

SIX MONTHS REPORT

JUNE 30th, 2001

EL.EN. GROUP

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1. GOVERNING BODIES OF THE COMPANY

Board of Directors

Gabriele Clementi	President of the board
Barbara Bazzocchi	Deputy member
Andrea Cangioli	Deputy member
Francesco Muzzi	Board member
Paolo Blasi	Board member
Michele Legnaioli	Board member
Marco Canale	Board member

Internal auditors

Vincenzo Pilla	President
Michele Masi	Auditor
Paolo Caselli	Auditor

External auditing firm

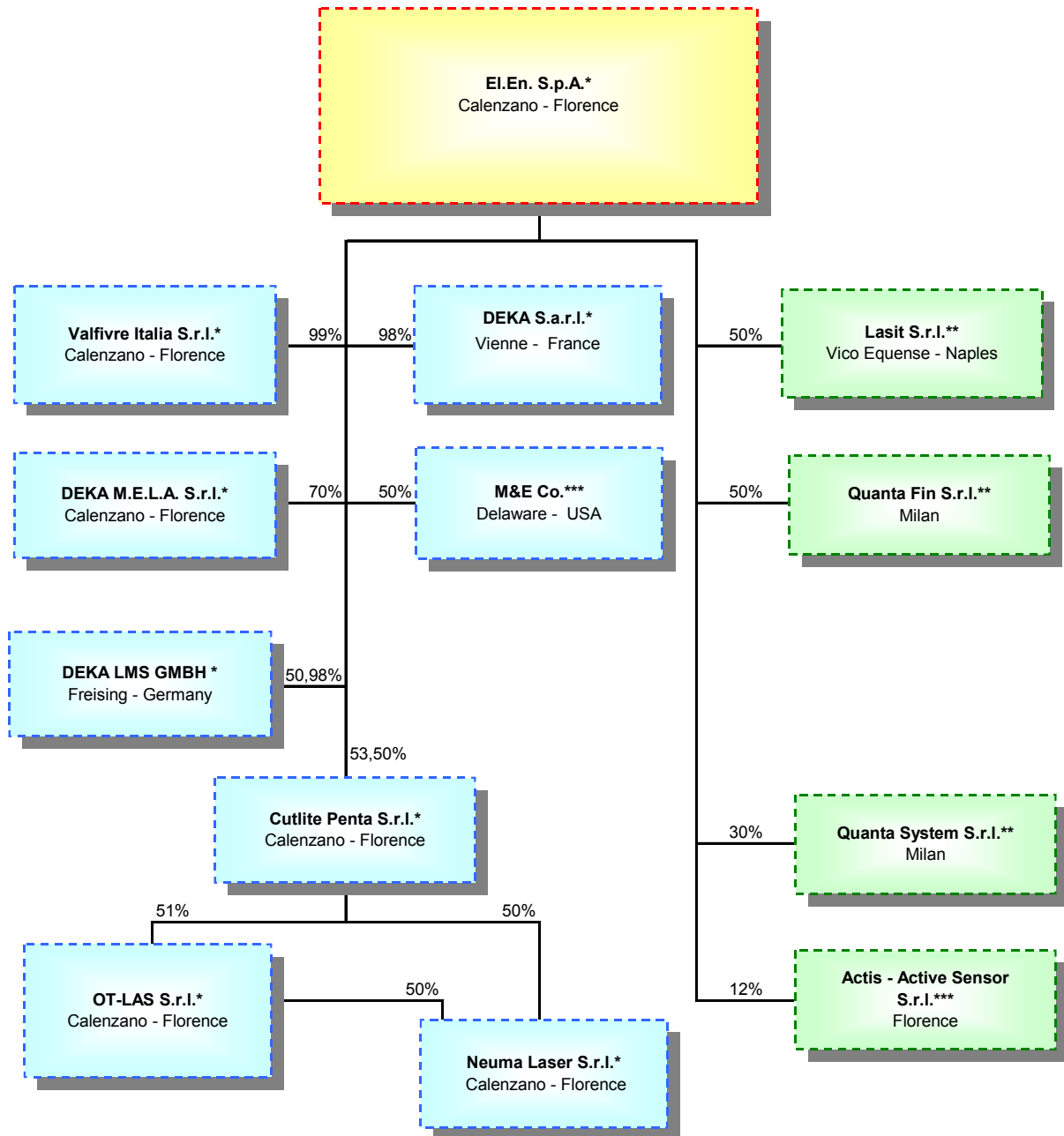
Reconta Ernst & Young S.p.A.

2. EXPLANATORY NOTES

2.1. Description of the Group

EI.En. SPA is the holding company of an industrial group involved in the design, production and distribution of laser sources and systems for a variety of applications.

The structure of the group as of June 30th, 2001 is represented in the following chart.



* Entirely consolidated

** Consolidated in relation to net worth

*** Kept at the cost

2.2. Results of the subsidiary companies

During the period under examination the group operated in the field of design, production and distribution of laser sources and systems; the main markets in which it operates are, as in the previous years, that related to medical and cosmetic laser systems and laser systems for industrial applications. Beside these two main markets, the group is also reporting sales for technical services supplied to its own customers and for research and development projects.

The following chart shows the turnover and the net income of the El.En. group's companies as of June 30th, 2001 compared with the same period of the previous year.

<i>Millions of lira</i>	Net turnover 30/06/01	Net turnover 30/06/00	Var. %	Net income 30/06/01	Net income 30/06/00
El.En. S.p.A.	15.836	14.990	5,65%	3.356	3.488
Deka Mela Srl	11.658	12.462	-6,45%	1.051	2.053
Cutlite Penta Srl	6.636	5.349	24,07%	(294)	70
Valfivre Italia Srl	622	565	10,19%	(1)	36
Deka Sarl	885	933	-5,12%	(305)	(292)
Ot-Las Srl	2.256	1.266	78,19%	158	(29)
Neuma Laser Srl	224	86	161,19%	(24)	0
Deka Lms Gmbh	424			(55)	
Consolidated results	26.058	24.942	4,47%	2.349	3.547

El.En. S.p.A.

El. En is the Group head and is involved in the design and manufacture of laser sources and laser equipment for medical, cosmetic and industrial purposes. Moreover, as head of the Group it defines the strategies used by the other companies in the Group and co-ordinates their operations. Since December 11th 2000, El. En stock has been quoted on the New Stock Market, managed by the Borsa Italiana S.p.A..

The increase in net income of El. En has coincided with the expansion of the operating structures of the company and an increase in the number of employees dedicated to research and development and other activities. For this reason the operating profit has dropped with respect to the last period. The financial management, thanks to the cash obtained when the company stock was quoted on the market and the decrease in the tax bite, due to the DIT discounts granted to companies being quoted on the market for the first time, made it possible to show a financial result which was substantially the same as that presented last year.

Deka M.E.L.A. S.r.l.

This company sells laser equipment for medical and cosmetic purposes and related accessories throughout the world except in Spain, Argentina and Belgium where El.En. S.p.A. sells directly and France, where the products are sold by the French subsidiary company Deka S.a.r.l.

The first six months of 2001 were influenced by the uncertainties of the international markets, and in particular by the Japanese market, which has always been considered crucial for the activities of

Deka M.E.L.A. The recovery of market sectors in Italy did not compensate for the drop in sales abroad, and which for this reason showed a drop in gross income with respect to the first semester of 2000. Timing and the life cycle phase of some of the products also caused a decrease in profit from sales, which of course had an impact on the net financial results.

Cutlite Penta S.r.l.

This company produces industrial laser systems for cutting and marking, thus completing the range of laser source products manufactured by El.En. Most of its products are destined for export to Europe and the rest of the world.

The company is now going through a phase of accelerated development, as demonstrated by the increase in gross income and the quantity of orders received. This situation of expansion has been reached thanks to aggressive selling policies and an increase in expenditure for personnel and components; this has brought about a drop in profits which is shown in the losses recorded for this semester.

Valfivre Italia S.r.l.

This company creates prototypes for industrial lasers, and operates in the field of design and experimentation for the other companies of the group. Their activity has maintained the level of the preceding financial year, with a slight drop of profits which has determined an end result which is substantially the same as that of last year.

Ot-Las S.r.l.

This company designs and produces special systems for CO2 laser marking for the decoration of large surfaces.

The financial year 2001 represents the reward for years of research aimed at perfecting the system used for marking large surfaces. This company is now the leader in the field and offers technological solutions which are the most advanced available on the market thanks to its collaboration with the Group head, El.En., which has perfected strategic components for them. These successes are reflected in the increase in gross income and profits.

Neuma Laser S.r.l.

The company provides after-sales technical assistance for industrial laser systems and equipment sold by the companies belonging to the group and in particular those manufactured by the parent companies Cutlite Penta S.r.l. e Ot-Las S.r.l.. They also operate as a technical support for the commercial activities conducted in the Far East and in South America..

During the first semester of 2001 the company started conducting sales activities in South America for the systems manufactured by the Group and achieved interesting results, thanks in part to the expansion of its structures.

Deka S.a.r.l.

This company distributes the medical and cosmetic laser equipment manufactured by El.En. in France and provides after-sales service for industrial, medical and cosmetic lasers. In the last few months the company has had to deal with the difficult situation on the French market, which has shown a sales volume below that which was expected and for which the sales force had been

prepared. The losses which were recorded are approximately the same as those shown in the first semester of 2000.

In any case there have been encouraging signs of recovery which have convinced the Group head to make up for the losses of the preceding financial year and to continue to invest in this company in order to maintain a position on this particular market which is considered important and with excellent development potential.

Deka Lms Gmbh

Deka – Lms company was acquired in January of 2001, for the purpose of distributing in Germany the medical and cosmetic laser equipment manufactured by El.En. S.p.A..

The company has been in operation since March 1st, 2001 and during the first four months of activity had a gross income which was inferior to expectations and registered a net loss. The German market is still of fundamental strategic importance for the expansion of the Group and its seasonal nature, which is usually rewarding in the final months of the year, leave good hopes for a positive evolution of their activity.

2.3. Related parties

We attest that the following bodies are considered related parties of the group El.En.:

- The associates non included in the area of consolidation;
- Members of the board of directors;

The transactions with related parties have taken place at ordinary market conditions.

2.4. Relations with associated companies included among the financial assets, but not included in the area of consolidation or evaluated with the method of shareholders' equity

	LOANS RECEIVABLE		RECEIVABLES		TOTAL
	< 1 YEAR	> 1 YEAR	< 1 YEAR	> 1 YEAR	
ASSOCIATED COMPANIES					
QUANTA SYSTEM Srl	13.501.000		102.711.192		116.212.192
M&E CO.			27.400.080		27.400.080
LASIT Srl			3.798.000		3.798.000
<i>Total</i>	13.501.000		133.909.272		147.410.272

	FINANCIAL PAYABLES		COMMERCIAL PAYABLES		TOTAL
	< 1 YEAR	> 1 YEAR	< 1 YEAR	> 1 YEAR	
ASSOCIATED COMPANIES					
QUANTA FIN Srl	1.170.000.000		60.420.000		60.420.000
QUANTA SYSTEM Srl			61.425.000		1.231.425.000
LASIT			1.200.000		1.200.000
			2.520.000		2.520.000
<i>Total</i>	1.170.000.000		125.565.000		1.295.565.000

INTERCOMPANY COSTS OF PRODUCTION	PURCHASES RAW MATER.	SERVICES PROVIDED	OTHER	TOTAL
ASSOCIATED COMPANIES				
QUANTA SYSTEM Srl	51.350.000			51.350.000
LASIT Srl	25.160.000	1.260.000		26.420.000
<i>Total</i>	76.510.000	1.260.000		77.770.000

INTERCOMPANY EARNINGS	SALES	SERVICES PROVIDED	TOTAL
ASSOCIATED COMPANIES			
QUANTA SYSTEM Srl	23.915.000	590.000	24.505.000
<i>Total</i>	23.915.000	590.000	24.505.000

Financial debts for an amount of 30.628.356 lira have been included in the financial statement of El.En. S.p.A. and refer to the seven year financing issued by the associated company Quanta Fin S.r.l..

The amounts shown above refer to operations which are inherent to the standard management practices of the company.

2.5. Consolidated income statement for the first semester 2001

Consolidated income statement for the first semester 2001 is shown below, compared with the first semester of 2000.

Millions of lira	30/06/01		30/06/00		Var %
Net turnover from sales and services	26.058	92,8%	24.942	91,9%	4,5%
Variation in stock of finished goods and WIP	1.730	6,2%	2.031	7,5%	-14,8%
Other revenues and income	301	1,1%	164	0,6%	83,0%
Value of production	28.088	100,0%	27.137	100,0%	3,5%
Costs for raw materials	(14.673)	52,2%	(10.832)	39,9%	35,5%
Variation in stock of raw material	2.402	8,6%	1.428	5,3%	68,2%
Other direct services	(2.819)	10,0%	(3.049)	11,2%	-7,5%
Gross margin	12.999	46,3%	14.684	54,1%	-11,5%
Other operating services and charges	(5.235)	18,6%	(3.491)	12,9%	50,0%
Added value	7.763	27,6%	11.193	41,2%	-30,6%
For staff costs	(4.153)	14,8%	(3.117)	11,5%	33,2%
Gross operating profit	3.611	12,9%	8.075	29,8%	-55,3%
Depreciation, amortisation and other accruals	(1.119)	4,0%	(506)	1,9%	121,2%
Net operating profit	2.492	8,9%	7.569	27,9%	-67,1%
Net financial income (charges)	1.188	4,2%	(13)	0,0%	0,0%
Operating profit	3.680	13,1%	7.557	27,8%	-51,3%
Value adjustments (devaluations)	76	0,3%	(52)	0,2%	-246,3%
Extraordinary income (charges)	109	0,4%	39	0,1%	183,6%
Earning before taxes	3.866	13,8%	7.543	27,8%	-48,8%
Income taxes on the income of the period	(1.291)	4,6%	(3.421)	12,6%	-62,2%
Profit before interest of third parties	2.574	9,2%	4.122	15,2%	-37,6%
Mionirity interest in income	(225)	0,8%	(575)	2,1%	-60,8%
Net profit	2.349	8,4%	3.547	13,1%	-33,8%

2.6. Report on operations

The revenues for the second quarter have shown an increase with respect to the first quarter which reported sales volumes below expectations; at the end of the first semester the total turnover increased with respect to the first semester of the year 2000; the increase is still below expectations, mainly due to the uncertainty of the markets at the beginning of the year.

The gross margin of the second quarter is back to the levels achieved in recent years, even if the semester result shows a reduction with respect to the previous year. The level of operating and staff costs reflect a structure prepared for higher sales volumes than actually achieved during the semester, therefore reducing the operating profit with respect to the first semester of the previous year.

As at June 30th, 2001 sales may be classified as follows among the market segments covered by the group; sales volume is compared with the semester which ended on June 30th, 2000.

(in millions of lira)	30/06/01		30/06/00		Var %	
Industrial systems and lasers	9.876	38%	7.578	30%	30%	
Medical and aesthetic lasers	14.294	55%	15.862	64%	-10%	
R & D	100	0%	243	1%	-59%	
Service	1.787	7%	1.260	5%	42%	
Total	26.058	100%	24.942	100%	4%	

The most significant segment, medical and cosmetic lasers, showed a 10% decrease in sales. The main cause for this decrease was the weakness of the international markets, particularly the Japanese and European markets; the semester was particularly difficult in France and in Germany, where the subsidiary companies involved in distribution reported disappointing sales volume and operating losses. Nevertheless, it should be noted that for both markets the second semester is traditionally more favourable, and that the volume of orders received and the introduction of new products in the range would tend to indicate better performances can be expected in the second semester.

The industrial laser segment shows a 30% increase, mainly obtained during the second quarter.

Earnings from assistance and sales of spare parts to clients achieved the growth rate which had been foreseen and which was derived from the expansion of the clientele base that has taken place in recent years.

The sales volume deriving from research projects and research expense reimbursements which had been contracted with research institutions and financed by MURST (University Scientific and Technological Research Office) suffered a further decrease with respect to the previous year's revenues, as will be explained in detail in the R&D section.

The following chart shows the consolidated sales according to geographical distribution.

(in millions of lira)	30/06/01		30/06/00		Var %
Italy	15.847	61%	13.190	53%	20%
Europe	3.886	15%	4.939	20%	-21%
Rest of the world	6.325	24%	6.813	27%	-7%
Total	26.058	100%	24.942	100%	4%

As previously mentioned, the international markets did not help in the expansion of the sales volume, which was achieved only by means of domestic sales. In any case, encouraging results have been obtained in markets like Brazil and Canada, which in the past have been negligible for the group, and Korea, which was back to the sales volumes reported before the financial crisis that suddenly froze the market.

Notwithstanding the decrease of 10%, the medical/cosmetical laser market is still the most significant. Within this market, total sales are shown below, divided according to the specific market segments.

(in millions of lira)	30/06/01		30/06/00		Var %
Surgical CO2	1.503	11%	1.811	11%	-17%
Physiotherapy	821	6%	918	6%	-11%
Aesthetic	9.278	65%	10.583	67%	-12%
Dental	1.481	10%	751	5%	97%
Other medical lasers	904	6%	673	4%	34%
Accessories	306	2%	1.126	7%	-73%
Total	14.294	100%	15.862	100%	-10%

The general revenue decrease, mainly due to difficult market conditions, has two exceptions: dental market sales doubled as an effect of the successful relations with Anthos Impianti, distributor in Italy for this sector, which profited from the presence of the new range of products which were placed on the market at the end of the year 2000; moreover, the introduction on the market of the dye laser for treating vascular lesions determined the increase in the category of “other medical lasers”.

The following chart shows a classification of sales in the industrial laser systems market.

(in millions of lira)	30/06/01		30/06/00		Var %
Cutting	5.971	60%	4.879	64%	22%
Marking	2.769	28%	1.578	21%	75%
Laser sources	953	10%	775	10%	23%
Welding	184	2%	345	5%	-47%
Total	9.876	100%	7.578	100%	30%

The brilliant results obtained in the industrial market are primarily due to the success of the special high power marking systems for very large surfaces, a sector in which the Group offers a highly innovative product range which has shown its first results in terms of revenue in the second quarter and confirms the potential for growth. A positive trend is reported in both cutting and laser sources, with an increase over 20%, where the tendency for strong growth was apparent mainly during the second quarter. The welding sector, on the other hand, shows the predicted decrease in sales.

Gross margin accounted for about 12.999 million Lira, decreasing with respect to the first semester of 2000 as an effect of the lower impact on the Value of Production which dropped to 46,3% from the 54,1% of the first semester 2000. The reduction of gross margin percentage is influenced by the phase of the life cycle of certain products of the medical sector which forced a price reduction, and to the aggressive sales strategy pursued in the industrial market segment for the acquisition of a share of the market. In any case the gross margin remains on an excellent level, particularly if we consider that the low contribution of research revenues, used mainly for reimbursement of staff costs, have a strong impact on gross margin percentage.

The other operating services and charges accounted for (5.235) million Lira with a 18,6% impact on Value of Production, increasing over the 12,9% of the first semester 2000. The causes of the trend of this percentage are to be found mainly in the amount of the Value of Production, which was lower than predicted, whereas the costs reflect a structure organised and prepared for higher volumes of activity. This cost aggregate showed an increase during the first semester of 2000 also on account of the total consolidation of the new German facility and the expenses for the intensified marketing and promotional activity incurred by Deka M.E.L.A. Srl for the Italian medical and cosmetic laser market and by Cutlite Penta Srl for the industrial laser cutting applications market.

Staff costs account for (4.153) million Lira, with an impact on Value of Production rising to 14,8% over the 11,5% of the first semester 2000. The average staff consisted of 93 employees during the first semester 2000 and 108 during the first semester 2001. Most new employees were hired to work in the Research and Development sector and in Sales, although some new personnel were hired for administrative and manufacturing positions.

The Gross Operating Profit (EBITDA) accounts for 3.611 million lira, with an impact of 12,9%, down from the 29,8% of the previous period. This decrease is due in part to the reduction of the Gross Margin, both as total amount and percentage of the Value of Production, and in part to the high level of the operating and staff costs which are set for a structure designed for a volume of activity higher than the one accounted for in the first semester 2000.

Depreciation and amortisation showed considerably higher amounts than in the corresponding period of the previous year, in part due to the depreciation of the costs sustained for the IPO on the New Stock Market (*Nuovo Mercato*).

The operating profit (EBIT) is therefore 2.492 million lira, with an impact of 8,9% on Value of Production, markedly influenced by the causes explained in the previous paragraphs and showing a decrease in the amounts (7.569 million lira and 27,9%) of the previous period.

The net financial income is positive (1.188 million lira), due to the amount of cash in banks retained after the share capital increases effected during the past year, as shown in the net financial position.

Earning before taxes is in the black (3.866 million lira circa). This result includes the relevant share of the net result for the semester of the companies which are consolidated with respect to their net worth (Lasit Srl, Quanta System Srl, Quanta fin Srl), for a total amount of around 70 million lira.

Net profit accounted for about 2.574 million lira. This result is influenced by a reduction in the percentage of income taxes.

2.7. Consolidated Balance sheet and net financial position for the first semester 2001

Millions of lira	30/06/01	30/06/00
Intangible assets	3.600	47
Tangible assets	7.696	6.818
Equity investments	2.160	1.960
Other investmetns	702	871
Total fixed assets (A)	14.159	9.696
Stocks	16.901	11.287
Trade Debtors	17.616	11.302
Other debtors	4.116	1.706
Total current assets (B)	38.633	24.295
Trade creditors	(13.340)	(9.808)
Other debtors	(6.357)	(3.960)
Total current liabilities (C)	(19.697)	(13.768)
Net working capital (D)= B+C	18.936	10.527
Employee severance indemnity	(1.227)	(999)
Other provisions	(2.352)	(1.689)
Mid and long terms Creditors (E)	(3.580)	(2.688)
Net invested capital (A + D + E)	29.516	17.535
Group shareholders' equity	85.143	32.456
Minority interest on equity	2.907	2.100
Net medium and long term financial debts	5.488	6.173
Net short term financial debts (*)	(64.023)	(23.194)
Shareholders' equity and financial debts	29.516	17.535
Memorandum accounts		
Real guarantees	6.549	6.549
Stocks held by third parties	3.019	1.878
Tangible assets held by third parties	730	814
Total memorandum accounts	10.298	9.240

(*)the detail of the net financial short term debts is as follows:

Millions of lira	30/06/01	30/06/00
Financial liabilities due within 12 months	688	666
Cash in banks and on hand	(64.711)	(23.860)
Total	(64.023)	(23.194)

The following chart shows the net financial position of the group on June 30, 2001 compared with December 31st, 2000 and March 31st, 2001.

Net financial position			
Millions of lira	30/06/01	31/12/00	30/06/00
Financial mid and long term debts	(5.488)	(5.819)	(6.173)
Financial mid and long term debts	(5.488)	(5.819)	(6.173)
Financial liabilities due within 12 months	(688)	(778)	(666)
Cash in banks and on hand	64.711	69.427	23.860
Net financial short term position	64.023	68.648	23.194
Total financial net position	58.535	62.830	17.021

The net financial position is in the black for more than 58 billion lira.

The exceptional availability of cash, to be used for the expansion of the Group's business, with extraordinary M&A operations if needed, counteracts the mid- and long- term indebtedness of the group, related to the financing of research and development expenditure and for the acquisition of the plant in which the holding company and the subsidiary companies Cutlite Penta Srl, Valfivve Italia Srl e Dekam E.L.A. Srl operate.

The closing of the negotiations for Dekam - Lms, which required a consolidated total investment of around 1 billion lira, and the increase of the net working capital both in final stock and in trade debtors, are the major causes of the reduction of cash in bank registered in this quarter.

This strong financial position has had a positive effect on the financial income of the group, and has made its contribution to the net profit. The retained cash is mostly invested in short-term financial instruments, in order to have it available for strategic M&A operations.

2.8. Comments on Research and Development activities

During the first month of the year 2001 as in the previous years, the group has undertaken an intense activity of research and development, for the purpose of creating innovative products and new applications both in the medical and industrial fields. R&D plays a fundamental role in the policy of the Group, and the ability to introduce on the markets new innovative products for a wide range of applications has always been the strategic focus of our activity.

The R&D activities are partially financed by contracts underwritten with research centers and the MURST (University Scientific and Technological Research Office), as well as by contributions on staff costs that can be granted in the form of tax credits.

Among the various research activities undertaken this semester, the most significant have been the definition of the beam and of the optical components for laser systems for the application of laser technology in the conservation of works of art, and those created as new applications for known technologies which, during the month of June 2001, determined the introduction on the market of a new range of innovative products for the medical sector.

Moreover, clinical trials and experimentation for the documentation and scientific confirmation of the efficacy of certain laser treatments has been undertaken for highly innovative laser applications.

<i>(Millions of lira)</i>	30/06/01
Costs for personnel and general expenses	1.543
Costs for instruments and equipment	13
Costs for building of prototypes	105
Costs for technological consultants	121
Services provided	20
Total	1.802

The total amount for expenses sustained is approx. 7% of the consolidated turnover and about 11% of the turnover of El.En. SpA., which pays most of the R&D expenses.

For the costs listed in the chart the Group obtained revenues for reimbursement of expenses or for research programs for a total amount of lira 172 million: this amount should be considered extraordinarily low. The causes of this decrease in research revenues are due to the impossibility of accounting for expense reimbursements, on expenses already sustained as of June 30th, 2001 for state financed research programs, before the final approval and payment by the federal office.

2.9. Other significant events of the quarter

On May 8th, 2001, a citation called *Processo Verbale di Constatazione (PVC)* was delivered to the Company after an inspection begun by the *Guardia di Finanza (Internal Revenue Service)* on January 23rd, 2001. This citation was related to the presumed failure to pay the full amounts due for certain taxes (IRPEG, IRAP, IVA) for a total of 1.252.000.000 lira approximately. The company, though convinced of the correctness of its operations, decided, as a precautionary measure, to set aside a reserve fund of 800.000.000 lira in the eventuality that the issuance of judicial acts require payment in relation to the above mentioned citation. The amount has been accounted for in the year 2000 financial report.

No other notable event of particular relevance took place in the second quarter 2001.

2.10. Problems related to the introduction of the Euro as monetary unit

The parent company, El En and the subsidiary companies plan to make the conversion of Capital Stock from Lira to Euro by December 19th, 2001.

Although the software programs of the companies belonging to the Group are able to make the switch over from Lira to Euro, they will be replaced by new accounting and management software programs which have already been implemented starting in September of 2001. For this purpose the Group head has planned an investment of 160 million Lira overall for 2001. It is expected that all operations related to the conversion of files from Lira to Euro will be completed by December 10th, 2001, at an estimated cost of 20,000 Euro.

2.11. Significant events occurring after the end of the semester

On July 20th, 2001, the Board of Directors of the associated company Quanta Fin S.r.l. voted to make a special distribution of revenues utilizing the sums available in the account of the shareholders' equity. This distribution was made proportionally with respect to the amount of stock owned. The amount attributed to El. En S. p.A was 800.000.000 lira, and it comported recognition of the limited tax credit described in art. 105, comma 1, let. b) of D.P.R. December 22nd, 1986, n.917 for 449.856.391 Lira.

The operation was effected by means of the partial cancellation of the financing loan which was granted by the associated company Quanta Fin S.r.l. to the Group head El.En. S.p.A. and becomes due on June 30th 2003.

2.12. Short term outlook for company activities

Plans made by the management for the current year predict a growth of the activities of the Group, in particular in the industrial laser applications market, for which the expected growth rate is higher than for the other market sectors.

Both in the medical and industrial sector, the outlook is extremely optimistic due to the success of our new products, some of which, like the laser marking system for large surfaces, have already contributed to profits in the first semester. In the medical/cosmetic market, the release of intense pulsed-light hair removal systems and laser systems for treating cellulite have already brought about a revival of sales in Japan, and they are expected to be our leading products in the next financial periods.

The main objective for the next financial year is the penetration of the international markets by means of special marketing and advertising activities. The change in the international political and economic situation after the dramatic events of September 11th, 2001, and the possible consequences on the markets on which the company depends have not yet become fully manifest. Even now an attitude of increased caution on the part of those operating in this sector is already evident and in some cases has penalized the sales of the Group. Although we believe that this situation might lead to a re-evaluation of the growth objectives which had been proposed earlier, we still believe that the outlook is good for a positive trend in the volume of sales.

For the Board of Directors

The President

Dr. Ing. Gabriele Clementi

3. EL.EN. GROUP – CONSOLIDATED ACCOUNT CHARTS IN LIRE AS OF JUNE 30TH, 2001.

BALANCE SHEET - ASSETS		30/06/01	31/12/00	30/06/00
A)	subscribed unpaid capital			
	- Called party			
	- Uncalled party			
Total subscribed unpaid capital				
B)	FIXED ASSETS:			
I	Intangible fixed assets:			
1)	costs for formation and expansion	2.514.134.484	2.866.893.436	3.886.560
2)	costs for research, development and advertising			2.186.750
3)	patents and rights to use patents of others			
4)	concessions, licenses, trademarks and similar rights	20.018.683	5.218.588	6.386.378
5)	goodwill	568.005.986		
6)	intangible assets in progress and payments on accounts			
7)	other	61.149.441	27.897.330	34.449.203
8)	difference from consolidation	437.059.437		
Total		3.600.368.031	2.900.009.354	46.908.891
II	Tangible fixed assets:			
1)	land and buildings	5.011.880.087	5.080.721.197	5.125.583.320
2)	equipment and machinery	617.819.143	575.418.034	513.514.719
3)	industrial and commercial equipment	1.089.897.664	569.120.605	466.772.352
4)	other	953.464.064	925.078.835	712.084.542
5)	intangible assets in progress and payments on accounts	22.980.919	22.520.669	
Total		7.696.041.877	7.172.859.340	6.817.954.933
III	Investments:			
1)	<i>Equity investments in:</i>			
a)	subsidiary companies			
b)	associated companies	1.928.651.180	1.858.720.188	1.705.238.711
c)	parent companies			
d)	other companies	82.935.340	82.435.340	82.435.340
2)	<i>Credits:</i>			
		<i>due and payable by the next fiscal year</i>		
		30/06/01	31/12/00	30/06/00
a)	non-consolidated subsidiary companies			
b)	non-consolidated associated companies			
c)	parent companies			
d)	other companies			
3)	other investments	148.530.000	169.086.750	172.687.970
4)	own shares			
Total		2.160.116.520	2.110.242.278	1.960.362.021
Total fixed assets		13.456.526.428	12.183.110.972	8.825.225.845

CONSOLIDATED BALANCE SHEET -ASSETS (follows)				30/06/01	31/12/00	30/06/00
C) CURRENT ASSETS						
I Stocks:						
1) raw material, consumables and goods for sale				8.459.748.548	6.057.537.653	5.489.089.249
2) work in progress and components				4.248.914.477	3.637.780.468	3.074.679.658
3) contracts in progress						
4) finished products and goods for resale				4.008.619.368	3.063.293.894	2.600.567.263
5) payments on accounts				184.017.580	301.542.853	122.601.333
<i>Total</i>				16.901.299.973	13.060.154.868	11.286.937.503
II debtors:						
	<i>due and payable by the next fiscal year</i>					
	30/06/01	31/12/00	30/06/00			
1) trade debtors				17.468.384.016	13.720.956.136	10.981.693.506
2) amounts owed by non-consol. subsid.						
3) amounts owed by non consol. assoc.				147.410.272	134.468.392	320.526.092
4) amounts owed by parent companies						
5) other debtors	702.320.773	815.066.208	870.627.961	4.587.002.033	3.656.344.680	2.394.031.869
<i>Total</i>	702.320.773	815.066.208	870.627.961	22.202.796.321	17.511.769.208	13.696.251.467
III Investments which are not permanent						
1) subsidiary companies						
2) associated companies						
3) parent companies						
4) other companies						
5) own shares						
6) other investments				2.264.064.171	2.222.944.171	2.158.464.171
<i>Total</i>				2.264.064.171	2.222.944.171	2.158.464.171
IV cash at bank and in hand:						
1) bank and postal current accounts				62.411.826.786	67.181.010.327	21.676.663.372
2) bank cheques						
3) cash on hand				34.667.303	22.589.582	25.040.910
<i>Total</i>				62.446.494.089	67.203.599.909	21.701.704.282
Total current assets				103.814.654.554	99.998.468.156	48.843.357.423
D) PREPAYMENTS AND ACCRUED INCOMES:						
- prepayments and accrued income assets				231.505.990	43.612.902	182.605.928
- premium on loans						
Total prepayments and accrued income				231.505.990	43.612.902	182.605.928
TOTAL ASSETS				117.502.686.972	112.225.192.030	57.851.189.196

LIABILITIES		30/06/01	31/12/00	30/06/00
A)	CAPITAL AND RESERVES: of the Group			
I	Subscribed capital	4.600.000.000	4.600.000.000	2.800.000.000
II	Share premium account	66.272.731.513	66.272.731.513	17.100.000.000
III	Revaluation reserve			
IV	Legal reserve	518.197.044	302.819.695	302.819.695
V	Reserve for own shares			
VI	Reserves provided for by the articles of association			
VII	<i>Other reserves:</i>			
-	Extraordinary reserve	4.699.538.543	2.388.737.307	2.735.801.603
-	Reserve for contributions on capital account	826.123.000	826.123.000	1.545.068.562
-	Reserve for deposits on loss covering account			
-	Reserve for anticipated exceeding depreciations			
-	Reserve for contribution on capital account			
-	Reserve for evaluation of investments in shareholders' equity			
-	Reserve for difference of currency conversion			
-	Undivided profits of parent companies and other reserves	3.057.006.644	1.935.466.173	1.458.279.562
-	Reserve of consolidation	2.820.438.763	2.518.788.962	2.967.584.829
i)	Other reserves			
VIII	Profits (loss) brought forward			
IX	Profit (loss) for the financial year	2.348.749.259	5.817.144.021	3.546.891.845
	<i>Net total capital and reserves of the Group</i>	85.142.784.766	84.661.810.671	32.456.446.096
	Of third parties:			
X	Capital and reserves of third parties	2.682.057.798	1.524.222.504	1.524.222.503
XI	Profit (loss) of third parties	225.301.528	1.017.262.320	575.455.773
	<i>Net total balance sheet of third parties</i>	2.907.359.326	2.541.484.824	2.099.678.276
	<i>Net total balance sheet</i>	88.050.144.092	87.203.295.495	34.556.124.372
B)	PROVISIONS FOR RISKS AND CHARGES:			
1)	provisions for pensions and similar obligations	485.966.866	445.208.488	422.047.870
2)	provisions for taxation	237.152.916	424.827.924	454.247.280
3)	others	1.629.071.197	1.618.451.197	812.927.501
4)	consolid. provision for risks and future charges			
	Total provisions for risks and charges	2.352.190.979	2.488.487.609	1.689.222.651
C)	EMPLOYEE SEVERANCE INDEMNITY	1.227.399.578	1.095.839.847	998.647.772
	<i>due and payable after the next fiscal year</i>			
D)	CREDITORS	30/06/01	31/12/00	30/06/00
1)	debenture loans	1.200.000.000	1.200.000.000	1.200.000.000
2)	convertible debenture loans			
3)	amounts owed to banks	1.808.995.908	2.017.715.744	2.252.335.968
4)	amounts owed to other financiers	1.308.928.863	1.430.816.715	1.550.500.581
5)	advances			477.869.903
6)	amounts owed to suppliers			13.214.001.667
7)	debts represented by bills of exchange			
8)	amounts owed to non-consolidated subsid			
9)	amounts owed to non consolidated associ	1.170.000.000	1.170.000.000	1.170.000.000
10)	amounts to parent companies			
11)	amounts owed to tax administration			764.945.554
12)	amounts owed to Social Security institutions			593.865.336
13)	other creditors			4.167.013.603
	<i>Total creditors</i>	5.487.924.771	5.818.532.459	6.172.836.549
		25.519.232.554	21.104.082.431	20.594.674.400
E)	ACCRUALS AND DEFERRED INCOME			
-	accruals and deferred incomes - liabilities	353.719.769	333.486.648	12.520.001
-	discount on loans			
	Total accruals and deferred incomes	353.719.769	333.486.648	12.520.001
	TOTAL LIABILITIES	117.502.686.972	112.225.192.030	57.851.189.196

MEMORANDUM ACCOUNTS		30/06/01	31/12/00	30/06/00
A)	Guarantees lent:			
1)	<i>to third parties:</i>			
-	real guarantees	6.548.530.000	6.569.086.750	6.548.530.000
	<i>Total</i>	6.548.530.000	6.569.086.750	6.548.530.000
B)	OTHER MEMORANDUM ACCOUNTS			
-	Inventory at third parties	3.018.698.348	2.360.573.192	1.878.371.267
-	Sources of income at third parties	730.278.814	866.894.562	813.506.702
	<i>Total</i>	3.748.977.162	3.227.467.754	2.691.877.969
Total memorandum accounts		10.297.507.162	9.796.554.504	9.240.407.969

PROFIT AND LOSS ACCOUNT		30/06/01	31/12/00	30/06/00
A) (+) VALUE OF PRODUCTION:				
1)	net turnover from sales and services	26.057.742.588	50.256.242.730	24.941.743.536
2)	variation in stocks of finished goods and in work in progress	1.470.957.704	2.689.371.881	2.030.544.440
3)	variations on contracts in progress			
4)	work performed for own purposes and capitalised	258.646.425	77.744.343	
5)	<i>other revenues and incomes</i>			
-	Other revenues and incomes	265.850.663	312.108.413	141.124.270
-	Grants received pertaining to the current year	35.000.000	73.333.334	23.333.334
<i>Total</i>		28.088.197.380	53.408.800.701	27.136.745.580
B) Costs of production:				
6)	for raw materials, consumables and goods for sale	-14.810.936.438	-21.974.347.939	-11.115.797.289
7)	for services	-7.167.788.603	-11.635.810.538	-5.736.073.500
8)	for use of assets owned by others	-136.076.116	-186.048.755	-77.288.051
9)	<i>for staff costs:</i>			
a)	wages and salaries	-3.032.815.320	-4.622.508.941	-2.317.246.048
b)	social security costs	-952.944.674	-1.496.532.099	-673.142.371
c)	provisions for severance indemnity	-166.925.994	-273.833.283	-126.994.761
d)	pension costs and similar			
e)	other costs relating to staff		-100.362	-100.362
10)	<i>value adjustment:</i>			
a)	amortisation of intangible assets	-423.273.112	-757.914.197	-21.400.962
b)	depreciation of tangible assets	-546.465.779	-929.931.312	-438.598.512
c)	other depreciations of assets			
d)	Allowance for doubtful debtors included in current assets and other accounts included in cash at bank and o	-138.367.231	-179.754.129	-45.794.180
11)	variations in stock of raw materials, consumables and goods for sale	2.402.210.895	2.363.483.364	1.428.034.960
12)	amounts provided for risk provisions	-10.620.000	-805.523.696	
13)	other accruals			
14)	other operating charges	-612.403.582	-858.286.668	-442.879.795
<i>Total</i>		-25.596.405.954	-41.357.108.555	-19.567.280.871
(A - B) Difference between value and costs of production		2.491.791.426	12.051.692.146	7.569.464.709
C) FINANCIAL INCOMES AND CHARGES:				
15)	<i>(+) incomes from equity investments:</i>			
a)	in non-consolidated companies of the group			
b)	in associated companies			
c)	in other companies			
16)	<i>(+) other financial income</i>			
a)	from loans forming part of fixed assets:			
-	to third parties			
-	to subsidiary companies			
-	to parent companies			
b)	from other permanent investments other than equity investments	3.783.701	6.527.877	2.845.567
c)	from other investments which are not permanent	34.794.667	122.099.123	81.575.569
d)	<i>from other investments than the previous ones:</i>			
-	to third parties	1.396.066.614	667.728.900	151.979.064
-	to non-consolidated associated companies			
-	to parent companies			
17)	<i>financial incomes and charges</i>			
a)	to third parties	-215.953.467	-401.568.705	-229.098.016
b)	to non-consolidated subsidiary companies	-30.628.356	-50.999.178	-20.202.534
c)	to parent companies			
<i>Total</i>		1.188.063.159	343.788.017	-12.900.350

CONSOLIDATED PROFIT AND LOSS ACCOUNT (cont'd.)		30/06/01	31/12/00	30/06/00
D) VALUE ADJUSTMENTS OF FINANCIAL ACTIVITIES				
18)	(+) <i>revaluations:</i>			
a)	of equity investments	69.930.992	91.917.423	
b)	of permanent investments which are not equity investments			
c)	of non-permanent investments which are not equity investments	6.325.333	10.730.667	
19)	(-) <i>devaluations:</i>			
a)	of equity investments			-33.173.311
b)	of permanent investments which are not equity investments			
c)	of non-permanent investments which are not equity investments			-18.954.667
<i>Total</i>		76.256.325	102.648.090	-52.127.978
E) EXTRAORDINARY INCOME AND CHARGES				
20)	(+) <i>extraordinary income:</i>			
a)	income	157.342.065	61.551.645	48.553.454
b)	capital gains from disposal of assets			
21)	(-) <i>extraordinary charges:</i>			
a)	charges	-12.643.929	-23.667.893	-9.958.368
b)	capital losses from disposal of assets			
c)	taxes pertaining to prior years	-35.270.000		
<i>Total</i>		109.428.136	37.883.752	38.595.086
Profit and loss before income taxes		3.865.539.046	12.536.012.005	7.543.031.467
22)	(-) <i>income taxes on the income of the period:</i>			
a)	current	-1.330.793.032	-5.864.688.168	-3.661.658.175
b)	deferred	39.304.773	163.082.504	240.974.326
23)	Net total profit and loss	2.574.050.787	6.834.406.341	4.122.347.618
<i>(profit) loss of the fiscal year of third parties</i>		<i>-225.301.528</i>	<i>-1.017.262.320</i>	<i>-575.455.773</i>
Profit (loss) of the fiscal year of the Group		2.348.749.259	5.817.144.021	3.546.891.845

4. APPENDIX

1) Criteria used for drawing up the report

The six months report and the consolidated accounting charts which follow have been drawn up in conformity with the regulations established by CONSOB and approved by vote 11.971 on May 14th, 1999 and later modifications. The techniques used for consolidation, the accounting principles and the evaluation criteria are the same as those described in and used for the consolidated annual report. The data relating to the preceding semester, when required for a better comprehension of the six months report, have been reclassified.

The situation at the end of the semester for each of the individual subsidiary companies used for the consolidation, have been opportunely reclassified and adjusted in order to align them with the accounting principles and the evaluation criteria of the Group head, which are in accordance with those described in articles 2423 and following of the civil code.

2) Area of consolidation

The consolidated financial statement of El.En. group includes the annual report of the parent company and of the Italian and foreign companies of which El. En controls directly or indirectly the majority of votes which can be exercised in an ordinary assembly.

On account of the acquisition of the equity investment in Deka Lms Gmbh on January 23rd, 2001 the area of consolidation forming the basis of this report is as follows:

Company name: of Group Head:	Headquarters	Subscr.capital	Percentage held:			Consolidated percentage
			Direct	Indirect	Total	
El.En. Spa	Calenzano (FI)	4.600.000.000	-	-	-	-
Subsidiary companies:						
Deka M.E.L.A. Srl	Calenzano (FI)	78.000.000	70,00%		70,00%	70,00%
Cuttite Penta Srl	Calenzano (FI)	199.000.000	53,50%		53,50%	53,50%
Valivre Italia Srl	Calenzano (FI)	92.000.000	99,00%		99,00%	99,00%
Deka Sarl	Vienne (F)	147.640.354	98,00%		98,00%	98,00%
Ot-las Srl	Calenzano (FI)	110.000.000		51,00%	51,00%	27,29%
Neuma Laser Srl	Calenzano (FI)	90.000.000		100,00%	100,00%	40,39%
Deka Lms Gmbh	Freising (G)	99.910.699	50,98%		50,98%	50,98%

The equity investment of Deka S.a.r.l. increases from 60% during the preceding financial year to 98% this year, following the payment made by the Group head El.En. S.p.A. implementing the decision made to make up for the losses and reconstitute the share capital of the subsidiary company, both for the amount due to it as parent company as well as for the quota which was not optioned by the other share holders.

The following chart shows the main entries of Deka LMS Gmbh's balance sheet closed on June, 30 2001, net of intra group amounts.

Intangibile fixed assets	568.005.986
Tangibile fixed assets	458.266.577
Stocks	228.379.435
Debtors	260.194.903
Cash at bank and in hand	215.463.709
Creditors	113.149.520

For Dekka S.a.r.l. and Dekka Lms Gmbh the amount of share capital is expressed in lira on the basis of the equivalent in EURO with respect to the French Franc for Dekka S.a.r.l. and to the German Mark for Dekka Lms Gmbh.

For the period under consideration in this report, no variations in the activities of the El. En Group have occurred.

El.En. S.p.A. holds investments in other companies which operate in the same sector, but which they do not control. The results of these companies, therefore, are not totally integrated into the statement, but they are consolidated using the system of liabilities and shareholders' equity.

The following equity investments, which represent fixed assets in associated companies have been evaluated using the system of liabilities and shareholders equity:

Company name:	Headquarters	Subscr.capital	Percentage held:			Consolidated percentage
			Direct	Indirect	Total	
Lasit Srl	Vico Equense (NA)	450.000.000	50,00%		50,00%	50,00%
Quanta Fin Srl	Milano	20.000.000	50,00%		50,00%	50,00%
Quanta System Srl	Milano	700.000.000	30,00%		30,00%	30,00%
M&E Co.	Delaware (USA)	19.215.600	50,00%		50,00%	50,00%
Actis Srl	Firenze	20.000.000	12,00%		12,00%	12,00%

Equity investments in M&E Co. and Actis S.r.l. have been kept at cost because the two companies are not yet active and their inclusion in the area of consolidation would be irrelevant for representing the financial and economic position.

3) Reference data

The six months financial statement is prepared on the basis of the financial and economic situation related to the first semester of 2001 of the companies belonging to the El. En. Group. al primo semestre 2001 delle società del gruppo El.En.

Analysis of the different entries in the financial statement:

Assets

B) Fixed assets

I – Intangible assets

The balance of intangible assets at the beginning and at the end of the financial year was composed as follows:

CATEGORIES	Balance	Increments	Revaluations (Devaluations)	Other operations	Amortisation	Balance
	31/12/00					30/06/01
Formation and expansion expenses	2.866.893.436	3.162.000			-355.920.952	2.514.134.484
Costs of research, develop., advertis Patents and rights to use patents of others						
Conc., licens, trademarks and similar rights	5.218.588	19.338.424			-4.538.329	20.018.683
Goodwill		587.603.016			-19.597.030	568.005.986
Intangible assets in progress and payments on accounts						
Other	27.897.330	53.465.784			-20.213.673	61.149.441
Difference from consolidation		460.062.565			-23.003.128	437.059.437
<i>Total</i>	2.900.009.354	1.123.631.789			-423.273.112	3.600.368.031

The amount shown under the heading “goodwill” is related to the price paid by the subsidiary Deka Lms Gmbh for the acquisition of the distributing activity for medical equipment in Germany. The amount shown under the heading “difference from consolidation” on the other hand is a consequence of the purchase by the Group head of 50,98% of the German company and represents the difference between the purchase price and the amount of the total shareholders’ equity on the date of purchase.

The period of amortisation used for both items has been evaluated in accordance with the amount of time in which benefits will be felt from the position on the market and the know-how which has been acquired with these two operations.

The amount shown under the heading of “formation and expansion expenses” consists mainly of the capitalisation of the charges incurred during the financial period of 2000 by the Group head, El. En S.p.A. for quotation on the new stock market.

The chart below shows in detail, by year, the costs sustained for formation and expansion expenses.

	Past cost	Accumulated amortisations	Remaining Value
Year 1997 - formation and expansion expenses	2.573.200	-2.313.765	259.435
Year 2000 - formation and expansion expenses	3.582.973.496	-1.071.946.846	2.511.026.650
Year 2001 - formation and expansion expenses	3.162.000	-313.601	2.848.399
<i>Total</i>	3.588.708.696	-1.074.574.212	2.514.134.484

II – Tangible assets

Changes which took place in the fixed assets during the financial period, along with the reference data for preceding periods are shown below:

COST	Balance	Increments	Revaluations	Other	(Disposals)	Balance
	31/12/00		(Devaluations)	operations		30/06/01
land and buildings	5.672.738.092	15.785.300				5.688.523.392
equipment and machinery	908.566.454	171.777.772		12.520.669	-200.752.858	892.112.037
industrial and commercial devices	1.831.303.709	704.186.067		10.000.000	-29.501.970	2.515.987.806
other	2.785.128.606	380.510.529		-8.673.333	-94.058.346	3.062.907.456
fixed assets in prog. and part payment	22.520.669	22.980.919		-22.520.669		22.980.919
<i>Total</i>	11.220.257.530	1.295.240.587		-8.673.333	-324.313.174	12.182.511.610

The most significant item under this heading is the real estate complex in Via Baldanzese in Calenzano where the Group head and three of the subsidiaries have their offices.

The increase shown for investments in tangible assets is related chiefly to equipment used for sales demonstrations and clinical experiments for the medical/cosmetic sector, and in particular for the new German subsidiary, as well as for the purchase of new equipment for the research laboratory which was made necessary in part by the addition of new staff members. During this financial period no single investment of an extraordinary nature or for an exceptional amount was made.

The aliquots of amortisation used correspond to ordinary fiscal aliquots and are adapted to the financial period in question.

AMORTISATION PROVISIONS	Balance	Amortisations	Devaluation	Other	(Disposals)	Balance
	31/12/00	amount		operations		30/06/01
land and buildings	592.016.895	84.626.410				676.643.305
equipment and machinery	333.148.420	44.690.903			-103.546.429	274.292.894
industrial and commercial devices	1.262.183.102	165.751.441		-33	-1.844.368	1.426.090.142
other	1.860.049.773	251.397.025		68.618.507	-70.621.913	2.109.443.392
fixed assets in prog. and part payment						
<i>Total</i>	4.047.398.190	546.465.779		68.618.474	-176.012.710	4.486.469.733

The amount shown under the heading “other” also identifies the costs related to material goods as specified by art. 67, which are inferior in value to one million lira, spent during the period for different operating expenses, and therefore not included among the amortisations.

NET VALUE	Balance	Increments	(Amortisations	Other	(Disposals)	Balance
	31/12/00		and devaluation)	operations		30/06/01
land and buildings	5.080.721.197	15.785.300	-84.626.410			5.011.880.087
equipment and machinery	575.418.034	171.777.772	-44.690.903	12.520.669	-97.206.429	617.819.143
industrial and commercial devices	569.120.607	704.186.067	-165.751.441	10.000.033	-27.657.602	1.089.897.664
other	925.078.833	380.510.529	-251.397.025	-77.291.840	-23.436.433	953.464.064
fixed assets in prog. and part payment	22.520.669	22.980.919		-22.520.669		22.980.919
<i>Total</i>	7.172.859.340	1.295.240.587	-546.465.779	-77.291.807	-148.300.464	7.696.041.877

III – Equity investments

The analysis of the financial assets (equity investments) is as follows:

	30/06/01	30/06/00	Variation	Var. %
Equity investments in:				
subsidiary not completely consolidated companies	1.928.651.180	1.705.238.711	223.412.469	13,10%
other companies	82.935.340	82.435.340	500.000	0,61%
other equity investments	148.530.000	172.687.970	-24.157.970	-13,99%
<i>Total</i>	2.160.116.520	1.960.362.021	199.754.499	10,19%

The other stocks are CCTs entered on the financial statement of the head company of the Group El.En. S.p.A. and bound by a warranty of bank guarantees (fidejussions).

The companies which are associates of the Group head El.En. S.p.A., Quanta System S.r.l., Quantafin S.r.l. and Lasit S.r.l., are not required to present quarterly statements and have drawn up a six months report in order to permit consolidation according to the actual financial position as of June 30th 2001. Investments in the M&E Co. and Actis S.r.l. have been maintained at cost since the two companies are not yet operative.

Consolidation of the associated companies has been made using the shareholders' equity system and is shown on the chart below.

	Past cost	Amount C.R. on 31/12/00	Variation during the period	Amount C.R. on 30/06/01
Lasit Srl	214.565.024	662.929.202	31.679.659	694.608.861
Quanta Fin Srl	81.089.953	1.004.598.768	12.034.505	1.016.633.273
Quanta System Srl	202.500.000	179.184.418	26.216.828	205.401.246
	498.154.977	1.846.712.388	69.930.992	1.916.643.380

Financial charges for the period for the securities entered among the assets

No financial charge has been entered among the assets.

C) Current assets

I -Inventory

Analysis of inventory is as follows:

Stocks	30/06/01	30/06/00	Variation	Var. %
Raw material, consumables and goods for sale	8.459.748.548	5.489.089.249	2.970.659.299	54,12%
Work in progress and semifinished products	4.248.914.477	3.074.679.658	1.174.234.819	38,19%
Finished products and goods for resale	4.008.619.368	2.600.567.263	1.408.052.105	54,14%
Payments on account	184.017.580	122.601.333	61.416.247	50,09%
<i>Total</i>	16.901.299.973	11.286.937.503	5.614.362.470	49,74%

Break-down of inventory is shown on the following chart:

Raw materials	30/06/01	30/06/00	Variation	Var. %
Optical components	1.142.827.964	746.084.824	396.743.140	53,18%
Electrical and electronic components	3.498.386.255	2.749.234.245	749.152.010	27,25%
Mechanical components	2.709.350.993	1.472.229.405	1.237.121.588	84,03%
Hydraulic components	479.291.423	257.613.000	221.678.423	86,05%
Various materials	81.735.025	62.176.000	19.559.025	31,46%
Fittings and fixtures	883.483.432	411.708.886	471.774.546	114,59%
minus: devaluation provision	-335.326.544	-209.957.111	-125.369.433	59,71%
<i>Total</i>	8.459.748.548	5.489.089.249	2.970.659.299	54,12%

The sharp rise shown in the quantity of final inventory of raw materials reflects the intent of the company to increase their inventory in order to better respond to the changing requirements of the market.

Analysis of the inventory of semi-finished products is shown below:

Semifinished products	30/06/01	30/06/00	Variation	Var. %
High voltage power supplies	678.634.837	590.800.026	87.834.811	14,87%
Assembled electronic boards	522.732.635	83.427.450	439.305.185	526,57%
Mechanical units	297.827.913	351.522.342	-53.694.429	-15,27%
Electrical units	538.207.414	333.699.228	204.508.186	61,29%
Hydraulic units	156.261.967	34.473.925	121.788.042	353,28%
Cavities and half-assembled sources	225.378.956	47.899.344	177.479.612	370,53%
Systems being assembled	1.829.870.755	1.632.857.343	197.013.412	12,07%
<i>Total</i>	4.248.914.477	3.074.679.658	1.174.234.819	38,19%

The sharp rise shown for semi-finished products is a result of the Group's policy of jobbing out the simplest part of the manufacturing process.

Break-down of the inventory of semi-finished products is as follows:

Finished products	30/06/01	30/06/00	Variation	Var. %
Medical lasers	1.813.569.386	1.266.547.341	547.022.045	43,19%
Industrial laser sources	356.967.977	337.634.381	19.333.596	5,73%
Medical fittings and accessories	758.423.979	190.051.077	568.372.902	299,06%
Other finished products		25.695.746	-25.695.746	-100,00%
Other medical accessories	105.753.198	297.314.177	-191.560.979	-64,43%
Industrial laser systems	1.059.888.868	571.867.173	488.021.695	85,34%
minus:devaluation provision	-85.984.040	-88.542.632	2.558.592	-2,89%
<i>Total</i>	4.008.619.368	2.600.567.263	1.408.052.105	54,14%

The increase in the quantity of finished products is represented chiefly by medical laser equipment and accessories; inventory of these items has been increased in order to provide better service to the clientele both in terms of delivery time as well as for the availability of products for demonstration purposes.

Final inventory as of June 30th, 2001, if evaluated at its present price, would be worth approx. 330 million lira more than the value shown on the balance sheet.

II – Accounts receivable

Accounts receivable can be broken down as follows.

Debtors:	30/06/01	30/06/00	Variation	Var. %
trade debtors	17.468.384.016	10.981.693.506	6.486.690.510	59,07%
amounts owed by non-consolidated associated companies	147.410.272	320.526.092	-173.115.820	-54,01%
other debtors	4.587.002.033	2.394.031.869	2.192.970.164	91,60%
<i>Total</i>	22.202.796.321	13.696.251.467	8.506.544.854	62,11%

Receivables from associated non-consolidated companies consist of short term financing to Quanta System S.r.l. for 13.501.000 lira and trade receivables from Quanta System S.r.l. for 102.711.192, lira, from Lasit S.r.l. for 3.798.000 lira, and from M&E Co. for 27.400.080 lira.

Trade receivables from clients can be broken down as follows:

	30/06/01	30/06/00	Variation	Var. %
clients in Italy	11.010.344.023	8.113.291.461	2.897.052.562	35,71%
EC clients	3.229.405.210	2.127.645.075	1.101.760.135	51,78%
extra EC clients	3.690.286.259	1.047.944.589	2.642.341.670	252,15%
minus: devaluation provision for debtors	-461.651.476	-307.187.619	-154.463.857	50,28%
<i>Total</i>	17.468.384.016	10.981.693.506	6.486.690.510	59,07%

The total amount of trade receivables from clients has risen along with the increased business volume of the Group.

Accounts receivable with a duration of over five years have not been entered in the financial statement.

Break-down of the other accounts receivable is as follows:

	30/06/01	30/06/00	Variation	Var. %
<i>becoming payable within the next fiscal year</i>				
Withholding taxes	3.065.767	54.400	3.011.367	5535,60%
Other loans	5.903.640	5.903.640		
Corporation Tax	338.527.336	105.793.438	232.733.898	219,99%
VAT credits	2.868.359.909	1.184.906.741	1.683.453.168	142,07%
Deposits	41.002.500	11.752.119	29.250.381	248,89%
Prepayments to suppliers	317.309.050	126.227.773	191.081.277	151,38%
Other receivables	310.513.058	88.765.797	221.747.261	249,81%
	3.884.681.260	1.523.403.908	2.361.277.352	155,00%
<i>becoming payable after the next fiscal year</i>				
SP tax accounts	34.907.454	36.702.295	-1.794.841	-4,89%
Insurances a/policy TFM	272.664.000	261.000.000	11.664.000	4,47%
Credits for anticipated taxes	382.117.005	572.925.666	-190.808.661	-33,30%
Other receivables	12.632.314		12.632.314	
	702.320.773	870.627.961	-168.307.188	-19,33%
<i>Total</i>	4.587.002.033	2.394.031.869	2.192.970.164	91,60%

The financial year closed with a Value Added Tax (IVA) credit which had risen sharply over the preceding year, due to the Group's intense export activity. Deferred taxes paid in advance have been entered among the receivables payable after the next financial period.

III – Investments which are not permanent

These investments consist of quoted stocks and debenture loans. Changes in these investments are shown on the chart below.

<i>Investments which are not permanent :</i>	30/06/01	30/06/00	Variation	Var. %
Fondi Genercomit	1.400.064.171	1.400.064.171		
Mediobanca ZC 96/11	864.000.000	758.400.000	105.600.000	13,92%
<i>Total</i>	2.264.064.171	2.158.464.171	105.600.000	4,89%

The financial activities shown above constitute a temporary use of cash made by the subsidiary, Deka M.E.L.A. S.r.l. The debenture loans are *Obbligazioni Zero Coupon Mediobanca 1996-2011*, and the other bonds are two Genercomit mutual finds: treasury and short-term. The changes which have affected the debenture loans are related to the payment of the issue difference pertaining to the financial year and the adjustment of the value which is made in conformity with the price change.

IV – Cash at bank and in hand

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

<i>Cash at Bank and in hand:</i>	30/06/01	30/06/00	Variation	Var. %
bank and postal current accounts	62.411.826.786	21.676.663.372	40.735.163.414	187,92%
cash on hand	34.667.303	25.040.910	9.626.393	38,44%
<i>Total</i>	62.446.494.089	21.701.704.282	40.744.789.807	187,75%

The increase in cash available is a direct consequence of the two increases in paid capital which were made by the Group head, El.En. S.p.A., during the preceding financial year: the first in the month of May 2000, which saw the Banca Toscana S.p.A become one of the shareholders and the second in the month of December 2000, when the stocks of El. En S.p.A. were first quoted on the new stock market..

D) Prepayments and accrued income assets

The break-down of pre-payments and accrued income assets is as follows:

	30/06/01	30/06/00	Variation	Var. %
<i>Accrued income:</i>				
Interests on shares	16.226.033	2.050.000	14.176.033	691,51%
Contributions	10.000.000		10.000.000	
Other accrued income	784.881	617.400	167.481	27,13%
<i>Total accrued income</i>	27.010.914	2.667.400	24.343.514	912,63%
<i>Prepayments:</i>				
Premi di assicurazione	73.676.863	2.199.995	71.476.868	3248,96%
Prepaid expenses	69.768.258		69.768.258	
Other prepayments	60.425.645	176.619.277	-116.193.632	-65,79%
<i>Total prepayments</i>	204.495.076	179.938.528	24.556.548	13,65%
<i>Total</i>	231.505.990	182.605.928	48.900.062	26,78%

The amounts shown among the pre-payments and accrued income assets according to the accounting principles being used do not represent phenomena of particular interest or importance for the activity of the Company.

LIABILITIES

A) Shareholders' equity

Break-down of shareholders' equity

The chart below shows the main changes which have taken place in the shareholders' equity accounts during the last semester.

<i>NET CAPITAL AND RESERVES:</i>	BALANCE 31/12/99	Result	Dividends distributed	Other operations	Result	Balance 31/12/00
of the Group:						
Subscribed capital	2.400.000.000			2.200.000.000		4.600.000.000
Share premium account				66.272.731.513		66.272.731.513
Legal reserve	104.503.014	198.316.681				302.819.695
<i>Other reserves:</i>						
Extraordinary reserve	284.336.669	2.468.016.934		-363.616.296		2.388.737.307
Reserve for contribution on capital account	1.545.068.562			-718.945.562		826.123.000
Undivided profits of subsidiaries and other reserves		1.608.192.818		327.273.355		1.935.466.173
Reserve of consolidation	2.820.438.763			-301.649.801		2.518.788.962
Profits (loss) brought forward		1.300.000.000	-1.300.000.000			
Profits (loss) for the financial year	5.574.526.433	-5.574.526.433			5.817.144.021	5.817.144.021
<i>Net total C.&R. of the group</i>	12.728.873.441		-1.300.000.000	67.415.793.209	5.817.144.021	84.661.810.671
of third parties:						
Capital and reserves of third parties	864.034.669	1.179.937.833	-519.749.998			1.524.222.504
Profit (loss) of third parties	1.179.937.833	-1.179.937.833			1.017.262.320	1.017.262.320
<i>Net total C.&R. of third parties</i>	2.043.972.502		-519.749.998		1.017.262.320	2.541.484.824
<i>Net total capital and reserves</i>	14.772.845.943		-1.819.749.998	67.415.793.209	6.834.406.341	87.203.295.495

<i>NET CAPITAL AND RESERVES:</i>	Balance 31/12/00	Allocation of prior year profit	Dividends	Other operations	Result	Balance 30/06/01
of the group:						
Subscribed capital	4.600.000.000					4.600.000.000
Share premium account	66.272.731.513					66.272.731.513
Legal reserve	302.819.695	215.377.349				518.197.044
<i>Other reserves:</i>						
Extraordinary reserve	2.388.737.307	2.310.801.236				4.699.538.543
Reserve for contribution on capital	826.123.000					826.123.000
Undivided profits of subsidiaries	1.935.466.173	1.509.597.036		-388.056.565		3.057.006.644
Reserve of consolidation	2.518.788.962			301.649.801		2.820.438.763
<i>Other reserves</i>						
Profits (loss) brought forward		1.781.368.400	-1.781.368.400			
Profits (loss) for the financial year	5.817.144.021	-5.817.144.021			2.348.749.259	2.348.749.259
<i>Net total C.&R. of the group</i>	84.661.810.671		-1.781.368.400	-86.406.764	2.348.749.259	85.142.784.766
of third parties:						
Capital and reserves of third parties	1.524.222.504	1.017.262.320	-496.500.000	637.072.974		2.682.057.798
Profit (loss) of third parties	1.017.262.320	-1.017.262.320			225.301.528	225.301.528
<i>Net total C.&R. of third parties</i>	2.541.484.824		-496.500.000	637.072.974	225.301.528	2.907.359.326
<i>Net total capital and reserves</i>	87.203.295.495		-2.277.868.400	550.666.210	2.574.050.787	88.050.144.092

The shareholders' assembly of the Group head, El.En. S.p.A. held on June 29th, 2001 voted to distribute the profits of the financial year as follows: 215.377.349 lira as legal reserve, 2.310.801.236 lira as extraordinary reserve and 1.781.368.400 lira for distribution as dividends.

The other changes in the shareholders' equity of the Group are related to a reclassification of undivided profits and consolidation reserves for the purpose of finding a better use for the relative components.

The increase in the investment in Deka S.a.r.l. and the acquisition of the investment in Deka Lms Gmbh did not alter the consolidation reserves.

Other reserves

Reserves for contributions in capital account entered on the balance sheet of the head company, El.En. S.p.A., can be broken down as follows:

	30/06/01	30/06/00	Variation	Var. %
EME contribution on capital account		350.000.000	-350.000.000	-100,00%
DIFF3 contribution on capital account	291.716.500	291.716.500		
CESVIT contribution on capital account	6.000.000	10.947.000	-4.947.000	-45,19%
Art 4 contribution on capital account		8.553.000	-8.553.000	-100,00%
CCIAA contribution on capital account	7.535.500	7.535.500		
EU contribution on capital account	520.871.000	847.699.000	-326.828.000	-38,55%
Other contributions on capital account		28.617.562	-28.617.562	-100,00%
<i>Total</i>	826.123.000	1.545.068.562	-718.945.562	-46,53%

The variations which are shown are related to the free increase in Capital which was voted by the extraordinary assembly of El.En. S.p.A held on July 7th, 2000.

Chart comparing the statement of the Group head with the consolidated statement.

The chart which follows compares the balance sheet and the net shareholders' equity of the Group head with the corresponding consolidated amounts.

<i>Comparison table between BS of Group head company and consolidated balance</i>				
	Prospectus on 30/06/2001		Prospectus on 30/06/2000	
	Net result	Net C.&R.	Net result	Net C.&R.
BALANCES AS PER BS OF FISCAL YEAR OF GROUP HEAD COMP.	3.355.835.531	80.272.425.631	3.487.688.401	27.971.378.261
Effect of elimination of value adjustment and of provisions made exclusively for applying of tax rules net of fiscal effects:				
- Exceeding anticipated Amortisations	74.554.360	350.928.875	81.083.980	249.630.451
Elimination of effects of operations made between subsidiary companies net of fiscal effects :				
- Internal profits on stocks	-275.886.452	-691.186.763	-187.756.346	-496.527.560
- Internal profits on tangible assets	-78.964.972	-91.991.071	2.605.220	-13.026.099
- Cancellation devaluation of equity investments in subsidiaries	45.720.625			
- Dividends received from consolidated companies	-1.103.501.104		-1.130.250.000	
Effect of change and homogenizing of criteria of evaluation inside the Group net of fiscal effects:				
- Evaluation at net C.&R. of companies in BS of current year at cost	69.930.992	1.418.488.403	-33.173.311	1.195.075.934
Charge value of equity investments of consolidated		-1.629.595.204		-562.077.300
Net C.&R. and result of current year of consolidated year	284.063.407	5.076.655.458	1.326.693.901	4.111.992.409
Other:				
- Consolidation goodwill	-23.003.128	437.059.437		
BALANCES AS PER CONSOLIDATED BS - Group amount	2.348.749.259	85.142.784.766	3.546.891.845	32.456.446.096
BALANCES AS PER CONSOLIDATED BS - Third parties amount	225.301.528	2.907.359.326	575.455.773	2.099.678.276
BALANCES AS PER CONSOLIDATED BS	2.574.050.787	88.050.144.092	4.122.347.618	34.556.124.372

B) Provisions for contingencies and other liabilities

Funds set aside for contingencies and other liabilities are composed as follows:

	Balance 31/12/00	Provision	(Utilisat.)	Other Operations	Balance 30/06/01
pension costs and similar for taxation	445.208.488	40.758.378			485.966.866
consolidation reserve for future risks and charges other:	424.827.924		-187.675.008		237.152.916
Reserve for guarantee on the products	108.801.479	10.620.000			119.421.479
Reserve for risks and charges	800.000.000				800.000.000
Other minor reserves	709.649.718				709.649.718
<i>Total other reserves</i>	1.618.451.197	10.620.000			1.629.071.197
<i>Total</i>	2.488.487.609	51.378.378	-187.675.008		2.352.190.979

The provision for severance indemnity is made up of the indemnity for end-of-term for administrators and the indemnity fund for clients and agents.

The fund for product warranty has been calculated on the basis of the costs of spare parts and assistance under warranty incurred during the previous financial period, adapted to the sales volume for the same year.

C) Severance pay for employees

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

Balance 31/12/00	Provision	(Utilisat.)	Other Operations	Balance 30/06/01
1.095.839.847	166.925.994	-35.366.263		1.227.399.578

The amounts shown for this reserve correspond to the actual amounts owed by the company to employees on the dates shown, net from advance payments.

D) Amounts owed

Break down of amounts owed

	30/06/01	30/06/00	Variation	Var. %
debentures	1.200.000.000	1.200.000.000		
amounts owed to banks	2.227.060.910	2.657.266.864	-430.205.954	-16,19%
amounts owed to other financiers	1.578.910.581	1.811.776.558	-232.865.977	-12,85%
advances	477.869.903	408.995.444	68.874.459	16,84%
amounts owed to suppliers	13.214.001.667	9.503.848.155	3.710.153.512	39,04%
amounts owed to subsidiary companies	1.295.565.000	1.474.187.180	-178.622.180	-12,12%
amounts owed to tax administration	764.945.554	1.976.289.777	-1.211.344.223	-61,29%
amounts owed to Social Security Institutions	593.865.336	427.480.414	166.384.922	38,92%
other creditors	4.167.013.603	1.134.830.008	3.032.183.595	267,19%
<i>Total</i>	25.519.232.554	20.594.674.400	4.924.558.154	23,91%

Amounts owed to suppliers have increased along with the production volume and longer terms of payment granted by suppliers.

The sharp drop in sums owed to tax authorities, which is shown net from the relative credits for payments on account, is also due to the effect of the Dual Income Tax (DIT) and the facilitated aliquots granted to companies whose stock is quoted.

Other debts toward include those to shareholders for dividends for an amount of 1.781.368.400 lira for the Group head, El.En. S.p.A., for 450.000.000 lira for the subsidiary Deka Mela S.r.l. and for 46.500.000 lira for the subsidiary Cutlite Penta S.r.l.

Financial debts

The ordinary debenture loan for 1.200.000.000 lira is to be reimbursed in a single payment by December 31st, 2006, and pays a fixed interest rate of 9,75% which is adjusted annually on December 31st.

Mid-term debts to banks are made up of a ten-year mortgage loan issued by the Cassa di Risparmio of Florence, contracted for 3.200.000.000 lira, to be reimbursed in fixed six-month instalments of 200.000.000 lira starting on March 31st, 1999, with an interest rate equivalent to the quarterly RIBOR plus a spread of 0.95% with interest paid quarterly.

Mid-term debts to other financiers consist of IMI facilitated financing for applied research and can be broken down as follows:

Reference DIFF 3

Multi-year financing granted for 943.147.618 lira at the fixed annual rate of 3,70%, last instalment on July 1st, 2008

Reference TMR 4

Multi-year financing granted for 953.479.293 lira at the fixed annual rate of 3,70% , last instalment on July 1st, 2008.

The seven-year financing from associated companies for 1.170.000.000 lira was issued for the associated company Quanta Fin S.r.l. at the following conditions:

To be reimbursed in a single payment on June 30th, 2003 with an option for reimbursement, even partial, in advance.

Annual payment of interest on June 30th of each year. Interest rate equivalent to TUS + 1% as registered at the beginning of the year. As of January 1st, 2000 the BCE rate replaced the TUS rate.

The amount under the heading "other financing" refers to a loan contracted by the subsidiary company Ot-las S.r.l. for the purchase of as motor vehicle.

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

	Expiration	Rate	Remain. On 30/06/01	Amount full.f.year	Amount within 5 years	Amount beyond 5 years
Debentures	31/12/2006	9,75%	1.200.000.000			1.200.000.000
CRF loan	07/03/2006	Ribor + ,95%	2.200.000.000	400.000.000	1.600.000.000	200.000.000
Financing IMI DIFF3	01/07/2008	3,70%	797.325.424	101.766.434	446.513.379	249.045.611
Financing IMI TMR 4	01/07/2008	3,70%	753.165.157	139.795.284	613.369.873	
Financing Quanta Fin	30/06/2003	BCE + 1%	1.170.000.000		1.170.000.000	
Other financings	02/12/2002	6,25%	26.167.984	17.172.076	8.995.908	
Total			6.146.658.565	658.733.794	3.838.879.160	1.649.045.611

Changes in long term financing

During the financial period the following changes have taken place in relation to mid- and long-term financing. The amounts shown include the quota of short-term capital and do not include the amounts owed for interest.

	Balance 31/12/00	Taking into Charge	Reimburse- (subsistenc.)	Other Operation	Balance 30/06/01
Debentures	1.200.000.000				1.200.000.000
CRF loan	2.400.000.000		-200.000.000		2.200.000.000
Financing IMI DIFF3	846.826.514		-49.501.090		797.325.424
Financing IMI TMR 4	821.164.189		-67.999.032		753.165.157
Financing Quanta Fin	1.170.000.000				1.170.000.000
Other financings	34.360.841		-8.192.857		26.167.984
<i>Total</i>	6.472.351.544		-325.692.979		6.146.658.565

Debts guaranteed by real estate property

The building in Via Baldanzese, 17 has a ten year mortgage on it, which was issued by the Cassa di Risparmio di Florence, as described in the preceding paragraphs.

E) Accruals and deferred income

Liabilities derived from accruals and deferred income are broken down in the following chart:

	30/06/01	30/06/00	Variation	Var. %
<u>Accrued liabilities:</u>				
Other	27.236.621		27.236.621	
<i>Total accrued liabilities</i>	27.236.621		27.236.621	
<u>Deferred income:</u>				
Contributions on staff expense account	16.666.667		16.666.667	
Taxation credits	286.038.946		286.038.946	
Other	23.777.535	12.520.001	11.257.534	89,92%
<i>Total deferred income</i>	326.483.148	12.520.001	313.963.147	2507,69%
<i>Total</i>	353.719.769	12.520.001	341.199.768	2725,24%

The accrued income liabilities also refer to the charges which must be paid in the form of tax credits and entered in the balance sheet subtracting them from the tax debts.

Memorandum

The memorandum lists the inventory which is deposited with third parties for work, repair, technical assistance, demonstration, and clinical experimentation and the equipment consigned to third parties for demonstration and clinical trials.

Property guarantees given to third parties consist of a mortgage of 6.400.000.000 lira on the property in Calenzano, as collateral on the loan from the Cassa di Risparmio of Florence issued for 3.200.000.000 lira and the residual value as of June 30th, 2001 for 2.200.000.000 lira; of 148.530.000 lira in state securities retained in favour of the Cassa di Risparmio of Florence for the bank guarantee issued in order to obtain financing granted by MURST and issued by IMI.

Profit and Loss Account

A) Value of the production

Break down of revenue by activity category

	30/06/01	30/06/00	Variation	Var. %
Sales medical laser systems	14.293.831.896	15.861.730.259	-1.567.898.363	-9,88%
Sales industrial laser sources	952.586.000	775.427.171	177.158.829	22,85%
Sales of spare parts	1.579.378.766	1.027.134.146	552.244.620	53,77%
Consulting and research	100.000.000	242.500.000	-142.500.000	-58,76%
Sales industrial systems	8.923.911.999	6.802.224.822	2.121.687.177	31,19%
Other sales and services	208.033.927	232.727.138	-24.693.211	-10,61%
<i>Total</i>	26.057.742.588	24.941.743.536	1.115.999.052	4,47%

The medical/cosmetic sector, though down by 10%, remains the most important area of activity in terms of income.

The industrial laser sector, meaning laser systems and sources, shows an increase of 30%, almost all of which occurred in the second part of the semester.

Break down by geographical area

	30/06/01	30/06/00	Variation	Var. %
Sales in Italy	15.846.748.749	13.190.009.341	2.656.739.408	20,14%
Sales other EU countries	3.886.079.454	4.938.652.028	-1.052.572.574	-21,31%
Sales outside EU	6.324.914.385	6.813.082.167	-488.167.782	-7,17%
<i>Total</i>	26.057.742.588	24.941.743.536	1.115.999.052	4,47%

The break down shown above demonstrates that the reduction in revenue from foreign sales is more than compensated for by the growth of the domestic market.

Other revenue

Break down of other types of income is shown on the chart below.

	30/06/01	30/06/00	Variation	Var. %
Profits on commercial exchanges	137.787.502	58.151.508	79.635.994	136,95%
Recovery for accidents and insurance reimbursements	4.411.000	11.066.600	-6.655.600	-60,14%
Expense recovery	12.814.447	10.918.698	1.895.749	17,36%
Capital gains on ordinary property conveyances	59.706.900	16.200.000	43.506.900	268,56%
Other income	51.130.814	44.787.465	6.343.349	14,16%
Contribution on fiscal year account and on capital account	35.000.000	23.333.333	11.666.667	50,00%
<i>Total</i>	300.850.663	164.457.604	136.393.059	82,94%

B) Production costs

Purchases of raw and subsidiary materials, consumables and goods

	30/06/01	30/06/00	Variation	Var. %
Purchase of raw materials	13.557.011.464	10.257.618.426	3.299.393.038	32,17%
Purchase of finished products	696.223.488	380.866.160	315.357.328	82,80%
Purchase of consumable materials	2.230.625	2.230.625		
Purchase of packaging materials	73.614.648	38.143.474	35.471.174	92,99%
Purchase of stationery	46.439.353	48.336.725	-1.897.372	-3,93%
Purchase of fuels	82.664.283	35.762.223	46.902.060	131,15%
Purchase of advertising materials	43.885.393	23.543.925	20.341.468	86,40%
Transports on purchases	159.466.255	126.025.188	33.441.067	26,54%
Other purchase expenses	47.604.684	26.578.140	21.026.544	79,11%
Other purchases	101.796.245	176.692.403	-74.896.158	-42,39%
<i>Total</i>	14.810.936.438	11.115.797.289	3.695.139.149	33,24%

Break down of expenses for services

	30/06/01	30/06/00	Variation	Var. %
Expenses for work in progress at third parties	934.675.441	1.119.827.045	-185.151.604	-16,53%
User services	189.399.250	122.100.094	67.299.156	55,12%
Consulting and technical services	758.708.545	516.957.318	241.751.227	46,76%
Maintenance	119.720.285	140.946.792	-21.226.507	-15,06%
Services and commercial advices	935.076.516	668.381.192	266.695.324	39,90%
Transport	288.792.235	222.362.829	66.429.406	29,87%
Insurance	65.207.968	42.315.904	22.892.064	54,10%
Travel and overnight expenses	530.493.353	436.007.517	94.485.836	21,67%
Commissions	1.215.255.460	1.143.360.418	71.895.042	6,29%
Promotion and advertising expenses	403.432.856	205.278.029	198.154.827	96,53%
Royalties	201.662.840	269.088.043	-67.425.203	-25,06%
Other services	1.525.363.854	849.448.319	675.915.535	79,57%
<i>Total</i>	7.167.788.603	5.736.073.500	1.431.715.103	24,96%

Break down of operating expenses

	30/06/01	30/06/00	Variation	Var. %
Different taxes than ones on the income	25.696.573	37.602.045	-11.905.472	-31,66%
Associating contributions	22.871.943	10.025.495	12.846.448	128,14%
Newspaper and magazine subscriptions	15.385.355	6.307.523	9.077.832	143,92%
Expenses for vehicle	90.213.713	122.516.870	-32.303.157	-26,37%
Bad debts not provided for	38.674.219		38.674.219	
Capital losses on ordinary possession conveyance	80.596.429	15.130.572	65.465.857	432,67%
Purchase of consumables with value lower than 1 million	75.855.857	59.034.631	16.821.226	28,49%
Losses on commercial exchanges	90.187.889	109.962.371	-19.774.482	-17,98%
Fines	1.169.340	2.143.500	-974.160	-45,45%
Other minor charges	171.752.264	80.156.788	91.595.476	114,27%
<i>Total</i>	612.403.582	442.879.795	169.523.787	38,28%

Among the costs sustained for purchases, the sharp increase in purchases for raw materials is reflected, for one thing, in the increase in inventory which was registered at the end of the financial period.

Among the items registered the increase of marketing and promotional expenses incurred both for the medical/cosmetic sector (by Deka M.E.L.A. S.r.l.) and for the industrial market (by Cutlite Penta S.r.l.) should be noted. Under the heading "Other services" the following items have been included: salaries due to the administrators and internal auditors, expenses for legal, fiscal and organisational consultation and the expense incurred for quotation on the stock market.

C) Financial income and charges

Financial income is broken down on the chart below:

	30/06/01	30/06/00	Variation	Var. %
<i>from investments which are not equity investments</i>				
FROM INVESTMENTS				
Interests	3.783.701	2.845.567	938.134	32,97%
<i>Total</i>	3.783.701	2.845.567	938.134	32,97%
<i>from non-permanent investments which are not equity investments</i>				
FROM INVESTMENTS				
Interests		1.890.011	-1.890.011	-100,00%
incomes from negotiation		44.890.891	-44.890.891	-100,00%
FROM OTHER INVESTMENTS				
Other	34.794.667	34.794.667		
<i>Total</i>	34.794.667	81.575.569	-46.780.902	-57,35%
<i>incomes different from the previous ones :</i>				
Interests - assets - to banks	1.234.100.046	89.919.021	1.144.181.025	1272,46%
Other financial incomes	161.966.568	62.060.043	99.906.525	160,98%
<i>Total</i>	1.396.066.614	151.979.064	1.244.087.550	818,59%
<i>Total</i>	1.434.644.982	236.400.200	1.198.244.782	506,87%

“Interest from banks” derives from the sums which have been cashed in for increase in paid-in capital made by the Group head, El.En. S.p.A.

Under the heading “from other investments” we have entered the issue difference for ZC Mediobanca 1996/2011 bonds deriving from the investment made by the subsidiary Deka M.E.L.A. S.r.l.

The other financial incomes include, among others, the amount of interest assets on sales made by Cutlite Penta S.r.l. with purchase facilitated to the client by the “Sabatini Law”, which have a precise corresponding sum shown under the heading of financial charges.

Composition of interest amounts owed and financial charges can be broken down as follows.

	30/06/01	30/06/00	Variation	Var. %
<i>Financial charges on:</i>				
debentures	58.500.000	58.500.000		
Bank debts for account overdraft	2.169.212	6.830.011	-4.660.799	-68,24%
Bank debts for medium- and long-term loans	96.970.843	96.094.554	876.289	0,91%
<i>Other financial charges:</i>				
bank's charges	12.175.716		12.175.716	
other	46.137.696	67.673.451	-21.535.755	-31,82%
<i>Total</i>	215.953.467	229.098.016	-13.144.549	-5,74%

Financial charges towards non-consolidated associated companies have been entered for an amount of 30.628.356 lira, related to the seven-year financing issued by Quanta Fin S.r.l. to the Group head El.En. S.p.A..

D) Value adjustments for financial activities

The adjustment for an amount of 69.930.992 lira entered under D18 a) of the profit and loss account is due to the application of the shareholders' equity method for evaluating the equity investments in associated companies which are not totally consolidated..

E) Exceptional financial income and charges

Composition of the exceptional income

Exceptional income is shown on the chart below:

	30/06/01	30/06/00	Variation	Var. %
<u>extraordinary income</u>				
Miscellaneous losses	59.406.408	48.553.454	10.852.954	22,35%
Correction of prior year errors	85.501.779		85.501.779	
Other extraordinary income	12.433.878		12.433.878	
<i>Total</i>	157.342.065	48.553.454	108.788.611	224,06%

Exceptional charges are shown on the chart below:

	30/06/01	30/06/00	Variation	Var. %
<u>Extraordinary charges:</u>				
Miscellaneous gains	12.643.929	9.958.368	2.685.561	26,97%
<i>Total</i>	12.643.929	9.958.368	2.685.561	26,97%
<u>Taxation related to the previous fiscal years</u>				
Other taxes related to the previous years	35.270.000		35.270.000	
<i>Total</i>	35.270.000		35.270.000	
<i>Total</i>	47.913.929	9.958.368	37.955.561	381,14%

Income taxes

Description:	30/06/01	30/06/00	Variation	Var. %
IRPEG	991.296.032	3.027.626.547	-2.036.330.515	-67,26%
IRAP	339.497.000	634.031.628	-294.534.628	-46,45%
DEFERRED (ANTICIPATED) IRPEG	-35.154.580	-216.146.668	180.992.089	-83,74%
DEFERRED (ANTICIPATED) IRAP	-4.150.193	-24.827.658	20.677.464	-83,28%
<i>Total direct taxes</i>	1.291.488.259	3.420.683.849	-2.129.195.590	-62,24%

The fiscal expenses related to this financial period have been influenced by the effects of the Dual Income Tax (DIT) which determines a lower percentage of taxable income.

Other information

The number of company workers employed in each category is listed below in accordance with the law

	30/06/01	30/06/00	Variation	Var. %
Workers	26,0	23,0	3,0	13,04%
Intermediate employees	1,0	4,0	-3,0	-75,00%
Employees	76,0	63,0	13,0	20,63%
Executives	5,0	3,0	2,0	66,67%
<i>Total</i>	108,0	93,0	15,0	16,13%

APPENDIX A

Consolidated financial statements in Euro

BALANCE SHEET - ASSETS		30/06/01	31/12/00	30/06/00
A)	subscribed unpaid capital			
	- Called party			
	- Uncalled party			
	Total subscribed unpaid capital			
B)	FIXED ASSETS:			
I	Intangible fixed assets:			
1)	costs for formation and expansion	1.298.442	1.480.627	2.007
2)	costs for research, development and advertising			1.129
3)	patents and rights to use patents of others			
4)	concessions, licenses, trademarks and similar rights	10.339	2.695	3.298
5)	goodwill	293.351		
6)	intangible assets in progress and payments on accounts			
7)	other	31.581	14.408	17.792
8)	difference from consolidation	225.722		
	Total	1.859.435	1.497.730	24.226
II	Tangible fixed assets:			
1)	land and buildings	2.588.420	2.623.974	2.647.143
2)	equipment and machinery	319.077	297.179	265.208
3)	industrial and commercial equipment	562.885	293.926	241.068
4)	other	492.423	477.763	367.761
5)	intangible assets in progress and payments on accounts	11.869	11.631	
	Total	3.974.674	3.704.473	3.521.180
III	Investments:			
1)	<i>Equity investments in:</i>			
a)	subsidiary companies			
b)	associated companies	996.065	959.949	880.682
c)	parent companies			
d)	other companies	42.833	42.574	42.574
2)	<i>Credits:</i>			
	<i>due and payable by the next fiscal year</i>			
		<u>30/06/01</u>	<u>31/12/00</u>	<u>30/06/00</u>
a)	non-consolidated subsidiary companies c			
b)	non-consolidated associated companies c			
c)	parent companies			
d)	other companies			
3)	other investments	76.709	87.326	89.186
4)	own shares			
	Total	1.115.607	1.089.849	1.012.442
	Total fixed assets	6.949.716	6.292.052	4.557.849

CONSOLIDATED BALANCE SHEET -ASSETS (follows)		30/06/01	31/12/00	30/06/00
C) CURRENT ASSETS				
I Stocks:				
1) raw material, consumables and goods for sale		4.369.096	3.128.457	2.834.878
2) work in progress and components		2.194.381	1.878.757	1.587.940
3) contracts in progress				
4) finished products and goods for resale		2.070.279	1.582.059	1.343.081
5) payments on accounts		95.037	155.734	63.318
<i>Total</i>		8.728.793	6.745.007	5.829.217
II debtors:				
	<i>due and payable by the next fiscal year</i>			
	30/06/01	31/12/00	30/06/00	
1) trade debtors				9.021.667
2) amounts owed by non-consol. subsid.				7.086.282
3) amounts owed by non consol. assoc.				5.671.571
4) amounts owed by parent companies				76.131
5) other debtors	362.718	420.947	449.642	69.447
<i>Total</i>	362.718	420.947	449.642	165.538
				2.368.989
				1.888.344
				1.236.414
				11.466.787
				9.044.073
				7.073.524
III Investments which are not permanent				
1) subsidiary companies				
2) associated companies				
3) parent companies				
4) other companies				
5) own shares				
6) other investments				1.169.292
<i>Total</i>				1.148.055
				1.114.754
IV cash at bank and in hand:				
1) bank and postal current accounts				32.233.019
2) bank cheques				34.696.096
3) cash on hand				11.195.062
<i>Total</i>				17.904
				11.666
				12.933
				32.250.923
				34.707.762
				11.207.995
Total current assets		53.615.795	51.644.897	25.225.489
D) PREPAYMENTS AND ACCRUED INCOMES:				
- prepayments and accrued income assets		119.563	22.524	94.308
- premium on loans				
Total prepayments and accrued income		119.563	22.524	94.308
TOTAL ASSETS		60.685.073	57.959.473	29.877.646

LIABILITIES				30/06/01	31/12/00	30/06/00
A)	CAPITAL AND RESERVES: of the Group					
I	Subscribed capital			2.375.702	2.375.702	1.446.079
II	Share premium account			34.227.009	34.227.009	8.831.413
III	Revaluation reserve					
IV	Legal reserve			267.626	156.393	156.393
V	Reserve for own shares					
VI	Reserves provided for by the articles of association					
VII	<i>Other reserves:</i>					
-	Extraordinary reserve			2.427.109	1.233.680	1.412.924
-	Reserve for contributions on capital account			426.657	426.657	797.961
-	Reserve for deposits on loss covering account					
-	Reserve for anticipated exceeding depreciations					
-	Reserve for contribution on capital account					
-	Reserve for evaluation of investments in shareholders' equity					
-	Reserve for difference of currency conversion					
-	Undivided profits of parent companies and other reserves			1.578.812	999.585	753.139
-	Reserve of consolidation			1.456.635	1.300.846	1.532.630
i)	Other reserves					
VIII	Profits (loss) brought forward					
IX	Profit (loss) for the financial year			1.213.028	3.004.305	1.831.817
	<i>Net total capital and reserves of the Group</i>			43.972.579	43.724.177	16.762.356
	Of third parties:					
X	Capital and reserves of third parties			1.385.167	787.195	787.195
XI	Profit (loss) of third parties			116.359	525.372	297.198
	<i>Net total balance sheet of third parties</i>			1.501.526	1.312.567	1.084.393
	<i>Net total balance sheet</i>			45.474.104	45.036.744	17.846.749
B)	PROVISIONS FOR RISKS AND CHARGES:					
1)	provisions for pensions and similar obligations			250.981	229.931	217.970
2)	provisions for taxation			122.479	219.405	234.599
3)	others			841.345	835.860	419.842
4)	consolid. provision for risks and future charges					
	Total provisions for risks and charges			1.214.805	1.285.196	872.411
C)	EMPLOYEE SEVERANCE INDEMNITY			633.899	565.954	515.759
	<i>due and payable after the next fiscal year</i>					
D)	CREDITORS	30/06/01	31/12/00	30/06/00		
1)	debenture loans	619.748	619.748	619.748	619.748	619.748
2)	convertible debenture loans					
3)	amounts owed to banks	934.268	1.042.063	1.163.234	1.150.181	1.372.364
4)	amounts owed to other financers	676.005	738.955	800.767	815.439	935.705
5)	advances				246.799	211.229
6)	amounts owed to suppliers				6.824.462	4.908.328
7)	debts represented by bills of exchange					
8)	amounts owed to non-consolidated subsidi					
9)	amounts owed to non consolidated associa	604.255	604.255	604.255	669.103	761.354
10)	amounts to parent companies					
11)	amounts owed to tax administration				395.061	1.020.668
12)	amounts owed to Social Security institutions				306.706	220.775
13)	other creditors				2.152.083	586.091
	<i>Total creditors</i>	2.834.276	3.005.021	3.188.004	13.179.584	10.636.262
E)	ACCRUALS AND DEFERRED INCOME					
-	accruals and deferred incomes - liabilities			182.681	172.231	6.466
-	discount on loans					
	Total accruals and deferred incomes			182.681	172.231	6.466
	TOTAL LIABILITIES			60.685.073	57.959.473	29.877.646

MEMORANDUM ACCOUNTS		30/06/01	31/12/00	30/06/00
A)	Guarantees lent:			
1)	<i>to third parties:</i>			
-	real guarantees	3.382.033	3.392.650	3.382.033
	<i>Total</i>	3.382.033	3.392.650	3.382.033
B)	OTHER MEMORANDUM ACCOUNTS			
-	Inventory at third parties	1.559.028	1.219.134	970.098
-	Sources of income at third parties	377.158	447.714	420.141
	<i>Total</i>	1.936.186	1.666.848	1.390.239
Total memorandum accounts		5.318.219	5.059.498	4.772.272

PROFIT AND LOSS ACCOUNT		30/06/01	31/12/00	30/06/00
A) (+) VALUE OF PRODUCTION:				
1)	net turnover from sales and services	13.457.701	25.955.183	12.881.336
2)	variation in stocks of finished goods and in work in progress	759.686	1.388.945	1.048.689
3)	variations on contracts in progress			
4)	work performed for own purposes and capitalised	133.580	40.152	
5)	<i>other revenues and incomes</i>			
-	Other revenues and incomes	137.300	161.191	72.885
-	Grants received pertaining to the current year	18.076	37.874	12.051
<i>Total</i>		14.506.343	27.583.345	14.014.959
B) Costs of production:				
6)	for raw materials, consumables and goods for sale	-7.649.210	-11.348.804	-5.740.830
7)	for services	-3.701.854	-6.009.395	-2.962.435
8)	for use of assets owned by others	-70.277	-96.086	-39.916
9)	<i>for staff costs:</i>			
a)	wages and salaries	-1.566.318	-2.387.327	-1.196.758
b)	social security costs	-492.155	-772.894	-347.649
c)	provisions for severance indemnity	-86.210	-141.423	-65.587
d)	pension costs and similar			
e)	other costs relating to staff		-52	-52
10)	<i>value adjustment:</i>			
a)	amortisation of intangible assets	-218.602	-391.430	-11.053
b)	depreciation of tangible assets	-282.226	-480.269	-226.517
c)	other depreciations of assets			
d)	Allowance for doubtful debtors included in current assets and other accounts included in cash at bank and or	-71.461	-92.835	-23.651
11)	variations in stock of raw materials, consumables and goods for sale	1.240.638	1.220.637	737.519
12)	amounts provided for risk provisions	-5.485	-416.018	
13)	other accruals			
14)	other operating charges	-316.280	-443.268	-228.728
<i>Total</i>		-13.219.440	-21.359.164	-10.105.657
(A - B) Difference between value and costs of production		1.286.903	6.224.181	3.909.302
C) FINANCIAL INCOMES AND CHARGES:				
15)	<i>(+) incomes from equity investments:</i>			
a)	in non-consolidated companies of the group			
b)	in associated companies			
c)	in other companies			
16)	<i>(+) other financial income</i>			
a)	from loans forming part of fixed assets:			
-	to third parties			
-	to subsidiary companies			
-	to parent companies			
b)	from other permanent investments other than equity investments	1.954	3.371	1.470
c)	from other investments which are not permanent	17.970	63.059	42.130
d)	<i>from other investments than the previous ones:</i>			
-	to third parties	721.008	344.853	78.491
-	to non-consolidated associated companies			
-	to parent companies			
17)	<i>financial incomes and charges</i>			
a)	to third parties	-111.531	-207.393	-118.319
b)	to non-consolidated subsidiary companies	-15.818	-26.339	-10.434
c)	to parent companies			
<i>Total</i>		613.583	177.551	-6.662

CONSOLIDATED PROFIT AND LOSS ACCOUNT (cont'd.)		30/06/01	31/12/00	30/06/00
D) VALUE ADJUSTMENTS OF FINANCIAL ACTIVITIES				
18)	(+) <i>revaluations:</i>			
a)	of equity investments	36.116	47.471	
b)	of permanent investments which are not equity investments			
c)	of non-permanent investments which are not equity investments	3.267	5.542	
19)	(-) <i>devaluations:</i>			
a)	of equity investments			-17.133
b)	of permanent investments which are not equity investments			
c)	of non-permanent investments which are not equity investments			-9.789
<i>Total</i>		39.383	53.013	-26.922
E) EXTRAORDINARY INCOME AND CHARGES				
20)	(+) <i>extraordinary income:</i>			
a)	income	81.260	31.789	25.076
b)	capital gains from disposal of assets			
21)	(-) <i>extraordinary charges:</i>			
a)	charges	-6.530	-12.223	-5.143
b)	capital losses from disposal of assets			
c)	taxes pertaining to prior years	-18.215		
<i>Total</i>		56.515	19.566	19.933
Profit and loss before income taxes		1.996.384	6.474.311	3.895.651
22)	(-) <i>income taxes on the income of the period:</i>			
a)	current	-687.297	-3.028.859	-1.891.089
b)	deferred	20.299	84.225	124.453
23)	Net total profit and loss	1.329.386	3.529.677	2.129.015
(profit) loss of the fiscal year of third parties		-116.359	-525.372	-297.198
Profit (loss) of the fiscal year of the Group		1.213.027	3.004.305	1.831.817

APPENDIX B

El.En. S.p.A. financial statement in lira

BALANCE SHEET - ASSETS	30/06/01	31/12/00	30/06/00
A) subscribed unpaid capital			
- Called party			
- Uncalled party			
Total subscribed unpaid capital			
B) FIXED ASSETS:			
I Intangible fixed assets:			
1) costs for formation and expansion	2.511.286.085	2.866.893.436	3.571.560
2) costs for research, development and advertising			
3) patents and rights to use patents of others			
4) concessions, licenses, trademarks and similar rights			
5) goodwill			
6) intangible assets in progress and payments on accounts			
7) other	58.881.089	26.939.992	33.615.869
Total	2.570.167.174	2.893.833.428	37.187.429
II Tangible fixed assets:			
1) land and buildings	4.926.788.970	4.995.630.126	5.041.095.683
2) equipment and machinery	319.517.634	288.075.768	210.977.919
3) industrial and commercial equipment	371.894.747	249.163.564	113.365.705
4) other	487.193.345	515.504.227	363.212.960
5) intangible assets in progress and payments on accounts	22.980.919		
Total	6.128.375.615	6.048.373.685	5.728.652.267
III Investments:			
1) equity investments in:			
a) subsidiary companies	1.513.195.204	374.670.001	445.677.300
b) associated companies	510.162.777	510.162.777	510.162.777
c) parent companies			
d) other companies	82.925.340	82.425.340	82.425.340
2) loans			
<i>due and payable by the next fiscal year</i>			
	<u>30/06/01</u>	<u>31/12/00</u>	<u>30/06/00</u>
a) subsidiary companies			
b) associated companies			
c) parent companies			
d) other companies			
3) other investments	148.530.000	148.530.000	148.530.000
4) own shares			
Total	2.254.813.321	1.115.788.118	1.186.795.417
Total fixed assets	10.953.356.110	10.057.995.231	6.952.635.113

BALANCE SHEET - ASSETS (follows)		30/06/01	31/12/00	30/06/00
C) CURRENT ASSETS				
<i>I Stocks:</i>				
1) raw material, consumables and goods for sale		6.737.052.057	5.300.299.348	4.033.898.129
2) work in progress and components		4.045.088.891	3.444.602.043	2.654.128.616
3) contracts in progress				
4) finished products and goods for resale		2.037.537.321	1.627.265.433	1.510.057.621
5) payments on accounts				
Total		12.819.678.269	10.372.166.824	8.198.084.366
<i>II debtors:</i>				
	<i>due and payable by the next fiscal year</i>			
		30/06/01	31/12/00	30/06/00
1) trade debtors				4.632.809.397
2) amounts owed by subsidiary companies	1.144.999.566			13.416.375.187
3) amounts owed by associated companies				145.922.272
4) amounts owed by parent companies				134.468.392
5) other debtors	413.944.938	506.479.225	498.324.423	2.111.717.448
Total	1.558.944.504	506.479.225	498.324.423	20.306.824.304
<i>III Investments which are not permanent</i>				
1) subsidiary companies				
2) associated companies				
3) parent companies				
4) other companies				
5) own shares (N.V. total lira)				
6) other investments				
Total				
<i>IV cash at bank and in hand:</i>				
1) bank and postal current accounts		57.213.289.614	62.163.929.939	18.864.776.900
2) bank cheques				
3) cash on hand		18.288.920	9.068.100	11.553.800
Total		57.231.578.534	62.172.998.039	18.876.330.700
Total current assets		90.358.081.107	87.740.955.868	38.251.126.684
D) PREPAYMENTS AND ACCRUED INCOMES:				
prepayments and accrued income assets		123.724.319	17.950.228	13.633.166
premium on loans				
Total prepayments and accrued income		123.724.319	17.950.228	13.633.166
TOTAL ASSETS		101.435.161.536	97.816.901.327	45.217.394.963

BALANCE SHEET - LIABILITIES		30/06/01	31/12/00	30/06/00
A) CAPITAL AND RESERVES:				
I	Subscribed capital	4.600.000.000	4.600.000.000	2.800.000.000
II	Share premium account	66.272.731.513	66.272.731.513	17.100.000.000
III	Revaluation reserve			
IV	Legal reserve	518.197.044	302.819.695	302.819.695
V	Reserve for own shares			
VI	Reserves provided for by the articles of association			
VII	Other reserves:			
-	Extraordinary reserve	4.699.538.543	2.388.737.307	2.735.801.603
-	Reserve for contributions on capital account	826.123.000	826.123.000	1.545.068.562
-	Reserve for deposits on loss covering account			
-	Reserve for anticipated exceeding depreciations			
-	Reserve for contribution on capital account			
-	Reserve _____			
-	Other reserves			
VIII	Profits (loss) brought forward			
IX	Profit (loss) for the financial year	3.355.835.531	4.307.546.985	3.487.688.401
Total capital and reserves		80.272.425.631	78.697.958.500	27.971.378.261
B) PROVISIONS FOR RISKS AND CHARGES:				
1)	provisions for pensions and similar obligations	301.618.419	286.618.419	279.954.419
2)	provisions for taxation	87.764.067	186.987.191	247.058.109
3)	others	919.421.479	1.003.930.308	103.277.783
Total provisions for risks and charges		1.308.803.965	1.477.535.918	630.290.311
C) EMPLOYEE SEVERANCE INDEMNITY		740.231.919	667.491.239	606.895.648
D) CREDITORS:				
		<i>due and payable after the next fiscal year</i>		
		30/06/01	31/12/00	30/06/00
1)	debenture loans	619.748	619.748	619.748
2)	convertible debenture loans			
3)	amounts owed to banks	1.800.000.000	2.000.000.000	2.200.000.000
4)	amounts owed to other financiers	1.308.928.863	1.430.816.715	1.550.500.581
5)	advances received			
6)	amounts owed to suppliers			
7)	debts represented by bills of exchange			
8)	amounts owed to subsidiary companies			
9)	amounts owed to associated companies	1.170.000.000	1.170.000.000	1.170.000.000
10)	amounts to parent companies			
11)	amounts owed to tax administration			
12)	amounts owed to Social Security institutions			
13)	other creditors			
Total creditors		5.478.928.863	5.800.816.715	6.120.500.581
E) ACCRUALS AND DEFERRED INCOME				
	accruals and deferred incomes - liabilities	266.594.471	283.659.438	
	discount on loans			
Total accruals and deferred incomes		266.594.471	283.659.438	
TOTAL LIABILITIES		101.435.161.536	97.816.901.327	45.217.394.963

MEMORANDUM ACCOUNTS	30/06/01	31/12/00	30/06/00
A) GUARANTEES LENT:			
1) to third parties:			
d) real guarantees	6.548.530.000	6.548.530.000	6.548.530.000
Total guarantees lent	6.548.530.000	6.548.530.000	6.548.530.000
B) OTHER MEMORANDUM ACCOUNTS			
- Stocks at third parties	2.480.904.230	2.085.466.382	1.596.107.267
- Sources of income at third parties	585.378.814	394.425.814	323.081.716
Total other memorandum accounts	3.066.283.044	2.479.892.196	1.919.188.983
TOTAL MEMORANDUM ACCOUNTS	9.614.813.044	9.028.422.196	8.467.718.983

PROFIT AND LOSS ACCOUNT		30/06/01	31/12/00	30/06/00
A) (+) VALUE OF PRODUCTION:				
1)	net turnover from sales and services	15.836.249.362	29.554.693.934	14.989.506.593
2)	variation in stocks of finished goods and in work in progress	1.010.758.736	2.632.630.439	1.724.949.200
3)	variations on contracts in progress			
4)	work performed for own purposes and capitalised	190.953.000	77.744.343	
5)	other revenues and incomes			
a)	<i>Other revenues and incomes</i>	198.885.546	397.574.683	154.039.823
b)	<i>Grants received pertaining to the current year</i>	10.000.000	23.333.334	23.333.334
Total		17.246.846.644	32.685.976.733	16.891.828.950
B) (-) COSTS OF PRODUCTION:				
6)	for raw materials, consumables and goods for sale	-9.960.357.479	-16.476.808.495	-8.253.169.242
7)	for services	-3.666.450.359	-5.960.959.576	-2.925.181.767
8)	for use of assets owned by others	-3.034.800	-5.507.000	-2.700.000
9)	for staff costs:			
a)	<i>wages and salaries</i>	-1.785.294.683	-2.732.167.411	-1.364.497.404
b)	<i>social security costs</i>	-565.169.150	-872.498.407	-357.465.591
c)	<i>provisions for severance indemnity</i>	-106.691.798	-166.728.854	-78.050.185
d)	<i>pension costs and similar</i>			
e)	<i>other costs relating to staff</i>			
10)	value adjustment:			
a)	<i>amortisation of intangible assets</i>	-375.277.038	-746.408.668	-13.876.969
b)	<i>depreciation of tangible assets</i>	-388.421.931	-668.797.221	-303.628.068
c)	<i>other depreciations of assets</i>			
d)	<i>Allowance for doubtful debtors included in current assets and other accounts included in cash at bank and or.</i>	-65.694.375	-68.628.849	-26.936.761
11)	variations in stock of raw materials, consumables and goods for sale	1.436.752.709	2.239.489.776	973.088.557
12)	amounts provided for risk provisions	-10.620.000	-805.523.696	
13)	other accruals			
14)	other operating charges	-252.643.704	-501.430.282	-236.411.833
Total		-15.742.902.608	-26.765.968.683	-12.588.829.263
(A - B) DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION		1.503.944.036	5.920.008.050	4.302.999.687
C) FINANCIAL INCOMES AND CHARGES:				
15)	<i>(+) incomes from equity investments:</i>			
a)	<i>in subsidiary companies</i>	1.751.587.302	1.794.045.825	1.794.045.825
b)	<i>in associated companies</i>			
c)	<i>in other companies</i>			
16)	<i>(+) other financial income</i>			
a)	from loans forming part of fixed assets:			
-	to third parties			
-	to subsidiary companies			
-	to associated companies			
-	to parent companies			
b)	from other permanent investments other than equity investments	3.783.701	6.527.877	2.845.567
c)	from other investments which are not permanent		25.712.788	25.712.788
d)	from other investments than the previous ones:			
-	to third parties	1.292.824.791	524.551.201	56.064.907
-	to subsidiary companies	25.658.691		
-	to associated companies			
-	to parent companies			
17)	<i>financial incomes and charges</i>			
a)	to third parties	-167.606.575	-316.712.110	-154.594.554
b)	to subsidiary companies		-19.276.616	-14.486.954
c)	to associated companies	-30.628.356	-50.999.178	-20.202.534
d)	to parent companies			
Total		2.875.619.554	1.963.849.787	1.689.385.045

PROFIT AND LOSS ACCOUNT (follows)	30/06/01	31/12/00	30/06/00
D) VALUE ADJUSTMENTS OF FINANCIAL ACTIVITIES			
18) (+) revaluations:			
a) of equity investments			
b) of permanent investments which are not equity investments			
c) of non-permanent investments which are not equity investments			
19) (-) devaluations:			
a) of equity investments	-45.720.625	-166.136.128	
b) of permanent investments which are not equity investments			
c) of non-permanent investments which are not equity investments			
Total of value adjustments	-45.720.625	-166.136.128	
E) EXTRAORDINARY INCOME AND CHARGES			
20) (+) extraordinary income:			
a) income	49.513.873	21.001.938	17.334.706
b) capital gains from disposal of assets			
21) (-) extraordinary charges:			
a) charges	-5.275.897	-15.978.725	-4.103.000
b) capital losses from disposal of assets			
c) taxes pertaining to prior years			
Total of extraordinary income and charges	44.237.976	5.023.213	13.231.706
Profit and loss before income taxes	4.378.080.941	7.722.744.922	6.005.616.438
22) (-) income taxes on the income of the period:			
a) current	-1.029.439.000	-3.684.117.000	-2.730.509.000
b) deferred	7.193.590	268.919.063	212.580.963
Total income taxes on the income of the period	-1.022.245.410	-3.415.197.937	-2.517.928.037
23) PROFIT (LOSS) FOR THE FINANCIAL PERIOD	3.355.835.531	4.307.546.985	3.487.688.401

El.En. S.p.A. financial statements in Euro

BALANCE SHEET - ASSETS	30/06/01	31/12/00	30/06/00
A) subscribed unpaid capital			
- Called party			
- Uncalled party			
Total subscribed unpaid capital			
B) FIXED ASSETS:			
I Intangible fixed assets:			
1) costs for formation and expansion	1.296.971	1.480.627	1.845
2) costs for research, development and advertising			
3) patents and rights to use patents of others			
4) concessions, licenses, trademarks and similar rights			
5) goodwill			
6) intangible assets in progress and payments on accounts			
7) other	30.410	13.913	17.361
Total	1.327.381	1.494.540	19.206
II Tangible fixed assets:			
1) land and buildings	2.544.474	2.580.028	2.603.509
2) equipment and machinery	165.017	148.779	108.961
3) industrial and commercial equipment	192.068	128.682	58.549
4) other	251.614	266.236	187.584
5) intangible assets in progress and payments on accounts	11.869		
Total	3.165.042	3.123.725	2.958.602
III Investments:			
1) equity investments in:			
a) subsidiary companies	781.500	193.501	230.173
b) associated companies	263.477	263.477	263.477
c) parent companies			
d) other companies	42.827	42.569	42.569
2) loans			
<i>due and payable by the next fiscal year</i>	<u>30/06/01</u>	<u>31/12/00</u>	<u>30/06/00</u>
a) subsidiary companies			
b) associated companies			
c) parent companies			
d) other companies			
3) other investments	76.709	76.709	76.709
4) own shares			
Total	1.164.514	576.256	612.929
Total fixed assets	5.656.936	5.194.521	3.590.736

BALANCE SHEET - ASSETS (follows)		30/06/01	31/12/00	30/06/00
C) CURRENT ASSETS				
<i>I Stocks:</i>				
1) raw material, consumables and goods for sale		3.479.397	2.737.376	2.083.335
2) work in progress and components		2.089.114	1.778.988	1.370.743
3) contracts in progress				
4) finished products and goods for resale		1.052.300	840.412	779.880
5) payments on accounts				
Total		6.620.811	5.356.776	4.233.957
<i>II debtors:</i>				
	<i>due and payable by the next fiscal year</i>			
	30/06/01	31/12/00	30/06/00	
1) trade debtors				2.392.646
2) amounts owed by subsidiary companies	591.343			6.928.980
3) amounts owed by associated companies				75.363
4) amounts owed by parent companies				
5) other debtors	213.785	261.575	257.363	1.090.611
Total	805.128	261.575	257.363	10.487.600
<i>III Investments which are not permanent</i>				
1) subsidiary companies				
2) associated companies				
3) parent companies				
4) other companies				
5) own shares (N.V. total lira)				
6) other investments				
Total				
<i>IV cash at bank and in hand:</i>				
1) bank and postal current accounts				29.548.198
2) bank cheques				9.445
3) cash on hand				4.683
Total				29.557.644
Total current assets				46.666.054
D) PREPAYMENTS AND ACCRUED INCOMES:				
prepayments and accrued income assets				63.898
premium on loans				9.271
Total prepayments and accrued income				73.169
TOTAL ASSETS				52.386.889
				50.518.212
				23.352.836

BALANCE SHEET - LIABILITIES		30/06/01	31/12/00	30/06/00
A) CAPITAL AND RESERVES:				
I	Subscribed capital	2.375.702	2.375.702	1.446.079
II	Share premium account	34.227.009	34.227.009	8.831.413
III	Revaluation reserve			
IV	Legal reserve	267.626	156.393	156.393
V	Reserve for own shares			
VI	Reserves provided for by the articles of association			
VII	Other reserves:			
-	Extraordinary reserve	2.427.109	1.233.680	1.412.924
-	Reserve for contributions on capital account	426.657	426.657	797.961
-	Reserve for deposits on loss covering account			
-	Reserve for anticipated exceeding depreciations			
-	Reserve for contribution on capital account			
-	Reserve _____			
-	Other reserves			
VIII	Profits (loss) brought forward			
IX	Profit (loss) for the financial year	1.733.144	2.224.663	1.801.241
Total capital and reserves		41.457.248	40.644.104	14.446.011
B) PROVISIONS FOR RISKS AND CHARGES:				
1)	provisions for pensions and similar obligations	155.773	148.026	144.584
2)	provisions for taxation	45.326	96.571	127.595
3)	others	474.842	518.487	53.339
Total provisions for risks and charges		675.941	763.084	325.518
C) EMPLOYEE SEVERANCE INDEMNITY		382.298	344.730	313.435
D) CREDITORS:				
		<i>due and payable after the next fiscal year</i>		
		30/06/01	31/12/00	30/06/00
1)	debenture loans	619.748	619.748	619.748
2)	convertible debenture loans			
3)	amounts owed to banks	929.622	1.032.914	1.136.205
4)	amounts owed to other financiers	676.005	738.955	800.767
5)	advances received			15.277
6)	amounts owed to suppliers			4.287.595
7)	debts represented by bills of exchange			4.306.013
8)	amounts owed to subsidiary companies			3.120.540
9)	amounts owed to associated companies	604.255	604.255	604.255
10)	amounts to parent companies			351.336,87
11)	amounts owed to tax administration			636.598
12)	amounts owed to Social Security institutions			315.325,00
13)	other creditors			425.616,09
Total creditors		2.829.630	2.995.872	3.160.975
E) ACCRUALS AND DEFERRED INCOME				
accruals and deferred incomes - liabilities		137.685	146.498	
discount on loans				
Total accruals and deferred incomes		137.685	146.498	
TOTAL LIABILITIES		52.386.889	50.518.212	23.352.836

MEMORANDUM ACCOUNTS	30/06/01	31/12/00	30/06/00
A) GUARANTEES LENT:			
1) to third parties:			
d) real guarantees	3.382.033	3.382.033	3.382.033
Total guarantees lent	3.382.033	3.382.033	3.382.033
B) OTHER MEMORANDUM ACCOUNTS			
- Stocks at third parties	1.281.280	1.077.054	824.321
- Sources of income at third parties	302.323	203.704	166.858
Total other memorandum accounts	1.583.603	1.280.758	991.178
TOTAL MEMORANDUM ACCOUNTS	4.965.637	4.662.791	4.373.212

PROFIT AND LOSS ACCOUNT		30/06/01	31/12/00	30/06/00
A) (+) VALUE OF PRODUCTION:				
1)	net turnover from sales and services	8.178.740	15.263.726	7.741.434
2)	variation in stocks of finished goods and in work in progress	522.013	1.359.640	890.862
3)	variations on contracts in progress			
4)	work performed for own purposes and capitalised	98.619	40.152	
5)	other revenues and incomes			
a)	<i>Other revenues and incomes</i>	102.716	205.330	79.555
b)	<i>Grants received pertaining to the current year</i>	5.165	12.051	12.051
Total		8.907.253	16.880.899	8.723.902
B) (-) COSTS OF PRODUCTION:				
6)	for raw materials, consumables and goods for sale	-5.144.095	-8.509.561	-4.262.406
7)	for services	-1.893.564	-3.078.579	-1.510.730
8)	for use of assets owned by others	-1.567	-2.844	-1.394
9)	for staff costs:			
a)	<i>wages and salaries</i>	-922.028	-1.411.047	-704.704
b)	<i>social security costs</i>	-291.886	-450.608	-184.616
c)	<i>provisions for severance indemnity</i>	-55.102	-86.108	-40.310
d)	<i>pension costs and similar</i>			
e)	<i>other costs relating to staff</i>			
10)	value adjustment			
a)	<i>amortisation of intangible assets</i>	-193.814	-385.488	-7.167
b)	<i>depreciation of tangible assets</i>	-200.603	-345.405	-156.811
c)	<i>other depreciations of assets</i>			
d)	<i>Allowance for doubtful debtors included in current assets and other accounts included in cash at bank and or.</i>	-33.928	-35.444	-13.912
11)	variations in stock of raw materials, consumables and goods for sale	742.021	1.156.600	502.558
12)	amounts provided for risk provisions	-5.485	-416.018	
13)	other accruals			
14)	other operating charges	-130.480	-258.967	-122.097
Total		-8.130.531	-13.823.469	-6.501.588
(A - B) DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION		776.722	3.057.430	2.222.314
C) FINANCIAL INCOMES AND CHARGES:				
15)	<i>(+) incomes from equity investments:</i>			
a)	<i>in subsidiary companies</i>	904.619	926.547	926.547
b)	<i>in associated companies</i>			
c)	<i>in other companies</i>			
16)	<i>(+) other financial income</i>			
a)	<i>from loans forming part of fixed assets:</i>			
-	<i>to third parties</i>			
-	<i>to subsidiary companies</i>			
-	<i>to associated companies</i>			
-	<i>to parent companies</i>			
b)	<i>from other permanent investments other than equity investments</i>	1.954	3.371	1.470
c)	<i>from other investments which are not permanent</i>		13.280	13.280
d)	<i>from other investments than the previous ones:</i>			
-	<i>to third parties</i>	667.688	270.908	28.955
-	<i>to subsidiary companies</i>	13.252		
-	<i>to associated companies</i>			
-	<i>to parent companies</i>			
17)	<i>financial incomes and charges</i>			
a)	<i>to third parties</i>	-86.562	-163.568	-79.841
b)	<i>to subsidiary companies</i>		-9.956	-7.482
c)	<i>to associated companies</i>	-15.818	-26.339	-10.434
d)	<i>to parent companies</i>			
Total		1.485.134	1.014.243	872.495

PROFIT AND LOSS ACCOUNT (follows)	30/06/01	31/12/00	30/06/00
D) VALUE ADJUSTMENTS OF FINANCIAL ACTIVITIES			
18) (+) revaluations:			
a) of equity investments			
b) of permanent investments which are not equity investments			
c) of non-permanent investments which are not equity investments			
19) (-) devaluations:			
a) of equity investments	-23.613	-85.802	
b) of permanent investments which are not equity investments			
c) of non-permanent investments which are not equity investments			
Total of value adjustments	-23.613	-85.802	
E) EXTRAORDINARY INCOME AND CHARGES			
20) (+) extraordinary income:			
a) income	25.572	10.847	8.953
b) capital gains from disposal of assets			
21) (-) extraordinary charges:			
a) charges	-2.725	-8.252	-2.119
b) capital losses from disposal of assets			
c) taxes pertaining to prior years			
Total of extraordinary income and charges	22.847	2.595	6.834
Profit and loss before income taxes	2.261.090	3.988.466	3.101.642
22) (-) income taxes on the income of the period:			
a) current	-531.661	-1.902.688	-1.410.190
b) deferred	3.715	138.885	109.789
Total income taxes on the income of the period	-527.946	-1.763.803	-1.300.401
23) PROFIT (LOSS) FOR THE FINANCIAL PERIOD	1.733.144	2.224.663	1.801.241