the heading of "Other income".
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 the sales network of the American company continue to have a major importance.
The heading "Other movements" of the categories "Industrial and commercial equipment" and "Other goods" includes, among other things, the amounts entered after the insertion of the With Us and Wuhan Penta Chutian companies into the area of consolidation.
The heading of "Intangible assets under construction" includes the costs sustained by the Parent Company El.En. SpA related to the architectural and structural design, license fees and various construction charges for the enlargement of its offices in Calenzano; this heading also includes the down payments made by the subsidiary Asclepion for the construction of their new building.

The tangible assets held under leasing amount to 1,1 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:

	30/06/2007	31/12/2006	Variation	Var. %
Equity investments in:				
associated companies	419.503	443.779	-24.276	-5,47%
other companies	111.916	61.714	50.202	81,35%
Total	531.419	505.493	25.926	5,13%

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

The chart below shows a summary of some of the most important information related to the associated companies.

	Assets	Liabilities	Profits(+)/Losses (-)	Revenue and income	Costs and charges
Immobiliare Del.Co. Srl	162.702	44.149	4.974	28.870	23.896
S.B.I. SA	497.284	283.595	-50.929	156.928	207.857
Actis Actice Sensors Srl	194.527	182.190	-30.378	115.037	145.415
IALT Scrl	299.724	289.724	0	93.733	93.733
JV Laser International Ltd	115.499	245	-5.492	21.201	26.693
Electro Optical Innovation Srl	3.000				

Among the "Other companies", the equity in RTM SpA, entered at cost, has been incremented due to the effect of the underwriting of 47.593 shares as part of the operations conducted after the motion to pay off the losses and to reconstitute the capital stock, which had already begun at the end of the last financial period. This same equity was also the subject of a direct devaluation for the purpose of adapting the amount entered into accounts with the best estimate of fair value as of June 30th 2007.

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

<u>*Other non current assets*</u>	30/06/2007	31/12/2006	Variation	Var. %
Deferred tax assets	4.530.478	4.140.446	390.032	9,42%
Other non current assets	177.833	238.503	-60.670	-25,44%
Total	4.708.311	4.378.949	329.362	7,52%

For an analysis of the entry "deferred tax assets" see the chapter below on the analysis of deferred tax assets and liabilities.

Current Assets

Inventory (note 5)

The chart below shows a breakdown of the inventory:

Stocks:	30-giu-07	31-dic-06	Variation	Var. %
Raw materials and consumables	16.471.140	14.621.108	1.850.032	12,65%
Work in progress and semi finished products	8.473.774	7.033.296	1.440.478	20,48%
Finished products and goods for sale	21.778.346	16.918.401	4.859.945	28,73%
Total	46.723.260	38.572.805	8.150.455	21,13%

A comparison between the final inventories shows the increase in their amount which is an effect of the considerable increase in the manufacturing volume. In particular, the increase in finished products is a result of the desire to increase the number of products made available to the sales network for trial sales demonstrations.

Commercial receivables (note 6)

Receivables are composed as follows:

Debtors:	30-giu-07	31-dic-06	Variation	Var. %
Trade debtors	36.310.719	36.513.198	-202.479	-0,55%
Associated debtors	123.164	197.432	-74.268	-37,62%
Total	36.433.883	36.710.630	-276.747	-0,75%

Trade debtors:	30/06/2007	31/12/2006	Variation	Var. %
Italy	11.135.077	11.738.370	-603.293	-5,14%
European Community	11.914.224	10.883.539	1.030.685	9,47%
Outside of European Community	15.481.978	15.817.463	-335.485	-2,12%
minus: devaluation provision for debtors	-2.220.560	-1.926.174	-294.386	15,28%
Total	36.310.719	36.513.198	-202.479	-0,55%

The accrual in the fund for the devaluation of receivables was 419 thousand Euros; 124 Euros of the fund were used.

For a detailed analysis of the commercial receivables and financial credits from associated companies (shown below in Note 7), see the following chapter concerning "related parties".

Tax receivables/Other receivables (note 7)

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

	30/06/2007	31/12/2006	Variation	Variation %
Tax debtors				
VAT credits	3.003.444	3.310.658	-307.214	-9,28%
Income tax credits	1.151.407	3.254.973	-2.103.566	-64,63%
Total tax debtors	4.154.851	6.565.631	-2.410.780	-36,72%

Financial credits				
Financial credits v. third parts	50.000	239.825	-189.825	-79,15%
Financial credits v. associated companies	190.523	110.523	80.000	72,38%
Total	240.523	350.348	-109.825	-31,35%
Other credits				
Security deposits	328.248	223.908	104.340	46,60%
Down payments	1.245.559	1.105.920	139.639	12,63%
Other credits	2.805.903	2.167.354	638.549	29,46%
Total	4.379.710	3.497.182	882.528	25,24%
Total financial and other credits	4.620.233	3.847.530	772.703	20,08%

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

The half year period closes with an IVA (value added tax) credit of more than 3 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 (nota 8)

Investments which are not permanent:	30/06/2007	31/12/2006	Variation	Var. %
Other investments	35.820.696	34.011.333	1.809.363	5,32%
Total	35.820.696	34.011.333	1.809.363	5,32%

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" consisting mainly in investments in treasury bonds, certificates of deposit and company debenture loans which have an expiration date before July 1st 2008, which were made by the subsidiary Cynosure for an amount of approx. 35,7 million Euros (equal to about 48,3 million dollars), using a part of the cash received as a result of the IPO of 2005.

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. 57 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:	**30/06/2007**	**31/12/2006**	**Variation**	**Var. %**
bank and postal current accounts	34.122.327	24.306.208	9.816.119	40,39%
cash in hand	44.797	54.571	-9.774	-17,91%
Total	34.167.124	24.360.779	9.806.345	40,25%

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

Net financial position as of June 30th 2007

The net financial position of the Group as of June 30th 2007 is as follows:

Net financial position		
	30/06/2007	**31/12/2006**
Cash and bank	34.167	24.361
Financial instruments held for sale	35.821	34.011
Cash and cash equivalents	**69.988**	**58.372**
Short term financial receivables	**0**	**0**
Bank short term loan	(1.565)	(621)
Part of financial long term liabilities due within 12 months	(749)	(680)
Other short term financial liabilities	0	0
Financial short term liabilities	**(2.314)**	**(1.301)**
Net current financial position	**67.674**	**57.071**
Bank long term loan	0	(13)
Bonds	0	0
Other long term financial liabilities	(2.294)	(1.918)
Financial long term liabilities	**(2.294)**	**(1.930)**
Net financial position	**65.380**	**55.141**

The amount of available cash of the Group remains considerable and during this period rose to 65 million Euros.
Most of the cash is held by Cynosure Inc. as a result of the IPO of December 2005; after that date Cynosure did not make any investments of particular entity but used the cash available to finance the growth of its own activities and in so doing obtained excellent results, to the extent that during the first half of the year the company generated cash notwithstanding a growth rate of approx. 50%.
During the last six months the main expenditures have been: payment of the remaining amount due for the purchase of the property in Torre Annunziata acquired by El.En. SpA in order to house the manufacturing and development activities of the subsidiary Lasit SpA, and the payment of dividends to third parties for an amount of approx. 1.800 thousand Euros.

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 2007 the capital stock of the El.En. Group, which coincides with that of the Parent company, was as follows:

Authorised	Euros	2.509.763
Underwritten and deposited	Euros	2.486.477

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

Categories	31/12/2006	Increase	(Decrease)	30/06/2007
No. of Ordinary Shares	4.698.404	83.282		4.781.686
Total	**4.698.404**	**83.282**		**4.781.686**

The increase in the number of shares with respect to December 31st 2006, is a result of the underwriting of the capital stock following the picking up of the stock options by the employees, as part of the 2006/2007 Incentive Plan, which is described in detail in the chapter dedicated to the increase in capital.

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.

Increases in capital for utilization in the stock option plan
The special assembly of El.En. SpA held on July 16th 2002 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 124,800 Euros through the issue of a maximum of 240,000 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 stockholders' 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; d) 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 period of time before the assignment of the options decided by the Board of Directors in the regulations of the incentive plans.

On September 6th 2002 the Board of Directors of the Parent Company voted to implement in part the decision of the Shareholders' assembly of July 16th 2002 to increase the share capital by 31,817.76 Euros for use in the 2003/2004 stock-option plan and approved the relative regulations.

The option rights were assigned exclusively to the Group's Executives, Managers and White collars workers who at the time of the assignment were employed by the Group in a subordinate position. The above plan was divided into two phases, one for each year; the first phase, for a maximum of 30,600 shares, was exercisable by the assignees from November 18th to December 31st 2003, from August 15th to the September 30th 2004 and from November 18th to the December 31st 2004; the second phase, for a maximum of 30,588 shares was exercisable by the assignees from August 15th to the September 30th 2004 and from November 18th to the December 31st 2004.
With reference to this vote, as of December 31st 2004 (the deadline for the exercising of such rights) of the 61,188 option rights assigned, all of them were picked up.
Moreover, on November 13th 2003, the Board of Directors of the Parent Company voted to partially implement the decision of the shareholders' assembly convened on July 16th 2002 to increase the share capital by euro 13,145.60 to be used for the 2004/2005 stock-options plan and approved the relative regulations. The option rights were assigned exclusively to the Group's executives, managers and White collars workers who at the moment of assignment were employed by the group in a subordinate position. The above plan was divided into two phases, one for each year; the first phase, for a maximum of 12,640 shares, exercisable by the assignees from November 18th to December 31st 2004, from August 15th to the September 30th 2005 and from November 18th to December 31st 2005; the second phase, for a maximum of 12,640 shares was exercisable by the assignees from August 15th to the September 30th 2005 and from November 18th to December 31st 2005.
With reference to this vote, as of December 31st 2005 (the deadline for picking up the options) of the 25.280 option rights assigned, all of them were picked up.

Lastly, on May 13th 2005, and later modification made on March 30th 2006, the Board of Directors voted to partially implement the vote of the Shareholders' assembly convened on July 16th 2002, to increase the Capital stock to 72.800 Euros for use in the stock-option plan of 2006/2007 and to approve the relative regulations. The option rights were assigned exclusively to the Group's executives, managers and White collars workers who at the moment of assignment were employed by the Group in a subordinate position. The above mentioned plan is divided into two phases, one for each year. The first phase, for a maximum of 70.000 shares, was exercisable by the assignees from May 16th 2006 to the date of approval of the of the annual report 2006, and from May 29th 2007 to July 16th 2007; the second phase, for a maximum of 70.000 shares was exercisable by the assignees from May 29th 2007 to July 16th 2007.

With reference to this motion, as of June 30th 2007, 95.219 option rights had been picked up.

Additional paid in capital (note 11)

As of June 30th 2007 the share premium reserve, which coincides with that of the parent company, amounted to 37.582 thousand Euros, an increase with respect to December 31st 2006, as shown in the chart of the shareholders' equity under the heading of "Other operations" as a result of the increase in capital stock which occurred after the picking up of the stock options as mentioned in Note 10.

Other reserves (note 12)

Other reserves	30/06/2007	31/12/2006	Variation	Var. %
Legal reserve	537.302	537.302		0,00%
Extraordinary reserve	12.530.904	13.327.651	-796.747	-5,98%
Reserve for conversion adjustments	-2.453.640	-2.164.831	-288.809	13,34%
Stock options reserve fund	1.019.382	799.423	219.959	27,51%
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	12.073.997	12.939.594	-865.597	-6,69%

As of June 30th 2007 the Extraordinary Reserve contained 12.531 thousand Euros; the decrease which occurred during this financial period is related to the use of the fund for the payment of dividends, in accordance with the motion approved during the shareholders' assembly on May 15th 2007.

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, for the quota which matured on June 30th 2007. The change of 220 thousand

Euros, with respect to December 31st 2006 is entered in the chart of the stockholders' equity in the "Other operations" column.

The conversion reserve summarizes the effects of the variations in the exchange rate on the investments in foreign currency. As of June 30th 2007 the value can be attributed essentially to the devaluation of the dollar. The effects for the first half of 2007 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 movements" 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 31/12/2006	Provision	Utilization	Other	Balance 30/06/2007
2.582.226	188.160	-187.947		2.582.439

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.

After the reform of the TFR (Severance Indemnity Fund) the method used for the actuarial calculation according to IAS Principle 19 has changed. The different evaluation of the severance indemnity fund which matured on December 31st 2006 with respect to the evaluation made according to the old regulations must be treated as a curtailment and, as a result, is entered into the Profit and Loss Account along with the actuarial profits and losses which had not been previously entered into accounts when the so-called "corridor method" was being applied. This adaptation has generated a reduced liability of about 200 thousand Euros, which is reflected in a lower cost for an amount of personnel of the same entity.

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 obligation. As of June 30th 2007 the net cumulative value of the actuarial profits and losses which were not registered was approx. 147 thousand Euros. The current value of the obligation as of June 30th 2007 is 2.313 thousand Euros.

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

Financial hypotheses	Year 2006	Year 2007
Annual implementation rate	4,25%	4,75%
Annual inflation rate	2,00%	2,00%
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 4,50% White collar workers 3,00% Blue collar workers 3,00%

Analysis of deferred tax assets and liabilities (note 4) (note 15)

Deferred tax assets and liabilities are accrued on the temporary differences between assets and liabilities recognized for tax purposes and those entered into accounting.
The breakdown is as follows:

	Balance 31/12/2006	Provision	(Utilization)	Other	Conversion Adjustments	Balance 30/06/2007
Deferred tax assets on loss account from subsidiary companies						
Deferred tax assets on stock devaluations	1.094.577	62.166			-7.355	1.149.388
Deferred tax assets for provisions on guarantee products	790.980	11.176			-16.011	786.145
Deferred tax assets on credit devaluation	499.926	36.678	-25.946		-6.856	503.802
Deferred tax assets on loss brought forward from the previous years	5.574		-1.769			3.805
Deferred tax assets on intercompany profits	686.345	396.353	-125.292	125.292		1.082.698
Deferred tax assets on actualization of severance indemnity accruals	10.126	-15.820	-45.438	1		-51.131
Other deferred tax assets	1.052.918	31.971	-19.361	14.755	-24.512	1.055.771
Total	4.140.446	522.524	-217.806	140.048	-54.734	4.530.478
Deferred tax liabilities on advanced amortizations	371.270	44.540	-4.727			411.083
Other deferred tax liabilities	245.544	30.039	-52.866	5		222.722
Total	616.814	74.579	-57.593	5	0	633.805
Net amount	3.523.632	447.945	-160.213	140.043	-54.734	3.896.673

Deferred tax assets amounted to approx. 4.530 thousand Euros. Among the main variations which occurred during this financial period, attention should be called to the increase in deferred tax assets calculated on the devaluation of stock and the elimination of inter-Group profits made with the consolidation. Among the main decreases, attention is called to the deferred tax assets calculated on the fund for devaluation of credits and that related to the adaptation of the severance indemnity fund consequent to the curtailment in accordance with IAS 19, as described earlier. The other movements are related mostly to the inclusion of With Us in the area of consolidation.

Deferred tax liabilities were 634 thousand Euros. There is a movement in deferred tax liabilities related to the anticipated amortizations made only for tax purposes by the companies belonging to the Group, while the variations in the other deferred tax liabilities refer, among other things, to the evaluation for tax purposes, of some inventories evaluated using the LIFO method and to the differences in the exchange rate which were not earned.

Other accruals (note 16)

The chart below shows the operations made with other accruals.

	Balance 31/12/2006	Provision	(Utilisation)	Other	Conversion Adjustments	Balance 30/06/2007
Reserve for pension costs and similar	258.604	30.997				289.601
Others:						
Reserve for guarantee on the products	2.575.706	260.030	-5.183		-55.552	2.775.001
Reserve for risks and charges	1.339.045	181.524	-48.700			1.471.869
Other minor reserves	15.600					15.600
Total other reserves	3.930.351	441.554	-53.883	-	-55.552	4.262.470
Total	4.188.955	472.551	-53.883	-	-55.552	4.552.071

The clients' agents' indemnity fund included in the entry "Reserve for pension costs and similar" on June 30th 2007 amounted to 251 thousand Euros, including the adaptation according to the IAS, as opposed to 233 thousand Euros on December 31st 2006.

According to IAS 37, the amount owed must be calculated using the actualization techniques to estimate, as precisely as possible, the overall cost 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 2006	Year 2007
Annual rate of implementation	3,00%	4,00%
Annual rate of inflation	2,00%	2,00%

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.

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 2007, 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 centers 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 financial 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.

Amounts owed and financial liabilities (note 17)

Financial m/l term debts	30/06/2007	31/12/2006	Variation	Var. %
Amounts owed to banks		12.614	-12.614	-100,00%
Amounts owed to other financiers	2.293.829	1.917.781	376.048	19,61%
Total	2.293.829	1.930.395	363.434	18,83%

Among the non-current "Amounts owed and financial liabilities" we have included amounts owed to other financers consisting, among other things, in 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, reference DIFF 3 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) Financing granted to the subsidiary Asclepion for the construction of a new building, for the amount of 500.000 Euros at the interest rate of 4,55%, last instalment on March 31st 2022.
d) Facilitated financing from Centrobanca for applied research, granted to the subsidiary Lasit for 231.060 Euros at the interest rate of 0,96% annually, last instalment August 5th 2014.
e) Debts toward leasing companies for 774 thousand Euros (950 thousand Euros on December 31st 2006).

Debts guaranteed by real estate property
The building in Via Baldanzese, 17 in Calenzano (Florence) has a mortgage, now about to be cancelled, contracted in relation to a ten-year loan issued by the Cassa di Risparmio of Florence, which was already paid off during 2006.

Current liabilities

Financial debts (note 18)

Below, a breakdown of the financial debts is given:

Financial short term debts	30/06/2007	31/12/2006	Variation	Var. %
Amounts owed to banks	1.564.543	620.584	943.959	152,11%
Amounts owed to other financiers	749.094	680.211	68.883	10,13%
Total	2.313.637	1.300.795	1.012.842	77,86%

The entry "Amounts owed to banks" is related to the overdrafts on a checking accounts which were granted by credit institutions to subsidiary companies. The increase with respect to 2006 is related mostly to debts towards banks on the part of the newly acquired company With Us.
The entry "Amounts owed to other financers" includes the short-term quotas of the financings described in the preceding note; and the last instalment payable within a year for the IMI facilitated financing for applied research, reference DIFF3, granted to the parent company El. En. Spa for 487.095 Euros at the set interest rate of 3,70% annually, last instalment January 7th 2008. This entry also includes the short-term quotas of amounts owed to leasing companies for an amount of 357 thousand Euros (356 thousand Euros on December 31st 2006).

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 to suppliers (note 19)

Trade debts:	30/06/2007	31/12/2006	Variation	Var. %
Amounts owed to suppliers	24.659.095	23.473.550	1.185.545	5,05%
Amounts owed to associated companies	141.625	132.552	9.073	6,84%
Total	24.800.720	23.606.102	1.194.618	5,06%

Income tax debts/Other short term debts (note 20)

The "Debts for income taxes" which have matured for some of the companies of the Group, as of June 30th 2007 amount to 3.264.827 Euros and are entered net of the related pre-payments and deductions.

The sub-division of the other debts is shown on the following table:

	30/06/2007	31/12/2006	Variation	Variation %
Social security debts				
Debts owed to INPS	940.142	985.604	-45.462	-4,61%
Debts owed to INAIL	74.694	111.864	-37.170	-33,23%
Debts owed to other Social Security Institutions	77.741	61.302	16.439	26,82%
Total	1.092.577	1.158.770	-66.193	-5,71%
Other debts				
Debts owed to tax administration for VAT	690.899	488.479	202.420	41,44%
Debts owed to tax administration for deductions	821.018	845.808	-24.790	-2,93%
Other tax debts	13.549	5.278	8.271	156,71%
Owed to staff for wages and salaries	5.567.391	4.125.920	1.441.471	34,94%
Down payments	2.690.289	1.864.754	825.535	44,27%
Other debts	7.309.082	5.647.038	1.662.044	29,43%
Total	17.092.228	12.977.277	4.114.951	31,71%
Total Social security debts and other debts	18.184.805	14.136.047	4.048.758	28,64%

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 2007.

In the entry “Down payments” we have included pre-payments made by clients for an amount of 2.571 thousand Euros.

In the entry “Other debts” we have entered, among other things, the anticipated revenues related to the subsidiary Cynosure Inc. for service contracts entered with the revenues in proportion to the duration of the contract.

SECTORIAL INFORMATION

Primary information

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		14.766	14.252	317	197
	Inc.%	*16%*	*18%*	*3%*	*65%*
Not assigned charges		5.670			
EBIT		9.096			
Net financial income (charges)		506			
Share of profit of associated companies		(26)	(25)	(2)	1
Other Income (expense) net		(1.229)			
Income before taxes		8.347			
Income taxes		5.058			
Income for the financial period		3.288			
Minority interest		3.049			
Net income		240			

30/06/06		Total	Medical	Industrial	Other
Revenues		72.146	59.818	12.314	15
Other revenues and income		1.009	245	70	694
Gross Margin		38.064	32.181	5.288	595
	Inc.%	*52%*	*54%*	*43%*	*84%*
Margin		9.618	8.629	393	595
	Inc.%	*13%*	*14%*	*3%*	*84%*
Not assigned charges		4.789			
EBIT		4.829			
Net financial income (charges)		1.005			
Share of profit of associated companies		(16)	(18)	0	2
Other Income (expense) net		(29)			
Income before taxes		5.789			
Income taxes		3.122			
Income for the financial period		2.667			
Minority interest		1.787			
Net income		880			

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

30/06/2007	Total	Medical	Industrial	Other
Assets assigned	171.061	144.774	26.287	
Equity investments	273	112	161	
Assets not assigned	18.037			
Total assets	189.370	144.885	26.448	0
Liabilities assigned	37.731	30.815	6.916	
Liabilities not assigned	20.895			
Total liabilities	58.626	30.815	6.916	0

31/12/2006	Total	Medical	Industrial	Other
Assets assigned	150.948	127.460	23.488	
Equity investments	248	137	111	
Assets not assigned	18.645			
Total assets	169.841	127.597	23.599	0
Liabilities assigned	31.877	25.087	6.790	
Liabilities not assigned	18.232			
Total liabilities	50.109	25.087	6.790	0

30/06/2007	Total	Medical	Industrial	Other
Changes in fixed assets:				
- assigned	2.007	958	1.049	0
- not assigned	(685)			
Total	1.322	958	1.049	0

31/12/2006	Total	Medical	Industrial	Other
Changes in fixed assets:				
- assigned	760	742	18	0
- not assigned	1.453			
Total	2.212	742	18	0

Secondary information

30/06/07	Total	Italy	Europe	ROW
Revenues	90.077	13.543	26.963	49.571

30/06/06	Total	Italy	Europe	ROW
Revenues	72.146	14.201	22.824	35.121

30/06/2007	Total	Italy	Europe	ROW
Assets assigned	188.839	74.635	9.314	104.889
Equity investments	531	531		
Assets not assigned	0			
Total assets	189.370	75.167	9.314	104.889
Liabilities assigned	58.626	30.424	4.954	23.248
Liabilities not assigned	0			
Total liabilities	58.626	30.424	4.954	23.248

31/12/2006	Total	Italy	Europe	ROW
Assets assigned	169.336	72.745	9.946	86.645
Equity investments	505	505		
Assets not assigned	0			
Total assets	169.841	73.250	9.946	86.645
Liabilities assigned	50.109	27.634	4.766	17.709
Liabilities not assigned	0			
Total liabilities	50.109	27.634	4.766	17.709

30/06/2007	Total	Italy	Europe	ROW
Changes in fixed assets:				
- assigned	1.322	(48)	800	570
- not assigned	(0)			
Total	1.322	(48)	800	570

31/12/2006	Total	Italy	Europe	ROW
Changes in fixed assets:				
- assigned	2.212	1.501	(4)	715
- not assigned	0			
Total	2.212	1.501	(4)	715

COMMENTS ON THE MAIN ENTRIES IN THE PROFIT AND LOSS ACCOUNT

Revenue (note 21)

The growth in the sales volume of the Group continues at a high rate and is essentially equal to 25%; a result which represents an important demonstration of the capacity of the Group to achieve the expansion goals that had been set.

	30/06/2007	30/06/2006	Variation	Var. %
Sales of industrial laser systems	10.505.060	10.744.246	-239.186	-2,23%
Sales of medical laser systems	67.265.920	52.487.528	14.778.392	28,16%
Consulting and research			0	0,00%
Service and sales of spare parts	12.305.795	8.914.305	3.391.490	38,05%
Total	90.076.775	72.146.079	17.930.696	24,85%

Brilliant results were obtained in the medical sector, which showed a growth rate well above expectations for the overall market.
The industrial sector is not growing, although the outlook is still good in this sector, thanks mostly to the operations which have been initiated by the Group with an aim to the internationalization of activities through the creation of firms operating in China and Brazil.
Customer service and sale of spare parts showed an increase in revenue of over 38%, which was obtained not only on account of the normal increase in the number of installations but also thanks to the sales of materials which are consumed during some of the medical applications recently introduced on the market. Moreover, the With Us company conducts directly customer service activities in Japanese territory and has brought into the area of consolidation their work in technical assistance and sales of spare parts for hundreds of pieces of equipment installed in Japan.

As far as seasonal variations in our activities are concerned, this type of business is not particularly subject to oscillations during the financial year. In any case, with reference to the first half, it should be pointed out that there is usually a slight drop in sales in the month of January which is negatively influenced by the corresponding rise in sales volume which occurred in December of the preceding year. Moreover, in the second half of the year there is usually a drop in sales volume during the month of August, especially in Italy and the rest of Europe.

Other income (note 22)

The analysis of the other income is as follows:

	30/06/2007	30/06/2006	Variation	Var. %
Recovery for accidents and insurance reimbursements	4.092	9.280	-5.188	-55,91%
Expense recovery	368.114	350.695	17.419	4,97%
Capital gains on disposal of fixed assets	45.502	75.708	-30.206	-39,90%
Other income	258.343	572.688	-314.345	-54,89%
Contribution on fiscal year account and on capital account	7.122	450	6.672	1482,67%
Total	683.173	1.008.821	-325.648	-32,28%

Under the heading of “Other income” we have entered grants towards research projects for the amount of approx. 223 thousand Euros. The item “Expense recovery” refers mainly to shipping expenses.

Costs for the purchase of goods (note 23)

The analysis is shown on the following table:

	30/06/2007	30/06/2006	Variation	Var. %
Purchase of raw materials and finished products	38.401.602	33.774.415	4.627.187	13,70%
Purchase of packaging	273.055	254.903	18.152	7,12%
Shipment of purchases	301.037	332.060	-31.023	-9,34%
Other purchase expenses	83.690	79.994	3.696	4,62%
Other purchases	195.995	120.033	75.962	63,28%
Total	39.255.379	34.561.405	4.693.974	13,58%

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

Other direct services/ operating services and charges (note 24)

Breakdown of this category is shown on the chart below:

	30/06/2007	30/06/2006	Variation	Var. %
Direct services				
Expenses for work in progress at third parties'	2.210.938	2.403.150	-192.212	-8,00%
Technical services	538.565	443.946	94.619	21,31%
Shipment on sales	642.826	602.083	40.743	6,77%
Commissions	4.707.140	3.343.960	1.363.180	40,77%
Royalties	45.898	82.444	-36.546	-44,33%
Travel expenses	837.401	652.198	185.203	28,40%
Other direct services	270.340	153.281	117.059	76,37%
Total	*9.253.108*	*7.681.062*	*1.572.046*	*20,47%*
Operating services and charges				
Maintenance and technical assistance on equipments	453.125	403.307	49.818	12,35%
Services and commercial consulting	582.665	603.303	-20.638	-3,42%
Legal and administrative services	681.333	810.803	-129.470	-15,97%
Auditing charges	446.510	311.362	135.148	43,41%
Insurances	706.996	561.419	145.577	25,93%
Travel and overnight expenses	1.799.470	1.386.447	413.023	29,79%
Promotional and advertising expenses	4.779.731	2.575.227	2.204.504	85,60%
Building charges	853.518	805.920	47.598	5,91%
Other taxes	158.058	160.057	-1.999	-1,25%
Expenses for vehicles	380.682	349.577	31.105	8,90%
Office supplies	271.903	159.972	111.931	69,97%
Hardware and Software assistance	242.209	131.616	110.593	84,03%
Bank charges	281.116	180.920	100.196	55,38%
Rent	1.618.317	1.578.780	39.537	2,50%
Other operating services and charges	5.145.992	4.832.623	313.369	6,48%
Total	*18.401.625*	*14.851.333*	*3.550.292*	*23,91%*

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. 764 thousand Euros; costs of technical and scientific consulting and studies for an amount of approx. 785 thousand Euros. Concerning research and development activities and expenses, see the relative description in the management report.

Personnel costs (note 25)

The chart below shows the costs for staff.

For staff costs	30/06/2007	30/06/2006	Variation	Var. %
Wages and salaries	15.182.381	12.734.638	2.447.743	19,22%
Social security costs	2.799.040	2.225.560	573.480	25,77%
Accruals for severance indemnity	131.001	264.755	-133.754	-50,52%
Stock options	2.363.106	863.461	1.499.645	173,68%
Total	20.475.528	16.088.414	4.387.114	27,27%

Depreciation, amortization and other accruals (note 26)

The table below shows the breakdown for this category:

Depreciations, amortizations, and other accruals	30/06/2007	30/06/2006	Variation	Var. %
Amortization of intangible assets	153.584	133.244	20.340	15,27%
Depreciation of tangible assets	1.698.950	1.428.063	270.887	18,97%
Devaluations of fixed assets		228.724	-228.724	-100,00%
Accrual for risk on receivables	418.933	59.566	359.367	603,31%
Other accruals for risks and charges	441.554	445.285	-3.731	-0,84%
Total	2.713.021	2.294.882	418.139	18,22%

The accrual for credit risks is influenced particularly by an accrual made by the subsidiary Deka Lms Gmbh on some of its credit positions.
The accrual for risks and charges is also related to product guarantees.

Financial incomes and charges (note 27)

The breakdown of the category is as follows.

	30/06/2007	30/06/2006	Variation	Var.%
Financial incomes:				
Interests from banks	923.732	1.269.527	-345.795	-27,24%
Interests from associated company	1.349	992	357	35,99%
Interests on investments	7.872	5.445	2.427	44,57%
Income from negotiations	1.498	27.061	-25.563	-94,46%
Foreign exchange gain	48.740	117.758	-69.018	-58,61%
Other financial incomes	132.894	49.379	83.515	169,13%
Total	1.116.085	1.470.163	-354.078	-24,08%
Financial charges:				
Interest on debenture loans		-29.964	29.964	-100,00%
Interest on bank debts for account overdraft	-69.815	-46.233	-23.582	51,01%
Interest on bank debts for medium and long - term loans	-15.514	-19.799	4.285	-21,64%
losses from negotiation-investments	-1.198	-160	-1.038	648,75%
Foreign exchange loss	-459.099	-315.928	-143.171	45,32%
other financial charges	-64.420	-52.595	-11.825	22,48%
Total	-610.046	-464.679	-145.367	31,28%

The heading of "Interests from banks", is still benefiting from the considerable amount of cash held by Cynosure as a result of the IPO in 2005.
Interest and profits from the negotiations related to temporary investments of the cash are entered.

The interest payable on current account overdrafts refer mainly to overdraft facilities granted by banks to the subsidiaries while the interest payable to banks for mortgages and for medium and long term loans refers, among other things, to the facilitated financing granted by MIUR (formerly MURST) to the parent company El.En SpA.

The item “Other financial charges” includes an entry of 57 thousand Euros for interest charges derived from the application of IAS principle 19 to the severance indemnity fund.

Other net income and charges (note 28)

	30/06/2007	30/06/2006	Variation	Var. %
Other charges				
Loss on equity investments	-1.228.162	-87.783	-1.140.379	1299,09%
Devaluation of equity investments	-1.101	-14.790	13.689	-92,56%
Total	**-1.229.263**	**-102.573**	**-1.126.690**	**1098,43%**
Other income				
Profit on equity investments		73.212	-73.212	-100,00%
Total		**73.212**	**-73.212**	**-100,00%**

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 for 1.104 thousand Euros as well as the extraordinary charge of 124 thousand Euros registered for the creation of Cutlite do Brasil, for which the Parent Company El.En. SpA allowed the minority partners to become stockholders free of charge, thus recognizing a goodwill which was entered into accounts.

Under the heading of “Devaluation of equity investments” we have entered the devaluation of the equity in the RTM SpA, company at cost, for the purpose of adapting the amount entered in the statement to the best estimate of fair value as of June 30th 2007.

Income taxes (note 29)

Description:	30/06/2007	30/06/2006	Variazione	Variazione %
IRES and other foreign income taxes	4.808.578	2.938.265	1.870.313	63,65%
IRAP	491.357	503.388	-12.031	-2,39%
IRES and other foreign income taxes - Deferred (Advanced)	-289.493	-433.895	144.402	-33,28%
IRAP - Deferred (Advanced)	1.761	-6.133	7.894	-128,71%
Taxes related to the previous years	46.113	120.035	-73.922	-61,58%
Total income taxes	5.058.316	3.121.660	1.936.656	62,04%

The tax rate for this financial year is 60,60% as opposed to 53,92% for last year.

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

	2007	2006
Profit/loss before taxes	8.385.869	5.788.933
Theoretical IRES Aliquot	33%	33%
Theoretical IRES	2.767.337	1.910.348
Higher (lower) fiscal incidence of the foreign companies with respect to the theoretical aliquot	1.131.849	493.105
Higher (lower) fiscal incidence of Italian companies with respect to the theoretical 'aliquot	365.051	222.277
Higher (lower) fiscal incidence due to the effects of consolidation	267.773	-121.360
Actual IRES	4.532.010	2.504.370
Actual IRES aliquot	54%	43%

The tax load for this financial period is influenced by the entry into the Cynosure statement of approx. 702 thousand dollars (approx 520 thousand Euros) of taxes calculated on a devaluation of credits deducted in preceding years and contested after a tax audit by the Internal Revenue Service Audit.

Dividends distributed (note 30)

The shareholders' assembly held on May 9th 2006 voted to distribute 2.577.557,40 Euros as dividends paying 0,55 Euros a share for each of the 4.686.468 ordinary shares.

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

Profits per share (note 31)

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

Shares	**31/12/06**	**31/1/07**	**28/2/07**	**31/3/07**	**30/4/07**	**31/5/07**	**30/6/07**
Variation number of shares		2.400	26.814	9.150		16.882	28.037
Shares	4.698.404	4.700.804	4.727.618	4.736.768	4.736.768	4.753.650	4.781.687
Average weighted shares		**4.700.804**	**4.714.211**	**4.721.730**	**4.725.490**	**4.731.122**	**4.739.549**

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 32)

No significant non-recurring events took place during the first half of 2007 or during the corresponding period last year.

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 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.

One of the deputy board members, the majority shareholder of the Parent company, has an outright ownership of a 25% quota of Immobiliare del Ciliegio Srl, also a shareholder of the Parent Company.

All the transactions with related parties took place at normal market conditions.

The charts below show an analysis of the transactions which occurred during this financial period with the associated companies, both concerning their commercial exchanges, as well as the amounts of their payables and receivables.

	Financial receivables		**Commercial receivables**	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
SBI SA			119	
Actis Srl	70		3	
Immobiliare Del.Co. Srl	14			
IALT Scrl	107		1	
Total	**191**		**123**	

	Financial payables		**Commercial payables**	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
IALT Scrl			62	
Immobiliare Del.Co. Srl			39	
Actis Srl			2	
SBI SA			40	
Total			**142**	

Associated companies:	**Sales**	**Service**	**Total**
SBI S.A.	67		67
IALT Scrl	8		8
Total	74	-	74

Associated companies:	**Other revenues**
IALT Scrl	1
Actis Srl	1
Total	2

Associated companies:	**Purchase of raw materials**	**Services**	**Other**	**Total**
Actis Srl	52	16		68
SBI S.A.	29			29
IALT Scrl		45		45
Immobiliare Delco Srl		29		29
Total	**81**	**89**		**171**

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

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 subject are those related to the market (currency) and credit.

Currency risks
Again during the first half of 2007 about 50% of the consolidated sales were made in areas outside of the European Union: most of these transactions were conducted in US dollars. It should be pointed out, in any case, that the presence of stable structures in the United States, in particular Cynosure, makes it possible to partially cover this risk since both the costs and the revenue are entered in the same currency.

Credit risks
As far as the commercial transactions are concerned, the group operates with clients on which credit checks are conducted in advance. 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.

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	Book value	Fair value	Val. equo
	30/06/2007	31/12/2006	30/06/2007	31/12/2006
Financial assets				
Financial mid and long term receivables				
Financial receivables within 12 months	240.523	350.348	240.523	350.348
Financial instruments	35.820.696	34.011.333	35.820.696	34.011.333
Cash and cash equivalents	34.167.124	24.360.779	34.167.124	24.360.779
Financial liabilities				
Financial mid and long term debts	2.293.829	1.930.395	2.293.829	1.930.395
Financial liabilities due within 12 months	2.313.637	1.300.795	2.313.637	1.300.795

Other information

Average number of employees divided by category

	Average 2007	30/06/2007	Average 2006	31/12/2006	Variation	Var. %
Total	684,5	734	591,5	635	99	15,59%

The increase in the number of employees in the Group reflects the entry into the area of consolidation of the newly acquired companies as well as the increase in the volume of business.

For the Board of Directors
The President – Ing. Gabriele Clementi

Appendix 1 – Accounting tables of El.En. SpA as of June 30th 2007
(Drawn up in accordance with the IFRS)

Balance sheet - El.En. SpA

	Notes	30/06/2007		31/12/2006
Balance Sheet				
Intangible assets		20.057		26.122
Tangible assets		6.791.073		6.398.770
Equity investments:				
- in subsidiaries	20.086.105		19.645.136	
- in associates	430.440		430.440	
- other investments	70.752		24.260	
Total equity investments		20.587.297		20.099.836
Deferred tax assets		791.832		793.296
Other non current assets		3.108		3.108
Total non current assets		**28.193.367**		**27.321.132**
Inventories		16.630.369		15.191.733
Accounts receivables:				
- from third parties	5.644.528		5.556.196	
- from subsidiaries	12.536.379		9.827.075	
- from associates	123.164		197.432	
Total accounts receivables:		18.304.071		15.580.703
Tax receivables		855.706		2.327.205
Other receivables:				
- from third parties	796.839		921.541	
- from subsidiaries	3.167.537		3.458.185	
- from associates	190.523		110.523	
Total other receivables		4.154.899		4.490.249
Cash and cash equivalents		5.455.537		4.434.786
Total current assets		**45.400.582**		**42.024.676**
TOTAL ASSETS		**73.593.949**		**69.345.808**
Common stock		2.486.477		2.443.170
Additional paid in capital		37.581.652		35.607.012
Other reserves		14.527.637		15.104.424
Retained earnings / (deficit)		-1.034.007		-1.034.007
Net income / (loss)		608.907		624.283
Total stockholders' equity		**54.170.666**		**52.744.882**
Severance indemnity		1.167.573		1.226.929
Deferred tax liabilities		520.243		508.898
Other accruals		4.545.026		3.558.476
Financial liabilities:				
- to third parties	354.099		429.457	
Total financial liabilities		354.099		429.457
Non current liabilities		**6.586.941**		**5.723.760**
Financial liabilities:				
- to third parties	149.695		147.672	
Total financial liabilities		149.695		147.672
Accounts payables:				
- to third parties	8.944.907		7.279.713	
- to subsidiaries	872.033		992.531	
- to associates	67.832		99.904	
Total accounts payables		9.884.772		8.372.148
Income Tax payables		265.571		
Other payables:				
- to third parties	2.536.304		2.357.346	
Total other payables		2.536.304		2.357.346
Current liabilities		**12.836.342**		**10.877.166**
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY		**73.593.949**		**69.345.808**

Profit and Loss Account - El.En. SpA

Profit and loss account	Note		30/6/2007		30/6/2006
Revenues:					
- from third parties		7.687.430		6.658.249	
- from subsidiaries		14.542.415		12.705.098	
- from associates		66.781		2.500	
Total revenues			22.296.626		19.365.847
Other revenues and income:					
- from third parties		237.145		582.569	
- from subsidiaries		144.625		197.899	
- from associates		2.680		2.400	
Total other revenues and income			384.450		782.868
Total revenues and income			**22.681.076**		**20.148.715**
Purchase of raw materials:					
- to third parties		10.969.442		11.862.246	
- to subsidiaries		1.174.651		672.224	
- to associates		61.655		14.400	
Total purchase of raw materials			12.205.748		12.548.870
Change in inventory of finished goods and WIP			(801.647)		(1.810.514)
Change in inventory of raw material			(701.989)		(1.503.904)
Other direct services:					
- to third parties		2.332.706		2.290.222	
- to subsidiaries		30.545		27.864	
Total other direct services			2.363.251		2.318.086
Other operating services and charges:					
- to third parties		2.570.636		2.508.127	
- to subsidiaries		40.328		62.496	
- to associates		60.583		9.883	
Total other operating services and charges			2.671.547		2.580.506
For staff costs			3.750.874		3.519.019
Depreciation, amortization and other accruals			409.046		396.719
EBIT			**2.784.246**		**2.099.933**
Financial charges:					
- to third parties		(147.569)		(301.052)	
Total financial charges			(147.569)		(301.052)
Financial income					
- from third parties		275.320		63.810	
- from subsidiaries		43.024		75.746	
- from associates		1.349		992	
Total financial income			319.693		140.548
Other net expenses			(1.088.038)		(803.402)
Income before taxes			**1.868.332**		**1.136.027**
Income taxes			1.259.425		874.561
Income for the financial period			**608.907**		**261.466**

Variations in the Stockholders' Equity

STOCKHOLDERS' EQUITY:	**Balance 31/12/2005**	**Net income allocation**	**Dividends distributed**	**Adjustments**	**Other operations**	**Balance 30/06/2006**
Common stock	2.436.963				1.449	2.438.412
Additional paid-in capital	35.324.009				66.056	35.390.065
Legal reserve	537.302					537.302
Others reserves:						
Extraordinary reserves	6.339.051	6.988.600				13.327.651
Reserve for contribution on capital account	426.657					426.657
Other reserves	355.861	13.392			219.961	589.214
Retained earnings	356.673	1.186.878	-2.577.558			-1.034.007
Profits (loss) of the year	8.188.870	-8.188.870			261.466	261.466
Total Stockholders' equity	53.965.386		-2.577.558		548.932	51.936.760

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
Others reserves:						
Extraordinary reserves	13.327.651		-796.747			12.530.904
Reserve for contribution on capital account	426.657					426.657
Other reserves	812.814				219.960	1.032.774
Retained earnings	-1.034.007	624.283	-624.283			-1.034.007
Profits (loss) of the year	624.283	-624.283			608.907	608.907
Total Stockholders' equity	52.744.882	0	-1.421.030		2.846.814	54.170.666

Financial statement (cash flow)

Financial statement (cash flow)	**30/06/2007**	**30/06/2006**
Cash flow generated by operating activity:		
Profit (loss) for the financial period	608.907	261.466
Amortizations and depreciations (26)	350.013	330.943
Devaluations of equity investments	1.101	384.464
Stock Options	219.959	219.959
Change of employee severance indemnity (14)	-59.356	92.090
Change of provisions for risks and charges (16)	986.550	55.001
Change of provisions for deferred income taxes	12.809	-78.164
Stocks (5)	-1.438.636	-3.164.418
Receivables (6)	-2.723.368	-1.330.511
Tax receivables (7)	1.471.499	-1.316.584
Other receivables	128.324	-62.365
Payables (19)	1.512.624	1.870.675
Income Tax payables (20)	265.571	-1.095.591
Other payables (20)	178.958	389.908
	906.048	-3.704.593
Cash flow generated by operating activity	1.514.955	-3.443.127
Cash flow generated by investment activity:		
(Increase) decrease in tangible assets	-732.006	-335.392
(Increase) decrease in intangible assets	-4.245	-10.930
(Increase) decrease in equity investments and non current assets	-488.562	-550.008
Increase (decrease) in financial receivables (7)	207.026	238.412
(Increase) decrease investments which are not permanent (8)		-2.022.607
Cash flow from purchase of subsidiary companies		
Cash flow generated by investment activity	-1.017.787	-2.680.525
Cash flow from financing activity:		
Increase (decrease) in non current financial liabilities (17)	-75.358	-73.336
Increase (decrease) in current financial liabilities (18)	2.023	-117.292
Change in Capital and Reserves	2.017.948	67.507
Change in Capital and Reserves of third parties		
Dividends distributed (30)	-1.421.030	-2.577.558
Cash flow from financing activity	523.583	-2.700.679
Increase (decrease) in cash and cash equivalents	1.020.751	-8.824.331
Cash and cash equivalents at the beginning of the financial period	4.434.786	15.111.445
Cash and cash equivalents at the end of the financial period	5.455.537	6.287.114

Appendix 2 – Declaration in conformity with Art. 154 bis, comma 2, D.Lgs. n.58/1998

The undersigned, Enrico Romagnoli, as executive designated responsible for drawing up the company accounting documents of El.En. S.p.A.

Declares herewith

in conformity with comma 2 of Art. 154-bis of Legislative Decree n. 58 of February 28th 1998, that, to the best of his knowledge, the Half Yearly Report of the El.En. Group dated June 30th 2007 corresponds to information reported in the documents, accounting books and accounting entries.

Calenzano, September 28th 2007

Executive in charge of the financial reports
Enrico Romagnoli